

Furnished Rental Market

May 2009 Alberta REIN™ Presentation

THE FURNISHED RENTAL NICHE MARKET: IS IT RIGHT FOR YOU?

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Introduction



- An unfurnished house which rents for \$1800/month rents for \$3,600 to \$5,000/month once furnished.
- This is a 'What's Behind the Curtain' on the Furnished Rental Industry.
- How we got started.



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Suitable properties



- Houses vs condos.
- Which locations.
- Must have garage.
- Does the property still suit your portfolio if it is not a furnished rental?

The Real Math!



- Start-up costs: furnishing.
- Vacancy budget.
- Maintenance costs.
- Management fees.

- Paying referral agencies.
- Ongoing advertising.
- The cost of cancellations.
- Email money transfers.
- Credit card set up.

Furnishing



- How furnished is furnished?
- Don't miss *anything*.
- 'Just show up with your suitcase.'
- Include outdoor furnishings: patio set, barbecue.

- Where to buy furnishings.
- Have a set-up team.
- Storing extra furniture.
- Other items to stock (crib, high chair, cots, etc.).

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Other Services Provided



- All regular utilities.
- Cable, internet, telephone.
- Snow removal, lawn care.
- Maid service – how often.

- Have stock room on-site.
- Keyless entry.
- Mail boxes.

Quality Controls



- Linen.
- Kitchenware. Stock up.
- Hotel touches.
- Concierge.
- Do quality checks.
- Spotters & spies.

Manuals



- Welcome manual.
 - phone numbers, voicemail, garbage schedule, maps, etc.
- Inventory.
- Manual for maids.

Finding Tenants



- Your own network.
- Corporations. Big vs. small.
- Out-sourcing management.

- VRBOs.
- Relocation agents.
- Usual web sites.

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- Fire/flood displacements.
- Insurance referrals.
- How good is *your* coverage?

Exit Plans



- **1. Sell the house.**
 - It's already staged! Good marketing edge.

□ **2. Keep the house.**

- Dismantle the furnishings & services, turn the house back to an unfurnished rental.
- How to dismantle.

□ **3. Sell as a business**

- Include furnishings, existing reservations, marketing systems.



Closing



- Introduce Mindy.
- Don't be seduced by the big rent furnished rentals can generate.

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- Do the full math.
- Evaluate *all* the variables.
- Have a big cushion.



For some of you, the furnished rental business could be your next income stream!