



property investor news

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Tenants moving out? How to renovate for maximum rental return

Naturally we want to maximise our rental return, attract quality tenants and ultimately add value to our investment, so perhaps it's time to consider, pending on your budget, some minor or major renovations.

Firstly, consider the needs of the tenant, a dishwasher or air-conditioner may be more attractive than new curtains. Landscaping the garden creates an attractive ambience to the house but will this mean they'll need to spend quality time & money maintaining?

To best improve the value of your property you need not spend a lot of your hard earned dollars, it's amazing what new carpet, new blinds and a fresh coat of paint can do to a room. Keeping the colours neutral creates an environment easy for prospective tenants to imagine any colour, shape and sized furnishings inside it.

When deciding on what flooring is best, consider what will keep its appeal longer factoring in fair wear & tear. Tiles or polished floor boards may be more cost effective in the long run as opposed to carpet.

Install built-in wardrobes, with shelving – every tenant needs this, cupboards are painful to move.

An internal Laundry (and toilet) is far more attractive than having to lug outside baskets of washing, not to mention the chill on those cold winter mornings.

A lockup garage, shed and / or carport will also enhance the value & appearance of any property.

Tips: Maximise your tax deductions. Renovations classed as repairs can provide an immediate tax deduction, while others can be depreciable improvements. It may be wise to your accountant for some advice before you start.

Before renovating know how much extra rent your renovation is likely to bring in. Spending big dollars to bring in an extra \$10 a week won't make for a good investment. Well-targeted renovations can increase your rental return, so do your homework, speak to a professional.

Don't renovate yourself unless you have the right experience, training or qualifications. Structural changes, electrical wiring etc should only be done by trained and insured professionals.



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Looking after your tenants

The idea is if you look after your Tenant, they in turn will look after your investment.

It doesn't cost much or take a lot of time for you to show your Tenant they are appreciated, and the effect could mean a lot of pain, time and money saved in the long run. Some simple ideas are:

- Sending a card and/or a hamper full of goodies at Christmas time
- Sending a Birthday Card (You will have your Tenant's date of birth if you performed a proper ID check by taking a copy of their driver's licence or passport)
- Sending a thank you card after each inspection saying you appreciate how they are looking after the place, or
- Thanking them for always paying the rent on time and maybe throwing a scratchie in the post as an added bonus.

Be fanatical about keeping records

Keep records and document everything that is related to your rental property. Take photos if possible. Take notice of the old saying "a picture tells a thousand words". While words can be misconstrued, photos are hard to argue against, and are invaluable as evidence if any Tribunal actions take place.

Maintain an accurate rental spreadsheet so you know when rent is due.

Keep receipts and warranties for any work carried out on the property neatly filed away. Not only will you need these at tax time, you may need to quickly access them to get repairs completed in a timely manner. A neat filing system avoids you scrambling through reams of documentation causing you frustration and time delays that can annoy your Tenants.

Document any phone calls or discussions and keep copies of any emails. Having these close at hand can help in case things go wrong or a breakdown in communication occurs. You can reflect back to this documentation to assist in smoothing over the situation.

Time to get fixed?

Lenders are starting to compete more keenly on fixed rates because they frequently hang on to fixed-loan customers for a longer term.

If you're tempted by a fixed-rate mortgage, we first need to determine from the lender if the fixed rate is guaranteed or whether it could change before the date of settlement. Some lenders guarantee the interest rate on their fixed-rate mortgages for 90 days if the borrower pays a "lock-in" fee. These fees are either fixed or a percentage of the loan balance and cost about \$750 on a \$300,000 mortgage.

Remember, too, that fixed-rate mortgages are not as flexible as variable-rate loans, even though many allow extra repayments.

If you have been thinking about fixing your loan or even a 50/50 split between a fixed-rate and variable-rate, please get in touch with us and we will explore the best options for you.



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Ray White Geelong Tenant Of the Month



Yvonne Williams

Fantastic tenant that always pays rent on time and keeps the property impeccable. Well deserved!

Annual servicing of smoke detectors

It is the landlords responsibility in Victoria to have properly fitted and maintained smoke detectors in each residential property complying with Australian Standards.

All smoke detectors should be checked once a year and details recorded. It is important that you fulfill your duty as a Landlord by keeping your property safe and hazard free for any occupants.

In order to provide the necessary duty of care Ray White Geelong has engaged the services of Detector Inspector to take care of the initial and annual maintenance responsibilities regarding smoke detectors.

