



Are there enough tenants to go around?

No matter how many properties are bought and sold throughout Australia, no matter how many new developments are planned and built and no matter how many new investors enter the market, there is only one question that needs to be asked: are there enough tenants to go around?

Recent figures released by CoreLogic RP Data found that capital city rents increased at their slowest pace on record during the year to August, despite rising home values.

Darwin, Perth and Adelaide experienced drops in the rental rate for the last quarter to August, Brisbane wasn't in the red but it was only a decimal point away. Canberra, Hobart, Melbourne and Sydney grew slowly.

So if you're thinking of investing in a rental property, here are a number of things for you should investigate

1. Check the rental vacancy rate for the area with a number of property management properties, and the REI in the relevant state, to determine the overall demand for rental properties and the rent you can expect before deciding to purchase a property.
2. Buy a rental property that is close to social infrastructure such as shops, hospitals, universities and schools.
3. Generally choose an area within a suburb which has a lower number of rental properties as this makes your rental property more attractive to tenants. The property should also have good street appeal and be clean and tidy inside.

4. Rental properties with easy access to public transport are in high demand especially in capital cities as it is becoming increasingly difficult to drive to work these days.
5. Apartments are becoming more popular with tenants.
6. Security is now a major factor for tenants. If it is an apartment, video security is now almost a standard requirement, if its free standing, an alarm system will appeal.
7. Security parking as this is becoming a key issue in the inner and near city rental market.
8. The property should have 'extras' that appeal to tenants such as dishwasher and reverse cycle air conditioning and good heating in the southern states.
9. Include a regular gardening service in the rental fee for a stand alone property, not only will this attract tenants but it will keep the garden looking attractive. The costs associated with this maintenance is deemed "an immediate deduction" by the Australian Tax Office.
10. If you are planning to rent the property furnished, make sure the furniture is high quality and spotlessly clean. Remember, however, that the demand for furnished properties is less than 10% of the overall residential rental market, and the leases on furnished properties tend to be very short. Many corporate clients prefer to rent directly from furniture specialists.