

Student accommodation - a landlord's guide

"While student accommodation does offer investors a low-risk option in terms of the possibility of prolonged vacancies," explains regional director and CEO of RE/MAX of Southern Africa Adrian Goslett, "this type of rental income does pose other risks, such as short-notice lease terminations and the possibility for neglect and damage to the property."



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Considering this, is student accommodation a savvy investment option, or a high-risk purchase? According to Grant Gavin, broker/owner of RE/MAX Panache, investing in student accommodation is a smart choice provided the correct safeguards are put in place to protect the investment value of the property.

"Seeing as there is generally a high demand for student accommodation compared to the supply provided by tertiary institutions, investing in these kinds of properties is recommendable. Student rentals are also often rented out per room, which can result in a higher rental return for the landlord. Since students require ease of access to campus as a priority, they are often less demanding with regards to other physical aspects of the property. Students are therefore happy to share common areas such as lounges, kitchens and entertainment areas provided the rent is affordable and the property is within easy access to campus," Gavin explains.

Property maintenance

However, given that students often do not prioritise the physical aspects of the property, they are also less likely to maintain the property. Says Gavin: "Have you seen your teenager's room? Given that students might not keep the property as tidy as a family, wear and tear is probably the biggest risk these rentals carry. You might need to employ a cleaner to ensure that the property is maintained to a reasonable level of cleanliness. Some student accommodation landlords even go so far as to employ a house manager who visits the property regularly and is on hand to assist the students if they have any problems."

Beyond this, Gavin suggests that landlords add a small levy to the monthly rental amount to cover incidental costs if cleaners or property managers are hired. "Damage deposits should also be secured as per any normal rental. Considering that typically it's a parent who will sign the lease and pay for the rental, or act as guarantor for the rental and any other costs, it is advisable to have house rules agreed to by the students, which are signed before the lease is accepted."

Appeal to the student and parent

“Another challenge is that December and January will normally result in vacancies based on the timing of the student academic year. Where demand is strong and property in short supply, it is not uncommon for landlords to insist that December and January rentals are covered by the students in order to secure them the property.”

As a final piece of advice, Gavin encourages landlords to embody the mindset of both the student and the parent when advertising a property as student accommodation. “If you’re going to rent a property out for students and you want to maximise your return, ensure that the property is appealing to their age demographic. Wi-Fi with good streaming capacity is a must. A dishwasher, washing machine and tumble dryer are also valuable drawcards, and a good entertainment area would be an attraction too. Finally, remember to think like a parent. What features would you want to see if you were leaving your child in your property? Security is a must, with either alarm systems or security gates an absolute necessity,” Gavin concludes.

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