FREE CALCULATOR

Self-Manage vs. Hire a Property Manager: The Real Cost Calculator

For owners of one to ten rental units who want the decision settled with arithmetic instead of opinion.

Most owners compare a management fee against zero. That comparison always favors self-managing, and it is always wrong, because self-managing is not free. It costs your hours, your mileage, your software, your advertising, and usually a longer vacancy between tenants. This calculator puts both options on the same footing: what does each one actually leave in your pocket at the end of a year, after everything, including the value of your own time.

> **READ THIS BEFORE YOU USE THE NUMBERS**
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> Landlord obligations, notice periods, security deposit handling, license and registration requirements, and what a management agreement may legally contain all vary by state and often by city or county. Nothing in this document is a statement of the law where your property sits. Confirm your local requirements with your jurisdiction, and have an attorney review any management agreement or lease before you sign it.

Part 1: The two formulas

You are going to calculate the same thing twice, once for each scenario, and then compare. The measure is *time-adjusted net cash*: the cash the property leaves you after operating costs, minus a fair value placed on the hours you personally spend.

> **FORMULA A: SELF-MANAGING**
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> **Time-adjusted net cash (self) = (Gross scheduled rent − Vacancy and credit loss) − Owner-run operating costs − (Your annual hours × Your hourly value)**

> **FORMULA B: HIRING A MANAGER**
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> **Time-adjusted net cash (hired) = (Gross scheduled rent − Vacancy and credit loss) − Management fees − Leasing and renewal fees − Maintenance markups − Remaining owner costs − (Your reduced annual hours × Your hourly value)**

Note what is deliberately excluded from both sides: mortgage principal and interest, property taxes, insurance, and capital improvements. Those are identical under either scenario, so including them adds arithmetic without changing the answer. If you want the full picture of the property, run those separately. For this decision they cancel out.

Part 2: Every input, defined precisely

INPUT DEFINITIONS

Input	Precise definition	Where to get it
Gross scheduled rent	Monthly asking rent multiplied by 12, at full occupancy, before any loss	Your current lease or your asking rent
Vacancy and credit loss rate	Rent you never collected as a share of gross scheduled rent: empty days plus unpaid balances plus concessions	Your own rent ledger over the past two to three years, not a market average
Your annual hours	Every hour you spend on the property in a year: showings, calls, screening, paperwork, coordinating repairs, drive time, bookkeeping, chasing late rent	Track for one month and multiply, then add turnover hours separately
Your hourly value	What one hour of your time is genuinely worth to you, in earnings you forgo or in life you get back	Your own judgment. See Part 5 for how to set it honestly
Owner-run operating costs	Advertising, screening costs you absorb, management software, mileage, lock and key costs, forms and legal review, bookkeeping	Last year's expense records for the property
Management fee	Usually a percentage of rent actually collected, sometimes of rent billed. The difference matters during a vacancy	The fee schedule in the management agreement, in writing
Leasing or placement fee	A one-time charge per new tenant placed, often expressed as a share of one month's rent	The agreement. Divide it across your average tenancy length to get an annual figure
Renewal fee	A charge each time an existing tenant renews	The agreement. Many companies charge one, some do not
Maintenance markup	A percentage added to vendor invoices, or a coordination fee per work order	Ask directly and get the answer in writing. This is the most commonly overlooked cost
Remaining owner hours	The hours you still spend after hiring: approvals, statements review, annual decisions, taxes	Assume it is not zero. One to two hours a month per property is a realistic starting assumption

THE ONE QUESTION THAT CHANGES THE WHOLE ANSWER

Ask whether the fee is charged on rent **collected** or rent **billed**. A fee on collected rent means the manager earns nothing during a vacancy, which aligns their interests with yours. A fee on billed rent, or a flat monthly minimum, does not. Get this in writing before you compare quotes, because two companies quoting the same percentage can cost meaningfully different amounts.

Part 3: A fully worked example

One single-family rental, asking rent $2,000 per month, so gross scheduled rent is $24,000 per year. All figures below are illustrative and chosen to make the arithmetic easy to follow. They are not benchmarks and they are not typical results. Your own figures will differ.

Scenario A: you manage it yourself

SELF-MANAGED, ONE YEAR (ILLUSTRATIVE FIGURES)

Line	Calculation	Amount
Gross scheduled rent	$2,000 × 12	$24,000
Vacancy and credit loss at 7%	$24,000 × 0.07	−$1,680
Rent collected	$24,000 − $1,680	$22,320
Advertising and listing costs	$150 per turnover, one turnover every two years	−$75
Management and accounting software	$15 per month	−$180
Mileage	500 miles at an assumed $0.60 per mile	−$300
Forms, screening and legal review	Lease forms and one attorney review, amortized	−$120
Owner-run costs total	$75 + $180 + $300 + $120	−$675
Cash before valuing your time	$22,320 − $675	$21,645
Your time	6 hours per month × 12 = 72 hours at $40 per hour	−$2,880
Time-adjusted net cash	$21,645 − $2,880	$18,765

Scenario B: you hire a manager

PROFESSIONALLY MANAGED, ONE YEAR (ILLUSTRATIVE FIGURES)

Line	Calculation	Amount
Gross scheduled rent	$2,000 × 12	$24,000
Vacancy and credit loss at 4%	$24,000 × 0.04	−$960
Rent collected	$24,000 − $960	$23,040
Management fee, 10% of rent collected	$23,040 × 0.10	−$2,304
Leasing fee, half of one month's rent per placement	$1,000 spread across a two-year average tenancy	−$500
Maintenance markup, 10%	10% of $2,000 in annual repair spending	−$200
Remaining owner costs	Occasional drive-by visits and postage	−$60
Cash before valuing your time	$23,040 − $2,304 − $500 − $200 − $60	$19,976
Your time	1 hour per month × 12 = 12 hours at $40 per hour	−$480
Time-adjusted net cash	$19,976 − $480	$19,496

THE RESULT, AND WHY IT IS NOT THE POINT

In this example hiring wins by **$731 a year** ($19,496 versus $18,765). Do not take that as the answer for your property. Take it as proof that the gap between the two options is usually small, and that it is decided by two inputs almost nobody measures: the vacancy difference and the value of an hour of your time.

Part 4: The two break-even tests that actually decide it

Break-even test one: what is your hour worth?

Ignore your time for a moment. Self-managing produced $21,645 in cash and hiring produced $19,976, so self-managing has a $1,669 cash advantage. It also costs 60 more hours of your labor (72 hours versus 12). Divide: $1,669 ÷ 60 hours = **$27.82 per hour**. That is the break-even. In this example, if an hour of your time is worth more than about $28 to you, hiring is the better outcome. If it is worth less, self-managing is.

BREAK-EVEN FORMULA

Break-even hourly value = (Self-managed cash − Managed cash) ÷ (Self-managed hours − Managed hours)

Break-even test two: how much vacancy difference are you assuming?

The example assumed self-managed vacancy of 7 percent against 4 percent under management, a difference of three points, worth $720 of collected rent. Now assume no difference at all, 4 percent in both scenarios. Self-managed rent collected becomes $23,040, minus $675 of owner costs is $22,365, minus $2,880 of your time is $19,485. Hired was $19,496. The two are within $11 of each other.

That is the single most useful thing this calculator produces. Strip out the vacancy assumption and the decision is a coin flip on money. Which means you should be extremely skeptical of any vacancy claim you have not verified from your own rent ledger, and you should make the final call on grounds other than the dollar total: distance, temperament, time of year, and how many units you own.

Part 5: Setting your hourly value honestly

This is where owners fool themselves, in both directions. Some price their hour at zero because the work happens on a Saturday. Others price it at their professional billing rate even though they could not actually sell those particular hours to anyone. Use one of these three approaches and write down which one you used.

1. **Earnings you would genuinely forgo**

   Use this only if the hours are truly convertible into paid work: overtime you could take, billable client hours you turn down, a side business with more demand than capacity. If you cannot name the specific work you are giving up, this is not your number.

2. **Replacement cost**

   What would you pay a competent person to do these specific tasks: showings, screening calls, coordinating a plumber, chasing late rent, walking a unit at move-out. This is usually the most defensible figure for owners with a salaried day job.

3. **The price you would accept to give the hours back**

   Purely subjective and completely legitimate. If someone offered you cash to never take another 9pm call about a water heater, what is the smallest number you would accept? Many owners discover this figure is much higher than the other two, and that is real information, not weakness.

Part 6: What the arithmetic cannot capture

FACTORS THAT BELONG IN THE DECISION BUT NOT IN THE FORMULA

Factor	Favors self-managing	Favors hiring
Distance from the property	You live nearby and pass it often	You live more than a short drive away, or out of state
Number of units	One or two units with stable long-term tenants	Multiple units, or units in more than one jurisdiction
Comfort with conflict	You can hold a firm line on late rent without losing sleep	You avoid confrontation, or you have already forgiven rent you should not have
Compliance exposure	You keep up with local rules and document everything	Rules in your city change often and you do not track them
Vendor network	You have reliable trades who answer your calls	You are calling strangers off the internet at 10pm
Your other commitments	Predictable schedule with slack in it	Travel, small children, demanding job, health issues
Exit and scale plans	One property you plan to hold and eventually occupy	You intend to buy more units and need a repeatable system

A RULE OF THUMB, OFFERED AS A RULE OF THUMB

Many owners find the decision flips somewhere between the third and the fifth unit, not because of the money but because the number of simultaneous obligations exceeds what one part-time person can track reliably. Treat that as a pattern worth watching for in your own situation, not as a threshold that applies to you.

Part 7: Your numbers

Worksheet A: self-managing

Gross scheduled rent (annual)

Monthly asking rent × 12

Your vacancy and credit loss rate

From your own ledger over two to three years, not a market figure

Rent collected

Gross scheduled rent × (1 − vacancy rate)

Advertising and listing costs

Per turnover, divided by your average tenancy in years

Software and bookkeeping

Annual subscription cost

Mileage and travel

Estimated annual miles × your own per-mile figure

Forms, screening and legal review

Lease forms plus periodic attorney review, annualized

Cash before valuing your time

Rent collected minus the four cost lines above

Your annual hours

Monthly hours × 12, plus turnover hours in a turnover year

Your hourly value

Choose one method from Part 5 and note which

Time-adjusted net cash (self)

Cash before time minus (hours × hourly value)

Worksheet B: hiring a manager

Vacancy and credit loss rate you are assuming

Be conservative. Ask the company for their own average days on market and how they measure it

Rent collected

Gross scheduled rent × (1 − vacancy rate)

Management fee

Rate × rent collected. Confirm collected versus billed, and any monthly minimum

Leasing or placement fee, annualized

Fee ÷ your average tenancy length in years

Renewal fee, annualized

Fee ÷ years between renewals, if charged

Maintenance markup and coordination fees

Markup rate × your typical annual repair spending

Other charges

Setup fee, inspection fees, statement fees, eviction coordination, early termination

Remaining owner costs

What you still pay for directly

Cash before valuing your time

Rent collected minus every line above

Your remaining annual hours

Do not enter zero

Time-adjusted net cash (hired)

Cash before time minus (hours × hourly value)

Worksheet C: the comparison

Difference in time-adjusted net cash

Worksheet B result minus Worksheet A result

Break-even hourly value

(Self cash before time − Managed cash before time) ÷ (Self hours − Managed hours)

Result if both vacancy rates were identical

Rerun both worksheets with the same vacancy rate and compare again

Your decision, and the one input it depends on most

Write it down. Review it in twelve months against what actually happened

Part 8: If you decide to hire, ask these before you sign

Pre-signing questions

- [ ] Is the fee charged on rent collected or rent billed, and is there a monthly minimum during a vacancy?
  Get the answer in the agreement, not in an email.

- [ ] What is the full fee schedule, in writing, including setup, leasing, renewal, inspection, maintenance markup, statement and eviction coordination fees?
  Ask specifically what is not on the list.
- [ ] Who holds the security deposit, in what type of account, and how is interest handled?
  Deposit handling is governed by state law and sometimes local ordinance. Verify the answer against your state's requirements.
- [ ] What is the maintenance approval threshold, and what happens above and below it?
  A low threshold means constant calls. A high one means surprises on your statement.
- [ ] How and when do I get statements, and can I see the underlying invoices?
  Ask to see a sample owner statement before you sign.
- [ ] What are the termination terms, notice period and any early termination fee?
  Also ask what happens to existing leases and deposits on termination.
- [ ] Who signs the lease, and whose lease form is used?
  Have your attorney review the form. Lease terms and required disclosures vary by state and city.
- [ ] How are tenants screened, and are the criteria written down and applied identically to every applicant?
  Ask for the written criteria. Fair housing obligations apply to you as the owner regardless of who does the screening.
- [ ] Do you carry errors and omissions coverage, and am I named as an additional insured on anything?
  Ask for certificates.
- [ ] How many units does the person actually assigned to my property handle?
  The company's total portfolio matters far less than that one number.

YOUR NEXT STEP

Get the templates that make either decision work

The Landlord Toolkit includes the tracking sheets behind this calculator plus the operating documents you need whichever way you go: move-in and move-out condition reports, a maintenance request and response log, a screening criteria worksheet, an owner statement review checklist, and a management agreement question sheet you can take into a meeting.

Get the Landlord Toolkit at propertymanagementresourcehub.com

Important. This calculator is general educational information for rental property owners. It is not legal, tax, accounting, financial or brokerage advice. Every figure used in the worked example is illustrative and was chosen to demonstrate the arithmetic. No figure here is a benchmark, a projection, or a representation of typical results, and no earnings claims are made or implied. Landlord and tenant law, license and registration requirements, security deposit rules, notice periods and permitted lease terms vary by state and often by city or county, and they change. Confirm current requirements for your jurisdiction and have a licensed attorney review any lease, management agreement or notice before you rely on it. Results vary.