

Rental season is just around the corner. Will you be ready this year?

Even though it seems we have just made our New Year's resolutions, it's already time for landlords to start planning for the rental season here in Richmond, Virginia. To have the proper perspective, let's start with a recap of the rental market in the final months of 2009.

Our analysis shows rents in the entire area receded during the second half of last year. Due to the economy in general, and the abundant supply of rental units compared to the dwindling number of qualified prospects, last year's rental season ended poorly from the perspective of property owners. There is probably more uncertainty now than there has been in the past 20 years. Are these low rents temporary or will they be long-term?

Our hope is that rents will stabilize, and then trend upward. We predict rents will begin to increase, starting in Spring. To get ready for this, some managers of multi-unit properties are sending survey / renewal letters to all their tenants. These can alert tenants to the prospect of increased rents ahead of time. This can help prevent move-outs by allowing renters to plan ahead for these cost increases. It can also alert landlords if their tenants are planning to move out. Landlords will discover vacancies as early as possible, which affords them more time to market and show the units. The earlier you start, the better chances there are of finding new tenants from a more limited pool of good applicants.

Another strategy is to offer small concessions along with the new increased rental rates. For instance, a student may accept the \$10 per month rent increase, if offered a \$50 renewal bonus in the form of a gift card. Creative incentives that appeal to your specific type of renter will go a long way to keep your vacancy rates as low as possible.

Another important consideration in this competitive market is the "curb appeal" of your rental buildings.

Some factors to pay close attention to are:

1. Maintain exteriors, including signage, and ensure grounds are well-kept. Perhaps it would be a good idea to mulch early, investing in new potted plants in key areas, like lobbies and entry ways.
2. Make sure units and common areas are spotless.
3. Be sure to pre-inspect all units before showing them. You don't want prospects to be turned off unnecessarily by easily-preventable, negative first impressions.

In this tight economy, you certainly don't want to take chances by fumbling even a single opportunity for attracting a good, qualified renter from the dwindling pool of applicants. Owners who prepare for the rental season now, will have the greatest potential for improving their profits, even in a down year!

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