

Best Practice When Selling A Rental Property

Following changes to the Residential Tenancies Act 1986 which came into effect on 1 July 2019, all rental properties must have insulation installed in the ceiling and under the floor (where practicable to install). Landlords who fail to meet these insulation requirements are liable for a \$4,000 fine.

While a lot of work has been done by our Harcourts property managers in preparation for this, we thought it prudent to ensure our sales teams are aware of this as well as it will have a flow-on effect for some of your purchasers.

When you sell a tenanted property: best practice is that you obtain an insulation statement from your vendor. This insulation statement should then be disclosed to potential purchasers.

When you sell an untenanted property: if you intend to market the property as a suitable investment opportunity, you must ensure the property is compliant with insulation requirements and disclose accordingly. If the property is not compliant, it is misleading to advertise it as being a good investment property (without the proper associated disclosures) – this could put you in breach of the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012 and the Fair Trading Act 1986.

Remember: best practice is to disclose. There is an onus on the purchaser to do their own due diligence but to avoid complaints it is best you take the lead and disclose any information you have around insulation.