Episode #54

Trying to sell your property? With high interest rates, many buyers are now renting. Why not rent your property with Tiner Properties? Tiner Properties makes it easy. They'll find great tenants and handle repairs, accounting, and more. Ready to get a rental check every month? Call pound 250 from a cell phone and say keyword Tiner. You'll have the option to receive a one-time auto-dial text message from iHeartMedia. Tiner Properties, expert management of residential rental property. You can also visit Tiner.com for more information and to learn how to maximize your rental potential.

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. I'm John Tiner with my wife today, Jenny Tiner. Glad to have you with us. Thank you. Hi, everybody. And we provide information to do-it-yourself landlords.

We are a professional property management company. We manage nearly 1,400 properties in the greater Sacramento area and do it really well, doing less than one eviction a year. So we're good at it. We like to share the secret sauce and what's going on in the market with do-it-yourself landlords, knowing that sometimes they will come and ask us to take over or help them with their property management.

But today we want to kind of dig into a topic that should be really of paramount importance to all landlords now, and that is where is the market, what's going on with the market. There's been a little bit of a shift, and we want you to hear about it first thing here. The rental market has cooled off. And if you're not adjusting your strategy, it's costing you real money. So let's get into it.

Yeah, so we thought this would be something good to talk through. We recently did an updated newsletter. We also, with our monthly statements, give an update to our owners. Just kind of some of the main statistics with our company. We manage 1,400 rentals. We've been doing this 50 years, by the way. And just kind of wanted to go through our numbers and what we're seeing in the market, both really with the rental and the sales.

So one thing that we noticed, and actually I was listening to one of our older shows towards the beginning of this year, is we had 60 vacancies, 6-0. It was the highest number I had seen with our company. Now, as of last week, we have 24, which is a good sign. So less than half of what we had at the beginning of the year.

So does that mean the market's twice as good now? I don't know. What does it mean, John?

Well, it definitely means that properties are renting faster. There's a natural cycle, I should say, around property management where every year there's kind of a cycle and it slows down after Christmas, particularly Thanksgiving to Christmas and that time it starts to slow down. And then it stays slow until the first year it picks up a little bit. And then the spring it starts to heat up quite a bit. And then the optimum time of year is what we're coming into right now. The students are graduating from school when they have summer vacation. A lot of families will try to move during the summer vacation. So this month now and through the next couple of months is probably the highest, best time of year for rental placement.

So there's a natural cycle that has caused our numbers to come down. But we're still dealing with a soft rental market. It's more pronounced in some areas, and it's more pronounced in some kinds of rental properties. So we want to get into that and talk about it. So if you're a landlord and listening, you know, kind of figure out where your kind of property is pigeonholed in this, and you might have to make more adjustments for some kinds of properties than you would for others.

Yeah, I'd say across the board, our rents are down about 5%. With that being said, we were just speaking with our new account specialist team, and they had mentioned that two properties rented. They kind of tried to reach for the higher end of that, and they rented quickly. And it was like, well, why is that? Well, it was in a good area, and prime time, right when kids are ending school, they want to get their location for entering to the new school district. I think the timing was perfect. So I think that was a little bit of an anomaly. I know they were both really happy because it was a stretch because we're realistic with our owners.

If we don't think you're going to get the rent. We can choose what accounts we want and we don't want unrealistic owners. If they're too far out of bounds with the market, we don't even want to waste our time on it. And what tends to happen is good tenants pass over these properties, good applicants, and landlords are stuck with the lower quality applicants who are a little more desperate. And we don't want that. We want to pick great tenants.

So if you're listening and you do have a rental property and maybe it's taking a little while to rent. Have a fact check with yourself. And is it, hi, have I had any showings? Why do I want to price it like this? Is it because I think it should be priced like this because maybe it covers my mortgage payment? Just a gentle reminder, as nice as I could say this, is your problem doesn't dictate the market value. Right. It's very important not to base it on that.

It'll rent for what other properties similar are renting for in the area. And we're actually renting for it, not where somebody's asking for it. Right. You have to look at the difference. So the couple that we have that just rented a little surprisingly high for us are both single family homes. They weren't condos. They were good size homes.

So what we're seeing in the market is there's a ton of inventory both for sales and for rentals of condo type properties. So they're a little harder to rent. Entry-level properties, very small homes, even ADUs, sometimes they are just sitting, whereas homes, and even the nicer homes, are renting rather quick.

So some of the pricey stuff, over $3,000 a month, is easier to rent right now than, you wouldn't think this is true, but than a one-bedroom ADU. Because I think the reason for this is that there's been a lot of housing come on the market with new apartments and condos, newer properties, and that's flooded that entry-level housing market a little bit. And so there's kind of a trickle down to the other kinds of properties like ADUs and duplexes where it's a little harder to rent them.

But nobody's making rental properties that are $500,000, $600,000, $700,000 just to be rental properties. They're kind of made to be single-family homes, usually for owner-occupied people. Properties come on the market and the renters are looking for them, they get snapped up better. There's no comparison to draw them away where they can go look at some other kind of a property that's equivalent, like there is in the lower end.

If you need some help and you're going, wow, that's a smart way to think about rental properties, and I would love to hire Tiner and let them strategize on my own rental property and kind of keep it in the sweet spot all the time, we would love to hear from you. from your cell phone, dial pound 250, say the word Tiner. That'll send you some valuable information and also ring through to us. Or you can call us at 916-974-6003. And you can also check us out on our website.

Our website has a lot of information available on it. I've written a lot of blogs. I've done video blogs. And then a lot of information about owners who are interested in property management and what our services are. It's all on there. And that's at tiner.com. And we're spelled T-I-N-E-R. [T-I-N-E-R.com](T-I-N-E-R.com). Yeah.

And then another interesting statistic that's important that we shared with our owners is how many days on market? And we really do good with this. I mean, we're trying to get that property rented. You know, our goal is really 10 to 15 days. But within the last year or two, it's been more 30, maybe even a little bit more. We don't like long vacancies. But right now, our average is right around 23, 24 days.

When we talk about days on the market, for us, we measured a little different than some people so just to be clear on it what we mean when we say a property's been on the market certain days because we track them all every week and i've been doing this for over 20 years we track you know how many days it's been on the market we're looking at from the time it's clean and ready to market not the time it came vacant and it needed to clean up and carpet and paint but all that work's done we market it the photos are ready to go stop notch and ready to show that's day one and then until a tenant puts up money and sometimes they put up money and sign a rental agreement, but the rental agreement doesn't start for another week. So there's some time on both ends of our days on the market that are actually part of the vacancy. Rehab time and then time between when the renter has put up the money and when they actually move in and take possession, the rent starts. So when we're talking about that, 30 days plus, it was 30 days plus the rehab time and the end, or 60 days, that was a long time. It was a pretty long vacancy. So right now we're getting into a really good market again as far as the days on the market go. For us.

And there's always a little bit of difference between what Tiner is experiencing and what the market is experiencing. I think we outperform the market for several reasons. We're pretty aggressive. We have a leasing staff. We go after tenants pretty aggressively, or applicants, I should say, as they come in. And we have the staff to get out there and show the properties quickly. We can do remote showings. We have options that are available to us.

Well, and there's also a reason we do it quick. The average that a property sits vacant, it costs the owner $100 a day. That's a lot. So our goal is the reason that people hire us is we can turn it quickly. We show it quickly. We get a good applicant quickly and rent it. We want to stop the bleeding, right? Every day a property sits vacant is kind of like hemorrhaging potential income, right? We want to stop that and get it rented. These rentals are business. Landlords should be looking at them as a business.

Yeah, not a charity case. Yeah, exactly.

So one thing here is we talked about our statistics. You know, what would be something, John, that would separate the homes that rent in 10 days from the ones that, I mean, we do have some that sit 45 days. I don't like them. Usually if they're 45 days, John's chiming in. Our president of operations is chiming in after our executive property managers have repeatedly recommended a price reduction. But sometimes owners don't listen. So 45 days later.

I know I'm aggressive when I have my own property rental. I don't want a vacancy because I hear that $100 a day. And I have stopped paying my mortgage. So I would rather price it aggressively. If I don't have a tenant within 10 days, 14 days, I'm dropping the rent. And usually I very rarely have to drop it twice.

Well, that's a smart owner. We're looking for owners that do that. Yes, you're a smart one. Of course. Yes.

But it's a combination of things. I always say it's a tripod. There's marketing. We do a fantastic job marketing. Go to our website. It's tiner.com. And look through. The pictures are beautiful. They're watermarked, so they can't be stolen by scammers as easy. The information, how to apply is online, how to make an appointment. It's all available for people. We have a really good income calculator on there, too. So tenants know up front if they are qualified. So market it well.

And that part, in our case, we always have them marketed well. But landlords who are doing this themselves struggle. Sometimes they just put it on Facebook Marketplace or Zillow. They think that's going to be good enough. It's really not. It needs to be many aspects of marketing that help bring as many applicants as possible to your property.

And then condition is another element of the – Rent ready. Yeah, make sure it's rent ready. So of that tripod of three things, making sure that the property is sharp, right? You can't attract what I call A tenants, the really good applicants, to C and D properties. get your properties looking sharp. If you have to spend a little money on it, it may not even give you a great rent return to replace those carpets with, with laminate or with what do you call it? Luxury plant flooring, better flooring, but it will bring up your quality of applicant and that's very valuable.

So if you have less turnover, you have less rehab, there is an actual cost or benefit to that financially. And less days on market. It really does have that. And we have a very good rent ready, post on our website and it's we send that to our new accounts we send it to our vacant accounts so that's it's get them sharp hotel clean yeah no hairs no hairs we've talked about this before everybody's version of clean is clean is different so check that and that's how it should be because when a tenant looks at a property they're looking at it like i want to move in now

You know, we're a trustworthy company, but some tenants may not believe that yet. Or if you're a do-it-yourself landlord, they aren't going to believe that, oh, yeah, well, you know, we're going to change the carpet next week. Well, they won't really believe it, unfortunately. They want to see it. So get those repairs done before you start marketing it.

Right. And then the third leg of that tripod for marketing and running your property is the price. You need to price it right. So adjust your pricing so that… The people who see it want it. It stands out as good value to them. It doesn't have to be a screaming deal. It can be near market price, but it should be a good value for people.

And a good value, you know, is a little different depending on the property. So what I mean by that is… There would be a pricing maybe for properties where there's a lot of rentals available. They are all priced fairly. Say, for example, here's a couple areas that we see a high inventory of properties available right now. West Sacramento. And then North Natomas, a lot of new housing. They built a lot. Older neighborhoods tend to have people stay longer and then the turnover rate gets slower. But when new neighborhoods come in. West Roseville. West Roseville and then Anatolia. There's a lot of new housing.

It's interesting because when we also advise investors of areas to purchase in, those are usually some of the areas. Plus a lot of new build is going on too. And we do have some investors that buy new and then rent it right away. A lot of Bay Area investors that will do that.

But if you were looking for a home in North Natomas right now, there would be 75 to 100 properties available. Single-family homes, all three bedrooms, all between 1,400 and 3,000 square feet. And so there's a lot of inventory.

So pricing it fairly at market value is not going to help you stand out among all those properties. You might have to actually price it a little bit more aggressively to get it rented in those areas because of the saturation of vacancies and in other neighborhoods it's not so much so if you're listening in today and you're thinking wow These guys kind of have this figured out on the marketing and pricing, and their days on the market are pretty good because I've had my property vacant for a long time.

We would love to hear from you. We'd be glad to put our best practices into work for your property and help you get your income stream flowing, get that $100 a day that you've been missing. You can reach out and call us a couple of ways. With your cell phone, dial pound 250, say the word Tiner, or you can call direct at 916-974-6003. And if you just want to check us out, not talk to anybody yet, go look at our website. It's tiner.com, and that's T-I-N-E-R.com.

So let's go through a couple of these other things that we're seeing in what some other management companies are doing, what some do-it-yourself landlords are doing. And one of those is offering some incentive, which can be good, but sometimes not so great.

So what we have seen, I mean, we have some very big random stories, but just to bring it down a notch. You know, offering free rent, one to four weeks of free rent. So what do you think would be an advantage, disadvantage to that, John, if there is an advantage?

Yeah, so incentives can look a couple different ways, and we see them in apartments a lot more often. There's some places in the state that are offering six months of free rent.

Right. Not Sacramento, but other places.

So you can offer free rent. You can offer that kind of a move-in special, or you can just price it better. I think, strategically, it's better to just price the property right so that people will want it and it stands out. is a good value. And the reason is, a lot of times, if you give away too much on the front side, maybe free rent for something, you may not get the strongest applicants. They're just looking for the quick deal. They'll get in, and if they have to get evicted later, that's fine. They get to start off with a free month's rent. That seems wonderful to them, maybe.

We really don't want to attract that tenant. We want to attract the tenant who is well-qualified, has good credit, has excellent landlord history, and has good income. So if they have all those elements, I would rather just attract them with a good value in the first place. And, you know, these are applicants that are the strongest applicants are also kind of the smartest ones. They're able to save their money. They've lived within their means. They're not carrying a lot of debt. They have good jobs. They've kept their credit report good. So they're smart enough to know what a good value is too. So pricing does help you communicate with them.

Right. That is important, and it's kind of a catch-22 when we say this. Pets.

Almost everybody has pets. And if you're in a single-family home, you most likely will have a dog. And, you know, ideally, you know, if you were to pick if we could like dogs or no dogs with Tiner properties or pets, obviously we'd say no. But you've got to open that up. So if it's a no-animal property, we will sometimes go to the owner and say, you may want to consider an animal.

Yeah. You know, just consider it. 75 or 80 percent of the tenants now have animals.

And dogs are better than cats. Cats ruin things. And the smell stays a long time. I say that. We just took a property on that we're selling and the whole place smelled like dogs. We had to redo everything. But, yeah, just be open to animals, even if you're not an animal person or you think that they're going to do a lot of damage. There's, you know, we have pet rent, pet deposit. You know, other options there. So just keep your mind open to that. It would probably be better to consider a pet than it would to offer move-in monies or other aspects of things they could do for concessions.

So a pet definitely opens up the market. If 75% or 80% of all applicants have pets, I'm kind of grouping pets in with emotional service animals and pets, so both the kind that are ESAs, service dogs, and pets, you know, that's just looking at total number of people who have animals who live in their property. It's the majority of the market. So if you're saying no pets, and honestly, if you look through our website, we're 70% to 80% no pets. So I lean pretty hard toward that.

We do. But if we can't get a property rented. And we've priced it what we think is pretty fair. It shows well. Sometimes it's best to go ahead and open up and double your, you know, more than double how many tenants would be interested in your property.

So if you need some help with your rental property, we'd love to hear from you. 916-974-6003. From your cell phone, dial pound 250 and say the word Tiner. Or you can check us out on our website, which is tiner.com. And that's T-I-N-E-R dot com.

One of the ways that landlords sometimes can help reduce their vacancy costs is not to have a vacancy in the first place.

Right. Yeah. So avoid the vacancy, renew every lease that you can, keep the tenants that you have, especially if they're good tenants, they've been paying on time. And especially in the market we're in right now, it is a softer market.

Yes. So in some markets, I think it didn't hurt landlords too much to just let everybody roll into a month-to-month tenancy. And some landlords who are kind of cynical toward tenants now because they've had a lot of bad experiences, they want month-to-month so they could ask someone to leave even quicker. But we think it's best, statistically, it's better if we keep tenants on a lease term and renew those terms.

So if you have a good tenant, get out ahead of it and get them renewed and lock them in for another year. Leases can be broke, but when the cost is one to two months rent for the tenant to get out of a lease, they're less likely to take a move down the street because it's going to save $150 a month.

Right. And with everybody really… you know, struggling with making their ends meet, that $150 can mean a lot. And so we are seeing really across the board a lot in our portfolio is what we talked about before, a 5% reduction in some rent. We usually like increasing, but right now we don't want to lose the tenant. It's a discussion we have with the owner. We advise them on what to do, but we don't want to lose the tenant because we know that vacancy is $100 a day.

In the seller's market, when we're talking about real estate sales, we call it in the sales market, there's a seller's market and then there's a buyer's market. And sometimes it's a buyer's market because the buyers have a lot of advantages based on inventory and pricing and everything else. And other times it's a seller's market. When 10 people want to buy your property the week you go on the market for sale, it's more of a seller's market.

So in the rental market, it's the same thing. There's tenant markets. And there's landlord markets where the landlord benefits the most. And right now, it's a rather soft market. It's kind of a tenant's market.

I read a post on a Facebook landlord group, and they said, is it normal now that tenants don't want to actually sign the lease once you approve them? And they're kind of cagey about signing up. And then they want a whole bunch of repairs done, and they want everything to be perfect before they agree.

Yes. They do. And why? Because they sometimes can, right? So if you won't do those things for them, then they'll move down the street and rent from somebody else who will. So it's definitely a renter's market right now.

It is, yeah. And there's something else to think about if maybe you have deferred maintenance. Maybe you're like, oh, this is a lot to repair. Maybe it's time to consider selling it. So have that in the back of your mind too.

I know our market right now with our portfolio, talking about statistics from the beginning of the year to now, is John and I were working on, you know, it seemed to be a busy year, about 11 listings at one point, sales. Right now we're working on about 30.

So whether that's their listing, they're in escrow, we have three that came vacant this week after we record these shows, after we record this show. We're going to be putting some lockboxes on and viewing the property. And then we have – those will be ready in a few weeks. We have three coming on the market this week. We have three closing. I feel like we're in the threes. But we're saying that.

And our sales are really across the board. We have everything from siblings that inherited properties from older parents that don't want to be landlords to we have a lot of our – We have a few 1031 exchanges. We have some people that are just tapped out with California market and all of the restrictions that government people put on our business. And then some are, they have reached the time we've been managing them now for about two to three years. And we were kind of the holding pattern. And we have just quite a few of those, for whatever reason, are selling.

So something to think about. It's a great time of year. Whether you're selling it, going back to whether you're doing a lease renewal, it's a perfect time of year. So we've had some of our landlords that we manage properties for say, well, you know, if the market's softened up and the rents are going to go down another $100 a month, it doesn't even quite cover my mortgage and taxes and insurance anyway. We were thinking about selling it. This just might be the right time. We have a vacancy coming up.

And so that's sometimes the option for people. Or what we and John do is a lot of times our owners like to work with us is because we specialize. We know the tenants. We actually, we've done shows on this before, but we sit down with the tenants. Most of the time it involves, all the time it really involves a notice to vacate unless they're protected by rent control. But we either sit down with them and talk with them through the process of selling it, or we give them a notice to vacate. They vacate, like what's just happening this week. We have three or four that we're working through, and then we go and we list it.

So it's just something to think about. And if not, then get them on leases just to try to minimize your… If you're going to keep it as a rental, renew the lease. But it's also a time to consider if you have a vacancy coming up, tenant has given notice, maybe that's the right time to sell the property.

And the market's been pretty good for us. We're selling most of our properties that we list within 7 to 10 days and a lot of times at or above asking price.

Yeah. This is our 50th anniversary, and I tell John that our goal is we're going to sell 50 properties this year. So we'll see at the end of the year how we do there.

But if you're interested and you're listening, and hey, you know, gosh, I need help with my rental and you're in the Sacramento area. Or maybe I just want to have a conversation about maybe selling it. So we're a good resource for you. Check out our website. Again, that's tiner.com, [T-I-N-E-R.com](T-I-N-E-R.com). A lot of great resources on there. You can also give us a call at 916-974-6003 or dial pound 250 on your cell phone and say the word Tiner. And that will ring through to us as well.

Otherwise, thanks for joining us today and listening. And we look forward to talking with you next week and bringing you more information on property management and laws. And maybe we'll find some stories. Remember, professional property management doesn't cost. It pays.

Would you like to learn more about the services provided by the Tiner Property Management Pros? Their professional property management team will take care of your rented home from start to finish. Simply dial pound 250 and say Tiner to learn more about the ease of managing rental properties or check out their website, tiner.com. Join us again next week for the Landlord Logic Show with John Tiner.