

For contact about press releases and media:

Stacey Martin

Ausnet Real Estate Services Ltd

P: 08 9204 7955

E: stacey@ausnetrealestate.com.au



MEDIA STATEMENT

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TOP 10 BENEFITS OF USING A PROPERTY MANAGER

By Alan Hancock, Chairman, The Ausnet Real Estate Group

Currently, there are more than 200,000 household rental properties in Western Australia. However, less than half of these rental properties are managed by professional property management companies. Many first time investors overlook the benefits of using a property management company which include:

1. Market Appraisal: A property manager will be able to give an independent assessment of the correct rent for a rental property. Many investors tend to over estimate the weekly rent they should charge resulting in lost income through a high vacancy rate.

2. Tenant Selection: A recent ABS survey found that almost half of private renter households had lived in their current dwelling for less than one year and 88% had moved in the previous five years. This factor underlines the importance for landlords to make careful background checks on tenants to ensure that they will take a responsible approach to their tenancy. Selecting the right tenant is critical for a landlord because a good tenant will pay their rent on time and look after the property. A property management company will have access to information on people with a history of being bad tenants and also undertake a through background check on all applications.

3. Marketing: A property manager will also have a list of tenants who may like to rent the property. Many prospective tenants contact local property managers directly for information about properties for lease. In addition, a property manager will also have access to Internet marketing which is becoming more important in the rental market.

4. Viewing the property: Showing prospective tenants the property takes time because people wanting to lease a home generally want to view the property during after work hours such as the evenings or weekends. Private landlords are more restricted in their time and therefore may not be able to find the best tenant for the property in the fastest time.

5. Contracts: Having the tenant complete and sign their contract of agreement is very important as it protects the investor. A clearly written contract should clearly state the responsibilities of the tenant and the owner. Some investors overlook this key part of renting a property with the result that problems are created between the tenant and owner.

6. Tenant Retention: Keeping a good tenant is also critical for the investor. A recent survey found that 24% or nearly one in five people who rented were not satisfied with the level of service provided by the landlords. These people are the more likely to end their tenancy and move to another rental property. A private investor is very often too pre-occupied with personal matters to properly service the needs of their tenants particularly if they have a number of investment properties. By employing a property manager, they will be assured that all of tenants' requirements are dealt with promptly.

7. Maintenance Issues: A property manager will conduct regular property inspections to make sure the investment property is properly maintained and take action if it is not. Maintaining the value of the asset should be a key consideration for investors and that is why regular property inspection reports are necessary.

8. Legal Issues: Because of the growing trend towards litigation, people who privately lease their properties can open themselves to litigation if they fail to discharge their legal responsibilities in relation to the investment property i.e. fixing items in the investment property that could cause personal injury. A property manager is fully briefed on these legal responsibilities and this offers additional peace of mind for the investor.

9. Termination of contract: Problems can often arise when the tenant wants to terminate the contract i.e. lack of notice or failure to leave the property in the same condition it was first leased. A property manager will ensure that the contract is properly terminated and that a new tenant can be sourced quickly reducing vacancy rates.

10. A professional relationship: Finally, the relationship between the tenant and the owner should be on a professional basis. Investors who manage their investment properties tend to develop friendships with their tenants which means that problems can arise when the tenant fails to pay their rent or maintain the property. By using the services of a property manager, the relationship is kept on a business footing which will be financially beneficial for the investor.