

The Backus Bulletin

"Your Management, Your Way"

Treat Your Rental Property as a Business

September 2024

In a perfect world, buying, selling, and/or renting property, everyone treats a rental property simply as a business process. However, as everyone knows, the world is far from an ideal place. Personal attachments, maintenance problems, and tenant difficulties can turn an investment into an emotional morass. It is important to develop an objective attitude that will help you cope with the more stressful aspects of owning rental property.

Did you make a conscious decision to purchase investment property? If so, be realistic about rentals and projected expenses when doing projections on any potential investment. Inflated figures will not help if the economic market does not cooperate. It is important to expect a reasonable vacancy factor when owning a rental. Remember that in most cases the property is a long-term investment and that the expenses are tax deductible, increasing the bottom line or return on investment (ROI).

Did you become a landlord because you must rent your home rather than sell because of a poor economic market? This can make it more difficult to view your personal home as a business investment. Make a special effort to think of your home now as a

"rental property" and view it from the perspective of a potential tenant. Even while you were living in the property, it required maintenance and repairs.

Review these ten good practices for all property owners/investors.

1. Treat the property as a long-term investment even if you do not plan to keep it long-term - you never know what will transpire.
2. Be aware of legislation and legal practices that affect your rental property - ignoring them can mean losses to your bottom line.
3. Always be realistic about the current market and rental prices - this can reduce vacancy time.
4. Practice preventative maintenance - this can reduce or eliminate major repairs and maintenance.
5. Plan for long-term maintenance - properties have life expectancies on all major components of the property, such as roof, paint, heating and air units, plumbing, and more. Eventually these systems will fail and/or deteriorate.
6. Be prepared for all types of emergencies - tenant problems, maintenance, or natural disasters. Maintaining a good rental insurance policy is a big key for that preparation.
7. Do not rent the property "just" to generate income - wait for the

right tenancy. The wrong tenant can generate many unwanted expenditures and headaches.

8. Remember that even the best of tenants can have problems that can interrupt the payment of rent. It is important to remain objective and fair instead of reacting emotionally.

9. Use professional services when

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Office Hours: Mon-Fri 9am-4:30pm

Announcements & Services

THINKING OF BUYING OR SELLING?

If you are thinking of buying or selling, we can assist you. We specialize in residential and multi-residential units and are experienced in conventional sales, purchases as well as short sales. Just call and ask for Bill and he will help you with your Real Estate needs. There is no obligation.

Check out your property value today!



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necessary - maintenance, accounting, legal, and more. This expense can reduce liability, aggravation, and unnecessary expenses.

Consult with your property management company regularly and discuss any concerns you have regarding your investment.

10. Take the time to develop a "business" plan for your investment. Review long-term expenditures and plan when and how you will handle them over the period of ownership. This should include good insurance coverage, a savings plan for maintenance/emergencies, and professional services when necessary. This preparation can help maintain a business attitude when any stressful event occurs.

As your management company, we can assist you with realistic rental prices, maintenance expenditures, professional services, tenant problems, legal issues, and any other services required. Our support will help you to maintain a "business" attitude for your investment.