5 online tools tech-savvy investors should try

A successful property investment venture starts with a strategic plan. To stay ahead in the game, investors nowadays must incorporate some level of technology in their planning stages. **Gerv Tacadena** reports.

WHILE THE old adage "location is king" still rings true, another important thing investors should have on top of their list is data - this is where technology comes in.

Despite still being a people-centric space, the real estate sector is now playing catch up with other industries like finance which has completely embraced innovation. As digital becomes the norm, modern-day investor tools in the form of online platforms and mobile apps have started to emerge.

These tools are taking the burden off crunching numbers and figures, providing investors with intuitive and meaningful representations of property data.

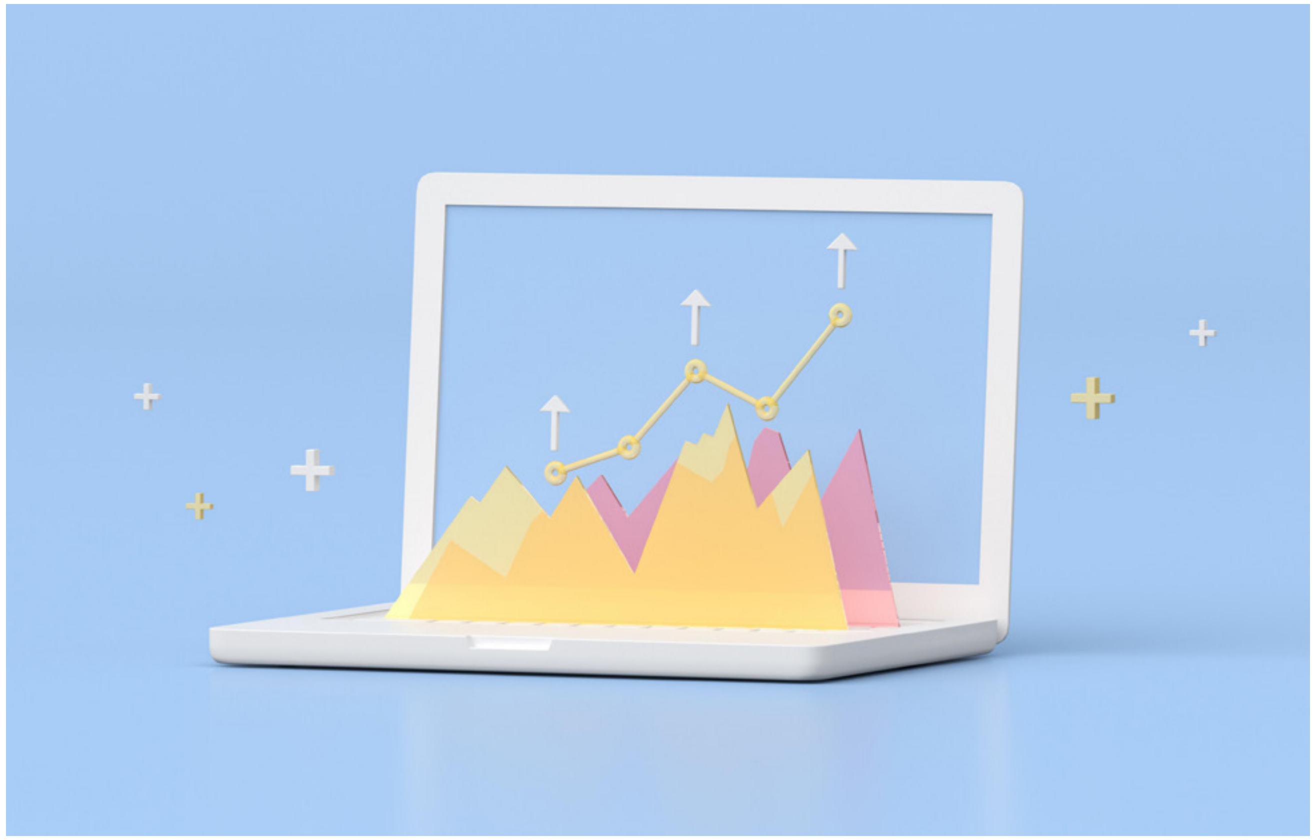
Property Developer Network buyers agent and site acquisition specialist Trent Muffett believes it's important for property investors to have an understanding of different technological tools and innovations.

"Getting access to various different data points across different technologies will help property investors make more informed decisions. Technology can also do a lot of the heavy lifting in the research then transacting phase of the property process," Mr Muffett told *Your Investment Property Magazine*.

For Property Mavens CEO and author of Property Prosperity Miriam Sandkuhler, the key is to utilise the right set of data and information when using the available digital tools.

"Focusing on irrelevant data and not taking action as a result of that data can also cost investors dearly. Opportunity costs can be significant, especially over time," she told *Your Investment Property Magazine*.

Here are five of the most useful digital tools available for tech-savvy property investors.



1. DSR Data

Founded in 2010, DSR Data works like a one-stop-shop for property investors who enjoy crunching data and making sense of numbers.

DSR means 'demand-to-supply ratio', which is a crucial predictor of capital growth potential. It is the core algorithm that powers DSR Data, which has become a platform with several built-in tools that fulfill specific data needs for property investors.

In addition to the typical market statistics like the vacancy rate, rental yield, days-on-market, and median price, the DSR Data tool can provide specific numbers that can help investors study their target markets.

The Suburb Analyser tool, for instance, allows users to search for a specific suburb and provides a comprehensive set of data. One upside of this tool is that it provides sets of data that aren't available anywhere else.

Neighbour Price Balancing (NPB) is a prime example. NPB refers to the percentage price difference per kilometre between a property market and its neighbours. It provides an insight into the potential of a market to experience strong growth relative to the other nearby markets.

Market Watcher is another tool under the DSR Data platform that operates as a search engine. It finds markets that match the user's set criteria, including budget, yield, property type, historical growth, and distance.

For investors who want to register for alerts to keep an eye on their portfolio, Market Monitor is the perfect tool. The tool alerts users via email of the best times to sell, refinance, buy, or renew a lease with a tenant.

All of these tools are taking advantage of DSR as its primary backbone in supplying relevant information to their users.

DSR Data is subscription-based, with two types of membership: Lite and Pro. The latter provides more comprehensive tools that give statistics and more in-depth insights for data-savvy investors.

2. Soho

Soho.com.au is the dating mobile app of the property market - using data and machine learning, it helps users match with their dream properties, be it for rent or for sale.

Property investors can use the Soho.com.au website or download the mobile app to get access to the platform.

Similar to some dating apps, the Soho app uses the swipe feature that allows users to quickly browse and check properties that meet their preferences.

Users can set the location, their intention (buy or rent), price range, property type, and number of bedrooms, bathrooms, and car spaces to customise the selection of listings available for them to flick through.

The Soho mobile app is free and available to download from both the Google Play Store and App Store.

3. RateMyAgent

It's important for property investors to be able to trust their real estate agents and RateMyAgent serves as a platform for finding the right agent that can assist them as they go through their investment journey.

RateMyAgent is a platform founded in 2014 that aims to provide independent reviews of real estate agents in Australia. The platform has grown to include not just sales agents, but also rental agencies and mortgage brokers.

There are several ways to take advantage of the platform.

One is to use its search engine to look for specific agents and agencies and the respective reviews given by previous clients.

Users of the site can also use the location filter to sift through the thousands of postcodes available and find the most active agents in the area for a particular transaction - either to buy, rent, sell, or finance.

Reviews that can be found on the platform are verified and are tied to a genuine sale. Recent sellers or buyers can provide written reviews to selected agents and have their recommendations posted for others to see.

Agents can subscribe to RateMyAgent to have their profiles customised, but consumers can use the platform for free.

4. Microburbs

Microburbs is a free platform that provides property investors with a comprehensive set of information about particular markets across the country that goes beyond the usual statistics like median price, rental vacancies, and price growth.

Microburbs provide numeric scores for locations based on several factors.

For instance, the Convenience Score depends on the access of a particular market to places and transport options that most residents need several times per week.

Meanwhile, there is the Lifestyle Score, which evaluates the local options for public social activities. The number, quality, and proximity of cafes, pubs, restaurants, gyms, pools, and other similar establishments.

Family Score is another interesting factor. This one is calculated based on the proximity and performance of nearby schools, proportion of families, age distribution, and fertility rates.

There is also the Tranquillity Score, which indicates how peaceful and 'natureful' the location is based on population density, tenant rates, dwelling types, maximum building height, nearby bush reserves, the density of trees, and tenure types.

Microburbs also analyses how strong social ties are in a specific location, providing a Community Score that takes into consideration volunteer opportunities, long-term residents, libraries, town halls, and religious groups.

Affluence Score is also something Microburbs can provide — this score looks at the level of wealth, status, employment, income, and education of the residents in a specific market.

5. Investor Forecasts

Investor Forecasts is a recently-launched platform that hosts calculators and financial literacy solutions for investors.

Investor Forecasts is a membership-based service, which has a monthly or annual fee depending on the membership plan.

The platform's Property Assessor and Property Optimiser calculators allow users to simulate renovations and market movements, helping them optimise potential financial returns and assess investment risks.

The Property Optimiser tool, for instance, can help investors predict how renovations on the property can impact expenses, capital growth, potential sale costs, rental income, and asset depreciation. It can also forecast the impacts of taking out an interest-only loan or an introductory interest rate.

Is it worth spending on subscriptions?

Mr Muffett believes whether to use free online tools or pay a premium for subscriptions all boils down to the goals of each property investor.

"The serious property investors and industry professionals all have some level of paid subscriptions as getting access to property data that is not on the open market is key but it can be expensive," he said.

"You might be able to buy a subscription for one to two months, do all your research then cancel as a way to avoid ongoing costs."

Meanwhile, Ms Sandkuhler said property investors must always consider what they are trying to make sense of and achieve.

"I have also looked at a single 'all inclusive' investor tool that wasn't as good as subscribing to two separate tools, which ultimately provided more depth of data and analysis," she said.

"Ideally, use free tools but also research what is provided with a short-term full subscription with each service provider, as it may well be worth the fee.

"However, investors need to be wary of any online provider who wants you to pay a subscription before demonstrating exactly how their tool works in full. A one- or two-page simple descriptor is a red flag."

Human emotion vs technology

Mr Muffett believes that while technology will keep evolving, it will not totally replace humans in every part of a property transaction.

"Technology can make things easier, cheaper, and faster which benefits different stakeholders, but real estate is still a very emotional decision and will still see the need for human involvement," he said.

Ms Sandkuhler had similar insights, adding that technology does not account for human emotion and variables in the decision-making process of a buyer.

"It can't see beyond what it can see - for example, we all know the free bank valuations or appraisals can have up to a 15% price range variation and often have nothing to do with the reality of what a highly emotional buyer will pay at auction," she said.

"They can be used as a simple guide, but an in-depth understanding of all data and unquantifiable factors to consider when buying is often the difference between buying and missing out. This is where a highly experienced investment buyer's agent can make all the difference to the outcome." YIP

Proven strategies to boost the rent on your investment property

If you want to increase the rental yield on your investment property, there are proven strategies to bring in a higher rent without driving tenants away.

WITH THE right improvements, landlords can increase the amount they charge for rent, but there is a fine line between improvements that can increase rental income and those which may leave you over-capitalised.

The good news is that although increasing the rental income of your investment property is a key priority for property investors, it doesn't have to cost you a fortune.

What is important to note is that there are two recurring intervals in an investment property's lifecycle where you can take proactive steps to boost your property's rental return:

Between tenancies by way of improvements

At regular intervals during a tenancy by way of rent review

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is the National Director of Property Management at Metropole and has 20 years' experience in real estate.

With this in mind, I've listed several strategies which are proven to boost your rental return, and which you can implement across your whole property portfolio.

Of course, this advice is general and does not take the place of speaking directly to your property manager or property investment advisor, who should be able to guide you on specifics such as the market rent for the area and what local tenants are looking for.

Improvements that can increase rental yield

1. Find out what tenants want

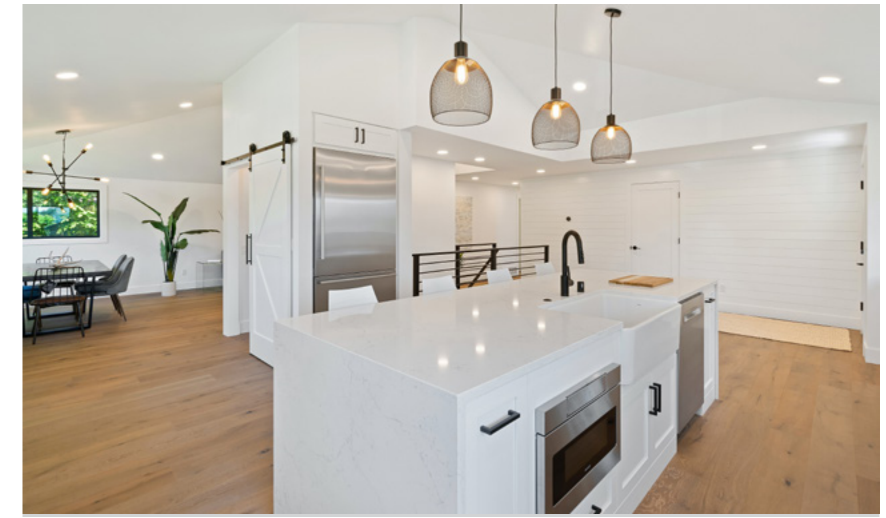
One of the first steps you should take when it comes to making improvements to help increase rental yield is to find out what prospective tenants want to see in a property.

After all, as a landlord, it's easy to get caught up and throw good money after bad when it comes to making improvements to your property.

You could spend thousands repainting or installing a dishwasher, when an air conditioner may have made the property much more appealing to potential tenants, at half the price.

Consult your property manager for their advice on what a tenant is looking for in your area and focus your attention and your funds on this.

And if you're unable to offer some of them, such as off-street parking (which you can't manufacture out of thin air), perhaps you can make up for this with another coveted feature, like solar panels to reduce their energy costs.



2. Renovate

A well-planned renovation will of course increase the asking rent, but it can also mean a significant outlay. Or does it?

It doesn't have to be a super-expensive renovation with all the bells and whistles – improvements as small as a fresh coat of paint or new door handles on the kitchen cabinets could be enough to attract more tenants and bump up your asking rent.

There are myriad minor changes you can make that will give the property a new lease of life: think sparkling new taps, adding a second air-con unit in the master bedroom, or ripping up the tatty old carpet and polishing the boards underneath.

Many small jobs can even be done yourself, saving you the extra expense of calling in a tradie.

If you're on a tight budget, fix what is "broken" first. If the front fence is falling down and the gate won't open, your tenants aren't even in the front door and they are already worried.

And if you have the budget to do more, the kitchen and bathrooms are big draw cards for tenants but they involve a lot more upfront cost, especially if you do both at the same time.

Whatever you decide to renovate or add to your investment property, you need to make sure that you're investing your time and money into something a tenant is looking for, as we discussed above.

After all, ducted heating in Darwin is probably not a feature tenants are looking for but ceiling fans on the verandah and a water tank in the backyard could make the world of difference to the amount of rent you can charge.

If you're on a tight budget, fix what is "broken" first. If the front fence is falling down and the gate won't open, your tenants aren't even in the front door and they are already worried.

Also, make sure you crunch the numbers to make sure the investment will pay off, and consider speaking to your accountant to ensure you understand exactly what is tax-deductible, as this may inform your reno choices.

3. Add a unique selling point

Have a look at the rental listings in the area.

How many have alfresco entertainment spaces, ducted air conditioning, or solar panels?

It's well worth considering adding something to the property that will make it stand out from the rest, allowing you to justify why it is a little more expensive to rent than similar nearby properties.

What you choose to add will depend on the location and your target tenant of course, but remember that by improving what you've got to offer you could actually begin to attract a whole new demographic – one that has more spare cash to splash on rent.

For example, professional couples likely crave an outdoor dining space, families will be impressed by a secure yard with safe, flat surfaces for the kids to play in, and eco-lovers will be drawn in by sustainable-power options.

But remember, whilst it's important to have a unique selling point to set your property apart from the others on the market, it needs to be a "desired unique feature" not a "quirky feature" that may rule out a number of potential tenants.

Because no one wants an outdoor toilet, no matter how quintessentially Australian it may be!

Increasing rental yields – rent review

1. The 'little and often' method

The 'little and often' method to increase rent (every six or 12 months) used to be the most successful way to hang on to good tenants and keep your rental returns increasing.

The thinking used to be that each of these small, incremental increases will be affordable for your tenants, meaning they'll be less likely to jump ship and leave you with a vacant property that'll cost you money to maintain while you find new tenants.

But since the COVID pandemic, things have changed a little.

Of course, any vacancy has an immediate impact on your rental return, but post-COVID it's really become about the maths, market, and legislation.

Now, in most states rents can only be increased once per year.

And in a market where rents are only just now recovering, it may be better to delay a rent increase slightly before locking in the rent for 12 months.

Just think, $10.00 per week for a year is $520.00 per annum, and $15.00 per week served 12 weeks later equates to $600.00 in that same time period.

And it's no longer just a case of hiking the rental rate whenever you see fit.

Timing is particularly important in states where market evidence is required to support a rental increase. For example, if the property is desirable because of school zoning, it may be advantageous to time a rental increase in line with seasonal market peaks.

And don't forget you can use property improvements to support your rent increase.

It's possible to increase your rent and retain your tenant through carefully selected improvements and this is where your property manager's relationship with your tenant is so vitally important.

For example, if you have a great tenant but they are looking to move (and pay more) as they really can't do another summer without air conditioning, then why not look at putting in an air conditioning unit and negotiating a higher rent at the same time?

And it doesn't even have to be a big-ticket item; sometimes a larger clothesline for a growing family or shade sail over the rear deck will do the trick.

Other options that can improve your rental yield

Obviously, home improvements and rent reviews are the two go-to ways of securing a rent increase on your investment property, but there are also a couple of other options to help improve your yield.

1. Consider allowing pets

While laws in some states now make it illegal to discriminate against tenants who own a pet, many landlords still prefer their investment properties to be occupied strictly by humans only.

If you're willing to allow pets at your property, your goodwill could see you rake in extra rent from a grateful animal owner.

Most tenants with pets will apply armed with references from previous landlords, so you'll know they are responsible when it comes to limiting the damage their pets cause to the property.

You may even be able to insert a clause into the lease covering damage done by pets or ask for a slightly larger bond amount just in case.

2. Audit your property manager

Property managers play a huge role in the success of your rental portfolio, from how they handle repair requests from tenants to giving good advice on when to increase the rent.

If you find your tenants fleeing when their lease is up, it could be the bad customer service they're receiving, not the rent, that's sending them packing.

Many tenants are willing to pay a few dollars a week more for a property manager who attends to issues promptly and communicates effectively with them, so it may be time to assess whether the one you've employed is giving you the best chance possible of charging premium rent. YIP