

WHY A GUARANTEED RENT AGREEMENT
CAN OFFER MORE BENEFITS
TO LANDLORDS
THAN AN AST



INTRO

Are you renting your property via an AST just because everyone else does it? Well, in reality, not everyone is...

Some landlords are changing their approach and really benefiting from working with a Serviced Accommodation provider as a rental strategy.

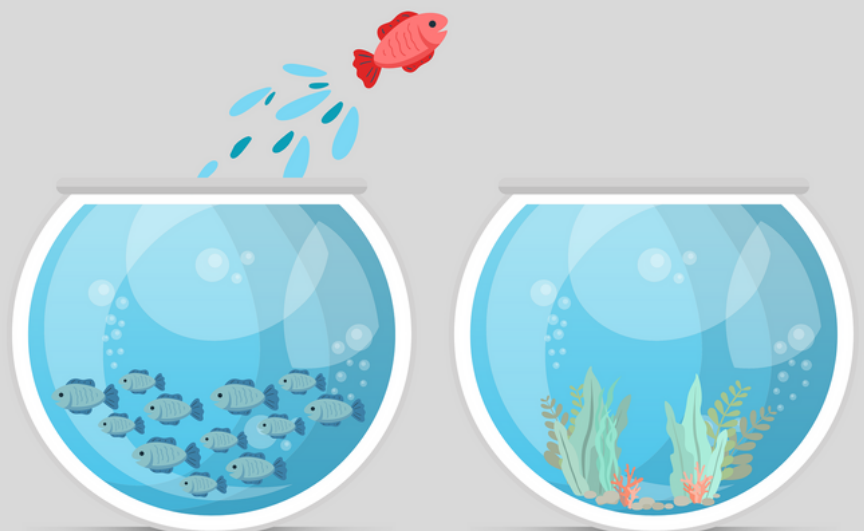
We know, however, that there is still a lot of resistance. We've lost count of the number of times we heard a 'no' immediately after we mentioned this alternative approach, before we even got the chance to explain it - which makes us sad. Landlords are turning down so many benefits without a second thought, most likely because of the lack of understanding.

Without the correct information, it's easy to believe in misassumptions - for example that this is challenging and labourious, when it really isn't. This strategy offers so many set up routes, benefits and ways to overcome concerns that it shouldn't be discarded before further investigation.

By not even exploring it, landlords could be missing out on long-term guaranteed rent with no voids, lower risk, regular cleans and maintenance and so many other advantages.

We recognise that it's completely fine for landlords to choose to let their properties via the standard approach (using a letting agency, finding a long-term tenant, signing an AST), if that's the best solution for them - that is, after considering all options.

That's why, in this document, we want to explain Serviced Accommodation & Guaranteed Rent Agreement in more detail, sharing its benefits as well as its differences when compared to an AST and address some of the most common concerns - so landlords can make a more informed decision about the strategies they choose to apply to their rental portfolio.



GUARANTEED RENT AGREEMENT

This is one approach of the strategy known as rent-to-rent.

A Guaranteed Rent Agreement is when you rent your property to a Serviced Accommodation (SA) provider, who will act as your tenant and will have the same responsibilities as a tenant would: to pay the rent and look after the property. They will then arrange for your property to be occupied by guests on a short-term basis.

In this case, you don't need to get involved with anything related to the guests, you communicate only and directly with the SA provider.

Remember, the SA provider will keep your property in its best quality and condition, no matter the number of guests spending time in it. That's because this is their business - and they will want to ensure positive reviews to continue attracting bookings.



SA can be better than AST - how?

Let's explore the main benefits the SA Guaranteed Rent Agreement approach offers when compared to an AST.



LONG-TERM SECURITY & NO VOIDS

With AST

With 6-12 months (rolling) contracts, you are at risk of having voids 2x a year, which means not only losing money, but also time to look for new tenants.

With SA

With 3-5 year agreements, you have **long-term security** with **no void** periods. Note: the rent is guaranteed, whether or not the property is occupied by guests.



NO DEDUCTIONS

With AST

Your income can be reduced, if you are paying a management fee to a letting agency.

With SA

No deductions on the monthly rent - it's paid directly to you every month.

SA can be better than AST - how?



LOWER RISK

With AST

As the rental period is a minimum of 6 months, you could find yourself with problem tenants for that long (if not longer) and asking them to vacate the property can be a long and costly process.

With SA

With a shorter rental period, the **risk** of problem occupiers is also **lower**.



REGULAR INSPECTIONS

With AST

Inspections are done usually once a year (maybe twice) - by that time, lots could already have gone wrong...

With SA

The condition of the property is **regularly checked** after every checkout. Any potential issues can be quickly remedied, saving time and money.

SA can be better than AST - how?



PROFESSIONAL CLEANING

With AST

Do you know how often your tenants clean your property? Professional cleaning may only be done once, at the end of tenancy, when they leave the property.

With SA

A **professional team cleans** the property after every guest.



Recap of benefits

- Long-term security
- No voids
- No rent deductions
- Lower risk
- Regular inspections
- Professional cleaning

WHAT IS SERVICED ACCOMMODATION?

Also called holiday let, corporate let or short let, in a nutshell, it's a home away from home. The property, fully furnished and decorated, is occupied by guests who stay for a short period of time - think of AirB&B or Booking.com.

As travellers look for more flexible and cost-efficient ways to spend time away from home, there is a rapid increase in the demand for this type of accommodation. This is just the right time to get involved!



IS IT THE SAME AS AN AST AGREEMENT?

This is different from an AST. With an assured shorthold tenancy, an agreement is arranged with the tenant(s) who will live in the property during the agreed period (minimum six months).

With the SA Guaranteed Rent approach, you will establish a corporate let agreement with the SA provider outlining obligations and including terms that allow shorter term lets to guests.

Note: this approach does what it says on the tin - the rent is guaranteed, whether or not the property is occupied.



BUSTING COMMON CONCERNS

As this is an alternative way of renting your property, there could be some concerns, so here we aim to respond to the most common ones - if you have any others, don't hesitate to contact us.



AST gives guaranteed money every month

So does a Guaranteed Rent Agreement - which also offers additional benefits.

In this case, the tenancy contract is done between you and the SA provider that will arrange for the property to be occupied by guests. The provider has the same obligations as an individual tenant: to pay rent (no matter the number of bookings - it's truly guaranteed) and to look after the property.

As rental agreements are usually set for 2-5 years, you will have no voids. Plus, as the rent is paid directly to you, there are no fees or deductions on your income.

I'd rather have one tenant and deal with one person

With the Guaranteed Rent Agreement approach, **you only deal with one person, the SA provider** you are renting the property to. There is one point of contact and no involvement with the guests.



BUSTING COMMON CONCERNS

I like to know who is living on my property

After booking, the guest will be required to share some key personal details, such as address, phone number, email and ID number, before they check-in. **Your SA provider will know who is going to occupy the property before they even arrive** - and is able to communicate with them after they leave, should it be needed.



The footfall may increase wear and tear of the property

Most guests don't spend all day in the property and as it's regularly inspected, maintained and professionally cleaned, it's more likely **the property will be preserved** in its original condition.

What types of guests will be in the property?

It depends on your area and property type - usually leisure guests on a holiday break, or working professionals, such as contractors.



BUSTING COMMON CONCERNS

What about noise and disturbance for the neighbours?

From our experience, this has never been an issue. At the time of booking, the guest ID is collected and they also receive a list of house rules before check-in, which includes that noise needs to be maintained to a minimum, especially between 10pm and 7am.



What if guests don't respect the property? What happens if the property gets damaged?

The SA provider will deal fully with this, ensuring the property is returned to its original condition. It's important to note that, due to the shorter stays, the chances of damage are reduced. The SA provider usually takes a deposit for each booking, which is only released back to the guest after check-out is completed and they're satisfied with the condition of the property. Supporting teams, including cleaning and maintenance providers, are always alert and can report any issues or faults quickly, making it easier to remedy. We also personally never had an issue with intentional and careless property damages - in general, guests truly respect properties.

WE'RE EXPERIENCED SERVICED ACCOMMODATION PROVIDERS



We are Helen and Juliana - local property entrepreneurs with a small portfolio of SA rent-to-rent properties. We are always keen to find more landlords to partner with - we love creating win-win situations!

Being fully involved in all daily activities and tasks of this strategy (from furnishing and setting up management systems, including listings on OTA sites to handling guests enquiries as well as cleaning & maintenance teams communications, has given us a wealth of knowledge, experience and confidence to help our peers benefit from it too.

WHY US?

We are experienced and dedicated

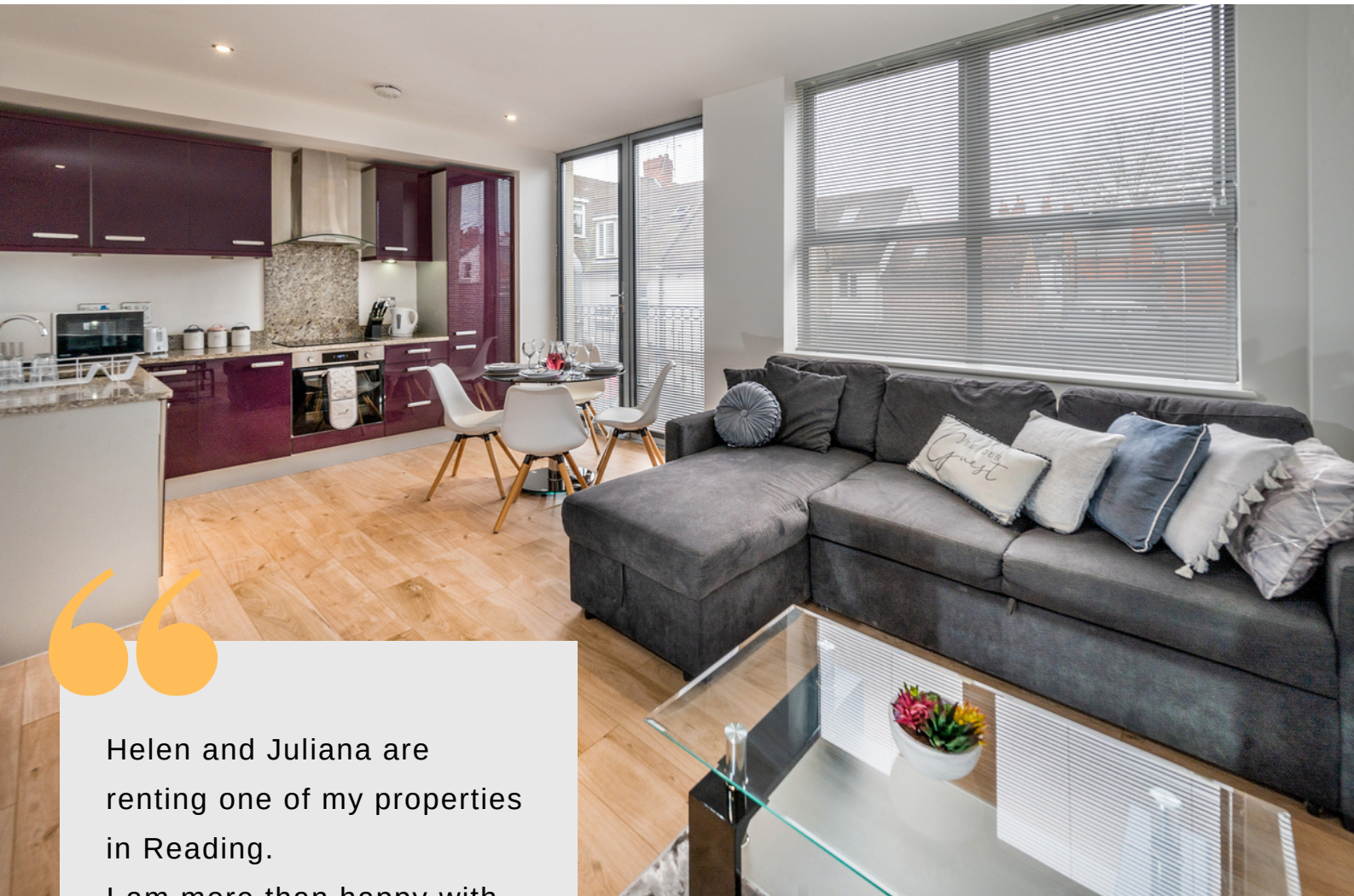
We work in partnership with our peers

We love creating win-win situations

We are registered & fully compliant

OUR SA IN READING

Using the rent-to-rent strategy, we currently let a property in Reading and arrange for it to be occupied by guests on a short-term basis. The landlord receives guaranteed monthly rent, while our guests enjoy a comfortable, clean and homely stay.



Helen and Juliana are renting one of my properties in Reading.

I am more than happy with their friendly but professional attitude and look forward to our business relationship expanding in the future, as this was my first experience in R2R and they have made the transition from BTL a very smooth ride. Thanks.
Steve, landlord





ACCOMMODATION

Do you have a rental property and want to explore how you can enjoy the benefits that Serviced Accommodation offers?

We'd love to hear from you.
Get in touch!



0330 133 6428



hello@hdpropertysussex.co.uk



www.hdaccommodation.co.uk



/hd_property_sussex

