



# 6 steps to increase your rental return

All of these renovation suggestions have multiple benefits - improving the rental return is great, the more cashflow the better but the associated benefit is more serviceability meaning more borrowing power when it comes to the next purchase.

When done right, it forces equity in the property - increasing the price without having to wait for the right market conditions. A more appealing property attracts a higher quality tenant. Higher quality tenants usually mean better income, less wear and tear and less turn over.

\*This list assumes a 3 bedroom 1 bathroom house in South-East Queensland.

## 1 Add a Bedroom

Adding a bedroom will often give you the biggest rental return on investment. The cheapest way to add a bedroom is by dividing an oversized living room. For the cost of a stud wall, a new light/light switch and some paint you can significantly increase the achievable rent.

Adding a bedroom by extending isn't usually worth the fees from council and construction costs. It's best to make it work under the existing roofline.

## 2 Kitchen Upgrades

New handles are the quickest and easiest improvement. All you need is a screwdriver, 10 minutes of time and the new handles. You can go further and paint the cupboards, make sure you do your research and prepare properly as a specific type of paint is required. The third inexpensive trick to achieve a new kitchen feel is replacing the bench tops and splash back.



## 3 A Proactive Property Manager

Rents have increased a lot recently, however, we often see housing being advertised for lease well below their new market value and hear of rental increases not being recommended by other agencies. If they are, the recommendation is regularly well below what is fair.

Having a quality agent that is across the market will have your property performing much better than the alternative.

## 4 Fresh Coat of Paint

A fresh coat of paint works wonders. It's cheap and simple enough to do for yourself if you're keen. Not only will it increase rent, but it will also allow you to set and maintain a higher standard between tenancies. As there are no marks of damage to the walls when the tenants move in. You can ask and expect it to be returned in the same condition.

Keep the colour choice simple a pallet that will appeal to a wide range of potential tenants. Light but not too light that it will show marks easily.

If you're wanting to learn to do it yourself, a rental property is the best place to learn. A bad paint job won't usually turn away tenants but if it was for sale, buyers are much pickier. Start in the hard to see areas and finish in the common areas once you've had a some practice everywhere else.

## 5 Install an Air-Conditioner

In SEQ we get some hot weather, but this is a good suggestion country wide - the return on investment may be lower in other parts of Australia. A couple of thousand dollars spent on an aircon can attract \$20 extra rent per week in SEQ. That's a 52% return on investment per annum.

## 6 Update Floor Coverings

Their impact may not be as significant compared to the other methods mentioned if the floors are in decent condition already. Cheaper options are becoming available and more DIY friendly to install. It is the final piece of the puzzle if you've done everything else and is a worthwhile investment to complete the renovation.

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