

Property Management – Outsource or Keep It Personal

There are two basic questions you need to ask yourself when considering whether to manage your tenanted property. They are: could I do the job well and, if so, do I want to?

Job description

The bread and butter tasks of managing a property include, but are not limited to:

- ✓ Securing a tenant
- ✓ Risk management in the form of tenant screening
- ✓ Collecting rent and bond
- ✓ Regular quarterly property inspections
- ✓ Ongoing communication with tenants
- ✓ Property maintenance
- ✓ Dealing with disputes

In order to do the job well, you'll also need a thorough understanding of the rights, duties, entitlements and responsibilities of a landlord and tenant, as well as an appreciation of processes and procedures when things go wrong.

Benefits of DIY

A major benefit of self-managing your property is that you may save money (agents typically charge around five to seven per cent of the annual rent). A less obvious benefit that self management may provide is an opportunity for you to develop a good relationship with your tenant. Getting to know your tenants is regarded as a sound strategy for developing long-term leases. However, this latter benefit is almost entirely dependant on your ability to manage your property well.

Benefits of an agent

For many people time is money and an agent will often do the legwork for you and save you the effort of grappling with the residential tenancy legislation and rules. In addition, agents often have access to a large number of reliable tradespeople and may be able to negotiate cheaper fees for work done on your property.

Agents are also well placed to advise on market rents and vacancy rates and this may help to ensure that you maximise your rental yields. Similarly, agents often have some knowledge of property taxation which may help minimise your tax exposure.

If you appoint an agent

Check if the agent is a member of a real estate body with a code of conduct. Not all agents are competent so always remember to monitor how well your property is being managed. Fees may be in the region of five to seven per cent of the annual rental but can be negotiated, as can some aspects of the contract with the agent. For example, you may want to put a cap on how much an agent can spend on repairs and maintenance without needing to consult you first.

If you opt for DIY

If you are willing to take on the responsibility of managing your property it is vital to be well informed. Contact the Office of Fair Trading (or the equivalent) in your State for further advice.

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