

Corporate housing a rental option

The housing market is making it hard for many home owners to sell. Yet the alternative—becoming a landlord and renting out your house—isn't always appealing. A growing number of savvy home owners are pursuing a third option, renting out their homes as corporate housing.

Kajal Agarwal is one home owner who's making corporate housing work for her. Agarwal and her husband lived in their small condo in Chicago's established Lakeview neighborhood for four years. When they decided they wanted a larger living space and good schools for their son who was about to start kindergarten, they decided to head to the suburbs.

"We wanted to move, but we were caught in the middle of a soft housing market. There were two other condos for sale in our building and both had been on the market for more than a year," Agarwal said. "We decided to move and rent out our Lakeview condo to cover the mortgage payment."

Agarwal said her first rental experience soured her because of a bad tenant who she had to evict. Not one to give up, Agarwal decided to try her hand at renting again, only offering her condo as a fully furnished corporate housing rental instead.

"As a former traveling business consultant, I was familiar with the corporate housing concept and knew I would attract high quality renters. I listed my home for rent on CorporateHousingbyOwner.com and found my first renter in days," Agarwal said, adding that she has had a pool of high caliber renters to choose from ever since.

Agarwal's story is typical, said Kimberly Smith, the founder of CorporateHousingbyOwner.com, a Web site that connects individual home owners offering fully-furnished short-term rentals with potential corporate housing renters.

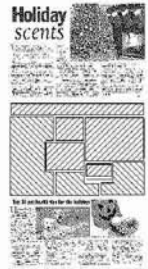
"Many home owners turn to the rental market without first researching the market and developing both a management and marketing plan. They quickly realize first-hand just how difficult it can be and how much competition is around," Smith said. "Kajal was savvy enough to know that offering her home to business travelers as furnished, temporary housing would set her apart from other rental properties, increase her monthly income, and help her to find the kind of renter she desired."

Adriane Webb, a home owner and real estate investor in the DC-metro area, also decided to try her hand at renting.

Webb said she was looking to expand her real estate portfolio by purchasing a second investment property. Shortly after that, the bottom fell out of the housing market.

"The changing market conditions became very challenging for us," Webb said. "While we did have one property rented, the income earned was not enough to cover other associated expenses, like home owner association fees, leaving us to supplement the difference. Moreover, our second property sat idle with no renter for several months. That's when I began to worry."

Webb began brainstorming ways to attract



quality renters. She remembered when her husband was stationed overseas and the couple stayed in a fully furnished rental. She did a few searches on the furnished rental market and found that she could convert her “for-rent” property into a furnished corporate housing rental.

“I quickly updated the floors, gave the property a fresh coat of paint, and purchased new furnishings and linens,” she says. Within three days of listing her property online, Webb had booked her first tenant.

Elaine Quiroz, president of Virginia-based corporate housing consulting firm Corporate Housing Strategies, said that anyone looking to convert their home or investment property into a furnished rental should take some time to consider everything that is involved.

“Furnished rentals require more up-front costs and more effort in terms of coordinating turn-over between tenants, as renters typically stay for one month or more and rarely sign 12-month leases,” she said.

Smith of CorporateHousingByOwner.com agreed, adding, “Corporate housing isn’t for the passive real estate investor. It takes dedication and investment from the home owner. But

with the right location and right home owner, it can be a much more lucrative proposition that enables a home owner to make more money and attract an ongoing stream of high-caliber tenants.”

“I am learning as I go and continually figuring out how to adjust my rates to cover my expenses and still attract quality renters,” Webb said. “It’s a learning process, but one that I’m excited to be a part of.”

—ARA Content

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Corporate housing requires dedication and investment from the home owner, but can produce lucrative results.



Offering a home to business travelers as furnished, temporary housing can increase the property owner's monthly income and create a pool of high-caliber renters from which to choose.