



HOLIDAY RENTALS

OWNERS GUIDE

THE 5 KEY STEPS TO MAXIMISE BOOKINGS AND ENSURE SUCCESS

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INTRODUCTION

Owning a holiday home in the sun represents for many the achievement of a lifestyle ambition and should provide the basis for many happy years of holiday enjoyment for all the family. Relatively few holiday home owners, however, have the opportunity to fully utilise their investment.

With costs of ownership and travel increasing all the time, many owners have opted to rent out their home for those periods in the year when they are unable to use it themselves. This can cover their ownership costs and provide a welcome source of additional income to spend during their own holidays.

This is a tried and tested solution but success is not guaranteed and there are pitfalls to watch out for and avoid! With proper research, understanding of the market, planning and implementation, your principal objectives can be achieved.

If you do it right, you can maximise both your extra income potential AND your personal enjoyment and satisfaction from your holiday home investment. Do it wrong though, and much grief and disappointment could be the result!

The purpose of this Guide is to help owners to be aware of the potential problems and pitfalls and how best to avoid them and ensure success and satisfaction from renting out their holiday home.

The contents and advice in this Guide are based on over 25 years hands-on experience in the holiday rentals market in southern Spain – as both holiday home owners and as professional property managers.

The recommendations contained in it have been distilled from all the trials, tribulations, heartaches, headaches, failures and successes of handling many thousands of holiday rentals “at the sharp end”.

Our experiences over this period could fill several volumes but what follows is a whittled down, easy to follow, 5 Step Guide to help you make a success of renting out your holiday home.

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THE 5 KEY STEPS TO HOLIDAYS RENTALS SUCCESS

STEP 1 - OWNERS' REQUIREMENTS/EXPECTATIONS

Consider and identify your own usage requirements for your holiday home and be realistic with your expectations from holiday rentals.

Your own usage profile will be the major factor influencing the number and value of rental bookings you can expect.

Although the Costa del Sol is a year-round holiday destination, the demand for holiday rentals is highest in the peak holiday months of June, July and August – the main season in total running from April to September.

If your current usage profile, perhaps because you have children of school age, means that you will want to use your home yourselves for some of those peak summer weeks, then that will cut down your potential rental income accordingly. In that case, you could target other, non-school holiday rental opportunities – for example the golf tourism market, which on the Costa del Sol runs from October to March.

You may decide to restrict the type of holiday renters you wish to accept which could to an extent limit your rental potential. For instance: only non-smokers, no pets allowed, no single sex groups under 25 years old, etc. Any such restrictions would need to be made clear in your rental marketing and underlined at the time of booking.

You should also be realistic about accepting some “wear and tear” from holiday rentals. The occasional, accidental damage is inevitable – broken glassware or crockery being the most common. To cover yourself against the replacement costs you should hold a damage deposit as surety until the booking has ended.

Generally speaking, our experience over the 30 years of holiday rentals is that the issue of damage is relatively insignificant. Provided your property is well prepared and presented to a good standard and is properly equipped, renters will respect your home – as they would their own.

STEP 1 SUMMARY

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By being realistic with your own requirements and expectations, you will set the parameters for your rental marketing initiatives and lay down the ground rules to ensure you have every chance of success and some protection against possible disappointments.

STEP 2 - RENTERS' REQUIREMENTS/EXPECTATIONS

Make sure you understand what your rental clients require/expect and ensure your property and the way you promote it, meets their expectations.

Invariably, many holiday home owners consider their property to be their dream home – just right for the rental market! Not necessarily so!

Your competition is tough and many sided. The Costa del Sol has seen a massive increase in “residential tourism” over the last 25 years, resulting in many thousands of extra properties. Many of these additional properties now feature in the holiday rental market. And the Costa del Sol has also to compete with all the other holiday destinations in Spain, Portugal, Greece and more recently, Turkey and Bulgaria.

So how do you compete?

As in any market place, you must provide a good quality product representing good value for money and underpinned by an efficient and reliable after sales service.

What do rental clients require/expect?

INFORMATION – absolutely essential - they will want to know:

Local Information:

How close is your property to local facilities – the beach, shops, bars, restaurants, etc.?

What tourist facilities are there in the general area for adults and children?

Transport Information:

Transfer time and method from the airport? Access to local buses, taxis?

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Gardens/Pools

Is there a pool? How close to your property? Children's pool?

Is there an area where children can play?

Are there sunbeds around the pool/gardens?

Your Property Specification:

Terraces? Views? Which floor/Lift? Parking?

Furnishings and electrical equipment – WIFI, international TV channels?

Air con? Towels? Hair dryer?

Kitchen equipment – Dishwasher? Washing machine? Microwave?

Photo Images: ABSOLUTELY ESSENTIAL – see later in Generating Enquiries.

The more positive ingredients your property can offer, the more attractive it will be to potential renters – and the more they would expect to pay. You should equip your property as well as you can – always bearing in mind the practicality issues of presentation, cleaning and safety.

Although self-catering holiday renters have chosen to stay in a private home rather than a hotel, they will not want to be surrounded by your personal paraphernalia. You should store away personal knickknacks, photos, ornaments and leave your home uncluttered for your guests – meaning less opportunity for accidental breakages too!

STEP 2 SUMMARY

If you fail to provide these essential ingredients, then you cannot expect to do well in the rental market. On the other hand, providing what your renters require and expect, will attract them to you above your competition who are not doing the job properly. Success should follow.

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STEP 3 - GENERATING AND HANDLING RENTAL ENQUIRIES

You will need to find a successful solution to the vital task of generating sufficient targeted enquiries and of then responding quickly and efficiently to those enquiries to convert them into bookings

Before you can begin this stage, you will have to ensure you have excellent photo images of your property, of its facilities and of the attractions of the local area.

When you are ready to plan your marketing initiatives to attract your customers to enquire about booking, you will have several options to consider – the main ones being:

1. Promoting yourselves within your network of friends, family and colleagues at work and in social clubs, etc.
2. Advertising on one or more of the many specialist holiday rental portals available to holiday home owners such as Booking.com and Airbnb.
3. Creating your own rental website just for your property.
4. Contracting with a rental holiday company for a guaranteed rental period.
5. Employing the services of a professional, property rental management company to handle the whole thing for you.

They each have their pros and cons and for some owners' trial and error may be the preferred solution.

Based on our experience, here is a brief analysis of the advantages (+) and disadvantages (-) of each option:

Promoting to your own network of friends/colleague

(+) The cheapest solution.

(+) Only people you know or come recommended would rent your property

(-) Very restricted potential market

(-) Friendships could be endangered - if things go wrong - and asking for the market rental rate could be difficult!



Advertising on holiday rental portals

- (+) You will be in the market place where an increasing number of renters look to source their holiday accommodation.
- (+) Easy to use template formula to show your property well.
- (-) Can be expensive – especially if advertising on more than one portal.
- (-) You are responsible for arranging and paying for the cleaning, registering the guests with authorities according to the law, be available to solve any issues 24/7 etc.

Creating your own website

- (+) Can be economical using one of the modular templates available on the internet.
- (+) In depth presentation of your particular property.
- (-) Competition for Google and other search engine rankings is massive – will anybody ever find your website?
- (-) Potential renters prefer to have a wide choice to compare in an easy to find, similarly presented format.

Contracting for a guaranteed rental with a holiday company

- (+) Can usually guarantee a certain, minimum net rental income.
- (+) No enquiries to deal with or bookings to process.
- (-) No owner access during the peak summer months which these companies will want to secure for their own clients
- (-) Lower weekly rental rate – they will demand a “bulk rental discount”.

Using a professional rental management company

- (+) Multi-faceted marketing that works and provides credibility and security for rental clients.
- (+) Everything handled for you in the way you require with flexibility for your own use.
- (-) Reduced rental margin – a professional service must come at a reasonable cost.
- (-) If you choose the wrong company the experience could be an unpleasant and costly one!

STEP 3 SUMMARY

Think through the marketing and booking administration options carefully before committing. The wrong decision at this stage is likely to bring unfulfilled expectations and poor returns! Whereas the right decision should bring you the bookings you want handled in the way that suits you best.

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STEP 4 - SERVICING YOUR BOOKINGS

You will need to find a good local resource to service your bookings – to clean and prepare your property before and after rental tenancies, to take care of the laundry and other housekeeping requirements, to welcome your guests on arrival. They will need to be on hand/on call to help and support them during their stay in your property and to attend to any maintenance issues that may come up.

Problems of one type or another almost inevitably will occur and will require fixing in a fast and efficient manner. This is vital if you are to maintain and build goodwill with your rental guests.

Contented, well looked after clients are likely to want to return and will recommend you to their circle of friends and colleagues. Discontented guests will do just the opposite!

As with generating your bookings, there are several, though fewer, options you could consider for servicing your bookings:

Use a local neighbour/friend to take care of the housekeeping/maintenance.

1. Use a local team of part-time cleaners/odd-job people.
2. Set up an agreement with a local, professional property management company to handle everything for you.

Again, there are advantages (+) and disadvantages (-) to each:

Local neighbour/friend

(+) Should be cheaper as they could be doing it as a “cash earner” side-line.

(+) Since you “know” them they should be trustworthy.

(-) They will be unlicensed/un-insured and could be inexperienced in maintenance issues. If anything serious goes wrong with your property or your renters, they may be unqualified/unable to deal with the problems and you could have unhappy guests demanding recompense.

(-) Usually, they will be a one or two man/lady band. In the event of sickness or other problems they may lack the flexibility and resources to cope – especially with same day changeovers.

Local team of part-time odd jobbers

(+) Working for cash they could/should be cheaper.



- (-) No depth of resources and experience and no licence/insurance if something goes very wrong.
- (-) No continuity or consistency – usually a transient workforce which comes and goes.

Employing a professional property management company

- (+) Properly licensed and insured with the depth of experience and resources to handle everything on your behalf.
- (+) A good P M company will provide a 24/7 Emergency On-Call service to support your property – for your rental guests and during those periods of your own/family's use.
- (-) There will be a price to pay – there always is if a professional service is to be provided.
- (-) Choose the wrong company and things could go very wrong!

STEP 4 – SUMMARY

If you are intending to generate a good level of bookings and want the peace of mind in knowing that your property and your guests will be cared for reliably and efficiently, then your preferred option should be to choose a good, well established local property management company.

Time spent in making the right choice at the beginning will pay off in substantial benefits once the bookings come rolling in thick and fast!

STEP 5 – CHOOSING THE RIGHT PROPERTY MANAGEMENT COMPANY

- 1. Choose a well-established business operating from legitimate office premises with a complement of experienced staff and a depth of knowledge and resources to handle your requirements.*
- 2. Compare service levels/prices/terms and conditions.*
- 3. Decide what services you require and check how flexible the company will be in providing what YOU require.*
- 3. Ask to speak to some of their owners.*
- 4. Only when you are satisfied with your selection – sign up and give it a go together.*

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Rental Legislation

The Rental Law which came into effect on 11th February 2016 means that you will need to have Air conditioning in the lounge and all bedrooms and have blackout curtains in all the bedrooms. You need fire safely equipment, a first aid kit, local area information and a 24-hour contact number.

You also need to register with the Junta de Andalucia for a rental licence. In order to get the licence, you first are required to ask permission from your community (depending on the community, they may ask you to wait until the next AGM when all the owners can vote on this item as 60% majority approval is required) – the latter requirement came into effect in April 225.

Once you have the approval from your community you need to present this to the Junta de Andalucia along with the following:

- NIE and Passport copies
- IBI bill
- Deeds or Nota Simple of the property.

We can guide you through the entire process to get your property 100% compliant!

We offer management and rental services from between Fuengirola and Marbella, contact us on info@suncoastergroup.com for more information!

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