



Monthly Newsletter

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Periodic property inspections mean recommendations to clients on how to avoid deferred maintenance.

At California West, one of the services that we provide to our clients is periodic property inspections and reports on what we find.

If a property is tenant occupied for more than a couple of years, then there will most likely be some sort of deferred maintenance that requires attention. If no work is done on a property for many years, then there will be substantial expense when the property eventually turns over. It is often better to avoid major expense for deferred maintenance by maintaining a property over time.

Obviously, when a unit turns over we inspect and prepare the unit for new tenants. In addition, though, we also conduct periodic inspections for properties that have not recently turned over.

It is important for our clients to understand what our periodic inspections involve and what they do not involve.

The inspections are visual only and our goal is to identify any major problem areas or issues of concern. We do not conduct as thorough a property inspection as a professional home inspector may perform nor do we inspect in the same manner as a termite inspector. Unlike those types of inspections, we do take note of the tenants' cleanliness and items such as whether there are pet dishes when there should be no pets.

The point of our inspections is to identify any obvious health and safety problems, note whether tenants are treating the property correctly, and try to determine whether there are any areas of deferred maintenance that have gotten visibly worse since our last inspection. We then report back to our clients as to what we find.

Property owners are of course welcome to join us on the inspections or to contact us at any time to schedule a separate inspection. At a client's request, we can also help coordinate a professional home inspection or termite inspection if something more thorough is necessary for the property.

Construction activity suggests that the local economy is going strong.

The local economy is quite strong, though rents have stabilized. In fact, it seems that there are new construction projects going up all over the place on the Central Coast.

From a rental market perspective, all this construction activity indicates that there is strong employment for the area, which is good for a healthy rental market. However, rental rates do seem to have plateaued recently.

In San Luis Obispo, there are the Avivo Townhomes and the Chinatown commercial project that are both nearing completion. There are other commercial and mixed use projects downtown as well. The Avila Ranch and San Luis Ranch (formerly the Dalidio project) projects each seem to be moving forward. Cal Poly is nearing completion of its new dormitory on Grand Avenue. There is also the new airport terminal and various commercial properties popping up on that side of town. Speaking of the airport, direct flights are now available to Seattle and Denver in addition to the longtime routes to San Francisco, Los Angeles, and Phoenix.

In the Five Cities, the Inn at the Pier in Pismo Beach is under development, there is visible new construction in and around the Village of Arroyo Grande, and Grover Beach is moving forward on its Lodge and Conference Center. There are also other pockets of development that are visible from driving around the area.

In Santa Maria, there are lots of new property developments popping up all over the area and the new Costco building just opened.

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San Luis Obispo Office
1380 Broad Street
San Luis Obispo, CA 93401
Ph: (805) 543-9119
E-mail: slo@calwest.com

Arroyo Grande Office
145 S. Halcyon #H
Arroyo Grande, CA 93420
Ph: (805) 489-9400
E-mail: ag@calwest.com

www.california-west.com

CalBRE Lic. No. 00528841

The strong economy is helpful for maintaining rental rates at current levels but does not seem to be translating into higher rental rates as we saw in recent years. What seems to have happened is that a few years ago rental prices shot up very quickly and we were chasing the market to increase rates. We now seem to have caught up with the market and rates are stable.

One downside to all the local construction activity is that we are finding it is difficult to find, hire, and retain quality maintenance workers at affordable rates. Part of the problem, of course, is that maintenance workers need to be able to afford to pay rent in this area and the recently tight rental market has made that more challenging. Also, all the tradespeople are busy and demand for skilled labor is high, so quality workers are less available than they would be in slower economic times.