



PROPERTY INVESTOR

NEWSLETTER

MAY – JUN
2017

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

FRIENDSHIPS AND VERBAL AGREEMENTS

Friendships and verbal agreements entered into by the landlord directly with the tenant [without the agents knowledge] start out with the best intentions; however, from experience it can ultimately affect the relationship between all parties, if there is a dispute during the tenancy.

Renting a property should be considered as a business transaction not a friendship. That is not to say that when inspecting the property you cannot be friendly and appreciative of the tenant.

You should avoid providing the tenant with your direct contact details to avoid the possibility of things going wrong.

Communicating with the tenant on matters such as, rent reductions, payment plans, approval of pets or additional tenants, new inclusions to the property, tenant/s conducting their own maintenance or alterations at the property or regular access to the property are verbal agreements that are often governed by legislation and can be a potential risk to landlords if things go wrong.

It is important that your first point of contact is to your property manager, allowing them to ensure that the agreement is in writing, and in accordance with legislation requirements.

WHEN PREVIOUSLY GOOD TENANTS CAN TURN BAD

It is one of the greatest fears for a landlord – having a bad tenant in the property potentially resulting in lost rent, property damage and delayed periods of time to gain vacant possession of the property.

We see it often in the news and media ‘The tenant from hell’.

Appointing an agent is a wise choice in owning an investment as the ‘bad tenants’ pray on the private landlords who are not skilled in the selection process, reference checking and have no access to national tenant databases to determine if a tenant has defaulted in previous tenancies.

While we conduct the most thorough reference checking, there are times when previously good tenants can turn bad, that can sometimes cause undue stress for landlords.

Examples of tenant changes in circumstances:

- Loss of employment
- Sickness, stress, pressure or mental illness
- Change in partners or friends
- New addictions or involvement in illegal activities

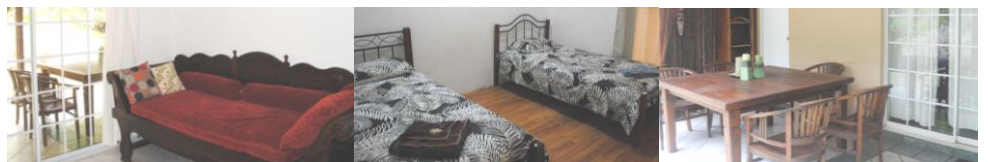
These changes can take place at any time. As your managing agent we are constantly working towards minimising your risk with regular inspections and constant rental payment follow-up when required.

However, if a good tenant turns bad, you need to ensure that you are covered. Landlord protection insurance is there to ‘protect’ you when unexpected things go wrong. The reality is that renting a property is never a guarantee of ongoing good tenants as circumstances can change.

EARE HOLIDAY RENTALS | LIVE LIKE A LOCAL

Our holiday rentals are now available from a minimum of 3 nights stay.

Prices start from \$176 per night for a three-bedroom house.



We are focused on maximising your rental income and optimising your capital growth

THE HIGHER RENT LOWER INCOME MISCONCEPTION

Many landlords who lease their property often have a mindset of 'holding out for the highest rent', thinking the sky is the limit in a competitive rental market. Many even do this if it means losing several weeks of rental income, with an over-priced and sometimes assumed rent without substantiating evidence.

What does 'holding out for the highest rent' mean for the overall return on the property?

Experienced investors report that the best way to maximise the return on their investment properties is to keep the property let – in other words, it is important to minimise vacancy periods. For many, it is not always easy to make a decision to lower the rent, especially when it can have an impact on the overall income and mortgage payments. It is tempting to hold out for 'just another week' and before you know it, another week has passed by. Experienced investors say that doing the sums shows that 'holding out for the highest rent' can be counter-productive. If the property is over-priced at \$450 a week, [with the rental market and feedback from tenants suggesting \$420 a week] losing the \$420 for two weeks vacancy is \$840. Spread over a year, this will lessen the weekly return to less than the \$420 that the property will eventually rent for.

When we provide feedback to landlords on the weekly rent, we first carry out extensive research comparing the property to other properties on the market at the time, known as a CMA [Comparative Market Analysis]. It is our duty of care, as a professional managing agent to work towards achieving 'the highest' possible rent, as well as minimising vacancy periods.

Tenants talk to relatives, friends and other people in the rental market and the tenants paying top dollar are the first to notice a downturn in the rental markets or over-priced rent, often reacting by moving out to a cheaper property when their lease expires. This then becomes a further risk of a vacancy period and lost income/rent if the landlord chooses again to go for top rent before accepting the changed circumstances. It becomes an ongoing loss of income from tenancy to tenancy.

The aim for tenanting a property is to ensure that the rent is within the market expectations to reduce lost income and high tenancy turnovers. If a vacancy period does occur, you may like to work by the rule that [provided the property is clean and presents well and is well-maintained] if a tenant is not secured by day ten of the leasing campaign, the asking rent should be reduced by five-ten percent, which has been a tried and tested system.

CHANGE OF BANK DETAILS

IT MUST BE IN WRITING

If you want to change your bank details, it's our agency's policy to receive the request in writing signed by all the registered property owners. This is to protect our clients. There have been cases of landlords separating or family disputes where one party has requested the change without the other parties being aware.

EARE YOUTH SPONSORSHIP ENTRIES CLOSE 12PM JUNE 14th 2017

Are you aged between 10 – 18 years? Do you live in East Arnhem Land? Are you passionate about participating in sport of any kind? Do you want to win \$500?

If you answered yes to these questions, then get your entry in!



WE ARE HIRING!

We are looking for a licenced property manager to join our team. The hours are flexible. Please send resume to hannah@eare.com.au or phone Hannah on 0438 898 222 / 89872209 for more information.

PROPERTIES AVAILABLE

FOR RENT

Houses

20 Feldegg Ave - \$500 per week

Commercial

93 Chesterfield Circuit – POA

FOR SALE

Residential

12 Beagle Circuit - \$440 000

10 Pera Circuit - \$275 000

4 Matthew Flinders - \$320 000

4 Wolsey Circuit - \$325 000

14 Sinclair Street - \$400 000

2 Lobelia Close - \$450 000

Commercial

13 John Flynn Drive - \$460 000

Contact your Local Agency
East Arnhem Real Estate

Phone: (08) 8987 2209

Email: admin@eare.com.au

Website: www.eare.com.au

NEWS

**COMMUNITY
HOUSING**

EARE IN GAPUWIYAK

Early in May, EARE staff members Jason (pictured) and Joanne and EARE Licensee, Hannah Fincham-Thomson spent a week in Gapuwiyak.

We were very excited to welcome and train our newest EARE team members, Bridget and Kamaliah who will be based in Gapuwiyak.

