

PRONNEWS

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HOW TO ATTRACT TENANTS IN A SLOW MARKET

Attracting tenants to rental properties, especially in major city centres, has become more challenging in recent months due to a lack of international students, an increase in migration to regional centres and the number of people moving home with their parents after losing their jobs.

In this COVID-stricken world, competition for tenants is tight. If you are struggling to find tenants, you need to be proactive.

Here are some strategies to avoid having an empty property that is costing you too much money to hold onto.

1. Drop your prices

Charging less rent isn't appealing but it is one of the fastest, easiest and most efficient ways to attract people to lease your property. There are always tenants out there and you do need to meet the expectations of the market. Prices have dropped in many suburbs lately but having at least some money coming in is better than nothing.

Consider a shorter initial lease if you can. This gives you the flexibility to raise rental prices down the track.

2. Offer perks

Incentives can help to entice tenants as well. Offering two or three weeks rent-free at the start of the lease may make the difference to attract more applicants to choose from. Having to pay the initial bond as well as rent is a big financial 'hit' so being saved from that is very helpful.

It isn't nice to be out of pocket but a tenanted property is better than an untenanted one.

A short rent-free period may also help you to keep a higher rent.

3. Upgrade your property

Tenants can afford to be pickier at the moment.

Never underestimate what a fresh coat of paint and a few new fixtures can do to your property to give it the wow factor and make people want to move in as soon as possible. A small investment can quickly pay off.

You may also want to consider how to make the layout of the home more attractive. For example, a listing with anything that can be used as office space will be more sought after in today's world.

4. Market professionally

Scroll through any property listings site and the properties with the best presentation stand out.

It is worth spending the money on a professional photographer and working with a property manager who will know how to make your property look its best so more people show up for inspections.

5. Chase the right demographic

Unless you feel you could sell a cage to a lion, don't try to sell a family home to a single person. In short, know your demographics and cater to them.

Look for ways to help your property to appeal to the local demographic. Have a large house in an area of upwardly mobile singles? Add a kitchenette and an ensuite to a larger house and you could have two rentals. Have a smaller apartment to rent in a family area? Play up the proximity to schools and playgrounds or the gym and pool facilities.

Think about who is looking for rentals in your area and do your best to cater to them.

6. Work with your property manager

No one has a better knowledge of the local market and what people are looking for in a rental property than your property manager. Make sure to work closely with yours and listen to their advice.

They will know if you are pricing your property too high and if potential tenants in the area are looking for specific features. Their advice can be invaluable to ensure you hold onto your asset, even when times are tough.



DO YOU QUALIFY FOR RENTAL ASSISTANCE DURING COVID?

Can you get COVID rental assistance?

COVID rental assistance is available across the country at different times, depending on current circumstances. With the pandemic making life difficult for so many, it can be a welcome relief.

The financial support that is available varies from state to state but here is an overview:

New South Wales

The NSW government has introduced a residential tenancy support package to help renters. To be eligible for the package, one or more rent-paying members of a household must have:

- Lost employment or income or had a reduction in income because of COVID-19
- Had to stop working because they or a member of the household has contracted COVID-19

Applicants also have to show that the weekly income of the household has reduced by more than 25%.

The NSW government classifies rent-paying members of a household as: "Any person who regularly contributes towards the rent payable under a residential tenancy agreement". Your name doesn't have to be on the lease to count as a rent-paying member of the household.

If you are eligible for the residential tenancy support package, your landlord may be eligible for financial support for rent reduction. In short, if your landlord reduces your rent, they can claim the money back from the government. It is worth talking with your landlord or property manager if you think this might apply.

Victoria

In Victoria at the time of writing, direct rental relief is not available but there are still ways you can get support:

- **COVID disaster payment:** The COVID disaster payment is available for those who have lost income. The eligibility criteria differ between those who receive a Centrelink or

DVA payment and those who don't. (This payment has the same requirements in Queensland, the ACT, and the Northern Territory.)

- **Isolation payment:** If you can't work because of COVID-19 testing and the need to isolate, there is a \$450 payment you can claim.
- **Bill support:** The Victorian government also offers help with electricity and water bills. This help is available if you are struggling because of COVID-19.

Western Australia

WA doesn't have any specific COVID relief for renters either. They do have the Residential Rent Relief Grant Scheme though. It provides rent arrears and future rent support to eligible Western Australians.

Pandemic Leave Disaster Payment is also available to eligible Western Australians.

South Australia

The South Australian government has put a few measures in place:

- Tenants can't be evicted if their failure to pay is because of COVID-19
- Landlords can't increase rent during COVID-19
- COVID-19 is designated a form of undue hardship meaning that's how it will be treated in court

The SA government advises tenants to communicate with their landlords. You should discuss your situation and try to resolve it with a written plan.

SA also offers COVID-19 disaster payment. To be eligible, you need to have met their criteria between 21 July and 27 July 2021.

Queensland

Queensland has protection in place until the 30th September 2021. These include:

- Keeping tenants off the bad tenants database if they have struggled with COVID-19
- Limits on raising rent when re-letting
- Extensions for short term tenancies on moveable dwellings
- Ways for tenants experiencing domestic violence to end their lease quickly

Talk to your property manager or to Tenants Queensland if you need help. Tenants Queensland also has a handy fact sheet up on their website.

Queensland's COVID-19 disaster payment system is the same as it is for Victoria.

Australian Capital Territory

In Australia's capital, there are currently no specific grants or services to help with rent. They ask that tenants communicate with their landlords and that landlords be lenient.

A payment order may apply in some cases. This allows tenants longer to pay arrears while staying in their home.

The ACT's COVID-19 disaster payment system is also the same as it is for Victoria and Queensland.

Northern Territory

As in the ACT, the Northern Territory government is currently advising communication and common sense.

Again, the COVID-19 disaster payment system in the Northern Territory is the same as it is for Victoria, Queensland, and the ACT.

Please note that the above is general information and is subject to change.

If you are experiencing financial difficulties due to COVID and are a tenant, the best person to reach out to is your property manager, who will be able to let you know what payments you can apply for.



IS 'RENTVESTING' A GOOD STRATEGY FOR FIRST HOME BUYERS?

Rentvesting is becoming popular as a practical investment option that helps first home buyers begin their journey up the property ladder.

So what does this strategy involve and is it the right choice if you can't find an affordable home in your area?

What is rentvesting?

Simply put, rentvesting means you rent a home or apartment that suits your lifestyle while you purchase a property that suits your budget.

For example, if you want to live closer to the CBD but can't afford to buy a place, you rent a home. You then buy a more affordable property outside the city and rent it out to someone else.

The idea is that your investment grows in value and you can sell it or use the equity you build up to then be able to afford the property you really want.

The pros of rentvesting

This strategy is a simple way to live your preferred lifestyle while building your finances. You get to live in a property and an area that suits you. You don't have to stay in a more affordable location that doesn't suit your needs.

Renting also gives you the flexibility to move around and try out new suburbs. You're not tied down by having to live in the property you own. As a tenant, if something goes wrong with the place you are leasing, it is the owner/property manager's issue, not yours.

The rental income generated by your investment property can go towards paying off your mortgage (although there is likely to be some shortfall involved). There may even be tax benefits. Investment property expenses are often tax-deductible. Make sure to check with the ATO or your accountant to see what you are eligible for.

The cons

While you have no maintenance worries about the place where you're living, you are now a landlord yourself. This means you have to deal with maintenance and repairs at your investment property, which can add to the cost of owning it.

You also have the risks that come with renting. If the landlord sells from under you, you might have to live through inspections and spend money to relocate. Rental prices can also go up at intervals and suddenly price you out.

Depending on the market, an investment property always has the potential to lose money. You may find that you have to sell for less than you paid so be very careful when choosing a property as an investment.

If you are a first home buyer, using rentvesting as a strategy may mean you aren't eligible for a first home buyers grant. Most first home buyer grants require you to live at the property for a set amount of time so you will either have to forfeit the grant or move in for the short term.

Is it worth it?

Deciding whether to rentvest or not comes down to personal choice and circumstances.

Do your research to work out your budget and your lifestyle requirements. Check the details of the first home owner's grant in your state or territory here, then talk to a mortgage broker and real estate agents to see what your options are. Take your time and look into all avenues before you make any decisions. It may be that rentvesting is the perfect solution to get you into your dream home sooner.

**Considering rentvesting as a way to own your first home?
Contact the Professionals now to learn more.**



WHAT HAS BEEN HAPPENING WITH PROPERTY PRICES DURING 2021?

The impact of COVID-19 on the property market has been unpredictable, to say the least. The closure of open homes and lack of auctions stopped many markets in their tracks in early-mid 2020 but was followed by a huge surge in prices.

With another lockdown in full force in some states, it's difficult to know whether or not the upwards trend is here to stay or if now is the right time to sell. It's not possible to give a definitive answer but here are some insights into recent real estate movements and expectations as we progress towards the end of 2021.

The Australian property market

2021 has largely been a seller's market in Australia, with prices at all-time highs in many capital cities and regional centres.

Many home sellers have had exciting wins, selling at prices far beyond their expectations with the help of their real estate agents. The reasons behind the surge are low interest rates, Australians boosting their savings during COVID and the lack of stock currently on the market.

Forecasters are predicting that the average Australian house price will have risen by 20% (YOY) by December. However, there are some signs the boom is losing steam, with August only seeing a 1.5% rise on the average price of a home, which was the lowest monthly increase since January.

Those who predict house prices will soon start to drop point to concerns about the economy and the fact that growth has dramatically outstripped wage rises, leading to concerns about affordability.

Sell now or sell later?

With prices being high and listings being few, is now a good time to sell?

There are a few factors to consider. Firstly, the market is doing very well (generally speaking) in terms of family homes. You are almost guaranteed a good price and it isn't clear how long the boom will continue. However, if you have an apartment, you may

struggle to find a buyer in some cities as investors are wary due to the current lack of rental tenants. Do your research and speak to a real estate agent about demand and what it will take to sell for a strong price.

If you are looking to become a buyer and upsize after selling, you may not be able to afford the property you want with prices being so strong. It helps to have good relationships with local real estate agents in the area you wish to buy so you can hear about new listings as soon as they become available and get in ahead of the crowds.

Should you decide to sell, give yourself plenty of time to get organised and accommodate any COVID restrictions which may be in place. Work with an agent to ensure your property is noticed by as many people as possible.

The bottom line

2021 is a sellers' market and it looks set to stay that way for at least the next few months. The general consensus is that it is a great time to sell if you want to maximise your return on investment and if you have a clear strategy for your next move.

The risk in waiting to sell is that the economy comes under further pressure and there are extensive job losses due to COVID. There is also the continued question over when interest rates will rise. As the price of money increases, the amount people can borrow will drop.

You also need to keep your expectations realistic. Work closely with a real estate agent who can share the value of your home based on the local market and recent property movements in the area.

A quality agent will take the time to understand your goals so they can work out a strategy that will be effective in these unusual times and will attract as many potential buyers as possible.

Need to sell your property during the pandemic? Contact Professionals now.



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