



PAT BARRETT
REALTY

Serving the Redlands since 1973

PROPERTY
INVESTOR

NEWSLETTER

SEPTEMBER
2024

15 COMMON PROPERTY INVESTMENT MISTAKES

We have taken the time to list a few key areas of property investment mistakes to educate, inform, and provoke thought:

1. Inspecting properties to purchase without seeking financial approval.
2. Failure to check your credit rating online before applying for a loan.
3. Talking to only one mortgage lender/broker.
4. Utilising all your savings to invest.
5. Relying on the rental income to pay all expenses.
6. Falling in love with a property and buying with emotion.
7. Implementing excessive rent increases.
8. Delaying growing your investment portfolio out of fear.
9. Not obtaining the necessary pre-purchase inspections.
10. Failure to notice hidden faults, such as the roof, behind cupboard doors and furniture during an inspection.
11. Not having the appropriate insurance coverage.
12. Not inspecting your property regularly.
13. DIY property management.
14. Discriminating against tenants during the application process.
15. Seeking advice from unqualified people.

ANY QUESTION... ANY TIME.

We are here to support and assist you with your investment needs.



MANAGING RENTAL PROPERTIES... IS SERIOUS BUSINESS

Providing a safe environment for tenants to reside in and attending to maintenance requests promptly must be at the top of a property investor's priority list, as failure to do so can have serious consequences.

The death of Isabella, a seven-week-old baby who fell from her father's arms over the handrail of their second-level rental property when his foot went through a rotten verandah floorboard, was a preventable tragedy if the property manager and property owner had taken action.

The tenants had reported their concerns about the dry rot in the floorboards to their managing agent on several occasions, who took no action.

This event prompted a coroner's inquest, resulting in recommendations to overhaul rental reforms regarding the safety of rental properties and the management of maintenance, which are now part of today's legislation and minimum housing standards.

While this was a moment of the past, it is a heartfelt reminder that property management is serious business.

We understand and acknowledge that many landlords and tenants are now facing economic challenges. However, property investors must act promptly on maintenance issues, especially in high-risk areas that can lead to serious consequences.

High-risk maintenance requests can include:

- Dry rot or other factors undermining the building structure
- Lack of security with doors, windows and locks
- Ripples in carpets and uneven floors
- Poor electrical wiring or inadequate lighting in common areas
- Gas leaks
- Non-compliant smoke alarms and general building codes
- Loose or broken steps or handrails, to name a few.

As managing agents, if we contact you with an emergency repair, we kindly ask that you respond promptly. P.T.O >

TIPS FOR CHOOSING YOUR NEXT INVESTMENT PROPERTY

Researching the property market, strategic planning, and carefully selecting the right investment property will help increase tenant interest, minimise vacancy periods, reduce financial pressures, and assist in maximising your income return while optimising capital growth potential.

Location: Select a property in an area with strong tenant demand, especially if you will be relying on the rent to meet mortgage payments.

Weekly Rents & Vacancy Rates: Research the local rental market online to be familiar with market trends of rents, vacancy rates, and general tenant demand to determine your investment viability.

Public Transport and Commute: Properties near good public transport links or with easy access to major cities are more appealing.

Amenities and Infrastructure: Proximity to amenities like shops, restaurants, parks, and healthcare facilities can increase the attractiveness of a property to prospective tenants.

Future Development Plans: Check if the area has planned infrastructure or development projects that could increase property values and tenant demand.

School Catchment Zones: Properties within good school catchment zones tend to have higher rents and tenant demand if you are considering purchasing a family-friendly rentals.

Tenant Demographics: Know your target tenants (families, professionals, students) and choose a property that suit their needs.

Property Condition: Assess the condition of the property. Older homes may require more maintenance, which will affect your bottom-line investment returns.

Potential for Renovations: Consider whether there is room for improvement or renovation opportunities, which could increase the property's value and/or rental income.

Capital Growth Potential: Focus on areas where property values are expected to rise, ensuring your investment appreciates over time.

Rental Yield: Calculate the rental yield (annual rental income ÷ property value x 100) to ensure the property provides a good return on your investment. Take the time to research online "What is a good rental yield..." as it can vary greatly depending on location and property type.

Know your Purchase Limit: Evaluate the affordability of purchasing the property, considering upfront costs, income generated, expenses, upkeep costs and vacancy periods.

Create a Budget Estimate: The expenses related to the upkeep of a property can fluctuate depending on the condition of the property. Establishing a pre-purchase budget estimate will allow you to plan and consider maintenance costs, upgrades, renovations and unexpected repairs relative to the property type.

Plan for Vacancy Periods: Factor in potential vacancy periods where the property may not generate rental income.

Mortgage Rate Fluctuations: Take the time to calculate and know the variables of mortgage repayments if interest rates rise.

Diversify Your Portfolio: Consider investing in different locations and property types. This strategy can help you spread your risk and ensure you are not overly exposed to the fluctuations of a single market.

Seek Professional Advice: Consult with your real estate agent, property manager, legal representatives, and financial advisors, who can offer a wealth of knowledge to assist and guide you in making informed decisions about your investment properties.

You should not act solely based on the material contained in this newsletter. The information and statements herein are general comments only and do not constitute or convey advice per se. Seek independent professional advice before making any decision or acting. | © International copyright and published by PPM Group (www.ppmgroup.com.au)

Recently Sold

- 4 Collingwood Rd, B/dale
- 4 Banstead St, B/dale

Recently Rented

- 31 Wren St, B/dale

Current Listings

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

NEWS Update

- 📅 Remaining Stage 2 Rental Law Reforms will commence in two parts, on **30 September 2024** and 1 May 2025.
- 📅 A reminder that rates will be issued by Redland City Council next month and that we now only have 4 weeks to provide an invoice to the tenant if you are seeking reimbursement for water usage.
- 📅 Rents flatlined in July and August as rental demand weakens amid slowing migration and affordability constraints forcing a change to household formation. *(information supplied by Corelogic)*
- 📅 Our office will be **closed Monday 7th October** for the King's Birthday public holiday.

To unsubscribe to our newsletter please email accounts@patbarrettrealty.com.au