

Rental Property! What's Yours Worth?

As a residential property landlord, are you getting a rental income from your rented property that is probably less than is worth if the accommodation were in its best condition?

It is true that every landlord's expectation regarding their investment rental property is for the property to earn the full rental market value.

Do all residential properties in the market possess the potential to achieve an optimum rent? Yes!

Will every property achieve its optimal rent? Obviously not!

Each time I have the pleasure to prompt both my most loyal and potential new landlord clients alike what rental expectations they have in mind when their property becomes available for re-marketing. Nine times out of ten, the response begins with a sharp grin, followed by "you tell me as the letting professional."

Every landlord client who's re-letting knows exactly how much money they want from their rental property.

Nevertheless, by putting the letting agent on the spot as the letting professional, the landlord client seeks to reassure himself by getting a confirmation or not those expectations.

Of course that's expected. You'd always notice from the clients' facial expression or comment whether the lettings agent's rental assessment is agreeable or not.

There's no doubt therefore that certain properties in very good living condition which the landlord has gone that extra mile to create an acceptable level of wowzaz would ultimately achieve optimum market rent or even slightly more, depending of course on the economics law of supply and demand.

But what is optimum rent? By definition, it is the highest achievable rent possible a potential tenant would be willing to pay for an accommodation all things being equal.

With rental properties, the truth is; all things will be never be equal due to individual circumstances. Below are common factors that affect the potential rent of any given property;

1. Location: How many times have you heard of the term location, location, location in association with properties? This literally means the physical placement of a property and all the components that make the particular area attractive or not.

Most people in any given society are concerned about.

a. Crime level: Nobody loves living in areas known for high crime statistics if they could help it. Most would rather choose to live in neighbourhoods considered safer as compared to the national average.

b. Proximity to transport: Accessibility to local transport is very important for daily commuters.

c. Choice of good local schools: Important for families with young children of school age.

d. Propensity of social housing: How many run down social housing are within close proximity?

e. Open green spaces (eg parks): Useful to young professionals who prefer the open spaces to confined spaces of a gym. Attractive also for parents with young families. Outdoor activities are a contributory factor to healthy living couple with others.

2. Property Type & Age: A property's age sometimes may determine the rental value. New builds with modern appliances and other living comforts will attract more interest and therefore more rental value compared with jaded old property with the usual basics and out of use chimney walls. On the other hand, the choice of which property type is mostly subject to availability than preferential.

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3. Property Size: It is normal for families with 3 or more kids to go for the larger properties, while a single couple sharing will be happy to occupy a 1 or 2 bed apartment.

4. Economic factor: Available share of disposable income.

The reality check is this: not all properties will be within five minutes walk to the train/tube stations or bus stops. Neither will most properties be overlooking the river, lake or park.

However, having noted the above factors, the question is, what need a landlord do if their property does not fit into any of the above list, but still want to achieve optimum rent?

Answer: Good presentation!

A good landlord who seeks to attract the best possible tenant will obviously make the effort to present their property to be attractive from the outside inside.

This is important to the prospective tenant when viewing. It also tells whether the landlord is caring, has acceptable minimum standards or not.

It works on the same basic principle as going out to a singles party for the sake of attracting a decent partner.

Obviously the probability of leaving with the best looking damsel at the party well dressed and charming is far greater than turning up looking like dogs vomit.

Most landlord clients know this rule of thumb, but there are many out there who still believe that it doesn't matter what the property looks like, someone desperate out there will be glad to take it without half a complaint. Maybe so!

The question remains; for how long?

The tenant clients of today are clued up and aware of minimum standards.

As a landlord, ask yourself, which would you prefer?

An optimum rental income for a comfortable living accommodation and subjective peace of mind, or the stress of continuous complaints which may result in high turnover from unhappy tenants.

I know which I'll settle for.

For free advice on achieving optimum rent, good lettings info and procedures, queries on property management issues, please contact:

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