

# PUT TENANTS FIRST TO ACHIEVE 100% OCCUPANCY

MILES PATTISON-APPLETON'S NEW LETTINGS MODEL PROVIDES THE ULTIMATE RENTING EXPERIENCE FOR TENANTS.

By Heidi Moment

In a stagnant market HMO landlords are competing to keep their rooms filled by either reducing rents or spending more money on refurbishments. With a large portfolio of over 200 professional HMO rooms Miles and his team at Relocation PA identified the need to innovate, and in six short months have seen lettings go from 80% to 100%, filling rooms almost instantaneously. Read on to find out how they did it.

## INVESTMENT CEILING

As new landlords come into the industry the standard of HMO rooms has gone up. While this is great for tenants, it means investors are starting to spend more on their refurbishments to remain competitive. This is OK in principle, but when it comes to investment property there is always a ceiling on the amount of money you can spend on the refurbishment before you start to risk your profits. Spending too much may mean not being able to refinance, which can have a detrimental effect on your bottom line and your ability to progress to the next deal.

To avoid getting burnt, Miles and his team at Relocation PA started asking themselves:

- How can we always stay of our competition?
- How can we retain the high rents we are used to?
- How can we ensure our houses will always let first, before the competition?



## PUT THE TENANT FIRST

The outcome was to refresh their lettings model to focus more on the tenant and the community they could create and less on the house itself. So rather than tenants choosing on a house-by-house basis they would make their decision based on something else – the **renting experience** and the **customer service**.

By putting the tenant first, and offering service that no others offer, Relocation PA can attract tenants quicker and get them to stay longer. The two most important elements of their strategy are:

1 To make properties more appealing with something other than just spending money on a refurb.

2 To have happy tenants that stay longer.

The aim was for tenants to choose to rent through Relocation PA because of their brand name and what they offer, not because of the house. All tenants get the same benefits, and their positioning emphasises **'providing the ultimate renting experience for tenants'**.

"Our focus is on the renting experience and customer service"

## CHANGING THE WAY THEY COMPETE

The amount of choice on the usual portals, SpareRoom, Easy Roommate and Open Rent, is overwhelming. There is no wonder tenants register interest and then you never hear from them again. It's more than likely because they've found something better/cheaper/closer to work two or three pages down.

So, rather than listing their properties on SpareRoom and hoping for the best, Relocation PA decided to take the emphasis off the platforms where landlords are competing on top of each other and instead build their own custom built room rental portal on their own website.

As you can imagine suddenly turning your back on SpareRoom is a bit risky and might create a bit of a lull in your marketing, but by timing the transition strategically when they were 100% full, they managed to limit the impact.

## WEBSITE

They worked with a local web development company to build their room rental portal that enables them to show their rooms off. It incorporates everything you would expect, from photos and information about each house, to walk-through videos, maps etc. It's a one-stop shop to finding a room in the West Midlands.

Potential tenants can search by the date they want to move in and by price range and it will filter down all the rooms available that meet those search criteria. Then it drives them through a very specific set of steps to get them to book a viewing. It's very simple to use and it looks great.

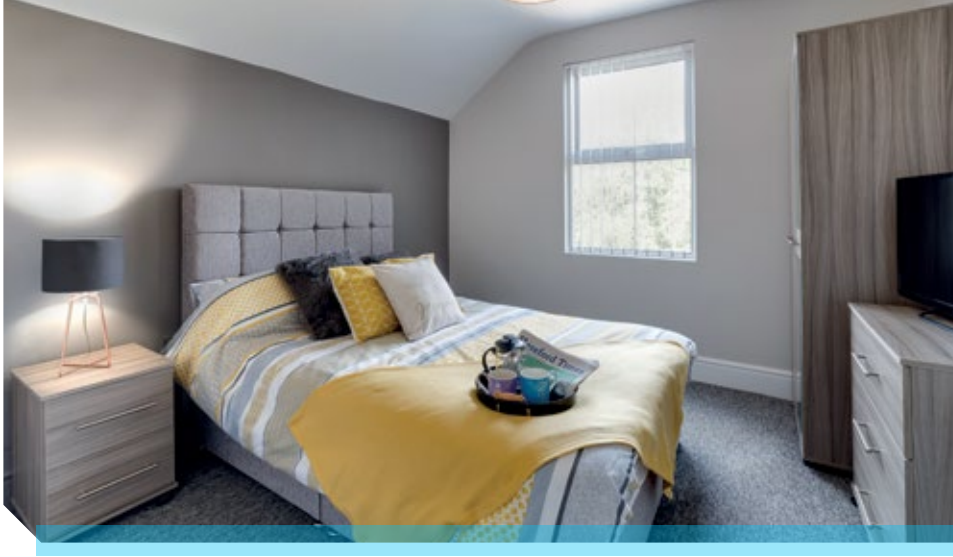
## PAID ADVERTISING

With an average age of 28, Relocation PA know their tenants are using Facebook and Instagram all the time. So rather than use SpareRoom where you are relying on the tenant to actually search for your house, they decided to put their houses directly in the faces of their potential tenants using paid advertising through Facebook and Instagram, targeting people aged 22-32 within 20 miles of Hereford, Worcester or Gloucester.

They also use Google Ads and have invested heavily in their SEO for people searching for rooms to rent in cities. With a dedicated marketing budget for paid advertising, they are really rewriting the rulebook when it comes to finding tenants.

By organically targeting people and pushing them to their website before they've looked anywhere else, there are limiting the competition. And with 200 rooms it should be easy for a tenant to be able to find what they want without having to search elsewhere.

"Organically targeting tenants through paid advertising limits competition and increases demand"



## WELCOME BOX

When Miles was at university the household used to received a welcome box with a card and a bottle of Jägermeister. It was a token to say welcome and he tells me that he and his housemates appreciated and enjoyed it. He now takes that a step further, giving a box to the each tenant in the household once a year.

Inside the box is:

- Welcome card, handwritten by Becky (property manager)
- Travel mug, so they can take their coffee to work in the morning
- Lanyards for their keys
- Tea, coffee & biscuits/snacks
- Games

It also includes a refer-a-friend scheme card, which offers them an Amazon voucher worth £100 if they refer a friend and they move in.

At a cost per box of around £10 per person, this little token gesture is a brilliant way to say 'Welcome' as well as maintaining a good relationship with a tenant.

"Our average tenancy is 18 months upwards"

## TOTAL FLEXIBILITY

Another massive change to the way they work is their tenancy agreement. In keeping with the strategy of putting the tenant first Miles offers his tenants **total flexibility**. But what does that look like?

### Periodic tenancy from the word go

Whereas most landlords lock tenants in for six or twelve months and then ask them to resign or go onto a rolling (periodic) tenancy after their contract ends, Relocation PA put all their tenants onto a contractual periodic tenancy from day one, so they have total flexibility from the start.

The benefit of this is that the tenant doesn't feel tied in to something and they have the flexibility to move if they need to. It also encourages tenants to stay longer. With six or twelve month contracts tenants always have it at the back of their mind that there's an end date and they need to move out, whereas with this they don't, so they can just stay as long as they want. Psychologically this means they don't think about it, which usually translates into them staying longer.

Tenants are still legally protected under tenancy law for the first six months, as they would be with a six or twelve month agreement, so if Miles wanted them to leave for any reason they would still need to issue a Section 8 (during the first six months) or Section 21 (after six months) and give two months' notice period.

### Rent-back guarantee

Their rent-back guarantee offers flexibility during the first month, so if the tenant's circumstances change within the first month, they want to change jobs or they realise they made a mistake for any reason, they are free to leave during that first month. Relocation PA will then give them their rent back for the rest of that month (so if they've rented for two weeks and then move out, they'll get the remaining two weeks back).





This offer is very appealing to a tenant, particularly if they are trying to decide between two houses that are very similar in terms of facilities and price. Would you rather be locked into a contract or free to move about as you choose?

It might sound risky and Miles agrees, *"It was a bit of a gamble at first"*, but he's now confident it has paid off. While the tenants feel valued as they are not trapped into an agreement and are free to move if they need to, the reality is the experience of moving house (and all the stress, time and cost that goes with it) means people don't want to repeat that experience again so quickly. So, up to press no-one has taken Miles up on this offer.

#### Pricing

Since the ban of admin fees last year, letting agents have had to come up with other ways to make money. The introduction of extra fees for inventories and cleaning means there are often hidden costs associated with moving house, which are often hidden on the tenancy agreement somewhere, (and let's face it, no-one reads the tenancy agreement).

In response to this, Relocation PA have made their pricing as transparent as possible and they never charge any fees on top of the rent initially advertised on their website. The same amount will need to be paid, each and every month. No hidden fees, no additions.

#### Zero deposit

One thing that might come as a surprise is that they don't take a deposit. Usually a deposit is a landlord's way of making sure they are covered if there is any damage caused by the tenant and is seen as a must. But adding a deposit makes moving very expensive for tenants so can reduce the appeal of the house.

**Zero Deposits** is an insurance policy that covers landlords in the event of damage. It allows landlords to ditch the deposit whilst still being protected. As Miles explains, *"This is another thing to sweeten the deal if the tenant is comparing like for like"*.

As you would expect Relocation PA's vetting system is rigid, to make sure everyone who moves into one of their houses is going to be a good tenant. It's impossible to get it right all the time, of course, but credit checks, bank statements, employer references, previous landlord references and guarantors really help a landlord to feel safe they've got a responsible tenant.

"We have a waiting list of tenants and are filling rooms almost instantaneously"

#### COMMUNITY

Many landlords have started talking about building communities, but how do you do it when you have 200 properties?

On a small scale, Miles says, they put things in each house that encourage tenants to be sociable, such as barbecues, outdoor seating, providing local information (such as bars, gyms and restaurants), anything they can to help people settle in and meet others. On a larger scale they have started organising parties for all tenants at local bars, putting money behind the bar to pay for food and drinks while their tenants all let their hair down and get to know each other. Last year they held a Summer BBQ and a Christmas Social and the uptake was amazing.

These events provide the tenants with the opportunity to meet a whole load of other people a similar age, which is brilliant if they are new to the city. Events also provide Relocation PA with the chance to win some points, and to get some feedback about how they're doing and if there's anything they can improve.

#### COMMUNICATION

Communication with tenants is paramount and getting feedback helps to improve the offering. Miles tells us, Becky, his property manager, is really good at finding out



information from the tenants, and feeding it back. *"Events give her the chance to talk to tenants directly and ask, 'What don't you like? What can we do better?'"* And tenants have responded really well to it. They love meeting new people too and it helps to keep them feeling like part of a community. It has also had a positive effect on retention rates, as well as helping to spread the word of Relocation PA's houses.

#### LOOKING TO THE FUTURE

Miles admits that when they first started their new lettings approach they worried, "We've either hit on something amazing here or we're completely stupid", and he had mixed reviews from other landlords. But six months on with 100% occupancy, a waiting list of tenants itching to move into one of his properties and a successful and engaging events calendar, Miles and his team at Relocation PA are not looking back. In fact, they're currently recruiting to help with the demand.

Putting the tenants first and giving them total flexibility was a drastic measure but it's a roaring success in the West Midlands. Could you offer something new to your tenants to put them first?



## CONTACT

If you want to find out more about Relocation PA, or you're a landlord in the West Midlands who wants to let your rooms through Relocation PA contact Miles on the below:

[www.relocation-pa.co.uk](http://www.relocation-pa.co.uk)  
Instagram: [relocation\\_pa](https://www.instagram.com/relocation_pa)  
Email: [miles@relocation-pa.co.uk](mailto:miles@relocation-pa.co.uk)

# CORONAVIRUS UPDATE

Since the outbreak Miles and his team have focussed on communicating well with their tenants, offering support where necessary

## NO CLEANING

All cleaning and maintenance has been stopped, along with inspections and anything else that involves other people entering the houses.

If there are any urgent maintenance issues or a gas safety certificate is needed, we will just have to ask all the tenants to stay in their rooms until it's finished. That's the only way we can do it at the moment.

## DELIVERIES

We've offered to deliver basic food supplies (if we can get them) to any house with any tenants with symptoms.

## WORKING FROM HOME

Our lettings manager mostly works from home anyway and as we're now doing virtual viewings, that works well. Our property manager can't really do much at the moment, as they can't go to the property and are only arranging maintenance for urgent issues.

## LETTINGS

We are no longer 100% full, as a few tenants have given notice since the outbreak. We filled two rooms last week from virtual viewings and we're still getting new enquiries, but it has definitely slowed down in recent weeks

## RENT REDUCTIONS

Due to jobs being lost, we had to adapt to be able to offer rent reductions. The team were quick to act and were very proactive in the early days, while the government were still figuring out what to do. We made a list of all potential tenants whose companies may close down, such as chefs, hotel managers etc. Then we rang them to discuss the situation and came up with a payment plan. At this point in time the government hadn't offered the Job Retention Scheme but once they had, several tenants were furloughed which meant they could actually pay their rent.

As you might expect some of the furloughed tenants have tried it on a bit, saying they still can't afford their rent and to live on only 80% pay, so we're looking at this on a case-by-case basis and offering rent reductions only where necessary.

## VIRTUAL VIEWINGS

All our viewings are now virtual. Luckily for us we already do professional VR tours of our properties using Matterport, and these videos are uploaded to our website, so this didn't add too much additional pressure to the team. It also hasn't affected business too much at the moment. We let several rooms last week from both the VR and the walk-through tours.

If a room becomes available on a property we don't already have a VR tour for we plan to conduct a zoom tour if absolutely necessary. Of course if this happens we'll ask all the tenants to go into their rooms for 10 minutes while we conduct the tour, so we won't come into contact with each other.

## COMMUNICATION WITH TENANTS

We have emailed all tenants to re-emphasise government guidelines and made them aware of guidelines for house shares and people living in close proximity, such as:

- If anyone is showing symptoms, only use one bathroom for them, use the kitchen last, use dedicated cutlery and crockery and wash all clothes regularly etc.
- Offering support and showing tenants where to find information about government help if they need it.

## REMOTE CHECK INS

We are now doing remote check ins and outs, where we (or the tenant) leave a key in the key safe and the new tenants lets themselves in. Once they're in they then ring us to run through the check-in remotely, as opposed to us meeting them at the property.



## NETFLIX

As a gesture of goodwill, to help tenants to stay entertained during this time, we've paid for Netflix subscriptions for all houses, to help tenants fill their time while on lockdown.

## HOUSE BINGO / HOUSE PARTIES AND ONLINE LESSONS

As a bit of fun and to keep tenants feeling upbeat we set up a game of Relocation PA House Bingo for all our tenants between different houses and we're also setting up house parties (using the House Party app) between tenants, as a chance to meet each other and get to know other tenants in different houses. We've also got tenants who are good at things like baking to put on an online baking tutorial for all our tenants if they want to keep them busy.