

PRONews

ISSUE 105 – MARCH 2022

In this issue:

- Should you sell to your tenants?
- Why you need a building inspection
- Repairs and maintenance; who pays for what?
- Seven essential steps to choose the right agent

SHOULD YOU SELL TO YOUR TENANTS?

When the time comes to sell your investment property, there is a whole world of potential buyers out there. However, the best option may be the people right under your nose.

Take a look at why it might make sense to fast-track the sales process and give your tenants the option of being your investment property's next owners.

Why sell to your tenants

Nobody likes moving house. If your tenants have been thinking of buying and have saved up enough for a deposit, they may be more excited about putting in an offer than packing up and relocating.

Many renters are steadily working towards owning a home of their own. If they love the area where they live and can afford to buy, it's worth giving them the option.

Selling to your tenants will dramatically streamline the process of selling your property. You don't need marketing or auction campaigns. You also won't have to worry about holding open homes while the place is occupied. What's more, you'll be saved from negotiating the end of the lease for your tenants if you need to sell in the middle of their contract.

Your tenants know the home inside and out (literally). They'll have a good understanding of your property's value because they already live there. Either they love the house and want to buy it or they don't... there will be less deliberation with this kind of buyer.

Many tenants reach out to their property manager to let them know they're interested in buying. The manager can connect them with your sales agent, who can negotiate on your behalf. This will help to ensure a financially fair outcome for everyone.

The downside

Selling to your standing tenants has no guarantee of netting you the best price for your property. Many tenants, especially those who have lived in the property for a while, will feel a sense of ownership and entitlement. They may think they shouldn't have to pay top dollar for what they believe is already 'theirs'.

If your investment property is quite aged, your current tenants will be aware of any issues it has. They will intimately know any minor issues and may refer to them in an attempt to knock down the price. You might be in for some serious negotiating if you try to sell to canny tenants.

A two-handed approach may work. Give your tenants the option to buy but also open the home to the public. A higher offer may come your way.

The final decision

At the end of the day, unless you're in a hurry, it makes sense to get the highest offer possible for your property. If your former tenants can offer that, it is a win/win situation. Offering first 'dibs' to your tenants is reasonable, but you still have the final say. As with any other buyer, if the price isn't right, you are well within your rights to accept a better offer from elsewhere.

The best place to start is by speaking with your sales agent and property manager. They'll be able to provide advice that matches your goals.

Need more tips on selling your property? Contact Professionals today.



WHY YOU NEED A BUILDING INSPECTION

Why have a building inspection before you buy?

A big part of the property-buying process is requesting a building inspection. Taking the time to have this report prepared can save you thousands of dollars.

As tempting as it might be in the current competitive market, skipping a building inspection can hurt you in the long run. Add the emotional toll of discovering your new home is not what you expected and you will deeply regret your haste.

What is a building inspection?

One thing about buying a house is that you can't change your mind and ask for a refund. Once you have signed a contract and paid the money, the sale is final, no matter what.

If you buy a toaster with faulty wiring, just grab the receipt and storm into the shop (or send a stern email). If your new home has faulty wiring, you're stuck with it. That's why building inspections are so crucial. It's the closest you can come to a try-before-you-buy in the property market.

A building inspection is performed by a construction industry professional who will look your property over and check for serious faults. This expert will look for everything from shoddy foundations to leaky plumbing, rising damp to cracked walls, before issuing you a report with their findings.

With a full building inspection, you will be aware of every issue, big and small. It is vital information when deciding on whether to make an offer or not and how much to offer.

You can also request a pest inspection, which will identify the signs or any rodent, insect or white-ant infestation.

What to do with your building report

Any property more than a few years old is likely to have an issue or two. The point of the inspection is to make you aware of the problems beforehand so you can weigh them against the price of the property.

An inspection may say that the roof needs replacing, for example, but if your budget covers the price of the house and the replacement of the roof, it might not be a deal-breaker. A beautiful home in the right location might be worth the cost of a new roof.

A 'black mark' in a building inspection doesn't necessarily mean you shouldn't buy the house. However, it gives you ammunition to use when you negotiate. By paying a few hundred dollars for a building inspection, you can potentially save thousands of dollars.

Why you need an inspection

As you know, properties in Australia cost hundreds of thousands and even millions of dollars.

You don't want to spend every penny you have before moving into a home, only to realise there is a terrible issue with rising damp which you didn't notice during the inspection.

Yes, there is competition in the market right now but it's important to think with your head and avoid paying more than a property is worth. If another couple or individual rushes to make an offer without an inspection, that's their problem. You may have missed out on the home but you have also potentially dodged a bullet.

A great real estate agent will be open about any issues with the home and may even have a building inspection ready to share when you attend the home open. Check that the report has come from a reliable provider and you'll be able to fast-track your purchase.

Your home is the biggest investment you will make in your lifetime. Make sure you take all the necessary steps to make a smart purchase.

Need more advice on having a building inspection? Contact your local representative from Professionals today.



REPAIRS AND MAINTENANCE; WHO PAYS FOR WHAT?

When you're renting and something goes wrong with the property, it's hard to know if it's up to you to cover the costs.

There are also general maintenance requirements like lawnmowing and window cleaning... who is responsible for footing the bill?

If you are a tenant, you need to know what's your responsibility and what you can hand over to the landlord or property manager to take care of.

Tenant responsibilities

As a tenant, your primary responsibility is to keep the property in the condition that it was in when you moved in. Landlords expect you will keep the place clean and tidy. You are also expected not to cause damage to any fixtures, fittings or features.

If you break something, it's more than likely you will be liable for the cost of repairs. However, most instances can be dealt with by common sense and communication. Smash a hole in a wall, and you will probably have to pay. Have a tap or door handle break in your hand as you turn it on and most landlords will cover the cost.

You are also responsible for general maintenance and cleaning. Unless it's otherwise stated in your contract, you must handle jobs such as:

- Cleaning the windows and floors
- Mowing the lawn and maintaining the garden
- General cleaning, including toilets, tile grout and ovens

If you decide to pay someone to take care of these tasks, it is up to you to cover the expense.

Landlord responsibilities

You should expect your landlord to provide a reasonably clean property for you to live in and provide reasonable repairs and maintenance to keep the property liveable. If a window breaks and it's not your fault, for example if a branch crashes through it during a storm, the landlord will have to cover the cost of fixing it.

You should contact your property manager or landlord immediately if you have an issue, preferably in writing and with pictures. If you report something in a timely way, it's easier to decide who is responsible for taking care of it.

Your landlord is also responsible for the cost of things like fire alarm inspections, fresh paint and new carpet. If an appliance that came with the property breaks down (and it's not your fault), the cost of repair or replacement is on them as well.

Urgent repairs

Urgent repairs apply to the following:

- Failure or breakdown of the gas, electricity or water supply
- Failure or breakdown of any essential service for hot water, cooking, heating, cooling or laundering

- Fault or damage that makes the premises unsafe or insecure
- Serious damage from a natural disaster

For urgent repairs, contact your property manager or landlord as soon as possible. You do have the option of hiring a contractor yourself if your landlord or property manager can not act swiftly enough. However, try to get an agreement in writing about the fact that you will cover the cost and they will reimburse you, just to be sure.

If something does go wrong and you end up covering the expense to fix it, you will need to share a receipt and prove that:

- It wasn't your fault
- You tried your best to contact your landlord/agent
- You gave your landlord/agent a chance to do the repairs first
- You used a repair person named in your tenancy agreement if possible or at least a licenced and qualified tradie

Mould

One issue that is often misunderstood is responsibility for mould. The rule of thumb is who was at fault. If the mould has developed because of faulty pipes or poor ventilation, it is the landlord's problem in most cases. If the mould is there because of a lack of cleanliness, it will more likely be the tenant who foots the bill for mould removal.

Exit cleans

The rules for end of lease cleaning vary from state to state, so check your contract. As a rule of thumb, you're expected to leave the property in the same condition you found it in. If you need to pay for a cleaner, the cost will be yours to take care of.

The property should be as clean when you left it as it was when you moved in. Having photos as evidence will be helpful if there is a disagreement.

The bottom line

The confusion over who pays for what when it comes to rental properties is part of why property managers exist. There are a number of different rules and they don't all apply in every part of Australia.

When you lease a property through an agency, you'll receive a clear contract which will outline which expenses you're responsible for. Your property manager will also be across the latest legislation and will act as the go-between for you and your landlord if something needs to be fixed. This will minimise disputes and ensure you are always treated fairly.

Want to rent a home with the support of a professional property manager? Get in touch today.



SEVEN ESSENTIAL STEPS TO CHOOSE THE RIGHT AGENT

How to choose the right agent for you

Selling your house can be an emotional journey. Finding the right agent will make the difference between a successful life transition and a traumatic experience that leaves you underwhelmed.

So what should you look for in the perfect real estate agent? Keep the following tips in mind:

1. Stay local

A local agent will be up to date on the price you can expect for your home. Avoid the temptation to bring in an outsider, who may not be well-informed about the latest movements on the market.

Using a local agent is also helpful because he or she can put you in touch with reliable contractors who work nearby and can work on repairs and upgrades before you sell.

2. Check their references and reviews

Everything is reviewed online these days. The second tip on how to choose an agent is to check the reviews and references of the person you're considering hiring. A few bad reviews here and there might be a personality clash, but a number of bad reviews or no reviews at all is a red flag.

You can also ask potential agents to put you in touch with some of their recent clients and make some phone calls to hear about their experience.

3. Ask about sales results

When you are having initial discussions with your prospective agent, ask them about their recent sales results. A quality agent will be able to share the data with you. An agent who is coy about sharing their recent results may have something to hide.

4. Get a valuation

Before you take on your agent, have a valuation of your property. This way, you will know what to expect before

talking to any prospective agents who might hit you with a 'too-good-to-be-true' scenario.

Be aware, though, that valuation may be a great deal lower than what the market will pay, so you don't always have to discount everything an agent says.

It helps to have a professional valuation then three appraisals from local property agents. If one price is much higher than the others, be sure to find out exactly why the agent thinks they can fetch this amount from a buyer.

5. Ask about marketing

Whatever you are selling, it is all about marketing. You can't sell something that no one knows is for sale. The best quality agents will present you with their marketing strategies early on in the process.

6. Talk through the start-to-finish steps

Ask your agent to explain their process so you understand what will happen at every stage. This way, you are in the loop and can have the necessary input into the sale of your home. You should avoid any agent who acts as if they are guarding a secret and never picks up the phone when you call.

7. Do you like them?

You don't have to make a lifelong best friend but your agent should be someone who you feel you can get along with.

You will be spending a lot of time with this person during a lengthy process so it is important that you are comfortable with this person. The best agents will always be out to bat for you and have your best interests in mind. You should leave the process feeling excited and happy to refer them to someone else.

Looking for the best agents in town? Reach out to Professionals today.



Visit professionals.com.au