

## FROM OUR PROPERTY MANAGEMENT TEAM



### Keep Your Contact Details Up To Date...

Don't forget to make sure we have your up to date contact information - changes of address, home phone number, mobile numbers - we may need to contact you urgently regarding your investment property.

### Make Sure We Have Your Email Details...

This is becoming the fastest and most efficient way to keep in touch - make sure you are keeping up to date the best way you can.

### Inspirational Tip

A wise man will make more opportunities than he finds.

*Francis Bacon*

## To increase or not to increase, that is the question...

When reviewing rents and tenancy agreements the question often arises "Should the rent be increased and if so, by how much?"

As your managing agent, when the tenancy agreement is under review, the first thing we assess is whether the tenant is looking after the property and paying the rent. If the answer to this question is no then renewing the tenancy would be detrimental to protecting and maximising your income. If the answer is 'yes' then we would proceed in completing a comparative market analysis of your property to assess the price the property may rent for in the current market.

This is the price that could comfortably be achieved if your tenant decided to vacate the property at the end of their tenancy. Only a few years ago, it was common practice for many agents to just increase the rent by \$5 or \$10 (regardless of the market review), however, as tenants are becoming more astute and, through Internet resources, are now armed with up-to-date information about the rental market, it is becoming increasingly

important to be accurate in accessing the rental market value of the property.

Many investors are reluctant to increase rents at properties where they have retained a good, loyal tenant for a long period of time, and although this is sometimes a good practice where vacancy rates are high and the rent has only marginally risen, it is important to refrain from consistently choosing this approach. As the market continues to increase without the property being adjusted accordingly the tenant becomes shielded from market conditions, and when they eventually have to move they are unprepared for the increase in living costs.

It is also important to move with the market as conditions do not always reflect increases in costs. When these costs occur, as income is not being maximised, the costs can have a negative effect on the affordability of the investment. If an investor is put in a position where they need to sell their property, having the rent at less than market value can have a negative impact on securing a sale at a reasonable price and the valuation may be effected. ■

**IMPORTANT:** This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Every effort is made to ensure the contents are accurate at the time of publication. Clients should seek their own independent professional advice before making any decision or taking action. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - [www.ppmsystem.com](http://www.ppmsystem.com)

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## Prioritise Pre-Settlement Inspections

Don't be tempted to take a risk and skip a final pre-settlement inspection.

When buying an investment property or a home you may be tempted to forgo a final walk-through due to time or other constraints, but there are many reasons why completing a final pre-settlement inspection should be non-negotiable.

As the name suggests, it is an inspection made after you have signed up to buy a property, but before making final settlement and taking possession.

Under the terms of a property sale and purchase agreement you are entitled to take ownership of the property in no worse condition than when you originally inspected it. Furthermore, all of the chattels and fixtures specified in the contract as being included in the sale must be intact.

So, while you may have visited the property numerous times prior to signing a contract, a pre-settlement inspection is your chance to ensure everything is in order before the sale is finalised.

This is your opportunity to check the property has not suffered damage since you last viewed it. It also enables you to see if any work done as a condition of the contract meets your standards.

So, ensure the sale and purchase agreement includes as much detail as possible about the chattels, fixtures and the condition of the property, because any faults that existed prior to signing the agreement but not noted and agreed as requiring a remedy cannot be addressed later.

At the appropriate time ensure you do a thorough pre-settlement inspection to ensure that if there are any issues, you can resolve them through your sales

consultant and/or solicitor before settlement day.

**Tip:** Ask for the previous owners to leave behind relevant instruction and user manuals.■



## Is Now The Time To Buy?

*Australian Property Investor Magazine reports...*

Nearly half of 2000 Australian first homebuyers, owners and investors recently polled by mortgage provider Homeloans Ltd believe now is the time to buy.

The *Homeloans Home Buyer Barometer Q2 2011* survey found 32 per cent of respondents couldn't give an opinion about whether the market was right for investment, and 19 per cent thought it wasn't the right time to buy. ■

**MAKING  
REAL ESTATE  
WORK FOR  
YOU**

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## Renewed your insurance lately?

### A FRIENDLY REMINDER

Keeping your insurance policies up to date is a necessity with any property. When you invest so much money in your own home or an investment property the risk is too high not to have it.

Building and Contents Insurance is a must, and Landlord Insurance very strongly recommended, especially in the current economic climate.

Don't forget to check that your Body Corporate Insurance provides all the cover that you need or that those items not covered are covered by your other insurance policies.

Did you know that there are requirements as to the amount of public liability insurance that must be maintained on an investment property?

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## Have you checked out our website?

With the cost of water and rates increasing we have decided to keep running our special offers to give you the opportunity to help offset some of those expenses.

[www.RealEstateWorks.com.au](http://www.RealEstateWorks.com.au)