

# EXPERT PROPERTY MANAGEMENT ADVICE

BETTER PROPERTY THINKING



## TABLE OF CONTENTS

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- 03 | **Gross Waddell's Property Management Team**
  - 03 | Retail Leases Act Amendment 2020
  - 04 | **Lease Administration**
    - 05 | Landlord Advocacy
- 05 | **Invoice Tenants Monthly / Accounting System**
  - 06 | Reporting
  - 07 | **Facilities Management**
    - 08 | Essential Services
    - 09 | **Asbestos Reports**
      - 09 | Inspections - Formal & Non-Formal
      - 09 | **Record of Maintenance**
  - 09 | Asset / Investment Management Discussions
  - 10 | **Highest & Best Use Strategy**
- 10 | Providing Sales Transactions / Lease & Rental Information

## GROSS WADDELL'S PROPERTY MANAGEMENT TEAM

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**Real estate is an ever changing landscape and each asset class can move in value significantly, depending on market conditions or quality of the asset. All good property managers are acutely aware of how to position your asset to not only future proof it but ensure maximum price realisation.**

- We believe in better property thinking.
- We do this with our intelligent reasoning, our fair and firm personality and our highly personal approach.
- Because of this, we achieve great property outcomes for our clients.
- We stand for honesty, integrity, personal service and market knowledge.
- Client first and foremost is our focus and managing properties as if they were ours.

### Values

- Long standing personal relationships
- Transparency

### Team

- There will always be at least 1x Partner across all aspects of your property(ies). Most clients will have a relationship with several of our Partners
- 30% of the wider Gross Waddell team have been with us for 20+ years
- Team members working on day to day activities are all senior property managers

## RETAIL LEASES ACT AMENDMENT 2020

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**Managing property, especially retail property, involves a myriad of complexities and considerations. The Retail Leases Act plays a pivotal role in governing the industry and below are just a few points that experienced property managers need to consider.**

- Are you aware the Victorian Government recently varied areas of the Retail Leases Act that affects Landlords and Tenants?
  - Do you know what information needs to be included in a Disclosure Statement for a new lease or renewal of lease with a sitting tenant?
  - Do you know what outgoings you can recover from a tenant?
  - Do you know the difference between the rules for Retail, Commercial and Industrial tenancies?
  - Do you have survey plans that provide you the accurate dimensions of each tenancy is?
  - Do you know what your Essential Safety Measures Obligations are as a landlord?
  - Do you know your grounds to reject a transfer of lease?
  - Do you know your obligations to advise tenants of their outgoings every year of their tenancy?
  - Do you know what the Victorian Small Business Commission is and what function it performs in relation to Retail Lease Act tenancies?
1. The time frame to notify a tenant about exercising its option has been reduced to at least 3 months from at least 6 months prior to the expiry.
  2. The Amendment introduces an early market review mechanism right for the tenant as well as a cooling off period after a landlord notice of increase in rental.
  3. The time frame to give a tenant a disclosure statement has been increased from 7 days to 14 days.
  4. Recent changes in the RLA will allow Landlords to pass on costs for Essential Safety Measure Obligations under certain conditions.
  5. Landlords will have to return bonds within 30 days if the tenants comply with all exit procedures of the lease.



## LEASE ADMINISTRATION

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**Lease administration is a key element of successfully managing property assets. Ensuring that critical dates are diarised and alerts are provided, as and when required, maintains the smooth process of key management functions.**

**Lease administration also ensures that the ever growing list of statutory requirements are addressed and maintained.**

**Gross Waddell takes this role so seriously that it has dedicated personnel responsible for these tasks. They support the property managers to ensure that all tasks are attended.**

### **Options:**

- The RLA Amendment imposes conditions on the Landlord in relation to notifying a tenant of any change of a lease that was not disclosed.
- The tenants can request an early market review assessment prior to exercising an option.

### **Outgoings Disclosure:**

- There has been no change to the current provisions other than the additional item being allowed to recover the cost for Essential Safety Measures.

### **Land Tax / Outgoings Reviews:**

- Land tax is still not recoverable from tenants who are covered by the Act. Do you know if your tenant is covered or not?
- Landlords are required to provide an estimate of outgoing to their tenants by 31st May of each year and provide reconciliations by 30th September.

### **Rent Reviews:**

- Under the new legislation, the total of the annual rental review will become more important particularly at exercise of the option.
- Do you notify your tenant of the annual increase?
- What happens if you miss an annual rental review?

### **Market Reviews:**

- What constitutes a market review?
- Who can apply for the review, landlord or tenant?
- Do market reviews result in rental only going up?
- Where do you get market evidence?
- The RLA Amendments require the Landlord to give the tenant examples of the rate per metre from other like properties within the notice of review.

## LANDLORD ADVOCACY

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**When issues arise (as they invariably do) you want an ‘A team’ by your side for support. We provide assistance and have many years’ experience at Small Claims Tribunal and VCAT.**

- What alternatives are open to you if a tenant makes a claim against you?
- What alternatives are open to you if you want to make a claim against a tenant?
- Where are the documents / evidence you will need to assist you?
- What is the right avenue for your dispute?
- Are there alternatives to formal proceedings?
- What strategies have we seen to be effective in managing this process to an agreed outcome?
- If Solicitors are needed, who and where best to turn to?  
– we know and work with numerous, highly capable solicitors in all property related areas
- Do you require expert reports? – we know and work with experts in each area
- What assistance you will need on the day?
- Does your property manager proactively present options to you about how to maximise rental or asset value?

## INVOICING TENANTS MONTHLY / OUR ACCOUNTING SYSTEM

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**One of the key aspects of property management is precise invoicing and the best property managers have the most up-to-date accounting systems for accurate reporting. Whilst simple in principle, a lot of managers forget the detail which can compound issues greatly and cost both significant time and money to fix.**

- A professional property management business must maintain very reliable and regular contact and liaison with each tenant.
- On time invoicing to each tenant each month creates regular rental payment habits.
- The Gross Waddell system, developed over 25 years, is an extremely dependable and proven system.
- Easy to understand and ease of payment options create regularity and help avoid late payments.
- Clear messaging and transparency of any extra costs or maintenance issues are easily understood and avoids conflict.

## REPORTING

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**Setting and exceeding property owner expectations should be a top priority for all property management organisations. Providing owners with a clear understanding of what is included in a property management report, how often they will receive reports, and how to understand them are key components to good management.**

**The primary components in property management end of month reporting are usually one or more of these:**

### **Timeliness:**

- Getting the end of month work ready for processing and the reports compiled in a format that the landlords require. This time focus can be a work volume issue of reasonable size in the first week of each new month. Prepare for it.

### **Accuracy:**

- There are many numbers to check at any end of month report time, including income, expenditure, budgeting, plus lease management, maintenance, and property planning issues. Ensure that all elements of the reporting process are accurate before the documents are compiled and/or sent out.

### **Interpretation:**

- Don't send out unchecked reports and end of month financials. Depending on the property and the client, utilise two people for a checking process.

### **Recommendations:**

- There is no point in sending out financials and maintenance reports to landlord clients if the associated comments and recommendations are lacking in any way. High-quality reporting for any managed property involves good communication at all levels.

### **Feedback:**

- Within a week of sending out monthly reports, professional property managers contact the landlord client to discuss and review the provided end of month reports.
- Do you receive timely and accurate reports regarding your asset portfolio?
- How often do you review your reports with your property manager?



## FACILITIES MANAGEMENT

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**In maximising the return on your investment you need to ensure you have a “Best Practice” Facilities Management program in place. Preventative Maintenance programs (reviewed annually) result in reduced tenant complaints and rent reduction negotiation points. It also facilitates smooth cash flow outlays with predictable and predetermined replacement protocols as well as assisting in maximising sale proceeds as everything is up to date, if and when, it comes time to sell (documented and ‘on the record’).**

- Do you have a good facilities management protocol in place?
  - Do you understand the cost of not having one?
  - Do you know what your capital expenditure requirements look like over the next 3-5 or 7 years?
  - Do you have your upgrade plan ready?
  - Do you have project planning in place for your capital upgrade / requirements?
  - Are you thinking about future proofing and best protecting your investment/s?
1. Facilities Management is continually evolving and is a discipline that must always adapt.
  2. Good / Best Practice - always mitigates risk
  3. Cost budgets / Cost reduction - always a priority
  4. Facilities Management practices must move towards digital connections to apply analysis to improve decision making. For instance, Capital Project planning.
  5. Facilities Management platforms provide cost reductions through data based maintenance programmes.
  6. Facilities Management must be a tailored approach to managing buildings and the Legal Requirements that govern them.
  7. Facilities Management must be in tune with, up to date and connected at the hip to legislative changes. I.e. Ongoing testing of cooling towers.
  8. Facilities Management must ensure the Company is compliant in practice and in procedures and must be audited on this point.
  9. Facilities Management capture trends.
  10. Facilities Management succession planning.
  11. Customises Management of individual facilities - no “one size fits all”.
  12. Sustainability - often misunderstood.
  13. Contract Tenders.
  14. Multi-unit residences.

## ESSENTIAL SERVICES

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**If you own a property (other than a residence or outbuilding), you are responsible for its maintenance particularly in reference to safety matters.**

**These are more commonly referred to as essential safety measures (ESM). Maintaining the essential safety measures ensures that the building's important safety systems are operating properly throughout the life of the improvements (building).**

**The type of maintenance required is dependent upon the nature of the safety measure or equipment, and on the maintenance program expected at the time the system/s are installed.**

**As an owner you are responsible to ensure an ESM maintenance manual is kept as a register of audits which must be carried regularly in accordance with the regulations.**

**The term essential safety measures is defined within the Building Regulations 2018 and includes items such as:**

- air handling systems (used for smoke hazard management)
- exit doors
- early warning systems
- emergency lifts
- emergency lighting
- emergency power supply
- emergency warning systems
- exit signs
- fire control centres
- fire curtains and doors
- fire extinguishers
- fire detection and alarm systems
- fire hydrants
- fire isolated stairs
- fire rated materials
- fire windows
- mechanical ventilation (incorporate a cooling tower or hot or warm water system)
- fire isolated passageways and ramps
- paths of travel to exits
- smoke alarms
- smoke control systems
- sprinkler systems.

## ASBESTOS REPORTS

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- A commercial property leased or rented to businesses (i.e. employers) is regarded as a workplace under Victoria's health and safety laws.
- A commercial property owner who leases or rents a building or part of a building to a business or businesses, may have obligations under the Occupational Health and Safety Act 2004 and the Occupational Health and Safety Regulations 2017 to the extent of your management or control.
- Within the Act where reasonably practicable, eliminate the exposure of persons at the workplace to airborne asbestos fibres.
- It is a requirement to inspect properties built prior to 2004 and undertake an audit to determine the presence of both friable and non friable asbestos. It is then required that an adequate management plan is instituted.

## INSPECTIONS - FORMAL & NON-FORMAL

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- Properties under management require a program to ensure that they are adequately inspected.
- A professional property manager should have measures in place to monitor properties physically throughout the year.
- An annual written report numbers amongst the solutions to address the above.

## RECORD OF MAINTENANCE

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- A key requirement to good management is accurate and appropriate records of maintenance.
- This is not only imperative to monitor properties' performances appropriately but also to capture information to assist in planning maintenance programs.

## ASSET / INVESTMENT MANAGEMENT DISCUSSIONS

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**At some point, all Landlords question whether their current investment mix is right for now and the future. We are keen to fully understand your needs so one of us can have in depth Asset / Investment Management conversations with you around:**

- Overall market conditions
- Macro trends (global) which may affect your specific property asset(s) now and in the future
- Micro trends (localised) which may affect your specific property asset(s) now and in the future
- The relative value and risks of your specific property asset(s) within the wider property asset class now and into the future
- The relative value and risks of your specific property asset(s) location vs other locations now and into the future
- The relative value and risks of your specific property asset(s) within the broader asset classes (i.e. cash, bonds, shares, etc) now and into the future

## HIGHEST & BEST USE STRATEGY

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**Real estate is an ever changing landscape and each asset class can move in value significantly, depending on market conditions or quality of the asset. All good property managers are acutely aware of how to position your asset to not only aim to future proof it but ensure maximum price realisation.**

- Does your property have more land value?
- Does your property have significant value add potential?
- Are your leases at market value or do any of the tenants bring the value down?
- Can you split tenancies to increase the rental?
- Should you consider not providing a lease option to a tenant at the end of their lease terms/options?
- Highly capable property managers will consistently review your portfolio with you accordingly and collaboratively work with you to ensure you are aware of all your options to allow you to potentially add value.
- Do you have an annual review of your property portfolio with your property manager to ensure you are optimising your portfolio?
- Does your property manager proactively present options to you about how to maximise rental or asset value?

## PROVIDING SALES TRANSACTIONS / LEASE & RENTAL INFORMATION

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**All top property managers are surrounded by teams of experts and a critical element is being able to “feed off” the relevant sales and leasing team. Market knowledge and local intelligence is of utmost importance in real estate as both the sales and leasing team provide this invaluable information about market trends, recent sales or leasing transactions, upcoming vacancies, applicable incentives and recognise the highest and best use of each asset class.**

**Having this information readily available is vitally important for all vendors/ landlords and being able to rely on your property manager to work hand-in-hand with these teams ensures your asset is positioned fittingly for the future and has your property’s best interests in mind.**

- Is your property manager equipped with this key information to ensure they correctly advise you and position your property accordingly?
- Do you get regular updates as to market updates/ recent transactions surrounding your property, allowing you to fully understand market conditions?



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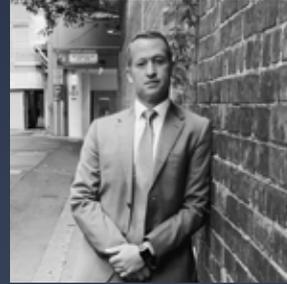
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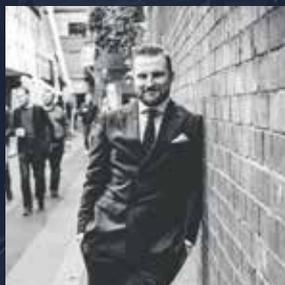
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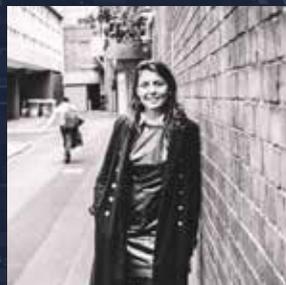
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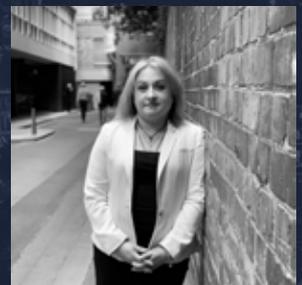
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