

4 Mistakes to Avoid if You Are a Landlord

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Being a landlord can be a very lucrative and rewarding business, but in order to make a profit, you have to make smart choices. On top of making a profit, you also want to ensure you bring in quality tenants so that you have a less stressful experience and they have a positive one. Even if you already have strategies and systems in place, here are a few common mistakes that are made by landlords so you can avoid them, or stop doing them, so you see the return on your investment.

#1: Not Getting Maintenance Issues Resolved Quickly

If you want to get quality tenants, you are going to have work on building a solid reputation, and the fastest way to get poor reviews and for people to spread negative things about the properties you lease is to ignore maintenance trouble. Make sure that you are proactive when it comes to these issues because not only will tenants appreciate it, but you will save money when you take care of small repairs and keep them from turning into larger issues.

#2: Not Doing a Professional Tenant Screening

Having one good referral or looking at the social media page of a potential tenant is not going to give you the information that will lead to making a wise choice when it comes to selecting tenants. Getting background data such as criminal records, credit scores, sex offender searches, and employee summaries will leave you confident when leasing. You can even go one step further and get a nationwide eviction report to learn even more about the tenant and if they will be a good fit for you.

#3: Not Focusing on the Bottom Line

When you are renting out a space, you need to focus on the bottom line. Being a landlord is an investment both financially and in terms of time, and can be turned into a lucrative career if you focus on the right things. Make sure you are setting rent at a rate that makes sense for the neighborhood and property, but also generates cash flow. When you set the rent too high, you will find yourself sitting on a vacancy for some time, but when you set it too low, you will not be making as much of a profit, if any. You will need to adjust your numbers depending on the market and reevaluate every so often, so make sure you are crunching those numbers and keeping your bottom line in mind.

#4: Not Taking Location into Consideration

Whether you are deciding to add more homes to your rental portfolio or you are just getting started on your journey, make sure you take into account the location because it will be a significant factor in your success. Find a location that is in-demand and you will have a larger pool of potential tenants to pull from. Find areas that have a draw for renters such as close proximity to public transportation, amenities like shopping and dining, and if you are near colleges and universities, this can also provide a big group of people that are looking for a rental space to live.