

## ***How to Attract and Keep Good Tenants***

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It's natural to be concerned about the tenancy of your property . after all . if it sits vacant then that's lost revenue . and then naturally you worry about meeting mortgage payments. But rest assured . buying a good property in an in demand area goes most of the way towards making sure you have a low vacancy rate. With experience you'll discover that finding and keeping good tenants is the least of your worries.

So will you struggle to rent your property and keep it rented? Sure . if you buy a doggy property that smells, has 1.5 bedrooms, little natural light, no off street parking, no outdoor living and backs on to the motorway. Guaranteed you'll struggle.

### **Buy in areas a majority of people want to live**

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People like tidy suburbs that have a cohesive public transport service, plenty of amenities, good schooling and great parks to let their kids play.

### **Buy in areas where there are the most jobs**

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Research shows people want to live in areas that are easily accessible to their place of work. If the area surrounding the suburb itself doesn't have a lot of employment opportunities, it should at least have good public transport access to the city or other commercial hubs.

### **Buy and Maintain an appealing House**

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Sounds really simple, but a well configured and presented house is more likely to attract a tenant that likes their surroundings and wants to keep them that way. Every few years consider painting the interior walls after a tenant moves out . it will keep the rental up and continue to attract a quality tenant.

### **The Extras**

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The little extras will often fetch you top dollar in rental. Depending on the area the property is in think about things like, fully fenced, double garage, granite bench top, new shower, dishwasher, heat pump. You may find you are able to command premium rental for the area. It's also these differentiating extras that may mean that your property rents faster and to a higher quality tenant. The market is competitive and you need to stand out.

### **Buy for Families**

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Families are more likely to stay in a house long term. Once kids get settled in to schools parents are more reluctant to move them. Also, the concept of moving for a family is a lot more daunting than for a group of young professionals flatting.

## **Maintain**

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Stay connected with how the tenant is maintaining the property. Conduct quarterly inspections and fix things promptly. A stitch in time saves 9 is so true with property.

### **Meet the Market**

Be realistic with the rent you will get. If you haven't had good enquiry within a few days of advertising drop the rent \$10 . it may make a huge difference.

### **Look after good tenants**

Looking after good tenants can be helpful to reducing turnover. Consider giving them a Christmas present, offer a weeks free rent if they stay a year, upgrade before they ask. Guaranteed you'll be in line for keeping the tenant longer.

### **Sun/aspect**

Being able to play have a BBQ on the deck in the sun . and not the shade . is huge. Nobody wants to read the paper on a Saturday morning in a dining room that is on the south side of the house. Buy a house with sun shining in all the right places.

### **Check the Rent**

Make sure you are getting paid. It doesn't matter whether you are managing the property yourself or through a manager. You need to monitor rent payments. Arrears need to be followed up immediately.

### **Property Insurance**

These days you can get insurance for just about anything and its no different for investment properties. First you can get the property dwelling insured . and you will be required to do this for finance. Then you can get landlords protection insurance for things like malicious tenant damage and even loss of rent in some circumstances.

### **Fixed Term Leases**

Get the tenant to commit for a fixed term . that gives you more certainty. Try not to let the property vacate just before Christmas. People tend not to shift over Christmas . you might not get another tenant till the end of Jan.

### **Property manager or go it Alone?**

What are the benefits of managing your own portfolio? None really. It may afford you a bit more cashflow in the outset, but then it means less time to spend on the things you are good at . Can you really be bothered dealing with tenant queries every second day? On one property it might not be a big hassle, but if you are serious about investing a great property manager is invaluable.

Us kiwis are such DIYers it has almost become genetic for us to try and get it done ourselves. Generally if we think we can do it ourselves we do. A lot of times that can be great. But often in doing so we become penny wise and pound foolish. %Ha ha we've saved a few \$\$ by not paying the property manager!+But what opportunities have you missed out on in the process? What great capital growth properties have you not put into your portfolio because of the time and energy you've put in to managing your properties?

If you must manage the property yourself:

- Determine market rent and advertise at that rate
- Advertise on Trade Me
- Conduct an open home for interested parties . don't set up times for each individual.
- Get prospective tenants details and get referrals. Do reference checks and check their credit history. Ring the landlord previous to their current one. The current Landlord might want to get rid of them so they might give a glowing report just to get them out.
- Get a bond and pay it to Housing Corp. Have the tenant write a cheque to Housing Corp so you don't get tempted to spend it!
- Get all parties to sign the tenancy agreement.
- Do a thorough pre-tenancy inspection and ensure you note in detail all faults. Then you have some reference support to go back to at the end of the tenancy
- Contract the client to clean the property commercially when they move out, including getting the carpets steam cleaned.
- Inspect the property regularly

If you are going to use a property Manager, which we recommend, this is what to look for:

- They must already work in the area you are renting
- Have they good working knowledge of the Tenancy Act?
- Their statements are clear and detail what rent has been collected and what calendar period it relates to.
- Have tight rent arrears collections systems
- Conduct regular inspections. Most will inspect as regularly as you request.
- What markup do they charge for any repairs they organize?
- What do they charge to manage the property? (Expect to pay between 7% to 9%)
- Get all water rates posted to the property manager so that they can deal with collection of them
- Keep on top of property maintenance, but do not necessarily fold to every request following a tenancy inspection. Conversely ascertain whether the property manager is being thorough enough with their inspections.

#### **Who pays for what?**

- Residential property rates are payable by the landlord.
- Water rates can be recovered from the tenant if agreed to in the tenancy agreement.

- Upkeep of the lawns and gardens is a point negotiable. If you've had to take a hit on your rent to attract a tenant make the new tenant responsible for mowing the lawns.

### **The Legals**

There is always the letter of the law and the intent of the law. We encourage our clients to treat their tenants with respect. Everybody wins if you do.

Tenancing of residential properties is covered by the Residential Tenancies Act 1986. Some would argue this act is largely in favour of the tenant, but the way I see it is if your aim is to attract and keep good tenants you shouldn't have a problem.

### **Giving Notice**

Landlords are required to give the tenant 90 days to vacate the property. This is reduced to 42 days notice if the reason for terminating the tenancy is due to selling the property or a family/employee member is moving in to the property. If the tenant is giving you notice they must give you 21 days notice.

### **Chasing Arrears**

Usually arrears disputes will go to mediation first. If this doesn't work then the issue can be escalated to the tenancy tribunal.

### **Rent in Advance**

A maximum of only 2 weeks rent in advance may be charged by the landlord.

### **Remember**

- A property in a good area that appeals to families and is presented well is half the battle won
- Let a property manager deal with the side of it that is a hassle