

**stanley** samuels  
property management specialists

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Seven Tips to  
Maximise your  
Property  
Returns



## Seven Tips to Maximise your Property Returns

**Why do some people make lots of money from their investment properties while others struggle or simply fail?**

Often, the answer is that successful property investors know the many secrets of property management. The kind of expert, personalised property management that Stanley Samuels has provided to its clients since 1988.

In the following short report, we'll share some of our knowledge with you. And invite you to contact us at (08) 82720666 for more information or assistance managing your property.

We look forward to hearing from you . . .

### **Tip #1: Make sure you're charging the right rent**

Setting the correct rent is extremely important. Ask too much and your property can sit vacant for weeks. Ask too little and you could lose thousands of dollars a year.

That's why Stanley Samuels invests heavily in technology and has access to National Data agencies. This allows us to track competitive properties and their marketing campaigns.

The bottom line? We know exactly how long properties advertised with other Property Managers have been on the market — and we know what price adjustments have been made. This allows us to market a client's property at the maximum rent, without having to "test the market" at our client's expense. (It's a pity to waste precious time and rent trying to determine the correct rental of a property.)

**IMPORTANT:** Stanley Samuels never wants to lose that all-important interest in the property when it first hits the market by pricing it incorrectly. A property put to the market at say \$30 above its actual market rental of \$400 per week, can add four weeks or more to the leasing cycle whilst the true market rental is determined. This would cost a client over \$1,600!

If the same mistake is made the following years, those losses could really mount up. Conversely, if the ill-informed property manager undervalues the property by the same \$30 per week, and that tenant stays for two years, the owner is out of pocket by some \$3,000. You'd be amazed at how often this happens!

## **Tip #2: Screen tenants the *right* way**

Tenant screening is the most important responsibility of Property Management.

**If done correctly**, owners will be rewarded with timely rent payments by tenants that will care for the property as though it were their own.

**If done poorly**, well I'm sure we've all seen those graphic pictures of untold damage on the Current Affairs shows, and heard the stories of tenants who don't pay their rent and seem to be protected by the law!

Assuming that the presentation advice we've offered above was taken, we will be receiving applications from seemingly good prospective tenants, and this is where the selection process begins.

Our Property Managers have great experience (10 years each, on average) and are well trained in what to look for in a prospective tenant. Our comprehensive application forms provide a significant insight into what that person will be like as a tenant.

We look at the tenant's income and apply a proprietary affordability criteria to determine their ability to make rent payments. We then utilise the services of, not one but two National Databases for Defaulting tenants. If they don't pass this, they're out in round one. We then screen the applicants thoroughly for work references, seeking landline telephone numbers (not mobile numbers) wherever possible to fully confirm their suitability.

We will also run information through Google and Facebook in an effort to get a full "picture" of the applicant. References from previous rental agencies or private landlords, if applicable, are also thoroughly explored. As a final check, we use information from RPData and Nearmaps to confirm the accuracy of the tenant's information with respect to garden maintenance, pets, and past rental history.

### **Tip #3: Know how to get even *higher* rents**

Want to get the maximum rental for your investment? Here are some practical ideas you can put to use now!

**Everything starts with street appeal.** Get that wrong and you're in trouble from the start. We need to see lawns neatly mown, garden beds weeded, and paths swept and clear of clutter. There's no doubt that the best tenants are attracted to well-presented properties. A well-presented property will easily rent for \$20 per week more than its run down competitor, and will do so in less time. Increased return to the owner: approximately \$2,000 per year.

**Don't forget the paintwork.** It doesn't need to be brand new, but it shouldn't be peeling off at every corner. Particular attention should be paid to making kitchens and bathrooms as fresh and clean as possible. Sometimes a simple touch-up to the paintwork can transform a property and can cost a lot less than you might think (especially when we arrange for one of our regular contractors to do it and pass on the savings to the client). A painting touch-up can help the property rent faster and go for a higher rent.

**Air conditioning is a must.** Just as it's no longer a luxury to have air conditioning in your car, air conditioning in a rental property is becoming a necessity. Trying to rent a property in summertime with no cooling is a recipe for disaster. When prospective tenants turn up for property viewings on a day when it's 40 degrees, and one property is air conditioned and the other is not, the air conditioned property will rent much quicker and for higher rent. Based on a \$400 per-week rental, if the property rents for \$10 per week higher rent, and does it two weeks faster, this represents \$1,300 in the first year alone. Not a bad return for a cost of around \$2,000!

**Dishwashers can be retro-fitted to many kitchens and will add appeal and value.** You can expect a slight increase in rent but most importantly, a faster letting time will more than pay for the cost of the dishwasher, probably in the first year alone!

**Built-in robes are a big advantage.** When people have rented for the past two or three years in a property that had built in robes, they definitely do not want to have to go out and buy wardrobes for two or more bedrooms. The chances are that their next rental will have built-ins, so the newly purchased items will need to be disposed of, no doubt at a significant loss. Again, for a fairly small outlay

you can speed up the letting process and gain a few extra dollars per week in rent.

**New light fittings can light the way to higher profits.** Brand new light fittings and bright low-energy globes cost very little but can have a dramatic effect on the presentation of the property, particularly when the property is being shown in dark winter months. Simple, easy-to-access open shades work best and will make it easier for prospective tenants to change their own globes during the tenancy. (You want them to do it — not you or the Property Manager — because globes can be difficult to work with.) A bright, well-lighted property will always let faster than the dark and dingy competition.

#### **Tip #4: Learn the best time to lease your property**

Seasonal factors affect, not just the rentability of your property, but also how many dollars wind up in your pocket.

Unsuspecting owners can easily be caught out trying to rent their properties at the “wrong” time of year. This means you shouldn’t get locked in to renting for 6 months or 12 months. It may make more sense to lease a property for 8 months or 16 months if it means having the lease run out at a more favorable time to re-let!

Typically, the rental market is strongest in January and February, so having a property become vacant in the middle of the year could increase its vacancy rates by several weeks and lead it to being leased for a lower rental. Not good!

The right Property Manager (Stanley Samuels of course!) can help you individually “time” your lease period, but in essence the theory should always be the same. You should offer each property at a time when its appeal in the marketplace will be greatest. Our Property Managers understand these market conditions and are well placed to give our clients the advice and recommendations appropriate for their particular property.

#### **Tip #5: Take all legal Tax Deductions**

Sure, this sounds obvious. But it’s estimated that up to 80% of property owners are missing out on legitimate tax deductions!

The fact is, it isn't enough to rely on an “estimate” from an accountant assessing the position of depreciable items in the rental property. A Quantity Surveyor is the professional best equipped to inspect the property and create a schedule of depreciable items.

Quantity Surveyors are fully conversant with values but more importantly, they can determine the correct rates of depreciation for every single item in the property.

Typically, in a new property, a Quantity Surveyor may find \$10,000 or more worth of deductible expenses in the first year alone. Or around \$40,000-worth over a five year period. Even owners of older homes and units can benefit. In fact, this strategy alone can be the deciding factor in determining which type of investment property best suits the investor's need. Consider this carefully even before the purchase of the property!

### **Tip #6: Get Landlord Protection Insurance**

For a relatively small outlay of approximately \$280, investors can protect themselves from unforeseen circumstances. This means they won't be reliant on a Security Bond of just 4 or 6 week's rent to protect them.

Landlord Protection Insurance gives investors the peace of mind of knowing that they have additional protection of up to 15 week's rent to cover them in the event their tenant has his tenancy terminated by the Property Manager.

In addition, they will be covered for any malicious damage done by the tenant or their invitees for up to 52 week's rent as well as up to \$60,000 for damages. The result? Investors won't be caught with any nasty surprise expenses. And they can budget more accurately and grow their investment portfolio with confidence.

**PLEASE NOTE:** Stanley Samuels has a very low rate of claims on these policies, primarily because we only select the best-quality tenants!

### **Tip #7: Get professional advice *before* you buy**

Pre-purchase advice can save you a fortune! We're not talking about mere rental estimates. You should get important behind-the-scenes facts about the property that the selling agent just won't tell you.

Stanley Samuels is often called in to carry out rental estimates for properties that clients are interested in purchasing. As mentioned above, we spend a lot of time establishing an achievable maximum rental for the property so that the client has a realistic assessment of what they can expect if they proceed with the purchase.

In addition to this we were also able to track the sales campaign for the property to determine how long it's been on the market, how many agents have tried to sell it, and to monitor any and all of its pricing adjustments.

We can also call up data on past sales figures for the property as well as similar properties that have been sold. This allows us to advise our clients more accurately on the purchase price they should be paying for the property.

Overpaying when buying the property clearly puts the investor behind the eight ball from day one and diminishes their returns.

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**We hope you've found these ideas useful and warmly invite you to contact Stanley Samuels for more information about how we can go to work for you.**

**If you're looking for a firm that specialises in property management and has a reputation for service that's the envy of the industry, give us a call at (08) 8297 3010 and get to know us better. We're ready to help!**

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