



## Laing+Simmons property investor news

### Tenants afraid to ask landlords for repairs

Having read the papers and followed the news, we would all know that rental vacancies are tight across the country — which is a good thing for landlords. But what is disturbing is that there appears to be a growing trend where tenants are actually afraid to ask their landlords to repair damaged property or other broken items.

Why is this happening?

Research suggests it is for fear of rent increases or being labelled a problem tenant. This is not a good thing for either the tenant or the landlord. This is your investment and their home and if the tenant tries to fix the problem you are not guaranteed a good-quality job. In some cases, you may not even be aware of any issues until they move out and you are left with a property that has had botched-up or dodgy repairs.

It is much easier to keep on top of repairs and fix them as soon as you can, and remember – repairs (as opposed to improvements) are tax deductible.

Obviously, emergency repairs such as a burst water service, gas leak or broken toilet must be attended to immediately, but the non-urgent repairs also deserve your attention. Generally speaking, they should be attended to within four weeks of being notified.

It works out much cheaper in the long term to stay on top of repairs than to let them escalate and possibly cause more damage. A permanently leaking roof can cause internal damage to carpets, architraves, ceilings and plaster-work and is also dangerous in terms of electrical issues.

Having a good relationship with your tenant is vital to ensure that this does not happen. If repairs are done on time and there is mutual trust and respect, your property is likely to be treated with respect as well. It is, after all, your property and as such deserves your attention (legally and morally). Most tenants do the right thing and treat your investment with respect, so it makes sense to stay on top of any issue.



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## Landlords' future still looks rosy!

The rental market is producing good rental yields as more residential property developments have increased the number of investors trying to get into the market, according to a survey by the National Australia Bank (NAB). The NAB's chief economist, Alan Oster, noted a seven per cent rise in the number of people planning to invest over the next 12 months.

The survey predicts rents will increase Australia-wide by 3.5 per cent by the end of 2011 and by 5.25 per cent by March 2013. On a state-by-state basis, Western Australia and New South Wales will see the strongest increases with South Australia, the Northern Territory and Queensland experiencing smaller increases.

RP Data statistics also show an improvement for residential property investors. RP Data analyst Cameron Kusher expects this improvement to continue over the remainder of this year, especially within cities.

"Capital city vacancy rates remain tight, first home buyers remain relatively inactive, interest rates are at higher levels and new supply coming online has eased markedly in recent months," he says. "Limited new development during 2011 is likely to add to the upward pressure on capital city rental rates and as a result we expect capital city rental growth to revert to around five year average levels with inner city units and outer more affordable housing stock having the strongest prospects for rental growth".

### trivia CORNER

Ever wondered how some phrases originated?

#### "Three sheets to the wind"

**Meaning** – Very drunk

**Origin** – In nautical terms, sheets aren't sails, as many might expect, but ropes. These are fixed to the lower corners of sails, to hold them in place. If three sheets are loose and blowing about in the wind then the sails will flap and the boat will lurch about like a drunken sailor.

## Property managers make a landlord's life easier

Although it would appear that landlords have the pick of the bunch when there's an over-abundance of tenants to choose from, it still makes sense to keep the process as hassle-free as possible.

Appointing a property manager is the easiest and safest way of not only saving time on searching for the right tenant but also in building up that professional relationship needed for this type of transaction.

Terri Scheer Insurance Manager, Ms Carolyn Majda agrees and also believes: "[Property managers] will help to find tenants, ensure the correct paperwork is in place, collect the rent, conduct property inspections and liaise with the tenant on behalf of the landlord".

Costs in appointing property managers vary and landlords are generally required to pay an upfront letting fee and an ongoing weekly fee.

Ms Majda adds that landlords should consider the cost of their time as well as the value of a property manager. "Do-it-yourself property management involves a significant time commitment," Ms Majda says.

A property manager will save time on:

- attending to maintenance issues promptly;
- regular inspections;
- identifying any damage; and
- liaising with tradespeople.

Ms Majda states that property managers also play an important role in risk management. "Property managers have experience in screening prospective tenants and have access to databases that list tenants with a history of defaulting on rental payments, damaging property and eviction", she says.

"If a dispute arises with the tenant, they should be familiar with the relevant legislation and be able to follow the correct procedures to help resolve the problem as quickly as possible".

**As American billionaire Warren Buffet says, "The first rule of investing is don't lose money. The second rule is to refer to Rule One."**

### From the desk of **Melanie van Bentum**

If you feel like me you will be glad that Easter is over for another year. Too much chocolate and good food and not enough exercise! If you have forgotten to send back the water saving device authority for Ace plumbing, please send thru so we can get this going. If you are choosing to use your own plumber ensure you send thru the certificate of currency showing the required work has been done.

You also need to remember to disconnect power if you have moved out of your property and new tenants are moving in. We are seeing a lot of tenants move into their new properties and are using the power as it is already connected. It is the tenants responsibility to connect power before they move in and it is their responsibility to pay for all costs involved doing this. Tenants pay for their own electricity during their tenancy. Owners need to ensure that all light bulbs are in working order before new tenants commence their lease.

If you receive a cheque with your statements at mid and end of month please send thru your bank details to us so we can direct deposit the funds into your account. This will mean you receive the funds quicker and are cleared generally overnight.

Contact us should you have any questions in relation to anything within this newsletter.

Kindest regards,

**Melanie**  
Senior Property Manager