

Building a Granny Flat: Lesson 7

Thursday, 22 February 2007

Mistakes landlords make.

Lesson 7

You're wasting your money if you are not raising your rent regularly. The question many landlords face is "how do you raise the rent and still keep a great tenant?"

I like to have my tenants sign a six-month lease. This is long enough to see if they are worth keeping and short enough to live with if they are not. At the end of the fifth month have a look in the classified section of the newspaper to see what current rentals are like and if there is room for a rent increase. (Be aware that these are the landlord's asking prices and may be pitched slightly high to allow for some negotiation downwards).

I like to write a letter to the tenant during the last week of the penultimate month of the lease period reminding them that their contract will expire and that they will have to move out. I normally remind them of the costs that they will have to incur in moving and tell them that I would like to help them avoid the cost and hassle of moving by allowing them sign another lease. I explain that regrettably costs have gone up and that there has to be an increase in the rental, but, seeing as they are such a great tenant I am prepared to discount part of the rental increase if they enter into an agreement to lease the place for another six months. I also include a copy of the granny flat adverts from the classified section of the local newspaper with similar flats highlighted so that they can see how reasonable I am being.

I trust that you have found this e-course useful. If you would like some help getting going please contact me by email at pete@truenorth.co.za

Kind regards

Pete Bowen