

March 2023

# Landlord

NEWSLETTER

**6 TIPS  
TO BEING  
A LANDLORD**

**TOPICS  
LANDLORDS  
SHOULD  
KNOW**



macwell.com.au

# What should Property Managers do for the Landlord if the tenant wants to break lease early?

## 1. Find the reason

- Whether or not the property manager could (or should) deny them from breaking the lease will depend on their reason for wanting to do so.

## 2. Review the lease

- The next step is to review the tenancy agreement to verify how well the Landlord is covered (and what obligations the tenant must uphold).

## 3. Check Landlords Insurance

- While a bond may cover small amounts of damage or loss of rent, landlord insurance covers other risks that can be associated with renting out a property and that don't fall under a normal home and contents or strata title insurance policy.

## 4. Finding new tenants

- Your property manager will make preparations for screening a new tenant and take care of the any legal requirements and all of the paperwork involved.

## 5. Check your state legislation

- Queensland tenants who break a fixed-term lease may be required to compensate the landlord or property manager for costs incurred. The tenant may also have to pay reasonable reletting (usually one week's rent plus Goods and Services Tax (GST) and advertising costs. Landlords and property managers must also take steps to minimise any losses.



# How to get a good outcome from a break lease

Vacant properties are the banes of the rental industry. Therefore, it is in a manager's or owner's best interest to keep their rental property occupied by qualified tenants.

In a perfect scenario, a landlord will secure a long-term lease with a responsible tenant, who pays rent on time, takes care of the property, and gives proper notice about vacating the premises when the lease is about to end.

However, in some cases, tenants may choose to end their fixed-term tenancy early due to legal or personal reasons. So what do you do if that happens?

If your tenant is breaking their lease early, it can be both a logistical headache and a financial burden. Additionally, you now have to deal with an unexpected vacancy that you must try and fill in a short amount of time to avoid the loss of rental income.

First things first—don't panic! As a landlord, it's important you know how to handle these situations to make sure you communicate clearly and fairly, follow legal protocol, and ultimately meet your bottom line.

## Ending an agreement early (breaking a lease)

If a tenant or property manager/owner ends a fixed term agreement before the end date they are breaking the agreement. This is also known as breaking the lease.

A tenancy agreement is a legally binding agreement. If it is broken, compensation will probably need to be paid.

### Compensation

Money may be owed to the property manager/owner as a result of breaking the lease. This is considered compensation.

Example: the loss of rent until the property is re-let or until the end of the tenancy agreement.

The tenant may also have to pay reasonable re-letting and advertising costs. Any compensation, or payment options for the amount, should be discussed between the tenant and the property manager/owner (this could include how the bond is to be paid out).

The property manager/owner must mitigate any loss associated with breaking the lease.

### Excessive Hardship

If the tenant or property manager/owner is experiencing excessive hardship (e.g. serious financial or health issues) they may make an urgent application to QCAT for an order terminating the agreement. However, QCAT may also order compensation to be paid even if the agreement is terminated.

<https://www.rta.qld.gov.au/breaklease>



# Having Pets in Your Investment Property

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## What Queensland's new rental rules say about pets

Under old rules, landlords could reject tenant requests to keep a pet in a rental property even without providing a reason. This, however, changes under the new laws as landlords will no longer be able to impose a blanket "no pets" policy.

With the new rules, tenants can now request to keep a pet in a rental property by using the new Residential Tenancies Authority (RTA) Pet Approval form, which will be available in the RTA website.

Once the landlord or the property manager receives the request, they have 14 days to respond. If they fail to respond to the tenant within two weeks, the request will automatically be approved, and the tenant would be able to keep or get a pet.

## What is a pet?

Under the Act, a pet is a domesticated animal or an animal that is dependent on a person for the provision of food or shelter and does not include a working dog or an animal prescribed by the regulation not to be a pet.

Different rules apply for working dogs, which refer to assistance dogs, guide dogs or hearing dogs (as defined under the Guide, Hearing and Assistance Dogs Act 2009), corrective services dogs or police dogs. A tenant may keep a working dog at the premises without the lessor's approval.

## When can landlords say no to tenants' pet requests?

If owners or property managers wish to say no their tenants' request, they will have to cite specific grounds under the current legislation for doing so. Here are some prescribed grounds for rejecting a pet request:

- Keeping the pet would exceed a reasonable number of animals being kept at the premises.
- The premises are unsuitable for keeping the pet because of a lack of appropriate fencing, open space, or another thing necessary to humanely accommodate the pet.
- Keeping the pet is likely to cause damage to the premises or inclusions that could not practicably be repaired for a cost that is less than the amount of the rental bond for the premises.
- If there is unacceptable risk to the health and safety of a person, like keeping a venomous pet.
- Keeping the pet would contravene a law or a body corporate by-law.
- The tenant is not prepared to consent to a condition.

## What conditions can landlords impose to tenants for keeping pets?

Landlords can set out conditions or requests for approving the pet request. These conditions must be reasonable and must revolve around caring for the pets or how the pet would affect the physical conditions of the property.

Property owners and managers cannot set out conditions involving raising rents or bond in exchange of approving pet requests.

Approvals given prior to the commencement of the new laws will endure. However, all conditions about keeping the pets must be compliant to the new rules.

Here are some examples of reasonable conditions for approving pets:

- The tenant is responsible for arranging professional fumigation and cleaning at the end of their tenancy.
- The pet is required to be kept outside the premises if it is not a type of pet ordinarily kept inside homes.

Both landlords and tenants should also take note that any damage caused by pets during tenancy will be excluded from the definition of fair wear and tear – this means that owners will be able to seek compensation for pet-related damages to the premises and inclusions.

<https://www.yourinvestmentpropertymag.com.au/news/queensland-new-rental-laws-on-pets>

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# How does your property manager determine the rent of your investment property?

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*Your property manager runs a Comparable Market Analysis (CMA) on similar properties as your investment property.*

## What is a CMA?

A comparative market analysis (CMA) determines the market value of a property by comparing it to similar properties that have recently rented, as well as to those currently listed for rent. A CMA is a crucial tool for property managers determining the right price for a property.

## Key Takeaways:

- A comparative market analysis (CMA) is an estimate of a rental price used to help Landlords set listing prices and help tenants find their ideal home.
- The analysis considers the location, age, size, construction, style, condition, and other factors for the property and comparables.



## What Landlords should consider

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Landlords should consider this for an example, at \$600 a week vacant for 4 weeks the landlord has just lost \$2,400. Compared to if they had rented the property in the first week for \$580 PW. Over a 12 month lease they would have only lost \$1,040, which is in fact a saving of over \$1,000, compared to holding out for the extra weekly income

## Setting a price on what Landlords need

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What a landlord needs to cover such as loans and other costs has no relation to the rental income achievable. Market rent is simply defined by the supply and the demand at the time of marketing ideally a good investment is one that works for you, be that positively or negatively geared.

# What are the benefits of using Macwell Property Management to handle your investment ?

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## An experienced property manager here will help you by:

- 1. Expertly marketing your property for lease**  
A property manager can optimise the marketing of your property/properties.
- 2. Saving money in the long-term**  
Although a property manager may seem like an extra expense, they will help you minimise costs over the long-run.
- 3. Keeping vacancy periods minimal (for maximum benefits)**  
Although vacancy periods can't be avoided entirely when renting your property out, a skilled property manager can keep them to a minimum.
- 4. Taking the stress out of viewings**  
Taking the time to conduct property viewings can be tricky. Keeping an eye on everyone while answering questions from potential tenants can be stressful.
- 5. Finding the best tenants possible**  
At We Love Rentals, our property managers know what to look for in a great tenant. We also understand for first time investors, renting your property out can be a little daunting.
- 6. Achieving the best rent possible**  
Property management companies have access to industry data that helps them calculate the 'sweet spot' for rent .
- 7. Negotiating the lease**  
An expert property manager can ensure that your lease is watertight, and also offer you tips and advice on an optimal lease term for the current market condition
- 8. Managing day-to-day tasks**  
Managing an investment property involves many tasks, including handling tenant enquiries, arranging maintenance, paying bills, conducting inspections and keeping records .
- 9. Handling requests promptly**  
Whether it's a call about emergency repairs or a question about the lease, we respond promptly.
- 10. Collecting rent on time**  
We will follow up on late rent payments and have the hard conversations necessary to protect the cash flow of your investment.

- 11. Arranging repairs and maintenance**  
Finding reputable tradespeople and negotiating competitive rates can be difficult for landlords.
- 12. Resolving disputes**  
Disputes between landlords and tenants can happen, particularly over the bond or early termination of a lease
- 13. Keeping tenant relationships professional**  
Sometimes, landlords feel pressured to please and accommodate every wish their tenant has. Enforcing lease terms and dealing with lease breaches, and other problems can be awkward.
- 14. Avoiding legal dramas for you (the landlord) and your tenants**  
This is, again, one of the key benefits of a property manager. They can guide and advise you on the correct legal processes whether you've got one or more investment properties.
- 15. Reducing stress levels**  
We take care of the tiny details, make sure rent is paid, deal with disputes and advise you on strategy – this can be a massive relief!

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## Our promise to you

- We are committed to delivering a superior level of service.
- We will strive to get it right the first time.
- We will promptly return your telephone calls.
- We will have a positive and enthusiastic attitude about managing your property.
- We will care for your property as though it was our own.
- We will provide hassle-free management.
- We will skilfully represent you.
- We understand that our clients and customers are the reason why we are in business.

# Should you sell your investment property?

The length of time that you should retain your investment property will depend on your investment goals. In general, if you're set to make a profit upon selling, it's wise to wait to sell an investment property until after at least 12 months of ownership. This way, you can cut your capital gains tax charge in half.

## Should I sell my investment property or hold?

To help you decide when to sell an investment property start by asking yourself these basic questions:

- Is your property generating a profit? To calculate this accurately you need to factor in all your expenses/outgoings related to the property vs the income/rent you receive.
- Can you afford to keep and maintain the property? If your property is negatively geared, how long can you afford to cover all the costs of holding this asset?
- Have you calculated all the costs of selling? Many investors underestimate the costs involved in selling a property, including agent's commission, legal fees, advertising, pest/building reports etc. There is also Capital Gains Tax (CGT) to factor into your budget.

# The rental crisis creates a window of opportunity for property investors

Currently, I see a window of opportunity for property investors with a long-term focus.

This window of opportunity is not because properties are cheap, however, when you look back into three years' time the price you would pay for the property today will definitely look cheap.

The opportunity arises because currently consumer confidence is low and many prospective homebuyers and investors are sitting on the sidelines.

Note: 2023 will be the year our property markets reset and the beginning of a new property cycle.

Sooner rather than later many prospective buyers will realise that interest rates are near their peak, and inflation will have peaked as the RBA's efforts have brought it under control.

And at that time pent-up demand will be released as greed (FOMO) overtakes fear (FOBE - Fear of buying early), as it always does as the property cycle moves on.

We saw an opportunity like this in late 2018 - early 2019 when fear of the upcoming Federal election stopped buyers from entering the market. And look what's happened to property prices since then. I saw similar opportunities at the end of the Global Financial Crisis and in 2002 after the tech wreck.

<https://propertyupdate.com.au/what-the-rental-crisis-means-for-property-investors/>



History has a way of repeating itself.

Strategic investors will take advantage of the opportunities our property markets will offer over the next couple of years maximising their upsides while protecting their downsides.

Now I'm not suggesting taking advantage of tenants, what I'm suggesting is to recognise there is currently a problem (lack of rental accommodation) and provide a solution.

But don't try and time the market - this is just too difficult.

And don't look for a bargain - A-grade homes and investment-grade properties are in short supply and still selling for reasonably good prices. These high-quality properties will tend to hold their value far better than B and C-grade properties located in inferior positions and inferior suburbs. While it may feel strange and counter-intuitive to buy in a correcting market, there are many valid reasons why this is the BEST time to buy....and history has told this story over and over again.

- There is less competition.
- You have more time to research and select the right property
- You have time to complete due diligence checks.
- Consumer sentiment is low – this is the ideal time to take advantage of the situation during negotiations and lock in a good price.
- Once migration really ramps up, this will worsen the rental crisis.
- There is no risk of oversupply – with construction costs rising so rapidly, the volume of building approvals has trended down substantially. This will mean we are now entering the next cycle of constant undersupply in the property market which will support prices.



**GET STARTED WITH STRESS  
FREE PROPERTY MANAGEMENT**

**1**

Create a  
management plan

**2**

We manage your  
property and keep  
you in the loop

**3**

Sit back, relax and  
watch your nest  
egg grow

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