

# Trimming Turnovers, Raising Rents

**ROI Central!**



**What'd we  
talk about  
last time?**



# **Quick Recap**

**Why (good!) bookkeeping matters**

**What records you need to keep**

**Organizing your documents & books**

**Delegating bookkeeping work**

**Delegating accounting work**

# **In this Module**

**Why turnovers are a landlord's worst enemy**

**Responsiveness = mission-critical**

**Keeping a pulse on market rents & in-demand amenities**

**Reframing how renters think of you**

# **In this Module**

**Dual communication**

**Everything you need to know about  
raising rents without losing a tenant**

**Quick trick for the 1-day turnover 😊**

OUT



IN



# **Why Turnovers Are Your Worst Enemy**

**In Module 4, we touched on why evictions & turnovers suck.**

**A LOT of work, can't be automated or eliminated, and is expensive to delegate.**

**And expensive:**

# **Why Turnovers Are Your Worst Enemy**

## **Expenses include:**

- **Lost rent (0-3 months' rent)**
- **New locks (\$150)**
- **New carpet (\$1,500-3,500)**
- **New paint (\$1,000-3,000)**



# **Why Turnovers Are Your Worst Enemy**

**My average turnover has cost me  
\$4,000.**

**More expensive than CapEx or repairs,  
and without the benefit of improving  
the property!**

# Sample Income & Expenses for Rental



## Cash Flow



# **First: Know Thy Market Rent**

**If your pricing is  
wrong, expect  
trouble**





# **Keep One Eye on Competition**

**What are competing properties in the neighborhood charging?**

**How do they compare to yours?**

**We talked about this in Module 1, in keeping your property competitive**

**Tour them occasionally, in the mindset of a prospective renter**

**It Starts with  
Screening!**



# **Trimming Turnovers Starts w/ Screening**

**Oz. of Prevention > Lb. of Cure!**

**Remember from Module 2 – cash cow  
renters stay for many years**

**Find stable renters likely to be with you for  
5+ years**

**Remember: systematizing low labor & high  
ROI involves planning many steps ahead**

# **The Art & Science of Building Rapport**





# **Building Trust & Rapport**

**Default tenant mindset toward landlords: adversarial**

**“I pay rent, the landlord gets rich, and they only do the bare minimum to keep the property up.”**

# **Building Trust & Rapport**

**Your job: reframing that into a collaborative mindset**

**“My landlord actually cares about me, and thinks of me as a person, not just a check writer.”**

**(Not that you accept checks, right?)**

# **Trust Stems from Responsiveness**

## **Step 1: Commit to responsiveness**

**Tenant contacts you, you get back to them within 12 hours (preferably less)**

**Follow up with them daily while issues remain outstanding (even if just a 1-sentence email)**

# **Trust Stems from Responsiveness**

**Delegating: You can outsource this to an employee or VA, but ONLY if they're on-call every day!**

# **Trust Stems from Responsiveness**

**Poor Responsiveness: renters' #1  
COMPLAINT about their landlords**

**And we're not in the business of  
mediocrity like other landlords!**

**Want to keep your renters renewing?  
Start by prioritizing responsiveness**

# Rapport Pt. 2

The personal file



**DOUBLE SECRET HANDSHAKE**

# **Keep Personal File on Tenants**

**Doesn't have to be extensive!**

**A few lines:**

- **Children's names (if any)**
- **Tenant interests**
- **What you talked about last time**

# **Keep Personal File on Tenants**

**When you call tenants, spend 60 seconds asking about 1-2 of those things!**

**“Hey Jill, how are you doing? Last time we talked I know you were worried about that big presentation at work, how’d it go?”**



# **Keep Personal File on Tenants**

**It warms them up and primes them to:**

- 1. Be more receptive to whatever you're calling about**
- 2. Think of you in a more personal way (inherent when you share your own personal life)**

# **Keep Personal File on Tenants**

**Disrupt the default mindset of an adversarial relationship!**

**Easy way to show you think of the tenant as a person, and you value your relationship with them, by “remembering” these details**

**“Wow, I can’t believe you remember that!”**

# Rapport Pt. 3

The dream  
improvement trick



# **The Dream Improvement Trick**

**Once or twice a year, call your renters and ask about their dream improvements for the property.**

**Not a commitment to do them! Be clear: you don't know if you'll have the budget for property upgrades, but are trying to get a sense of what would be most appreciated.**

# **The Dream Improvement Trick**

**“Hey Jill, I wanted to check in and see what kind of changes you’d love to see around the property?”**

**“I can’t promise anything, but we value you as a renter, and want to do what we can to keep you with us for the long haul.”**

# **The Dream Improvement Trick**

## **Results:**

- 1. You get firsthand intel on what amenities have highest demand**
- 2. You build more rapport with your renters**
- 3. If you do it, incentivizes tenants to stay**
- 4. You can identify the highest long-term ROI improvements**

# **The Dream Improvement Trick**

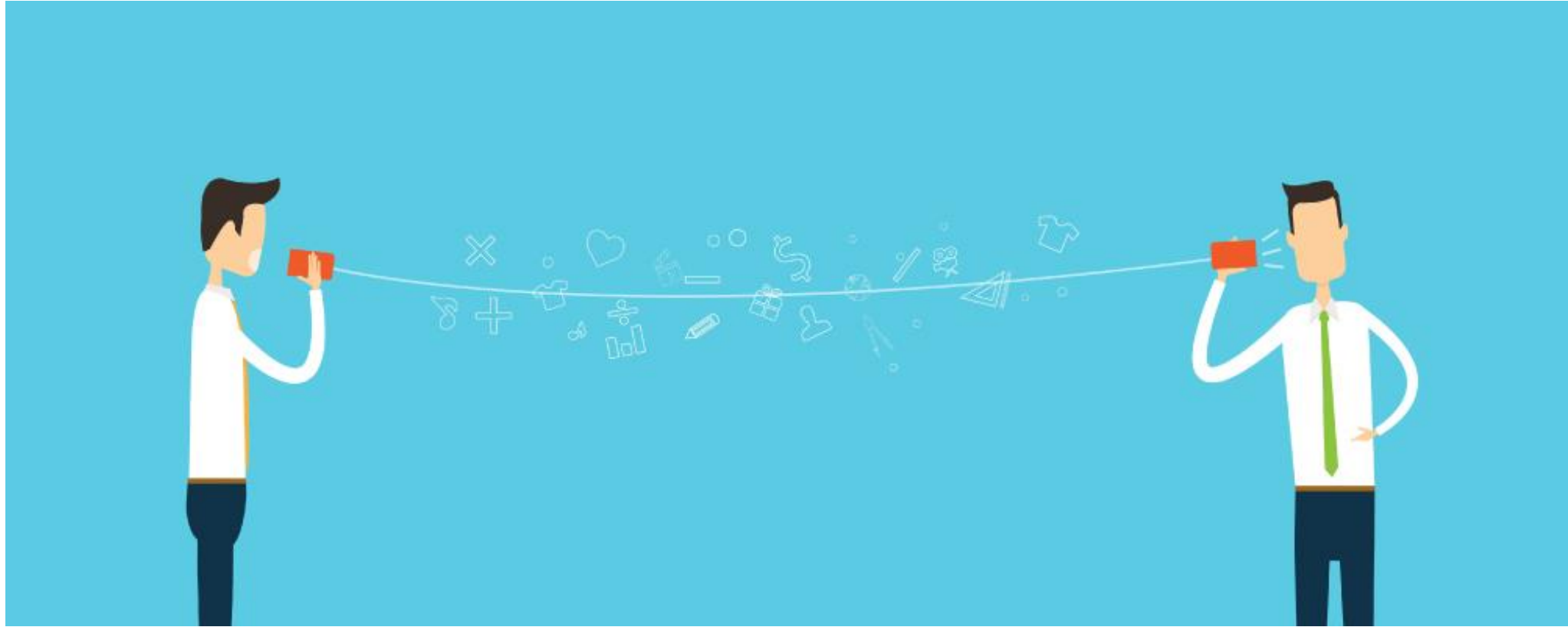
**Look for ideas that are affordable but will create long-term value for your property**

**...and justify higher rents! Not just for this tenant, but future tenancies**



# Rapport Pt. 4

**Dual  
Communication**





# **Dual Communication**

**You have to send written notices**

**It's legally required!**

**(and keeps a paper trail)**

# **Dual Communication**

**But don't stop there!**

**Pick up the phone call renters about important issues such as:**

- **Rent increase (more in a minute)**
- **Rent about to be late**
- **Entering the property**

# **Dual Communication**

**Builds on that human connection, trust and rapport!**

**Quick Note: Always be professional, friendly, and firm**

**Don't get sucked into arguments**

**You do not negotiate with terrorists!**

# **Dual Communication**

**We included a couple quick scripts for these sorts of phone calls as a bonus!**  
**(see the Resources section below)**

# **Rules for Raising the Rent!**

**...without losing a single tenant**



# **Rule #1: Raise the Rent Annually**

## **Incremental rent hikes:**

- **Optimal: 2-4%**
- **Acceptable in Hot Markets: 5-7%**
- **Never: over 8%**



# **Rule #1: Raise the Rent Annually**

**Rookie mistake: falling behind market rents, then raising the rent significantly to catch it up**

**Remember, know your market rent!  
Charge appropriately, but if you're more than 8% too low, spread the hikes over several years**

# **Rule #1: Raise the Rent Annually**

**Every year, at the same time: lease renewal**

**Send a lease renewal form, that includes a rent hike**

**Call first! As outlined earlier**



**Don't Screw Up  
the Legal  
Notice!**



# **Proper Notice**

**Important: advance notice varies by state, usually 30-90 days, but**

**WRITTEN NOTICE REQUIRED IN ALL STATES**

**Know your state (and local, if applicable) laws!**

**Calm &  
Professional,  
Friendly & Firm**



# **Friendly But Firm**

**Tenants can yell and scream. You can't.**

**You might get pushback when you tell your tenants the rent is rising.**

**So what?**

**Stay calm, professional, friendly and firm. Follow the script:**

## **Friendly But Firm**

**“I understand Jill. But rents go up alongside our expenses, it’s just a part of life.**

**“We’d love for you stick around, and we may be willing to negotiate a lower rent increase if you’re willing to sign a longer-term lease. But if you decide to move on, we understand, and we’ll work together for a smooth move-out process.”**

# Invisible Landlord Trick

**You are never, ever the “owner” or  
“landlord”!**

**You are always the “manager”**

**That makes you only the bearer of  
bad news 😊**



**Remember:  
End All  
Leases in  
April or May!**

**In the worst case scenario,  
and your tenants balk at the  
rent hike, they'll be much  
easier to replace**





**Wrap It  
Up!**



# **Wrapping It Up**

**Turnovers = black holes where your time and profits disappear**

**Know your market rent!**

**Trimming turnovers starts with placing excellent long-term tenants**

**Build trust and rapport with tenants by:**

# Wrapping It Up

- 1. Committing to excellent responsiveness**
- 2. Keeping a small personal file on all tenants**
- 3. Asking periodically about dream improvements (and occasionally making them)**

# **Wrapping It Up**

**4. Dual communication: courtesy phone call when written notices go out**

**Raise rents annually at lease renewal, by 2-4% in normal markets, 5-7% in hot markets**

**Always stay friendly but firm, and as always defend your boundaries!**

# **Bigger Picture – ADE**

**These best practices can be delegated,  
but only to a trusted employee or VA**

**The purpose of these best practices?**

**ELIMINATING the work and losses that  
come with turnovers!**

# Coming Up Next

## Troublesome Tenants!

- **Eliminating evictions by nipping bad behavior in the bud**
- **Handling evictions efficiently (and delegating where possible)**
- **Common (and costly!) mistakes to avoid**

# Module 6 Out

**See You on the Flipside!**

