

6 obvious and not-so-obvious red flags to avoid when renting your property

According to TPN's 2021 Q4 data, residential rental vacancies in Gauteng are currently sitting at a high rate of 11.9%, while the Western Cape is sitting at a slightly lower 11.4% vacancy rate. Although landlords may be getting desperate, industry experts advise you to think twice before signing on the first tenant who comes your way.



Grant Smee, MD of Only Realty

Explains Grant Smee, MD of Only Realty and property entrepreneur: “Placing a tenant in your vacant property might help curb your losses in the short-term, but putting the wrong tenant in can have a lasting negative effect.”

He adds that the law protects both the landlord and the tenant’s rights and therefore urges parties to do their due diligence prior to signing a lease agreement. Speaking to tenant’s obligations, Smee highlights “the requirement to pay rent promptly to take care of the property and to return the property in the same condition that it was received in.” Landlords, on the other hand, are required to provide the tenant with access to a safe home in good working order. They are also required to maintain the exterior of the building and to protect the tenant’s deposit.

Smee adds that while some properties are enjoying an influx of rental applications, others are desperately seeking tenants both of which are at risk. “Receiving a rental application is a big relief for a landlord, so much so that they often overlook red flags.”

Unfortunately, the price of avoiding the warning signs and securing a problem tenant carries a high price for landlords. This is because evicting tenants is a long and costly process in South Africa, and requires landlords to serve tenants with a ‘tenant eviction notice’ before they are entitled to a court hearing. “Even if the court process rules in the landlord’s favour, only a court-appointed sheriff is allowed to remove the tenant’s belongings, and this process can take weeks, if not months,” warns Smee.

While some of these red flags can be avoided by using a reputable letting agent (and agency), some red flags are often overlooked.



The obvious red flags

A poor credit score: “A credit score refers to ones’ ability to pay back their debt on time. The Covid-19 pandemic has further exacerbated high levels of debt in South Africa, and this will be a prevalent issue for years to come,” says Smee. “Prior to signing on a tenant, a thorough credit check should be run. A credit score of 610-plus is acceptable.”

Affordability: “The general rule of thumb is that your monthly rental should not exceed 30% of your monthly salary,” says Smee. An assessment of a prospective tenant’s affordability will give a landlord a clearer idea of their monthly income and expenditure. “Agents and landlords should ensure that the tenant has enough income left over to pay their rent, electricity, and water (where required).”

References: A tenant will require a reference from previous landlords to determine their behaviours as tenant. “A reference tells the landlord who the tenant is and if they are reliable or not. If the prospective tenant has no prior rental history, they need to either arrange a co-signature on their lease agreement or can offer to put another credible reference - such an employer – forward.”



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The not-so-obvious red flags

Smee lists the potential red flags that many landlords overlook in the tenant screening process:

Employment history: “Employment is hard to come by, however, some prospective tenants’ short employment histories tell a different story. Job hoppers or people who run into trouble in the workplace can sometimes display these behaviours their home life too.”

Criminal history: “Performing a criminal background check may sound extreme, but this is a standard part of the hiring process in many industries and rentals should be no different. Some companies such as TPN provide a SAPS criminal background check to landlords as part of their credit check offering to ensure that your tenant is safe, honest and reliable

General behaviour: “Quite often there are red flags from the very first engagement with a tenant. In some cases, they are hard to reach or can be extremely difficult and demanding for no apparent reason,” he explains. “This is another reason why it’s important to use a rental agent whose judgement you can trust.”



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Ensuring a good tenant-landlord relationship

Smee offers the following advice for those wanting to ensure a smooth relationship:

Always communicate: “In cases where the tenant already occupies the property, be sure to communicate and put everything in writing. Remain calm and rational should something go wrong and seek advice from estate agents and lawyers

(where necessary).”

Don't be fooled by fast cash: “Don't fall into the trap of accepting a large sum of cash upfront in lieu of regular rental payments. Just because they have the money now, doesn't mean they'll have it in four months' time when the next payer is due.”

Don't rush: “In cases where the tenant is dragging their feet about signing the rental agreement, don't lose hope yet. Try your best to clearly communicate, perform all the necessary checks, answer any questions they may have and spend a few days mulling over your decision before jumping into a lease agreement.”

Trust your gut: “Much like any relationship, if something feels off when you're engaging with a prospective tenant, trust your instincts. Paperwork can be forged, but your intuition is rarely wrong,” he concludes.

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