



**STRAIGHT TALK**

PROPERTY INVESTOR / OWNER NEWSLETTER

December 2014

**What's Making News at KHRE This Month?**

**The highest rent is not always the best option**

Our role as your property manager is to maximise the rental return on your investment property - however, obtaining the best rent per week is just one component of ensuring that your investment delivers the expected returns.

The term “*best rent*” refers to the optimum rent that your property can achieve without causing your tenants to vacate the property due to the rent being above market or; if vacant - the rent is above market, which in turn creates extended days of vacancy and lost income. A consistent income stream is vital to ensuring the financial success of your investment property.

We have found that properties that have a rent slightly below market levels have a higher occupancy rate which means lower vacancy and fewer nil income days. Another important factor that is often overlooked by investors is that, each time a tenant vacates and another moves in, there will be inevitable wear and tear on the property, which again adds to the financial burden of a vacancy.

When we suggest a rent increase or suggest that the rent remains the same, both due to market conditions, we make the recommendation on the above grounds to maximise the financial return on your investment.

While it is often tempting to squeeze an additional few dollars per week from your tenant, it is important to remember that today, tenants are far better educated due to the growing ease of access to information of all properties on the rental market. In attempting this squeeze, many property investors are causing increased vacancy and loss of rental income - all for the perceived benefit of achieving above market rent.

**What We Have Rented This Month**

*We have had another busy month During November! Here are some of the properties that we have rented:*

<b>Highbury</b> ..... 3BR House - \$320pw	<b>Davoren Park</b> ..... 3BR House - \$270pw
<b>Modbury North</b> ..... 3BR House - \$260pw	<b>Davoren Park</b> ..... 3BR House - \$255pw
<b>Evanston Park</b> ..... 4BR House - \$360pw	<b>Elizabeth Downs</b> ..... 2BR Semi - \$215pw
<b>Munno Para West</b> ..... 3BR House - \$275pw	<b>Smithfield</b> ..... 3BR House - \$255pw
<b>Salisbury</b> ..... 2BR Townhouse - \$240pw	



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**28 Anderson Walk  
Smithfield SA 5114  
08 8254 3777  
kevinhodges.com.au**

## Why should I get a building inspection report on my property?



We are recommending to our investor clients to consider obtaining a building inspection report on their investment property as an extension of our routine inspections.

Our routine inspections are inspections to report on the tenant's care and maintenance of your property and to detail any suggested preventative maintenance. As we are not qualified building inspectors, a building inspection report will detail preventative maintenance required from a builder's perspective together with an estimate of cost.

A building inspector will also advise if your property meets the constantly changing building compliance standards, particularly decking, stairs and hand rails which are fast becoming peak areas of litigation against property owners.

Our recommendation to undertake such a report is to minimise the potential of legal action being taken against you in the event of an accident, but it also helps to predetermine future costs and may also save you money by highlighting areas of preventative maintenance that, if done in the short term can save a major expense in the future.

A building inspection report is a modest cost compared to the cost of potential litigation or major repairs.

## Changes in your contact details



It is always difficult to remember who you have advised of your change of address, or change of telephone number or email address.

To assist in the effective management of your investment property, please add us to your change of contact details list.

This way we can communicate with you effectively and in a timely manner should we need to contact you regarding any aspect of your investment property.

We also like to keep in your file the details of a person to contact in the event of an emergency should we be unable to get in contact with you.