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JUNE 2019

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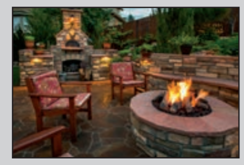

Real Estate Jobs Focused Mostly in Apartment Sector *Page 10*

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INSIGHT FOR RENTAL HOUSING PROFESSIONALS

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Circulated Monthly To Thousands Of Apartment Owners, Property Managers, On-Site & Maintenance Personnel

Protecting Pet-Friendly Properties

By Holly Welles

Before you included a pet policy in your lease, you weighed the pros and cons. On the one hand, you would increase interest in your rental properties and improve their profitability. A pet policy would have clear benefits for your bottom line. On the other hand, you would have to spend a significant sum of money on maintenance. Cats and dogs aren't exactly kind to hardwood flooring, and the condition of your rentals could suffer. The repair costs would add up quickly over time. Regardless, you moved forward with a pet policy. Your tenants are now living with their furry friends, and you've had to address a diverse variety of new challenges. If the rental's interior wasn't enough, you also have to worry about the lawn.

So how do you begin to address these issues? How do you manage your new commitment? Though it may seem overwhelming at the moment, there are strategies to protect your rental properties, and any of the five

See 'Tips' on Page 9

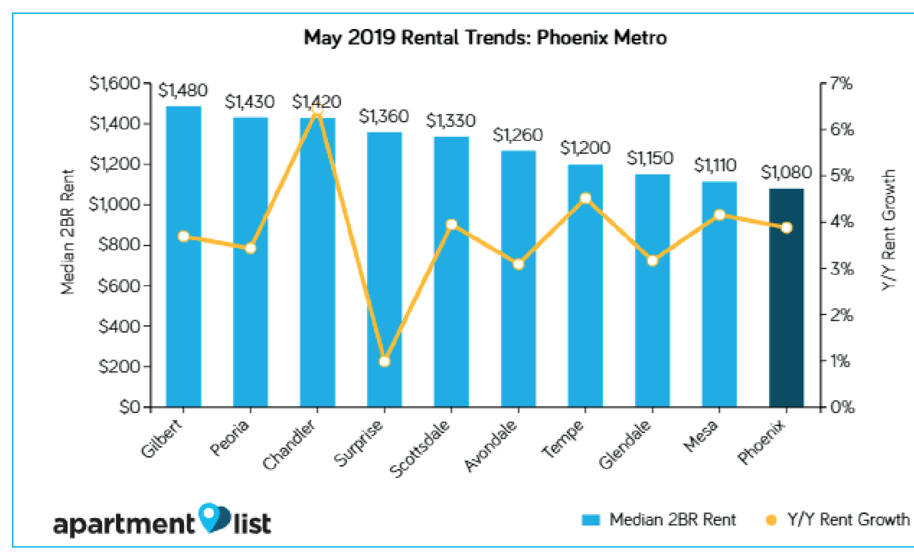
Gilbert Rents Most Expensive, While Chandler Rents Jump

Apartment List

The May rent report for the valley shows that Gilbert has the most expensive rents in the metro and Chandler has rapidly rising rents, according to the latest monthly report from Apartment List.

Here is a quick summary:

- Gilbert has the most expensive rents in the Phoenix metro, with a two-bedroom median of $1,480; the city has also seen rent growth of 1.5% over the past month, the fastest in the metro.
- Over the past month, Surprise is the only city in the metro that has seen rents fall, with a decline of 0.7%. Median two-bedrooms there cost $1,360, while one-bedrooms go for $1,090.
- Phoenix proper has the least expensive rents in the Phoenix metro, with a two-bedroom median of $1,080; rents increased 0.4% over the past month and 3.9% over the past year.



Phoenix rents have increased 0.4% over the past month, and have increased moderately by 3.9% in comparison to the same time last year.

Currently, median rents in Phoenix stand at $870 for a one-bedroom apartment and $1,080 for a two-bedroom. The city's rents have been increasing for 18 straight months - the last time rents

See 'Phoenix' on Page 8

Gov. Ducey Signs Bill Putting Some Restrictions on Short-Term Rentals

Rental Housing Journal

Arizona Gov. Doug Ducey has signed Arizona House Bill 2672, which prohibits homeowners from allowing properties to be used for special events and parties that create noise in neighborhoods.

Gov. Doug Ducey

However, some legislators feel the bill did not go far enough to protect neighborhoods.

The sponsor of HB 2672, Rep. John Kavanagh, R-Fountain Hills, said that the bill will put an end to "party houses" where a home in a residential neighborhood suddenly becomes the site for dozens and dozens of guests.

There were a number of failed attempts to amend the bill during the session to deal with the number of guests permitted in a house. However, the main part of the bill that made it through prohibits vacation rentals from being used for non-residential purposes, like special events, retail operations, restaurants or banquet space.

"What originally was sold as a way for empty-nesters and other owner-occupants to make extra money by renting a spare bedroom to a foreign tourist has become a multibillion-dollar industry that heavily caters to large groups and special events where entire homes are rented out and treated like bars and concert halls," Rep. Isela Blanc, D-Tempe, told the *Arizona Capitol Times*.

Blanc said the bill doesn't go far enough. She suggested that cities be permitted to limit these rentals to houses where the owner is the resident or the house is a second home.

"However, if you are just a capital investor coming in and changing the neighborhood completely by buying up as many homes as possible so you can continue to profit by calling yourself an Airbnb business, then you should be treated as a hotel," Blanc told the paper.

Data from the Denver-based research firm AirDNA shows the Airbnb market has exploded in Arizona during the past five years, according to the *Arizona Republic*.

In late 2014, Phoenix had 687 properties for rent listed on Airbnb, and only 245 of them were rented even one night in December of that year.

By March of this year, that number had boomed to 4,224 listed properties.

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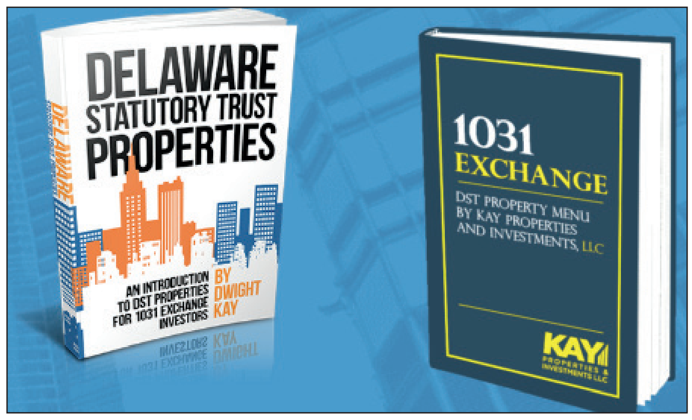
1031 Exchanging into a REIT: The 721 UPREIT as an Option for Investors

By Orrin Barrow, Vice President
Kay Properties and Investments, LLC



Here at Kay Properties, we have many clients who inquire about different 1031 exchange options. Some of our investors have inquired about the 721 UPREIT (Umbrella Partnership Real Estate Investment Trust) mechanism in both DSTs and Private and Publicly Registered Non-Traded REITS. The question that many investors ask is – Can I 1031 Exchange into a REIT? The 721 UPREIT can be a potential answer to this question; however, there are multiple items that investors must be aware of and carefully consider prior to deciding to pursue this route.

- 1. After The 721 UPREIT transaction is completed, it marks the end of an investor's 1031 exchange capabilities. If an investor utilizes the 721 UPREIT then they will no longer be able to utilize the 1031 exchange, and when they sell their interests in the REIT that they exchanged into via the 721, they will be paying their taxes. For many investors, the idea of no longer being able to defer their federal capital gains taxes, state capital gains taxes, depreciation recapture tax and Medicare surtax is a frightening thought – some of these investors then decide that a 721 UPREIT is not for them. An approach that we have utilized is one in which an investor exchanges a portion of their equity via the 721 UPREIT and with the rest of their equity they then continue to utilize the 1031 exchange into Delaware Statutory Trusts (DSTs) whereby they are able to defer future taxes.
- 2. Investors need to be aware that with a 721 UPREIT, their interest in real estate will be transferred to Operating Partnership (OP) units. Many investors are not aware that the OP units are, or will be, if the REIT lists on a stock exchange, potentially tied to a fluctuating stock price. Due to the volatility of the stock market, investors who utilize a 721 UPREIT into a REIT that is public or will potentially go public in the future, are subject to the ups and downs of the stock market and are no longer owners of private real estate.
- 3. The 721 UPREIT often has liquidity and pricing lock-ups that many investors are not always aware of. Utilizing the 721 UPREIT, an investor could be trapped in a Private or Publicly Registered Non-Traded REIT for 5-15 years or even forever, causing the investment to actually be highly illiquid as opposed to the liquidity they hoped they were going to receive by selling their shares once the REIT was publicly traded. Again, this is why we use the approach of using a portion of the 1031 exchange proceeds in a 721 UPREIT strategy, and then deploy the remainder into a portfolio of DST properties that will have the potential for a staggered exits whereby the investor has the choice of 1) doing another 1031 exchange into more DSTs (where the investor must read the Private Placement Memorandum of each DST to understand the business plan and risk factors of investing in DSTs), 2) doing another 1031 exchange into any other type of like-kind property that they would own and manage on their own or 3) cashing out and paying their taxes.
- 4. Private to Public conversion of REITs have, in certain circumstances, been favorable for investors, and in many other cases have been terrible for investors. We have seen many Private to Public REIT conversions result in large losses to investors. Last year we saw a situation where Publicly Registered Non-Traded REITs properties were solid but upon going public the investors lost millions of dollars overnight. Again, this is an example of one REIT going public and may not be the outcome of all REITs becoming publicly traded. We all understand that with real estate investing there are no guarantees; however, investors need to understand that the 721 UPREIT is no exception. This is the reason why not putting all of your 1031 equity into one offering that is planning on a 721 UPREIT is prudent. Even if the offering has a large portfolio of properties, it is still a standalone investment that investors should protect themselves from concentration risk via diversifying into multiple separate DST offerings.

The 721 UPREIT can be a useful tool for investors when utilized within a broader diversification strategy. We at Kay Properties are big proponents of encouraging our clients to use various strategies to build a diversified portfolio for their 1031 exchanges. For a free consultation on the various 1031 exchange, Delaware Statutory Trust, and 721 UPREIT offerings we have available, please register at www.kpi1031.com.

Diversification does not guarantee profits or protect against losses.

How to Interview and Select a Property Manager

Dear Landlord Hank:

What are tips for interviewing property managers? What are key things to establish in the beginning of the relationship that helps both parties? Are there standard responsibilities that all property managers can be expected to oversee like communicating with tenants? Are some responsibilities dependent on the individual agreement like overseeing unit remodels, meeting contractors, etc? What should an out-of-state landlord consider? **– Audrey**

Dear Landlady Audrey,

A great way to find a really good property manager is through a referral.

If you don’t have any friends with rental property, maybe you or a friend know a well-respected Realtor.

Most Realtors concentrate on sales and not rentals, but they normally know a good rental person.

I would interview the property manager in person, if possible, to see how they present themselves. Do they come across as a professional, etc?

When you find a good property manager make sure you have a written agreement of what the property manager will do and what it will cost for services. If you have questions, I’d ask via email so you have a written log of communication. Avoid the “he said, she said” with no proof.

If something is not covered in the agreement, then have it written in and initialed.

Property managers should take care of the property like they own it

Property managers should take care of the property like they own it themselves.

The property manager should take the owner out of the situation of day-to-day management. However, the property manager should communicate in writing with the owner regarding maintenance needs, complaints, how they were dealt with, and accounting.

The property manager will deal with all the following:

- Tenant relations-complaints
- Questions
- Rent payment
- Late fees
- Maintenance repairs
- Scheduling
- Follow up – making sure good repairs were completed in timely manner
- Leasing and re-leasing before current lease is over if tenants aren’t renewing

What is NOT the property manager’s job

It is NOT the property manager’s job to oversee a remodel of a unit.

You should employ a general contractor for that purpose.

The general contractor will get subcontractors in and out of the unit after he hires them and gives them specific jobs for an upfront estimate.

Now if you mean property maintenance instead of remodeling, the property manager should handle that.

You want your unit to be well maintained at all times.

Sometimes painting is required when a tenant leaves. Also patching holes in walls, carpet repair/replacement, leaking plumbing, etc. These issues are something a property manager should take care of for you.

If you are an out-of-state landlord, then this process is even more important since it’s not easy nor convenient for you to check on your property yourself.

I would have someone you know and trust check on the property from time to time and walk the property. Don’t just do a drive by.

You personally should inspect the property once in a while too, if you can. You can also have the property manager video chat with you as he or she walks around the property and shows you your place.

“Landlord Hank” Rossi started in real estate as a child watching his father take care of their family rentals in small-town Ohio. As he grew, Hank was occasionally his dad’s assistant. In the mid-’90s he decided to get into the rental business on his own, as a sideline. In 2001, Hank retired from his profession and only managed his own investments. A few years ago he and his sister started their own real estate brokerage, focusing on property management and leasing.

6 Ways to Upgrade Apartment Common Areas

Keepe

What are six ways to upgrade the look and feel of apartment common spaces you can take to keep tenants happy? Here are some tips in this monthly maintenance feature.

Community living has become a growing trend in multifamily housing, especially among younger people, including millennials and Generation Z renters.

Co-living spaces allow residents to have room to spend time, meet with others and work professionally outside of their units. Dedicated shared spaces are easy to incorporate into existing properties.

If you currently have a common space or have room in your building to dedicate to a community space, you may want to consider the following:

Lighting can be very inviting

Add indoor lighting throughout your property to brighten up the rooms. If you have outdoor spaces, light fixtures can elevate the space of a walkway, or a larger communal area such as a shared outdoor patio.

Add new furniture

Installing new pieces of furniture in an existing communal space in your building can attract new groups of people. Be aware of how you arrange your furniture. Don't space the pieces too far apart, since you want to make the space intimate and approachable for groups of people.

Bring in some plants

Greenery can add a lot to a shared space. Add artificial or real plants and flowers in traditional areas, such as on a coffee table, in the kitchen or on the sides of a hallway.

Use textiles with some color

Layer accessories like pillows, cushions, and rugs to add extra warmth to a space. Use spots of color to pull more eyes into a specific space.

Add wall decoration

Shelves, paintings, and mirrors are great additions that can bring your empty walls to life. Keep it personal, not commercial-looking. Think about how you would decorate your own home or apartment.

Accessories rule

Think about adding kitchenware in shared kitchens, books in a shared library or workroom, and similar small details and accessories to make communal spaces more resourceful and more like home. Residents will appreciate these little details and potentially spend more time due to these small amenities.

These quick fixes are easy to incorporate into any size space.

When brainstorming what features to include in your property, ask yourself what sorts of finishing touches would make you feel welcome. And whenever you add new features to your property, be sure to communicate these features to your tenants so that they are aware and more likely to explore the living spaces.

The small investments you make in your property can go a long way toward tenant morale and can become incentives to renew their leases.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and soon to an area near you. Learn more about Keepe at https://www.keepe.com.

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Top 5 Maintenance Emergencies versus Maintenance Requests

Keepe

What are true apartment maintenance emergencies vs. maintenance requests is this month's maintenance checkup from Keepe to help guide property managers,

What counts as a maintenance emergency in an apartment property?

Any situation that threatens the safety and well-being of tenants.

The five events listed below are cases that would need immediate attention. Educate tenants on these common – but serious – issues and make a proactive plan on how to deal with these emergencies to ensure safety and to stay ahead of repairs.

No. 1 – Gas Smell

This should be No. 1 on your list. Natural gas is a huge hazard. Educate tenants by letting them know the importance in identifying this issue, and staying away from inhaling potentially poisonous gas. Address this issue over all others because this issue can be fatal.

No. 2 – No Heat or Air Conditioning

A broken heating or cooling system is cause for an emergency. If the HVAC system in your property fails to function, have the issue inspected quickly to ensure tenants stay safe from potential mechanical failures. Know who you are going to call ahead of time to fix this type of issue, and who you can count on to help if this maintenance emergency happens. Be prepared.

No. 3 – Power Out

Whether it's just inside a unit or outside as well, electrical failure is another important reason to contact a maintenance professional. A power outage can quickly lead to safety issues. Property managers can become liable for power-outage issues surrounding untimely repairs or if the issue occurs frequently.

No. 4 – Plumbing Issue

If it's more than a small leak, it is an emergency. Issues with plumbing can grow exponentially. In any case, turn the water valve off to ensure no further flooding ensues until a plumber checks out the issue.

No. 5 – Septic Tank Failure

A backed-up septic tank will overflow and allow toxic waste to flow near or even into a property, which is dangerous and damaging. Septic tank failures are extremely important to address immediately to address the countless safety issues that may arise. Septic tank failures are also a larger and time-sensitive project to take on, so be sure to enlist an emergency maintenance professional for the job.

As a property manager, your top priority is to keep everyone in your building safe. A sure way to address maintenance emergency issues is by keeping a list of potential maintenance vendors ready for your or have someone on-call at all times to manage maintenance issues. Regardless of your tactic, be sure to remain aware of these five possible emergencies.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at https://www.keepe.com

Phoenix Proper has the Least Expensive Rents

Continued from Page 1

declined was in November 2017. Phoenix's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

City	Median 1BR price	Median 2BR price	M/M price change	Y/Y price change
Phoenix	$870	$1,080	0.4%	3.9%
Mesa	$890	$1,110	0.6%	4.1%
Chandler	$1,140	$1,420	1%	6.4%
Glendale	$920	$1,150	0.5%	3.2%
Scottsdale	$1,070	$1,330	0.2%	3.9%
Gilbert	$1,190	$1,480	1.5%	3.7%
Tempe	$960	$1,200	0.8%	4.5%
Peoria	$1,150	$1,430	0.1%	3.4%
Surprise	$1,090	$1,360	-0.7%	1%
Avondale	$1,020	$1,260	1.3%	3.1%
Goodyear	$1,140	$1,420	0.4%	1.1%
Buckeye	$980	$1,220	0	1.5%
Apache Junction	$580	$720	-0.1%	0.9%
Fountain Hills	$1,040	$1,300	0.8%	2.2%

East Valley Rent Report

Gilbert rents increase sharply over the past month

Gilbert rents have increased 1.5% over the past month, and are up moderately by 3.7% in comparison to the same time last year.

Currently, median rents in Gilbert stand at $1,190 for a one-bedroom apartment and $1,480 for a two-bedroom. This is the second straight month that the city has seen rent increases after a decline in March. Gilbert's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

Chandler rents also increase sharply over the past month

Chandler rents have increased 1.0% over the past month, and have increased sharply by 6.4% in comparison to the same time last year.

Currently, median rents in Chandler stand at $1,140 for a one-bedroom apartment and $1,420 for a two-bedroom. This is the fourth straight month that the city has seen rent increases after a decline in January. Chandler's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

Tempe rents increase significantly

Tempe rents have increased 0.8% over the past month, and have increased significantly by 4.5% in comparison to the same time last year.

Currently, median rents in Tempe stand at $960 for a one-bedroom apartment and $1,200 for a two-bedroom. This is the fifth straight month that the city has seen rent increases after a decline in December of last year. Tempe's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

Mesa joins the rising East Valley rent trend

Mesa rents have increased 0.6% over the past month, and are up significantly by 4.1% in comparison to the same time last year.

Currently, median rents in Mesa stand at $890 for a one-bedroom apartment and $1,110 for a two-bedroom. The city's rents have been increasing for 18 straight months - the last time rents declined was in November 2017. Mesa's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

Scottsdale rents increased only slightly over the past month

Scottsdale rents have increased 0.2% over the past month, and have increased moderately by 3.9% in comparison to the same time last year. C Currently, median rents in Scottsdale stand at $1,070 for a one-bedroom apartment and $1,330 for a two-bedroom.

The city's rents have been increasing for 18 straight months - the last time rents declined was in November 2017. Scottsdale's year-over-year rent growth leads the state average of 3.4%, as well as the national average of 1.5%.

West Valley Rent Report

Glendale rents increased significantly over the past month

Glendale rents have increased 0.5% over the past month, and are up moderately by 3.2% in comparison to the same time last year.

Currently, median rents in Glendale stand at $920 for a one-bedroom apartment and $1,150 for a two-bedroom. This is the fifth straight month that the city has seen rent increases after a decline in December of last year. Glendale's year-over-year rent growth lags the state average of 3.4%, but exceeds the national average of 1.5%.

Peoria rents increased marginally over the past month

Peoria rents have increased 0.1% over the past month, and are up moderately by 3.4% in comparison to the same time last year.

Currently, median rents in Peoria stand at $1,150 for a one-bedroom apartment and $1,430 for a two-bedroom. The city's rents have been increasing for 18 straight months - the last time rents declined was in November 2017. Peoria's year-over-year rent growth is on par with the state average of 3.4%, but exceeds the national average of 1.5%.

Avondale rents increase sharply over the past month

Avondale rents have increased 1.3% over the past month, and have increased moderately by 3.1% in comparison to the same time last year.

Currently, median rents in Avondale stand at $1,020 for a one-bedroom apartment and $1,260 for a two-bedroom. This is the fourth straight month that the city has seen rent increases after a decline in January. Avondale's year-over-year rent growth lags the state average of 3.4%, but exceeds the national average of 1.5%.

Buckeye rents held steady over the past month

Buckeye rents have remained flat over the past month, however, they are up slightly by 1.5% year-over-year.

Currently, median rents in Buckeye stand at $980 for a one-bedroom apartment and $1,220 for a two-bedroom. Buckeye's year-over-year rent growth lags the state average of 3.4%, but is in line with the national average of 1.5%.

Surprise rents declined over the past month

Surprise rents have declined 0.7% over the past month, but have increased slightly by 1.0% in comparison to the same time last year.

Currently, median rents in Surprise stand at $1,090 for a one-bedroom apartment and $1,360 for a two-bedroom. This is the second straight month that the city has seen rent decreases after an increase in March. Surprise's year-over-year rent growth lags the state average of 3.4%, as well as the national average of 1.5%.

Tucson: rents increased slightly over the past month

Tucson rents have increased 0.3% over the past month, and have increased slightly by 1.9% in comparison to the same time last year. Currently, median rents in Tucson stand at $710 for a one-bedroom apartment and $940 for a two-bedroom. The city's rents have been increasing for 35 straight months - the last time rents declined was in June 2016. Tucson's year-over-year rent growth lags the state average of 3.4%, but exceeds the national average of 1.5%.

Rents rising across the Phoenix Metro

Throughout the past year, rent increases have been occurring not just in the city of Phoenix, but across the entire metro. Of the largest 10 cities that Apartment List has data for in the Phoenix metro, all of them have seen prices rise.

As rents have increased moderately in Phoenix, a few other large cities nationwide have also seen rents grow modestly. Phoenix is still more affordable than most comparable cities across the country.

While Phoenix's rents rose moderately over the past year, many cities nationwide also saw increases, including Las Vegas (+3.7%), San Antonio (+2.4%), and Denver (+1.8%).

Data from private listing sites, including Apartment List, tends to skew toward luxury apartments, which introduces sample bias when estimates are calculated directly from these listings. To address these limitations, Apartment List has recently made major updates to the company's methodology to improve the accuracy and reliability. Apartment List starts with reliable median rent statistics from the Census Bureau, then extrapolate them forward to the current month using a growth rate calculated from Apartment List data. In doing so, the company uses a same-unit analysis similar to Case-Shiller's approach, comparing only units that are available across both time periods to provide an accurate picture of rent growth in cities.

Join AZREIA June 10 in Phoenix, June 11 in Tucson

Now that summer is warming up, you might be taking that much-needed time off for a vacation with the family or simply much-needed time away from your real estate business … or are you?

Come join us for AZREIA's next meeting at the Celebrity Theatre from 5:15 to 9 p.m. on Monday June 10.

• Don't have enough time, up to your neck with projects?

• Your business is running you vs. you running your business?

AZREIA
ARIZONA REAL ESTATE INVESTORS ASSOCIATION

• June's meeting is spot-on for you!

Spend June's AZREIA meeting discovering the life-changing principles of "LIFEONAIRE." See how many are learning prosperity via real estate through planning and living an abundant lifestyle while leveraging real estate as the tool to make it happen.

This will be a great opportunity to use your summer as a "Get-A-Life" Getaway!

If you are in Tucson, come on Tuesday, June 11 to the Tucson Association of Realtors from 5:15 to 8:30 p.m.

Plus, Investor-to-Investor Networking and dynamic "Haves & Wants" are an important part of the Tucson AZREIA meeting.

This is your chance to meet local investors, ask for what you need and share what you have. Deal of the Month is your chance to find out what your local investors are doing and how they are doing it. Don't miss this opportunity!

Tips for Protecting Pet-Friendly Properties

Continued from Page 1

suggestions below will help.

1. Take Precautionary Measures

Even a minor adjustment to the interior of a rental is enough to prevent damage. When you replace a set of longer curtains with thick blinds, you stop curious kittens from testing their claws. Here is a long list of precautionary measures to reduce risk. To provide another example, you can encourage your tenants to place a waterproof mat beneath their pet's food and water dishes. It's a relatively simple addition that will guard against moisture and preserve the condition of your properties.

2. Install Scratch-Resistant Flooring

You may feel like your flooring's at risk in a pet-friendly rental, which is perfectly rational. An overexcited dog can cause an enormous amount of destruction if they hear a doorbell. However, you have a variety of methods to mitigate the damage. If you're interested in a long-term solution, scratch-resistant flooring is effective. You have many things to consider of course, like traction, comfort, resistance and appearance, but it's a reasonable option. Laminate boards have particular appeal for their durability and broad spectrum of styles.

3. Organize a Screening Process

No two dogs are exactly alike. They may share similar qualities if they're the same breed, but their personalities can

dramatically differ. One of them may have an enormous amount of energy, while another may prefer to sleep most of the day. Naturally, you want to ensure your tenants' pets won't cause any problems. You can't afford to generalize just because the bulldogs you've met in the past were docile and friendly. Instead, you can implement a screening process with these questions.

- What is the pet's size?
- What is the pet's breed?
- How old is the pet?
- Is the pet trained? Is it house- or litter-box trained?
- Does the pet have its vaccinations?
- Does the pet have any history of aggression?

You'll gradually gain a better understanding of the tenant's pet, allowing you to make an informed decision.

4. Look into Renters' Liability Insurance

Your tenant's pet is a potential liability. A dog could bite another tenant without warning, and you have to prepare for the possibility. To reduce risk, you should require your tenants to carry renters' liability insurance, assuming your local and state laws allow it. Concerning the insurance itself, it's best to check for a dog-bite exclusion or similar limitation. Though it may cover damage from pet accidents, you should search for that additional detail to preempt any problems to ensure the security of your rentals.

5. Request an Additional Payment

You can offset the higher costs of pet-friendly rentals with an additional charge. Your options include pet rent, a pet deposit or a nonrefundable pet fee.

Depending on your set of circumstances, one or more of the following charges may seem appropriate.

- **Pet rent:** A monthly charge that falls between $20 and $100. You add it to the baseline rent price.
- **Pet deposit:** A refundable fee to cover any pet-related damages. Research state laws before you proceed.
- **Nonrefundable pet fee:** An up-front cost for allowing the tenant to keep a pet on your property.

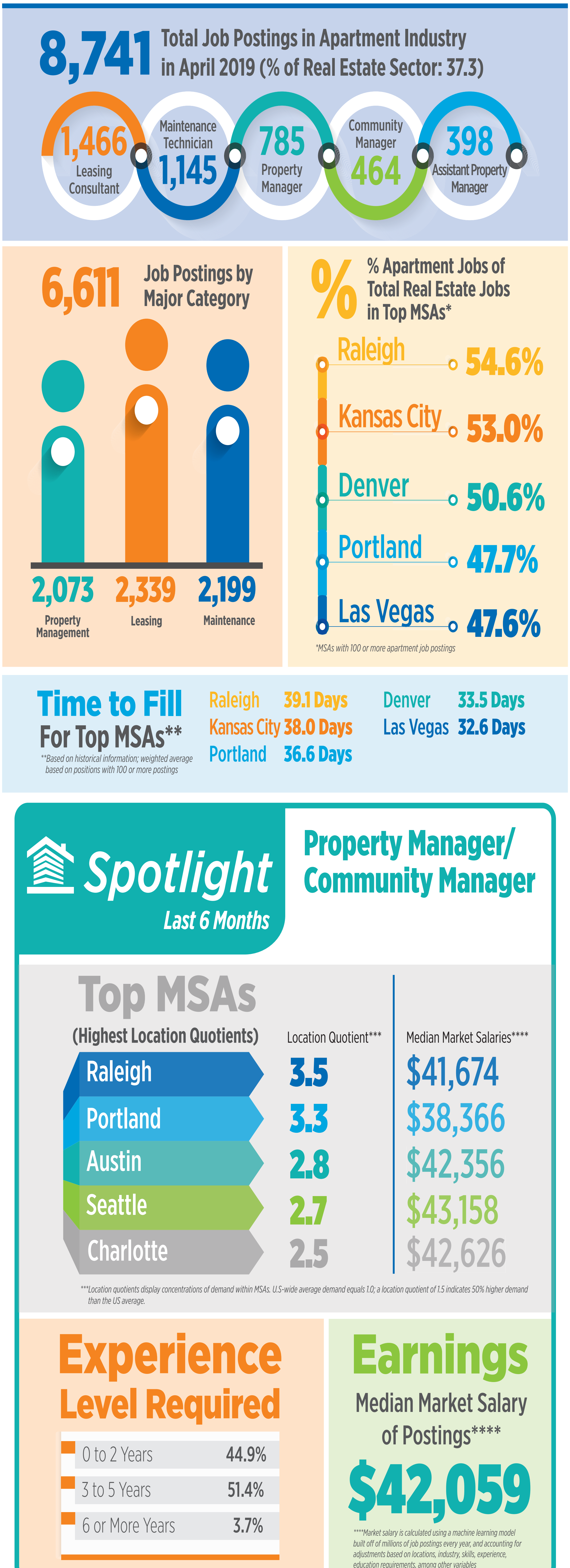
As you evaluate these options, keep in mind that some states have restrictions on this type of practice. Also, if the fee you impose is too high, a judge may not enforce it if a tenant chooses to challenge you. Keep the costs within reason.

Protecting Your Pet-Friendly Rentals

Even with the risks of pet-friendly rentals, they're well worth the extra investment. Sure, you may have to pay more for maintenance and handle similar issues. But the benefits of a pet policy are just as important to acknowledge. Now that you allow pets in your rental properties, you'll enjoy a larger pool of potential tenants and higher rent payments. More than that, you can feel a sense of pride in the knowledge that you're doing a good thing.

Holly Welles writes about real estate market trends from a millennial perspective. She is the editor behind The Estate Update, a residential real estate blog, and keeps up with the industry over on Twitter @HollyAWelles.

Real Estate Jobs During April Focused Mostly in Apartments



NAA National Apartment Association Education Institute

Apartment Jobs Snapshot

April 2019

National Apartment Association

In the latest jobs report from the National Apartment Association, Denver is near the top in the country with more than 50 percent of real estate jobs driven by openings in the apartment industry.

Nationwide, in preparation for the impending leasing season, over 8,000 apartment jobs were available during April, accounting for 37 percent of the broader real estate sector.

Open positions were driven primarily by Denver, Raleigh, Kansas City, Portland and Las Vegas.

April's edition highlights Property Manager/Community Manager positions, with a median salary of $42,059.

In addition to property management experience, employers are seeking candidates with strong budgeting skills, staff management skills, and experience with property management software.

The recent influx of new supply in the Raleigh MSA has contributed to the high concentration of demand for property managers.

National Apartment Association Jobs Report Background

The jobs report focuses on jobs that are being advertised in the apartment industry as being available, according to Paula Munger, Director, Industry Research and Analysis, for the National Apartment Association's Education Institute.

"Our education institute is a credentialing body for the apartment industry. They hear often that one of the biggest problems keeping our industry leaders up at night is the difficulty in finding talent, attracting talent and retaining talent," Munger said. "Labor-market issues are happening in a lot of industries, certainly with the tight labor market we have."

NAA partnered with Burning Glass Technologies. "They have a labor-job posting database that is proprietary," she said, and they can "layer on data from the Bureau of Labor Statistics (BLS). We looked at that and thought we could do something that is really going to help the industry and help benchmark job titles and trends as we go forward," Munger said.

Sources: NAA Research; Burning Glass Technologies; Data as of April 30, 2019; Not Seasonally Adjusted

What Workforce Trends Say About Apartment Amenities

By Holley Welles

The personal and professional lives of the average person are now often intertwined in today's busy world. So how does this trend affect apartment amenities?

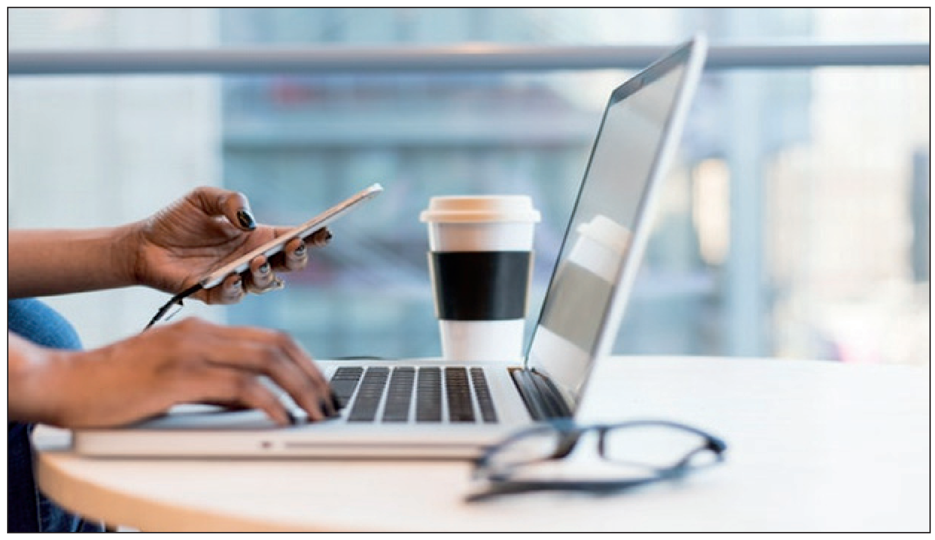
With the rising popularity of telecommuting, the living space and the workspace are beginning to blend, phasing out the familiar nine-to-five. Needless to say, it's crucial to keep current with these trends.

Naturally, potential tenants are searching for properties that support all aspects of their lifestyle. This includes their work.

Since that definition is evolving, apartment amenities have to change as well. Adaptation is one of the key factors behind continued success.

With that in mind, how should property managers approach the subject of their amenities? Which workforce trends should they consider when planning improvements for their multifamily properties?

It isn't always such a simple subject, especially with the limitations of a strict budget. Regardless, it's possible to attract a greater number of tenants and increase occupancy rates with only a few adjustments. Many of them are comparatively inexpensive when compared to other renovations. What are the best modifications, and how can a property manager make room for them?



High-Speed Internet Connection

More people are remaining at home over the course of their workday, sending emails, completing projects and fulfilling their responsibilities from the comfort of their home. Internet connectivity has made this possible.

Property managers can enhance that connectivity with an investment in high-speed internet. While their existing infrastructure no doubt supports an internet connection already, they can take additional measures to ensure it's strong and reliable. That said, an upgrade may prove expensive.

Given the cost of a multiunit wi-fi network, property managers with the means might decide to offer it for free as an attractive competitive advantage. As they enjoy the benefits of this change, they can research the potential of 5G networks, which are likely to lead to new developments in wireless infrastructure.

Flexible Community Spaces

Telecommuters will want a work-friendly area outside their apartments where they can congregate with other residents. Though they can manage their responsibilities without leaving their apartments, a little variation is appealing. Sitting at the same workstation day after day can start to feel stale.

Taking this into account, potential tenants will prioritize a multifamily property with a flexible community space. The fact that 43 percent of Americans spent time working remotely last year only reinforces the value of this amenity. It'll continue to increase in relevance, moving through 2019 into the next decade.

Of course, creating a new community space can cost a substantial amount of money — but property managers don't have to invest in large-scale renovations. They should evaluate their properties and see how they might adjust or rearrange an existing room to make it more accommodating for remote workers.

Package Delivery Service

In the past, property managers handled packages for their tenants, an obligation that is unsustainable as the number of home deliveries increases.

Fortunately, the installation of package lockers has alleviated much of the burden. They differ in their capabilities, depending on the quality of the technology, from a basic setup to a more complex smart locker. These storage alternatives send a text message and email with a code when a tenant receives a package.

While these smart lockers aren't a mandatory addition, they're an attractive amenity for tech-savvy tenants and an incredible convenience for property managers. The latter should assess their budgets and research their available options, setting aside time to review other trends relevant to their bottom line.

Apartment Amenities of the Future

Property managers should acknowledge the changing integration of life and work with the amenities above, investing in the features that attract and retain today's telecommuting tenants. They'll likely represent a large majority of tomorrow's workforce.

It's critical to keep current with the latest technologies and modifications. Whether a property manager decides to invest in an update to their internet connectivity, flexible community spaces or a smart locker, they can feel confident knowing they've made a change with widespread appeal.

Multifamily Rent Growth Remains Consistent

Rental Housing Journal

Multifamily rents were up a healthy 3.0 percent year-over-year in April and year-to-date, rents are up 0.8% across the U.S., according to the latest Yardi Matrix report.

"Multifamily rents continue to increase at a steady rate, albeit slightly slower than in recent years," Yardi Matrix said in the report. And, the latest "is a solid number although less than the growth rate during that period in recent years."

"With the prime rent growth season just starting, it remains to be seen whether this year's gains will be stellar or merely average, but in any event there seems to be no reason to think the multifamily juggernaut is going to hit the pause button," Yardi Matrix says in the report.

"Absorption is strong, as the national occupancy rate for stable properties is 94.8% and has dropped only 10 basis points year-to-date despite the delivery pipeline adding some 300,000 units per year," the report says.

Report Highlights

- U.S. multifamily rents increased by $5 in April to $1,436. Year-over-year growth fell to 3.0%, down 30 basis points from March, as the growth was less than in previous years.
- Market performance has been remarkably consistent over time and across geographic zones. Growth continues to be highest in lifestyle metros in the Southwest, Southeast and California, but other than Houston there aren't many markets in which growth trails long-term averages by any significant degree.
- Multifamily absorption remains robust, as the economy continues to pump out jobs and demographic factors are still positive.
- On the metro level, the Southwest is king, as Phoenix caught up to Las Vegas for the highest growth rate at 7.3%.
- Rents increased 3.0% year-over-year, marking a 30-basis-point decline from March and a 60-basis-point reduction from the beginning of the year. Most markets are regressing toward the national mean, and 22 of our top 30 markets have rent growth between 2% and 4%.
- Las Vegas and Phoenix (tied at 7.3%) top the overall rankings. Both markets also led rankings by asset class. Phoenix Renter by Necessity (RBN) increased 8.0%, compared to 6.3% growth for Lifestyle. In Las Vegas, however, Lifestyle units (7.5%) outpaced RBN units (6.8%), and it is one of the only markets in the nation where luxury rents are growing faster than workforce rents.
- Rents increased in all of the top 30 markets over the past year. At 0.6%, Houston was the only market with a gain of less than 1.4%.
- Fannie Mae and Freddie Mac originated $30.3 billion of loans in 1Q19, up nearly 20% from the same period a year ago.
- The agencies have raised the spread between "capped" and "uncapped" loans.