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STORY PAM WALKLEY

How to be a smart landlord

Money gives you the rules for financial success with your real estate investment

IF YOU WANT TO MAKE THE most of your investment property you must avoid being a set-and-forget landlord. Even if, like most investors, you do use a managing agent you still need to make sure that your agent is doing a good job for you. If you are not satisfied, find a new one.

Many first-time landlords think that all they need to do is buy an investment property and the tenants will queue up. Indeed sometimes, in tight markets or in January – when a lot of people are moving because of work or study – finding tenants is relatively simple.

But for much of the time it's hard work, especially securing a good tenant. And of course no tenant means no income – the worst possible outcome for an investment property.

You might decide to try to manage your own investment and save the fees paid to a managing agent, usually about 7% to 10% of the rental. If you have the time, meaning you may be retired or working only part time, and are very organised, it's possible you may succeed.

But the real difficulty some people find with DIY managing is choosing sound tenants.

The good news is some managing agents will provide this service as a stand-alone. For example, Victoria-based Australian Property Investor will find you a tenant and then hand over the property for you to manage. The fee is one month's rent. A letting fee of one to two weeks' rent is more usual if finding a tenant is provided as part of an overall management service.



"The hardest part of owning an investment property is actually finding the best tenant," says the API website. "When researching prospective tenants, we check them all through the National Tenancy Database, which is not available to the general public." The NTD lists people who have a history of not paying rent, plus details of bankruptcy reports and tenant dispute tribunal hearings.

API will also advertise the property extensively and get prospective tenants to fill out comprehensive application forms, so their suitability can be judged and checked with previous landlords and agents and with employers (see www.propertyinvestment.net.au).

After you have your tenant in place there is still a lot more to DIY management than just collecting the rent – or having it paid into

 A woman with dark hair is in a kitchen, looking towards the left. She is wearing a patterned top. In the background, there are kitchen cabinets and a window.

Is your tenant



“The hardest part of owning an investment property is finding the best tenant”

well maintained and managed. Having said that, choosing a property manager who is a professional can be somewhat of a science.”

Slack-Smith steers clear of agencies which use juniors as property managers. She demands that all her managers be very experienced and not responsible for hundreds of properties.

“I know them and can ring them direct. They are focused on their clients and their client’s interests, they do biannual property reviews and keep up to date with movements in rentals. They are quick to follow up issues and have competent and reliable tradespeople who can quickly fix any issues.

“In essence they do everything I don’t want to. I do all my upfront work when I buy a property and they are my caretakers until I need to sell that property.”

Another thing any good managing agent will advise on is when it’s time to update some aspects of your property so it will continue to produce strong rental income.

Even just a tidy-up, a paint job and a few cosmetic changes inside and out can make a big difference to the attractiveness, and therefore the rentability, of a property.

Of course sometimes more substantial work, such as upgrading the kitchen and bath-

your account. The list is long and includes routine inspections, dealing with repairs and maintenance issues, rental reviews and lease renegotiations.

You should be across relevant residential tenancy legislation, have an understanding of the vacancy and rental movements in the area where your property is located, and have a bank of reliable tradespeople to call out.

But, of course, all the checking in the world does not eliminate the possibility that your tenant or their relative (as in *Trash Protection*, next page), will damage your property. Protecting yourself with adequate insurance, including landlord protection insurance, is a wise move.

This applies even if you take the easier route of using a managing agent. It’s impor-

tant to find a good managing agent who is accountable to you and your tenant(s). You do not want to lose a good tenant because your agent is sloppy about responding to requests for repairs, or wants to charge a rent that is over the odds for the area.

Property investor Jane Slack-Smith, who has a portfolio of eight properties (see also in the cover story), always uses agents to manage her properties, but she chooses them carefully. “I don’t want to be called at 10pm on a Saturday night with someone wanting a fuse changed, nor do I want to miss something in an application that others who see these every day would see as a warning sign,” she says.

“For the tax-deductible fee I pay for a professional managing my property, I am confident that I can rest easy and my property is being

hiding a dark side?



terri scheer

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