

# The Insider's Guide to **Rent Estate**<sup>TM</sup>



  
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# Introduction

The crash of 2008. The rise of Millennials as the nation's largest demographic. Uber, Airbnb and the emergence of the "sharing economy." The American Dream is alive and well, but it's changing rapidly. And for millions of people, these huge economic and cultural shifts have forever altered the very concept of "property."

We used to live in a world where people bought homes with the intention of staying, and high-brow real estate investors bought properties to flip them for a quick profit. Now, **renting is the new owning**. Individuals and families are less interested in owning their homes. And regular Joes and Janes are buying and renting properties to build financial freedom for themselves. In short, the world is evolving from an elite world of "real estate" to a more accessible world of Rent Estate. And that's a huge opportunity.

You're probably thinking: What is Rent Estate? I've never heard that term before. Well, that's what this Insider's Guide is all about. We'll walk you step by step through the process, so you can understand the nuts and bolts of Rent Estate—and figure out if life as a Rent Estate Investor is right for you. Specifically, we're going to help you discover the answers to six important questions:

1. What is Rent Estate?
2. How is Rent Estate different from real estate?
3. How can I make Rent Estate work for me?
4. What financial costs and benefits can I expect?
5. How should I approach owning and renting multiple properties?
6. How do I take the next step?

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***Renting is the New Owning***

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## Section 1 | What is Rent Estate?

At its core, Rent Estate is a mindset. It's a shift in perspective from seeing property as something to be sold in a one-and-done deal vs. seeing it as an asset that can make the cash register ring every month for as long as you want.

It's also an investment platform to achieve financial freedom—a way to acquire recession-proof income that supplements an investment portfolio and leads to a better lifestyle. A more desirable location to live. More time with family. Fewer worries about retirement.

And Rent Estate differs from “real estate” in several key ways. Which brings us to the next question.



## Section 2 | How Is Rent Estate Different Than Real Estate?

In addition to being a shift in mindset, Rent Estate is unique in several specific ways. First, when you think of making money from property, you probably think of flipping homes— buying cheap, betting on the market to rise, then selling fast. This can be a high-risk proposition. And for most people, it feels like a rich person's game. That's intimidating.

Rent Estate is for the everyman: easier to enter, easier to build, easier to maintain. With real estate, you often need a crystal ball to know how much profit you'll make from a property flip. Rent Estate removes almost all the guesswork and uncertainty. Fact is, people have been making money on rental properties for years. And if you're a homeowner, you're already halfway there.

Let's take a quick look at the pros and cons of Rent Estate versus real estate.



## Rent Estate (Renting your property)

Pros	Cons
Ability to build long-term wealth and security	Emergency costs
Additional retirement savings	Legal issues
Significant tax advantages vs. selling	Escaping the “bad landlord” stereotype
Steady, reliable monthly cash flow	
Asset appreciation	
Someone else pays your mortgage for you	
No need to hire a real estate agent	
1031 exchange opportunities (ability to sell a property and reinvest the proceeds in a new property while deferring capital gains taxes)	



## Real Estate (Selling your property)

Pros	Cons
Quick Profit	Losing money
	Taxes—lots of them
	Escaping the “bad landlord” stereotype
	High closing costs
	High-maintenance and stressful
	Unexpected expenses
	Delays on the MLS
	Real estate agents taking their 6%

The differences are clear, but similarities also exist. In fact, the fundamental key to success in Rent Estate is the same as in real estate. As [HGTV host](#) and real estate investor [Scott McGillivray](#) puts it: “Anyone can become a real estate investor, but the difference between failure and success is smart decision-making. Get educated, get informed, and take control of your financial future.”

## Section 3 | How Can I Make Rent Estate Work for Me?

You can always manage your rental properties by yourself, and many people do. But many also quickly come to realize that they can save significant time and money by turning the highest-maintenance tasks over to professionals (especially after they make some costly mistakes). After all, Rent Estate is about freedom. And if you're spending all your time finding tenants and fixing leaky toilets ... well, that doesn't really feel "free."

After years of experience, we've identified the four major areas that Rent Estate Investors are better off turning over to professional property managers.

### Step #1: Right-Pricing Your Property for the Market



Empty homes lose value fast. How do you know exactly what to charge tenants for renting your property? What's the perfect rent that's low enough to attract people, yet high enough to deliver maximum value to you? Getting a professional appraisal is the first step toward successful Rent Estate, and our team handles it all for you. We tap the right databases. We crunch the most accurate numbers. We find the sweet spot.

### Step #2: Finding the Right Tenants—and Keeping Them



In many ways, this is the true secret to successful Rent Estate. You don't want to play "renters roulette" with your tenants. You want solid, reliable renters who are going to respect your property and keep the financial pipeline flowing. That's why we developed RentFeeder™ technology. Within 24 hours of signing up for rental property management services of any kind with us, RentFeeder starts marketing your rental property to just the right people. We waded through the chaos to find qualified candidates; you sit back and decide who rents. No afternoons spent sifting through applications. In just a few weeks on average, you've got the right tenants and are ready to go.

### Step #3: Day-to-Day Property Management



Having someone else pay your mortgage is fun. Collecting rent, handling pest problems and calling plumbers at 3 a.m. isn't. That's why we do it for you. Our clients will tell you: Nothing gives them a greater sense of freedom than knowing that tenant maintenance calls go to us first—and that our passionate problem-solvers are there for them 24/7 to collect rent, coordinate maintenance and handle other issues they'd rather not deal with.

### Step #4: Protection Against the Unexpected



No matter how organized you are, there's always something you can't plan for—like accidental tenant damage or pesky eviction costs. That's why we've developed optional, comprehensive added services to give you extra peace of mind against the unexpected. (And all for less money than a daily cup of designer coffee).

Rent Estate is great, but our advice? Don't DIY. You may like changing your own oil or doing your own taxes, but when it comes to property management, a minimal investment in taking the most annoying tasks off your hands can reap great dividends down the road.

## Section 4 | What Financial Costs and Benefits Can I Expect?

The goal of Rent Estate is financial freedom for you. But the old saying is true: You have to spend money to make money. The good thing is, if you currently own a home or rental property, you're already well on your way. Beyond that key initial investment, here are the nitty-gritty details on some of Rent Estate's financial costs and benefits.

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*The goal of Rent Estate is  
financial freedom for you*

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### Basic Costs: Buying, Renovating & Marketing

If you're investing in a property that's separate from your personal property, you'll need to put down about 15-25% of its value to buy it. Then you need to have enough cash for repairs so that you can get it up to housing code. Keep in mind that no one wants to live in a run-down shack (and if they do, you don't want them as tenants), so maintaining a property's interior and exterior is key.

The rental repairs you may need to make are determined by the type of rental property you own. HGTV host Matt Blashaw spoke about the differences in rental renovations for Business Insider this way: "In [rentals], I think it's a little different. Bathrooms can be overlooked as long as they're clean and fresh and functional. You need to put money in the decor in the living room, in the furniture to make it comfortable and cater to possibly multiple families with a ton of seating and dining space." No matter what type of rental property you have, renovations and maintenance repairs are a must. But it does help to be smart about the renovations you do make.

Next, there's marketing. Attracting the right tenants requires paid advertising—mostly in various paid digital and social media platforms. Fortunately, one of the benefits of hiring a property manager is that we handle the tenant placement process for you. And we're able to aggregate the cost of using the best media tools available, which is a tangible financial benefit for you.

## Unforeseen Costs: Repairs & Taxes



Even if you already own your investment property, you need to be prepared for unexpected costs—which mostly come down to hidden repairs. The first step is to keep your property up to code. But even if you're good about routine maintenance, you can still expect the unexpected, so you'll need to keep extra cash around (or open a “rainy day repair” account).

When it comes to taxes, the basic situation is this: If you have a rental property in addition to your personal property, your property taxes will increase. But even when your property value increases, the IRS doesn't expect you to pay those increases until you sell. Plus, you can always roll money from a sale over into a new rental property—and defer capital gains taxes—via what the IRS calls a “[1031 Exchange](#).”

## Financial Benefits

Now for the really exciting part, because Rent Estate opens up tons of financial benefits you probably didn't even know about. Here are the top three:

1. The majority of expenses you incur when renting property are tax-deductible. Deductions include repairs, insurance, mortgage interest—even phone calls, lawyer fees and office supplies. In fact, you can usually deduct the fees you pay property managers like us, which makes outsourcing the hard stuff even more of a no-brainer.
2. When you own a property for years instead of selling right away, its value almost always increases. According to NOLO, real estate prices in America have risen an average of 5% a year since World War II.
3. Rent Estate diversifies your investment portfolio. Especially as you move closer to retirement, financial planners will recommend diversifying your portfolio with low-risk investments. And because rental properties aren't prone to fluctuations like the stock market, Rent Estate fits that bill perfectly.



## Section 5 | How Should I Approach Owning and Renting Multiple Properties?

If you've got more than one rental property under your belt, you're already a Rent Estate Investor Pro. But as you may already know, managing multiple properties on your own increases both your income and your responsibilities—and that creates a delicate balancing act. If you want to do everything yourself, consider these 8 “pro tips”:

1. Successful landlord [Lucas Hall](#) suggests treating your rental like a business and asking yourself two big questions to set yourself up for success: “What system do I have in place to manage maintenance requests if I’m out-of-town on vacation?” and “Am I setting aside 10% of my rental income for repairs?”
2. If you’re doing your own pricing, be careful. Price too high and you’ll scare off any prospective tenants; too low and you won’t turn a profit (or worse, lose money). Talk with local real estate agents and use tools like [Trulia](#), [Craigslist](#), and [Zillow](#) to get an overview of the average rents in the neighborhood. Then be sure to take property taxes, insurance and maintenance into account. Adjust the rent so that 5% covers regular maintenance and another 5% pays for possible vacancies.
3. Don’t try to do everything yourself. At the very least, consult with a real estate lawyer so you’re well-versed in the clauses of leases and tenants’ rights. Apps like [RentRef](#) point to a more informed and empowered tenant community than ever before—and it’s easier than ever for them to sue you. Another quote from Lucas Hall, this one from in an article in [Landlordology](#): “Many of the common provisions placed in lease contracts are illegal. An attorney familiar with changing landlord-tenant laws can quickly spot lease errors and provide you with a court-tested document.”
4. Get an accountant so you’re prepared for tax season. Trust us, come April, you do NOT want to be scrambling for lost receipts.
5. You want renters who pay on time, don’t blare their music and keep your property clean and tidy. To find those people on your own, you need to make a substantial investment in advertising—especially SEM (Search Engine Marketing) and other digital marketing tools.
6. Pay attention to staging. Open houses are critical for showing your property in the best light, and something as simple as furniture can determine whether a prospective tenant signs a lease. As [Fredrik Eklund](#) from [Million Dollar Listing](#) once said: “People don’t have a vision, they are buying a lifestyle. If the furniture isn’t beautiful or you’re bumping into things because it’s cluttered, you’re not going to want to buy the house.”
7. No matter how hard you try to avoid it, you’ll have to deal with conflict. Whether it’s tenant-to-tenant or tenant-to-landlord, issues will need to be resolved. Hey, even the best tenants miss an occasional rent payment. And if you don’t have an outside property manager, you’ll have to get comfortable playing the “bad landlord” to chase down money.
8. Take a step up: Go from being a landlord to a Rent Estate Investor. You’re probably interested in this business because it offers a chance at financial freedom and a better lifestyle. So why tie yourself down to handling all of the above tasks yourself? We’re here for your freedom—to take over the mundane, time-consuming tasks associated with Rent Estate so you’re free to live where you want, explore those passion projects, spend more time with your friends and family, and feel better about your retirement savings.



## Section 6 | How Do I Take the Next Step?

Hopefully we've given you a good sense of the growing opportunities presented by Rent Estate. So now the logical question is, "What can I do after reading this guide?" If you're interested in exploring Rent Estate further, you can:



1. Get a [free rental property analysis](#) to see what your property is worth.
2. [Go here](#) and check out the free resources we have to make you the best Rent Estate Investor you can be.
3. Schedule a consultation with one of our Rent Estate Experts using the contact information below.

Hopefully, we'll soon be welcoming you as the newest member of our fast-growing Rent Estate Club!

Contact Renters Warehouse today for your

**FREE HOME RENTAL PRICE ANALYSIS!**

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