



Monthly Newsletter

November 2020

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We are pressing forward with sending renewal offers for the 2021-22 academic year and our plan is to start sending those in mid-December with response deadlines in mid-January and pre-lease efforts to begin on February 1.

Student renewal offers will be sent out in mid-December.

Uncertainty looms large for 2021. With that in mind, we are beginning to speak with clients who own rental properties near Cal Poly about renewal offers for the 2021-22 academic year.

Our advice to clients is generally to err on the side of caution and avoid rent increases except in circumstances where we were forced to accept significant rent reductions in 2020. In those cases, we will try to raise rents as much as possible on a case by case basis while still working to minimize potential turnover. Generally speaking, the maximum increase for multi-family properties is presently 6% and there is no maximum increase for single family properties that are exempt from statewide rent control.

We are of course hoping for a more normal 2021, especially with a Covid vaccine on the horizon. Nevertheless, everything is still so uncertain that caution seems wise.

With respect to timing of the renewal notices, it is always nice to send them before students leave for break so they can discuss with parents while at home but this year Cal Poly's live classes are already over until 2021. Therefore, some students may have already left for home. Or not. We saw lots of students return to town beginning a few weeks after the shelter-in-place order back in March. Students get tired of being at home with parents and vice versa. Whether students will remain in town for online courses is yet to be seen but highly likely considering what we saw happen earlier this year.

Regardless, we are pressing forward with sending renewal offers for the 2021-22 academic year and our plan is to start sending those in mid-December with response deadlines in mid-January and pre-lease efforts to begin on February 1. We will be sending by email, postal mail, and at larger buildings by posting on tenants' doors.

Prior to sending the offers, we will be contacting our clients to discuss rates and strategy and to confirm with clients if they have any plans that might impact whether to offer renewals to their tenants. If you have not yet heard from us, then please feel welcome to drop us an email or give us a call to discuss your particular situation. Otherwise, expect us to be reaching out soon.

Reminder: Property taxes will be late after December 10.

If you are expecting California West to pay your property taxes from your trust account then please check your financial statements to confirm if this has been done. If the payment has not been made then it means we have not received the tax bill and are not planning to make any payment by the December 10 deadline. Let us know ASAP if we need to write a check and put in the mail.

If you are unsure if a payment has been made, you can also always check the County Tax Collector's website. Keep in mind that lenders who pay taxes from an escrow account will usually not make those payments until a day or two before the payment is due. Let us know if you need help with checking the County website. Local County websites are as follows:

- San Luis Obispo: <https://www.slocounty.ca.gov/>
- Santa Barbara: <https://www.countyofsb.org/ttcpapg/>

We are happy to check on your payment status if you need help navigating these websites.

The holiday season is a traditionally slow time of year for rental demand but 2020 is anything but normal.

It goes without saying that nothing is normal in 2020. But, still, in a normal year the holiday season is a slow time for rental demand for obvious reasons. People do not like moving around the holidays. In 2020, with less holiday travel and festivities, that trend might not be as relevant as in other years.

Lately, our Arroyo Grande office has seen healthy rental demand since around June of this year. Prior to that, higher priced rentals were negatively impacted by the shelter-in-place order and general uncertainty over what would happen with Covid-19. Lower priced rentals, those priced below \$1,500 per month, never really skipped a beat and probably benefited in some way from people wanting to spend less money than they would in more certain times.

In San Luis Obispo, there is presently a glut of two bedroom apartments but otherwise healthy demand as in the Five Cities market. The change in the academic quarter may prompt some movement by students and therefore help fill some of the vacant two bed apartment inventory that remains. We did see a small surge in activity within the past couple of weeks which has helped us fill some of our vacancies.

We will of course continue to monitor progress and adjust our advice to clients accordingly. As always, we recommend 6 month leases at this time of year, to get things on a better seasonal schedule for the future.

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