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Selling a rental property

Investing in property is a proven way to build and store long-term wealth. But there may come a time when the money you have tied up in that rental property could be used for better things.

I have helped many clients through this exact situation and their reasons for selling a rental property vary, but common answers include:

Paying down debt.

Many of our owners sell their rental property to reduce or eliminate the mortgage on their own home (especially if interest rates start to rise) and achieve financial independence.

Retirement.

You have worked hard all your life and now it is time to enjoy yourself a little bit. Go on some adventures, buy that campervan and travel across the country or, hopefully sometime in the future when Covid is better managed, travel overseas again.

Market peak.

If you have owned your rental property for a few years, you might feel like we have reached the peak of the current property cycle, so you may consider selling now to 'cash-out' while the market is hot and FOMO amongst buyers is high.

Helping children.

With Auckland property prices the way they are, more and more ‘mums and dads’ are helping to fund their offspring into their first home.

Realigning your portfolio.

Given the recent interest deductibility tax changes you may consider changing some of your property portfolio to "new builds".

Tired of being a landlord.

For many investors, the dream of owning a rental property is a far cry from the reality: Late rent payments, expensive maintenance, property damage, weeks of vacancy. Yes, you can use a rental agent, however you might feel like the trials and tribulations of owning an investment property are just no longer your cup of tea.

Whatever reason brought you to this point ...

Now may be the time to maximise the value of your asset and extract as much capital as possible to fuel your plans. As you only get to sell your property once it is important that you do it right.

Here are some questions to consider and tips to keep in mind.

1. Will you sell the property empty? If your cash flow can handle it, that's usually the optimal solution. Empty homes can be viewed at any time and settlement can be immediate. If your tenants have just moved out, then this could be perfect timing.

2. Consider offering a rent-reduction. If you are selling your rental property with current tenants, consider offering them a rent reduction whilst it is on the market. Selling is tough on tenants as there is usually nothing in it for them - just the hassle of having strangers traipsing through. It is critical you have your tenants on-side if you want to get a good result. A rent reduction of 15 - 20% of the weekly rent is a sign of good faith and helps ensure their co-operation with presentation and viewing times.

3. Invest in painting, gardening and small repairs. Rental properties can often suffer from a lack of maintenance upkeep. When it is out of sight it is easy to let things slide. When it comes to selling, keep in mind that the best prices are usually achieved when you sell to an owner-occupier. To attract that market, you want to present your property at its best and make it as move-in-ready as possible. Get those little outstanding touch-up jobs sorted and take objections out of the way for your potential purchaser.

4. Invest in staging. One of the biggest mistake's investors make when selling a rental property is skimping on furniture staging. You are selling a valuable asset and now is not the time to hold back. Stage your property if you are selling it empty.

It goes without saying that hiring someone competent, experienced and knowledgeable is key. There is a huge spectrum of skill levels in our industry and there is often little price difference between a premium agent and an average one.

My clients have entrusted me with their property sales because I am determined to get the best possible price. I treat tenants with respect and have the experience to ensure a good relationship is maintained throughout, plus I have systems to keep you informed every step of the way.

Where do we start?

It costs you nothing for us to have a chat and talk through your options. Chances are I have helped someone in a situation like yours and I can suggest solutions to any questions you might.

Give me a call to discuss your options.