

MAXIMISING+ YOUR PROPERTY INVESTMENT

CHAS EVERITT
INTERNATIONAL PROPERTY GROUP

PROPERTY RENTALS





FINDING THE RIGHT INVESTMENT PROPERTY

When deciding to purchase an investment property (buy-to-let) it is important to look at various factors:

- What will be your typical tenant profile? Will it be a single person, young married couple with children, young professionals, etc
- Does the property offer the features that your tenant profile will look for?


- What is the growth of property values in the area. With an investment property you not only want to earn active income (rental), you also want to earn passive income (good growth in the value of your property).
- What is the going rate for rental in the area for the type of property you want to buy?
- How much cash do you have that you are willing to invest in the purchase of the property?
- What are the costs associated with the purchase of the property?



- What size mortgage bond will you require?
- What will your monthly bond repayment be vs your rental income? Sometimes, during the initial period of a lease, the rental income may not cover your mortgage repayment and you will have to subsidize a portion of the mortgage repayment. This is called **negative gearing**.

In an ideal situation your rental income will be equal to or more than your mortgage repayments. This is called **positive gearing**.

The best possible advice is to approach a knowledgeable property area specialist that can advise you on all the relevant factors, so that you can make an informed investment decision.



APPOINTING A RENTAL MANAGEMENT AGENT

When appointing a rental agent, you may choose to:

Just appoint an agent to

- **procure a tenant** and
- **conclude a lease agreement,**

whereafter you will manage your own lease.

**PROCUREMENT
MANDATE**

The agent will charge a procurement fee, that is usually payable and deducted off the first month's rent collected.



MANAGED LEASE

You may also choose to appoint an agent to:

- procure a tenant for you and
- manage the lease on your behalf.

The agent will then charge in addition to the procurement fee charge a monthly management fee to:

- manage the lease
- collect rental on your behalf,
- pay service providers on your behalf
- attend to tenant queries and complaints, etc.

**MAKE SURE THAT YOU
APPOINT A REPUTABLE
AGENCY THAT IS WELL
KNOWN, ACTIVE IN THE
AREA AND HAS PROPER
INFRASTRUCTURE TO
EFFECTIVELY MANAGE
YOUR ASSET.**



DETERMINE THE CORRECT RENTAL AMOUNT

Determining the correct rental amount is critical to ensure that your property gets maximum exposure to good, quality prospective applicants.

Your Chas Everitt rental professional will be able to advise you what a competitive rental amount is, based on a Comparative Market Analysis (CMA).

Sometimes landlords want to charge a higher than normal rental, only to find their property standing vacant for many months, not being able to find a tenant.

CHARGING A
COMPETITIVE
MARKET RELATED
RENTAL WILL ENSURE
YOUR PROPERTY
GETS MAXIMUM
EXPOSURE AND
ATTRACTS MULTIPLE
PROSPECTIVE
TENANTS.





PLACING THE RIGHT TENANT

Screening and doing the necessary checks and references on potential tenants is one of the most critical things a property investor can do.

Various checks are done by your Chas Everitt rental professional including:

- income checks
- previous landlord checks
- credit checks
- payment profile checks
- comprehensive, overall risk analysis



LOOKING AFTER YOUR INVESTMENT PROPERTY

Besides the normal maintenance obligations of a landlord, a very important, and often missed part, **is maintaining a positive relationship with your tenant**. This is where your Chas Everitt rental specialist will add tremendous value.

We ensure constant contact and maintain a good relationship with your tenant. When tenants feel that they are cared for and heard, they are far more likely to treat the property as if it were their own. This in turn minimizes potential damage to the property that have to be repaired at the end of the lease.



SECURING OCCUPANCY

One of the most important issues for any investor is to ensure that their rental property remains occupied with good, quality, paying tenants at all times.

Your Chas Everitt rental specialist will ensure compliance, where applicable, with the Consumer protection Act and give your tenant sufficient advance notice regarding the end of the lease period. We will liase with you about the renewal and the terms of renewal and negotiate with the tenant on your behalf.

Should the tenant indicate that they would not want to renew, this will give us sufficient time to procure a new tenant.

In some cases tenants exercise their Consumer Protection Act right to give notice of early cancellation of the lease.

Our professionally drafted lease agreement provides remedy to ensure that you have some financial recourse.

Your Chas Everitt rental specialist will in these instances, step in and procure a new tenant for your property as soon as possible.



RENTAL INSURANCE



You may want to consider taking out rental insurance.

Rental insurance products may vary considerably and may, for example, cover you for a period, should you not receive rental income. Some companies also offer you insurance for repairs at the end of the lease so that you don't have to ask for a damages deposit. Unfortunately, landlords then often add the insurance cost to the rental amount they charge and this then makes the rental non-market related.

The effect of this is that landlords struggle to find tenants.

Our advice is to always, regardless whether you have rental insurance or not, ask for a damages deposit. This not only potentially ensures a better quality tenant but also gives you as the landlord recourse for, not only damages, but all amounts due to you in terms of the lease, at termination of the lease. To this end it is important that you use a professional rental specialists who use professional drafted lease agreements that provide you maximum protection.

DETERMINING YIELD



Yield can be calculated as gross or net yield.

When buying an investment property, you will calculate your gross yield by expressing your expected annual rental income as a percentage of the purchase price.

Once you own the property, your gross yield will be calculated by expressing your actual annual rental income as a percentage of the current market value of the property.

Calculating the net yield means you deduct your annual operating expense (such as levies, maintenance, agent commission, etc) from your annual rental income and then express the net amount as a percentage of the current market value.

Your mortgage repayment is normally not part of your operating expenses when calculating net yield.

DETERMINING RETURN ON INVESTMENT (ROI)

Return on investment (ROI) measures how much money, or profit, is made on an investment as a percentage of the cost of that investment.

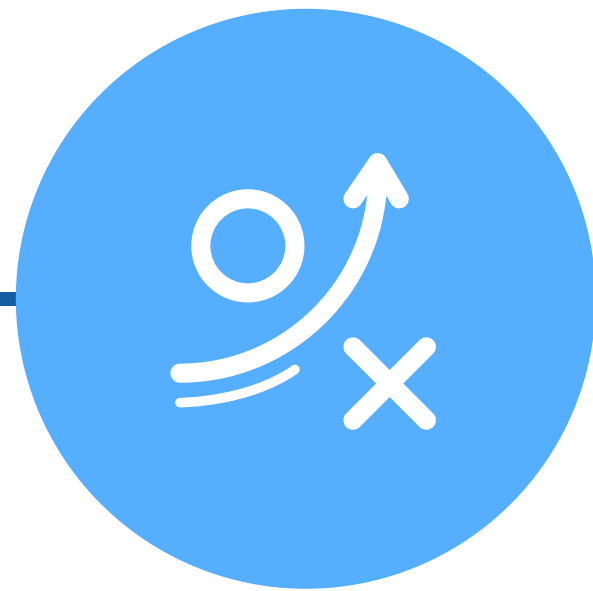
It is in essence the annual profit (income minus costs) generated by an asset, divided by the cash invested.

Your Chas Everitt rental specialist will be able to assist you with calculating your investment's ROI.



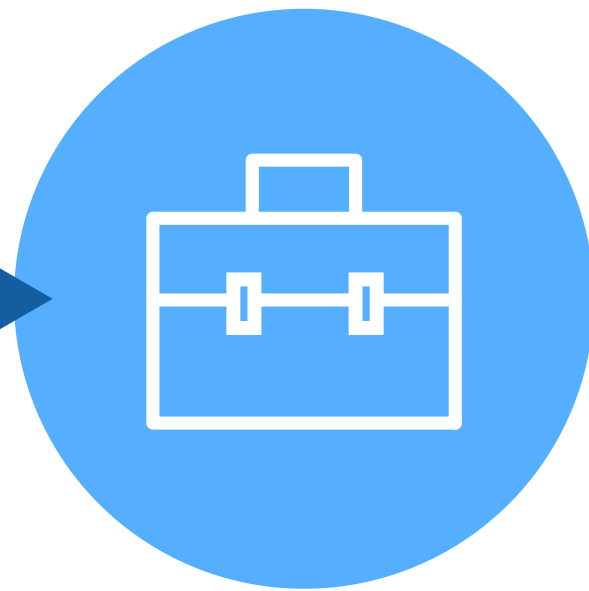
HOW WE CAN HELP

FROM PLANNING TO PROFIT



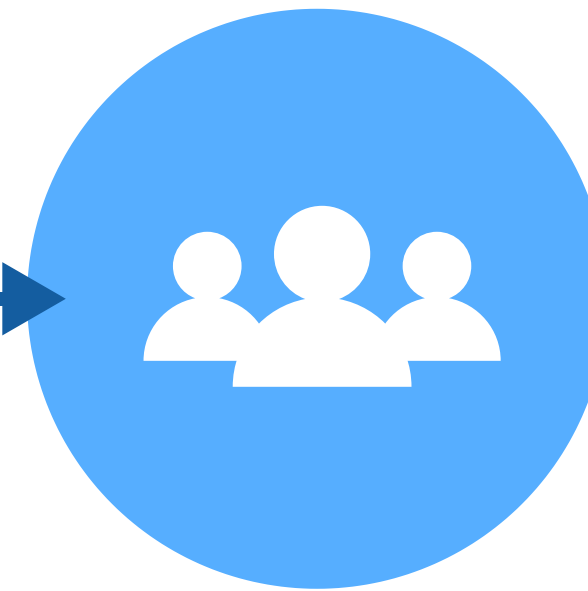
STEP 1

Readiness Check



STEP 2

Do your research



STEP 3

Preparation



STEP 4

Strategy and Goals

LET'S TALK ABOUT YOUR INVESTMENT!

HOW TO GET IN TOUCH

PHONE NUMBER

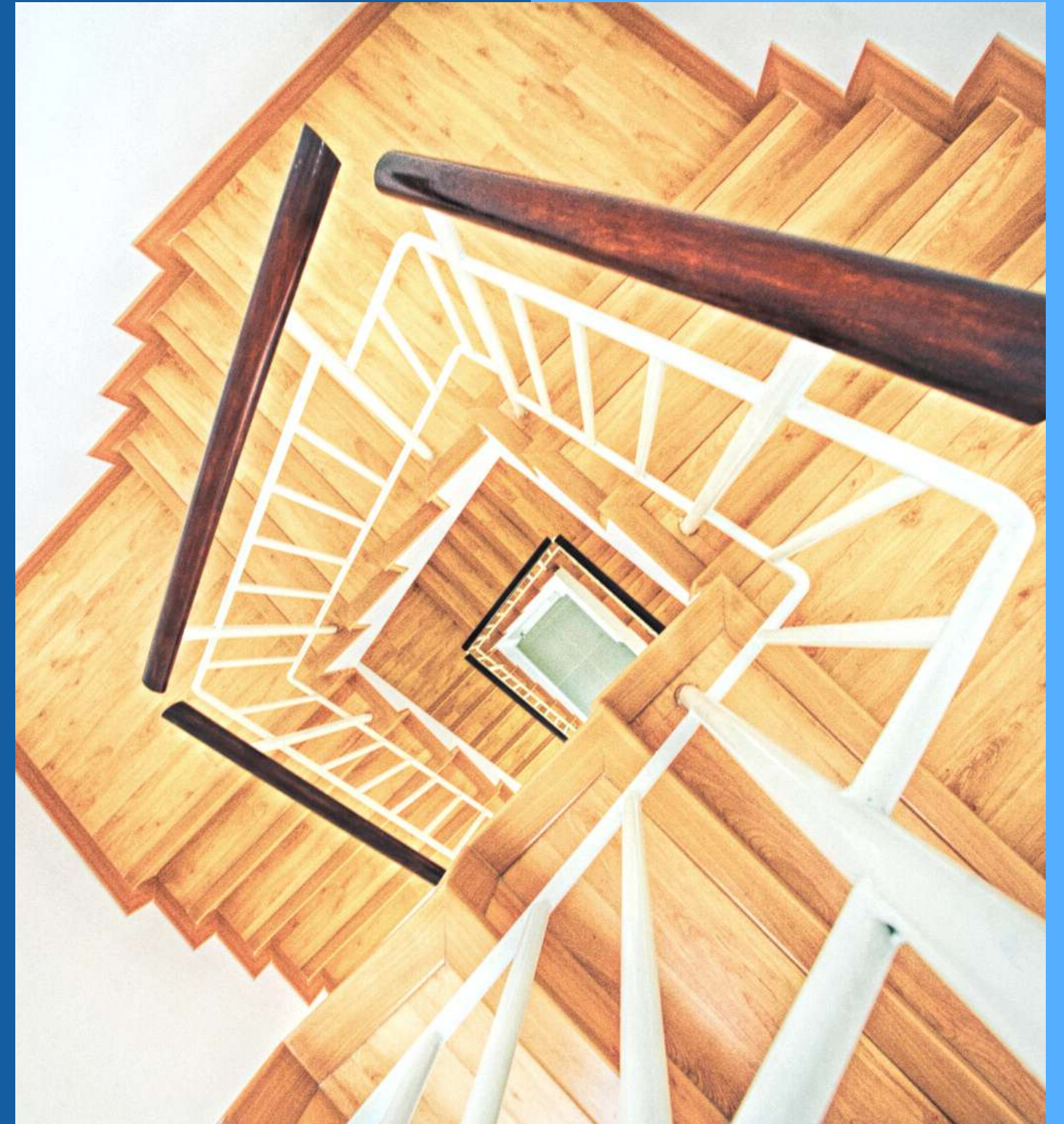
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THANK YOU!

GUIDING YOU ALL THE WAY