

## **In Today's Rental Market – You Must Walk the Walk by Craig Swanson**

Maybe it was because I never wanted to let my parents down that I grew up trying to “walk-the-walk?” One example I can remember is having the chance to earn in-state tuition through a state sponsored reciprocity program at the University of Washington. I'm originally from Oregon and as long as I kept a certain GPA and maintained a certain class load, I was able to get in-state tuition—which my parents were kind enough to help with. As some of you can remember (or maybe you have kids in college?), there are lots of opportunities to have a bad quarter or drop a class. I can assure you, the thought of calling my parents, there was no e-mail in those days, and saying “I'm having a lot of fun and had to drop my economics class this quarter” was not an option.

It seems to me that some people are predisposed to do what they're going to do. Other people are more inclined to struggle with follow-up, or a commitment they make to somebody else, or even a promise they make to themselves. I tend to spend more time with people in both social and work settings that follow-up with commitments. There are no written credos for such follow-up, but there sure are trends.

An example most of us can relate to is parenting. We all assume a huge commitment when we have kids. For most parents, procurement of a great education and loved-filled home is tantamount; there is no bigger commitment. As parents, we all endeavor to create environments where our children learn to be great young adults. By default, parents are role models for their children. Most of us try to be great role models.

### **We All Try to “Walk-the-Walk”**

I don't think of the landlord-tenant relationship as being any different. Those of us who follow-up on commitments and truly make an effort to be great landlords will fare better than the landlords who are not as assertive or don't compare favorably to their competition.

Maybe you own and manage one, relatively tired property where the vacancy rate is closer to 10% than 5% and rents are down 15-20%. For those of you who haven't noticed, the rental market is pretty tough right now. If you haven't already, now is the time to pay closer attention to the market trends and your competition. It is time to start making that property shine.

Eighteen months ago you could have been relatively lazy in managing this property—the market was so good it hardly took any management. You collected rents and made sure the grass didn't get over knee high. 2009, and 2010, are very different—consider it the “new rental world”. There are thousands of other, probably better, options for prospective tenants. If you are going to effectively compete, you better understand that competition and differentiate your property (and most of us don't want to differentiate our buildings by being the least expensive).

Put fresh flowers in the foyer once a week, spend more time in the garden or yard, make sure the windows are clean, and send your tenants a “thank you” and a \$20 Starbucks card... there are many ways to show tenants you appreciate them. And you better get aggressive in attracting and keeping these folks or your vacancy rate is going to go up.

### **Is Your Management Company On Board?**

If your building is being managed by a management company, now is the time to put some pressure on them. It is much harder to get and retain good tenants today. What are they doing differently to be more aggressive in managing your investment? Your management company should be recommending new programs they are doing to keep the vacancy rate in check, or what programs they recommend to delight existing tenants.

The next question you need to ask yourself is, “are they walking the walk” with me? Talk to friends who have rental properties or get some insights from a broker who will inevitably call or mail you something in the next month. Do something to get reasonable assurance that your investment is being managed with the “new market” in mind and presents itself well relative to the competition.

Leasing and managing rental housing is a service business. If landlords get lazy and don't follow-up on commitments, there is so much competition that tenants will soon consider other options. Landlords who do a better job servicing the needs of prospective and existing tenants can prosper at the expense of landlords who continue to take short cuts, are lazy, or are too slow to react to a very different market than we had a year ago.

*Craig Swanson founded Redside Partners, LLC and has owned and managed multiple properties in the Seattle area for nearly 15 years. He has managed properties through significant renovations, re-developments, “lease-ups” of vacant buildings, multiple economic cycles. He graduated from University of Washington with a Bachelor of Arts degree Economics and received his Master of Business Administration from Duke University's Fuqua School of Business. Craig can be reached at 206-323-1771 or [craig@redsidepartners.com](mailto:craig@redsidepartners.com). Reprinted with permission of Rental Housing Association of Puget Sound UPDATE.*