



## How market forces can impact your **rental return**



As a landlord, a rental return and increase is something you need to think about as it comes time to offer your current tenants a lease renewal.

While it can be tempting to increase the weekly rent for your tenants, there are market forces you need to consider when you're determining if it's suitable to increase your rental price. Here are the factors you need to consider and eliminate when you weigh up whether to make a rent increase:

### Specific Property Costs Don't Count

If you've had to spend money on your property in recent months, this isn't a strong reason to increase your rental prices. This is because property-specific costs don't reflect the wider market which is what creates the basis for raising prices in the first place.

### Vacancy Rates

The warmer months in Australia are the most popular time for tenants to look for a new property. The new year, in particular, is popular so if you're listing one of your properties for rent, this could be an excellent time to increase the weekly rental price for your properties.

### Liveability

Next, consider how your specific house or unit is different from other properties in the area. How attractive is it to potential tenants? Does it have more space? Has it recently been renovated, compared to other buildings in the area?

These are also important questions to ask. If your place is better or worse than the competition, you'll need to adjust your price accordingly.

### Market Performance

Beyond vacancy rates, you should also take market performance into account as a market force when you're making decisions. Do some research on the property's suburb and surrounds. You'll need to look at factors such as median rent, house price and average rental yield.

Finally, when you decide on increasing the rental price of your property, weigh up the cost of vacancy period against the rental increase.



# There are certain advantages to **allowing pets** in rental properties

The idea of allowing pets at your rental property may send a shiver up your spine. What if a pet damages the property? What if a noisy bark upsets the neighbours? There's lots to think about, and it may seem easier to decide no pets are allowed. However, with more and more people owning pets today, especially dogs, you may miss out on quality tenants if you don't allow pets.

Around 90 per cent of Australian households have had a pet at some time. And as we saw throughout the various stages of COVID-19 lockdowns and restrictions in 2020, getting a furry friend was a popular option for people. Everyone was staying home more, and it was the perfect time to train a new pet. With pet ownership continuing to be popular, allowing pets at your property will naturally open you up to a larger pool of tenants when your property is available for rent.

While some pets out there aren't well behaved, a responsible tenant will likely be a responsible pet owner, so you can be assured that you'll attract some quality tenants.



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## Renovating an investment property

### If you're thinking about renovating your investment property, there are a few things you need to consider.

From creating a budget to picking the right fixtures and fittings, getting the administration and project management right is key. Here, we outline some of the main things to consider when you renovate an investment property.

#### **Determine a budget and the available deductions**

Renovating a property could result in some larger than normal expenses for your property. Make sure you put together a budget before you get started. It's also a good idea to determine which expenses can be fully deducted in the current financial year and the other expenses that will need to be depreciated over several years.

#### **Talk to the body corporate early**

It can take a while to get approval on potential works from some body corporates. If your property is in an apartment building where you'll need approvals, talk to the body corporate and put your case forward early.

Include rough timelines for the renovation, your plans for the property, any safety precautions you need to consider and note when noise disruptions may occur.

#### **Make a project list**

You may complete this step when you're putting together your budget. Make

a list of all the parts of your rental property that you want to upgrade. The general rule of thumb is to spend approximately 3 to 4 per cent of the property's value on kitchen upgrades and under 1 per cent on the bathrooms. When you're thinking of the improvements on this list, consider what will give the property "wow factor" for potential tenants. And don't forget to budget or contingencies.

#### **Keep neighbours informed**

Let neighbours of the property know that renovations are taking place and when noise disruptions may occur. If it's an option, you can also display a notice in the building's common areas.

#### **Be mindful of fixtures and fittings**

A few careful decisions on fixtures and fittings can make all the difference when it comes to attracting quality tenants. Leave installing new carpets until the end of the renovations to ensure everything is in good condition and fitted properly. Further, any new kitchen benchtops should be heat, scratch and stain resistant. And don't forget to include plenty of power points around the property, especially in the kitchen, living areas and bedroom.

Renovating your rental property is a great way to increase the value of your investment, attract higher rental prices and ensure you find quality tenants. Tenants want a blank canvas to work with when they move in, so keeping everything neutral and fresh is important and will pay dividends in the future.

