

“

”

*Must read for all investors that are serious about building
a truly successful property portfolio.*

*- Jo Oliveri - Industry Expert, Key Note Speaker & Founder of
ALPPPS & Ireviloution -*

THE LITTLE LANDLORD GUIDE

BY

MICHELLE WATT



ABOUT YOUR AUTHOR

MICHELLE WATT

Director and Licensee of Investarent, Michelle Watt is a leader in her field, with years of experience as a successful Property Manager, Business Development Manager and Real Estate Keynote Speaker.

Over the years, Michelle has built up trust with her clients as an advisor offering solutions to Property Investors to make the most out of their investments.

Michelle is focused on the investor's desire to maximise their investment property, whether they are experienced investors or renting out a property for the first time.

Michelle started Investarent after continually witnessing the often,

sub-standard service in the Real Estate Industry. She aims to change the way clients interact with Property Managers and help put an end to any negative perceptions out there of Property Managers.

“Without the distraction of a sales business, my focus is the genuine relationships that I build with each and every one of my investors. My clients don't view me as a rent collection service, they view me as their trusted property advisor in all areas of the property and that's something that I am very proud of.” - Michelle Watt

Investarent Brisbane with Michelle and her team service all areas of Brisbane, with plans to expand to the Sunshine Coast and the Gold Coast.



INTRODUCTION

Purchasing or building your first investment property, or adding to your portfolio is exciting. It can also be daunting without the assistance of an experienced, knowledgeable Managing Agent to guide you and offer advice.

As a landlord, you want to make the most out of your investment property by maximising your return on investment while avoiding financial stress. This guide will cover all the key considerations you need to make before investing in and renting out your investment property.

I offer tips on how to choose the right property for you, manage your finances, maximise your rent, secure the right tenants, reduce vacancies, manage risk, get the most out of your tax return, and increase your return on investment.

While your property manager will take the worry out of managing your rental property and your tenants, this guide has been put together to help you avoid common mistakes and achieve the best possible outcomes.

CONTENTS



FAIL TO PLAN - PLAN TO FAIL: Page 5-7

CASH FLOW IS KING: Page 8

MAXIMISE YOUR YIELD: Page 9-10

PROTECTING YOUR INVESTMENT: Page 11

RISK MANAGEMENT: Page 12

MAXIMISE CLAIMS WITH THE ATO: Page 13



FAIL TO PLAN - PLAN TO FAIL

We invest in property for financial security and growth, and possibly to set ourselves up for retirement. To make it work for you, it's crucial to carefully plan your investment to set you up for success. With careful, strategic thinking and informed research, you can build a solid foundation to do this.

YOUR FINANCES

An important first step is to calculate your borrowing power to determine how much a bank or financial institution will lend you. Not all banks are the same, so it's a good idea to

look around to see which bank best suits your needs.

Consider your other commitments, such as family, children, mortgage, credit cards and other debts. Speak to an accountant or financial adviser to get a third party opinion of your finances.

IT'S EASY TO LOSE TRACK OF EXPENSES WITH BUYING PROPERTY ENSURE YOU HAVE FUNDS SET ASIDE FOR:

- Stamp duty
- Legal costs
- Mortgage insurance
- Landlord insurance
- Building insurance (if applicable)
- Pre-purchase reports
- Loan fees
- Mortgage fees
- Evaluation fees
- Property Management fees
- Land tax
- Council rates
- Utility fees (waste, water etc.)
- Strata fees
- Service & maintenance fees

There can also be periods where your property is vacant between tenants. It's important to consider a buffer in case your property is not leased. As a safe estimate, a month without rent per annum should be added to your budget.

Seek legal advice on the contract of sale to get a third party opinion before signing any papers.

PROPERTY LOCATION & TYPE

Putting time and consideration into the location of your property will give you a better chance of long term success and financial reward.

Finding a property that is attractive to future tenants will make your property

sought after. You want to attract quality tenants that are more likely to stay long term, and who will look after your property.

FOR A DESIRABLE PROPERTY CONSIDER THESE:

- Is it close to amenities?
- Is it an up-and-coming area?
- Schools, day care centres, Universities or other education institutions nearby?
- Shopping centres, grocery stores, cafes or restaurants nearby?
- Parks, community centres and recreation centres nearby?
- Easy access to public transport (Train station, Bus stops etc.)
- Is it a safe and secure area?
- Is it on or near a busy road/ intersection?
- Are there local council plans to develop the area?
- What other infrastructure is nearby?
- Consistent population growth in the area



Consider the average age and demographic of the area and the type of lifestyle the property would suit. Is the property ideal for young professionals, families or students?



Always keep your potential future tenants front of mind when making your decision, and always remember that you're not buying this property for yourself to live in.

MARKET TRENDS

Researching market trends will give you confidence in knowing where the market is heading and if you're making a good long-term decision. You don't want to invest in buying property with the hope of financial reward, only to see a downturn in the market in the area where you bought. You also want to be in a position where your rent covers your monthly costs so you're not left at a loss.

When buying property for an investment, try not to make it an emotional decision. Always consider

the bigger picture and the long-term investment. You may want to sell your property later, so consider if a potential tenant would want to buy the property in the future.

Don't be too dependent on a flourishing industry nearby, as this could die down. Consider why an area might be bustling now, and will it continue into the longer-term future, or is it a short-lived burst?

THINK ABOUT THESE MARKET TRENDS:

- Which suburbs are in-demand?
- Which suburbs have high rental yields?
- What infrastructure projects are coming up in different areas?
- What are the next up-and-coming suburbs?
- What is the average price of selling properties?
- What are the interest rate patterns and wage growth statistics?

CASH FLOW IS KING



As Property Managers, we know that managing a rental property is not easy. The time required to manage the property and tenants yourself can be gained back with a Property Manager.

Your Property Manager will help with tenant disputes, maintenance, legal requirements, record keeping, sourcing and managing tenants. By managing all these aspects of your property, your Property Manager also maximises your cash flow.

Increasing cash flow is dependent on several factors, starting with carefully selecting tenants that are trustworthy

and have a proven track record. These tenants regularly pay their rent on time and are more likely to stay long term. The reduction in vacancy periods leads to less damage to the property and less time when your property is without a tenant which also affects your rent yield.

Maintaining a strong relationship with your tenants also helps cash flow. Not only is rent paid on time, they also take more care to look after their property, which reduces maintenance costs and out-of-pocket expenses.

MAXIMISE YOUR YIELD



Your rental income from your investment property will give you regular, consistent financial reward. If you choose to sell your property in the future, the capital growth will leave you with a profit.

RENTAL INCOME

You want to ensure you're getting the right rate for your rent, and that it grows over time. Your Property Manager will negotiate the best rate possible for you and get the best tenant in, which will maximise your rental income.

YOUR PROPERTY MANAGER CAN MAXIMISE RENT BY:

- Increasing rent annually and with market trends
- Negotiating the best possible rate
- Finding the best possible tenant
- Minimising vacancy periods
- A good marketing strategy to advertise your property in the right way
- Conducting regular inspections to ensure the property is well



Finding the best possible tenant will ensure you have minimal hassle. A good tenant means rent is paid on time, the property is better maintained, the prospect of a longer and renewed lease, and less time when your property is vacant.



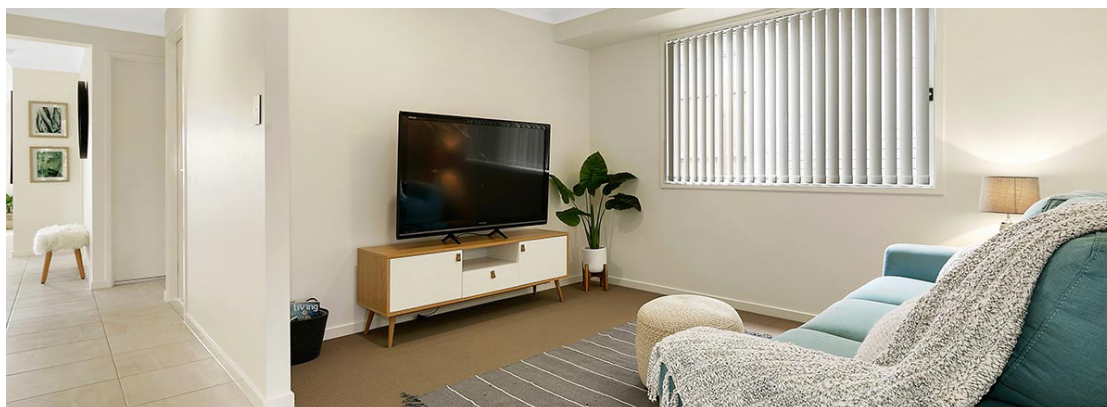
Your property manager will have a good marketing strategy to advertise your property to get the right tenant in.



Once you've got the best tenant for your property, maintaining a good relationship with them is key.



By having your property manager regularly inspecting the property, you'll also minimise out-of-pocket maintenance costs.



CAPITAL GAIN

Capital gain is the profit earned from selling your property after appreciation.

To maximise your capital gain, it's important to do your research and purchase a property in a good prospective area. Keep a close eye on market research to see where the value of your property is going.

Manage your expenses and keep a file on everything related to your property. This also helps your accountant to maximise your tax return at the end of the year.

Your property file should contain details of the property, a copy of the contract, financial records, and any details of maintenance history.

PROTECTING YOUR INVESTMENT



The best tenants treat the property like their own and keep the home clean and the gardens well maintained. A good tenant will report any maintenance issues as they arise. Your early attention to maintenance will ensure your property remains in good condition, assisting to hold the value.

Regular inspections, every 3-4 months, by your Property Manager keeps the property in check. Your

Property Manager should take photographs of any damage or wear and tear and inform you. A report should be forwarded to you following each inspection.

Tenants are responsible for any damage to the property, and general wear and tear is the landlord's responsibility.

Where possible, provide tenants with appliance manuals so they know how to use and maintain the appliances properly.



RISK MANAGEMENT



Your Property Manager will oversee the management of your property to avoid things going wrong. However, there are several tenant-related risks that only insurance can cover. It's a good idea to get Landlord Insurance to protect you from a number of situations and losses. This may include any of the following:

INSURANCE CAN COVER ANY OF THE FOLLOWING:



LOSS OF RENT



THEFT AND DAMAGE



GLASS BREAKAGE



**REPLACING FIXTURES
& FITTINGS**



FIRE



FLOODING

MAXIMISE CLAIMS WITH THE ATO



Having an investment property means you may be able to gain tax benefits. It's a good idea to check with your accountant for any tax claims incase tax legislation has changed.

It's best to use an accountant who is knowledgeable in property investment. Buying a property off-the-plan has some tax advantages and can reduce some costs.

MAXIMISE YOUR TAX RETURN ON:

- Stamp duty
- Council rates
- Legal fees
- Cleaning costs
- Repairs and maintenance
- Utility bills
- Water rates
- Garden maintenance
- Insurance
- Land tax
- Pest control
- Book-keeping fees
- Travel expenses for property inspection
- Replacing fixtures and fittings
- Interest on loans
- Property Management fees

CHECKLIST

ARE YOU READY TO RENT YOUR PROPERTY?

<input type="checkbox"/>	Fresh coat of paint
<input type="checkbox"/>	Electrical appliances all in working order
<input type="checkbox"/>	Appliance manuals have been left at the property
<input type="checkbox"/>	Lights and fans are clean and dust-free
<input type="checkbox"/>	Cobwebs are removed
<input type="checkbox"/>	Walls are spot-cleaned
<input type="checkbox"/>	Windows and doors close and lock securely
<input type="checkbox"/>	Blinds and curtains are in working order
<input type="checkbox"/>	Smoke alarms work and batteries are replaced. Checked prior to your tenant moving in.
<input type="checkbox"/>	Gardens are neat and weed-free
<input type="checkbox"/>	Windows are clean
<input type="checkbox"/>	Flywire screens are free of breakages
<input type="checkbox"/>	Phone and internet cable is working
<input type="checkbox"/>	Floors and carpet are clean
<input type="checkbox"/>	Kitchen and bathroom cupboards open/close properly and are clean
<input type="checkbox"/>	Exhaust fan is clean and works

NOTES

[illegible]

CONTACT INVESTARENT



**427 Montague Rd, West End
QLD 4301**



investarent.com.au



1300 33 RENT



admin@investarent.com.au

