

# LANDLORDS

## FREQUENTLY ASKED QUESTIONS

### THE LEASING PROCESS:

#### Q: Can I show tenants before settlement/vacating?

A: It's important to include an early access clause into your sale contract if purchasing a property with the intention of having it let immediately after settlement. Generally this will allow access to the property in the final two weeks prior to settlement for open for inspections and any works required.

When a tenant gives 28 days notice that they are leaving the property, the law states they must allow access for the purpose of re-letting 14 days prior to their vacate date. If a strong relationship has been established between your property manager and tenant, most tenants will allow access prior to this.

#### Q: What works/improvements can or should be done prior to letting?

A: The property should be presented in its best light for photography and open for inspections. When a property is clean and undamaged, it will attract a better quality tenant who will respect the property.

Ideally a property for lease should be freshly painted or have few marks to walls and no obvious stains on carpeted areas. Other factors that can lift the aesthetic appeal include new blinds and keeping the property clean and ensuring any outdoor living areas are kept in excellent condition throughout any vacancy period.

#### Q: How much rent should I ask for my property?

A: This is probably the number one question asked by landlords. Striking the right balance with marketing and the correct rental is critical to limiting any vacancy periods while enhancing your pool of available tenants and your annual rental income. The right rental fee offers enough value to attract quality tenants while maximising your yield as a landlord, and minimising vacancy periods.

A professional property manager will provide advice by taking into account recent comparable rentals, time of year and property condition when assessing market rental.

#### Q: How long will my property be vacant?

A: This is dependent on three key things:

- a. The way the property is presented,
- b. Asking a realistic market rent,
- c. The time of the year.

Your property manager should aim for minimal vacancy periods of 3 - 8 days during peak letting periods. Three days vacancy is allowed to accommodate a thorough final inspection to ensure the property has been left in good condition, as well as an ongoing condition report for the new tenants. To achieve a short vacancy period, the asking rent must be appropriate (refer to question 1).

#### Q: Why are rents higher in summer than winter?

A: A number of factors contribute to the seasonal variations in rents. Generally speaking, a higher rent can be achieved between January and March due to university intakes, the new school year and the fact that most corporate relocations take place at this time of the year.

These factors, as well as the natural 'hibernation' that occurs during Melbourne's winter combine to help landlords achieve higher rents during summer.



### Q: How do you determine the rental value of my property?

A: Many factors are considered when determining the advertised price on a rental property. Current market conditions and the time of year the property is available are both very important, as they can fluctuate and it is important that your property manager takes these into account. At Synergy, we look at comparable rentals in the same area that have recently leased, as well as properties we currently manage. It is important to advertise the property at a realistic rent, as a long vacancy period will negate any financial gain from achieving a slightly higher rent.

### Q: How will you advertise my property?

A: The internet is by far the most commonly used tool for rental enquiries (85%) by tenants, compared with walk-ins (8%), signs (5%) and print advertising (2%).

At Synergy, we know from our own rental data over the last couple of years, that over 90% of our rental enquiries come from realestate.com.au 'Feature Properties', with other property search engines falling a long way behind. As a result, every property advertised with Synergy is made a Feature Property on realestate.com.au and is also advertised at [www.synergybsm.com.au](http://www.synergybsm.com.au) and on our in-house rent list.

### Q: When will my property be open for inspection?

A: While your property is vacant, it is important to make it as accessible as possible to prospective tenants. To enable this, we conduct mid-week and Saturday open for inspections as well as allowing private appointments. Keys are never handed out to prospective tenants.

### Q: How do you check references?

A: There are a number of key checks and screening processes that every tenant should be put through prior to being accepted into your investment property.

Be sure that your property manager completes each of the following steps:

- a. Check tenancy information databases,
- b. Get payslips to ensure the tenant can afford the rent (ensuring the rent is not more than 30% of their income),
- c. Get a reference from their previous two rental managers,
- d. Collect 100 points of ID,
- e. Conduct an interview with them prior to signing the lease.

The applicant's information is then presented to you as the landlord for the final decision on whether they are approved as tenants for your investment property.

### Q: How long is the standard lease term?

A: The standard recommended lease term is 12 months, depending on the time of year your property is leased. Ideally your property manager should aim to have the lease expire during a strong leasing period to maximise your return and minimise vacancy periods. This provides stability for both you and the tenant, and is in line with yearly rent increases. A longer lease can be beneficial when the lease has expired in a slow leasing market, such as December, to put the lease expiry back on cycle with a stronger market.



## FEES AND CHARGES

### Q: Can I negotiate on fees?

A: All fees in property management are negotiable by law. It is important as an investor to ensure that you are receiving the service that justifies the fees charged by your property manager. As one of your highest value investments, you need to ensure that your property is in the hands of a professional manager who will ensure it is maintained to the highest standards, and that it's achieving the best return possible. Quality property management service can be delivered for a management fee of between 6% and 9%. Lower fees are obtainable but often come with a compromised, poorer quality service as a result.

### Q: Apart from the leasing fee and the ongoing management fee, is there any other expense that I should take into account?

A: It is important to thoroughly read through the fee schedule provided by your property manager. Many Melbourne agents will charge additional fees for routine inspections, condition reports, financial statements and arranging maintenance, so it's important to look at the total fees being paid per tenancy, rather than focusing on a lower management fee.

### Q: How is the leasing fee paid?

A: Once a tenant has been selected, they are required to pay the first month's rent immediately. The leasing fee and any other costs incurred are then deducted from this amount and the balance forwarded to you.

### Q: While the property is vacant, do I still need to pay management fees?

A: Management fees are only charged on rent collected. This means that if the property is vacant no management fees are charged to you.

### Q: Does the tenant pay for water rates and council rates?

A: Where a property has an individual water meter, the tenant is required to pay for water usage costs. The tenant also pays for electricity and gas usage costs where applicable. As a landlord, you are responsible for payment of water rates, council rates, insurance and body corporate fees. In cases where there is only one water meter for an entire block generally the landlord will be responsible for an apportioned amount of the water usage cost, split between all owners. Talk to your property manager for advice on what applies to your property.

### Q: Can you pay insurance, rates and other costs from the rent?

A: Yes, all costs can be deducted from the rent. You will be provided with a monthly statement and copies of all invoices for that month. You will also be provided with an end of financial year statement detailing all income and expenditure. All statements are sent by email.

### Q: When will the rent be paid into my account?

A: Once a tenant's account is debited monthly, it takes 3 business days to clear into Synergy's trust account. Once cleared, the rent is immediately transferred into your nominated bank account/s. No more waiting until the end of the month, mid-month or 'the next landlord run', you receive your rent as soon as it is paid! The rent is your money, so Synergy's policy is to pay it across to you as soon as possible.

### Q: Do I need landlord insurance?

A: We strongly recommend all landlords take out landlord insurance, in addition to building insurance.. Your Synergy property manager can guide you through the process of taking out insurance.



## ONGOING MANAGEMENT

### Q: When are routine inspections completed?

A: The management package you select will determine how often routine inspections are conducted. After every inspection we will provide a comprehensive 3 page report with photographs of all rooms and any maintenance required, as well as suggested improvements for future consideration.

### Q: Does the tenant have to look after the garden?

A: In the majority of cases, when a tenant has access to a garden for their private use, it is their responsibility to maintain the garden and regularly mow, weed and trim any plants.

Where there is a communal garden generally the body corporate will employ a gardener to maintain these areas. It is important that the tenancy agreement specifies that the tenant must maintain the garden where applicable. Many landlords have made significant investment in their garden and include a gardener to protect their asset.

### Q: How are tenants required to pay their rent?

A: As part of Synergy's application, all new tenants agree to pay their rent by direct debit. Direct debit is an efficient payment method, enabling us to pass clear funds to you as quickly as possible.

### Q: Can I specify whether pets are allowed at my property?

A: Yes. You can specify in advertising that properties do not allow pets, and we will ensure this is included in the tenancy agreement. Sometimes it is advisable to accept pets 'upon application', meaning if someone applies with two large dogs their application may not be suitable, but a pet canary may be!

### Q: How often is the rent reviewed and is this completed in consultation with me?

A: Synergy reviews all rents every 9 months. This is to allow one month of negotiation between landlord and tenant, plus the required 60 days notice to issue a rent increase. At the same time, it is important to evaluate whether the tenants should be offered a further fixed term lease or not. All rent increases and lease renewals are completed only with explicit instructions from the landlord.

## FINALLY

If you are considering buying an investment property and becoming a landlord, always make sure you conduct thorough due diligence from the value of the property to the expected rental return.

Synergy's property managers can provide you with advice and peace of mind that your investment is being properly managed and is working for you.

For more information, give the team at Synergy a call on 03 9827 3355 or email us at [enquiries@synergybsm.com.au](mailto:enquiries@synergybsm.com.au)

