



## PROPERTY INVESTOR

# NEWSLETTER

Nov – Dec  
2015

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

### FROM OUR PROPERTY MANAGEMENT TEAM

#### THE COUNTDOWN IS ON



May your holidays be happy days

Filled with love and laughter

Any may each day bring joy your way

In the year that follows after!

We thank you for your trust and support in allowing us to care for your property.

#### ARE YOU GOING AWAY ON THE HOLIDAYS?

Managing properties is full time in caring for the tenant's needs and repair requests. If you are going away on holidays, please let us know your best contact number or a friend or relative that can assist us with any matters that may arise during this period.



**IMPORTANT:** This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Every effort is made to ensure the contents are accurate at the time of publication. Clients should seek their own independent professional advice before making any decision or taking action. We take no responsibility for any subsequent action that may arise from the use of this newsletter

## THERE ARE RULES PRIVATE LANDLORD FINED \$24k

It pays to have a professional property manager to care for your property and guide you through the legislation and compliance rules to protect you.

It is not a simple process of collecting rent and being nice to the tenant anymore, you have to act and conduct all your business dealings and communications in accordance with the law.

Property investors choosing to self-manage their portfolio have been given a fresh reminder of the consequences for not following the rules.

A 37 year old Meekatharra landlord has been fined \$24,000 for spending tenants' security bonds, harassing a tenant via her phone calls and text messages and taking excessive rent up-front, according to Consumer Protection Western Australia.

The landlord was found guilty of 13 contraventions of the Residential Tenancies Act.

This is not an isolated case. Landlords and agents across the nation who don't act in accordance with the law are being fined for acting outside of the Act.



As your managing agent we know the rules and our focus is to protect you by:

Issuing the correct documentation, including prescribed agreements and forms at the commencement and end of tenancy

Issuing the correct forms and notice periods to access a property, increase the rent and terminate a tenancy

Correctly administrating rent and bond receipts

Documenting and managing maintenance requests correctly

It is important (where possible) that no landlord has direct contact with a tenant to discuss tenancy matters or enter into any verbal agreements.

P.T.O>

#### IN THIS ISSUE

- There Are Rules – Private Landlord Fined \$24k
- Calculating Rental Yield
- Rent Arrears Can Increase
- Have you 'Health Checked' your Insurance lately?



# CALCULATING RENTAL YIELD

## THE MONEY TEST WHEN PURCHASING AN INVESTMENT



When buying an investment property, one of the important figures to look at is the net return on the money you have invested, also known as the net rental yield. This should be one of the comparison considerations when acquiring your next investment.

Too low a return may mean that alternative investments should be reviewed, while a very high yield may mean there is an accompanying risk factor that is higher than normal. Areas that produce lower yields can predominately have a higher capital gain, which might be the ultimate long-term aim.

The yield is calculated by starting with the purchase price. This is the denominator. The numerator is your 'net' yearly income. To figure out the net income you take your yearly gross rent and subtract your outgoings. Outgoings for residential properties include management fees paid, advertising, insurance, council and water rates for the year, estimated repairs, maintenance and strata levies, land tax (if applicable), etc.

### NET RENTAL YIELD

Purchase \$579,000 | Annual Rent \$26,000 | Expenses \$6,580  
Net Rent \$19,420 divided by property value of \$579,000 =  
Rental Yield of 3.35%

By utilising this method you can not only look at the features of the property, but compare yield on each investment. We always suggest that you seek professional advice before making any investment.

## RENT ARREARS CAN INCREASE

From past experience we have noticed that over the December holiday period some tenants can fall behind in their rental payments – some that have never been in arrears before as they can get caught up in overspending on gifts, family functions and holidays. We do understand that this can apply to landlords as well and our focus is to keep on top of arrears and be diligent in our follow-up during this period. If a tenant does fall into arrears it is important to be aware that our office must follow legislative requirements when issuing letters and notices. We will also communicate and keep you updated if this situation may arise

### Have you 'Health Checked' your Insurance lately?

With the storm season now upon us, do you have adequate building insurance should something happen? And have you taken out Landlord Insurance to ensure you're not out of pocket?

All owners would have building insurance as this policy includes your Public Liability Insurance, but have you also taken the extra step of Landlord Insurance?

Contact us to check and compare your current policy and check that you have the right coverage. Please advise us either by telephone or email the following details for our files:

Insurance Company:

- Policy Number:
- Public Liability Amount:

Landlord Insurance included? Yes/No?

- LL Insurance Company:
- Policy Number:

Thanks!



## Want some extra CASH?



Do you know someone who owns an investment property in the inner Brisbane or Brisbane South to Ipswich areas?

Refer them to us and receive a handsome referral fee for every management that results!

# AND/OR

Do you know someone thinking about buying or selling?

Refer them to us and receive an even more handsome referral fee for every Sale that results!



Do you own another investment property?

Give us an opportunity to manage your other property too and receive a bulk management discount on your portfolio of properties.

WE ARE FOCUSED ON MAXIMISING YOUR RENTAL INCOME AND OPTIMISING YOUR CAPITAL GROWTH

