



The Essence of a Great Tenancy

When you own investment properties there is always the fear that something will go wrong:

- A fear that the property will sit vacant for long periods
- That it will be damaged
- That the tenant will simply not pay the rent.

These are real fears but they can be insured against in 3 ways:

- Always have landlord's insurance
- Always choose a property manager based on ability rather than cost
- Understand what makes a great tenancy

So what does make a great tenancy?

The first component is the quality of the tenant.

There are never any real guarantees on this as life twists and turns and circumstances that once would have made for a great tenant may make for the opposite. But there are precautions to take and questions to ask and the most obvious one is ask your agent to do a national tenancy database check on the tenants you are considering for property. There is a small claimable fee associated with this but it's well worth it.

The second component is the length of the lease.

The average length of a residential lease in Australia is 18 months and getting longer, think of the leases in Europe when they may go on for years. Look for longer leases when tenants apply, don't take the attitude of keeping your options open and having a shorter lease "just in case". Longer leases mean stability for both you and your tenant and there is less wear and tear and damage to your property during the moving in and out process.

The final component of a great tenancy is the amount of rent paid.

It's easy for an observer to say that this is the least important consideration, but when determining the rent, it should be able fairness and reason. If you set the rent too high, you will lose a lot of the potential tenants who may have had a lot to offer but just not that level of rent. Don't restrict the pool from which you choose your tenants and don't allow your property to sit vacant for too long, those looking for a property begin to think there is something wrong with it.