

EP36. How's the Rental Market Doing Right Now? We Share The Data

Welcome to the Landlord Logic Show, hosted by John Tiner. John is the owner and CEO of Tiner Property Management, a three-generation family business since 1976. Tiner Property Management expertly manages over 1,000 properties in the greater Sacramento area to place quality tenants quickly while minimizing your risk. John stays up to date on all the new laws and regulations and shares his knowledge with do-it-yourself landlords each week.

The Landlord Logic Show with the Tiner Property Management Pros. Joining us now: John Tiner, along with his wife and business partner, Jenny Tiner.

Welcome to the Landlord Logic Show. We are here to share property management tips, really for do-it-yourself landlords. We've been in the business a long time. John's parents started the company about—almost 50 years ago now. John joined them about 10 years after that. So, a lot of experience.

We manage properties in the Sacramento area, and we're now up to almost 1,300 properties. We've been in business a long time. We are here because we love real estate. We love real estate. We know what we're doing. We know the laws—sales or property management. We're residential, located in the Sacramento area.

We love real estate, and so often we talk about the nuts and bolts of property management and we forget to remind people—because we live in the day-to-day—we forget to remind people: landlords are going to decide to be a landlord, kind of one of those default landlords. A lot of times, they don't know: “Why am I going to carry this negative cash flow?” or “Why am I going to have the exposure or all the headaches of this?” And even though you guys make it good, I'm kind of risk-averse or I don't like it for one reason or another.

There are some really beautiful benefits to holding real estate, right? And if we don't express that sometimes, people don't realize why they should be continuing to do that. They have leveraged real estate. So, I mean, if they've put \$100,000 down on a \$500,000 property and it goes up 20% in value, their \$100,000 has just tripled in value. So it's not 20%—it's like 300% to them because it's leveraged.

There are some tax advantages to it. You're able to write off things that you couldn't write off just when you owned your home. So, you can write off our management fees if you have it done professionally—the repairs that you need to do to get it ready. And then, from tax consequences, there's also depreciation, meaning that you are able to take a 27½-year straight-line depreciation and write that off on your taxes every year.

So, there are so many benefits to owning real estate and the property management that goes with it. Your properties can give birth. I like to say that sometimes—when the equity position values go way up—and a property that, you know, at one time was almost 100% financed, now it's only 50% financing because it's worth twice as much money or the loan's paid down. And

now you could go refinance that property and pull out enough cash to buy another property. We call that giving birth.

It's best to do that when the market interest rates are a little lower than they are now. But you've got to hold the real estate to get to the right time and right place to be able to do that. And that's the way generational wealth is created in most cases in the United States. It's holding. It's not stocks. It's holding real estate and then allowing it to get bigger and hold more and more over time.

My parents have about 10 rental properties. They started buying single-family homes, exchanged for duplexes, and then exchanged for better duplexes, and bought some commercial property with me. And then, as they got older, they finally— instead of growing it by letting their properties give birth—settled in on paying them off because now they have income. And so, they have a nice retirement income. Even if Social Security dried up, they'd be okay because they planned for it.

My grandfather passed away about eight years ago, and he was 102. But he had bought real estate over and over. He had a lot of businesses, and every time he sold the business, he kept the real estate. And so, by the time he passed away, he had a big income from a bunch of little shops that he owned all over California. So that's just kind of the best way to become wealthy over time and to have something to leave for your children—is hold on to that real estate. So, if you're sitting on a property where you can't sell it, you need to move. You didn't think you wanted to be a landlord—maybe reconsider that. It might make a lot of sense to do that. And if you'd like to reach out to us, we want to make this easy for you.

Please give us a call at 916-974-6003. We'll schedule a time with you where we can meet you at the property and answer all your questions, talk about rent value, what you need to do to get it ready. But we'd love to talk to you.

It is. Yeah. And so in my story, I love real estate. I became a landlord at the age of 19. I bought my first duplex, and I lived in one side and rented the other out. My ex-husband—you know, boyfriend at the time—my dad thought I was crazy. He's all, "You're going to buy this house before you're even married?" And I said, "Well, yeah." My family was in real estate. A little bit about that was the price back then. I bought it for \$115,000, and my interest rate was 7%, which—we're pretty close to that now. So, different price range but same interest rate. Can't buy a duplex for \$115,000 though. Yep. So, I lived in that duplex. It was interesting. My mortgage at the time was \$900, and I charged the other side \$600, I think. So, we lived in it for 300 bucks—cheaper than our apartment. Anyways, times are different now, but I've kept that property. I refinanced, bought, refinanced, bought.

John's talked about giving birth. That property gave birth. So, by the age of 25, I had four rental properties. I was doing things that none of my friends were doing. You know, they were going out and partying, and I've just always been kind of an old soul—responsible. And my other thought was, I'm 19, and as my dad was like, "Why are you doing this?" I said, "Dad, if I fail, I'm

young. I'll figure it out again." And I mean, kind of through that, my dad's always been very positive about, "You'll figure it out. You'll make your money back." And I do—and I have—throughout life.

So anyway, love real estate, love being here, love sharing it. And we've been in the business a long time—personally and then professionally. So, we're here to share just information for do-it-yourself landlords and property management. And there's a difference between professional property management and do-it-yourself, right? I did manage my own rental for many years, and I'm probably my best reason of why you should get a property manager. Yeah, she learned the value of a good property manager when she did some things wrong herself and had some tough experiences. And that's typical, right? You learn a backbone. You know, at 19, you never had to evict anybody before. So I think I've had to go through a few evictions. I've had properties trashed. I've had to do my own repairs. I've gotten the calls myself at 3 a.m. and didn't even know the laws of what was required to get repaired and then what wasn't, because some of my tenants, you know, are a little more aggressive, asking, "You need to get this done." And it's like, I felt like I needed to get it done.

Well, come to find out after it was managed, I didn't have to get everything done to satisfy that tenant. There's a difference between something that's habitable or a habitability issue, right? You have to have a roof that works, and you have to have plumbing that works. But you don't have to have new blinds. You don't have to have new paint between every tenant. Some people actually think you do. You don't have to. Can we share the story of how I stopped managing it myself?

Okay. So I had to have that duplex refinanced because I went through a divorce, and I had to get my ex off of the title. And I bought my ex out of that duplex. I did not want to pay capital gains on that one, so I bought him out and had to get it refinanced. So I tried to reschedule with the tenant, and you have to get both tenants to get an appraiser in there. And we were running out of time on a loan lock. And the tenant—I didn't trust that just a text message would suffice because she rescheduled a bunch. And so we posted a notice to enter, 24-hour notice to enter. And I didn't post it. I asked John to post it. And then John went up to the property. And then, John, what happened?

Well, I taped it on the door. I knocked first. They didn't come to the door, so I taped it on the door to be legal service. So usually, we walk off the property and then we come back so that we've made multiple attempts. But before I even got off the property, the tenant came out, ripped it off the door, wadded it up, and hit me in the back of the head with it as I walked off. So that turned out to be an expensive problem for her. It was very expensive because what I did then is I messaged my office and said, "You now have a new account." And it was before rent control. "Raise the rent as much as you can," which it raised it, I think, \$300 for her. You were way behind. I was way behind because I was a nice landlord. So I was doing damage to my own self. So anyway, she got her rent raised, and the company's managing it ever since. And it's been wonderful. I don't have to deal with it. I don't have to deal with her. And yeah, you shouldn't throw wads of paper. Little did you know that was the owner of the company that you

did that with. And that was going to be the new property manager. Poor choice. Yeah. But managing a property professionally is what we do, as opposed to doing it yourself.

We share the show largely to share the secret sauce of what's the best practice, what's the best way to do that. And some landlords do it themselves very well. They go to the legal blogs, and they read all the time, and they know what it takes. And that's great. They can save some money. They can do it themselves. But a lot of people who are managing properties themselves shouldn't be. They don't know the new laws. It can be very expensive if you get a Fair Housing complaint or a Civil Rights complaint. And there are attorneys that are just waiting to help tenants file those. They'll cost you \$10,000 to \$40,000.

So you need to know the rules. You need to know the rules for Section 8. You need to know the rules for taking pictures before and after every tenant if you're going to deduct from a deposit. And these are the things we talk about. But if you fail to do some of these things right, the cost can be very high to the owner. So we'll share the secrets with you. But if you want some help with that for your own rental property, we would love to answer any questions that you have. We do that in a no-obligation meeting, usually at your property, and we'll tell you what we think it will rent for. And we're good at that. We rent about two houses a day, so we know rent values very well. We have all the rental comps from having just done probably another property in your neighborhood. And then we'll give you the rent value and what we charge, and leave with you being a lot more informed, maybe better equipped to make a decision about whether you want to keep your rental property as a rental or sell it now in the market.

So if you'd like to talk to us about it, we would love to talk to you too. Give us a call at 916-974-6003, and we will schedule that time and enjoy getting to know you and see your property. Or you can check our website out at Tiner.com. That's T-I-N-E-R.com. And we have a lot of information on there. And also on your cell phone, dial pound 250 and say the word Tiner. So just a few ways that you can reach us. When we return, we want to talk a little bit about the rental market and the sales market and kind of where it's going right now, what we're seeing both in the sales market. Jenny and I have about six or eight listings going right now for sale. And then we always have 30 to 50 properties available for rent. So we're kind of pretty well-versed in how the markets are doing. And we want to dig into that a little bit. And then we oftentimes have our listeners and some people on John's social media blogs and groups ask questions. So we're going to go through some questions as well of things that do-it-yourself landlords might have or might be contemplating on getting a rental or not. Stay right here. We'll be right back.

We make it easy for you to own a rental property. That's the whole goal. We collect your rent. We keep up with the laws. We manage your tenants and coordinate any repairs. We even do all the paperwork to help you get ready for your taxes. And we do it all for a pretty small service fee. For about the price of a gardener, you can have a Tiner Professional Property Manager. So reach out to us. We'll be glad to help you. On your mobile phone, dial pound 250 and say "Tiner." Leave your name and number, and we will provide you with a free ebook with 16

questions you should ask your next property manager. Again, dial pound 250 and say “Tiner.” Learn why a good property management company doesn’t cost—it pays.

Welcome back to the Landlord Logic Show. In the studio with me today is my wife, Jenny. And Jenny is a whole lot of things to me. Besides my wife, she’s my friend, and she’s my sales partner, and she helps me run the business. So I’m so glad to have somebody that really has my back and helps me in so many aspects.

So we host this Landlord Logic Show in hopes of helping the general public—those people who have rental properties—better understand how to do it, what the new obligations are, what the best practices are. But we are a property management firm. We do a little bit of real estate sales too, but predominantly we are a property management firm. And we are managing almost 1,300 properties. Today we saw 1,295. So we’re just about to cross that threshold. We started this show about a year ago, and we were just over 1,000 at the time. So we’re growing quickly.

This sales market that’s a little tough now—a lot of people who can’t sell are renting. So we have a lot of people coming to us for that. And then we make it very turnkey for landlords. If you’re doing it yourself, that’s fine. You should do it very knowledgeably, and that’s why we’re sharing today. But a lot of people also say, “Hey, I would just like to hire somebody that can take care of that for us.” And that’s what we’re here for. And so we have nearly 1,300 properties.

We’re doing less than one eviction a year, which is not luck. That just means we’re really good at selecting the right tenants. But it’s more than that. We also find the very good vendors that can do repairs for the properties, coordinate all that for owners. We handle all the tenant complaints and issues that come up—and, you know, with that many properties, there’s a lot of them. And then we handle all the accounting for you, both on a monthly basis and on a year-end basis for your tax accountant. Everything you need to know is wrapped up. And then we also do a lot of compliance. A lot of the show ends up being about new laws and new things that we have to comply with, and we share those things. But we do all that for owners who hire us.

So if you want to reach out to us, please call **916-974-6003**. Or from your cell phone, dial **pound 250** and say the word **Tiner**. That’ll send you some information and will also ring through to us. And of course, our website is [Tiner.com](https://www.tiner.com). There’s a lot of valuable information on there that you can check out too. But the way we first came to know each other mostly was that we worked together as a sales team. And because of the property management, any of the accounts that we have that were not referred by a realtor—if they’re referred by a realtor, we always send them back to that realtor—but if they come to us directly, we help them sell their property. And every property management account has a life. Eventually, somebody will want to sell the property. And so when that time comes, Jenny and I help them sell. And we have about six or eight listings going right now, Jenny? Yeah, we got quite busy this last few months.

The market shifted a little bit. And so what are we seeing right now?

So it’s interesting. I talked to John. I said, “Well, what do you kind of market it?” It’s been a seller’s market for a long time. So we decided that it really is shifting to a buyer’s market. We

used to sell 30 to 50 homes a year. Some summers, I remember going in with 15 listings. But it's been a while since that's happened. Yeah, we've had some slow years for the last couple of years. Since interest rates went up in 2022, the sales market's been slow. And then property management companies have grown like crazy because a lot of people can't sell, so they rent. So it's been good for us on the property management side. But we have six or eight of them going now. And normally when we list a property, for years they would sell in 10 to 15 days.

Yeah, if I had a listing over 10, 14 days—what was wrong with it? And I would get a price reduction. It would sell with that first price reduction. So we just got back from about a month-long delayed honeymoon. And I had, I think, four listings going into that, thinking all four would be sold by the time we got back. One sold, and then the day I got back, we put the other one in escrow. But it's just everything staying on the market a lot longer. Multiple price reductions. Yep. We're seeing that in the market. Brian Lundquist is kind of the foremost blogger about the real estate sales market. And what he's been posting on quite a bit lately is that the sales volume is still very slow. Days on the market are up. Inventory is up.

And the buyers—it's becoming a buyer's market, which we haven't seen since, you know, right after the crash of 2007 through 2010. Coming out of that, there was a time when there were a lot of properties on the market and nobody was buying them yet because they'd been falling in value. Yeah, it's a very interesting market. So the way that I would describe it is you have—no filter here, I guess—you have the unrealistic sellers that want top dollar for their property. And they don't really want to do any repairs. And then you have the buyers that, because of the high interest rates, they don't have a lot of extra money to do repairs. So they basically—again, no filter—want the house wrapped in a gold bow with glitter and silver. And there's also a lot of inventory, so they have those choices. And then the sellers really don't want to reduce prices. But like I said before, I used to have to do one price reduction. Now I'm having to do multiple price reductions. So it's very different. So that's the sales market.

Rental market is somewhat the same. The owners want top dollar, and they're not seeing that the market has shifted as much. There's a lot more inventory, which means there's a lot more inventory for tenants to choose from. Right. There's a lot of rentals on the market and a lot of homes on the market compared to the number of people that want to buy or rent them, right? So that's the issue. So buyers are sometimes now asking for pretty large concessions. That's one of the things we're seeing—they're asking not only for their agent's commission, which has become negotiable now with the new laws this year, but also maybe concessions for buying down their rates or other items that they're asking for credits for. And then they have a little discovery period after they enter into escrow where they have inspections done, and they have the option of coming back and making a repair request. And it used to be that we'd only see more minimal repair requests or none—Health and safety.

Health and safety issues, right. And now we're starting to see cosmetic issues or, "The air conditioner works, but it's getting old, so I want you to replace it before I close escrow." And it's a \$15,000 air conditioner. So that's the kind of thing that's shifted in the market that we're seeing—buyers are getting more demanding, more picky. And they're also falling out. Sales are falling out. So we have a higher degree of escrows that are getting canceled and going back to

market. Yeah. And one thing when we get offers—you know, we've closed thousands of escrows, and we're primarily listing agents, but we do still work with buyers.

That being said, we write a lot of contracts. I see a lot of contracts with listings. I get my contracts where I want them to be when I see them—which means not only just your high dollar, but it's also your contingency timeframes. Lower those days on market. Lower the close of escrow period. I get my offers where I want them to be. That also means I usually don't have them fall out of escrow because I'm calling the lender, I'm vetting the buyer, I'm asking the questions that I can ask. And some of that is—you know, with the interest rates—the one that I didn't have to ask before is: does the buyer know what the mortgage payment is and what the interest rate is? Because some—you know, we've had escrows fall out before when it shifted like that. So—and very rarely do ours fall out because of that, because we do that extra vetting. But it's just—it's a really different market right now. And we were saying that, though—we actually just put one into escrow today. I was negotiating it this morning—actually all over last weekend and this morning on the way in here. Our seller was very realistic. Priced it strategically. Did the repairs that we asked for. This being said, it was a very nice, well-maintained property. But I got five offers on it. That's the first one I've had multiple offers on in a while. But what are those offers? What are we seeing?

First-time homebuyers, it seems like. Conventional loans. And some concessions on some of them. So investors in the market right now are mainly out, I would say. We do still see some, but they're coming in with a lot of money or they're doing a 1031 exchange. So just a little bit on what we're seeing in that market. And on the rental side—the other side of the flip of the coin—you know, people who can't sell are often thinking about renting. The rental market is not easy. You have to price things strategically in order to get good applicants. I always say if you price them too high, you may still get applicants, but they're going to be the more desperate ones that are what we think of as a C or D level, as far as their credit reporting and their income requirements are. So if you want to attract A or B applicants, then you need to price your property right. People who are smart enough to have good credit and do everything else right financially are also smart enough to know a good value. So price the property right. Have it well displayed, well marketed. Good pictures. Good pictures. And a lot of the new accounts that we're getting too are the under 3% loans, right?

The mortgage they have is under 3%. They want to hold that money because it's valuable, right? You can't get that again—and may never get another chance in the rest of our lifetime. So that's good. And the other side is—we are renting most of our properties pretty quickly. Thirty days is about average. Some are a little longer, some are shorter. But it's easier to rent a home, I think, than it is to sell a home in this market. And so we're getting them rented. We're renting about two a day. So it's not like it's impossible to rent homes. We rent them up pretty quickly. So if you want more information on our property management services, real estate services, go ahead and give us a call. Our phone number: **916-974-6003**. Or you can check our website out at Tiner.com. And that's T-I-N-E-R.com. We have a lot of fantastic resources on there. Or you can also—if you're listening from your cell phone—then you can hit **pound 250** and say the word **Tiner**, and then we'll give you a call back. And we're closely watching. We have an owner

tally that goes out once a week—tells our owners very informative data: how many applications, how many showings, how many days on market.

It's our way to stay in touch with what's happening and make sure we're being efficient about getting the property rented. But it also, over time, has given us a great database to be able to compare properties over a different time in history. And right now, we definitely have a slow rental time. It is, yeah. And it's—you know, we're advising our owners to lower rents. So we did used to have—you say 30 days—but it used to be 10. The same thing, I used to sell my homes in 10. So now we're talking 30 days, days on market sometimes for rental realistically. And now I think I'm over 30 days, going up to 45 days on some of the days on market for the sales. So my advice, my good strategy on either way, is: reduce the price somewhat quickly. Try to be realistic. Do the repairs that you're told to do. You have the property looking good so it attracts good tenants.

And then, if you have to rent it for \$100 a month less than you wanted to, and it sat vacant for two weeks longer—it's going to take a year to break even. It's a long time. So go ahead and make the reduction. Get them in there. And then at the end of the year, you can consider a rent increase at that time. And people don't usually want to move out over that. Right. Yeah. Whenever I have a vacancy at my rental, I feel like I'm my most aggressive owner. A week, I'm like, "Okay, reduce the rent." I still have to pay my mortgage when it's vacant. So I want to make sure I get somebody in there quickly.

So those are just some things that we're seeing—rental and sales market. It's—I've been in the business now over 20 years, so I've ridden the wave. John's been in it longer. It's a very—everybody just needs to get realistic on each side of it. So I hope that happens sooner than later, because it's very different than what I've seen. So another half hour has flown by. So glad you were with us today on the **Landlord Logic Show**. And we encourage you to come back next week, and we'll cover some more questions from listeners and issues that are property management-related. Answer your questions. So glad that you were with us today. If you are an owner and you think what we're talking through is, "Gosh, that's a lot," because it is, then give us a call: **916-974-6003**.

You can also get a lot of great, useful information—we have a fantastic website that we spend a lot of time on that has a lot of information on there: Tiner.com and that's T-I-N-E-R.com. All of our radio shows are on there—turned into podcast—and anything we have on there, we're here because we love real estate. We love sharing our information. And so we always say, check our website and use our information. We're here to spread that and educate.

So, we are glad you are with us on the **Landlord Logic Show** and look forward to seeing you again next week. Please call **916-974-6003**, or from your cell phone, dial **pound 250**, say the word **Tiner**. That'll send you some information and will also ring through to us. And of course, our website is Tiner.com. There's a lot of valuable information on there that you can check out too.

And remember: **Professional property management doesn't cost— It pays.**