

What's Determines the Right Rental Price?

Pricing the rent of your investment property in the market can be a tricky endeavour. Some landlords will believe their property is simply the latest and greatest and overprice the rental fee. Others will be overly concerned about overcharging their tenants and opt to set the price too low. So what's the right response?

The stories of tenants engaging in bidding wars for a rental property make for unethical dealings and may be illegal. It is simply not a good idea to alter the advertised rental on an investment property once this has been set and circulated in the market.

The best response is to get the going market rate from the outset prior to setting your own asking price. So how is that done?

Property rents, like the sales price, are determined in similar fashions. When you go to sell a home, you ask your agent for a list of comparable properties up for sale in your neighbourhood. Likewise, you should ask your property manager how much similar rental properties to yours in the area are being let out for?

This is part of a property manager's job. They should do the research on your behalf to determine what has already been leased in the area that has similar dimensions to yours and a similar style and for what price.

There are two considerable benefits to using your property manager for this role. Firstly, only licensed estate agents have access to information regarding properties that have already been leased. Secondly, your property manager has already been dealing in your suburb on a daily basis and has the practical experience and an intimate knowledge of the area.

You also can search the classified and go on the internet to look at comparable rentals, but this is not entirely dependable on its own. You need to know the local area well. The level of demand can change weekly as does the tenant interest in your specific area.

By far the best measure of comparable rental prices are for properties that have recently been let in your area. And this is where property managers excel. They are the ones who have the best access to this type of information.

But there is another factor as well. You need to know if you're comparing apples to apples, or do you or your competitor have a lemon? By this, we mean what is the condition of your premises and, conversely, of your competitors? If you have a tired and rundown property lacking curb appeal, you may be hard-pressed just to get enquiries let alone a decent rental return.

Just like home buyers, if tenants don't like what they see from their car, they're more than likely to drive on to the next property. This also applies to apartment blocks as a whole. This is one reason landlords should attend their body corporate meetings. You want to make sure your investment is well-maintained and managed. Simply put, the more attractive the property, the more rent you can ask.

Tenants are like owner occupiers. While struggling to match the current rental prices, they expect value for their money. So if you're expecting a top-of-the-range return on your property, you need to offer appropriate benefits. So what are examples of what's needed to ask a higher rent?

Here's a list of tenant desirables:

- ❑ A clean, tidy and well-maintained property. The tenant needs to feel that the landlord will attend to any repairs or maintenance issues and is willing to spend money on their investment property.
- ❑ A good location. Just like owner-occupiers, tenants seek closeness to essential services to meet their lifestyle choices. Nearby shops, schools, transport and leisure facilities all count and are highly sought after.
- ❑ Storage space. Tenants like plenty of storage and cupboard space. Everyone has personal items and plenty of possessions that need a space. This includes a safe place to park the car!
- ❑ Little luxuries. Tenants all look for dishwashers, air conditioning and good heating. These appliances are at the top of their list.
- ❑ New renovations. Tenants like fresh paint and new carpeting. They also like a fresh, airy feeling with plenty of light and will pay that little extra to feel comfortable.

These amenities can separate your property from a similar one in the area. Hence, it will have broader tenant appeal and can command a higher price than similar properties lacking these attributes.

Another factor is the reputation of the suburb. Two similar properties but with one in a lower socio-economic area and the other in a more affluent, trendy suburb will always have different price ranges.

In the end, you want to protect your bottom line. Avoid under-valuing your property, but also avoid over-valuing it. This way you'll maximise your rental returns and be a more complacent investor. Use your property manager for advice. That's what we're here for.

Source: "The rental price is right!" www.propertyupdate.com.au, 22 January 2009.

Landlord Security Measures

The following measures are recommended by the NSW Police as deterrents to theft for

households. Landlords can make their tenants feel more secure by employing these recommendations.

- ❑ Display the street number at the front of the property to assist emergency services to locate your property.
- ❑ Ensure all perimeter fences are in good order and that gates are kept closed and locked to restrict unauthorised access to your property.
- ❑ Trim trees and shrubs from around doors and windows so as not to provide concealment to intruders and to increase visibility to and from the street.
- ❑ Install quality security lights around the perimeter of your home to provide more effective illumination at night.
- ❑ The power board to your home should be housed with a metal cabinet secured with an electricity authority lock to restrict tampering.
- ❑ All perimeter doors to your home should be of solid construction and fitted with quality dead lock sets to restrict unauthorised access to the home.
- ❑ All perimeter windows should be secured with key-operated locks to restrict unauthorised access.
- ❑ Glass within doors and windows should be reinforced by either adhering a shatter resistant film, replacing with laminated glass or having quality metal security grilles or shutters fitted to restrict unauthorised access.
- ❑ Consider having a monitored intruder alarm system installed. Obtain at least three quotes from licensed security companies.
- ❑ Garages should be locked to restrict access. Roller tilt and panel lift doors can be secured with additional lock sets in the form of hasp and staple or padlocks.
- ❑ Garden sheds should be securely anchored to the ground to prevent lifting. A suitable lock should also be fitted.
- ❑ Allow pets. A dog can be a deterrent to thieves.

Source: "Help stop house break-ins", www.police.nsw.gov.au, 15 February 2009