

# How to select the right property manager

"A good property manager will help you make the most of your investment property and achieve the best return on your investment. A poor one can cost you money in multiple ways including poor tenant selection, careless inspections and extended vacancy periods."

- *Property Boss*

This guide will help you ask the right questions and choose a property manager who is competent, professional and supported by an excellent agency team.

## You need a property manager with experience

Difficult situations can arise in property management. If one arises in connection with your property, you'll need a property manager who knows exactly what to do.

### Essential questions you should ask include:

- ▶ How long have you worked as a property manager?
- ▶ How long have you worked for this agency?
- ▶ How long has this agency been managing properties?
- ▶ What do you feel distinguishes you from other property managers or agencies?
- ▶ Why should I choose you to manage my property?

### Hot Tip:

A property manager needs to look after your interests and respect the rights of your tenants. It's not an easy job and it requires good communication and 'people' skills.

## What is their portfolio size?

The number of properties under management by any individual property manager can impact the level of attention your property receives and the quality of the service you receive. Ideally, the ratio should not be higher than 120 properties per property manager.

### Questions to ask:

- ▶ How many properties do you personally manage?

## Do they have good customer service skills?

The level of customer service you receive will influence the relationship that develops between you and your property manager. It's also important to establish exactly what is included in the service offered.

### Ask questions like:

- ▶ Is there an after-hours contact available?
- ▶ Do you provide inspection reports and photos of my property?
- ▶ Do you forward fortnightly/monthly statements?
- ▶ What other services do you offer to landlords and are these included in the management fees?

## They'll need excellent communication skills.

How and when information is communicated between you, the property manager and tenants can have a big impact on the quality of those relationships. Good communication skills and a courteous and professional approach are important.

### Ask questions like:

- ▶ Will I be dealing directly with you or with another person?
- ▶ Will I have one point of contact for all matters related to my property, or might I need to speak to different people, depending on the issue?
- ▶ Can I reach you on a mobile phone?
- ▶ Can you assure me that I will receive a response to any contact or issue within 24 to 48 hours?

### Hot Tip:

*If you'll be dealing with this property manager, make sure you obtain his or her contact details, including phone numbers and direct email address.*

## How are you going to advertise my property?

A vacant property costs money! When it's time to find a tenant, you'll want to know your property manager is doing all he or she can to find a suitable tenant quickly. Ideally, you'll want to have a tenant ready to move in as soon as the property becomes available for lease.

**Questions to ask:**

- ▶ Will you have a marketing strategy for my particular property?
- ▶ Do you arrange 'open for inspection' times or show people through the property individually?
- ▶ Will you provide an itemised report on your advertising efforts?
- ▶ What are your advertising fees?

**Hot Tip:**

*Ask for recent examples of rental advertisements. Review the advertising copy. Is it effective and appealing or just another ad? How professional are the photographs that are displayed?*

## How do you select the right tenant?

Tenant selection is an area of extreme importance. A bad tenant can be costly and difficult to deal with, while a good tenant who is happy in your property might stay long-term, consistently pay rent on time and keep your property in excellent condition. It's also important to be mindful of the security of your property during the process of finding new tenants.

**Ask questions like:**

- ▶ What steps do you take to verify the identity of prospective tenants?
- ▶ Do you request references and are these written or telephone references?
- ▶ How do you verify the validity of employment and past landlord referees?
- ▶ Are checks conducted on the tenancy database?
- ▶ Do you have a documented procedure for screening and selecting tenants?
- ▶ At what stage will you present details of prospective tenants to me for pre-approval?
- ▶ Do you allow pets? Do you include a damages clause in the rental agreement?

**Hot Tip:**

*Don't rush into choosing a tenant if your property manager doesn't believe any of the early applicants are suitable. It's better to have a good quality tenant, than a bad one who can move in a week earlier!*

## How do you manage rent collection?

Even good tenants can be late with a rent payment occasionally. It's not always a major concern, but it can become one if a property manager isn't diligent in setting clear expectations of on-time payments and following up any arrears. It's in your interests, and that of your tenant, that payments are kept up to date.

### Questions to ask:

- ▶ How is rent usually collected and at what intervals?
- ▶ How far in advance do tenants pay?
- ▶ Can I choose to be paid fortnightly or monthly?
- ▶ How do you monitor rent payments?
- ▶ When a tenant fails to make a payment, how do you become aware of this and how long does that take?
- ▶ What action do you take when you discover a tenant has missed a rent payment?
- ▶ What process do you follow if a tenant falls behind in their rent?
- ▶ Do you charge tenants a late fee for payments not made on time?

### Hot Tip:

*Request an example of a rental statement. Look to see how the rental income, commissions, maintenance items, fees, GST and other items are itemised.*

## Property inspections

A good property manager protects your investment by undertaking regular inspections and notifying you of any damage or maintenance issues that may require attention. Thorough inspections also help to protect the interests of your incoming and outgoing tenants, by ensuring that any damage for which a tenant might be liable is attributed to the correct tenant. The following questions will help you determine how diligent a property manager is when it comes to these important inspections.

### Questions to ask:

- ▶ How many inspections are permitted per year in this state?
- ▶ How many inspections per year do you recommend?
- ▶ Who conducts the inspections?
- ▶ Do you carry out an initial inspection for each new tenancy?
- ▶ Do you carry out an outgoing inspection?
- ▶ Do you take dated photos during inspections?
- ▶ Will I receive a copy of the inspection report and photos?

**Hot tip:**

*Ask to see a copy of a recently completed inspection report. Have all areas of the form been completed in good detail?*

**Any maintenance issues?**

Keeping your investment property well maintained is important for you and your tenants. You'll want your property manager to keep you apprised of any maintenance issues that are raised and to make arrangements for any necessary repairs promptly. It's important that there's a clear process in place.

**Find out:**

- ▶ If a maintenance issue is identified during an inspection, or raised by a tenant, within what time frame will I be notified?
- ▶ Are you able to pay maintenance bills on my behalf? If so, is there a pre-approved expenditure limit? (Suggest always one week's rent, not higher.)
- ▶ Will you always notify me of the issue and costs involved prior to a contractor proceeding with any work?
- ▶ What is your procedure for dealing with building warranty repairs?
- ▶ What procedure would you follow if you were unable to contact me?

**Hot tip:**

*A property kept in excellent condition is more attractive to good house-proud tenants than one that's poorly maintained. It can also help to maximise the rent you can achieve.*

We hope you find our guide to choosing a property manager helpful!

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