

The Cost of Losing a Tenant

by Robert M. Locke, MPM

After owning rentals for 30 years I have concluded that the #1 expense is not replacing a hot water heater or garbage disposal but dealing with the issues of a vacancy. Here is a scary, but realistic, example of the costs associated with a vacant rental property:

If your property rents for \$1,200 a month and the tenant moves out, you'll lose a week getting estimates on paint and cleaning, another week or two getting the work completed, 6 weeks getting an application approved, 3 more weeks until move-in, and then pay your property manager a month's rent to get it leased. It can cost you \$3,600 in lost rent; another \$2,000 to fix, clean and paint; lawn care, utilities, and another \$1,200 to get it leased. **This can easily reach \$6,000 to \$7,000 if everything goes just right. This is why Crown is working harder than ever on tenant retention.**

Crown's tenant retention program is designed to keep good tenants for longer and longer occupancies. **Avoiding a vacancy is our highest priority and it should be yours.**

Things you can do to keep your property occupied:

1. Keep the property well maintained.

Nobody likes to live in a house that doesn't work (especially at \$1,200 a month). When faucets don't work, fix them; when dishwashers are broke, get them working; when the A/C system keeps breaking down, replace it; when we do property visits (or when a maintenance request comes in) take it seriously and **keep the property in good working order.**

2. Address deferred maintenance.

Tenants can live with deal limbs, mold on the siding, rusted gutters, butcher block counter tops, green shag carpet and oil on the garage floor but they shouldn't have to. If the furnace is 30 years old and parts are impossible to find, replace it and make it a better place to live. Although this doesn't always affect "habitability" it affects "attitude" about where they live and makes it easier to pick up and move at the end of their lease. Don't ignore deferred maintenance. **Show the tenant that you care about the way the house looks and they should too.**

3. Entice them to renew their lease and stay another year.

Many owners don't get this and push to increase the rent at every renewal. Smart landlords have learned the cost of a vacancy and do whatever it takes to keep a good tenant from moving. I will offer to install motion detector flood lights, plant some shrubs, install a new ceiling fan, clean the carpets, paint a room, replace damaged blinds, add a power garage door opener and much more to keep a good tenant another year. If I can save \$7,000 by spending \$1,000 on property improvements (things the tenant may feel are a lifestyle improvement) I will have dodged a bullet and kept my tenant another year.

I have had tenants stay 15 years using these simple ideas and they have saved me a ton of money.

It really pays to prevent a vacancy.