

The ins and outs of becoming a landlord

Property is, and continues to be, a sound investment vehicle despite the current negative perceptions about the state of the country. On the face of it, buying a property to rent in addition to your primary residence, is a good route to wealth creation as you benefit from earning good returns. However, the key to investing in property is based on taking a long term view and being aware of the many challenges along the way.

“Much depends on your personal circumstances and how much you can afford,” says Ynnis Willson, Randburg branch manager at Jawitz Properties. “As an investor, you need to plan for the deposit, transfer costs, security and ongoing maintenance of the property. As a landlord you have to think about monthly rental collections, levies relating to the complex, insurance, utilities and the like. Having a property manager on board would help in dealing with everyday tenant issues or queries.”

People migrating from outlying areas into the larger cities tend to initially look for rental accommodation, allowing them to get to know the area first before committing to buy. Many properties situated along public transport routes are sought after because of their proximity to work, schools and shopping malls.

Do your homework and make sure you are fully informed about the area or suburb in which you intend to buy. If in doubt, speak to estate agents active in the area who can advise on the demand and market-related rental costs. At present, the market is robust due to the high cost of living which is forcing many people to rent in areas that are affordable, rather than buy. You must ensure that your rental requirement is market related as tenants also do their homework. Most important is finding the right tenant. Enlist the services of a reputable estate agency who will ensure the all the relevant credit checks and references are conducted in order to select a suitable tenant. Another option is to enlist the services of a property management company to deal with the day-to-day management of the property. Make sure that you and the tenant fully understand the conditions as laid down in the lease agreement.

Unfurnished accommodation is popular with longer term tenants who prefer to move in with their own furniture. This would mean as a landlord you don't have to worry about insuring your possessions or replacing items that are damaged.

Furnished properties, on the other hand, usually attract tenants who require shorter-term leases. Landlords would be required to take out insurance on the contents of the home and replace any furnishings or fittings as required.