

YourProperty

BY MICHAEL LAURENCE

Rental relationships

In a tight market, tenants and landlords need the right tactics.

MORE THAN 30 prospective tenants recently squeezed into a two-bedroom rental apartment in the Sydney suburb of Mosman during a half-hour open for inspection. And more than a third applied to rent it on the spot. Similar scenes are being repeated across Australia as the rental market turns scorching hot.

Patrick Bright, chief executive of EPS Property Management in Sydney, says rents are rising faster than he has seen in a decade, while vacancy rates have shrunk to long-time lows. Real Estate Institute of Australia figures show that every Austral-

ian city is suffering from a grave shortage of rental housing.

There are strategies, however, that both tenants and landlords can adopt to protect their interests in this tight market.

TENANTS

CASH UP-FRONT

The most effective way prospective tenants can stand out amid fierce competition to rent is to offer three months' or six months' rent in advance, instead of the usual four weeks, advises Louis Christopher, head of property research for Adviser Edge. Some determined tenants are even willing to pay up to a year's rent in advance.

"Owners love cash up-front from advance rent," says Christopher. The money can be used to reduce their mortgages.

"Your offer of advance rent will also show the property's owner that there will be no issue with the payment of rent; it will make you look very good."

Bright believes the offer of rent in advance is much more attractive to most landlords than the offer of extra rent.

GOOD BEHAVIOUR

In such a tight rental market, existing tenants should try hard to make their landlord keen to renew their leases without increasing the rent by too much.

"This means keeping the

property in top condition, paying the rent on time, and being civil when small things need repair," Christopher says. "Don't be nasty over small repair issues; don't be too demanding. Owners dislike grumpy, overly demanding tenants." Bright adds: "The biggest bugbear for landlords is not being paid the rent on time. That's the bottom line."

Landlords and property managers discuss the quality of a tenant when it's time for a rent review. "A property manager



ROOM TO MANOEUVRE

Prospective tenants and landlords can work together

close to market rents, a few extra dollars are not worth the risk of losing good tenants and the costs of re-renting.

SMART NEGOTIATIONS

Christopher and Bright say that, while landlords believe they can raise rents without upsetting good tenants, it is a matter of thoughtfully discussing a proposed rise with a tenant.

"There should always be room to negotiate over rents," Bright says. Landlords should not simply demand more rent.

Christopher suggests landlords show their tenants proof of market rents. "And perhaps show your goodwill and how you value an existing tenant by offering to split the difference between the existing rent and the higher market rent."

might say, 'these guys are good tenants; let's not rack up the rent too high,'" Bright says.

LANDLORDS

GREED CONTROL

Landlords shouldn't risk losing quality tenants with unreasonable rent hikes, advises Christopher. "If you have good tenants, try to stick with them - there are plenty of bad tenants out there."

Bright says that while landlords should always charge

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