



PAT BARRETT
REALTY

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PROPERTY
INVESTOR

NEWSLETTER

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UNDERSTANDING ROI

Buying, selling, maintaining, upgrading, renovating and adding or replacing appliances are all part of an investor's journey.

When owning an investment property, tracking and monitoring your short-term returns and long-term capital gains is essential. As part of this process, it is equally important to understand the **'Return on Investment'** (ROI) concept and that you should budget to replace the property's fixtures and fittings every five to seven years.

ROI measures the profit or loss made on an investment, expressed as a percentage.

It shows how effectively and efficiently investment dollars are used to generate profits.

Understanding ROI allows an investor to assess whether investing money in a particular investment is wise.

Determining the ROI can also be an approximate percentage with many variables.

SIMPLE ROI CALCULATION:

Investment Gain/Investment Cost X 100

For example:

You buy an investment of \$500,000 and sell for \$650,000.

$\$150,000/\$500,000 \times 100 = 30\% \text{ ROI}$

You invest \$5,000 in property improvements and achieve a \$50pw rent increase @ \$2,600pa, monetised conservatively over five years = \$13,800.

$\$8,800/\$5,000 \times 100 = \$176\% \text{ ROI.}$

We recommend seeking professional advice, including ROI calculations, before making significant investment decisions.



REQUESTING A TENANT TO VACATE WHEN PURCHASING A PROPERTY

When a tenant enters into a new tenancy agreement, they are assigned the right to reside in the property for a fixed-term period, known as a tenancy term (such as six or twelve months). If the tenant does not renew the Agreement, it will revert to a periodic or continuing tenancy.

The tenant has the legal right to reside in the property until the Agreement expires unless there has been a breach.

A fixed-term tenancy is an agreement defined by a commencement date and expiry date.

In contrast, a periodic or continuing tenancy occurs when you do not renew the Agreement. There is an original commencement date but no defined end date.

It is important to understand that you must give the tenant different notice periods depending on the type of the Agreement.

The notice periods for requesting a tenant to vacate a property will also vary depending on the circumstances and differ from State to State.

Reasons for requesting a tenant to vacate the property can include:

- End of the fixed-term tenancy.
- Substantial unremedied breaches of the Agreement, such as unpaid rent, property damage, failure to maintain the property, sub-letting without consent, or using the property for illegal purposes.
- The property is unfit for the tenant to reside in or non-livable if wholly or partially destroyed.
- Tenant financial hardship.
- Domestic violence or court orders.
- The property has been sold or put up for sale.

There are also circumstances where the owner may wish to take possession and move back into the property or move into a newly purchased tenanted property.

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REQUESTING A TENANT TO VACATE WHEN PURCHASING A PROPERTY

For each listed reason for requesting a tenant to vacate the property, different legislative notice periods must be adhered to.

Furthermore, some reasons for requesting a tenant to vacate the property must be supported by specific evidence to demonstrate that the notice is genuine.

The key takeaway from this article is that owners must be aware that tenants have the right to reside in the property if they are on a fixed-term agreement and there has been no breach.

If you are considering purchasing a tenanted property to reside in, it is important to know whether there is a fixed-term tenancy agreement in place, which the salesperson will disclose. When the property settles, you can only take possession once the Agreement expires and the correct notice has been given.

You can, however, negotiate by mutual agreement with the tenant to vacate early, which will generally result in offering the tenant some form of compensation.

As your managing agent, you can be confident that we will effectively communicate with you to discuss the circumstances, notice periods, and potential evidence required if the tenant is required or requested to vacate the property.

EMERGENCY REPAIRS

Did you know that a tenant can engage a suitably qualified tradesperson to attend to an emergency repair at the property if:

1. They are unable to notify the landlord, their managing agent, or the nominated repairer of the request, or
2. They have advised that an emergency repair is needed, and the work is not actioned within a reasonable time.

An emergency repair is:

- A blocked or broken water service or lavatory system.
- Serious roof or gas leak.
- A dangerous electrical fault.
- Serious flood, storm, fire or impact damage.
- Failure or breakdown of the property's gas, electricity or water supply.
- Failure or breakdown of an essential service or appliance at the property for hot water, cooking or heating.
- A fault or damage that makes the property unsafe or insecure.
- A fault or damage that is likely to injure a person, damage the property or unduly inconvenience a resident of the property.
- A serious fault in a staircase, lift or other common area of the premises that unduly inconveniences a resident in gaining access to or using the premises.

To minimise a tenant from engaging their tradesperson in the event of an emergency repair, we highlight to the tenant at the commencement of the tenancy that it is our agency's policy 'To first contact our office' and if it is out of office hours, to contact our appointed property management team member or the nominated tradesperson listed on the Agreement or our Maintenance and Repair's directory.

As a landlord it is important to understand what defines an emergency repair and ensure swift action is taken within a reasonable timeframe to avoid a tenant appointing a tradesperson.

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Recently Sold

- 3 Riseborough Tce, B/dale
- 2/390 Birkdale Rd, W/Pt
- 4/390 Birkdale Rd, W/Pt

Recently Rented

- 48 Napier St, Birkdale
- 48 Chermside St, W/Pt
- 4/522 Main Rd, W/Pt

Current Listings

<http://www.patbarrettrealty.com.au/>

NEWS Update

📌 Residential Tenancies Authority (RTA) launches new form to make it easier for Queensland's rental community to report advertised properties if they don't appear to meet minimum housing standards.

📌 A reminder that from 1 September 2024, minimum housing standards will apply to all rentals in Queensland. This means periodic tenancies and any fixed-term agreements that have not been renewed since 1 September 2023 will have to meet minimum housing standards. The below video link has more information. [Minimum housing standards \(youtube.com\)](https://www.youtube.com/watch?v=...)

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