



# Professionals

Managing your  
Investment Property

# Rental properties are in strong demand

In recent years there's been a surge in property investment throughout Australia.

Rental properties in most major cities are in demand and the opportunities for high returns on rentals, as well as continued strength in residential property prices in the medium to long term, is healthy.

At the same time, there needs to be a smart approach on how best to maximise and manage your investment property.

## What's the best way for you to manage your investment?

There are many aspects to property management that you'll need to consider with your prized investment. In the following booklet we've put together everything you need to know as a property owner.



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# Selecting the right property manager



**This decision can make a huge difference not only to your overall returns, but also to the enjoyment of your investment.**

Over the last few years, property management has undergone a significant transformation, from simple rent collection, to a dynamic investment management service.

The changing scene has triggered the need to better manage new legislation, ensuring fairness for both owners and tenants. It includes, in some regions, the Strata Titles Act, Residential Tenancies Act and deregulation of fees charged.

Now more than ever, you need your property professionally managed by entrusting it to a manager who is trained, experienced and equipped to meet these ever changing needs. In the end, you need to feel completely comfortable with the company you're dealing with.

When you choose Professionals, you'll be joining thousands of happy property investors who have their biggest asset in safe hands.



We've been working with landlords for 40 years and know what it takes to professionally manage your property.

# Our property management services



**We have an outstanding team of experienced property managers ready to help you.**

**Our personalised service will ensure you're taken care of every step of the way, including:**

- > Professionally screening and selecting tenants
- > Providing a detailed explanation of the owners / tenants rights and obligations
- > Receiving rents and issue receipts
- > Arranging for repairs and maintenance to the property
- > Paying of accounts such as water services and council rates
- > Processing any insurance claims where authorised to do so, in consultation with the owner
- > Exercising the owners / tenants rights to terminate leases and tenancies
- > Re-letting the property at the end of each tenancy in the event of a vacancy
- > Preparing and checking the property's inventory
- > Doing all such lawful things as may be directed by the owner in writing
- > Accurately reporting on the condition of the property at the beginning, during and end of each tenancy

Our property managers take care of everything so you can rest easy knowing your investment and tenancy is being looked after.

# Finding the perfect tenant for your property



**Having bought your investment property and entrusted it to an experienced property manager, we now have to find a new tenant for you.**

A good quality, long term tenancy is far more attractive than a constant turnover in tenants and will maximise your investment returns.

## Open homes

With the increasing demand for rental properties, your property manager may suggest opening the property at an agreed time to ensure a good pool of candidates view and apply for the property.

## Advertising

Your property manager is constantly monitoring the best medium for advertising your property to attract a suitable tenant and ensure the best result for your dollar.

Your property may be advertised in the following:

- > The most popular rental search websites and portals including professionals.com.au
- > “For Rent” classified sections of newspapers

- > “For Rent” signboards
- > Office window displays
- > Brochures / flyers distributed from the agent
- > Email newsletters distributed to an agent’s mailing list

Remember any costs are tax deductible, so an accurate account of the advertising costs will be supplied at the commencement of each new tenancy.









# How Professionals select great tenants



**We cover every base when finding you the perfect tenant for your investment property.**

A good tenant can make your property ownership a positive, stress free experience.

**At Professionals, we're meticulous with our selection process for tenants.**

After an 'Application for Tenancy' is lodged, we'll thoroughly check their rental history, employment and references.

We're also more than happy to accommodate any instructions you may have during tenant selection in accordance with appropriate tenancy regulations.

# Professionally managing your asset



**We appreciate that handing over the keys to your property requires trust on your part. Our proven systems and attention to detail will ensure your property is in safe hands.**

## **Property condition report**

Your property manager will compile a detailed property condition report of the premises. The report will be checked by both the tenant and the property manager, with any changes amended within the legislated number of days prior to occupancy.

At the end of the tenancy, and prior to the security bond being released, a final inspection of the property will be carried out comparing to the original report.

## **Bond**

Usually equal to four weeks' rent, a bond is collected from the tenant and held against any damage that may occur in the normal course of the tenancy.

A bond can only be released by mutual agreement between the tenant and agent (on behalf of the owner) once all obligations have been fulfilled at the end of a tenancy.

## **Why periodic inspections are important**

One of the conditions of the tenancy agreement is conducting periodic inspections to ensure the property is being maintained to a satisfactory standard.

Periodic inspections are completed as instructed by you and a full report is submitted. The tenant is told of any property defects which they may be considered responsible for.

These inspections may also include maintenance recommendations or the submitting of quotes for upgrades to maintain the ongoing value of the property.

## **How to manage repairs and other outgoings**

Under the Residential Tenancies Act, it's your responsibility to maintain the property in good rental condition.

You can elect your Professionals property manager to initiate repairs and maintenance to an amount agreed to by you. More expensive repairs will always be referred to you for your consideration.

Our property managers don't just collect rent, they take pride in ensuring your property is fully cared for.





# Ensure peace of mind by covering your asset with the right insurance



## **Building and Contents Insurance**

An insurance broker will explain all the ins-and-outs for a new policy on your property.

Your broker can also help with public liability insurance and workers compensation, which applies under common law.

Typically, you'll be recommended to take out a replacement or reinstatement type policy.

## **Landlord Rental Protection Insurance**

We also recommend you consider the extra peace of mind provided by Landlord Rental Protection Insurance. This cover is available to owners whose property is managed by an agency and also covers acts of malicious damage by a tenant.

It's an affordable premium and is also tax deductible.

The tenant will be responsible for insuring their own belongings, however the owner must ensure they cover carpets, curtains, fixtures and fittings to the property.



# Setting a fair rental price



**An attractive rental price is an important part of maximising your investment.**

Your Professionals property manager will have a strong understanding of current rental prices in the local area and will help you set a fair market rental value.

## Three factors that impact on rental prices are:

1. Property location
2. Property condition
3. Length of lease

Some owners can make the mistake of setting the rent too high. Not only will you waste your advertising dollars, but you'll reduce the likelihood of securing a suitable tenant.

## Rent reviews

From time to time, we'll recommend a review of your property's rental price. Over the years we've found tenants are well educated on rental trends and what a fair price is. So it's good to find the right balance to keep your property occupied.

Legislation states that rental prices can be reviewed every six months, providing it has been noted in the Tenancy Agreement – although this can differ by law and location and will be checked by your property manager.

# Tax deductions for your investment property



**As you probably know, Australia has a range of tax legislation for property investors.**

As an owner or part owner of a rental property, income tax legislation requires you to declare any rental income you may receive. Importantly, tax legislation allows you to claim expenses relevant and incidental to the derivation of that income.

Deductible expenses include the following:

## Agent's Fees

Include property management commission, inspection fees, and any other incidental fees an agent may charge for managing your property.

## Borrowing Expense

Expenses incurred in borrowing money solely for income producing purposes including valuation fees, broker's commissions, application fees, survey fees and any other incidental expense charged by the lending institution.

## Depreciation

If the property is leased furnished or equipped, depreciation on furniture, fittings, floor coverings and white goods are all deductible.

Building depreciation also applies and can be calculated by obtaining a Depreciation Schedule for the property from a Quantity Surveyor, the cost of which is also tax deductible.

## Repairs

Any expenditure on repairs and maintenance to the leased property are deductible. However, these do not include alterations or improvements to the property. For example, replacing a sheet of iron on an old roof may be a deductible expense.

On the other hand, replacing an old iron roof with a new tile roof is a capital expense and not deductible. Although expenditure on improvements and alterations are not deductible, it is advisable to keep all records of this expenditure as they can be included in the cost base of the property when calculating the gains on the sale of that property.

## Travel

Generally, all travel expenses on collecting rents or in connection with maintenance and repairs are deductible. An accurate record of the dates and distances travelled should be maintained.



### Write-off Construction Cost

A tax deduction is applicable for capital expenditure incurred on the construction of new buildings used for the purpose of producing assessable income. Capital expenditure includes alterations, extensions and improvements to the property. You should consult with your personal tax advisor as they will be best qualified to confirm your allowable deductions.

Ask your Professionals property manager to put you in touch with a tax depreciation expert for a depreciation schedule.

### Accounts

This area is very important to property owners so you need a real estate partner you can trust. Generally, rents are collectable in advance on a monthly basis and submitted to the owner, together with a statement of rents received and all expenditure items.

Disbursements or property owner expenditures typically cover:

- > Unit levies, rates and taxes
- > Maintenance and repairs
- > Insurance premiums
- > Lawn mowing or gardening services
- > Pest control





# Why choose Professionals?

## A better way for customers.

Since 1976, Professionals Real Estate has established a thriving property group, with more than 250 offices across Australia and New Zealand and a network of over 3000 passionate people. Our brand has made a name for itself as a dynamic, award-winning agency group across buying, selling and renting.

Our members offer a deep knowledge of the local market, and are fully committed to the community they serve. Because real estate is still fundamentally about human relationships, we have a simple but powerful brand purpose – to create customer happiness.

For us, it's not just about a single transaction: we want to earn the right to be your first choice when it comes to property now and into the future. This is why it's our mission to be famous for customer service.

So if there's anything you need during your property journey, please contact your nearest Professionals office.

Visit us online today at [professionals.com.au](http://professionals.com.au)



**Shane Kempton**  
CEO Professionals Real Estate



Good luck with your investment property!  
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