



## Property Management News

March 2019

# MUCH BETTER TO BE SAFE THAN SORRY

**Your property manager is required by Law to ensure that your lease complies with current legislation whenever you enter into a new Lease Agreement.**

Why? In today's leasing environment there are a number of compliance issues that must be addressed before entering into a Lease Agreement. Some of these compliance issues could be new and therefore they may not have affected you before. Issues every property investor must comply with today BEFORE the property is leased include ensuring the rental property:

- Is smoke alarm and water usage compliant,
- Has window and blind cord safety devices installed,
- Has achieved pool safety compliance (if there is a pool on the property).

While there is a cost to the property investor to ensure legislative compliance, the risk of non-compliance far outweighs the cost to be compliant. Unfortunately a number of property investors today are choosing to ignore the need to ensure their property is compliant, claiming it is either because they have never needed to do it before or because they cannot see the benefit of the cost involved.



**the risk of non-compliance far outweighs the cost to be compliant**

By ensuring your property is lease compliant you avoid the risk of having an invalid Tenancy Agreement or worse – facing heavy penalties and having an insurance claim denied in the event of a loss incurred due to non-compliance. Worse still, you could be liable in the event of a public liability claim made against you as a result of a non-compliance loss. As an industry we have witnessed too many cases where this has occurred, for instance when a rental property goes up in flames and the property investor is found to be personally liable if the property is found without compliant smoke alarms in place.

As your property managers, we are faced with the unenviable task of informing you of these additional lease compliance costs. However we cannot stress strongly enough how vital it is to heed our advice and ensure your property is compliant in order to minimise your risk and protect you against the potential of future legal action and additional costs.

# A COMMON PROBLEM FOR INVESTORS IS TO MISTAKE CHEAP FEES FOR QUALITY SERVICE

In property management we see many property investors making the mistake that all real estate companies are the same, and all offer the same service so the best way to differentiate between them is to get cheaper fees.

We have found a common pattern among agents is the cheaper they get, the lower their service levels.

Here is a simple step by step analysis of how cheap fees lead to poor service levels;

**Cheap fees is the starting line** – unfortunately the perception is that agencies all do ‘the same thing’, we collect rent, get repairs done and find a tenant. With this perception we then might be attracted to a cheap agent, or one that substantially discounts their fee to impress you to win your business.

**The property manager must manage more properties** – because the agency has a much lower revenue base now because of their cheaper fees, the property manager is now well

overloaded with too many properties to justify the same salary as the other ‘more expensive’ agency down the road.

**Burnout and resignation** – the overload of managements causes the property manager to become disillusioned, not coping and causing ‘burnout’, struggling to meet investor expectations of service levels, with the end result being resignation.

**Good property managers now avoid this agency** – once word of mouth spreads amongst property managers that to work at this agency you must manage so many more properties and so the good property managers steer clear of this business. Therefore the only people the principal can employ is either inexperienced or poor performing property managers who can’t get a job in good agencies.

**Poor service levels** – due to this factor of now lower expertise levels, the result is poor service all around and disillusioned property investors who thought they had a ‘bargain’!

# HOW DO WE SCREEN A PROSPECTIVE TENANT FOR YOUR PROPERTY

All prospective tenants who apply for a property with our company are firstly required to inspect the home.

The purpose of this inspection is not only for them to view the property and check its suitability but for the agent to meet them and get a “feel” about them. This initial inspection is like a silent interview. It gives the agent a first impression of the prospect - how well they present themselves, how they communicate, were they pleasant to deal with. It also gives the agent the opportunity to ask some basic questions about where they are coming from and their reason for moving. This is the first step in the agent’s research of the prospect.

All prospects are required to complete a detailed application form and provide employment and rental references together with 100 points of identification.



Applications are checked thoroughly, including cross-checking the tenancy default database, contact their employment to confirm income information and stability, confirming past rental history, obtaining details about their payment history along with inspection reports.

We then contact you regarding the outcome of the application screening process so that you can make an informed decision on the application.

We offer our advise based on what we know (the facts), however the final decision is always yours in selecting from the applicants that we present.

According to The Australian Financial Review, the bank suffered from a decline in the demand for investor loans which offset the growth in its owner-occupier segment. Recent data from the bank shows a 3.8% decrease in home loans issued. Major Banks are expected to loosen some rules to boost their credit growth. This



is a positive news for the investors and home buyers who are looking for properties.

**Hendra Wijaya**  
Principal

## Recent Rentals

402/747 Anzac Parade, Maroubra  
2Bed, 2Bath, 1Car  
\$760/week

43/243 Anzac Parade, Kingsford  
2Bed, 2Bath, 1Car  
\$750/week

157/116 Maroubra Rd, Maroubra  
2Bed, 2Bath, 1Car  
\$630/week

## Recent Sales



23 Edgar Street, Maroubra  
5Bed, 2Bath, 2Car  
Sold for \$2,270,000



8 Keating Street, Maroubra  
2Bed, 1Bath, 2Car  
Sold for \$1,550,000



24/79 Boyce Road, Maroubra  
2Bed, 2Bath, 1Car  
Sold for \$810,000

## The best reputation in real estate

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