

Five tips for millennial first-time landlords

By [Greg Harris](#)

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There are certain times in life when you want to settle down and others when you know it is time to move on - to a different job, a different town, or a different home that better suits your current needs.



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And according to recent research, many millennial homeowners in their 30s are now reaching the stage where they are ready to sell their first home and move on to another property – usually bigger – to accommodate a growing family and a more suburban lifestyle.

This is of course good news for current property sellers because it means an increase in the number of potential buyers coming into the market again. But we also see an increasing number of these young owners trying to decide if they should keep their first flat or townhouse as an investment and rent it out.

Our advice is that this is generally a good idea if the bond on the property is very low or paid off, because most of the rent coming in every month will be additional income and could help you to qualify for a bigger home loan for your new property – or enable you to pay off your new loan in a shorter time and save thousands of rands in interest.

Improved credit rating

Having two properties will also give you more collateral and should improve your credit rating. And traditionally, buying a second home while letting your first one has been a good way to start building up a real estate investment portfolio.

However, if you do make this choice, you should also make sure you get help from a professional managing agency to advertise, let and manage the property – and from a qualified accountant to make sure you don't get in a tax tangle with SARS.

Top tips for millennial first-time landlords include the following:

Make your property as “rentable” as possible. The rental market can be very competitive, so your flat or townhouse

must make a great first impression, in photographs as well as in person. It should be super clean, painted in neutral colours and completely decluttered, of course, but you also need to ensure that absolutely everything is in working order. Other major attractions are modern bathrooms and kitchens, high-end appliances, and loads of storage space throughout.

Determine your target market. One- to three-bedroom homes in security complexes are usually easier to let than large homes, because the demand is higher. However, you should work with your managing agent to research who the prospective tenants are in your area, the types of properties they want and what features of your home you should highlight to attract them.

Set the right rental. One of the hardest things to do as a landlord is to determine a rental that is competitive but still profitable. Rental rates vary enormously, even within the same area, depending on the size of the property, the popularity and security of the complex, the proximity of shops, schools and other amenities, levies, insurance costs and a host of other factors. A reputable managing agent will have the market knowledge and experience to help you through this minefield.



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Prepare for the worst. Being a landlord can be difficult. Unexpected repairs, accidental property damage, unpaid rent and finding a new tenant can really set you back financially and take up a lot of your time. But working with a professional managing agent will substantially limit your risk – and help you recover faster if the worst does happen.

Don't complicate your tax situation. Rentals received must be declared as part of your income, but you can claim certain expenses as a landlord. Your best move is to consult your accountant to get the calculations right - and to work out what the capital gains tax implications will be if you decide to sell your rental property at a later stage.

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