

# What Rental Strategy Should You Use To Maximize Revenue (Short Term Rentals Vs Year Long Lease)?

Posted At : February 26, 2015 2:15 PM | Posted By : Jeff LeVan

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When you have a vacant property, it can be difficult to know what the best course of action is. Every situation is unique, so it's important to understand what your needs and goals are. There are at least two common options that you can consider to maximize the amount of revenue that you will generate from your rental property. The first option is to rent out the room at a year-long lease to maximize and secure income for the entire year. The next option is to rent out your space to vacation rental websites that specialize in providing short-term rooms to individuals or groups on vacation (such as [VRBO](#) or [Airbnb](#)). Consider some of the benefits and pitfalls for each below.

## Tenants with a Year Long Lease

The first option, renting out your rooms to a tenant for a year-long lease, will help secure income over a long period of time. It can also reduce the amount of stress of needing to find a new tenant between months if a pre-existing tenant does not decide to renew their lease or rental agreement. Even if the market begins to shift, you will have the tenant's monthly rate locked in. Overall, this will be a secure option for you to consider if you prefer a more stable income.

However, if the market shifts in favor of raising prices, you will have a harder time trying to raise prices. Typically, you are only able to raise the monthly rate in between rental agreements by 10% with 30 days of notice or 60% with 60 days of notice.

When opting for a yearlong lease, you will want to verify that the tenants moving in are safe and reliable individuals that won't bring you stress or cause harm to other tenants in the building. [Order a tenant screening report today](#) to have a background check done on any tenant.

## Renting Out on Vacation Rental Sites

If the location of your rental properties is near an ideal destination for travelers and vacationers, then choosing a short term and variable option may be your best bet. You might be able to charge daily rates of anywhere between \$250 to \$800 (or more) per night... rates that you would never attain for a long term rental. VRBO and AirBnB are two of the most popular vacation rental sites. These website have been built around the ability to provide short term rentals to people that need a place to stay for a brief period of time.

One downside is that you can run the risk of having more variability in income. Some busier months may be booked completely while others may leave you renting only a few times for the entire month. However, the upside is that you will have much more control over the rent that you're charging. If you expect a busier month, bustling with tourists, you can jump the rates up to accommodate and capitalize on the opportunity.

The other risk is that you could rent to a group of partiers who could damage your property. Unfortunately, on VRBO there is no way for you view the ratings of potential tenants (it would be great to see if other landlords had complaints about this individual in the past or if they had stayed at a bunch of other properties with no issues). VRBO

also doesn't provide any protection/ reimbursement if a tenant damages your property; it's completely up to you to collect an adequate deposit. Airbnb offers a bit more protection... but there's still risk involved.

To protect against this, we highly recommend **running tenant background check**. You can assure these possible tenants that running their background check is only a "soft pull," so it won't affect their credit scores in any way.

### Which Option Is Best?

As with most rent-related situations, you need to understand the situation that you're in. You will have different results based on the location of your property, the amount of other rental properties on the market and the time of year. With any kind of rental, make sure that the tenant you're bringing in is a safe candidate. Whether it's long term or short term, you can use our background check service at Tenant Background Search. Also be assured that any applicants that get screened through us won't have their score negatively impacted.