

This newsletter has been designed to keep you updated on what is happening within the industry and our real estate office

### From our property management team



We wish you lots of joy, relaxation and happiness with family and friends.

### Inspirational Tips

*“Believe while others are doubting... Plan while others are playing... Study while others are sleeping... Decide while others are delaying... Prepare while others are daydreaming... Begin while others are procrastinating... Work while others are wishing... Save while others are wasting... Listen while others are talking... Smile while others are frowning. Commend while others are criticising... Persist while others are quitting...”* **William A Ward**

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# THE PROPERTY PRICE PYRAMID

## How much can my rental property achieve?

When trying to establish the asking price/rent for a property there are several factors that need to be taken into consideration.

- 1) The current rental market conditions,
- 2) The current supply and demand – are there more prospective tenants compared to properties,
- 3) The quality and condition of the property, and
- 4) The location of the property and accessibility to local amenities and transport, to name a few.

As a managing agent it is our responsibility to ensure that we achieve the best possible rent in the quickest possible time.

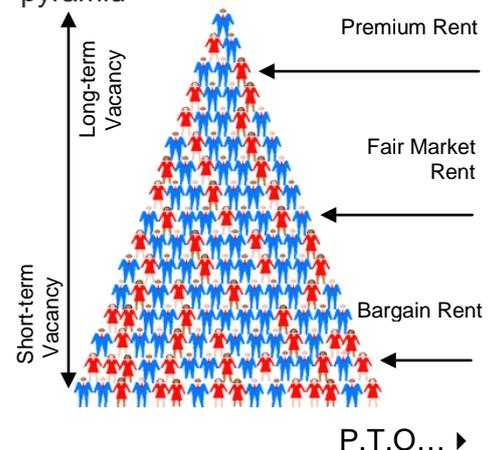
When undertaking rental appraisals it is not uncommon to see similar properties in an area, with weekly rents that greatly fluctuate – sometimes up to \$50 to \$100+.

At the end of the day, how much you can achieve in rent for your property is based on how much a tenant is prepared to pay.

**BUT BEWARE!** Overpriced properties can lead to greater vacancy periods, higher tenant turnovers and greater wear and tear.

When you determine the rent achievable for a property it is important to do research by comparing the property to what is currently being offered in the market. How many other similar properties are there, how long have they been vacant and what rent is being asked?

To demonstrate the impact of fluctuating rents, refer to the following prospective tenant pyramid



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## Attracting and keeping quality tenants

There are a wide range of ideas and things that you can do with your rental property to attract and keep quality tenants, which we will be including in future newsletters.

The one that we would like to share with you this month is the installation of reverse-cycle air conditioning.

Tenants want to be comfortable in their home. They want to be

cool in summer and warm in winter. If they are unsure about renting two properties and have to decide... you can be sure that reverse-cycle air-conditioning is a great selling point.

For a relatively small tax-deductible investment you can improve your property, possibly increase the rent and reduce your vacancy period.

Even if you currently have a tenant in the property, the proposal of installing reverse-cycle air conditioning may win the tenant over as a loyal and long-term tenant.

If you would like to install reverse-cycle air conditioning to your property, feel welcome to contact our office to discuss this further. ■



## Why do I need landlord insurance if I have a managing agent?

As managing agents, we are sometimes asked why a property owner would need Landlord Protection Insurance if they have an experienced and professional property manager caring for their investment.

### GOOD QUESTION!

As a managing agent we are very careful in our tenant selection process, we carry out regular inspections and have high communication standards with our tenants.

However, as you can appreciate unforeseen circumstances can occur in a tenancy, which can be outside of everyone's control.

The loss of a tenant's job, breakdown of a spousal relationship, or illness, can all result in situations where tenants may no longer be able to service the rental payments, or could act in ways that are outside of their normal character, resulting in property damage.

This can happen at any time, even after years of trouble-free tenancy.

For a fully tax deductible fee that is often less than a single week's rent, you can protect your asset value and financial interests and have complete peace of mind.

**BEWARE!** If you are utilising a Landlord Protection Insurance policy provided by your bank, ensure that you take the time to thoroughly investigate what the policy covers. We have heard of many stories where 'bank' recommended policies have high excesses or do not cover for rent loss in certain situations. ■

## Sales vs Property Management

### Is there a conflict of interest?

It seems to be a question that owners ask themselves when they consider listing their Investment Property for sale.

The answer is that there is a lot more income generated by a sale than the minimal fees involved from the Property Management, so this does not cause a problem.

When you are considering who to list your property with when it is time to sell, the Managing Agent is usually the best choice. They are in a stronger position as they know the tenant personally and have better access to the property to ensure that marketing and inspections run smoothly. This minimises the risk of having a disgruntled tenant wanting to leave the property or not presenting it well for inspections.

Owning investment property long term is a serious commitment. That's why Property Management needs to be taken seriously. You need your investments to perform at their best while you own them.

Selling is also a serious business and should be taken very seriously. When the time is right to sell you need someone who knows your property.

**REAL ESTATE WORKS**

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**SALES & PROPERTY MANAGEMENT**