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White Paper

The leader in enterprise payment solutions for residential real estate

## Untapped Potential in Real Estate

By Jason Gardner, PropertyBridge

### Capitalize on the booming multi-family housing sector with an electronic payments strategy

Despite the recent volatility within the real estate industry, the multi-family housing market is a beacon of light for financial institutions that are equipped to offer a complete payments solution for this dynamic market sector. Property management companies nationwide are experiencing explosive growth making it an opportune time for financial institutions to evaluate and enhance services to attract this lucrative vertical with high-volume, high-value checks.

According to the National Multi-Housing Council, nearly a third of Americans rent their housing, representing 18 million apartments with approximately \$146 billion spent annually on residential rent and lease-related payments in the U.S. Financial institutions can take advantage of this volume potential by honing a vertical market solution that leverages property managers' increasing desire to move away from the traditional rent check to electronic processing.

#### An Industry In Change

Multi-family, defined as a building with four or more residential units, is also referred to as property management or real estate management. Property management firms come in all sizes with the smallest managing

less than 1,000 units and the largest managing more than 100,000 units.

These firms typically have a decentralized structure which adds a level of complexity to the payments process. Each month rent checks are collected at multiple locations before beginning a cumbersome paper trail that likely entails photocopying, data entry in a ledger and a physical trip to the bank before the funds are deposited and available. This is a process that can take several days leaving the firm's corporate office in the dark about the status of the payments.

Adoption of technology has been slow in the multi-family industry with only a small percentage of property management firms automating payments. As the volume of payments continues to rise and the need for more control escalates, property managers are eager to seize the opportunities associated with automating rent payments, including the ability to:

- better control revenue
- streamline a key process
- centralize payments
- reduce fraud
- provide residents with more choice, and thus increase chances of getting

- paid on time and reduce delinquent payments
- save time considering the reduction in data entry and less trips to the bank

## Untapped Potential for Financial Institutions

The current void in the multi-family marketplace for automated payment solutions provides an untapped area of opportunity for financial institutions. Whether currently working with real estate clients or not, institutions that offer a distinct technology platform that provides this market segment with an end-to-end payments solution will be better apt to enhance relationships with property management firms and attract new business.

Extending into the property management vertical enables financial institutions to create a profitable avenue to the real estate market with the ability to:

- boost deposits
- gain access to unbanked
- drive fee income
- retain lending
- expand their footprint

## Ready, Set, Automate

As financial institutions evaluate how to target the property management vertical, following are some key considerations to keep in mind:

- A vertical-oriented solution provides more value than a horizontal solution. In the property management sector, this may include integration of payments data into property management accounting software. By offering payment solutions that serve the specific needs of a particular vertical, institutions will succeed at bringing value to their clients and earn respect as a trusted partner.
- Financial Institutions may need to recalibrate their real estate strategy to

ensure they have the technology and payment solutions in place to meet the growing demand for automated payments. To fill this missing link, it makes sense to look at payment processors such as PropertyBridge that have expertise and long-standing, technology-specific relationships in the multi-family vertical. This includes market-specific support teams and integration strategies that make it easier to penetrate the market more quickly.

- The real estate industry is heavily regulated and financial institutions need to ensure their own technology solution or any outsourced technology partners are fully certified and ACH compliant to process electronic payments.

As the multi-family housing industry continues to experience widespread growth and seeks to electrify payments, financial institutions need to evaluate how they can better accommodate this vertical with a seamless solution that will move funds faster and put more cash in the bank for multi-family operators.



*Jason Gardner co-founded PropertyBridge in 2004, when electronic payments in the multi-family housing industry were just beginning. He now heads the organization that has been part of MoneyGram since 2007.*

**For more information on PropertyBridge solutions for financial institutions, call us at 1-866-736-8002 [www.propertybridge.com](http://www.propertybridge.com)**