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Dave Windsor's 'Financial Commentary'

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Landlord's Market In Rental Properties

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As discussed in a previous article, the housing market for sales just resulted in an incredibly inflationary year. The prices of homes rose between 10% and 12% with some sectors of single family homes rising as much as 14%.

This acceleration in value was caused by record low interest rates (under 4%) motivating buyers, complemented by a shortage of sellers wanting to sell. Supply could not meet demand and many homes received multiple offers within a week of listing.

Amazing as it may seem, according to Carrie Jaime, Broker of Alaska Group Property Management, rental rates increased between 8% and 10% over the last year with some properties attracting rents as much as 14% more than 12 months prior. At Alaska Group Property Management current rentals made available are filled within the

week. Vacancy rate for the rental market is, overall, less than 5%.

What a crazy year! This was not only a seller's market for sales but a landlord's market for rentals. If you have rental properties with long-term tenants, a review of monthly rents is definitely in order. If you left rents as-is for good tenants we understand, but your property taxes are highly likely to increase again this year plus other expenses associated with holding the property such as maintenance and utility costs.

During these inflationary times, with the Consumer Price Index showing an 8.5% year over year increase, 'real' assets are favorable over most all others.

While the stock-market appears bullish it is my view, alongside many analysts, that a recession is likely next year because inflation is out of control and aggressive FED rate hikes to curb inflation will

break economic growth at some point.

'Real' assets are metals, especially gold, plus other commodities and raw materials. Speak to your financial advisor to, at minimum, hedge your stock and bond investments with 'real' assets.

If you own a home, it is definitely time to consider acquiring rental properties. Buying a rental property is, of course, a business decision requiring income and expenditure analysis in conjunction with the cost of borrowing and tax implications.

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