



Are You Properly Marketing Your Rental? by Robert L. Cain

Landlording and property management are great businesses. That is, they are great businesses if they are treated like businesses. Too many landlords don't. They act as if their applicants and tenants are necessary inconveniences. Then they wonder why they have trouble with their investment properties.

We make our profits from the people who rent from us. Our tenants, residents or community, whatever you want to call them, are our bread and butter. In addition, we have some distinct advantages in our business that some other businesses don't have.

Most businesses don't have the opportunity to choose who their customers will be. We do. Most businesses have just enough customers show up who actually want to buy. Landlords and property managers, especially in a good market, often have the luxury of an over-abundance of potential customers, only a few of whom we may be able to serve. Does everyone have an over-abundance now? Well, not right this second – but we will again.

Here's the best part. With effective marketing, we can get an even better selection. Most businesses have to try to keep customers coming back. We, assuming we select the right customers and provide reasonable service, can have them coming back every month with the rent checks for many years. It can be far more inconvenient for our customers to move than to stay where they are. In other words, once we have them, they are ours for some time, barring life interfering with new jobs, larger families or some family situation that requires a move.

Selecting the right customers (tenants) is the key to being truly great in our business. By marketing continuously and effectively, we can make our businesses great. If it's already great, it can be superb.

Effective Marketing

When we market effectively, we discover that applicants begin to have a top-notch aura about them: steady jobs, great rental histories, well behaved children.

In this article, I have put together some important information and ideas to help attract the kind of tenant you will want to keep as your customer forever.

The basics are these: We don't make money when we rent to unqualified people; they may not pay the rent and they may not take care of our properties. Besides, and just as bad, bad tenants drive off good tenants.

Good marketing helps us find good people. The idea is not to get just one, but several super-qualified folks looking at any and every property we have for rent. Part of the technique is to do things to the property that attract the most qualified applicant; but that's a topic for another time. This article is devoted to advertising and attracting new tenants through marketing.

Your Property's Characteristics

Do you know who will be an acceptable tenant for your rental property? If you don't know, how will recognize him or her when the ideal tenant shows up? Every property is different and the kinds of renters each property attracts are different. Your resident demographics can differ markedly from Joe Landlord's on the other side of the freeway or Susie landlady's whose property is three miles down the road across from the city's halfway houses. Accordingly, you need to have a specific idea of who the acceptable tenant is for each of your properties.

List Your Property Data

First, list the characteristics of the people who have rented this property in the past. What was their income, ages, marital status, hobbies and interests, average length of tenancy and how were they referred? That tells you who the people are who will probably want to rent the property from you.

Next, list the features of your property. Is there parking? Are there washer-dryer hookups? List the square footage, what kind of air conditioning, type of heat and who pays. Is there a pool or other amenities? List nearby schools and general information about the neighborhood. That gives you the information you need to create an ad and to answer questions from prospective renters about the property and turn features into benefits.

As noted above, different properties attract renters with different characteristics. Obviously, a \$300 a month studio apartment in a bad part of town is going to attract a much different tenant than a 3,500 square foot home with a 360 degree vista overlooking a valley with a swimming pool, hot tub, sauna, three car garage in a prime neighborhood that rents for \$3,000 a month. You can't determine who the likely successful applicants will be without knowing the characteristics of the tenants and the property. Use the information on the form when you are writing your ads and creating phone scripts for answering calls. You want the information in front of you to be sure you remember everything correctly.

Remember the tenants who've rented the unit. Think about their income, the number of people living in it, the family composition, debt ratio, credit problems, rental history, number of vehicles, hobbies and interests, and reason for moving out of their previous rentals. Use old rental applications and your own memory; it doesn't have to be exact. Come within \$50 to \$100 of rent, \$1,000 or \$2,000 of income and one or two people of number of occupants.

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Characteristics of Past/Current Renters

Income: 35,000 to \$45,000

Number of People/Ages: One or two – 30 to 40

Marital Status: Single

Hobbies/Interests: Sports, cars

What I'm referring to by "marital status" is whether you usually get single people, families or roommates in the property. That is not an invitation to discriminate against families with children if your renters are usually single. It is merely information you can use for your marketing. Obviously, if you have never had a family living in the unit and in fact have had couples or single parents with children consistently reject the property for one reason or another after looking at it, that demographic is not one you are likely to attract as actual applicants. That would mean you would tailor your advertising and marketing to promote the features and benefits that attract single tenants with no families.

If you just bought the property or otherwise acquired it and you don't have that information, possibly the previous owner can help. That failing, if you have similar properties in the same neighborhood and of the same characteristics, they might be a guide for the one you are working on in that they will attract the same kind of tenant.

EXAMPLE: Say your property is a well-maintained duplex in an upscale part of town. A single man, Bill, 29 years old lives in one side, a two-bedroom, two-bath unit. He uses one bedroom for a bedroom and the other one for an office/guest bedroom for some of his friends who are too drunk to go home. Bill has a job as an electronics store manager and earns around \$35,000 a year. He drives a Nismo 370Z, the one that starts at \$39,000 because he can – after all, no kids to pay for. He tends to be neat and careful of his possessions. Because he works in an electronics store, he has all the toys. With the 52 inch high-definition TV with 7.1 Dolby digital sound, the home-theater sound system, the Blu-Ray DVD player, all the Direct-TV sports packages and the stereo to go along with all that, he is well equipped to have lots of friends over. And he does.

Every Sunday during football season his living room is packed with his buddies, some of whom are not as quiet as you would prefer. And when the football games are over, sometimes the sports day degenerates into a party. Of course, each of those people drives his car over. That can create some parking issues in the neighborhood.

The flip (good) side is that since he manages a retail store, he is rarely home. Add to that during racing season he goes to about every car race in the area on Sundays and you can expect that most weekends you will find his home empty. That's always a plus with tenants. Those who are not there don't inflict as much wear and tear on a property – usually. You also get his rent check no later than the last day of the month before it is due. He has it set up as auto-pay with his bank.

The demographics should be obvious. What you will be looking for to rent the other side of the duplex is someone similar to Bill. A family would probably take exception to Bill

and his friends, unless the husband liked all the same things as Bill and spent his fall Sundays at Bill's instead of home with his family. Of course, that could result in an early vacancy what with a wife who either takes the kids and leaves her husband or drags him kicking and screaming to a new place to live.

If the family took exception to Bill, you would field complaints weekly about the partying going on.

If Bill moves out, heaven forbid, your demographics would change, though. At that point you could look at other properties in the area to see whom they attract as tenants. But, for now, you know who will probably do best living there.

Creating the demographic will take some time and work but the payoff can be phenomenal. A big mistake for a landlord is renting a property to someone to whom it will not work. Chances are you won't keep the tenants long and then you'll lose at least a month's rent.

Create a property data form for each property and keep it in the property file, together for with the ads you have written for the property, marketing materials and other appropriate information that will help you select a tenant the next time.

Marketing Doesn't Stop

It's all in the marketing. Marketing doesn't stop, of course, when your tenant moves in; it is an on-going process. Just keep the thought in the front of your mind that your tenants are your customers, that they pay your bills. Do whatever it takes to attract and rent to the best tenants you can find; then do the things that will keep them as your tenants.

In next month's issue, there will be an article on *ad writing* that provides some suggestions on things to do to get your ad noticed before anyone else's and how to attract the attention of the people who would want the benefits your property offers.

There will also be some great ideas on *telephone technique* that send the message that you are happy your caller picked your property to inquire about. Then read the ideas about qualifying applicants over the phone. It could save you time, trouble and money in showing a unit to someone for whom there is no way the property would work, or whom you would rent to.

When you meet an applicant, there are some simple ways to convey through body language, attitude and voice that you are really someone people want to rent from. You will have the luxury of a lot of applicants disappointed that you didn't select them as tenants. *Stay tuned next month.*

Robert L. Cain is the publisher of the Northwest Landlord. Reprinted with permission.