



WASHINGTON MANAGEMENT SERVICES, Inc.

### **Newsletter January 2006**

Happy New Year! As I write this newsletter, we are experiencing beautiful March like weather. Temperatures are hovering around 60 degrees and it is clear and sunny. A big change from the abnormally cold December we just experienced. All eyes are focused on the Supreme Court nomination of Samuel Alito while things are quiet in Congress as they await President Bush's State of the Union Address.

#### **Washington D.C. Rental Market**

The rental market is still softer than the red-hot days of 2000-2003. However, we have just experienced a 4<sup>th</sup> Quarter that had more activity than we have seen in more than three years. This trend seems to be continuing into January. Prices have remained stagnant, but properties are being rented. I attribute this increase in rental activity to three factors - Hurricane Katrina, \$3.50/gallon gas prices, and higher interest rates. These three factors helped contribute to a slowing of the real estate sales market. Many would be purchasers, driven by 20 year low interest rates, have now stepped back and are re-evaluating their housing decisions. In addition, the market is beginning to absorb the many new luxury rental buildings that have been built in the last 3 years.

Many owners have become accustomed to the increased cash flow that rising rents and stagnant costs brought between 2000-2004. Unfortunately, this has changed as prices are rising and rents are not. Property taxes, vendor charges, utility costs and advertising all have risen by 50% or more in the last two years. These increased costs have meant that some owners who once had positive cash flows now have negative cash flows. My greatest concern is the new landlords who purchased their properties in the last 3 years. Many of these individuals are carrying mortgage payments that are several hundred dollars higher than they can reasonably expect to obtain in rent. It is going to be interesting to watch how tenants and landlords deal with rental prices. I do not expect to see large rent increases until incomes and interest rates rise.

#### **Washington D.C. Sales Market**

The residential real estate market is anxiously watching to see if the torrid pace of sales continues in 2006. The first 6 months of 2005 continued the frenzied pace of sales with multiple contracts and purchasers bidding 10% or more above the asking price. Once schools ended for the summer, the real estate market slowed significantly and nearly stopped during the months of September and October. Rising interest rates, the devastation in New Orleans as the result of Hurricane Katrina, and \$3.50/gallon gas prices forced many would be buyers to step back and re-evaluate their buying decision. In addition, inventories rose, as many would-be sellers placed properties on the market in hopes of selling their properties before the market slowed. Some of the available property for sale during the Fall of 2005 was, in my opinion, overpriced junk.

If the results of the first two weekends of 2006 are any indication, there are still plenty of would be buyers in the marketplace. I have spoken to several agents who have had new listings. Each of these agents has reported good activity and in several cases the new listings are now sold.

## **Internet Statements**

Last January, we introduced Internet Statements. Due to a programming mistake on the part of HomeRentals.Net, many of you could not download your statements or the information was incorrect. The system has been revamped. Each owner can now **download** their monthly statement off our website. The statements will be available for viewing beginning the 21<sup>st</sup> of each month.

To access “Internet Statements” go to the WMS website. The address is [www.wmsdc.com](http://www.wmsdc.com). After displaying the website. Click on “**Owners**” at the top of the page. Next click on Internet Statement icon. This will bring up the log-on screen. To access your owner statement, enter your e-mail address and password. **Note: The first time you access “Internet Statements” you will need to set up your access account.**

To establish your access account, click on the icon to establish the access account.

- 1). Enter your e-mail address. The address we have programmed is:
- 2). Enter a password. **Be sure to write down your password as we do not have the capability to retrieve your password.**
- 3). The property manager ID is **102041MD**. (the MD must be capitalized)
- 4). Click the “**save**” button.
- 5). Click “**create account**” button if everything is correct.
- 6). Website will display the e-mail address and password. If correct, click on “**log on**” above.
- 7). This will bring up the owner menu. Click on **view statements** to display your owner statement.

**Be sure to log off when you finish viewing and/or printing your statement.** To log off, return to the owner menu. If you have any problems, or you want to use a different e-mail address than the one we programmed, let us know, and we can update your information.

## **District of Columbia Basic Business License**

As many of you, who own property in DC, know, the District of Columbia instituted a Basic Business License for all owners of rental property. Many of those licenses are coming up for renewal. In the renewal process, DC is now inspecting the units. Those inspections look for non-working smoke detectors, fire extinguishers, thumb latch deadbolts as well as other potential safety issues. As each inspection is scheduled, we are sending out the necessary personnel to insure that your unit passes. We will be in touch if we see any issue that would cause the unit to fail the inspection.

## **District of Columbia D-30 Tax Forms**

The District of Columbia is getting strict about rental property owners not filing and paying their D-30 taxes. Owners who have not filed their D-30 tax forms are not obtaining their Basic Business License or renewal. As a DC property owner you are **REQUIRED** by law to file this form. Forms can be obtained online at [http://cfo.dc.gov/otr/lib/otr/tax/forms/forms/pdf2004\\_D-30F.pdf](http://cfo.dc.gov/otr/lib/otr/tax/forms/forms/pdf2004_D-30F.pdf) and are due by April 15<sup>th</sup>. Not filing this form will delay renewal of your Basic Business License. Without your Basic Business License, you could be subject to a \$500 fine.

As we begin the new year, all of us at RHR Properties, Inc, and Washington Management Services, Inc. wish you the best in 2006. Please let us know if there is anything we can do to help you.

With Best Wishes,

John R. Schoenfeld