Presented by Sand Dollar Real Estate

LBI Homeowner Rental Guide

a roadmap for navigating short term rentals of
your beach house on LBI

Is it Time?

Let's Find Out

- LBI Market Facts
- The Process
- Getting Started

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So, you have probably been thinking about this for some time.

Maybe this is a way to financially afford to have a beach home on LBI.

Maybe you aren't using your beach home that much and renting a few weeks out would make sense.

Maybe you need some tax deductions and looking for a way to expand your portfolio of investments.

Maybe you are looking for a new, more proactive rental company.

Maybe Now is the Time.

Let's explore if
'Now is the Time'

Advantages of Short Term Rentals

Here are 3 distinct reasons you might consider renting your beach house.

#1 Income – *Rent us much or as little as you like*

Some rent to cover their taxes and maybe some improvements each year. Some consider this a true investment and rent as much as possible. On LBI, the major rental season is from July 4th to Labor Day. There are pre and post season rentals, but these are a bit tougher to fill unless you are very price sensitive or have a premium property.

#2 Tax Advantages - Investment Property

A rental property can offset some of the costs by allowing you to write off taxes, mortgage interest, insurance as well as operating expenses; such as, water, sewer, utilities, cleaning, maintenance, repairs and improvements, etc.

You can also depreciate the property which allows property owners to recover the cost of buying and improving a rental property through yearly tax deductions.

Definition of an Investment Property:
Personal use of less than 14 days or 10% of fair rental value days. LBI falls into the 14 days of usage during prime rental season. So, you can use the property for two weeks each season.

Advantages of Short Term Rentals (cont.)

#3 1031 Tax Deferred Exchange

Under IRC Section 1031, an investor can defer long term capital gain taxes on the sale of an investment property by reinvesting the proceeds into a replacement property. Both properties must be similar enough to qualify as "like-kind." Most real estate will be like-kind to other real estate.

All the proceeds must go into the replacement property which also should be a step up in value. If not, then some portion may be taxable. It must be an investment property, not a 2nd home property.

The first transaction (the sale of your initial investment property) needs to be structured as part of a 1031 Exchange and a Qualified Intermediary must be utilized to hold all the proceeds. You have 45 days from the close of the first property to identify a short list of replacement properties. You have 6 months from the close of the first property to close on one of those noted replacement properties.

Timing becomes critical and your search for a replacement property should start well before selling your current property.

This may seem complex, but many have been done on LBI and it's a great way to trade yourself up to that oceanfront or bayfront one day!

Current Rental Conditions

LBI has a lot to offer as a summer rental destination. We find the majority of our guests come from the NJ/NY metro area.

Often they are dual income professionals that seek upscale accommodations and desire a 'vacation experience' and quality family time together. That doesn't mean a quaint cape cod doesn't hold it's own appeal. ***The most important aspect is a well equipped, well maintained & clean home that offers the respite our guests desire.***

The vacation market has become much more competitive over the last few years and LBI pricing puts us in direct competition not only to other houses on LBI, but to other east coast beach destinations as well as with overseas travel, cruises and all-inclusive resorts in the Caribbean.

However, if you offer a home that meets or beats your guests expectations and stands out because of its condition, amenities and pricing you should have a full season of rentals.

Noteworthy Facts:

- The majority of renters desire a one week stay on LBI.
- The majority of bookings take place by the end of January.

For more info about the LBI Marketplace attend one of our LBI Seminars or subscribe to our LBI MarkeTrends newsletter, published twice a year sent to your inbox!

VRBO or Real Estate Agency

VRBO - Vacation Rental by Owner

Have you always wanted to have your own business, particularly in the Hospitality Field?

As with any small business, the owner wears many 'hats'. You are the Marketing, Accounting, Sales, Compliance and HR Manager all rolled into one.

You also need the time to be able to check on your property, potentially show your property and be close enough to be able to respond quickly to any issues that arise during your guest's stay.

Real Estate Agency

Yes, we wear all those hats! We have a team that can bring an incredible amount of knowledge and experience in the LBI rental market to you. We are local and can not only troubleshoot during the summer, but also show your property in the off season.

NOTE: Use of VRBO and AirBnB costs both the owner and tenant, so often there is only a small difference in net proceeds if you decide to use an agency to represent you ~ and a lot of less hassle!

Click here to read what our current rental homeowners have to say about our rental program and also our recent happy guests thoughts.

The Presentation of Your Property

Getting Your Home 'Show Ready'!

The vast majority of the summer rental inquiries originate on the internet and properties are generally rented 'sight unseen'. Therefore, it is paramount to give your house **`Photographic Curb Appeal'** and a realistic and detailed presentation.

You want prospective guests to be virtually enticed to '**walk through your front door and stay awhile'**.

On the internet, it is so easy to just click onto the next property, if the one your viewing doesn't sway you in some way to investigate just a bit further.

Great photos, a captivating headline, along with detailed information on your property gets them to do just that; and hopefully, decide your home is the one they want to vacation in this summer.

Adding aerial photography definitely ups the appeal; especially, if near to the water, town or another place of interest. Love those long shots showing the house and the beach!

Equipping Your Property

Getting Your Home 'Guest Ready'!

Your rental home needs to be 'Guest Ready'. Your guests expect to enter an immaculate property that is in good working order. Since a vacation home is worked hard over the season, vacation rental cleaning and maintenance is more in-depth on every level than your primary home.

Every rental property needs to have a 'deep clean' done at least once a year. One should be done prior to your first tenant checking-in. Your cleaning service can perform this task. Make sure to schedule your deep clean in late Spring and it should take at least a full day or more depending on the size of your house, to do properly.

The most frequent type of complaints we receive center on cleanliness and maintenance items. How well you prepare your property prior to the season will determine how hassle free (no complaint phone calls) your Summer rental season will be.

NOTE: Check the condition of big ticket items, such as; large appliances, outdoor grills, A/C units and furnaces. If you know they are acting up or are near the end of their useful life, replace them in the off season. You can time it for a sale and at your leisure. Wait until they break down and you will be buying what's on the floor at a very high cost, an emergency repair cost and one irate tenant that will also want compensation.

NOTE: Sand Dollar offers all our rental homeowner's our curated list of how equip your home with what & how many. As well as a detailed Spring Maintenance Guideline.

Increasing Rent-Ability

How well you equip and maintain your property will be a direct correlation as to how many 'bookings' you will receive and how well you build your repeat business.

The Obvious - Clean up not only inside, but outside as well. We find that guests are eating in more often, so a well equipped kitchen and an attractive outdoor BBQ area are a must. Newer mattresses and bedding, furniture and electronics.

(No *Grandma furniture* or discards from home!)

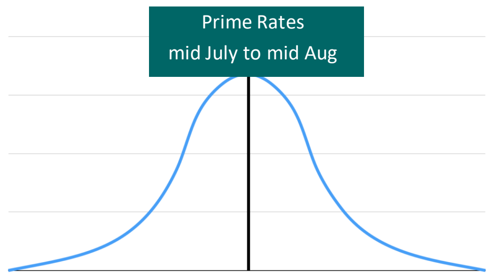
Not So Obvious - Include 'High Value' items, not necessarily expensive, but amenities that make your property stand out. Baby gear, bicycles, newer TVs, upgraded channels, ping pong table, corn hole, beach gear/cart, book & game library for those rainy days!

The Overlooked - Changing batteries everywhere, prior to the season, from remotes to door locks and thermostats. Clean and service all appliances and A/C units. Leave extra batteries, light bulbs, cleaning supplies, etc. Help the tenant keep your house in good shape.

NOTE: All six municipalities on LBI require an official fire inspection each year as well as registration and proof of insurance. Get this done in the Spring!

Pricing Strategy

Setting your Rates:



It is important to set your rates properly from the get go. You also want to use the bell curve approach. Higher rates in prime time and lower pre and post season rates. Go with the Flow!

Some rental owners will start high and drop later; however, if someone who already rented see a price drop, they are most likely to ask for the new price. If you are too high, you might run out of time to re-adjust and lose a week or two.

So, look at your competition, your offered amenities, your internet presentation and decide where your property fits in the pricing scheme of competitive properties.

Since most guests are searching on the internet and setting price parameters, it is best to keep to the round numbers. Ex. Putting $4100 instead of $4000 could lose your property a lot of ‘looks’ if their search parameters are $3000 to $4000.

Remember: it is better to lose a hundred or two rather than a week or two. Err on the side of caution, the rental market has become very competitive and therefore much more price sensitive.

Guest Management

You want not only a fully booked season, but also a pleasant one. One where your house is left in a respectful manner and your neighbors still speak to you!

This comes by setting realistic expectations on both sides - guest and home-owner. The careful personal screening of potential guests to be sure there is a good match between the guest and your house. No automatic bookings.

The home must be honestly represented so no surprises to the guest upon arrival. It's better to downplay than promise something you can't deliver. We love to hear 'this is so much more than we expected, we're thrilled.'

A strong lease with all expectations clearly spelled out and also incorporating 'house rules' into the lease. Putting time limits on acceptance of the lease so you aren't just hanging out on one guest who is playing the field before deciding and you have lost opportunities by waiting.

Putting occupancy limits on the house and making sure you have enough seating, sleeping and kitchenware to handle your occupancy level.

Finally, quickly addressing any questions or concerns during their stay to make them feel valued. You want as much repeat business as you can get. These are known quantities, and if they treated your house respectfully, you want them to return.

Legal Responsibilities

Whether a VRBO or a real estate agency, everyone must abide by the Federal, State and Local Municipality's Laws, Rules and Regulations concerning Tenant/Landlord relationships.

Make sure your lease is appropriately drawn and defensible. You may want to run it by your attorney. You also want to be sure if you have an elevator, dock, pool or hot tub you have addendums as to their proper use and regarding your disclaimer of liability.

One area often overlooked is the State's Landlord/Tenant Rules, particularly concerning the charging and withholding of Security Deposits. Click here for the latest NJ Regulations on Landlord responsibilities. The fines are severe for Landlords that do not comply.

There are Federal and State Laws Against Discrimination, Service Animal requests (different than emotional support animals). Local Municipalities also have requirements for rental properties.

You do not want to be on the wrong side of the Laws & Regulations as New Jersey is a very pro-tenant State.

Summary

The LBI rental market caters to a rather upscale vacationer. The Island is represented across numerous price ranges; however, it is critical that whatever the rent may be, the potential renters see the value in your offering.

This means:

A CLEAN, WELL MAINTAINED AND WELL APPOINTED PROPERTY

The majority of rentals are done sight unseen via the internet. It is imperative that your 'curb appeal' is apparent from their first click. You need the best presentation and pictures possible to make them virtually enter your home, tour and then decide this will be their LBI vacation home this summer.

You are now in the hospitality business, you need to make sure you continually reinvest in the property. Adding upgrades that are becoming popular, re-stocking and refreshing allows you to increase your rents over time.

You want to encourage repeat business, as these are known renters, who have proven to take care of your home and in a competitive market this gives you a leg up on maximizing your bookings.

DID YOU KNOW?

Sand Dollar offers a free 'Rental Review' to get you started on the right track and with the right pricing. We are with you all the way!

Let's Get Started!

What Sand Dollar Real Estate Can Offer You

Sand Dollar Real Estate has been in the rental business on LBI since 1983. We have certainly seen a thing or two and look forward to sharing our extensive knowledge of the LBI rental market with you.

Reports across the board report slower vacation seasons on the horizon, yet Sand Dollar lead generation is up. So, whether you are a newbie or a pro at vacation rentals, we can offer the extras that can give you:

The Competitive Edge.

Check out our unique marketing programs
we offer to get you a fully booked season.

- **Golden Sand Dollar** program for our upper tier properties, special advertising including a listing on **GlobalLuxuryRealEstate.com**
- Posting on **VRLBI.com** for our exclusive properties, monitored 7 days a week and after hours for quick response (other options available)
- High Quality Presentation with Digital Pictures, Expressive Descriptions, Expansive Details and a Personal Virtual Tour Website
- **Goody BEACH Bag** for your guests. Our gift to you and your guest! Very well received!
- **'Personal Interviews -** We want to be sure your home and guest are a good match. No automatic bookings. We speak with each guest. Our goal is a great vacation and a home left in good shape
- **Hands On**, we do our best to resolve issues immediately and we are open 7 days a week. For after hours, all guests are given their agent's cell phone number.
- Our office is only 12 blocks from the Causeway, so guests will find it easy to check in and out no matter where they are staying on LBI.

(Click on the headings below for specific information)

Rental Review - Are you maximizing your return on investment? Request our rental review. We will visit your property and then give you our suggestions as to rental rates and cost effective ideas of how make sure you get all the bookings you desire.

Testimonials - From recent rental owners and guests

Overview of our Various Rental Programs

Rental Authorizations & Guidelines:
Exclusive or Non Exclusive

GOLDEN SAND DOLLAR PROGRAM - for our upper tier homes

If you don't have an LBI rental property,
we have a program to get you started on that endeavor too!

EARLY BUYER'S ALERT - Fill out our simple form with your preferred buying parameters and you will be emailed from our local MLS every appropriate new listing on the day it appears, as well as price and status changes ~ all with full details and photos. Much more accurate than Zillow and Trulia. Find the "finds" first.

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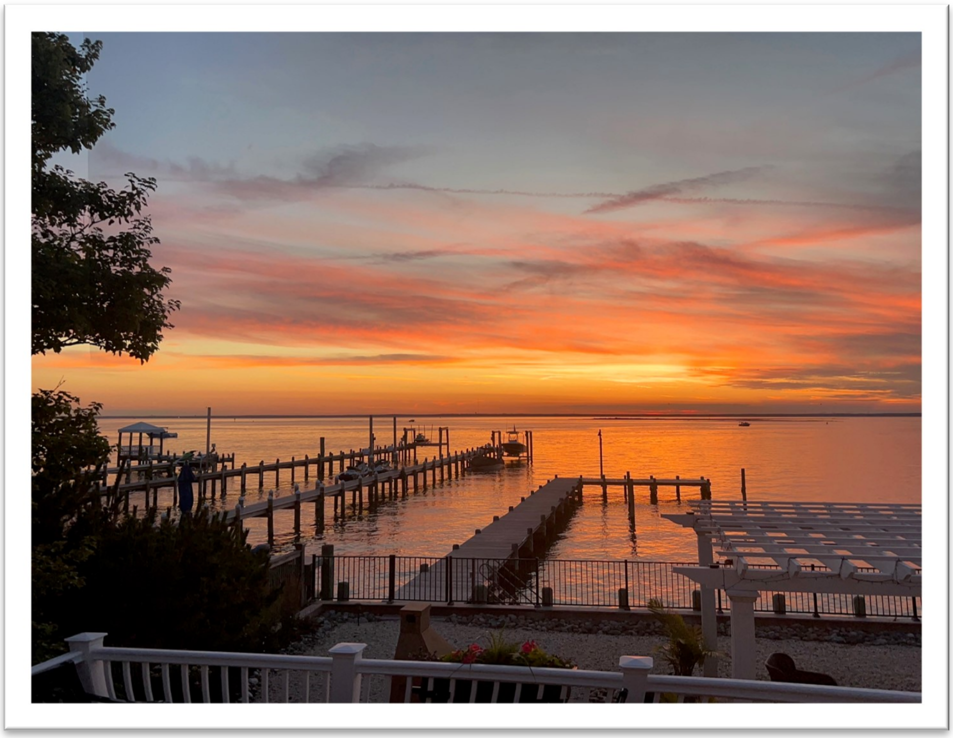
REAL ESTATE



Whether in your backyard or

A walk down the street,

this LBI Sunset can be yours all year!

Hello from the Beach

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