

Renters By Choice – Your Best Tenants

by Robert L. Cain

“They don’t want to have the maintenance or pay the taxes that go along with property ownership,” says a real estate agent in Pennsylvania. “They’re not there that much. They’re very, very active. They’re cycling and skiing and doing all sorts of things that keep them away from home.”

“We are enjoying the ride without the hassles of home maintenance requirements, especially the kind that come as a surprise and ruin spontaneous weekend sports,” says one renter by choice. She and her husband rent a two-bedroom, one and a half bath apartment on the second floor, with their landlord living on the first floor.

As written in the *Virginian-Pilot*, “There are those who prefer and can afford convenience over home ownership, wine-tastings over to-do lists and resort-like doting over a big yard and home.”

“Those who choose to rent in these complexes are not exclusively your professionals,” wrote Richard A. Webster in *New Orleans City Business*. “For older renters whose children have left home, the physical responsibility of maintaining a house and property may be too demanding. Now that apartments are built to resemble homes while providing the security of a gated community, many people over the age of 50 are choosing to rent.”

Who They Are

These are renters by choice, or “lifestyle renters.” They don’t want to own a home or they did at one time and gave it up for one reason or another. Lots of times it is because home ownership interferes with their lifestyle. These are our absolutely best customers. In this article, we will look at how to attract them to our properties, the same way the large, luxury apartment communities do.

Over the past ten years, there has been a marked change in the character of renter demographics. Since 1997, says the Census Bureau’s American Housing Survey, the number of renters with household incomes over \$50,000 has increased 17 percent. That represents an absolute increase of 2,235,000 households over \$50,000 income and actual decrease of 2,295,000 of households under \$50,000 income.

Even more interesting are the increases of renters with household incomes of between \$80,000 and \$100,000 – up 30 percent and those between \$100,000 and \$120,000 – up 22 percent. That’s right. Upper incomes are making up an ever increasing percentage of the rental market.

What They Expect and Get

Large apartment complexes and communities are providing a myriad of services to set themselves apart from others. They are constantly asking themselves, “Why should someone choose our community over the one down the street?” As a result, they offer a smorgasbord of services for their residents to get them to pick their properties.

It is said that the better managed companies treat their residents like guests at a resort. What services and amenities do luxury communities provide at no extra charge? The list is long and varied, but the more common are:

- Fitness centers
- Game rooms
- Lounges
- Pools and spas
- Teaching kitchens
- Small theaters for private use
- Business centers
- Free internet
- Virtual golf
- Community Parties
- Lectures on interior design, personal finance, feng shui
- Personal service representative for one-on-one services
- Immediate response to in-house maintenance and housekeeping

How We Can Compete for Them

What would work in smaller communities or individual properties? What could you do that would markedly differentiate your product from that of the landlord down the street? What could you do to attract high-end tenants who don't want to live in huge apartment communities?

First and foremost, your property has to reflect the needs and image of an upper-income renter. That means it has to be in over-the-top condition and be able to be customized for your new tenant.

At our Tucson conference in March, Jeff Takle of rentingyourhome.com talked about some of the things you can do to enable your new tenants to make their new home exactly what they will be proud to call home. One idea was to offer an interior design service including a paint palette for the property. That way an already outstanding property can be self-designed by your new tenant and made almost ideal for them. It is re-created to individual tastes.

One of the revenue generating ideas that was suggested was to offer a setup of utilities and such. Here is the commission structure with WhiteFence.com who will pay you help tenants change their utilities, phone number, cable TV and so on. It's something every tenant does (both at move in and move out) and could make you a lot of money.

- DIRECTV ® - \$90 per activation
- Dish Network - \$50 per activation
- Local Phone - \$10.00
- Newspapers - \$10.00
- High Speed Internet - \$8.00
- Cable - \$6.00
- XM Radio – 10% of hardware
- Sirius Radio – 5% of hardware

The way to get the referral and money is to sign up at www.linkshare.com, select “WhiteFence” as a company you want to join and they’ll send you a bunch of text links to put on your company web site. This an amenity for your tenants as well, one that will set you apart from Joe and Josephine Landlord down the street.

Other amenities that the big boys and girls of our business provide that we can also provide are such things as:

- A wired unit for telephone, cable and satellite
- Wireless internet service
- Weekly yard service
- Concierge service
- A service guarantee

Concierge service is an amenity that will set you apart from just about every other landlord in town. And it doesn’t have to cost you a dime – your tenant pays for it as he or she uses it. But it seems as if it is your special service. Here are some things concierge services offer: Auction representation, babysitting referrals, car washing service, catering, celebrity bookings, chartered aircraft, yachts and helicopters, comedians and magicians, corporate and special event planning, corporate gifts and delivery, courier services, dry cleaning pick-up and delivery, floral services, get away weekends, golf tee times, limousines and car service, personalized shopping, pet and plant care, shopping of all kinds, specialty gift and delivery, tour and travel arrangements and much more.

The list is endless. If it is legal and moral, chances are a concierge service can do it or arrange it. Upper income people often work long hours. They don’t have the time or energy to do some of the things that we can do ourselves.

One particularly attractive service (www.conciergeservices.com) mentioned and not listed above is an unpacking service. Your tenant moves in and an unpacking service unpacks, organizes and puts away everything. At the end of the day, their new home is completely ready to live in. Your new busier-than-busy tenants can now get on with their lives, exploring, adventuring and entertaining. Wow! I wish someone had done that in my home when we moved.

You can even set up your own personalized concierge service with www.2places.com. If your tenants want to say, set up a super kid’s birthday party, he or she can call the

service, or click through from your website and have a seamless connection to set up the birthday party. The 2 Places at 1 Time will arrange with someone in your area to get in touch with your tenant and take care of their entire party.

If your tenants are going out of town, to New York, for example, and want to see a Broadway show, the concierge service can get tickets. And it is all because you arranged this service for them.

Head and Shoulders Above Your Competition

You do the little extras and offer over-the-top service to set you and your properties apart from the other landlords who just hand tenants the keys and say “rent’s due on the first.”

It used to be that once people purchased a home that was it, they were going to live there. But society has changed. Some people are professional renters. That’s all they will ever be and that’s great. It is especially great for us as investment property owners because they tend to be the most loyal and don’t want to move if we take care of them. Long-term, well-behaved, great renters, that’s what they are and what we want.

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