

ISSUE
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THE INVESTOR

LANDLORD INSURANCE WHY DO I NEED IT?

Property owners sometimes ask us why they need Landlord Protection Insurance when they have a skilled and professional property manager overseeing their investment, which is a valid question worth exploring.

As your managing agent, our property owners can be confident that we are diligent and focused on providing a comprehensive tenant selection process to minimise rent arrears while also conducting regular inspections to stay well-informed on the condition of the property to reduce the likelihood of damage.

Albeit it is important to acknowledge that unforeseen circumstances can arise during a tenancy, which can be out of our control.

The loss of a tenant's job, breakdown of a partner relationship, changes in tenants, or illness can all lead to situations where tenants may no longer be able to meet their rental payments or result in them acting in ways that are outside of their normal character. These changes can lead to unexpected damage or issues relating to gaining possession of the property. These occurrences can transpire at any given time, even after years of a trouble-free tenancy.

To protect your asset and financial interests while enjoying complete peace of mind, we strongly recommend investing in Landlord Protection Insurance, which is fully tax-deductible and often costs less than one week's rent.

Landlord Protection Insurance will cover owners for the unexpected, such as accidental or malicious property damage, failure to receive possession of the property costs, rental loss, and damage by pets, to name a few*.

* May vary depending on the insurer and policy terms



VACANCY PERIODS MINIMISING POTENTIAL RENTAL LOSS

Forecasting the economy and investment market has been challenging and unpredictable for many nationwide, with constant interest rate rises, elevated rents, a shortage of affordable housing and a strong rental market in securing tenants. However, according to recent data research*, we are now starting to see a slight rise in the national vacancy rates for the first time in 18 months. Landlords need to be mindful of these changes to monitor long-term budgeting and the financial management of their investment income.

If your property becomes vacant, there are smart steps that you can take to minimise the potential of a vacancy period.

Know the vacancy rate and market conditions.

As an astute investor, you must keep up-to-date with the current rental market and know the vacancy rates, trends and fluctuations. Vacancy rates are expressed as a percentage and are an insightful indicator for monitoring supply and demand in rental properties. Steady vacancy rates are considered between two and three per cent. A low vacancy rate (below two per cent) is viewed as a landlord market and is associated with rising rents and a decline in the time it takes to secure a tenant. A high vacancy rate (above three per cent) means there is a large portion of rental properties available where rents fall and there is an increase in the number of days the property is advertised for rent. The latest national vacancy rate is on an upward trend at 1.2 per cent, attributed to increased shared rentals to reduce rental costs and more people buying properties.

Know the current market rental value.

When the time comes to advertise and find a tenant, make sure you list the property at a fair market value. It may be tempting to advertise at a higher rate; however, you are likely to receive less interest. To determine the rent, compare similar properties of the same size and in the same proximity of your investment property that have recently been rented.

Advertise at the right time.

The best time to advertise is two to three weeks before the property is available. If the property is advertised too early, your campaign may lose momentum.

VACANCY PERIODS Continued...

Monitor the advertising enquiry.

If you are receiving minimal enquiries or, in contrast, a lot of enquiries and inspections with no applications, then this is a sign of an over-priced property, or there could be something about the property that needs to be improved.

Pay attention to the presentation.

The presentation of a property is critical during high vacancy periods as tenants can be more selective. If there is an oversupply of properties on the market and your property becomes vacant, it may be time to repaint, update appliances, replace fittings and tidy the outside of the property.

Offer an incentive.

During quiet times when tenant demand is low, consider offering an incentive to help make your property more appealing to prospective tenants. For example, offering one week's free rent can help a tenant financially when moving.

Consider additional inclusions.

Depending on the property type, you may attract more interest if appliances are included, such as a washing machine, dryer, dishwasher, cooling/heating, or fridge freezer. You could also offer free Internet or include pool and garden maintenance in the weekly rent.

Strategically plan your tenancy.

Avoid the tenancy agreement term expiring during high vacancy periods. You can do this by offering a 10-month term instead of 12-months.

* SQM Research & Domain

PREVENTATIVE MAINTENANCE PROTECTING YOUR INVESTMENT

Owning an investment property is a great way to create long-term wealth, but it also comes with responsibilities. A critical aspect of property ownership is preventative maintenance.

A proactive maintenance approach helps avoid costly repairs and will maintain the property value over time.

By addressing issues early, you can prevent minor maintenance needs from escalating into major ones that require expensive repairs.

If left unattended, a simple water leak, mould, dry rot, terminate damage, or a crack in the property's structure can escalate from a few hundred dollars to fix to thousands of dollars.

Checking for leaks, inspecting electrical systems, and assessing the property's structural integrity, can help identify problems early and prevent them from becoming major repair projects.

Attending to small preventative maintenance requests is also vital to tenant satisfaction. Well-maintained properties provide a comfortable and safe living environment, leading to happier tenants, who are more likely to stay longer and take better care of the property. This results in reduced vacancy rates and turnover costs and ensures the safety of tenants.

Regularly inspecting the property's electrical systems, smoke alarms, fire extinguishers, pools (if applicable), the building and the general security aspects of the property can help identify potential hazards so that you can take preventative measures to significantly reduce the risk of accidents, injuries, and possible legal liabilities.

Creating a budget and maintenance schedule is essential for effectively managing preventative maintenance.

Regular inspections should not only be conducted by a property manager, but also by qualified professionals, who can help identify hidden issues and ensure your property is well-maintained and safe.

It is crucial to make preventative maintenance a priority to avoid costly repairs that can diminish the value of your investment.

PROPERTY MARKET

Keeping you updated.

FOR RENT

Nada, zip, nothing – time to put our feet up and rest you may ask! No such luck, this is a perfect time for us to concentrate on the EOFY.

RENTED

For the first time in a long while, we have a zero vacancy rate. All properties are occupied and tenants happy as can be!

PM NEWS UPDATE

END OF FINANCIAL YEAR

Woohoo! It's that time of year again. Your EOFY statement's will be processed just after your normal end of month disbursement (first business day after end of the month). Everything will be ready to handover to your accountant for them to get to work. Don't forget, we can cc your accountant to receive your monthly statements if you like, just send Pip their email details to include. They will only receive statements, no other information regarding your property.

SUDOKU COFFEE BREAK

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TALK TO US

'THE PROPERTY EXPERTS'

BUYING, SELLING & PROPERTY MANAGEMENT

CALL US IF YOU NEED ADVICE