

BLOCK VIEWINGS AND BIDDING WARS

By David Lawrenson

One of the ideas talked about by Labour before the election was about how they might stop bidding wars for rental properties. Thankfully, this idea has gone a bit quiet for now.

Now, an intelligent person would suggest that there might be a problem with a market if there are bidding wars in the first place.

Let that thought stew for a bit...

Bidding wars are fine at auction to buy or sell a property or to buy an antique or a collection of vinyl records from the heyday of 70s German electronica or whatever.

You expect it – and importantly, a bidder's ability to pay is usually checked beforehand at such events if large sums are involved.

But bidding wars for rental property? Really?

Does that happen? Would it happen?

And more importantly, would that really be the most efficient way for landlords to select tenants?

I believe that the current government must envisage it working like this:

Landlords hold an open viewing day, lots of desperate would-be tenants turn up to view the property, the landlords choose between tenants based on what they can afford and slink off to bank their huge gains.

A recent NRLA magazine piece ran a series of interviews with landlords, asking them their thoughts about block, open day type viewings.

And they found they were not popular at all.

And with good reason – as that is not how things work in the real world.

Landlords rarely invite groups of random applicants to view their properties. Apart from

the security angle, especially if the outgoing tenants are still in residence, it would be a pointless exercise.

Any landlord knows that even with the checks the likes of OpenRent undertake, together with their own attempts to put off the timewasters who make contact, there are still many non-serious applicants who still filter through.

So, back in the real world, landlords must spend real time on email or the phone, wheedling out the "possibly good applicants" before they come to a viewing. But even then, there are plenty of timewasters who come to your viewings who will suddenly remember they have a dog, suddenly recall an old CCJ, suddenly remember they have four kids and not just the one and are suddenly unable to produce the documents you wish to see.

With the screening services that OpenRent apply, plus our own clear messaging in our ads, it works like this:

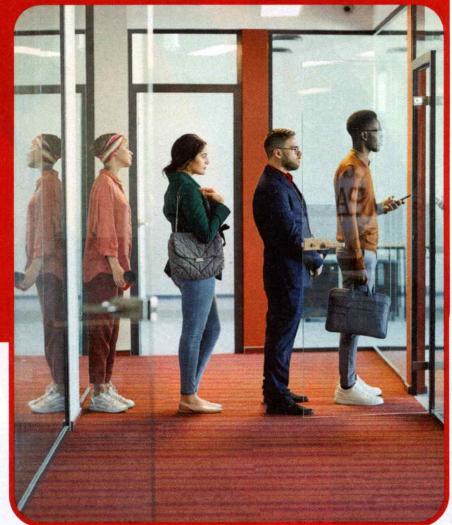
From the resulting 50 enquiries that get through the OpenRent filter, we will usually get maybe eight viewings. Typically, one might say the property is "not for them," which is daft as they ought to have checked out the photos and place beforehand – as well as our super-competitive rents.

Five or six will "uhm and ahh", but somehow will not be able to get us all the documents we need. We do tell them in advance, but many think that we can be persuaded to drop our strict criteria post-viewings. We can't!

That will leave just one or two serious applicants.

Occasionally, we must choose between two, which I always hate doing.

There are no bidding wars because if you have priced your rent correctly, the serious candidates that emerge are more than likely to provide proof that they can really afford the rent and make good tenants.



But in my view, the people who are now making policy have absolutely no understanding of how the real world works.

Now, it is true that some letting agents do organise block viewings and allow bidding wars. But I suggest that if they are doing this, they have either not priced the rent at the right level or have not bothered to pre-screen applicants at all before the actual viewings.

When we end up having to choose between two good candidates, one may often offer to pay us more or pay more in advance. But this makes me uncomfortable; it just does not seem right, and I think it would get the relationship off to a bad start.

Of course, it is always a good idea to have the viewings set up to follow each other, one after the other – this creates demand in the minds of the applicants. But a block, open day viewing with groups of applicants roaming a house is not good, and one cannot properly gauge the applicants to assess suitability "close up."

I hope to write about how we handle viewings next time.

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