

Finding a perfect match

You have the right property, but now you need to fill it with the right tenant. Rachel Naud talks to the experts about how and where you should market your property to find your ideal tenant

One market that's not only surviving – but thriving – in this recession is the rental market. Although the historically low interest rates are seducing some first-time homebuyers to enter the housing market, a big chunk of Canadians who are fearful of losing their jobs are choosing to rent in order to prevent getting caught with their mortgage-heavy pants down.

In fact, the average rental apartment vacancy rate in Canada's 34 major centres decreased to 2.2 per cent in October 2008 from 2.6 per cent in October 2007, according to the Rental Market Survey released by the Canada Mortgage and Housing Corporation (CMHC). In October 2008, provincial vacancy rates decreased in most eastern provinces.

Vacancy rates recorded a significant

decline from 2007 in Newfoundland and Labrador (down one percentage point to 1.1 per cent), Prince Edward Island (down 1.5 percentage points to 2.6 per cent) and New Brunswick (down 1.7 percentage points to 3.6 per cent). Vacancy rates were moderately lower in Ontario by a 0.6 percentage point to 2.7 per cent, and Quebec by a 0.4 percentage point to 2.2 per cent.

Vacancy rates were lowest in Manitoba (0.9 per cent), British Columbia (1.0 per cent), Newfoundland and Labrador (1.1 per cent) and Saskatchewan (1.2 per cent).

But just because there's a myriad of renters out there, doesn't mean finding the right one is going to be an easy job. Finding the perfect match for your place is all about targeting your ideal tenant. Take this advice from the experts who know and you won't have to worry about waking up in the morning with regret.

Want a tenant, click here

Remember back in the day when people wanted to find a mate, they would turn to the classifieds? Well, today, those same people are turning to the Internet to find their soulmates – and with

Think outside the box

Sometimes in order to target your desired demographic, you have to get creative. Here are some ideas.

If you want to target:

- **Students:** Try putting up postings at university or college recreation centres or housing offices.
- **Young professionals:** Don't be afraid to use free networking sites such as Facebook or Twitter to let others know you have a place for rent.
- **Young families:** Community centres that offer children's swimming and dance lessons often have billboards where you can post your rental. Daycare centres and grocery stores are other hotspots.
- **Seniors:** Bowling alleys, local legions, medical clinics and small shopping centres are great options for targeting seniors. And don't forget to check out some smaller senior-oriented newspapers for advertising opportunities.



great success. One only has to turn on late-night TV or check out their junk e-mail to find countless options for finding love online. The same effect has trickled down to the rental world. The Internet seems to be the method of choice for investors looking for suitable candidates who are a perfect match for their property.

Websites such as Viewit.ca, RentersPages.com, Gottarent.com and Places4Students.com are just a few sites available for potential renters where they can check out their choices, find the ones most attractive to them and potentially make at least a one-year commitment.

And with an eclectic list of housing to choose from including everything

from smaller rental apartments, luxury units, furnished units, shared units, condominiums and large multi-unit buildings, it's small wonder how these websites can post anywhere from 1,000 to 5,000 different listings per month. And although they offer a mass selection of rentals to target any demographic, they do know who gives them the most business.

"The most common demographic to use our site fall between the ages of 21 – 45. Sixty per cent are female and 40 per cent are male," says Matthew Turgeon, president of RentersPages.com. "They're also students, people that have their money invested elsewhere and people who enjoy renting and having the

freedom to be able to move at the end of the lease."

Aging baby boomers are also another demographic looking online for their rental needs.

"With the influx of senior buildings and other buildings catering to empty nesters, we've seen an increase in people over the age of 50 searching for apartments online," says Jon Russo, vice-president of product development for gottarent.com.

But just like in the dating world, although there are plenty of fish in the sea, that doesn't mean you shouldn't be choosy about the one you reel in. That's why property investors have to know how to go about finding and marketing

Trent Richardson and family



to “the one” – the right tenant who will fill their needs and hopefully stay with them for years to come.

Targeting your tenants

“You have to have the end in mind,” says Carol Garrett, property investor and manager of Fine Landlord Services. “You can’t just market your property and think you’ll get the right tenants. You have to understand what kind of tenant you want.”

Garrett owns 43 properties in Hamilton, Oshawa, Orillia, Windsor and Edmonton, a combination of single-family homes, townhome condos and multi-plex housing.

She looks for tenants with the lowest possible turnover, which for her rental properties means young families.

“I look for couples with young children, 16 years and younger,” she says. “I know they’ll stay in the area because of the children and their school, I know they have double-incomes, usually one or two cars and are looking for a nice place to live. So that’s who I market to.”

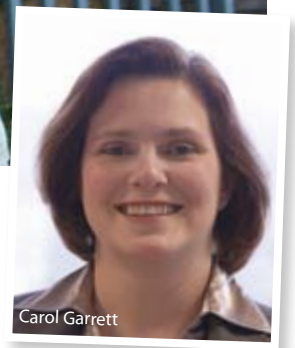
Garrett says to find that demographic of tenant, she logs on and places advertisements on several websites such as gottarent, kijiji and viewit.

Although she says advertising online is relatively inexpensive and spends

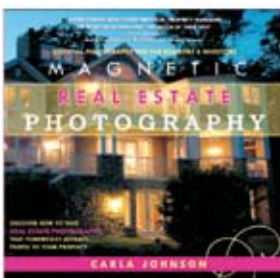
approximately \$100 a month on marketing online, Garrett says she also finds value in spending four times that amount on newspaper advertisements.

In fact, she continually pays \$400 a month to newspapers, such as the *Edmonton Sun*, because she says the working-class tenants she seeks still read the paper for news and rental opportunities.

“The *Sun* is a working man’s paper,” says Garrett. “We want people to have a good income but we’re not looking for



Carol Garrett



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CASE STUDY: Downtown targets**Location:** Toronto, Ont**Investor:** Wallace MacDonald, 74 years old**Number of properties owned:** 75**Types of properties:** Condominiums, approximately 500 sq. ft**Rents:** \$1,200 - \$2,000 a month.

When it comes to picking the right investment property, Wallace MacDonald follows one cardinal rule – stay downtown.

"If we have a downturn, chances are the suburbs will get hit harder than the downtown," says MacDonald. "Downtown is pretty well recession-proof. Even now, there's action downtown."

MacDonald purchases his condos pre-construction – in fact he's currently waiting on about 50 condos that he's already purchased to be built. And once the developer hands MacDonald the keys to his brand-new abodes, it'll be his job to fill in the missing blanks – the ideal tenants.

MacDonald's desired tenants are young, single professionals who, more than likely, work downtown and don't own a car.

"I want the young professional who maybe doesn't have the money to put down on a condo right now and is looking to rent for two to four years," says MacDonald.

And to target that desired demographic, MacDonald plans to market only in one place – the Internet.

MacDonald who has dabbled in investment property for a good chunk of his life, but most seriously in the past 13 years, used to market his rentals in the daily newspapers such as the *Toronto Star*. However, he found his targeted tenants weren't responding.

"You can put an ad in the *Toronto Star* for one day and it's going to cost you more than it would to advertise one month online," says MacDonald. "We were finding advertising in the newspaper wasn't working very well."

That's when MacDonald turned to Viewit.ca and hasn't looked back since.

In fact, MacDonald says 90 per cent of his renters derive from the rental website, the other 10 per cent coming to him through word of mouth.

"It works," he says. "The young professional is computer literate and he or she goes right to Viewit."

Each ad MacDonald places on Viewit.ca costs him \$50. Although MacDonald says he doesn't have any budget in place for advertising, he has posted as many as eight ads on a monthly basis. The ad is good for one month – although MacDonald has never had one up that long.

"It rents almost instantly," he says. "Usually within one week or two."

When it comes to the science of marketing, MacDonald keeps his ads simple, only including the description of the property, the location, the property's amenities and the amount of rent. He doesn't bother including information about the proximity to transportation because he says his clients already know that.

He also says although he asks potential renters for job letters, references and an Equifax report, marketing online also helps him prequalify potential renters.

"They have to be computer-literate so that tells me something about them."



top executives. And when we looked at what our desired demographic was doing, this was what they were reading and doing. A lot of people frown on classified ads but we've found, depending on the market, for them to be very successful."

Trent Richardson has also found some success in print advertising. The Vancouver-based property investor who owns 12 properties – condos,

single-family homes, duplexes and triplexes – in Vancouver and Winnipeg, has marketed his rentals in major daily metros such as the *Vancouver Sun* and *Vancouver Province* but has also had success with smaller community papers.

"I had this one property in Richmond and I actually advertised in

a Chinese magazine because the area is comprised of mostly Chinese people," says Richardson. "I contacted the local Chinese paper and got someone to translate the advertisement. I got lots of calls as a result."

Richardson who targets single professionals for his condos and

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Sample online advertisement

Following is an example of how to write an overall summary for an online advertisement (other information would also be included with this, including photos, contact details etc):

Property information

- Fridge
- Stove
- Dishwasher
- Air conditioning
- Parking available
- Laundry onsite
- Elevator
- Hardwood floors
- Fitness room
- Storage onsite

With XYZ Suites you rise above other rental properties in the neighbourhood. The building, set behind the beautiful Art Deco façade of what was in the 1930s Toronto's original XYZ Centre, is part of a very convenient larger complex that still maintains its unique exclusivity since it's hidden away. In addition to a responsive and courteous staff who are there to make home life easy for you, our units are full of the comforts you expect to make living easy and comfortable, like hardwood floors, big windows, interesting architectural details and new appliances.

There's also 24-hour surveillance and monitoring, so when you take the subway home late at night, you can ask a security guard to meet you at the station and walk you to your suite.

Underground parking - \$85/month + pst
 Utilities included
 Controlled Access
 Sauna
 On-site staff

Source: gottarent.com

Community information

- Public transit
- Parks nearby
- Schools nearby
- Shopping nearby

Whether you are outside or inside, XYZ Suites allows you to make the most of living. During the warmer months you can enjoy the park-like patio and a running fountain outside the building; and during the colder months a magical skating rink is just steps away. Inside the building, you have access to a sauna, a fitness facility and a sundeck overlooking the city for when you feel like relaxing and unwinding.

Highway access
 Subway
 Pharmacy
 Restaurants
 Hospital
 Movie/Theatre



You have to outsource tasks. It's more efficient."

Richardson, who uses Winnipeg's Mainland Commerce Real Estate and D-7 Property Management, says using property managers shaves about two weeks off the time it usually takes to rent out his property. "They can do more advertising and for me it's a hands-off operation."

Penning an ad

One of the reasons online advertising is so popular is because you're not restricted to 40 characters. Investors have the opportunity to really divulge a lot about the property and the benefits of living in their rentals.

"With online advertising, landlords are able to display an incredible amount of information including detailed descriptions, community information, availability dates and even interactive maps," says Russo.

In fact, Russo's website, gottarent.com, has even added a walk-through video feature so potential renters can

take a virtual tour of the place before ever setting foot in the apartment.

"These videos include full voice-over audio and make renters feel as though they have just walked through the building and the community in person," says Russo.

Another way to help potential tenants visualize the property is by writing a lot of detailed descriptions.

"I've taken my lessons from charities when it comes to writing online ads," says Mathieu Yuill, a

Toronto-based property investor who owns three properties. "Charities don't say things like 'with your \$50 a month, we're going to build 20 wells.' They'll say 'Imagine young Clarisse. Her destiny was to grow up and sell seeds on the streets of Ethiopia, but now thanks to your generous gift, she'll run home and tell her mom what she learned in science class.' My ads will start with 'Finally, a place to call home.'"

Richardson also utilizes the services of property managers for his Winnipeg properties, even though the fee for the property managers usually equates to 10 per cent of the rent.

"I get a huge return on my investment in property managers," says Richardson. "It allows me to do more. You'll never get to the top in real estate if you do everything yourself.

multiplexes and young families for his single-family homes spends approximately \$250 - \$300 a month on all forms of advertising – print and online. When he advertises, his goal is to rent the place by two months' time and has succeeded each and every time.

"Wherever I advertise, the property is always rented in less than two months," he says.

Best places to advertise according to experts

1
Internet

2
Signage on property

3
Classifieds

In addition to descriptions such as 'bright, clean, vibrant,' Richardson says every advertisement should include location, the amount of rent, size of property and its proximity to amenities such as transportation, shopping and schools.

Garrett is a fan of catchy headlines such as "\$150 move-in bonus" or "Free pizza for a year." She also says the real key to grabbing people's attention is talking about the property's benefits.

"So, if you have in-suite laundry, talk about how great it is to do laundry



Carla Johnson with her partner, Steven Rorda

at home privately, especially for those with a busy life. That's what's great about the Internet; it allows you to write a book if you want."

And what's a book without pictures?

Including colourful indoor and outdoor pictures highlighting the property's best assets is a must for any investor.

"Thirty per cent of the decision is made of whether they're going to move

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"taking the initiative and installing things like security lights or changing the locks for a new tenant will not only make the client happier but it will ultimately mean good business"

CHECK LIST

1.

Five top tips on how to effectively write an advertisement

1. Use an attention-grabbing tagline or headline. For instance, "Do your laundry naked" is an eye-catching way to let potential tenants know you offer in-suite laundry.
2. Be descriptive. Use your words to help the renter visualize him or herself in your property. For instance, instead of just saying air conditioned, try something like "You'll be comfortable all summer thanks to the newly installed air conditioning."
3. Be upfront. Listing the rent per month is not enough. Let potential renters know if they are responsible for paying their own hydro, cable or Internet.
4. Use pictures. Adding clear, colourful pictures of both the inside and outside of the rental will help potential renters visualize themselves and their stuff in the space.
5. Include contact info. Don't forget to include your phone number and e-mail address.

in is on curb appeal," says Garrett. "You want people to imagine themselves living there so take pictures of areas that they'll be interested in like the kitchen, bathrooms, living rooms and front entrances."

Garrett says it's also imperative your pictures are season-appropriate. "If it's summer and your picture shows snow on the ground, forget it," says Garrett. "People will think, 'OK, this place

hasn't been rented for a long time and they'll get turned off."

If advertising online, most websites offer the services of photographers who will come and take pictures of your place. However for those DIYers who are posting on free sites such as kijiji and Craigslist, Carla Johnson, an Ontario-based investor, has written a book called *Magnetic Real Estate Photography* to help investors

gain the skill levels to take effective advertising photos.

On the flipside, what investors don't want to include in their ad is negative terminology. Stay away from words like 'no' and 'don't.' So for instance, instead of saying 'No smoking allowed or No Pets Allowed, opt for 'This is a non-smoking, pet-free home.'

"Anything you can do to put a positive spin on something," says Garrett.

Being able to pen an ad right is important because when it all comes together, an effective ad can go a long way – whether it's online or not.

"An effective advertisement can help an investor make \$25 to \$75 more dollars on a rental," says Johnson. "An effective ad will attract more interest to your property and when there is more market demand, you can ask more. Sometimes though, when vacancy is high, you can't ask more, but you can fill your unit faster. If you can fill a \$900 per month unit without losing a month's rent between tenants, you are essentially making \$75 dollars a month more."

What tenants want

In addition to marketing, investors can target their desired tenants by simply catering to their needs and treating their tenants like clients.

In addition to a clean, spacious and secure home, tenants are looking for something money can't buy – respect. "I treat my tenants like gold," says Richardson. "Whenever they need anything, I make sure I provide it. Every six months, I rebate them \$25 to \$50 to show appreciation. That tenant is paying your mortgage and driving your business. If you didn't have them, you wouldn't have a business."

Yuill says taking the initiative and installing things like security lights or changing the locks for a new tenant will not only make the client happier but it will ultimately mean good business.

"It's word of mouth," says Yuill. "You might spend \$40 on a new lock but it means happiness for your tenant and not losing that tenant. It's not about being nice. It's about running a business properly. It's all about marketing." ■



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* ComScore report Jan 2009.



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