

A message from your Property Manager

October 2019



The Letting Fee

Ouch, Labours 'sock it to landlords' by making them pay the letting fee has been painful. Our clients have been very vocal about hating this cost. The worst thing for landlords about having to pay the letting fee is that it comes just when you are having to fund a vacancy or pay for a spruce up. The timing really sucks. Our clients have been asking us how to avoid this... and we have found 2 ways to make this less of a problem for our people.

Solution 1: Fixed Terms

We are now using the fixed term options most of the time when letting. If landlords have to pay the cost, then we all want to minimise how often these costs turn up. If tenants want to break the fixed term then they have to pay the advertising and letting costs. But there is a downside to fixed terms. Tenants are more reluctant to commit to fixed terms, especially for poorer quality rentals... so less demand = lower rents & harder to get tenants. We also can't use the 90 day notice to get rid of bad tenants during a fixed term. Also there is the downside that you cannot give notice to sell the property vacant during a fixed term tenancy.

Labour is looking to get rid of the 90 day "no explanation" notice. Ideally then we would like the option to let for an initial 6 months fixed, to make sure we can terminate if the tenants prove to be anti-social or terrible payers.

Solution 2: Letting Levy

There is another innovation we have been trialling with our larger clients over the past 4 months. We may have been the first with a 3 month free trial, but we are not too proud to steal a good idea. Crockers came up with the idea of spreading the cost of the letting fee over time with a fixed fee of \$20 per month regardless of how many times a property is let. Basically this is a form of letting insurance for \$240 per year (but you can't call it insurance). For most of our landlords this is much less than they would be paying for a new let, and it puts the costs on us as property managers. If we have to rent out a property early it is at our expense.

From now on we are making this part of our standard offering for new clients, as it fits with our ethos of giving our people the best deal around. Our larger clients have already jumped at this means of spreading their costs. For our other existing clients we want to offer this option to you, and will be contacting you to see if you want to take it up. But be aware that in order to be fair, if you don't take it up when offered, you must wait until after your next letting fee to have another chance.

By the way, this is a really really good deal for our clients with higher rent properties.