

Thinking of subletting a property? Here are the pros and cons

While subletting can be helpful if you're in need of extra cash, says Shafeeka Anthony, marketing manager of JustMoney, this is not a decision to be taken lightly as it can present challenges.



Source: Supplied

“Subletting may seem like a great option if you are a tenant, but it’s essential to check the terms of your lease before going ahead,” Anthony says. “You may not sublet without your landlord’s consent – and even if granted, it may be against body corporate rules. Subletting illegally can cause major issues and has ramifications.”

JustMoney lists some pros and cons of subletting, both from the point of view of someone considering subletting a property, and a potential subtenant.

Pros of subletting as the main tenant

Affordability: Subletting part of a unit or house will bring in more income and allow you to remain in a place you like but can no longer afford.

Flexibility: If you want to travel for an extended period or find a place that better suits your needs, subletting frees you up. Somebody else takes on the rental responsibilities. The sublessee could also take over the unit permanently when your lease expires, which may suit the owner.

Penalty avoidance: Subletting allows you to change location without incurring the penalties that often go with breaking a lease. Having someone pay rent for the duration of your lease will help you keep your rental record intact, and maintain your credit score.



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Cons of subletting a property

Screening: You may have to screen many potential subtenants to find the best fit. This could entail marketing your sublet as a landlord would, with the associated time involved and financial expense.

Payments: The subtenant may not stick to the sublease conditions. They could skip payments, leaving you responsible for paying the full rent to your landlord. If your sublessee damages the property, the landlord may hold you accountable, affecting your relationship with them and possibly making it difficult to rent in future.

Management: Subletting turns you from a renter into a landlord. Do you have the time and energy to respond to your sublessee's issues, questions and complaints?

Evicting a subtenant: If your subtenant doesn't pay and refuses to move out, you could face a difficult, lengthy process that may require a court order. If the situation extends beyond your own lease period, your landlord may issue a damages claim against you for loss of revenue.

Pros of subletting as the secondary tenant

Easier application process: As you're not the primary leaseholder, approval requirements for taking on a sublease are generally less strict than for traditional leases.

Shorter duration: It's often hard to find a lease that's shorter than a year, but a sublet could entail the exact number of months you want, or even a month-to-month arrangement.

Lower deposit: Most landlords require two months' deposit, which many people do not have. As a sublessee, you're likely to pay a lower deposit.

Good deal: Some tenants are willing to settle for a lower subrental so that they can move on quickly. You may get a sublet at a great price, especially if supply is plentiful and you negotiate.

Neighbourhood check: Subletting gives you the chance to find out more about a neighbourhood or building before committing to a long-term lease or a purchase.

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Explicitly worded agreement essential

If you decide that subletting is the way to go, it's essential to prepare an explicitly worded agreement so that both parties know what is expected of them, says Anthony. Include items such as the rental amount, occupation date, lease duration, deposit, and which utilities are covered.

Additional factors include how many people may occupy the property, how many vehicles can be parked, and whether pets are allowed. Take photos of the property and fitments before the subtenant moves in.

"Many people are under financial pressure, so it's wise to be aware of cash flow and how best to cover your costs," says Anthony.

"Subletting is one way to optimise a property rental. There are, however, many factors to consider and this is not a decision to take lightly. Do your homework, and for extra peace of mind, consult a lawyer to ensure that you cover all the necessary items in your sublease agreement."

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