

Harry Garmon

From: KRS Holdings <ltaylor@krsholdings.com>
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To: Harry Garmon
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Residential Rentals Newsletter



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KRS Holdings, Inc.

January 2015

Dear Valued Friend,

KRS Holdings delivers successful property management based on simple math:

Add value to your assets; subtract unnecessary expenses.

For over a decade, KRS Holdings has used this equation to improve the bottom line for our residential real estate investor clients in Central Virginia.

We are frequently asked for continuing guidance in navigating the shoals of property management. This ***Residential Rentals E-Newsletter*** is an extended answer to those requests. Our intent is to share timely information that proves valuable to our clients - single and multi-family real property owners and lenders - as well as our industry friends and referral resources.

KRS Holdings, Inc. has specialized in property management since 1990. Our guiding principle has always been to maximize the value of our clients' residential assets, while we minimize their time commitment. To accomplish this vision, we've developed proprietary systems that typically increase the value of the properties we manage.

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**Successful property management is based on simple math:
Add value to your assets,
then subtract unnecessary expenses.**

KRS Holdings has successfully applied this equation for hundreds of property owners to thousands of rental units for more than a decade.

We'll be respectful of your time with a concise, focused editorial style ... and a touch of appropriate humor.

Certainly, I strongly encourage your comments and suggestions to increase the value of the [Residential Rentals E-Newsletter](#). I promise to review each and every submission and respond promptly.

Sincerely,
Kyle R. Stephenson, CEO



RENTAL PROPERTY BUYING OPPORTUNITIES !

Word Count: 757
Reading Time: 3 minutes

**Rental Property
Buying Opportunities in 2015
... What's not to like?**

That is the question asked and answered by Kyle Stephenson, CEO of KRS Holdings, a rental property management firm serving investors in Central Virginia. His response, "Absolutely nothing"!

There is nearly a perfect storm climate for rental property investors in 2015 ... one which may not prove repeatable for decades. What elements make up this unique mix particularly in the Greater Richmond and Tidewater regions? Three in particular:

1. Low mortgage interest rates.
2. Attraction of millennials.
3. Upward trending of rents.

Low Mortgage Interest Rates

Mortgage interest rates are below immediate post-World War II levels. In fact, mortgage interest rates fluctuated within a fairly narrow range of between 4.35 and 5.09 per cent, from 1946 through 1956. Today, 30 year fixed rate mortgages may be had for less than 4% ... perhaps the lowest for decades to come. [Click here for mortgage rates](#)

As cited in an article written month by Joel Cone in [US News & World Report](#)

Property Management Solutions

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"Two major concerns remain: tight lending standards, which continue to keep people who could otherwise afford to buy a home from qualifying for a loan to finance the purchase, and interest rates which are expected to hit at least 5 percent by year-end.

Attraction of Millennials

RealtyTrac® (www.realtytrac.com), the nation's leading source for comprehensive housing data, last month released an analysis of fair market rents and median home prices in more than 500 U.S. counties, which shows that buying is still more affordable than renting in the majority of U.S. housing markets. The opposite is true in markets with the biggest increase in the millennial share of the population over the last six years.

Take a look at the chart below. Clearly, the Greater Richmond area enjoys high marks when it comes to an increasing population of millennials - an upward bump in excess of 28% ... most of whom are renters.

State	County	MSA	2015 3 Bed Fair Market Rent	Fair Market Rent YoY Pct Change	Pct of Median Income to Rent	Pct Change in Millennial Population 2007 to 2013	October 2014 Unemployment Rate
VA	Alexandria City	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$1,951	-1%	28.18%	80.29%	3.6%
VA	Arlington	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$1,951	-1%	22.56%	78.31%	3.3%
CA	San Francisco	San Francisco-Oakland-Fremont, CA	\$2,801	5%	42.65%	59.14%	4.3%
CO	Denver	Denver-Aurora, CO	\$1,696	20%	32.95%	53.32%	3.9%
NY	New York	New York-Northern New Jersey-Long Island, NY-NJ-PA	\$1,904	3%	31.83%	44.95%	5.2%
NJ	Hudson	New York-Northern New Jersey-Long Island, NY-NJ-PA	\$1,673	2%	33.04%	35.67%	7.0%
TN	Davidson	Nashville-Davidson-Murfreesboro-Franklin, TN	\$1,130	0%	30.21%	35.05%	5.2%
OR	Multnomah	Portland-Vancouver-Beaverton, OR-WA	\$1,391	2%	31.00%	34.25%	6.0%
TN	Montgomery	Clarksville, TN-KY	\$1,035	2%	25.10%	30.56%	7.0%
DC	District Of Columbia	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$1,951	-1%	34.37%	30.40%	7.2%
MO	Saint Louis City	St. Louis, MO-IL	\$1,063	0%	40.97%	29.42%	7.3%
FL	Okaloosa	Fort Walton Beach-Crestview-Destin, FL	\$1,334	2%	29.18%	28.95%	4.5%
VA	Richmond City	Richmond, VA	\$1,306	1%	40.20%	28.27%	5.9%
WA	King	Seattle-Tacoma-Bellevue, WA	\$1,739	5%	28.21%	28.07%	4.5%
NC	Mecklenburg	Charlotte-Gastonia-Concord, NC-SC	\$1,120	2%	23.63%	23.76%	5.6%
MN	Hennepin	Minneapolis-St. Paul-Bloomington, MN-WI	\$1,403	5%	25.27%	23.18%	3.2%
IN	Marion	Indianapolis-Carmel, IN	\$1,056	2%	30.02%	22.32%	5.6%
TX	Bell	Killeen-Temple-Fort Hood, TX	\$1,136	5%	25.84%	21.65%	5.6%
NC	Durham	Durham, NC	\$1,127	4%	25.19%	21.53%	4.8%
GA	Fulton	Atlanta-Sandy Springs-Marietta, GA	\$1,213	2%	25.35%	21.11%	7.9%
FL	Orange	Orlando-Kissimmee, FL	\$1,330	1%	34.30%	20.40%	5.4%
LA	Orleans	New Orleans-Metairie-Kenner, LA	\$1,192	0%	40.81%	19.88%	7.2%
TX	Travis	Austin-Round Rock, TX	\$1,421	-2%	29.99%	19.74%	3.9%
IA	Polk	Des Moines-West Des Moines, IA	\$1,095	0%	22.27%	19.60%	4.2%
TX	Midland	Midland, TX	\$1,445	24%	21.82%	19.36%	2.5%

Compared to other desirable areas, Central Virginia is an attractive residential destination based on affordable living, availability of jobs and quality of life. That adds up to major pluses for residential rental investors.

Upward Trending of Rents

The HUD [Fair Market Rent Documentation System](#) regularly analyzes and projects anticipated rent moves. The following are the 2012 American Community Survey 5-year 2-Bedroom Adjusted Standard

Quality Gross Rent estimate and margin of error for Richmond, VA HUD Metro FMR Area.

The Richmond, VA HUD Metro FMR Area is comprised of the following counties: Amelia County, Virginia; Caroline County, Virginia; Charles City County, Virginia; Chesterfield County, Virginia; Cumberland County, Virginia; Dinwiddie County, Virginia; Goochland County, Virginia; Hanover County, Virginia; Henrico County, Virginia; King and Queen County, Virginia; King William County, Virginia; New Kent County, Virginia; Powhatan County, Virginia; Prince George County, Virginia; Sussex County, Virginia; Colonial Heights city, Virginia; Hopewell city, Virginia; Petersburg city, Virginia; and Richmond city, Virginia. All information here applies to the entirety of the Richmond, VA HUD Metro FMR Area.

The study concludes that the 50th percentile 2012 ACS Standard Quality Gross Rent is projected at a 2.3% upward trend into 2015.

In summary, the vision expressed by Daren Blomquist, vice president at RealtyTrac® (www.realtytrac.com) are both instructive and enlightening. As presented in the above referenced article by Joel Cone ...

The Big Picture for 2015

Looking at the nation's housing and economic indicators, there is plenty of positive news to justify continued investor optimism in 2015. Home sales -- both existing and new -- are projected to increase next year, which is welcome news for fix-and-flip investors.

Looking at the Numbers

Daren Blomquist says he believes 2015 is going to be a better year for buy-and-hold investors than for flippers -- with the caveat that real estate values vary from area to area and property to property, so investment strategies will have to adjust accordingly.

Still, Blomquist says he believes it is a good time to buy rental properties, because the dynamics of this market are right.

"We will see it flatten out because home prices are starting to flatten out as well. That will allow rents to catch up with home prices, which is good for buy-and-hold investors, but not as good for the flipper," Blomquist says.

Most residential rental experts agree that while multi-family home prices are maxed out, bargains are still out there for single family residences. So, for residential rental investors in Central Virginia, it may be an excellent time to expand your investment or maybe put your toe in the water as a first-time landlord.

Call or Email Today!

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