



Selling a Rented Property: Key Takeaways

Selling a property with renters in place presents unique challenges and opportunities. Understanding the rights and responsibilities of both rental providers and renters is crucial to ensure a smooth transaction.

Benefits of Selling with Renters

- **Steady Income Stream:** Properties with renters provide immediate rental income, which can be attractive to potential buyers, especially investors.
- **Appeal to Investors:** Many investors prefer purchasing rented properties to avoid vacancy periods and ensure cash flow from day one.

Challenges to Consider

- **Access for Viewings:** Coordinating property inspections can be challenging. Renters have the right to reasonable notice before inspections, and their cooperation is essential.
- **Lease Agreements:** Existing lease terms must be honoured. If the buyer intends to occupy the property, they may need to negotiate with renters or wait until the lease expires.
- **Legal Obligations:** Rental providers must comply with RTA, including providing proper notice for inspections and adhering to lease terms.

Tips for a Successful Sale

- **Open Communication:** Maintain transparent communication with renters about the intent to sell and any necessary preparations. This is always best communicated through the Property Manager.
- **Professional Advice:** Consult with real estate professionals experienced in selling rented properties to navigate legal requirements and market effectively.
- **Prepare the Property:** Ensure the property is well-maintained and presentable for viewings, respecting renters space and privacy.
- **Understand Market Dynamics:** Recognize that selling a rented property may limit the pool of potential buyers, as some may prefer vacant possession.



Notice to Renters Before and During the Sale Campaign

When selling a rented property, it's important to comply with renter rights and local RTA laws to ensure a smooth process for both the rental provider and the renter. The required notices typically include:

1. Notice of Intent to Sell (Before the Sale Campaign Begins)

- **Purpose:** This notice informs tenants that the property is being sold and that their cooperation will be needed during the sale campaign.
- **Timing:** Renters must be given reasonable notice before the sale process starts. The notice period is 14 days plus postage days prior to anything related to the sales campaign commencing, photography, styling OFI's etc.
- **Content:** The notice should specify the intent to sell, the expected timeline, and how viewings will be scheduled. It should also outline the renters rights during the process. This should be issued from the Property Manager.
- **Renters Right:** The rental provider or their agent must make all reasonable efforts to agree with the renter on the days and the times that the property will be available for inspection. Reasonable means behaving in a way that most people would think is fair.

Note: A renter can provide 14 days return notice of their intention to vacate when this notice is served, if intention to sell was not disclosed in original disclosure statement provided to them at the commencement of the renters lease.

2. Notice of Inspection/Entry (During the Sale Campaign)

- **Purpose:** The rental provider or their agent may show the property to prospective renters no more than twice a week, and for no longer than one hour each time. However, they can ask the current renter to agree to different arrangements.
- **Timing:** Renters must be given reasonable notice before the sale process starts. The notice period is **48 hours plus postage days** prior to anything related to the sales OFI's.
- **Content:** The notice should specify the date and time of the viewing, ensuring that it's within reasonable hours (typically during weekdays or weekends as agreed with the renter).
- **Renters Right:** The renter is not required to be present for the viewing but must allow access to the property at the specified times. Rental providers must compensate renters for each sales inspection. The compensation is either half a day's rent or \$30, whichever is greater. For example, if a property has a weekly rent of \$250, then the compensation would be \$30 per inspection because half a day's rent is only about \$18. However, if the property has a weekly rent of \$900, then the compensation would be \$64 per inspection.
If someone who lives at the property is a 'protected person' under family violence or personal safety law, they may require that property is only shown to prospective buyers by appointment, rather than through open inspections. A protected person is anyone who has applied for or been given a family violence intervention order, a family violence safety notice, a non-local DVO, or a personal safety intervention order.



Notice to Renters Before and During the Sale Campaign

3. Notice to Vacate (If Applicable)

- **Purpose:** If the new owner intends to occupy the property or if the sale involves the sale subject to vacant possession (e.g., the lease ends at the time of sale), the renter must be given notice to vacate or if the lease has ended and the rental provider wishes to offer for sale without a tenancy in place.
- **Timing:** This notice typically must be provided within 10 business days of the sale taking place or currently providing **60 days** before the lease is terminated, soon to become **90 Days**.
- **Content:** The notice should clearly state the reason for termination and any rights the renter has to dispute or negotiate the termination. It must also contain one of the following:
 - Contract of Sale, signed by the vendor and purchaser and dated; or
 - Contract of engagement/authority to sell with a licensed estate agent; or
 - Preparation of a Contract of Sale prepared by a conveyancer or an Australian legal practitioner.

Note: The rental provider cannot shorten the length of the rental agreement to give a notice to vacate for this reason. In addition, if a notice to vacate is issued for this reason, the rental provider must not re-let the premises to a person for use primarily as a residence before the end of 6 months after the date on which notice was given, unless approved by VCAT.

General Considerations

- **Reasonable Hours:** Rental providers must ensure that property inspections and viewings occur during reasonable hours, 8am and 6pm and not on a Public Holiday which may vary depending on the local laws and the renters preferences.
- **Cooperation with Renters:** Maintaining a good relationship with renters is important for a smooth sale process. Renters should be treated with respect and their privacy rights should be honoured.
- **Legal Compliance:** Always check RTA laws and regulations, as notice periods and requirements with your property manager. Failure to follow the correct notice procedures can result in penalties or delays with entry to property, sale and settlement process.

By providing the proper notices to renters and respecting their rights, rental providers can ensure a smoother sales process and avoid potential disputes. Always check the specific requirements with your property manager.

Conclusion

Selling a rented property requires careful planning and consideration of both legal obligations and renter rights. By fostering positive relationships with renters and seeking professional guidance, through your property manager, rental providers can navigate the complexities of the process and achieve a successful sale.

If you need further assistance or have specific questions about selling a rented property, feel free to ask!