



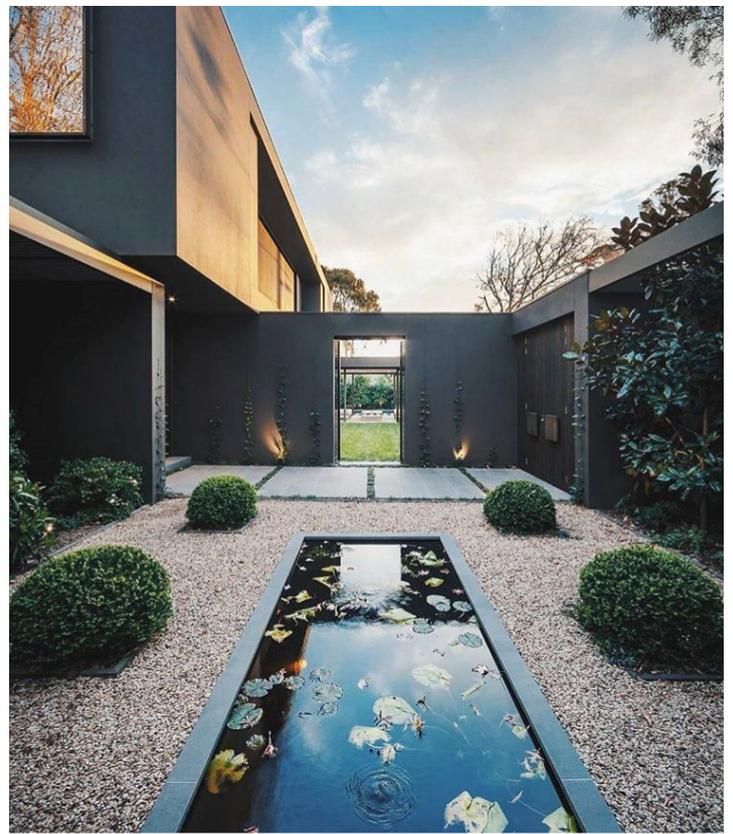
how much will my property rent for?

This is one of the most common questions asked, and it is sometimes a difficult one to answer because there is no set rule for determining the rental value of a property.

While we all have different goals when it comes to investment properties, most people invest in property to make some kind of profit. So that question of 'how much will my property rent for?' is asked to ensure the financial goals can be met. We have heard that some people use a general guide where achievable rent is around \$100 for every \$100,000 worth of a property. That is extremely general and a pretty blunt gauge. Research, combined with expert advice, is crucial to ensure you get the right rent for your property - and sometimes you just have to test the market to see what it throws back at you.

Tenancy Services (www.tenancy.govt.nz) release Market Rent statistics each month. These statistics show the average rent for different types of dwellings across suburbs around New Zealand. They are calculated from information gathered from Bonds lodged with Tenancy Services over the last six months, removing the top and bottom 5% to allow for special circumstances. And, although it is historical data, it does Provide a guide of say, what your average three bedroom home in Burnside is achieving for rent.

Websites such as harcourts.co.nz, realestate.co.nz, trademe.co.nz and a variety of others advertise properties for rent. Explore them to see what a property similar to yours is advertised for, see how long they have been advertised for or if incentives are being offered. If they have been advertised for quite some time or incentives are offered then you can assume the property has either not been priced right or the area is oversaturated. It's important to remember that these websites show what investors are trying to get for rent for their properties. It does not show what they actually rent for.

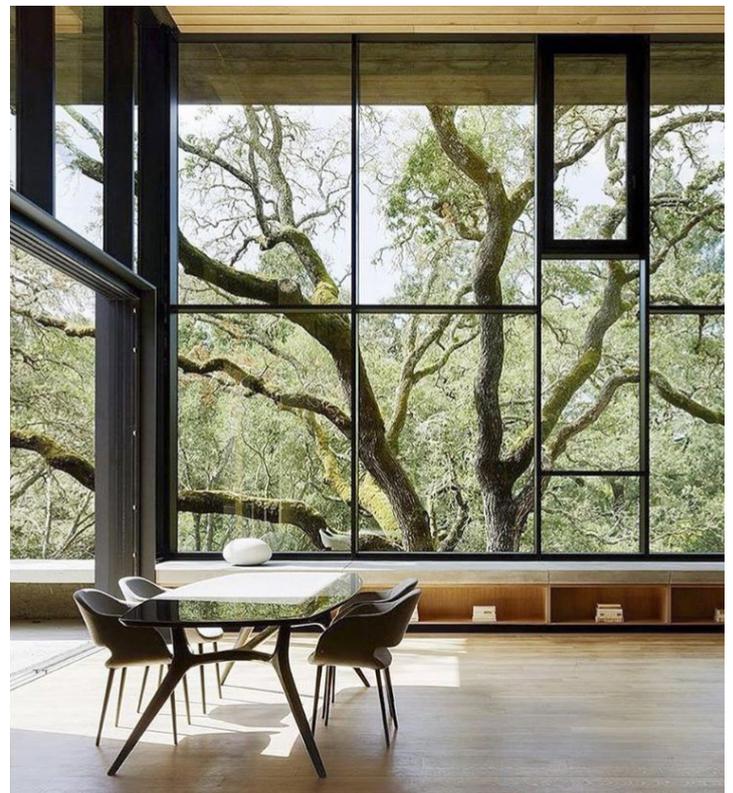


Property Managers live and breathe this stuff. The good ones are able to leverage off their experience and their knowledge of the current market demands. Adding small additions, or making some changes, can sometimes make the property more desirable to tenants. Property Managers have a good idea of what tenants are wanting and what they are willing to pay for feature wise.

We highly recommend a combined approach when finding how much your property will rent for. Most property management companies do offer free no obligation rental appraisals to provide that expert advice.

Just recently my parents were looking to see how much their property would rent for in Wellington - a market I knew very little about. I looked into the market rent statistics and had a look on Trademe to see what similar properties were available. My problem was, their property was unique. It wasn't your average four bedroom apartment. I suggested we get a rental appraisal, which came back \$400 higher than the market rent statistics! Some might say, 'they are just trying to get your business so said a high price'. It could be (although they never did ask for the business), and we won't know if that rent is realistic until it has been tested on the market.

Sometimes, even with research and expert advice, the property still might not rent for what it is perceived to be worth. Market demand is forever changing and it can change all of a sudden. If you have very little interest after 48 hours, or definitely after a week of the property being advertised, it is probably overpriced. Consider lowering the rent and 'refreshing' the listing.



Remember that regardless of how much rent you would like to charge, it's the market and the tenants that dictate how much you will be able to achieve.