

Monthly Newsletter

April 2012

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Durable flooring, such as vinyl, is often a sound alternative to carpet.

Attracting tenants to your rental property

Price matters. A lot. On the Central Coast, assuming that a home is adequately maintained and properly advertised, it always gets rented to qualified tenants *if* correctly priced.

That said, sometimes there are unique characteristics about a particular home that diminish its value.

For example, California West manages a property that is unavoidably loud because it is adjacent to the 101 freeway. We cannot change the location. However, many years ago the owner of this property decided to accept tenants with pets, which is how the property consistently stays rented at prices that are competitive with more desirable locations.

Allowing pets is usually not a good idea, especially with San Luis Obispo's recent ordinance imposing fines on owners of properties with aggressive pets. There is also resulting maintenance expense from allowing pets. However, sometimes it is necessary to consider unique ways to enhance your property's appeal.

When pets are allowed in a rental, owners should be aware of the added expense and also should consider installing more durable flooring to prevent costly damage.

Depending on the rental, some good alternatives to carpet are tile and even some vinyl products. These products are also good to consider in other situations where a more durable floor may be desirable for whatever reason.

Most of the time, the best you can do to get a home rented is to set a correct price. However, there are times when something more creative is necessary. Allowing pets is one option.

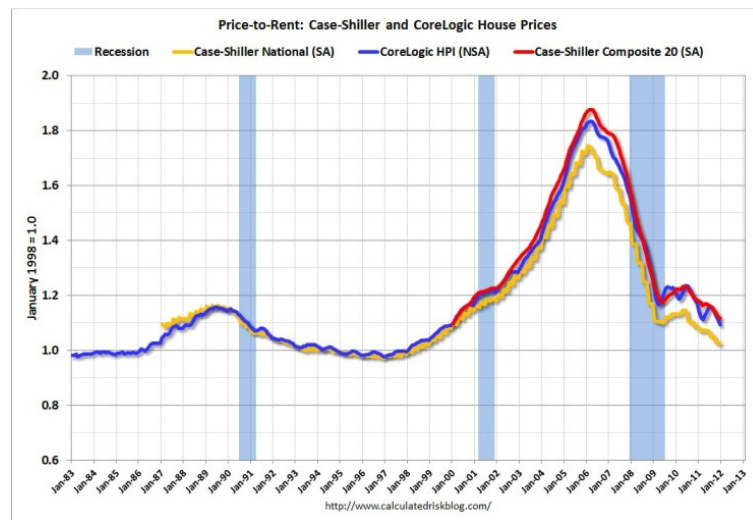
In those cases, consider making improvements to the home that will minimize the damage which inevitably results from becoming a pet friendly rental.

Price-rent ratio improves from the bubble years

The price-rent ratio is improving. In October 2004, two economists at the Federal Reserve wrote a letter discussing this ratio. Although the Fed economists did not predict a collapse in housing prices, they did forecast “slower house price appreciation” because “[t]he price-rent ratio for the U.S. and many regional markets is now much higher than its historical average value.”

With rents increasing, the price-rent ratio will probably continue to fall.

That was an understatement. The following graph shows national price-rent ratios since 1983:



With rents increasing locally and nationally, the price-rent ratio will probably continue to fall. Also, we will probably continue seeing house prices that are either stable or falling.

Advertising rentals online

California West stopped running regular newspaper ads for its properties in 2008. Yard signs are still effective, but most tenants are finding homes online. Here are some numbers from 2011:

1. Google – 36% of all referrals to california-west.com
2. Craigslist – 27%
3. Direct (no referral) – 19%
4. Slorements.net – 3%
5. Yahoo – 3%
6. Cal Poly – 2%
7. Bing – 2%
8. Cuesta – 1%
9. Other – 7%

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