

# The 5 mistakes your property manager is making that is stealing your money

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If you follow the 5 solutions outlined in this guide you could boost your weekly **cash-flow on your** current investment properties to save thousands of dollars.

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When it comes to investing in property most people only talk about buying or building real estate, but the most successful property investors globally always focus on holding real estate. In this property management guide you will discover simple strategies we use to increase your investment properties annual cash-flow as this is the key to successfully holding real estate.

For most people they buy property as an investment then just leave it with their property manager and hope for the best.

We find 99% of property managers are low skilled with little understanding of how they can increase the rental returns for their landlords. Here are the areas we will cover off that your property manager may be **overlooking and could boost your cashflow:**

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I'm a cash flow guy.  
If it doesn't make me  
good money today,  
forget about it.

ROBERT KIYOSAKI

# The big 5

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## 1. Seasonality - understanding demand

The real estate rental market has peaks and troughs like any and you need to make sure your lease end dates fall during the peak time of the year so you can achieve the highest rent possible.

## 2. Tenant marketing - promoting your investment property to potential tenants

The search habits tenants are always changing so the promotion of your property when sourcing new quality tenants needs to attract as many potential renters as possible to the open for inspections.

## 3. Market forecast - identifying future area supply

Understanding supply and demand is a key concept when purchasing property the same goes for when we are renting property to forecast if it will be an oversupplied or undersupplied area.

## 4. Rejuvenation benchmarks - using comparable rental results as benchmarks for small renovations to attract higher prices

As the rental market can be broken up into price brackets through smart analysis we can see properties are in the price bracket above yours and strategies ways to push your rental returns up by making small improvements.

## 5. Alternate rental markets - tapping into the furnished, students, corporates, short-stay, medium-stay or share house markets

In the modern real estate world there is a range of emerging alternate rental markets that we are helping savvy investors take advantage of through strategic use of tools such as airbnb & flatmate finder.

# Seasonality

## Understanding demand

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Everything in real estate comes down to supply and demand, this is why is vital to understand the seasonality of demand and when it is at its peak, then how to use this to attract the highest rental return on your asset.

Nationally we spend over a quarter of a million dollars a year on data and research tools to keep our clients ahead of the pack.

This allows us to identify what month rental property in a suburb receives the most enquiries based on the property type then we correlate this with comparable property types that are gaining the highest rent.

Our management team then make sure the tenants are on a 12 month lease so if we are increasing the rent year on year by say 5%and the current tenant leaves we know we will have a strong number of applications to choose from.

An example of this is property located close to universities should always have its lease fall during the month before the beginning of the semester.

# Tenant marketing

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## PROMOTING YOUR INVESTMENT PROPERTY TO POTENTIAL TENANTS

Demand is based on perception and if your properties are not promoted in the best light possible there won't be the demand to achieve the highest price possible.

Our team consist of trained professionals who have degrees in marketing and interior design who consult on every property we promote to the rental market. By utilising high definition professional photography and the best available on & offline advertising strategies we consistently outperform the regular market on price.

New research shows that tenants are spending less and less time on page searching for a rental property so if your property is not on page 1 of the property portals you are going to miss potential applications.

**An example of this is a client came to us** one friday morning with a luxury townhome that had been vacant for 4 weeks with another agent (costing them thousands of dollars). At lunch we sent our photographer over and we were able to get the property advertised that afternoon with an open home the following day. That same property which sat vacant for 4 week we had an application in on in under 4 days for \$20 more than the original agent.





# Market forecast

## IDENTIFYING FUTURE AREA SUPPLY



Future supply data of new real estate will help determine your future rental demand. This is very useful when forecasting if it will be an oversupplied or undersupplied of your property type in your area.

The research tools our team uses shows us a comprehensive list of first how many current dwellings there are in a suburb and the breakdown by property type. Second is the number of proposed & under-construction new dwellings based on a summary of all development applications in with the local council (this includes land subdivisions, townhouses and units).

As an investor in residential real estate knowledge is power so take control by working with a team to identify if your property is going to be obsolete by future supply or the future supply will subpar compared to your property (for example:

smaller sizes blocks or smaller floorplans are very common).

An example of this is a client who owned a unit and was scared of the oversupply numbers she saw on the news. She asked us to look at selling the unit for her which our sales team appraised and she would of made a 10% uplift on purchase price, but she was currently getting great rental return so we did a forecast analysis for her. The proposed supply numbers for area did look high but when we dug deep on that new units they were all smaller and located behind her building as she had bought amazing city views. In addition to this most of the supply had been delayed the last 18 months so we were are unsure if it will ever get built, as half of those development sites were actually for sale. Therefore the owner decided to keep her property due to the uniqueness in the area and the great returns she had already made.

# Rejuvenation benchmarks

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## USING COMPARABLE RENTAL RESULTS AS BENCHMARKS FOR SMALL RENOVATIONS TO ATTRACT HIGHER PRICES

Each rental market in each suburb can be broken up into property type and there are distinct price brackets which a property falls into due to two factors; location & levels of finish.

Of these two factors we can only control one after the purchase which is why there is big opportunities in every rental market across Australia to increase cashflow if you know how to improve those levels of finish to a desired standard. The challenge lies in understanding what that standard is, we don't simply guess, we use comparable properties in the price bracket above ours to identify what is required to do that will push the price up.

As an owner any type of small renovation can be challenging especially when your property is interstate and you need to coordinate tenants and trades all at the

same time. This is why our team project manage owners renovations from end to end this includes; preliminary research, multiple quotes, tenant coordination, strata notification, contractor management, new depreciation schedule & final inspections.

**A successful example of this was done for an interstate owner in under 4 weeks**

who was able to lift their properties rental performance by 10% with a small renovation we were able to update the floors, repaint the internals and add a built in BBQ to the balcony for less than \$15,000. The renovation was tax deductible, plus with a new depreciation schedule there was another boost to rental returns and the new sales appraisal showed a \$30,000 price uplift for the owner.

# Alternate rental markets

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## TAPPING INTO THE FURNISHED, STUDENTS, CORPORATES, SHORT-STAY, MEDIUM-STAY OR SHARE HOUSE MARKETS.

Australia's rental market has rapidly changed over the last 5 years which has presented a major opportunity for savvy investors who can take advantage of these emerging rental habits and present their property to that market place.

To get your property market ready to enter into one of these alternate rental markets there is factors your property manager must understand; promotion, processes and persistence.

Let me start with persistence, if your manager isn't willing to go the extra mile 7 days a week for your property simply

don't do it, as with any new market comes ambiguity which isn't in the vocabulary of most managers.

Processes, this will give you the sleep at night factor that while your property is getting great returns it isn't at the expense of extra wear and tear that your manager doesn't know about. Finally promotion, there is a lot of tools where you can advertise for potential tenants and if your manager is not experienced in how to set your property up for success you're likely to be leaving revenue on the table.

A recent example is our client who hit over +\$5000 in short-stay bookings for 30 days in January. In comparison to a long term tenant we would over only received \$2100. We have promoted the property across Stayz.com, Airbnb & Booking.com - Its been a great job by the property management team the client was already happy receiving a positive cashflow 5.5% yield they are now over the moon as this now puts it well over 10%.



# Want to know more?

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After successfully helping thousands of Australians hold real estate. we understand that everyone's situation is unique and that you need a tailored approach to property portfolio and cashflow returns.

## It's all about you.

You need a plan that is certain to work for you. Benefit from our industry only research tools and let us show you the best options for your personal situation.

## Get started

Register for a 15min portfolio review with our 'Asset Management' services team.  
Call Rean on 0401 040 335



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Portfolio Review today

Call or SMS '**Review**'  
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Conversation about  
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