



JULY 2021



## When is the best time to **increase** rental return?

**Rental return and when to increase is something landlords need to think about when the time comes 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 determining if it's suitable to increase the rental price for your properties.

If you've recently had to spend money on your property, this isn't a strong reason to increase your rental fee. 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. For example, an expensive repair to plumbing or structural elements of the property isn't a wider market factor such as vacancy rates which is a market force.

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. Just beware if you're increasing the rent with current tenants, you have to be prepared for the possibility that they may find another property.

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.

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

As an example, if your property is currently rented at \$750 per week to rent and you're considering a \$10 increase to \$760 per week with the current tenants, do your calculations. Just one week of vacancy will eliminate the potential gains from a rent increase and leave you out of pocket by \$230 compared to if you'd kept the rental price the same.

There are a lot of factors you need to consider when you're deciding whether to increase the rental price of your property. The most important things to consider are market factors such as vacancy rates and market performance as these are things that other landlords will consider too.

It is time for financial year again. We recommend you get in touch with your accountants to arrange the tax returns. Income & expenditure statement report summary for the year ending is attached on this month statement. We are here to ensure your investment property is well looked after.



**Hendra Wijaya**  
Principal

### RECENT RENTALS

406/140 Maroubra Road, Maroubra	3 Bed   2 Bath   1 Parking	\$775 pw
2112/115 Bathurst Street, Sydney	1 Bed   1 Bath	\$650 pw
197 Storey Street, Maroubra	6 Bed   3 Bath   2 Parking	\$1200 pw

### SALES



**210/140 Maroubra Rd, Maroubra**  
2 Bed | 2 Bath | 1 Car  
Sold for : \$930,000



**1/26 Kain Avenue, Matraville**  
3 Bed | 2 Bath | 2 Car  
Sold for : \$1,627,000



## A guide to when **fixtures and fittings** should be updated

Some of the things that start to show their age quickly in an investment property are fixtures and fittings. While some fixtures and fittings may need to be updated due to damage or a fault in the item, knowing when to update things in your home is important.

Keep your home in excellent condition before you need to make major updates. One of the major benefits of keeping your fixtures and fittings updated, is a home in great condition is more likely to attract great tenants.

If you're unsure about all of the fixtures and fittings in your property, take a look at the entry condition reports. These documents may include notes on items you may have forgotten about. Some examples of common fixtures and fittings include electric sockets, security systems, smoke alarm systems, kitchen appliances, laundry appliances, built-in wardrobes, heating and cooling systems, carpet, mirrors, and furniture (if applicable).

When your property manager completes an entry condition report, exit condition report and routine inspections, make sure they check all fixtures and fittings and report their condition. This is the best way to understand if anything at your property needs replacing.

The condition of carpets and light fittings in your investment largely depends on how old the property is and how well it has been looked after. If the carpet is beginning to

look worn or showing other signs it needs to be replaced, investigate the cost of replacing the carpet against having it professionally cleaned (though cleaning should be completed at the end of each tenancy). Expect to get between 5 and 15 years out of your carpet depending on the quality of the carpet and how much foot traffic goes through the property.

Light fittings can last many years in an investment property. It's when light fittings get broken or stop working that they need to be replaced. If possible, keep light fittings simple and easy for your tenants to reach for changing light globes. A trip to Bunnings or other home improvement stores will show you a great range of what's available at all price points.

If your property has heating and cooling systems make sure you understand how often it needs to be serviced.

Owning an investment property comes with many tasks that need to be remembered. By keeping in regular contact with your property manager and tenants (if applicable), you'll be able to remain proactive about keeping your property in great condition.



**A HOME IN GREAT CONDITION IS MORE LIKELY TO ATTRACT GREAT TENANTS**

## Buying property with a **friend**

If you're considering buying an investment property with a friend, there are a few things you need to consider to make sure you're both happy with the transaction. Here are two key things you need to consider if you're buying a property within a friendship.

Buying a property is a long-term investment. With most loan terms around the 20 to 30-year mark, you need to consider a property investment with your friend as a long-term investment. If you buy a property with a friend as an investment, you'll need to be upfront and get the awkward conversations out of the way early.

Even if you technically own half of a property, you are still responsible for the whole loan. This is because each person listed as an owner of the property is responsible for the entire loan if another party can't pay their share of the mortgage.

Buying an investment property with a friend can be an excellent move to help you build wealth and work on something new with someone you already like and trust. You do, however, need to be diligent about how you organise everything from the research and inspection process, buying the property, to figuring out what will happen if one of you wants to liquidate their investment in the property. Make sure you and your friend both speak to your trusted lawyers and finance professionals to make sure everything is organised before you embark on purchasing a property together.

