Investor's Guide to Profitable Property Management 10 Top Tips

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Discover the Top Ten Tips for Property Management: Your Ultimate Guide!

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Are you considering investing in a new property, renting out your current home, or dissatisfied with your current Property Manager? Look no further! We're here to provide you with valuable insights that will transform your property management experience.

Choosing the right Property Manager is a crucial decision. You've put in significant resources, investing hundreds of thousands of dollars in your property. Naturally, you want to entrust it to capable hands. That's why finding a Property Manager who understands your needs, values your property's safety, and knows how to optimise your returns, is paramount.

To make an informed selection, it's vital to identify your expectations from a Property Manager beyond just the management fee. A competent Property Manager's responsibilities extend beyond handling tenancies, rent checks, and inspections.

You deserve more than a mere administrative service. A skilled Property Manager is dedicated to maximising your property's overall performance, partnering with you to achieve the best possible returns.

A remarkable Property Manager comprehends their role as a risk mitigator and profit optimiser. Ideally, your Property Manager should be an invaluable member of your advisory team, following best practices in property management.

Unfortunately, many Property Managers lack the necessary experience to fulfil this role effectively. Some have never owned investment properties themselves, while others have never owned any property at all. Consequently, they may lack insights into mortgage and finance matters, maintenance costs, and the emotional and financial aspects of property ownership. Regrettably, property management is often viewed as an administrative task rather than a strategic responsibility.

Let's change that perspective and empower you with the knowledge and support you need for successful property management!



Ask - How will you minimise vacancy on my investment property?





One of the key factors that directly affects your costs as an investor is the time it takes for your property manager to find a new tenant. Therefore, when choosing a property manager, it's important to inquire about their strategies for minimising vacancy periods between tenancies. We frequently hear from investors who discover that their tenants will be moving out in just two weeks' time. This should never be the case.

According to Queensland tenancy legislation, landlords are required to provide tenants with two months' notice to terminate a tenancy at the end of a fixed-term agreement. If this notice is not given, the tenancy automatically becomes a "periodic" agreement, which is far from ideal.

On the other hand, tenants are only obligated to give two weeks' notice before vacating a property. Two weeks is simply not enough time to prepare, advertise, process applications, and secure a new tenant who can move in soon after the previous tenant leaves.

An effective property manager should never find out only two weeks before the lease ends that the tenant does not plan to renew. Instead, a proactive property manager should take control of the lease renewal process well in advance, even before two months have passed since the start of the tenancy. If the tenant decides not to renew, the property manager should begin advertising the property well before the current tenant vacates.

Occasionally, we encounter property managers who don't even start advertising until the property is already vacant. This indicates a lack of understanding of the true financial impact of vacancy on their clients and reflects an agency that prioritises its own systems over the interests of its clients.

A reliable property manager excels at communication and confidently arranges access with the vacating tenant to show the property to prospective tenants. Their goal is to secure a new tenancy agreement before the current tenant leaves, ensuring minimal downtime for the investor.

For instance, we know of property managers who insist on having at least ten days between tenancies to allow for cleaning and smoke alarm checks. A proactive property manager would have these tasks organised well in advance. Those ten days of vacancy could cost the property investor several hundred dollars. If the landlord knew that there were eager tenants ready to move in sooner and the only delay was the property manager's lack of preparedness, they would certainly not be pleased!

Therefore, it's crucial to convey to your property manager that "vacancy" is a term that does not belong in your vocabulary.

Look at the Property Management Agency's current advertising.





Discover the secret to attracting tenants and creating a lasting connection with your property! Take a moment to review your Property Management's current advertising strategy. You might have noticed that many rental ads simply list property features, missing out on the opportunity to highlight the true benefits.

While well-crafted sales copy is typically associated with properties for sale, we firmly believe that tenants also deserve an emotional bond with their future home. It's crucial for them to envision themselves living there and truly wanting to call it their own. That's why it's essential to ensure that your Property Manager is presenting your home in the most compelling way possible.

Ask yourself, would the ad entice you to live in the home? Does it make the viewing and application process feel user-friendly and accessible? Consider the power of a carefully crafted advertisement in capturing the hearts of potential tenants. If you are currently self-managing your property, it might be worth considering the expertise of a Property Manager to advertise your home on platforms like realestate.com.au.

Through our extensive experience, we have observed that private landlords can become targets for tenants who attempt to bypass the rigorous checks performed by a skilled Property Manager. By entrusting your property to a professional, you not only enhance its appeal but also ensure a seamless and trustworthy rental process for both you and your tenants.

Make your property shine and let its true potential captivate prospective tenants. Choose a Property Manager who knows how to tell your property's story, creating an emotional connection that transforms it from just a house to a cherished home.



Ask - How will you help control my maintenance costs?



We strongly believe in the importance of maintaining your investment, and we are here to help you control your maintenance costs effectively. Property maintenance can be an uncertain aspect of property investment when it comes to budgeting. As a property investor, it is essential to be realistic and anticipate that repairs and replacements will be necessary.

It's crucial to address repairs promptly, as failing to do so within the required timeframe set by legislation can result in compensating the tenant, which may exceed the actual repair cost. By delaying maintenance, you could end up spending more in the long run.

At our company, we take a proactive approach to maintenance and ensure clear communication with you regarding your legislative responsibilities. We understand the importance of addressing maintenance issues promptly to prevent any potential legal or financial complications. On the other hand, unnecessary tradesman call-out fees can be a burden.

We understand that the decisions made by property managers directly impact your finances and overall return on investment. That's why it's crucial to have a property manager who is also an investor themselves. They can better empathise with your perspective and make decisions that align with your financial goals.

Sometimes, property managers may view the client as a "rich landlord" and avoid having tough conversations with tenants about their responsibility for maintenance issues. Additionally, if your property manager has never owned a property, they may lack the life experience to guide tenants on resolving simple situations independently.

Focusing solely on a property manager's fee structure can lead to increased costs for investors in the long run, as illustrated by the example of unnecessary call-out fees. Our approach goes beyond fees to provide you with a comprehensive understanding of how to maximise your return on investment through proper maintenance allocation.

Well-maintained homes not only increase rental yield but also attract higher-quality tenants. Neglecting maintenance can create long-term problems and aggravate tenants. By keeping your property in excellent condition, you ensure compliance with residential tenancy rules and regulations, promoting a safe and satisfying experience for both you and your tenants throughout your investment journey.

Having a property manager who strikes a balance between being proactive and practical in handling maintenance will benefit you in two ways: increased returns and reduced risks.



Ask - How flexible is your process for prospective tenants to view my property?



Discover the flexibility and convenience we offer to prospective tenants when it comes to viewing our properties. We understand that your schedule may be packed, and that's why our Property Manager is available after hours and on weekends to accommodate your needs. Unlike some agencies that limit viewings to specific times, we strive to provide multiple viewing options, enabling you to visit the property at a time that suits you best. We take pride in our responsiveness, ensuring that all your inquiries are promptly addressed and phone calls returned.

When it comes to viewing properties, we prioritise safety and professionalism. Our Property Manager will always accompany prospective tenants during their visit, ensuring a secure experience while also taking the opportunity to showcase the property's unique features and benefits. We believe in thorough tenant screening, which involves both instinctual observations and comprehensive research and checks. By avoiding the practice of handing out keys for unaccompanied viewings, we are able to make informed decisions and expedite the application process while ensuring the security of the property.

If time is of the essence and you need to find a tenant quickly, we have strategies in place to help. In certain situations, such as short-term cash flow challenges or a slow rental market, we can consider offering the property at a slightly lower than market rent. This approach attracts a higher volume of inquiries and multiple applications, increasing your chances of securing the best tenant. Rental adjustments can be reviewed at the time of renewal or included in the initial agreement, offering flexibility to meet your specific needs.

At the heart of our approach is recognising that the rental application process is also a sales process. We value building positive relationships with tenants from the very beginning. By providing exceptional service from the first point of contact, we create a favorable impression that encourages tenants to apply and embark on their tenancy with a positive attitude towards the property, the landlord, and our agency.

Ask - What is your tenant selection and screening process.





Finding the perfect tenants for your property is crucial to maximising your returns. We understand that even the best people can face challenges, and sometimes even reliable tenants may encounter difficulties. That's why we have developed a meticulous tenancy screening process that greatly minimises these risks.

Our Property Manager employs a comprehensive application form that goes beyond current tenancy information. We delve into the prospective tenant's rental history, including previous rental references, work references, personal references, and copies of rental ledgers. By requesting 100 points of ID and proof of income, we ensure that the tenant possesses the necessary financial resources to meet their rental obligations comfortably.

To further safeguard your investment, we conduct thorough searches in tenancy default databases. This step enables us to identify any instances where a tenant has left a property with unpaid rent or caused damage. By proactively checking this information, we safeguard your property from potential risks.

Additionally, our Property Manager conducts personal interviews with the applicants to assess their suitability for your property. These conversations help us gauge their compatibility and ensure a harmonious tenancy.

Rest assured, we understand the urgency surrounding tenancy applications. Moving house is known to be one of life's most stressful events, and tenants often apply for multiple properties simultaneously. That's why we strive to expedite our application processing. While we aim to finalise applications on the same business day or within 24 hours, occasionally we may experience delays due to waiting for referees or rental history requests. Nonetheless, we treat tenancy applications as a top priority, just like emergency maintenance issues.

Considering the time sensitivity involved, it's crucial to address the payment requirements promptly. We require the first two weeks' rent plus the bond to be paid within 24-48 hours to secure the property. By ensuring these funds are in place and the tenancy agreement is signed, we solidify the leasing process. We understand that tenants may have applied for multiple properties, so prompt action is necessary to prevent them from accepting another offer while awaiting their preferred home.

As you can see, our focus is on finding exceptional tenants and securing your investment. By following these guidelines and entrusting your property to our capable Property Manager, you can reap the financial benefits and enjoy peace of mind. Do not underestimate the impact of a skilled Property Manager on your bank balance!

Ask - How will you ensure I am getting the best rent possible for my property?



Ensuring that you are getting the best possible rent for your property is crucial to maximising your investment's return. Many Property Managers, however, simply follow a standard rent increase process without considering the local market, your property's competitiveness, and whether the proposed increase is justified.

Implementing an arbitrary \$10 increase per year without proper assessment can backfire. If the increase pushes your property above the market rent, your tenant may choose to move out, resulting in additional costs such as letting fees and potential vacancy periods. Moreover, you might have to reduce the rent further to attract a new tenant. It's important to note that sometimes a rent review isn't necessary if your Property Manager achieved top-of-market rent when the tenant initially moved in. In this case, you have already enjoyed the benefit of that increase for the past year.

To make informed decisions about rent increases, your Property Manager should conduct thorough research on the local market. The market conditions may have changed significantly, with rents increasing by more than \$10 per week in the past year. Equipped with this information, your Property Manager can effectively communicate the proposed increase to the tenant.

Handling negotiations with tenants is a crucial skill for Property Managers. While some tenants may be resistant to a rent increase, effective communication and negotiation can help navigate such situations. Regular rent reviews are essential to ensure you achieve the best possible return on your investment. Incremental increases over time, such as \$5 or \$10 per year, are generally better accepted by tenants compared to larger increases after longer intervals. By implementing small incremental increases, you can maintain a positive relationship with your tenants while maximising your rental income.

Whether you're dealing with a new tenancy or a lease renewal, your Property Manager should prepare a thorough market analysis known as a Comparative Rental Analysis (CRA). This analysis will identify the rental rates of similar properties in the area with comparable attributes. By considering the target market and current market trends, your Property Manager can determine the optimal lease term and rental price for your property. Keep in mind that the time of year your lease ends can also impact the rent you can ask for. Understanding the market dynamics during specific seasons is crucial. For example, if your property caters to students, it's important to have the lease end before the semester begins to attract tenants who are actively searching for accommodation.

By following these guidelines and working with a knowledgeable and proactive Property Manager, you can ensure that you're getting the best possible rent for your property.



Ask - How will you decrease my risk of rent arrears?





Rent arrears can be a cause of worry for property investors, but there are steps you can take to minimise this risk. While it's impossible to completely eliminate the possibility of rent arrears, even with the most rigorous tenant selection processes, it's important to understand that unforeseen circumstances can arise during a tenancy. These circumstances may include job loss, relationship breakdowns, or health issues.

Many property management websites and advertisements boast about having the latest and greatest methods for managing rent arrears. However, it's essential to recognise that property managers are bound by legislation, which affects their actions in such situations. According to the law, a Notice to Remedy Breach cannot be issued until the tenant is at least 7 clear days in arrears. Once the notice is given, the tenant is allowed an additional 7 days (plus postage) to rectify the breach. If they fail to do so, the client can then choose to issue a Notice to Leave, giving the tenant 7 clear days to vacate the premises.

In cases where a tenant consistently flirts with the system by falling behind on rent but catches up before a Notice to Leave can be issued, the client has the option to have the agency apply to the appropriate authority for a termination of tenancy due to repeated breaches.

Adhering strictly to the rent arrears process is critical for property managers. Equally important is establishing early contact with the tenant, preferably between 1-4 days of arrears, well before a Notice to Remedy Breach is necessary. The manner in which property managers communicate with tenants is just as crucial as the act of communication itself. Proactive communication that maintains an open channel regarding arrears is of utmost importance.

Consider this: It's not just about completing forms accurately (which is also vital), but also how you communicate with tenants about rent arrears. Sometimes, a tenant may have simply forgotten to make a payment or may be unaware of a payment failure. In such cases, reaching out to them immediately can be seen as a courtesy.

Property Managers should monitor arrears on a daily basis and possess a comprehensive understanding of legislation, timelines, and the correct forms to use. Accuracy in form completion is crucial, as mistakes can negatively impact insurance claims or court orders.

Remember, when selecting a property manager, it's important to assess not only how they handle rent arrears but also how proactive they are in communicating with both the tenant and yourself regarding any rent arrears situations. By prioritising effective communication and taking prompt action, you can decrease the risk of rent arrears and ensure a more positive rental experience.



Consider whether you should be a pet friendly landlord.





Considering whether to be a pet-friendly landlord is a significant decision. It's understandable if you have concerns about allowing pets into your rental properties, and it's essential that your Property Manager respects your preferences.

However, based on our extensive experience managing properties for over twelve years, we've found that careless humans tend to cause more general wear and tear than well-trained animals. In fact, some of the best tenants we've had, both in our own properties and those of our clients, have been pet owners.

Statistics may vary depending on the area and property type, but it's estimated that approximately twothirds of households have a pet. Implementing a blanket "no pets" policy could severely limit your pool of prospective tenants.

By significantly restricting your prospective tenant pool, you may find yourself having to reduce rent or incurring vacancy costs. Therefore, it's worth considering the risks associated with allowing pets versus the risks of not allowing them when evaluating your overall return on investment.

Now, we're not suggesting that a blanket "yes" policy is the only approach. However, by allowing pets in a well-controlled manner and implementing best-practice pet policies and procedures, you might discover that you attract loyal tenants who have limited options when searching for pet-friendly homes.

Pets are often compared to children, and their behaviour reflects the guidance and care provided by their owners. You should feel comfortable discussing your concerns with your Property Manager, who can act as a sounding board for this and other decisions you face as an investor.

Remember, when asking these questions, the key is to ensure that your Property Manager thinks like an investor. A Property Manager who merely thinks like an administrator will merely process paperwork without considering strategic factors or drawing on their own life and investing experiences. So, it's crucial to find a Property Manager who understands your perspective and can provide valuable insight and guidance.



Depreciation, landlord insurance, mortgage re-negotiation and other ways to maximise your return.



Discover the keys to maximising your rental returns without solely relying on increasing rent and cutting costs. As a property investor, you have an incredible opportunity to enhance your returns by leveraging available tax deductions. One of the most effective strategies in this realm is a Taxation Depreciation Schedule.

It's astonishing that not all investors take advantage of this strategy, which could lead to substantial annual claims in the range of thousands of dollars. Depreciation refers to the gradual reduction in an asset's value over time, primarily due to wear and tear. For instance, when considering an investment property, you can break it down into various categories: the land itself, the building or dwelling on the land, and the fittings inside the dwelling, such as air conditioners, stoves, and dishwashers.

In accounting terms, depreciation involves gradually reducing the cost of these assets over their expected useful life. A knowledgeable Property Manager can guide you to a Quantity Surveyor who can assist with this process. Additionally, collaborating closely with other experts on your investment advice team can further maximise your returns and minimise risks. Seek guidance from a qualified insurance broker to ensure you have the best landlord insurance policies available. Consult your Accountant and Solicitor during key decision-making moments. Stay in touch with your Mortgage Broker, who can provide valuable insights into the advantages and disadvantages of different mortgage structures. Take the time to review your life and income protection insurances with your Financial Planner.

Of course, we don't claim expertise in these specific areas of financial advice. However, we do want to remind you that purchasing an investment property is a significant decision that requires careful consideration. Therefore, it is essential to consult all advisors involved to protect yourself and make the most of this investment opportunity.

Think: Minimise your Risk! When selecting Landlord Insurance, we strongly encourage you to READ THE POLICY. Too often, landlords choose insurance solely based on the premium price, only to discover, when it's time to make a claim, why the insurance was inexpensive. Just like choosing a Property Manager, insurance should never be chosen solely based on price.

Think: Maximise your Return! When was the last time you reviewed your mortgage? Even a slight decrease in your interest rate by a couple of percentage points can translate into several hundreds or even thousands of dollars saved per year. Additionally, the structure of your loan is crucial to consider. Your Mortgage Broker has the potential to increase not only your return but also your Property Manager's efficiency! Make sure your property manager cares about tenants.

#10



At our core, we believe that a Property Manager should not only focus on maximising your return but also prioritise the well-being and satisfaction of your tenants. While it's essential for your Property Manager to think like an investor, it's equally important for them to understand how tenants think and feel.

Of course, this doesn't mean advocating for cheap rent or lenient payment policies. However, your Property Manager should not view tenants as a burden or inconvenience either. Instead, they should recognise that a happy tenant is a responsible and considerate tenant. One of the most common complaints among tenants is the lack of responsiveness and poor communication from their Property Managers. This can range from simple matters like returning phone calls to promptly addressing maintenance requests.

In our experience, Property Managers who treat tenants with respect and communicate proactively, yet firmly and objectively, end up saving their clients both time and money that would otherwise be spent on legal disputes. It's important to remember that tenants have legal rights, particularly concerning health and safety. By showing genuine care for tenants, a Property Manager not only ensures their well-being but also safeguards you from potential legal issues.

While the landlord is the Property Manager's client, it's crucial to recognise that the tenant is the customer of the landlord. Therefore, a Property Manager should see their role as providing excellent service to the tenant on behalf of the landlord. By understanding this dynamic, your Property Manager can foster positive tenant-landlord relationships and create a harmonious renting experience for everyone involved.

P.S. We hope you've found the 10 Top Tips valuable. We strived to combine questions to ask a Property Manager with tips that will help you personally 'think outside the square' to maximise your investment return. See over for 2 BONUS TIPS.



Ask - Will you pay my rates and water invoices on my behalf?

Bonus Tib #1



Discover the key to personalised property management service! Are you on the hunt for a Property Manager who truly values your needs? Well, here's a fantastic bonus tip for you: ask them this insightful question. By doing so, you'll gauge their willingness to go above and beyond in tailoring their service just for you. Trust us, it's crucial to find someone who sees you as more than just another client. You deserve to be treated as a valued individual, not a mere 'number.'

Now, let's delve into a fascinating aspect of personalised property management. As fellow investors, we understand the pros and cons of having your Property Manager handle bill payments. The beauty of this approach shines through at the End of Financial Year. Just imagine the convenience of forwarding a single statement to your Accountant, encompassing all property-related costs. No more tedious searching for individual invoices when it's time to make claims!

However, it's important to acknowledge a potential downside: the irregularity of payments. When rates and water invoices are paid, your rental income may be slightly reduced, making it a bit more challenging to budget for mortgage payments. That's why it's crucial for your Property Manager to allow you, the client, to make this decision. They should have a comprehensive understanding of the pros and cons, enabling them to explain how your choice will align with your banking and mortgage structure, ensuring the best outcome for you.

Here's a gentle reminder: when discussing your property with your Property Manager, don't forget to inquire about Queensland tenancy legislation regarding charging water usage to tenants. It's of utmost importance to establish and have it clearly documented in the lease agreement. By keeping an open line of communication, you'll ensure a smooth and hassle-free rental experience.

Embrace the power of personalisation and embark on a journey in which your property needs are truly understood and valued. Your ideal Property Manager is just around the corner, ready to provide exceptional service tailored specifically to you. Happy property management adventures!

Ask - Do you provide a transparent, flat fee structure?

Bonus Tip #2



Welcome to Propel Realty Property Management, where we provide an exceptional property management experience. When selecting the right property manager, it's important to consider more than just the fee structure. We want to share valuable insights with you to ensure an informed decision that aligns with your needs.

Let's address the issue of fees. The reality is that fee range variations in property management are minimal. Instead of fixating solely on fees, consider the bigger picture. Our fees at Propel Realty Property Management are comfortably within, and often below, the industry average. We share this because we believe our experience and approach may be precisely what you've been searching for.

Now, let's delve into an essential aspect — the fee structure. It's not just about the management fee percentage; there's more to consider when assessing the overall cost. Take, for example, a property renting for \$400 per week with a tenant renewing their lease. Additional charges can inflate the total cost, making the actual management fee as high as 11-15%!

At Propel Realty Property Management, we believe in transparency and simplicity. Our transparent, **flat fee structure** eliminates hidden surprises. We offer a clear understanding of costs without any unexpected extras, building trust with our clients and going above and beyond.

Consider what you're looking for in a fee structure from a property manager. Fees matter, but it's also vital to assess the overall value and expertise they bring. Ready to experience the Propel Realty Property Management difference? Contact us today, and let's discuss how we can exceed your expectations and unlock the true potential of your investment!





Disclaimer

This document is designed to be our sharing of personal experience, gained over many years as property investors and Property Managers. We've made every effort to provide a balanced document with accurate information, but we assume no responsibility for errors or omissions.

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