

# 10 THINGS TO CONSIDER WHEN PROPERTY INVESTING



While property investment is a hot topic in the media, it is surprising to note less than 10% of Australians own an investment property.

While TV shows like The Block and Selling Houses Australia make buying and flipping houses seem lucrative, great returns and stress-free tenancies don't always just happen. Often, there are some hard lessons to be learned along the way.

Lucky for you, we have gathered some tips to help your journey into becoming an expert Landlord.

## 1. CASH FLOW IS VITAL

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Your rent is your revenue and is vital to ensuring you can manage mortgage repayments, rates, insurance, maintenance, and unexpected bills). Missed or delayed rental payments will affect your bottom line. Focus on increasing your rental returns and ensuring your tenants pay rent on time. If they don't, you need to work with your property manager to manage that behaviour or the process of eviction.



## 2. DO YOUR HOMEWORK

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A good tenant will ensure a smooth, stress free tenancy but a bad one can be extremely costly and time consuming. Take the time to thoroughly assess each applicant's rental history and employment history. Take note of feedback from previous agents - a history of poor rental payments or damaging property is unlikely to change. Social media can provide useful insight into the person you're about to let live in your property.

### 3. CONSIDER PETS

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Is your property pet friendly? While there is no right or wrong answer, it is worth considering the pros and cons of a pet friendly property.

Demand for pet friendly properties is high and, with pet friendly properties difficult to find, pet owners tend to settle for longer. With pet ownership so popular in Australia, by considering pets, you are immediately opening up your prospective tenant numbers significantly, which can subsequently reduce your vacancy periods. Most leases will include specific clauses that cover any damage caused by pets.

Be aware that pets can cause damage to properties and leave some odours that are difficult to remove. Consider your property's flooring and gardens particularly when deciding on a pet friendly lease. Some people suffer from pet allergies and may not apply for a property that is pet friendly.





#### 4. WHAT ARE THE DIFFERENT WAY TO LEASE MY PROPERTY?

While a long-term, traditional residential lease gives a landlord peace of mind for an extended period, it is important to remember there are other income opportunities for investment properties in today's market. These include short-term leases through sites such as Airbnb, and long-term furnished property leases. Depending on your circumstances and the property's features, these may be worth investigating or speaking to agent about.

## 5. UNDERSTAND YOUR RIGHTS AND RESPONSIBILITIES

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As a landlord, you must take responsibility for understanding your rights and responsibilities under law to ensure you do not end up in a very costly situation. When starting out, do your research and understand the breakdown of responsibilities between tenants, landlords and agents. If you are self-managing your property, it is critical to know what you can and can't do and what to do when things go bad.



## 6. WELL-PRESENTED PROPERTIES ATTRACT BETTER TENANTS

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A well-maintained, well-presented, and clean property will attract tenants who will keep it that way. Before leasing, it is worthwhile touching up paint, thoroughly cleaning and removing any residual odours in order to find good quality, long-term tenants. In a competitive market, your property will also stand out for prospective applicants.



## 7. JUSTIFY EVERY DOLLAR YOU SPEND

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Overspending on renovating your investment property is easy and fast to do. It is important to renovate with your return in mind – spend your money where you will get the greatest return. Ask yourself what local properties are renting for and the rental return you would like to achieve. In doing so, you easily identify your budget and the areas of the property that require renovation to achieve those returns.

## 8. INVEST IN THE PROFESSIONALS

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A good mortgage broker, accountant, and property manager will make a formidable team in your investment journey. Investing money in professional advice will add value to your portfolio and provide you with hints, tips, professional advice and help to manage the unseen work of property management.

## 9. MARKETING IS WHAT KEEPS YOUR PROPERTY TENANTED

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Long vacancy periods are costly. It is important to minimise these periods and keep your investment productive. A quality marketing plan gives you the best chance of securing long term, quality tenants. Be comfortable investing in high resolution professional photos and good advertising packages on real estate portals to ensure the best chance of leasing your property quickly.



## 10. INSPECTIONS ARE IMPERATIVE

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Property Managers understand in the importance of regular inspections of their properties to ensure they are being looked after and that no maintenance issues are going unnoticed or unreported. If you are self-managing your property, there is no time to feel uncomfortable about this process. You need to inspect the property every 6 months and watch for any building damage (cracks in walls, squeaky floorboards, building movement), as well as excessive wear and tear, or tenants who are not looking after your property. The condition of the property must be considered when considering lease extensions or increased rent.



✉ [info@imageproperty.com.au](mailto:info@imageproperty.com.au)

☎ 1300 665 143

