

Acquisition Due Diligence for a Private Equity Firm Targeting a Large-Scale Property Management Company

Providing independent advisory support to a Canadian private equity firm evaluating the acquisition of one of the largest third-party multifamily property management companies in the U.S.

CLIENT TYPE Private equity firm (Canada-based)	TARGET SECTOR Third-party multifamily property management	TARGET SCALE Top-tier national operator	ENGAGEMENT TYPE Consulting / due diligence advisory
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BACKGROUND

A Canadian private equity firm was evaluating the acquisition of a large U.S.-based, third-party multifamily property management company. The firm needed an experienced industry advisor who could bridge the gap between the seller's management presentation and the operational and financial realities of the property management business, helping the deal team identify where stated assumptions warranted deeper scrutiny and where they were well-supported.

ENGAGEMENT SCOPE

The work spanned four interconnected workstreams, drawing on direct industry experience, personal business relationships within the multifamily ecosystem, and independent research into third-party management business practices.

Market landscape mapping

Contextualized the target's position within the competitive landscape of large national and regional third-party operators.

Financial framework review

Reviewed and advised on the corporate P&L; structure, revenue line assumptions, and EBITDA drivers presented in the seller's materials.

Assumption validation

Assessed growth and value assumptions against industry benchmarks, operating norms, and current market conditions.

Diligence gap identification

Flagged specific data points where seller representations were incomplete, optimistic, or in need of independent verification.

KEY ADVISORY INPUTS

Revenue concentration risk: Identified client and portfolio concentration patterns that could materially affect revenue stability post-acquisition, an area not prominently surfaced in the seller's presentation.

Management fee structure benchmarking: Applied industry knowledge of fee norms across property types and deal sizes to assess whether fee revenue projections were realistic or structurally optimistic.

Ancillary revenue sustainability: Evaluated the durability and scalability of ancillary income streams including maintenance markups, technology fee pass-throughs, and leasing fees relative to peer practice.

Operational cost structure: Reviewed corporate overhead allocation methodology and flagged areas where costs appeared understated or where the line between corporate and property-level expense was unclear.

Growth assumption stress testing: Cross-referenced units under management growth projections against market conditions, competitive dynamics, and the typical economics of new business development in the sector.

Relationship and network intelligence: Leveraged existing relationships within the multifamily advisory and operating community to gather qualitative context on the target's market reputation, client retention profile, and talent dynamics.

ENGAGEMENT VALUE

The engagement gave the deal team sharper, more targeted diligence questions and an independent perspective on whether the seller's financial assumptions reflected industry norms. It also provided qualitative context drawn from direct operating experience and active relationships across the multifamily sector. These are inputs a generalist deal team is unlikely to develop on their own, and they positioned the firm to enter confirmatory diligence with a clearer view of where the seller's narrative was well-supported and where it required a harder look.

“Effective property management due diligence requires more than financial modeling. It requires understanding how this business actually works at the operating level, where the real value drivers are, and where the numbers can obscure risk.”

CAPABILITIES DEMONSTRATED

Third-party multifamily property management

Corporate P&L; review and advisory

Due diligence advisory

Management fee benchmarking

Assumption stress testing

Industry network intelligence

Private equity deal support

M&A; transaction advisory

Competitive landscape analysis

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