



## Agencies face increasing competition in property management

There are a range of activities that are the “core” of property management services. They’re the basics that every real estate agency *must* offer and include:

- Advertising vacant properties for lease.
- Conduct open houses.
- Conduct tenant selection and lease signing.
- Conduct ingoing and outgoing inspections.
- Conduct “settling in” inspection.
- Deal with tenants’ repair requests.
- Collect rent and chase arrears.
- Manage the property management trust account.

These are the services that every agency offers and, in most cases, is all that they can do. With the average NSW agency managing just 118 properties per Property Manager, it is hard for them to do more when their day is filled with so many of these “back end” tasks.

Being limited to these areas also limits the ways in which one agency can differentiate itself from its competitors. If we’re honest, there’s not a lot of value adding to be had in taking tenants calls for leaky taps. There is some in the way in which we advertise properties and conduct the open houses as they can increase the perceived value of the property and lead to marginally higher rents. There’s also value-add to be had in tenant selection as it can lead to lower default rates and better quality tenancies.

If this is all a property management department works on then in many suburbs, landlords may assume that all agents are alike and making a decision to select one agent over another purely on price.

If this is all there is to compare against, then **the cheapest fees wins!** That’s why there’s an abundance of new agents in some suburbs running around offering property management for fees as low as 3%.

But there are other areas where an agency can add value to the property management process and these include:

- Conduct regular inspections to make sure longer term tenancies are still performing as they should.
- Follow up on repairs to make sure the job has been finalised and the tenant satisfied with the repairs.
- Be aware of opportunities for preventative maintenance and renovations that might increase the rent achievable on a property.
- Be meticulous about programmed rent reviews and ensure that increases are managed equitably.
- Look for opportunities for liaison between property management and sales.
- Be proactive on landlord portfolio management.
- Provide accurate and useful reporting to both agency management and your landlords.
- Look for ways to promote the agency as a brand.
- Be proactive on growing the number of properties on the rent roll.
- Be proactive on growing the number of landlords on the rent roll.

If your agency can be seen to be adding value to the property management process, then the decision as to which agency to use becomes a judgement based on the quality of your work and not the price you can sink to.

**Isn’t that where you’d rather be?**

The list of things your property management department *must* do include:

**MUST**

**Advertise vacant properties for lease.**

This can add value for your landlords as effective marketing can increase the rental yield for the property.



AGENT

**Conduct open houses.**

This can add value for your landlords as presenting the property well can also increase the rental yield for the property.



AGENT

**Conduct tenant selection and lease signing.**

Another value add as selecting the right tenant can avoid a lot of expense and stress later on in the tenancy.



AGENT

**Conduct ingoing and outgoing inspections.**

Legally required and time consuming task where accuracy is essential to avoid disputation later.



NPS

**Conduct “settling in” inspection.**

An important task as it can enhance the relationship with the tenant and provides an opportunity to report positive news back to the landlord.



AGENT

**Deal with tenants’ repair requests.**

A potential time sink that requires accurate records, clear communication and great time management skills to ensure cost effective results.



NPS

**Collect rent and chase arrears.**

Automation, and good tenant selection, helps avoid many traps but work still required to make it all add up. Visits to the tribunal please no one.



NPS

**Manage the property management trust account.**

An area that requires 100% accuracy, timeliness and honesty.



NPS

*All of these activities are considered as the “core” of property management and, as such, they are the activities that many property managers limit themselves to.*

*In many suburbs, this leads to many landlords assuming that all agents are alike and making a decision to select one agent over another purely on price.*

*If this is all a property management department works on then the **cheapest fees wins!***

The list of things your property management department *should* do include:

**SHOULD**

Conduct regular inspections to make sure longer term tenancies are still performing as they should.

By staying in touch with your tenants, you can help advise your property owners on the best course of action.



Follow up on repairs to make sure the job has been finalised and the tenant satisfied with the repairs.

Make sure that your tenants are satisfied with their home - it makes them more likely to accept a mild rent increase every year.



Be aware of opportunities for preventative maintenance and renovations that might increase the rent achievable on a property.

Higher rents are good for your landlords and it's good for your agency too.



Be meticulous about programmed rent reviews and ensure that increases are managed equitably.

Regular rent reviews helps keep your landlord's portfolio in line with inflation and keeps your tenants' expectations on track as well.



Look for opportunities for liaison between property management and sales.

Many of your landlords want to grow their portfolio - let's see if the sales department can help them do just that!



Be proactive on landlord portfolio management.

"What are your goals as a property owner or investor? How can I help you achieve them?" Keeping in touch with your landlords regularly means you keep in touch with their goals too.



Provide accurate and useful reporting to both agency management and your landlords.

Nothing builds trust like good information. Both within the agency and with your property investors.



Look for ways to promote the agency as a brand.

Never forget that the agency is more than just property management. It is the sum of a lot of hard work and effort by a team of people with a common goal.



Be proactive on growing the number of landlords on the rent roll.

Landlords talk to landlords. Make sure you're generating positive comments and ask your landlords if there's anyone else they can think of who would benefit by having you as their Portfolio Manager.



Be proactive on growing the number of properties on the rent roll.

One agency reported that 40% of their landlords had properties that weren't managed by that agency. Imagine if your rent roll could grow by that much just by asking your landlords for their additional properties.



*If your agency can be seen to be adding value to the property management process, then the decision as to which agency to use becomes a judgement based on the quality of your work and not the price you can sink to.*

***Isn't that where you'd rather be?***