



ScopeCo Financial Solutions &amp; Management Newsletter

DECEMBER 2009

**Contents**

1. **Why use a Property Manager?**
2. **Negotiate A Good Purchase**



**Martyn Barnes**  
Managing Director

Suite 1, 419 Bay Street  
Brighton VIC 3186

Tel: +61(0)3 9596 0600  
Fax: +61(0)3 9596 0688  
Mob: 0414 357 142

E-mail: [Click Here](#)  
Website: [Click Here](#)

ACCUMULATE

PROTECT

MANAGE



**PROPERTY INVESTMENT  
OPPORTUNITY**

We have received many enquiries of late in relation to sourcing quality investment opportunities.

Many options are presented to us however there are only a select few that we would

Hello,

Welcome

I hope this final news letter for 2009 reaches you and your family safe and well. I wish you all a wonderful Festive Season and may the New Year bring you much happiness.

Regards,

Martyn &amp; The team at Scope Co

## Why use a Property Manager?



**Whether you are new to property investment or an old hand, a good property manager can make a huge difference to your bottom line.**

**Here are some reasons why using a property manager is an investment, not a cost.**

Many Australians aspire to have an investment property or two. However, the thought of then "losing" 5-10 percent of the weekly rental income to pay a property manager can feel painful. Surely collecting rent and ring a plumber now and then can't be that hard?

The reality of managing a property is very different to this simplistic view. It takes time and effort, and can be a legal minefield.

Here are some good reasons to use a professional property manager.

### Maximise returns

A good property manager will *know the current market* in the property's area and so will set the rent correctly. They will then recommend rent reviews at appropriate times, and will advise tenants why a rent increase is justified.

The property manager will be able to recommend only *improvements that will pay* for themselves in increased rental income.

Very importantly, the manager will be able to *source good, reliable tenants quickly*, reducing vacant periods with no rental income.

- **Good tenants.** Most good tenants will only seek a property through a property manager as they recognise the importance of a professional relationship that ensures both landlords and tenants are happy.
- **Interview.** The manager will interview every tenant.
- **Research the tenant.** They will access reference checking and credit checking databases to ensure the tenant is a good payer and will take care of the property.

### Minimise stress

Apart from not having to find good tenants, the manager reduces the stress of investment property ownership by:

- **Managing tenant queries** backed up with good knowledge of relevant legislation.

recommend that our clients invest in.

A quality opportunity has arisen in the inner suburb of Footscray which is only 6 kms from the CBD, the development comprises One & Two bedroom apartments which are at a very affordable price point with strong rental yield, stamp duty savings and capital growth upside.

Our clients have a unique opportunity to secure the investments prior to release, if you would like more information please do not hesitate to contact our office on 03 9596 0600 or 0414 357 142

Regards,

Martyn

- **Coordinating all maintenance and repairs.** The property manager will have a group of trusted tradespeople that will do the work promptly and to a high standard: many of these tradespeople will rely on that property manager for a sizeable portion of regular work on their rental properties, so cannot afford to do a poor job.
- **Collecting all payments efficiently** including bond, rental, and any contributions to repairs.
- **Paying all bills** to councils, utilities, tradespeople as well as, of course, paying the net rental income to the landlord with full supporting information.
- **Avoiding the "nightmare" of poor tenants** who won't pay the rent or disrespect the property. However, if the situation does become that bad, the property manager will have lots of experience plus a thorough knowledge of legislation and processes that will enable them to effectively handle eviction processes including all dealings with tenants, sheriffs and court officials.
- **Saving the landlord's time.** Property managers are set up to efficiently look after a property: they have computer systems, databases of likely tenants and tradespeople, electronic payment systems, knowledge and expertise in tenancy law. For a private landlord to fulfil the same functions can take a lot of time, particularly when dealing with problems.

### Summing up

Whilst a property manager can appear to be expensive, in reality they can save a landlord time and stress, whilst maximising their net rental returns.

## Negotiate A Good Purchase



**So you have found the dream house and now it's time to clinch the deal.**

**This is where games can be played. Realise how to be the winner and come out on top with your effective negotiation skills.**

Negotiating the sale of a house involves a lot of preparation and fact finding to ensure you are happy with the final outcome. With an uncertain and volatile property market it becomes an even more important skill to have so here are a few tips to help you along the way.

### Do your research

If you asked twenty people what they thought a particular house was worth you would probably get twenty different numbers! Before you even think about putting an offer on the table gather as much information as possible.

Start by looking at recent sales for similar houses in the street and suburb, and do some on-line research of houses currently on the market and then back that up with actual inspections of some of those houses. You want to ensure you are comparing houses in very similar conditions which you can only realise by inspections.

Once you have looked at the general market, start to look into the specific property itself. How long has it been on the market, has it dropped from an original price, has there been any prior serious offers that have fallen through and why? The agent will be able to provide you with this information.

Remember that information is power and will also give you the confidence to complete the deal.

### Make the offer

Now that you are armed with knowledge, it's time to put in an initial offer. But first establish a few boundaries such as what are acceptable settlement periods for you as well as a maximum price you are prepared to offer.

Establish a starting offer that is realistic for both yourself and the vendor, as the last thing you want to do is kill the negotiation at the beginning by

insulting them with a ridiculously low price. Don't forget to have the contract reviewed by your solicitor prior to an offer being made.

### **Riding out the negotiation process**

It is rare for a vendor to accept the initial offer - so accept that this process could take some time!

In the meantime ask the vendor's agent many questions such as what offer the vendor would accept, their motivation for selling and ideal settlement terms. You may be able to discover some particular terms that could motivate the vendor to accept your offer.

Stick to your original boundaries and if this means that the deal fails don't assume this is the end, but be happy with the fact that you stuck to your guns. The last thing you want to do is make an offer that you feel is too high and then feel resentment afterwards.

If the vendors don't end up selling then you may find them contacting you later down the track. Often vendors start out with high expectations that need to be levelled out with a month or more of being on the market.

### **Conclusion**

Negotiating and successfully completing the sale of a house requires research, patience and perseverance, and any failed negotiations will only make you a better negotiator next time.

Remember that this is a long term purchase decision so try to make the negotiation process one that leaves you with a feeling of success.

DISCLAIMER: This newsletter is provided for general information only. Please do not rely on this newsletter as a substitute for specific legal or financial advice. Before making any decisions you should consider your specific objectives, financial situation and needs.