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SPEAKERS


Nicole Kato, Nichole Stohler





Nichole Stohler 00:01

What if you could be doing something smarter with your money that creates income right now? If you're an IT professional who is wanting to get ahead financially and enjoy greater freedom of choice, and if you wonder who else in tech is creating ways to make their money work for them? You want actionable ideas with honest pros and cons and no fluff. Welcome to The Richer Geek Podcast for helping IT professionals find creative ways to build wealth and financial freedom. I'm your host, Nicole Stohler and in this podcast, you'll hear from others who are already doing these things and learn how you can too. Welcome back to The Richer Geek Podcast. Today's episode wraps up our four part miniseries around short term rentals. And just a quick recap. We started with Clarissa Vivirito in Episode 19. She talked about short term rentals in the most profitable city in the United States for short term rentals. And in episode 20 Nicole Herman shared why design matters when outfitting your short term rental. Then in episode at 21, Skyler Wharton took us through his experience of owning an Airbnb while working full time as a software engineer. And in today's episode, we're also featuring someone who has worked full time in tech while owning an Airbnb. So let's jump in to the episode. I am so excited to have Nicole Kato on the show today, not only are we going to talk about short term rentals, but we're also going to talk about Nicole turned her primary residence into a long term rental, which I highly recommend folks look at doing when you're moving or changing homes. And the other piece that's really interesting about Nicole is she saw a need around property management support and she developed her own software around that, so we'll get into that as well. Nicole started in the hotel and hospitality space about seven years

ago and she was actually a software engineer for Disney parks. And it was during that time that she bought her first short term rental. She has two bachelor's degrees, a master's in mechanical engineering, and is currently working on an MBA in finance from Johns Hopkins University. Welcome to the show, Nicole.

 Nicole Kato 02:20
Hi, thanks to be here.

 Nichole Stohler 02:23
So I kind of gave that overview, but I would love for you to tell us a little bit more about your background, both professionally and personally.

 Nicole Kato 02:31
Okay, so I graduated college in 2011. And that was right around the end of the recession. The economy was recovering, but jobs were not really available. So I ended up moving directly back home from Pennsylvania to Los Angeles thinking I'm going to go back to the east coast eventually get a federal government job and that would be my life. That didn't happen. I ended up becoming a consultant. Accenture and Accenture pretty much just put the Disney which it was never my dream to work for Disney. I am not one of those Disney people but it became my life and I really started to enjoy that space and making my parents are both in medicine and how they explained is they were with people on their worst days, and I wanted to help people create their best. So after a couple years into working at Disney, I became a full cast member which is an employee there. I met my husband who's in the United States Air Force Sean and about a year and a half into dating. We ended up having to move from Edwards Air Force Base to Eglin Air Force Base. And when you go from California Housing prices to Florida, there's no income tax, it's much more affordable. So we bought our first property when we were married in Florida, and we expected it to be a long term rental, our, our friend Justin, he's a really good family friend was moving with us. And he's also a real estate agent. So he walked us through the process. He knows we're both engineers. So we pestered him about every little thing, how to fix every little thing. He has a few properties as well. So after that, and we felt comfortable. I think about a year after our first property, I went to him one night and said, Hey, what about a second? And then I ended up... Yeah, I was about a year in the got our short term rental, which that became a short term rental immediately. And it just provided this cushion of employment for me because we are moving on average about every three years now.

N Nichole Stohler 04:52

What was it that kind of prompted you to look at that second property? I mean, what what was it that you saw, are you read something or how did that come about?

N Nicole Kato 05:03

We ended up moving to Destin, Florida and I just thought everything was undervalued. It's absolutely gorgeous. We're known as the Emerald coast. And we have these gorgeous Emerald oceans, I found a one bedroom condo that was very underpriced with an ocean view. And in California, this could be easily be a million dollars and it was under 200. So I just, yeah, I just couldn't pass up that opportunity. So that's interesting. You had great perspective coming from California and saying, look, here's a beautiful beach as well. amazing view and I can get this property and I think Did you just instinctively know that you would be able to keep it fairly well rented? Yeah. The nice thing about having a single condo or a single best bedroom condo is I don't need to wait for these large families to rent out the entire house. And I can also rent in the fall if there's just a couple coming in for a weekend or we get a lot of snowbirds. I know I can rent this out year round.

N Nichole Stohler 06:19

That is interesting, because in the long term rental space, we always in our mind thought, you've got to have a three bedroom, two bath, absolutely, because that's where a family wants to live. And it's interesting as you described, you don't necessarily have to put those barriers up around the short term rental space. And in fact, what you're describing is you can be more flexible, more agile and take groups that probably most of the short term rental folks are not catering to.

N Nicole Kato 06:49

Yeah, that's exactly it. And our long term rental in Destin is a three bed two bath because we're expecting either a family or a couple and they want a little bit of space.

N Nichole Stohler 07:00

But for a short term rental by the beach, how long are you really in the condo? You're usually at the beach. Great point - and you don't care as much about the space. Okay. So tell us how are you managing? Because I know you moved again - How are you managing both of these properties remotely?

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Nicole Kato 07:19

Right now, I'll start with a long term rental because that's quicker. The long term rental, we thought we were going to manage it by ourselves. And it turns out our neighbor across the street manages all most of the properties in our neighborhood, and he's also president of the HOA. And he gave us a really good rate per month, which was below everyone else and he wins because he gets to choose his neighbors. And then for the short term rental, so we're on Airbnb, which that will probably change next year. And then from a management standpoint, the condo complex we're in has a onsite property manager that's paid for through the HOA, and then we have a really good cleaning service by ATP property services. And they just give me that extra step for their cleaners. But they also will help with, I asked them to do little things. Like for instance, someone left a piece of clothing the other day, and they were more than willing to just mail it to them. So you said something you said Airbnb, but that's going to be changing next year, what would change? Why is that changing? And what's it changing to? I'm going to look at VOB Oh, it sounds like they have a fixed rate or yearly subscription. So you just have to pay a single fee. It's also I've personally just had a few issues with the customer service within Airbnb. I feel like they could have handled some issues here and there a little bit better. What would be an example of the customer service issues? Is it that a tenant or I guess someone who stayed in, they caused damages. We tried to -

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Nichole Stohler 09:03

Oh really?

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Nicole Kato 09:04

Yeah. I had someone punch a hole in a wall. And they never showed up. After that happened, I had it fixed and patch by or on site property manager back in a day. So it wasn't a big deal, but it was the fact that they could never find him that I had to pay for the fix out of my own pocket. They wouldn't even make an attempt to ban this person on Airbnb and I have a police report about this. I guess the three guys got into a fight.

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Nichole Stohler 09:36

Geez, okay.

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Nicole Kato 09:38

But they were they were kicked out the next day. There was no question about what had

happened and he was apple.

N Nichole Stohler 09:45

Now I have a question - since you've been on Airbnb for a while and you've built up ratings and you've had so you know, it's not like you're a brand new. If you switch to VRBO, do you have to you have to start all over again?

N Nicole Kato 09:59

I will. I hope that because of the number of tourists we have in Florida, I'm hoping it won't be too big of an issue. And then I can always link if someone asks me like, oh, like, Why do you not have that much ratings? And like, Oh, I have over 100 ratings on Airbnb, and you can just see them here.

N Nichole Stohler 10:20

Got it. I was just thinking for someone who's starting either platform, right, you've got you're starting from scratch, and it does take a bit. What did you do to get your initial first few ratings?

N Nicole Kato 10:33

I'm not actually quite sure. I think a lot of it was I started really making an effort and renting during the peak season where I knew I was going to have strong bookings, and just move from there. I think a lot of people have difficulties if they start booking in South Florida, our offseason is the fall so November, and they don't have any bookings in November and then they're asking, What am I doing wrong? It's like, well, there's not a lot of people here. It's a good point I heard someone talk about offering introductory rates just to get reviews. So I didn't know if you know you had to do any of that. Or it was just it just sounds like such a popular area that wasn't a challenge. It's so popular. And there are also very few hotel chains there that we don't have a big Marriott. There's a hotel down the street, but it's very expensive. So we just don't have that competition you see with other areas. Got it. Tell us a little bit about some of the tools that you use to remotely manage your properties. So from a tool standpoint, our big things are our nest thermostat, or walk state door using putty with every single guest and then not a traditional tool but helpful just having a separate credit card and bank account. It's just a lot easier to know where we are budget wise and for taxes?



Nichole Stohler 12:02

I would agree 100% keeping that separate for and do you do that for each property?



Nicole Kato 12:09

Mainly just the short term rental because that's the one where it gets cleaned. I mean, this month 10 times.



Nichole Stohler 12:15

Got it. So you're paying for all of that on that particular card. Okay, that makes sense. What are some of the overall benefits that you've seen from having both of these properties?



Nicole Kato 12:27

So, personally, I'm not the best person being unemployed, especially someone in software who's just constantly head down working on our first moved to Florida was challenging for me, just because I wasn't quite sure where my next job was going to be. I was unemployed for a month, which probably doesn't sound long in hindsight, but for me, just drove me crazy. And this provides a cushion where I have something to do every single day and I can eat what I kill. Which I think is, for me really helpful. There's also that I'm still 30. But I have friends and they're older in their 50s and 60s and software is a young person's game. So I always have that concern what's going to happen later on in life, where I see my dad's friends where they'll lose jobs and then it takes months to find the job and inside of emotion and this just creates an extra safety net.



Nichole Stohler 13:31

I love that I, I talked about that on the website, just having a plan B. I've met so many people that do very much enjoy their jobs. And then in your case, you are moving and transferring and going to all these different places. And while you absolutely love maybe software development or being in that space, having a safety net and a plan B, something that else brings in income just takes pressure off. Whether you need it or not, I just I love that that's an approach that you've taken. Tell me a little bit about, you kind of described the wall being punched, which I think that's kind of a challenge. But what other challenges have you experienced with these properties?



Nicole Kato 14:17

And every town has their own issues. But in Florida, our big issues besides hurricanes are roaches and air conditioners. So just getting a new spending the extra money for a good air conditioning system and also having a really good bug guy takes a lot of the everyday stresses out of my day. I once a couple years ago with our first air conditioner, it broke over the Fourth of July, which usually that person spent spending the most money on their vacation and the AC breaks. So we completely fixed that problem. I have been in Florida in July.



Nichole Stohler 15:00

Yeah, and I imagine that was pretty unbearable.



Nicole Kato 15:04

Yeah. And our AC, you can freeze the coils if the door is open and the AC is still running because it just keeps getting hotter and hotter and hotter and the AC can accommodate that. So our AC will actually turn off as the doors are open, which I've seen some very threatening instructions from other short term property managers of if you leave the door open, you're going to end the AC freezes you're going to be charged \$400 so that completely takes that off.



Nichole Stohler 15:34

So have you found that that's probably the biggest thing sounds like they you run into someone checks in and then there's an AC problem or they check in and there's roaches is that kind of what you run into?



Nicole Kato 15:47

Both of those issues are solved but they're just the big issues of Florida. So you might not have that elsewhere. I grew up in Los Angeles. I don't think I ever saw roach until I lived in Washington, DC, and then in Florida, it's just there's always roaches. We are known for our very large bugs.



Nichole Stohler 16:09

That's good to know. So it is a location based, there could be some location based

hazards, I'll say that are challenges specific.



Nicole Kato 16:18

And I hate bugs like - And it's not even that I've even had a bug issue is I hate bugs. And just one in my house is too many.



Nichole Stohler 16:29

I can relate. What I also really like about your background, and your story is that as you were owning these properties working through these properties, you saw a gap for host, particularly in the short term rental space. Share with us because you mentioned earlier putty, but we didn't really stop there. So let's talk about Puddy. Specifically, share with us what you're doing here to help property owners and what what Puddy is and how you spell it.



Nicole Kato 16:55

So Puddy, my sister and I were just talking about names one night - Puddy is short for place buddy. So P U D D Y, and it's a property management tool that basically improves the guest host relationship. Because when you talk to a lot of these people who are either hosts, the hosts on Airbnb are just constantly blaming guess that guests are stupid, they don't know what they're doing. And then on the other side, you have guests complaining everything about how terrible the host is, and this is really an intermediary to me. So everyone is on the same page, and everyone knows what to do just that third intermediary, because I know guests don't want to bother hosts about random questions or places thinking when it's like eight o'clock at night and host don't want to go on to some 20 minute phone call that the guests is not going to completely interpret about what to do on the area.



Nichole Stohler 17:59

Share with us a little bit about how Puddy connects those to onsite like walk us through a scenario.



Nicole Kato 18:05

So when I have a person who books, they first are sent an email with a automated thanks for booking and then also our first public Puddy guest guy that has basic information

about the beach restaurants, just basic information about the area that anyone could use, and it's all color coded so that it feels like it's part of the condo so the color scheme matches our walls and the Emerald coast and then a day before check in your sent a second one and this one is password protected where the guests can they get a username which is normally their first name, and then they can set their own password and this will have so once they log in, they get their door code, the pool code information about where to park and you can upload images so you can have pictures as well. And then the pool rolls, just basic FAQ, I know our dryer the lint to take that out is very confusing for most people because it's a horizontal slide and not a vertical pool. So just things that you can't quite explain verbally. And also you can have the I created a custom guests buttons, so a custom Confirm button. So after the guests check in, they can press this button and I can see that okay, they've gone in, I can sort of be on standby for about 30 minutes to an hour to make sure everything's going smoothly and then I can go about my day. And then they also have a Checkout button as well. So after they leave, if they leave early, I can see like okay, they left early, the cleaners can come early, or if they haven't checked in I can also just send them a quick like, hey, I've noticed if not checked out I wanted to make sure if everything's okay since we are on such a tight schedule for the summer because one time I had a woman where I even said that like, Hey, I noticed you haven't checked out. It's 10:15. Like, are you okay? And she's like, Oh, I'm sorry. My son's been throwing up all night. I think I got everything. But it's, it's that personal level where a lot of hosts will just start yelling at someone and she's had a terrible night with her child who's sick.

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Nichole Stohler 20:24

I love that. I don't think I fully we spoke earlier. And I understood you know about this software that you were developing, but I realized what you're really talking about is kind of customer service at the next level, even just the little things that you're mentioning, around what kind of restaurants are available, and it's creating an experience for the guests who's checking in and just making the really that communication be seamless, versus like them being worried that they don't want to text you because they're trying to take a shower and at six o'clock in the morning. I can definitely see the need for that having stayed in Airbnbs myself. And there's an obstruction. She was like, here's your wireless. And here's like the basics, but not to that detail. And it's the same thing like we were just text and it wasn't very efficient.

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Nicole Kato 21:16

Yeah. And then a lot of times, you'll see people with these books that are completely out of date, because you have to completely reprint the guide every single time. Or I've even seen, like, every single month pull code in a guy because someone doesn't want to pre

print out January, February, March, April, May. And I can just change a number publish and it's done.

N Nichole Stohler 21:41

Got it. It's kind of like the best of its guides, things to do communication with your host. Just making everything really available in a quick and easy way.

N Nicole Kato 21:53

Yeah.

N Nichole Stohler 21:54

Awesome. So tell us where listeners can get in touch with you and learn more about Puddy.

N Nicole Kato 22:01

All the listeners can go to putty.io. And they can sign up, then create a free guest guide. So this would be a publicly facing one for just to guide your everyday guests and the way you can also sync up your calendars as well. So we're working on new functionality so that you can pull in your VR Bo calendar and Airbnb calendar. And you can see them all together. And it has all of the essential information on there. And then, after the just a basic guest guide, we have additional subscription services so you can make guests and have private content for individual guests and send automated emails for those guests as well.

N Nichole Stohler 22:50

Excellent. Thank you for offering that for the listeners. And thank you for joining us today. Thanks for tuning into The Richer Geek Podcast. For today's show notes, including links and resources, visit us at therichergeek.com. Don't forget to head over to iTunes, Google Play, Stitcher or wherever you get your podcasts and hit the subscribe button. Help us spread the word by sharing with others who could benefit from listening and leave a rating and review - that'll help us get the podcast in front of more people. I appreciate you. Thanks so much for listening.