INTERNALIZING VS. OUTSOURCING PROPERTY OPERATIONS

Finding the Right Balance

BY DEANNA ALFREDO

Few operational decisions are receiving more attention in the single-family rental industry today than whether maintenance and field services should be managed internally or outsourced. Rising material costs, labor shortages, margin compression, and growing resident expectations have prompted owners and operators to reevaluate every aspect of their operating model in search of greater efficiency.

> THE ORGANIZATIONS MAKING THE GREATEST PROGRESS ARE ALSO BROADENING HOW THEY DEFINE OPERATIONAL SUCCESS.

Too often, however, the discussion begins – and ends – with cost.

Comparing the cost of an internal technician against a third-party invoice may seem like a logical way to evaluate the decision, but it rarely captures the full picture. The real question is not whether one approach is inherently less expensive than the other. It is which operating model consistently delivers the best combination of quality, responsiveness, scalability, resident satisfaction, and long-term financial performance.

That distinction matters because maintenance is no longer simply a support function. As portfolios grow and residents expect faster service, better communication, and greater transparency, maintenance has become a strategic component of portfolio performance.

THE INTERNALIZING VS. OUTSOURCING COMPARISON

The appeal of internalization is easy to understand. Bringing technicians in-house appears to provide greater control over scheduling, quality, and costs while reducing dependence on outside vendors. On an individual work order, the economics can even appear favorable when compared against an outsourced estimate.

What those comparisons frequently overlook is everything required to support a successful field operation. Employing technicians also means investing in vehicles, insurance, licensing, dispatching, scheduling, quality assurance, supervisory oversight, technology, and administrative staff to manage every work order from the moment a resident submits a request until the repair is completed and documented. Those indirect expenses rarely appear in an invoice comparison, yet they can have a significant impact on the overall economics of an internal operation.

The complexity increases even further as organizations expand into new markets. Coordinating technicians across multiple geographic areas, maintaining consistent service levels, responding to emergencies, and ensuring the right skills are available at the right time requires a level of operational infrastructure that many organizations underestimate. A technician may be highly skilled in one or two trades, but very few possess expertise across every discipline. When repairs exceed those capabilities, additional vendors must still be brought in, creating delays, duplicate appointments, and a less consistent resident experience.

Those service disruptions illustrate why this conversation extends well beyond maintenance costs. Delayed repairs, poor communication, and repeated visits affect resident satisfaction, online reputation, lease renewals, and ultimately portfolio performance. Every unnecessary move-out creates additional turn costs, vacancies, leasing expenses, and lost revenue. Viewed through that lens, field services become a business driver rather than simply an operating expense.

DEFINING OPERATIONAL SUCCESS

The organizations making the greatest progress are also broadening how they define operational success. Instead of evaluating field services solely through the cost of an individual repair, they are measuring response times, first-time completion rates, days to complete work orders, resident satisfaction, and the administrative effort required to keep repairs moving.

Those metrics provide a much clearer picture of how well an operating model is performing because they capture both the direct and indirect costs of service delivery. In many cases, they reveal that the lowest-cost repair is not always the lowest-cost outcome for the portfolio.

This is why many sophisticated owners are moving away from viewing internalization and outsourcing as competing strategies. Instead, they are building operating models that leverage the strengths of both. Internal teams often provide excellent value for routine repairs, inspections, and smaller service requests where familiarity with the portfolio and rapid response are important. Larger projects, specialized trades, emergency response, seasonal surges, and geographically dispersed work frequently benefit from the scale, flexibility, and technical expertise that specialized field service organizations can provide.

Technology is also reshaping the discussion, although perhaps not in the way many might have anticipated. Artificial intelligence and automation are making scheduling, resident communication, work order triage, dispatching, and documentation significantly more efficient. These tools help ensure the right technician arrives with better information while reducing administrative effort throughout the repair process.

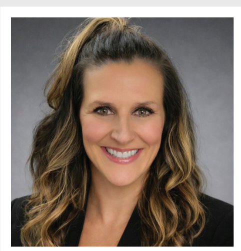
What they do not replace is the operational oversight, quality management, and decision-making required to run a high-performing service organization. Technology is an accelerator, not a substitute for operational discipline.

Ultimately, the most successful organizations are not asking whether they should internalize or outsource. They are asking which responsibilities create the greatest value when managed internally, which are better supported by specialized partners, and how those resources can work together to produce the best outcomes for residents and investors alike.

That evaluation should extend beyond invoice pricing to include service quality, first-time completion rates, response times, resident retention, scalability, administrative efficiency, and total cost of ownership. It should also include honest conversations with trusted service partners. Strong relationships, clear performance expectations, transparent communication, and data-driven scorecards frequently uncover opportunities to improve efficiency without requiring a complete change in operating strategy.

As economic pressures continue to reshape the SFR industry, the organizations that outperform their peers will not necessarily be those that build the largest internal teams or outsource the greatest amount of work.

They will be the ones that recognize maintenance and field services as strategic functions, thoughtfully balance internal capabilities with external expertise, and build operating models that deliver consistent value to residents, investors, and the portfolio over the long term. ■



As Senior Vice President of SFR Services, **DEANNA ALFREDO** leads Genstone Field Services' national Single-Family Rental division, managing occupied maintenance, emergency repairs, and turn operations across the United States. With more than 20 years of leadership experience in property management, maintenance, and asset preservation, Deanna brings a proven record of operational innovation and client success. She is responsible for aligning service delivery with client performance goals, ensuring each portfolio benefits from efficiency, accountability, and a resident-first approach. Her entrepreneurial background and deep industry knowledge help drive GFS's continued growth in the SFR market and beyond.