

PLATINUM

CASH COW

**Monthly Mastermind
Event**

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I LOVE
REAL ESTATE



PLATINUM

Cash Cow – What is it?

- Property where the **income exceeds the expenses** (incl. Interest on 100% of funds) = Positive Cash Flow = **Income Strategy**
- **Direct Cash Cow**
 - ❖ Positive cash flow from the day you buy it
- **Indirect Cash Cow**
 - ❖ You do something to the property that turns it into positive cash flow



Residential Cash Cow Strategies – Examples?

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- Regional single dwelling & multies
- Mining
- Executive leasing
- Short stay accommodation (Airbnb)
- Rent by room & student accommodation
- Boarding house
- Granny flat / dual occupancy
- Fully furnish
- Debt reduction using manufactured growth strategies – same deal or separate deal



Commercial Cash Cow Strategies – Examples?

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- Commercial property – Industrial, retail, office etc.
- Installing signage
- Storage sheds
- Strip of shops
- Hostel / backpacker
- Motel
- Caravan park
- Business real property



The Deal -

- Regional cheap duplex (Unit 1 & 2)
- **Direct** cash cow
- **Renovation** potential
- **Strata title** potential



The Deal – 2 brm units



Regional Cheap Multi – Why **Low Risk Strategy?** (Module 3 Appendix) -

Regional Cheap Multi – Why **Low Risk Strategy**? (Module 3 Appendix) -

- ❖ Low **price point** (< \$300k)
- ❖ Buy & hold so **straight forward process**
- ❖ Low **skill level** & time input required
- ❖ Low **timeframe** to complete – cash flow on purchase
- ❖ Low **funds required**
- ❖ **Not selling** so population less critical
- ❖ **Value add** potential for re-finance



Regional Cash Cow: Process Outline -

- Phase 1 – Town Due Diligence
- Phase 2 – Property Due Diligence
- Phase 3 – Property Manager Selection
- Phase 4 – Feasibility
- Phase 5 – Purchase Finance
- Phase 6 – Refinance
- Phase 7 – Accounting & Tax
- Phase 8 – Purchase Contract
- Phase 9 – Marketing For Rent
- Phase 10 – Long Term Hold



1. Town Due Diligence – What to Assess?

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- ❖ **Population** size & growth
- ❖ **Proximity** to major hub
- ❖ **Employment** diversity & growth drivers
- ❖ Current & future **spending** & investment
- ❖ **Income** profile, crime rate, unemployment rate etc.
- ❖ **Existing infrastructure** – transport, medical, retail, education
 - ❖ **Source of Data** –
 - ❖ .id.com.au
 - ❖ microburbs.com.au



1. Town Due Diligence – What to Assess?

- ❖ Road accessibility
- ❖ Environmental constraints – flooding, cyclone etc.
- ❖ Supply & demand – Sale
- ❖ Council attitude to development
- ❖ Government schemes re accommodation e.g. QLD ULDA – Urban Land Development Authority



1. Town Due Diligence – **The Deal**

- ❖ Population > 10,000
- ❖ Coastal town & 1hr to major hub
- ❖ Diversity of employment & low unemployment
- ❖ Income significantly higher than State average
- ❖ Government designated - Major industry hence major spending – government & private
- ❖ Highway access
- ❖ No environmental constraints
- ❖ Balanced supply / demand
- ❖ Pro-active council
- ❖ Government ULDA Scheme a recent ISSUE!!



Rental Market Due Diligence – What to Assess?

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- ❖ Rental **rate** (\$) & trend
- ❖ Rental **affordability**
- ❖ Rental **vacancy rate** & trend
- ❖ Rental **demand** – what, where, why
(2brm unit near shops)
- ❖ Number of local **property managers**
- ❖ Availability of **trades people** & supplies
for maintenance



2. Property Due Diligence –

- A. Rental
- B. Tenant
- C. Property Manager
- D. Property
- E. Site Specific Constraints
- F. Neighbor & Street
- G. Body Corporate



A) Rental Due Diligence -

- For **each rentable area** assess:
 - ❖ **Rent charged** & if market rent (or above market rent – owner inflated with current tenants)
 - ❖ **Rental incentives** offered – rent free period, services, TV
 - ❖ Last **rental increase** & by how much
 - ❖ Long term **rental rate history**
 - ❖ **Rental yield** of property vs area



A) Rental Due Diligence -



- For **each rentable area** assess:
 - ❖ Capacity to **add services** & charge extra – internet, mowing, cleaning
 - ❖ Who pays **current services** – water, power, gas, phone
 - ❖ Previous rental history
 - ❖ **Historic vacancy** profile – when vacant, how long vacant
 - ❖ **Maintenance** history
 - ❖ **Hold costs** – rates, insurance, body corp, land tax, management etc.

B) Tenant Due Diligence -

- For **each tenant** assess:
 - ❖ **Who** are they? Single, couple, kids
 - ❖ **How long** lived at property
 - ❖ **Pets** – type, number, restrictions, bond held
 - ❖ **Employed**, unemployed, on benefits
 - ❖ **Current lease** duration & terms



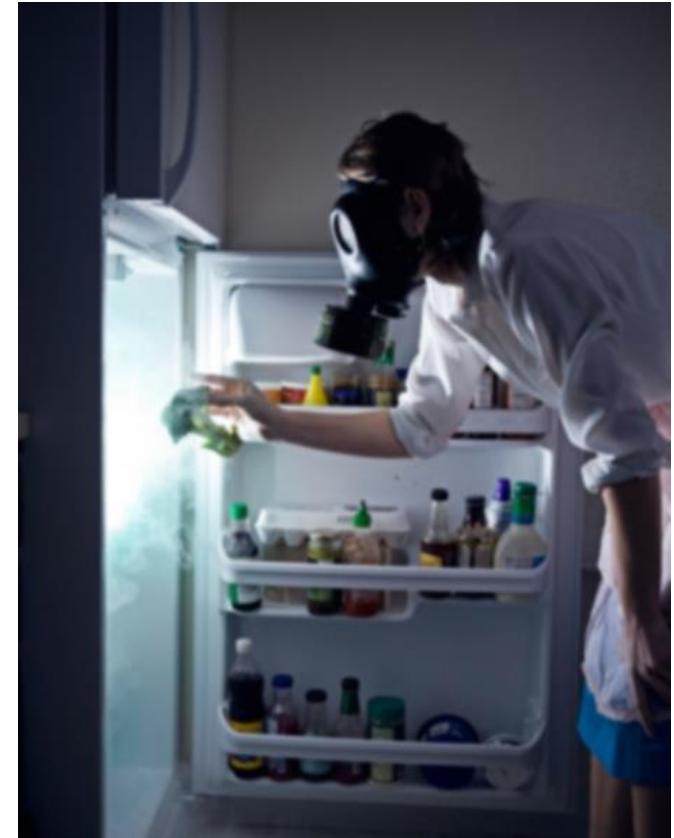
B) Tenant Due Diligence -

- For **each tenant** assess:
 - ❖ **Rental rate history** – amount, pay on-time, payment method (cash, EFT, CentrePay, Direct Debit)
 - ❖ **Default notices** issued (rent arrears, noise, damage)
 - ❖ General **cleanliness** & tidiness of property
 - ❖ History of **request for maintenance**, improvements etc.
 - ❖ **Unapproved tenants** residing?
 - ❖ **TICA** history (e.g. black listed)



B) Tenant Due Diligence - **The Deal**

- Long term tenants
- Tenancies excluded from contract???
- Later found out that 1 tenant was behind in rent & eventually abandoned property post settlement!



C) Property Manager Due Diligence -

- **How long** they managed property
- **Fees & charges** & when last increased
- **Record keeping** & capacity to provide previous records e.g. rental statements, leases, entry condition reports, periodic inspection, maintenance records, insurance claims.



C) Property Manager Due Diligence -

- Current **agency vacancy rate** vs. average for area
- Current agency **average days listed** for rent vs area
- **Structure** of agency e.g. who manages what, historic staff turnover
- **Availability of trades people** & supplies for maintenance



D) Property Due Diligence -

- **Improvements** previously completed – what, when, by whom
- **History** of repairs / maintenance
- Confirm **Council approved** for current usage e.g. multiple units / granny flat on 1 title, no. units, no. bedrooms – converted garage?
- **Illegal building works** not council approved – reno, decks, garage, extension etc.
- Council **show cause notice/s**



D) Property Due Diligence -

- Use **Building Inspector** to confirm compliance with Building Code – don't necessarily use agents inspector!
 - ❖ Built form, smoke alarms, safety switches, pool safety etc.
- **Termite** inspection – current / historic damage
- **Condition** of property
 - ❖ Dry rot, concrete cancer, rising damp, asbestos, cracking walls / foundation
 - ❖ Repairs, maintenance, renovation works required



D) Property Due Diligence -

- Capacity to **add rentable spaces**:
 - ❖ Rooms, dwellings, parking, signage,
- Potential for **further development** – manufactured growth:
 - ❖ Reconfigure to add bedroom/s
 - ❖ Split into smaller rentable areas
 - ❖ Strata title
 - ❖ Vacant land to further develop – add units, subdivide
 - ❖ Increase density via partial / complete demolition



D) Property Due Diligence – **The Deal**

- Roof needed screwing down, Stormwater pipes discharged towards building
- **Basic reno required** – floor coverings, bathroom update, laundry update, install fans, remove hotwater unit from toilet, add kitchen overheads.
- Potential to **strata-title**



E) Site Specific Constraints – Due Diligence

(May Impact on **Renting / Management**)

- **Road hierarchy** – class of road/street, visibility, ease of access, resumption plans, on-street parking etc.
- **Noise pollution** – road, flight path, industry, birds/bats
- **Air pollution** – road, industry
- **Subsidence** – underground mining & earthworks



E) Site Specific Constraints – Due Diligence

(May Impact on **Renting / Management**)

- **Flooding** / overland flow
- **Bushfire** prone areas
- Significant **trees**
- **Soil** type – swelling & cracking clays



E) Site Specific Constraints – Due Diligence

(May Impact on **Selling**)

- Earthquake, sea level rise, tsunami
- Contaminated site
- Easements – sewer, power, access way etc.
- Encroachments – survey site
- Covenants
- Caveat or other encumbrances
- Notation on survey plan

CAVEAT

E) Site Specific Constraints – Due Diligence – **The Deal**

- Air Pollution Issue in Town – Industry
– Prevailing wind direction
important – avoid certain suburbs!



F) Neighbor & Street - Due Diligence?

F) Neighbor & Street - Due Diligence?

- Talk to neighbors & people in street!
- Neighboring properties –
 - ❖ Condition & tidiness
 - ❖ Privacy
 - ❖ Structures next to boundary
- Quality of tenants/owners in street – local bike gang?
- Neighbor disputes
- Crime rate



AWARENESS

G) Body Corporate - Due Diligence

- **Review** Body Corp –
 - ❖ Disclosure Doc
 - ❖ Meeting Minutes
- **Sinking Fund** amount
- **Maintenance** conducted
- Quality of **By-Laws** – pets allowed, works in driveway etc.?
- **Disputes**
- **Overdue** levies
- **Proximity** of Body Corporate Manager – local?
- **Ask** about quality of Property Manager & vice versa



3. Property Manager Selection -

- o **Self Management** - Pro's and Con's:

Pro's	Con's
Saves \$	Time consuming – on call 24/7, inspections, maintenance, financials
Full Control	Dealing with difficult tenants
	Need to understand law & keep up to date
	Limited support
	Paper work & accounting

- o **Leverage** is important – what's the best use of your time & skills? Manage the manager!!

3. Property Manager Selection -

- Property manager is **key to the success** of your rental
- Is the **current manager the best?**
- Research agencies** in area



Property Manager - Questions

Property Manager - Questions

- Where possible **meet & discuss** the property
- Interview & short list the best agencies based on:
 - ❖ **Qualification of managers** - trained, accredited, members of State Professional Assoc.?
 - ❖ **Structure of Agency** – number of managers, admin staff, historic staff turn-over?



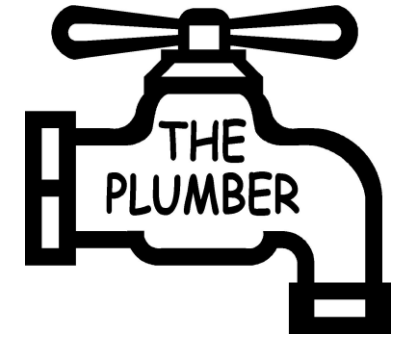
Property Manager - Questions

- ❖ **Number properties** managed by agency and by each manager – want them to give personal attention to your property?
- ❖ Agency **vacancy rate** vs average for area (% & number)?
- ❖ Agency **average days** listed for rent vs area?
- ❖ **Opening hours** & inspection times (after hours / weekends)?



Property Manager - Questions

- ❖ **Availability of trades** people & suppliers for maintenance (e.g. appliance repairs, handyman, plumber / electrician, gardener)?
- ❖ **Office location** relative to property – ease of inspection?
- ❖ **Marketing strategy** “For Rent” – pro-active, creative, diverse database / contact list?
- ❖ Recommend **professional photos**?



Property Manager - Questions

- ❖ **Fee structure** – admin fee, management fee, let fee, inspection fee, annual statement fee, arranging maintenance works, furniture inventory fee etc.?
- ❖ **Reference** – other landlords?
- ❖ Employee vs **owner**
- You **MUST feel comfortable** with manager & you get the responses you expect!



Property Manager - Management

- ◉ **Negotiating on terms:**
 - ❖ Question if SHOULD Negotiate
 - ❖ Negotiate on let fee rather than management fee
- ◉ **Reward** manager – Xmas card list!!
- ◉ **Short termination clause** – 30 vs 90 days



4. Feasibility -

- A) Cash Flow Analysis
- B) Deal Analysis
- C) Refinance Potential



A) Cash Flow Analysis -

- Conduct **cash flow analysis**:
 - ❖ Current **rental income**
 - ❖ **Holding** costs
 - ❖ Bank **interest** on 100% of costs
 - ❖ Factor in **rental vacancy** / tenant turnover e.g. 4 weeks
 - ❖ **Depreciation** considered a bonus
- Conduct **sensitivity analysis**:
 - ❖ **Interest** rate increase
 - ❖ Rental **vacancy**
 - ❖ **Rental rate** decline
 - ❖ Increased **maintenance** costs
- Calculate **Break even point**



A) Cash Flow Analysis -

- **Income strategy analysis** – potential income options – add columns to spreadsheet e.g. income from cosmetic reno, structure reno, adding bedroom...
- **No specific positive cash flow target** – you must determine what you are prepared to accept for the money tied up, the risk, ongoing management involved
- Assess **tax implications** of deal – income tax, land tax etc.



A) Cash Flow Analysis - **Feasibility**

Item	Formula	\$
Income – Rent @ 48 weeks		
Hold Costs / Operating Expenses		
Interest - Loan		
Interest – Owners Funds		
Property Management		
Insurance – Building / Contents		
Insurance - Landlord		
Rates & Water		
Maintenance & Repairs		
Body Corporate Fees		
Total Hold Costs		
Annual Cash Flow		

A) Cash Flow Analysis - **Feasibility**

Item	Formula	\$
Income – Rent \$380 @ 48 weeks	380 * 48 (a)	18,240
Hold Costs / Operating Expenses		
Interest - Loan	124,800 * 4%	4,992
Interest – Owners Funds	57,200 * 4%	2,288
Property Management (@ 48Wks + 1 let fee)	18,240 * 8%+418	1,877
Insurance – Building / Contents	1,000	1,000
Insurance - Landlord	300 x 2	600
Rates & Water	2,500 + 500	3,000
Maintenance & Repairs	Estimate	800
Body Corporate Fees	NA	0
Total Hold Costs	(b)	14,557
Annual Cash Flow	a-b	+\$3,683/yr

A) Cash Flow Analysis – Sensitivity Analysis

Item	Formula	\$
Income – Rent \$380 @ 48 weeks	$380 * 48$ (a)	18,240
Hold Costs / Operating Expenses		
Interest - Loan	$124,800 * 4\%$	4,992
Interest – Owners Funds	$57,200 * 4\%$	2,288
Property Management (@ 48Wks + 1 let fee)	$18,240 * 8\% + 418$	1,877
Insurance – Building / Contents	1,000	1,000
Insurance - Landlord	$300 * 2$	600
Rates & Water	$2,500 + 500$	3,000
Maintenance & Repairs	Estimate	800
Body Corporate Fees	NA	0
Total Hold Costs	(b)	14,557
Annual Cash Flow	a-b	+\$3,683/yr

Adjust:

- Rental Rate
- Vacancy
- Interest Rate
- Management Fees

A) Cash Flow Analysis – Value Add

Item	A) Cosmetic Reno	B) Structural Reno	C) Add Bedroom
Income – Rent @ 48 weeks	18,240		
Hold Costs			
Interest - Loan	4,992		
Interest – Owners Funds	2,288		
Property Management	1,877		
Insurance – Building / Contents	1,000		
Insurance - Landlord	600		
Rates & Water	3,000		
Maintenance & Repairs	800		
Body Corporate Fees	0		
Total Hold Costs	14,557		
Annual Cash Flow	+\$3,683/yr		

Add Columns for Value Add Strategies

B) Deal Analysis -

- Profit potential of deal
- Value-add potential e.g. Reno, Add bedroom etc.
- Funds required



B) Deal Analysis -

- Profit potential of deal

Item	Total Costs \$

B) Deal Analysis -

- Profit potential of deal

Item	Total Costs \$
Purchase Price	
Purchase Costs	
Hold Costs	
Renovation	
Total Costs	
End Value	
Profit Potential	

B) Deal Analysis -

Profit potential of deal

Item	Total Costs \$
Purchase Price	156,000
Purchase Costs	7,000
Hold Costs	5,000
Renovation	14,000
Total Costs	182,000 (a)
End Value	220,000 (b)
Profit Potential	38,000 (b-a)

B) Deal Analysis -

- Value-add potential of deal

- a) cosmetic reno vs b) structural vs c) add bedroom

Item	Option A Cosmetic Reno	Option B Structural Reno	Option C Add Bedroom
Purchase Price	156,000		
Purchase Costs	7,000		
Hold Costs	5,000		
Renovation / Strategy	14,000		
Total Costs	182,000		
End Value	220,000		
Profit Potential	38,000		

Add Columns for
Value Add Strategies

B) Deal Analysis -

○ Funds Required

Item	Total Costs \$	Loan Funds 80% LVR	Owner Funds
Purchase Price	156,000		
Purchase Costs	7,000		
Hold Costs	5,000		
Renovation	14,000		
Total Costs	182,000 (A)		
End Value	220,000 (D)		
Profit Potential (D-A)	38,000 (E)		

B) Deal Analysis -

○ Funds Required

Item	Total Costs \$	Loan Funds 80% LVR	Owner Funds
Purchase Price	156,000	124,800	31,200
Purchase Costs	7,000		7,000
Hold Costs	5,000		5,000
Renovation	14,000		14,000
Total Costs	182,000 (A)	124,800 (B)	57,200 (C)
End Value	220,000 (D)		
Profit Potential (D-A)	38,000 (E)		

- Bank Funds
- Owner Funds

B) Deal Analysis – Detailed Feasibility

● Break down into line items

Purchase Price	Purchase Costs	Hold Costs (Operating Expenses)

B) Deal Analysis – Detailed Feasibility

- Break down into line items

Purchase Price	Purchase Costs	Hold Costs (Operating Expenses)
Purchase Price	Stamp duty	Interest - Loan
	Legals	Interest – Owners Funds
	Building / Pest	Property Management
	Borrowing Costs	Insurance – Building / Contents
	Mortgage Insur	Insurance - Landlord
	Structure Set-up	Rates & Water
	Other	Maintenance
		Body Corporate Fees
		Land Tax
		Other
Total	Total	Total

C) Refinance Potential -

- Strategy complete e.g. reno & ready to refinance to extract equity



C) Refinance Potential -

Option 1 – Refinance @ 80% LVR

❖ End Value = \$220,000 (D); Original 80% Loan = \$124,800 (B); Owner Funds = \$57,200 (C)

Item	Formula	Total Costs \$
New Loan on Refinance @ 80% (F)	$D * 80\%$	
Loan to be Paid Out on Refinance	B	
Equity Released on Refinance (G)	$F - B$	
Owner Funds to Repay	C	
Owner Funds Quarantined in Deal	$C - G$	
EXTRA Funds Released for Next Deal	$G - C$	
Total Owner Funds Available for Next Deal	G	

Owner Started with \$57,200 & Ended with \$_____

C) Refinance Potential -

Option 1 – Refinance @ 80% LVR

❖ End Value = \$220,000 (D); Original 80% Loan = \$124,800 (B); Owner Funds = \$57,200 (C)

Item	Formula	Total Costs \$
New Loan on Refinance @ 80%	D*80%	176,000 (F)
Loan to be Paid Out on Refinance	B	124,800
Equity Released on Refinance	F-B	51,200 (G)
Owner Funds to Repay	C	57,200
Owner Funds Quarantined in Deal	C-G	6,000
EXTRA Funds Released for Next Deal	G-C	-6,000
Total Owner Funds Available for Next Deal	G	51,200

Owner Started with \$57,200 & Ended with \$51,200

C) Refinance Potential -

Option 2 – Refinance @ 90% LVR

❖ End Value = \$220,000 (D); Original 80% Loan = \$124,800 (B); Owner Funds = \$57,200 (C)

Item	Formula	Total Costs \$
New Loan on Refinance @ 90%	D*90%	(F)
Loan to be Paid Out on Refinance	B	
Equity Released on Refinance	F-B	(G)
Owner Funds to Repay	C	
Owner Funds Quarantined in Deal	C-G	
EXTRA Funds Released for Next Deal	G-C	
Total Owner Funds Available for Next Deal	G	

Owner Started with \$57,200 & Ended with \$ _____

C) Refinance Potential -

Option 2 – Refinance @ 90% LVR

❖ End Value = \$220,000 (D); Original 80% Loan = \$124,800 (B); Owner Funds = \$57,200 (C)

Item	Formula	Total Costs \$
New Loan on Refinance @ 90%	D*90%	198,000 (F)
Loan to be Paid Out on Refinance	B	124,800
Equity Released on Refinance	F-B	73,200 (G)
Owner Funds to Repay	C	57,200
Owner Funds Quarantined in Deal	C-G	0
EXTRA Funds Released for Next Deal	G-C	16,000
Total Owner Funds Available for Next Deal	G	73,200

Owner Started with \$57,200 & Ended with \$73,200

** LMI @ 90% LVR

D) Opportunity Cost Analysis - Metrics

- Yield (%)
- Return on Investment (ROI)
- Return on Equity (ROE)
- Owner Funds Required (Cash input into deal) - Cash or LOC
- Net Equity on Completion (Market Value – Total Costs)
- Cash Flow
- Timeframe
- Timeframe to Pay Down Debt

D) Opportunity Cost Analysis – Yield %

$$\% \text{ Yield} = (\text{Gross Rent} / \text{Property Cost}) \times 100$$

$$\text{E.g. } (\$10,400 / \$300,000) \times 100 = 3.47\%$$

- **Quick Basic Calculation** that aids comparison between properties but doesn't account for hold costs, equity required to get into the deal, potential future growth.

D) Opportunity Cost Analysis – Return on Investment (ROI)

ROI = ((Net Yearly Operating Profit/Loss + Estimate Annual Growth)/Net Equity)x100

E.g. $((\$5,400 + \$26,500) / \$90,000) \times 100 = 35\%$

** Estimate Annual Growth For Suburb = **Subjective figure**, adjust based on your knowledge of area. Published Sources e.g. Your Investment Property Magazine (10yrs, 5yrs, 12mth).

Hence 35% ROI in the deal compared to having \$90k **in the bank** at 4.5% return!!

D) Opportunity Cost Analysis – Return on Investment (ROI)

$ROI = ((\text{Net Yearly Operating Profit/Loss} + \text{Estimate Yearly Growth}) / \text{Net Equity}) \times 100$

E.g. $((\$5,400 + \$26,500) / \$90,000) \times 100 = 35\%$

- **More Detailed Calculation** that accounts for hold costs and hence net operating profit, added to estimate of growth as a function of the amount of \$\$ (equity) you have (or need to put into the deal).
- ROI allows you to compare different priced deals, that require different amount of cash in - equity, with different cashflow & in different locations with different growth prospects.
- Need to consider duration of deal & risk vs **return on cash in the bank.**

D) Return on Investment (ROI) vs Return on Equity (ROE)

- Formula is the **same** for both just the source of the info differs
- $$\frac{((\text{Net Yearly Operating Profit/loss} + \text{Estimate Yearly Growth}) / \text{Net Equity}) \times 100}{}$$
- ROI – emphasis on **investment** & how hard your cash into the deal is working. Typically used at **purchase** as a measure of performance.
- ROE - emphasis on **equity** & how hard your **equity** in the property is working after a period of time. Typically used for **hold properties** as a measure of performance e.g. lazy equity!

5. Purchase Finance -

- ◉ Residential finance up to 3 – 4 units
- ◉ Commercial finance above 4 units
- ◉ If multi-unit target specialist lenders
- ◉ If multiple titles consider separate purchase contracts for each title to give financing options – e.g. split between lenders or 1 lender but multiple loans
- ◉ 80% LVR = Standard; 90% LVR = Triggers Lenders Mortgage Insurance (LMI) & requires higher serviceability



5. Purchase Finance -

- Confirm with broker the **lenders internal calculators** & **shaving or shadowing of rental income** = serviceability impact
- **Regional** location =
 - ❖ Fewer lender options & LMI restrictions – check postcode with broker in advance
 - ❖ Check LVR
 - ❖ Check loan term e.g. may be < standard 30yrs
 - ❖ Check Interest e.g. IO or P&I
 - ❖ Check number of valuers on bank panel



5. Purchase Finance -

- If tenanted provide **rental statement/s**
- If vacant provide **rental appraisal** – present the highest
- Consider **valuation risk** with bank valuer – if under value you will need to put in more cash
- Consider engaging your **own valuation** in advance of bank



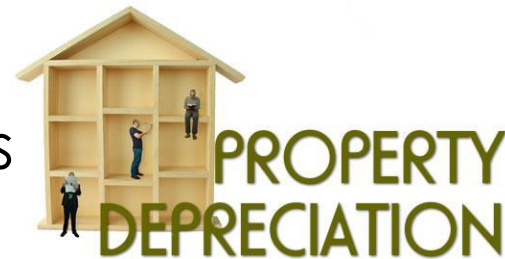
6. Refinance -

- Assess once **project complete** e.g. reno and fully tenanted
- May require a **6 month gap** from purchase
- Consider engaging your **own valuation** prior to bank
- Provide your valuation to **bank valuer**
- **Meet valuer** on-site and provide:
 - ❖ Recent **comparable sales** & comparison to yours
 - ❖ Copy of your **leases** & summary of rental rates / lease duration / terms etc.
 - ❖ Description of **property's features** incl. list of reno works



7. Accounting & Tax -

- Assess the **tax implications** before buying – income tax, capital gains tax, land tax, GST
- Put purchasing **structure** in place to minimise risk and maximise tax benefits
- For major reno - determine if **depreciation schedule** warranted prior to reno
- **Depreciation Schedule** for finished product – max. tax benefits



8. Purchase Contract -

- If property is being **sold tenanted** – ensure all tenanting details are correct on contract
- If being sold with **vacant possession** ensure contract reflects that
- If being sold with **furniture / chattels** etc. ensure included in contract



8. Purchase Contract -

- If strategy = building / reno works that requires Building Approval / Development Approval - Include special condition in contract re **seller to sign owner consent docs**
- Confirm with Solicitor if **House Insurance** (Building & Contents) is required on signing contract
- Provide **mortgage broker** a copy of signed contract ASAP
- **Inspect property** 1 or 2 days prior to settlement to ensure all in order – condition inside & out, chattels...



9. Marketing For Rent -

A) RESEARCH –

- Research **competition** – price, days on market, location, quality of photos, presentation etc.
- Property **manager advice** re price and price resistance level & compare with your research
- Identify how you **make your property stand out** – professional photos, staging, targeted written copy



9. Marketing For Rent -

B) MARKETING –

- Prepare **written copy** – highlight benefits that are attractive to renters, don't just list features
- If appropriate **stage** at least 1 unit (at least for photos)
- **Professional photos** - incl. aerial photo if appropriate
- **Monitor enquiries** and feedback so you can address
- **Follow-up** property manager weekly for feedback



10. Long Term Hold -

- As each lease comes due:
 - Review **rental rate** = market rent
 - **Incentivize** tenant to stay
 - Negotiate **longer term lease** e.g. 12 mths
 - Investigate **improvements** to increase rent – e.g. fans, air conditioner, extra storage, add services (mowing etc.) – ask PM
 - Assess **maintenance needs** – floors, paint, kitchen etc.
 - Review **marketing material** if re-advertising
- Look after long term tenants and property manager – **xmas present!**
- Be prepared to **change property managers** if required!



QUESTIONS?