

Next year will be better for residential property owners— but only if you can unlock what your profit and loss statement has been telling you.

No one can predict what the economy will do in 2010. This year has been rough, especially if you own residential property as a lender, or as an institutional or individual investor. Decisions about the property should be based on accurate valuation of the asset in this market, as well as on realistic income expectations for it in the coming years.

Knowing how to build and analyze an income statement correctly, also known as the Profit and Loss Statement, is essential to the accurate valuation of any property asset. The statement helps investors analyze rental properties by guiding them in entering relevant information and by providing a concise report. Often, the difference between success or failure of an asset is simply whether or not the investor's expectations are realistic. For instance, we help our clients budget and plan now, at year's end, so they'll be prepared to make decisions in the future based on the most accurate earning profiles for their properties.

Don't overlook the *real* expenses and the *real* income realized over the last 12 months. Do not fall into the trap of planning by using last year's *estimated* revenue and expenses. We can help you take a hard look at the real data you now have in hand, and help you understand its true implications.

Also, there must be a legitimate reason for anticipating an increase in revenue or a decrease in expenses. What is your best action plan for positively impacting your P&L?

Or, if you're considering the purchase or sale of a residential property asset, all relevant factors must be included. For instance, if you are purchasing more property, have you adjusted rents to be competitive in our current marketplace? If not, it could take a lot longer than you've anticipated to realize the returns you're hoping for.

According to Torto Wheaton Research, the Richmond rental market will not see rent increases above 2% until 2012. In addition, we've seen rents decrease by more than 7% in the Richmond Metro area. Even so, as an investor, it's still imperative that you actively take steps to improve your bottom line.

For instance, expenses can have a significant impact. If you could cut expenses 10–20%, how would that help your cash flow? This may not be as significant as increased revenue, but you can't ignore these variables.

Call us. We would be glad to demonstrate the value of this approach, and how knowing the true value of your property in today's market will improve your future earnings potential.

To attend our FREE luncheon seminars for property owners, or discuss how our property management services might benefit you, contact Kyle Stephenson at: 804.282.1877 or kstephenson@KRSHoldings.com

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KRS Holdings, Inc. has specialized in property management since 1990. Our guiding principle has always been to increase the value of our clients' residential assets while decreasing their problems. To accomplish this vision, we've developed proprietary systems with the potential for increasing the value of just about any property we manage.

Visit KRSHoldings.com for information about our full range of property management services.

FREE Luncheon Workshops for Property Owners —

watch for details in 2010