

# Optimization of the Renting Process – from lease determination to new tenant

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## Summary

- The better you choose your new tenant, the safer the contractual relationship will be
- The active market measurements starts immediately after the cancellation goes in
- The aim is always to have no vacancy time, and new leases with higher rents and good tenants
- Regular exchange of information between the Asset Manager and the letting person is mandatory
- The first impression the new tenant gets from Akelius is very important for the contractual relationship

The renting process is based on our actual situation. Today, we do not have an internal property management. It is outsourced, and it will be taken over in 2010. Furthermore, we have a free market in Germany– (almost) no regulation in rents.

## 1 Cancellation

The written cancellation from the tenant is sent to the property manager. Immediately the property manager gives us the information about the cancellation of the contract by using a form. This form includes different specifications regarding the contract, i.e. which apartment is cancelled, the date of moving out, telephone number, duties or needs of aesthetic repairs, reason for cancellation etc.

We record all relevant data in our tenant list. Further, we keep a record of the reasons for cancellation, to evaluate and to

incorporate these arguments in our daily work for improving ourselves.

## **2 Pre-Inspection**

The letting person arranges an appointment for a pre-inspection with the old tenant. The aim is

- to get an overview about the shape of the apartment
- to inform the old tenant that several inspection with interested parties will follow
- to take pictures of the apartment and building
- to find out the reason for moving out

Depending on the contractual relationship, we can offer the tenant who moves out an alternative apartment within Akelius.

After the pre-inspection, we know if we have to refurbish the apartment or if we can rent the apartment without any measures. The Asset Manager decides what measures need to be done by inspecting the apartment with a general contractor.

The letting person can start to market the apartment and to make appointments with interested parties, and start showing the apartment during the cancellation time.

## **3 Inspections with new tenants**

During the cancellation period, the letting person organizes inspections with interested parties to rent out the apartment without any unnecessary vacancy time.

High flexibility regarding the time and date of the appointments are mandatory. Most of the inspections take place in the late afternoon and early evening and at the weekends.

Furthermore, it is important for the letting person to know about the apartment, the property and the surroundings. Typical questions arise regarding parking possibilities, shopping facilities, operational costs, cellar etc.

## **4 Move Out**

In case the apartment needs to be refurbished, the Asset Manager can immediately start after the old tenant moves out.

Very often tenants move out before the lease contract runs out, i.e. the lease contract is resigned to the 30<sup>th</sup> of June. This includes that the rent is paid until the end of June. The old tenant

moves in to their new flat on the 15<sup>th</sup> of June. From this day on, the apartment can be refurbished.

This saves us time and money because we start the refurbishment while the old tenant still pays the rent until the contract runs out.

## **5 Market Rent**

For each property we have calculated an average net rent for new leases in our budget 2009.

Depending on the shape and the location of the apartment within the property, the market rent can differ from the average rent in the budget for this property.

The market rent is the maximum rent that the new tenant is willing to pay. The market rent can be determined throughout market research based on the internet, i.e. [www.immobilienscout24.de](http://www.immobilienscout24.de) or based on our latest leases for comparable apartments. Comparable means that the apartments have the same conditions and locations and the properties are comparable i.e. building year.

The Asset Manager who is responsible for their budget determines the new net rent.

## **6 Request of interested parties**

For all requests concerning our market apartment, quick response is very important.

Carefully listening to what the client is looking for gives us the opportunity to offer them a concrete proposal or the best alternative.

## **7 New Lease Contract**

It is very important to choose the new tenant very carefully to avoid loss of rents and to find a new tenant who fits in the actual or aspired tenant structure.

Therefore, we check their financial situation by evaluating a form which they fill in before the new tenant signs the contract. Typical facts we evaluate

- Permanent income
- Copies Salary statement of the last three months
- Currently employed since
- Any financial duties
- Copy of identity card

## **8 After Sale Call**

One month after the new tenant moves in their new apartment we give them a call to ask if everything is going well in their new apartment, or if there is anything we can do for them.