

Selecting a property manager

Contracting someone to manage your residential property is like using an accountant or lawyer to manage your business affairs. It's important to take time to choose the right person or business.

What a property manager does

Many landlords expect their property manager to receive rent on their behalf, find suitable tenants, handle maintenance, deal with disputes, and sort any issues at the end of a tenancy. In essence, the property manager becomes the landlord's agent who looks after their investment.

Having a good property manager can help to attract and keep good tenants.

Questions for landlords to ask a property manager

How well qualified are you?

- What are your qualifications?
- Are you a specialised property manager or a real estate agent who also does property management?
- How long have you been a property manager in the area?
- Do you personally invest in the area?

How does your business work?

- How many staff do you have and what are their roles? Do you have staff specifically responsible for finding good tenants?
- Are you affiliated with any particular professional body with a code of ethics?
- What resources do you have for managing property over holiday periods?

- How many properties does your business manage, and what percentage is currently vacant?
- What's the average length of time it takes to fill a vacancy in the area?
- What kind of insurance coverage do you have? Is there any fidelity fund coverage?
- What computer system and software do you use?
- May I see an example of a monthly reporting package?

What experience do you have with the Tenancy tribunal?

- Have you appeared in Tenancy Tribunal cases? If so, what happened?

Questions for landlords to ask themselves

- How close is the property manager's business to your property?
- How organised and tidy are their offices?
- Do they present themselves professionally?
- What does their website look like? Is the content consistent with what they say when you meet them?

How to develop the property management agreement

Take time to carefully check and agree on the property manager's responsibilities. You need to agree on all terms and conditions, and clarify any queries at the outset to avoid problems later. You should always record your understanding in writing.

When developing the property management agreement, consider the following.

How much will it cost?

- What fee structure will they charge? Does it fall within the average fee of 7.5–8.5% of rent received? What other costs does the manager expect you to pay in advance?

How often will they be in touch?

- How often will they report to you? What's included in the report? What's the format of reporting? Do they offer online services?

- Will they provide market rent information? Will they alert you to the need for a rent review as part of their monthly reporting services? Will they have sole discretion to impose a rent review or will they need your approval?

How will they attract and select tenants?

- How will the property be marketed to attract tenants? Who pays for marketing costs?
- What does their tenant selection process include?

How will they deal with any issues?

- What facilities do they have for dealing with tenant issues, and for handling any questions or emergencies outside office hours?
- What process do they follow when a rent payment is late?

How will they maintain the property?

- How often will they inspect the property?
- Which kinds of maintenance tasks are handled by the manager in-house? Which tasks require outside contractors? Can they show you a list of preferred or accredited service providers for maintenance work?
- What is their process for getting quotes for maintenance and repair work?
- How do they provide contractors access to the property during the tenancy?

What happens when a tenancy ends?

- At the end of the tenancy, how do they manage bond refunds and property inspections?

Disclaimer

The Residential Tenancies Act does not cover the relationship between owners who choose to have their property managed for them by someone else.

An owner should seek independent legal advice on all contractual arrangements, including disputes.