

## **14 Ways To Increase Your Rental Cash Flow**

Increasing the rental income of your investment property isn't as difficult or as expensive as you may have been led to believe. There are many ways you can increase your rental income for under \$1,000. Increased rental income makes your property easier to afford, it means there is less money coming out of your pocket each week. This increased income can be used to pay down your mortgage, reinvest in more property or even fund your lifestyle.

An extra \$20/week equates to \$1,040/year. If you can increase your rent by \$20/week every year for 10 years then in 10 years time you will be receiving an extra \$10,400/year. That could be used to fund your lifestyle, or pay for an expensive holiday every year. Here are 10 tips that you can use to increase your rental income by \$5-\$20/week for under \$1,000. These tips don't apply to all properties, but we suggest you take each tip and see if you think it will work on your property.

### **1. Bathroom Makeover**

The bathroom is one of the most important areas and often the most neglected area. Countless times my wife has refused to rent a property because the bathroom was dated or downright disgusting. You can do what I call a "bathroom makeover" for under \$1,000 and it will transform your bathroom and significantly increase your rental income.

**Paint The Bathroom** – You can now purchase paint that you can place directly over tiles (even in the shower!) You can now cover up those dated tiles with a fresh coat of paint. I find that white paint always works in bathrooms, makes everything look clean and fresh. \$400

**Clean Away Flakes and Mould** – If your roof is flaking then sand away the flakes and if the bathroom is moldy then clean away to mould before you paint. People pay more to live in a clean house with a clean bathroom. Keep it clean by removing flakes and mould (and then painting over them) and you will change the face of your bathroom. \$30  
**Buy A New Shower Curtain** – Generally tenants are required to leave a shower curtain in place, but who wants to use someone's old moldy shower curtain? Buy a new shower curtain and get a neutral one. White works really well. Try to steer clear of the fluro-fish shower curtains, your kids may love them but no one else does. \$10

**Fixing The Vanity Unit** – Often your bathroom will contain an overused and broken vanity unit. It is dirty and the doors and drawers are broken (or there is a handle missing). Paint the vanity unit, put new modern handles on the doors and drawers and fix anything that may be broken. It will make a huge difference to the presentation of your bathroom. \$100

**Replace Taps and Shower Heads** – Just like the vanity unit the shower head, sink tap and associating handles are often old, dirty, dated and semi-broken. It isn't that expensive to replace these items and it should be done. It will help to make a dated bathroom look modern and fresh (and worth more money). \$300

**Total Cost: \$840**

**Estimated Rental Increase: \$10-\$20/week**

**Return On Investment 62-124% per year**

## 2. Kitchen Makeover

If the bathroom is one of the most important rooms of the house then the kitchen is THE most important room. They say a good kitchen sells a house, and this remains true for renting. *A good kitchen rents a house (for more money)*. You only need to do a simple 'kitchen makeover' to dramatically increase the appeal of your kitchen and the price you can demand for your property. Here are the things you should cover in your kitchen makeover:

**Paint The Cupboards and Splash Backs** – You can get paint that can go directly over your laminated doors and your dated splash back tiles. Give your kitchen a refresh by giving it a fresh coat of paint. Each kitchen is different but white will almost always make a kitchen look newer and more modern. \$300

**New Hardware** - By new modern handles for all your doors and drawers. If you have single 'knob like' handles you can still replace them with long handles. Just putty up the old handle hole and paint over it, then create new holes for your handles. \$200

**New Taps** – If the taps of your sink are old, dirty and semi-broken then spend some money to replace it. Keep the kitchen looking new and modern and it will pay off for you. \$200

**New (2nd Hand) Stove/Oven** - If you have a free standing stove/cooker/oven and it is coming up to its 10th birthday (or it is already older) then it is likely to bring down the overall look of your kitchen (and the rent you can demand). You can purchase affordable units from eBay almost brand new. \$300. Getting it replaced is likely to increase the look and feel of your kitchen and thus your rental income. It doesn't have to be ultra modern, neutral themed flooring is ideal. \$600

**Total Cost: \$1,000**

**Estimated Rental Increase: \$10-\$20/week**

**Return On Investment: 52-104% per year**

## 3. New Carpet

If you have dated or destroyed carpet then it is time to get new carpet. You can get a small unit re-carpeted for under \$1,000 and make your place much more appealing to new tenants. If you own a larger home then it is unlikely that you will be able to replace all of your carpet for under \$1,000. However, the carpet will show the most wear in the high trafficked areas (e.g., Lounge room or walkway). If these are starting to look worse for wear then replace them and give the carpet in the bedrooms a good cleaning to remove stains.

**Total cost: \$1,000**

**Estimated Rental Increase: \$5-10/week**

**Return On Investment: 26-52% per year**

#### **4. Washing Machine and Dryer**

Most renters (especially those who rent units) don't own a washing machine a dryer. This is because they are often used to having an external laundry that they share with the entire unit block. If you can provide renters with an internal laundry with a washing machine and dryer then you can increase your rental income as a result of it. If you already have a place to put a washing machine then great, but if you don't then you can get them installed in cupboards in the kitchen. This is a great way to save space (and turn an existing laundry into storage space...see #10) and the tenant can shut the cupboard door and their laundry disappears.

You can buy a decent second hand washing machine and dryer off eBay for \$200-\$300 each. If you have a place to put them then there is no extra charge. If you need to get them installed in your kitchen then you will have to pay someone to do that for you. But even with the extra cost it is likely to still be worth your time. This tip works best for units, as this market usually doesn't own a washer or dryer, but it can also work for house too. You just need to know your target market and do what appeals to them.

Total Cost: \$600

Estimated Rental Increase: \$10/week

Return On Investment: 87% per year

#### **5. 2nd Hand Air Conditioner**

Reverse cycle air conditioners are an excellent way to increase the rental income of your property. For warmer climates everyone loves an air conditioner and for colder clients it can act to keep the room warm. Brand new reverse cycle air conditioners will set you back more than \$1,000, but you could easily buy one of eBay (second hand) and get it installed for \$1,000. Make sure you place the external unit out of the rain and out of the way for the tenants. Around the side of the house or in the corner of the balcony (for units) seems to work well

Total Cost: \$1,000

Estimated Rental Increase: \$20/week

Return On Investment: \$104% per year

#### **6. Dishwasher**

Include a dishwasher in your kitchen and you will automatically increase the rental appeal of your property. I know very few people who don't respond well to having a dishwasher, and who won't shy away from a property when it lacks a dishwasher. A brand new dishwasher will cost you about \$650 to buy and get installed (unless you need to modify the plumbing and kitchen significantly). A second hand dishwasher can be bought off eBay for \$150-\$300 and if you are handy you can install it yourself.

Total Cost: \$650

Estimated Rental Increase: \$5/week

Return on Investment: 40% per year

## 7. Raising The Rents

Often people are afraid to raise their rents because they are scared that the property will remain vacant. If your rents are too high this will become obvious and you can lower them but it is important to keep your rents in line with the market. You may say "But old Mrs. Jones is such a good tenant and she always pays on time so I won't raise her rents." Eventually Mrs. Jones is paying \$100/week less in rent than what the market is. You are effectively giving \$5,200/year to Mrs. Jones, that's not investing that's charity. Do you really love your tenant that much? Wouldn't you rather give that \$5,200 to your spouse or children?

**BUT SHE MIGHT MOVE OUT!**

You will find that if Mrs. Jones was to leave because of the increase in rent she would have to pay the same (if not more) than what you are charging elsewhere. Tenants know that rents go up and as long as you are in line with the market value they are likely to stay.

Total Cost: \$0

Estimate Rental Increase: \$10-\$20/week (at least!)

Return On Investment: Infinity

## 8. Fresh Coat of Paint

When you are renting out your property then constant use leaves dirt, stains and scuff marks on the walls from the tenants. A fresh coat of paint will cover up all scuff marks and signs of wear and tear and make your property to look fresh and ready to rent. For best results choose modern neutral colors that will appeal to the broadest market. Don't paint one room pink because you like that color, some people might hate pink and the amount you can demand for rent will decrease as a result.

Total Cost: \$500 (and a weekend of hard work)

Estimated Rental Increase: \$10/week

Return On Investment: 56% per year

## 9. Adding off Street Parking

If you own a property and it lacks off street parking then you can increase your rental income by providing a place for your residents to park their car. This may mean adding a drive way, or adding a car port to an existing driveway to improve it. Under cover parking is obviously more desirable for people than parking where their cars are exposed to the weather (and where they are exposed to the weather when they get in and out of their car. If you are in a busy area where it is hard to find parking then a parking space becomes even more desirable. In inner city area or beachside suburbs car spaces alone can rent for \$30-\$50/week

Total Cost: ~\$1,000  
Estimate Rental Increase: \$5-\$10/week  
Return On Investment: 26-52% per year

## **10. Increasing Storage**

Different markets want different things. If you are renting out a house then the market will often want 2 bathrooms and 4 bedrooms. But if you have units then it is a different story. People renting units want more storage space. If you can create this for them by creating better use of space then you can achieve an increase in your rental income as a result. Correctly placed built in wardrobes are a great way to create this store space. Just make sure you put the wardrobe in the most practical place for someone who is renting.

**Total Cost: ~\$1,000**  
**Estimated Rental Increase: \$5-10/week**  
**Return On Investment: 26-52% per year**

## **11. Set definite “due dates” for rents to be paid and stick to your policy.**

our lease should address late fees. Be fair to all your tenants and treat everyone equally when the payments are late. Check with your state regulations for the percentage allowable for late charges. We all know that people sometimes have circumstances that results in a late payment but these delinquencies will cost you money.

**Total Cost: ~ FREE**

## **12. Create other income sources on your properties.**

I know some landlords who rent garage space and storage buildings. Others have arranged for “rent to own” appliances, T.V’s. washer and driers, computer’s etc. which offer added profits. Many of your tenants will be purchasing these same items from local stores and paying interest on the purchase. Why not increase your profits by offering the same items and earning the profit yourself ?

**Total Cost: ~ FREE**  
**Estimated Rental Increase: \$5-10/week**  
**Return On Investment: 26-52% per year**

## **13. Keep your costs low.**

It is easy for routine and other maintenance and repairs to easily eat away at your profits. Everything from replacing light bulbs to purchasing appliances can add up quickly and will take a big bite out of your profit. Create space to store frequently used maintenance items and purchase when they are on sale or from discount and salvage stores. Take advantage of discounts available to contractors or real estate investor’s association members to save on building materials, carpet , paint etc. Sherwin Williams, Home Depot and others give special discounts to REIA members.

**Total Cost: ~ FREE**

#### **14. Routine maintenance on your properties will save you money.**

Remember the T.V. commercial for motor oil where the mechanic says “Pay me now or pay me later”? Depending on the number of rental units you have you may be able to hire a part time maintenance person. Taking time to create a schedule of the maintenance needed on properties will allow your maintenance man to schedule his time more efficiently. These routine maintenance visits also creates the opportunity to check on tenant damage, potential hazards or problems.

**Total Cost: ~ FREE**

***There is a lot you can do to keep your property at its highest standard and to maximize your rental return. As you can see from these ideas the return on investment is huge considering the small cost you need to outlay. Think about your particular property and if any of these strategies will work for you. Then implement them and see your rental return increase!***

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