

RENTAL INCENTIVES: WHAT ARE THEY AND HOW CAN YOU GET SOME?

The concept of rental incentives has been in the news lately and while the idea is not new, it may be new to some people, so let's explore this idea.

What are rental incentives?

Broadly speaking, they are incentives designed to encourage potential tenants to choose one property over another. Rental incentives are only handed over after the tenant has locked in to a tenancy agreement.

Examples of rental incentives include rent-free periods, gift cards to major retail outlets such as Coles Myer or Woolworths, or payment of the professional lawnmower bills for a period, say a couple of months.

Are rental incentives legal?

Yes, absolutely. There is nothing to prevent a property manager or a landlord giving gifts to tenants as a tool to encourage a tenancy. Gifts are also given to get the relationship off to a good start.

Can I ask for a rental incentive?

Yes, you can, but it really depends on the market as to the level of success you'll have. In areas where the vacancy rates are very tight, such as the Sunshine Coast, Caloundra and the Gold Coast, there are more tenants than rental properties, so landlords don't need to compete to get tenants. In areas where there are a lot of new apartments being built there will be some competition between those apartment owners, and also landlords of older apartments may be competing with the newer stock and so will offer incentives.

How can I negotiate a rental incentive?

If you're looking for a rental property and you know there are several to choose from in your price range and area, then the conditions are good for you to negotiate with the landlord or the agent on a rental incentive. Start the conversation by explaining that you are looking at several equally good options and ask the agent if the landlord would consider incentives. Decide ahead of time what you would like your incentive to be – a rent-free period of a week or two is common.

A word of advice:

Don't get greedy. While you may be faced with a choice of properties, you are unlikely to be the only potential tenant in the marketplace. If you ask for too much, or get too pushy during negotiations the agent may decide you're going to be too hard to deal with on a regular basis and you may end up missing out on the property altogether. Be reasonable and do your homework. Talk to a few different property managers in the area and find out what the norm is and then make your decisions based on that. Also, if you've been a bad tenant previously, you're unlikely to get any offer of inducements. The agent and the landlord will be looking for the best tenant they can for the

property and that will be someone who pays the rent on time, looks after the property and doesn't require a high level of maintenance.

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