

Sweet Little Money Maker

The market for vacation rentals is stronger than ever, allowing part-time landlords to turn a not-so-easy dollar. By Leah Dobkin *BY MILWAUKEE MAGAZINE STAFF 4/29/2013*



No spot on Madeline Island is far from Lake Superior.
Photo by Dustin Scholl

With demand on the rise for vacation homes in Wisconsin, many industrious would-be landlords are snatching up houses in the northern wilds of the state and renting them out as a second profession. Judy and Dan Lang of Milwaukee went as far as taking out a second mortgage on their Milwaukee residence to purchase a pair of homes on Madeline Island, located at the northern edge of Wisconsin on Lake Superior. The Langs hope to clear at least \$20,000 in profit in six years from renting out the homes, which feature two and three bedrooms and are separated by just a few miles.

The couple began renting them in 2011 after investing time in researching other properties in the area and improving their homes away from home. Judy Lang bought furniture and various goods through Craigslist ads and estate sales, and amassed an arsenal of household supplies. Arduous as it was, the preparations seemed to pay off. “We’re building up a clientele base more quickly and earning more income than expected,” she says. “The experience, so far, has been surprisingly smooth.”

Helping in this success is something of an imbalance in Wisconsin between demand for vacation rentals and supply. At homeaway.com, one of the largest websites connecting renters with homes, inquiries posted by the former swelled 30 percent in the past year as ads for the latter rose by only 14 percent. Demand increased the most in central and northern Wisconsin, jumping 70 percent in Wisconsin Dells, 64 percent in Castle Rock Lake, 56 percent in St. Germain, 28 percent in Hayward and 21 percent in Door County.

Vacation rentals have long been a thriving trade in the state, according to the Wisconsin Department of Tourism, and connections to those roots remain strong. Spokeswoman Lisa Marshall says three times more people search for rentals on the department's website than for motels or hotels. Visitors spend some \$463 million a year on stays at rentals, she says, which isn't bad, not even for a segment of what the state promotes as Wisconsin's third-largest industry: tourism.

Marketing a cabin or cottage can be a headache at times, but it has the potential to become a cash cow. Owners can collect an average of \$26,000 per year in rental income (before expenses), according to homeaway.com, a tempting number given the state's sluggish job-creation numbers. Owning a second home that you rent is even a way to bail out an underwater mortgage, assuming the gamble pays off.

Judy Lang says the rental landlord must be ever-vigilant to succeed. "I bought a smartphone and a laptop, and it goes with me everywhere," she says. "We went on vacation with another couple, and I needed to find a Wi-Fi spot to respond to inquiries." The friends ended up at a bar with Wi-Fi. "We'll do our thing and have some bloody Marys," one of the friends said, "and you can do your thing." Lang allocates some 25 hours a month to returning calls and running the business. "The quicker you respond, the [better] the chance you secure a booking," she says.

Owners can market by joining a local chamber of commerce and listing on websites, such as homeaway.com or other such Internet portals. According to Alexa, a traffic data collection and global ranking company, the alternatives that get the most traffic are vrbo.com, flipkey.com, tripadvisor.com and airbnb.com. The cost to advertise listings on them ranges from free to as high as \$370 a year, and though the fees can add up, experts recommend using more than one site.

One such adviser is Matt Landau, who writes at vacationrentalmarketingblog.com. He says professional photos are increasing in importance as competition for vacation rentals continues to rise. Rates should also be attuned to competitors, he says – you should know exactly how much those in your area are charging. Aggressive pricing makes a difference, and so does winning language. Effective copywriting, Landau says, is a must. Owners lacking in professionally crafted titles and descriptions for their online listings tend to get fewer inquiries from renters.

Judy Lang, however, has gotten along well enough using a homespun approach, she says. "We picked an incredible area to purchase vacation rentals."