



# PROPERTY INVESTOR NEWSLETTER

June-July | 2017

## PROPERTIES RECENTLY RENTED

### HOUSES

#### **Manningham**

4 bedroom family home  
**\$410 p/w**

#### **Brompton**

2 bedroom home – great location  
**\$340 p/w**

#### **Paralowie**

3 bedroom/2 bathroom home  
**\$370 p/w**

#### **Para Hills**

3 bedroom home – pet friendly  
**\$330 p/w**

#### **Salisbury**

3 bedroom home  
**\$250 p/w**

#### **Ingle Farm**

3 bedroom home – modern  
**\$370 p/w**

### UNITS/TOWNHOUSES

#### **Paradise**

2 bedroom – small group  
**\$300 p/w**

#### **Glenelg**

1 bedroom – private & secure  
**\$270 p/w**

#### **Wynn Vale**

3 bedrooms – set on 2 levels  
**\$340 p/w**

## WHAT DOES “HOLDING OUT FOR THE HIGHEST RENT” MEAN TO THE OVERALL RETURN ON YOUR PROPERTY?

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.

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 mortgage payments. It is tempting to hold out for ‘just another week’ and before you know it, another week has passed. 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 prospective 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 research comparing the property to other properties on the rental market at the time. 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.

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) if a tenant is not secured by day 14 of the leasing campaign, the asking rent should be reduced by 5 or 10% percent, which has been a tried and tested system.

### The Cullinan Property Management Team



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- What does “Holding Out For The Highest Rent” mean to the overall return on your property?
- Our Referral Offer
- When previously good tenants can turn bad

## OUR REFERRAL OFFER

We will give you a **\$100 Gift Voucher (OR CASH!)** should you refer someone and the property is signed for full management.



**CULLINAN PROPERTY MANAGEMENT ARE PROUD TO BE ASSOCIATED WITH THE FOLLOWING COMPANIES:**



## Looking to buy another investment?

If you're looking to buy your next investment property, some sought after features include:

- Built-in robes
- Gas cooking
- Dishwasher
- Two bathrooms
- Undercover parking



## When previously good tenants can turn bad ...

It is one of the greatest fears for a landlord – having a bad tenant in their property potentially resulting in lost rent and/or property damage.

We see it from time to time in the news “The Tenant From Hell”.

Appointing an agent is a wise choice in owning an investment as the ‘bad tenants’ can prey on 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 previously.

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 or mental illness
- Change in partners or friends
- Marriage breakdown
- New addiction, 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 happen.

The reality is that renting a property is never a guarantee of ongoing good tenants as circumstances can change.