



Property Management News

March 2017

Have you ever wondered what the term “fair wear and tear” actually means when it comes to making allowances for tenants?

Some landlords question us when we tell them that we are required by law to make an allowance for fair wear and tear in their property. Unlike what you may think, this is by no means an excuse to let tenants get away with damaging your property.

The fact is, the older a property becomes and the less it is maintained, the more it will be subjected to natural wear and tear. A home is to be lived in, so you have to expect a reasonable amount of wear and tear to things like floor coverings, walls, doors and window furnishings. The same applies to your own home.

There is a trap that many people fall into however when it comes to wear and tear – complacency. The more things become worn, the harder it will be attract the best tenants. This often leads to a domino effect whereby the wear and tear becomes exponentially worse as time goes by.

Knowing that it's much easier to keep a well maintained home in great condition than it is to maintain a home in poor condition, there is a general rule of thumb in property management that a rental property should have minor refurbishments completed every seven to ten years. This could involve a fresh coat of paint, new floor coverings (or sanding and polishing of existing floor boards) and new window furnishings. In other words, around the seven year mark, the property has been exposed to seven years worth of “fair wear and tear”, meaning it is most likely starting to look a bit long in the tooth. Do nothing, and by the ten year mark, you may



have a poorly presented property on your hands that you are unable to find quality house-proud tenants for.

Our best advice is to plan ahead by putting a bit of money aside each year so that when it comes time to give the property some love, you will have the funds set aside for it (remember, money you spend on your investment property is tax deductible). By improving your property, you will have a far better chance of attracting and keeping good quality tenants who are not only house proud, but are also prepared to pay a premium for a premium home.



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Old or new properties – what’s the best investment?

It can be quite a daunting task to try and evaluate what property to buy when building up your investment portfolio. Do you buy new properties or old properties?

Do you buy a unit or a house? Do you buy in an established area or a new development?

Of course all of the answers to these questions can only be answered by your personal preferences but there are a couple of important things to remember when entering the property market for investment purposes:

- Always buy a property that other people would want to move into, in an area that they would want to buy or rent. Of course remember how you present your property determines the type of tenant you will attract. Tenants will be attracted to a property that presents value for money, has security, in a good location, is clean, has good sized bedrooms, low maintenance and offers heating or cooling facilities with off road parking.
- Always do your research beforehand. Use statistical information to find high growth areas and look for high rental yields in your price range. Identify the potential returns on your investment and ensure it covers your loan repayments.

- Try and buy in a suburb that is experiencing a growth spurt rather than buying at the peak of the growth.
- Don’t buy a property that needs a lot of upkeep.
- Your investment should be tax effective and provide you with good depreciation costs.
- If you have more than one property in the same area, it may be prudent to have one property manager making the process easier and more streamlined.



Re-visiting your mortgage could improve your financial future

What better time to think of improving your financial future than now? Lenders are offering discounts to attract new customers. Re-visiting your mortgage can mean savings which in turn can help improve your overall finances. However, it has to be done systematically. If you don't have the time or the knowledge to undertake the exercise yourself, seek professional help.

First, it is important to ascertain if you have the best loan product to suit your individual needs. You may have had the best product when the loan was originally taken out, but with changing personal circumstances as well

as the economic trends, there may be another lender and/or product more suited to your needs now.

Then take a good look at your budget. See if there are any expense areas that you can trim. Every dollar saved and put into the mortgage will make a huge difference in the long run.

If you have been comfortably paying the mortgage at the higher interest rate, continue to do so even when the interest rate is reduced. The extra amount you are paying will reduce the loan term and help save on total interest payable.

Also think of other minor adjustments to the repayment. For instance, if you are paying the mortgage monthly, change it to fortnightly. If your minimum repayment amount is an odd figure, for example \$1,862 per month; round it up to \$1,900 or if you can afford it to \$2,000. The additional repayments will cut many years off the loan term.

The best reputation in real estate

Important note: Clients should not rely solely on the content of this newsletter. All endeavours are made to ensure the content is current and accurate however, we make no representations or warranties as to the accuracy, reliability, completeness, or currency of the content. Readers should seek their own independent professional advice before making decisions.

R&W

The first quarter of the year has been wonderful for the property market. R&W Maroubra are looking to keep this outstanding from for the rest of the year ahead. Please note that our office will be closed from 14th April 2017 and business will resume on 18th April 2017 as normal. We hope



you enjoy the Easter break and cherish the time with friends and family.

Hendra Wijaya
Principal

Recent Rentals

- 12c/16 Hereward Street, Maroubra
1 Bed 1 Bath - \$490 PW
- 13/96 Maroubra Road, Maroubra 1
Bed 1 Bath 1 1 Garage - \$560 PW
- 3/56 Chester Avenue, Maroubra 1
Bed, 1 Bath, 1 Car - \$520 PW
- 6/56 Chester Avenue, Maroubra 1
Bed, 1 Bath, 1 Car - \$520 PW

Recent Sales



93/116-132 Maroubra Rd, Maroubra
Bed 2 Bath 2 Car 1
\$960,000



405/747 Anzac Parade, Maroubra
Bed 2 Bath 2 Car 1
\$970,000



303/97 Boyce Rd, Maroubra
Bed 1 Bath 1 Car 1
\$755,000