

THE CHARLESTON INVESTOR BRIEF

L & L Property Management

CHARLESTON, WV · KANAWHA VALLEY

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How West Virginia outperforms the 1% rule.

*A quarterly brief on the math behind 1%+ rent-to-price deals in the Kanawha Valley
— what's working, what isn't, and the trade-offs we name out loud.*

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We manage your rentals like we manage our own.

And why it broke almost everywhere else.

The 1% rule is shorthand for a deal where monthly rent is at least 1% of the all-in acquisition price. A \$150,000 home renting for \$1,500 a month hits it. A \$400,000 home renting for \$1,800 doesn't. It's a starting filter, not a full underwrite — but it sorts cash-flow markets from appreciation markets in one look.

Why it broke almost everywhere else

Between 2020 and 2024, home prices in most major U.S. metros rose faster than rents. The Sun Belt led the move: Phoenix, Tampa, Boise, Austin, and Nashville saw double-digit annual price appreciation while rent growth, even at its peak in 2021–22, struggled to keep pace. By 2025 the math had inverted in those markets — a typical single-family rental on a 1% rule check now lands closer to 0.4–0.5%.

At the national level, the median existing-home sale price sits near \$400,000 (NAR, 2025) while the median asking rent sits around \$1,400–\$1,500/month (Apartment List + Zillow ZORI, 2025–26). That's a rent-to-price ratio around **0.35–0.40%** — well below the 1% threshold and well below the level that makes a leveraged cash-flow story pencil at today's borrowing costs.

Where it still works

The 1% rule still works in markets where the cost basis stayed reasonable while rents tracked inflation. That's a short list, and West Virginia is on it. Charleston's median home value sits in the \$155,000–\$200,000 range (Zillow ZHVI, 2026) and typical 2–3 bedroom rents sit in the \$800–\$1,500 range depending on submarket and condition — putting the headline rent-to-price ratio in the **0.6–1.2%** band, with individual deals reliably above 1% and a meaningful slice hitting 1.5% or more.

THE MATH, PLAINLY

National vs. West Virginia, side-by-side

	National	Charleston, WV
Median home price	~\$400,000	~\$175,000
Typical 2–3BR rent	\$1,400–\$1,500	\$800–\$1,500
Rent-to-price ratio	~0.35–0.40%	~0.6–1.2%

Sources: NAR Existing-Home Sales median (national), Zillow ZHVI (WV), Zillow ZORI + Apartment List (rents). Figures rounded; ratios reflect ranges, not point-in-time precision.

The right block matters more than the right ZIP.

Charleston isn't one rental market. It's five or six, stacked on top of each other. The walkable urban blocks of the East End behave differently from the quiet hollows of Kanawha City, which behave differently from the working-class SFR belt in St. Albans, which behaves differently again from the newer suburban subdivisions in Teays Valley and Hurricane. The same dollar of acquisition capital buys very different cash flows, and very different risks, depending on which one you pick.

The table below uses ranges drawn from our active managed portfolio (150+ leases across Charleston, South Charleston, St. Albans, and the Kanawha Valley) combined with public-data comps from Zillow ZORI and RentCafe. Rents are typical, not maximum or minimum.

Submarket (ZIP)	Character	Typical 2BR	Typical 3BR	Watch for
East End (25311)	Walkable urban, mixed historic + revitalized housing	\$900– \$1,300	\$1,100– \$1,600	Block-by-block variability — some streets still in early reinvestment
South Hills (25314)	Established SFR, top-tier schools (George Washington HS)	\$1,500– \$2,100	\$1,800– \$2,400	Highest entry cost in the metro — cap rates compress here
Kanawha City (25306)	Ridge-and-hollow residential, family-oriented	\$1,000– \$1,400	\$1,400– \$2,000	Hollow topography means real drainage and grading capex
West Side (25387)	Working-class belt, older multifamily stock	\$650– \$900	\$800– \$1,100	Tenant screening matters more — thinner margin for error
St. Albans (25177)	Small-city SFR, Toyota plant commute belt	\$850– \$1,200	\$1,100– \$1,500	1940s–70s stock; flood-zone segments near the river
Teays Valley / Hurricane (25526)	Newer suburban SFR, Putnam County schools	\$1,400– \$1,800	\$1,700– \$2,200	Higher entry; renter pool is more commuter-dependent

Sources: L&L Property Management portfolio data (150+ active leases as of Q2 2026), Zillow ZORI, RentCafe, U.S. Census ACS 5-year estimates. Ranges reflect both submarket variability and condition variability — a refreshed unit lands at the top of the band; a deferred-maintenance unit at the bottom.

Three patterns that show up across every submarket

- **Older housing stock means real capex.** The dominant Charleston rental product is 1940s–1970s frame. Roofs, electrical, plumbing, and HVAC are recurring line items, not exceptions.
- **Demand is anchored, not growth-driven.** CAMC, WVU Medicine, the State Capitol Complex, and Toyota anchor renter demand. Underwrite for stability, not appreciation.

- **Block-by-block matters.** Public-data comps blur differences a real on-the-ground partner can name. The cleanest underwrite uses both.

A 3BR/1BA Charleston SFR, six months in.

This is an illustrative example, not a specific listing. The numbers are anchored to our actual portfolio ranges so you can walk through the math we'd walk through with you. We name the gap between projection and reality because that gap is where most first-time WV underwrites go wrong.

THE PROPERTY

3 bedroom / 1 bath single-family, ~1,150 sq ft, mid-century frame construction on a quiet East End block. Acquired in late 2025 for **\$148,000** after a light cosmetic refresh (paint, flooring in two rooms, new fridge). Listed for rent at \$1,425/month and leased to a single tenant in 14 days on market.

THE PROJECTION AT ACQUISITION

Line	Projected (annualized)
Gross potential rent (\$1,425 × 12)	\$17,100
Vacancy reserve (5%)	(\$855)
Property tax (Kanawha County)	(\$1,420)
Insurance (landlord policy)	(\$1,180)
Maintenance + capex reserve (8%)	(\$1,368)
Management fee (10%)	(\$1,625)
Net operating income (projected)	\$10,652

Rent-to-price check: $\$1,425 \div \$148,000 = 0.96\%$ — just shy of the 1% rule on paper. Stabilized cap rate on projected NOI: ~7.2%.

SIX-MONTH ACTUALS

Six months of operating history, annualized to the same line items. The gaps between projection and reality are the part most underwrites skip.

Line	Projected	Actual (annualized)	Delta
Rent collected	\$17,100	\$17,100	\$0
Vacancy	(\$855)	\$0	+\$855
Property tax	(\$1,420)	(\$1,420)	\$0
Insurance	(\$1,180)	(\$1,310)	(\$130)
Maintenance + capex	(\$1,368)	(\$2,840)	(\$1,472)

Line	Projected	Actual (annualized)	Delta
Management fee	(\$1,625)	(\$1,710)	(\$85)
Net operating income	\$10,652	\$9,820	(\$832)

WHAT MOVED

- **Vacancy ran better than projected** — the unit re-leased the same week the prior tenant gave notice. That's not always how it goes.
- **Maintenance ran heavy.** An HVAC service call in month two, a hot water heater replacement in month four (\$1,950 all-in), and routine fall gutters. The annual maintenance line was burned through in six months.
- **Insurance reset** on policy renewal — a \$130 annualized step-up. Common across our portfolio in 2025–26 as carriers re-priced.

Stabilized cap rate on the actual NOI: ~6.6%. Still a defensible long-hold number in a market with this cost basis — but *materially* below the projection. This is why we budget 8% maintenance on paper and watch the actual run to know when to revise.

And what we'd have done differently.

These are composite patterns drawn from properties we picked up after the underwriting went sideways — not specific deals, not specific clients, but patterns we've watched repeat enough times to flag. Each one passed a 1% rule check at acquisition. None of them held to that math after the first 12 months.

PATTERN 01

Deferred maintenance bigger than the inspection caught.

A 2-unit Charleston duplex listed for rent at \$1,650 combined against an acquisition of \$148,000 — 1.1% on paper. The general inspection flagged "older systems" without quantifying. Year one brought a partial sewer line replacement (\$6,400), a roof patch that became a roof replacement on the second tenant complaint (\$11,200), and a furnace that died in February (\$4,800). The 1% rule check held; the cap rate didn't.

What we'd do differently: sewer scope and roof teardown estimate before close, not after. On 1940s–60s stock, treat the inspection report as a starting question, not an answer.

PATTERN 02

Turn cost compounded by a screening shortcut.

A South Charleston SFR cleared 1.2% on the first lease — and then turned twice in 14 months. Each turn ran ~\$3,200 in make-ready plus 5 weeks of vacancy. The underlying issue was a screening process that prioritized speed-to-lease over rental references. Two consecutive placements with weak rental history → two consecutive early breaks. The rule still passed on a fresh lease; the twelve-month return didn't.

What we'd do differently: rental-reference calls beyond "were they ever late," and a hard rule against waiving a step in the screening flow to fill a vacancy by the 1st of the month.

PATTERN 03

Flood-zone insurance reset.

A property near the Kanawha River pencilled to 1.4% with a standard landlord policy at \$1,100/year. Carrier non-renewed at the 18-month mark following a regional reassessment of flood-plain coverage. The replacement policy required separate flood coverage and ran \$2,950/year. NOI compressed by ~\$1,850, and the cap rate moved with it. The location was disclosed in the listing; the insurance trajectory was not.

What we'd do differently: a real insurance quote on the actual parcel from at least two carriers *before* close — not the assumed line item from a comparable block.

THE PATTERN IN THE PATTERNS

Every one of these deals passed a clean 1% rule check at acquisition. The rule is a useful filter — it sorts cash-flow markets from appreciation markets — but it doesn't underwrite a property by itself.

WHAT 1% DOESN'T MEASURE

Inspection quality. Capex deferred by the prior owner. Insurance trajectory. Tenant placement quality. Local court timelines. The cost of the next vacancy if you placed the wrong tenant.

INVESTMENT PERFORMANCE DISCLAIMER

Returns, rent levels, vacancy rates, and other figures referenced in this brief reflect a combination of public market data and the experience of investors in the L&L Property Management network. They are not a guarantee of future performance. Every investment carries risk and outcomes will vary.

TAX DISCLAIMER

This brief is for educational purposes only and is not tax advice. Tax laws are complex and vary based on individual circumstances. Consult a licensed CPA or tax professional familiar with your situation before making any tax-related decisions.

LEGAL DISCLAIMER

This brief is for informational purposes only and is not legal advice. Landlord-tenant law in West Virginia changes and applies differently to every situation. Consult a licensed attorney before acting on any information here.

Sources and methodology

- U.S. Census Bureau — American Community Survey 5-year estimates; Housing Vacancy Survey.
- Zillow Research — Zillow Observed Rent Index (ZORI) and Home Value Index (ZHVI).
- Apartment List — National Rent Report, market-level rent estimates.
- RentCafe — submarket-level apartment rent snapshots.
- National Association of Realtors — Existing-Home Sales median price series.
- U.S. Bureau of Labor Statistics — CPI Rent of Primary Residence.
- Kanawha County Assessor — property records and assessed values.
- L&L Property Management portfolio data — lease-level rent, vacancy, and turnover history across 150+ active leases as of Q2 2026.

Questions about the math, the methodology, or a specific block?

Reply to the email this brief came in — it goes to Josh.

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