

Tips and Information for Investment Property Owners

The founding Principal of the property management specialists, Leah Jay, presents her tips for people owning residential investment property.

- 1 **Tenants** – once you've made the decision to invest and purchased a property, then it all begins with tenant selection. Prepare and present your property for the tenant you want.
- 2 **Price to lease and to attract the best tenant** – naturally you do not want your property vacant. The sooner we find you a tenant the sooner you have cash flow. Don't fall short of the market but just as importantly don't over reach, otherwise your property will sit vacant for too long. Alternatively you will attract tenants that are desperate and likely to have missed out elsewhere. Good tenants don't need to pay more than market and this is where it all starts.
- 3 **Maintain your property.** This used to be an advantage in the quest to get good tenants and to achieve better yields, now it is pretty much a necessity to attract good tenants. Properties must be in good condition. If not pristine, or renovated, and feature packed, they must be in good condition, otherwise tenants will look elsewhere. Over the years the bar has risen and I would suggest it continues to lift.
- 4 **Look for ways to differentiate your property.** There may be natural advantages such as location but if not consider features such as air conditioning or solar heating - subsidies may lower power bills. Your property may lease more readily and perhaps achieve higher yields and may be an incentive for tenants to lease your premises above others.
- 5 **Renovate to improve yields but don't overcapitalise.** For new properties this will of course be difficult but there are usually ways of improving your return. But you have to be prudent, if your aim is to maximise your return then don't overspend on aesthetics and hidden features that don't attract extra rent. Do your sums first.
- 6 **Insure to your needs.** This is a must now and there are options where once you would not have found cover. Not just loss of rent, there are other unforeseen situations that can be covered and if you can't afford the loss in extreme situations, take the time to find the right insurance.
- 7 **Differentiating your property.** The demand increases for homes that accommodate pets. Whilst we can never totally protect the premises, most pet owners are responsible. They are usually prepared to pay a little extra to have their pet with them, you can insure the property accordingly and if we know pets are kept we inspect accordingly. It's harder when tenants keep pets without permission.
- 8 **Be prudent but avoid false economies.** I've seen many owners come to grief because they thought they were saving money. Taking the cheapest option is not the best path. That stems from engaging real estate agents pitching cheap fees with the sole aim of getting your property on their rent roll to market their selling services. Or cutting costs with repairs, maintenance and regulatory requirements, using unlicensed

people to do the work. The bottom line is you substantially increase the risk and any extra return is usually minimal.

- 9 **On risk.** Be aware that the responsibilities and associated risks have increased substantially over time. In 25 plus years of looking after owners and their properties more of our time these days is fulfilling legal requirements and in some cases protecting owners from themselves. The tenancy laws are more complex and a trap for the unsuspecting; smoke alarms, pool fencing, blind cords, to name a few with new laws regulating them in recent years. Again there's no place for short cuts and unless you have time to be right across the laws, ensure you have a good property manager. Yes it is a plug for our services but I own property and I have one of our property managers look after them, as an extra security step.
- 10 **Think about leveraging your investment.** I see a lot of owners who never think of building on their investment. If you're intent on what you have as your nest egg, that's fine but it should be a deliberate decision to not utilising the equity you build in the property to acquire another. Just as a lot of our owners have done over the time and I'm not talking about the active property investor, rather people who started with one, maybe their home and then bought another property a few years later. That's another thing, be patient.
- 11 **Enjoy your investment.** We honestly try to take the worry out of it for you. It should be enjoyable owning an investment property and building wealth, However, I also understand the stresses and concerns, I've been there myself, well certainly in the early years of owning property but that's over 25 years ago...