



# SETTING THE PRICE



The drivers of rent increases in Victoria's private rental market

## **CPRC**

The Consumer Policy Research Centre (CPRC) is an independent, Not-for-profit, consumer think-tank. CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

## **Tenants Victoria**

Tenants Victoria is the peak body for Victorian renters. The work we do is underpinned by our vision for safe, secure and affordable homes for Victorian renters in a fair housing system. We provide free support to renters via our legal, financial counselling, social work, community education and outreach services.

## **Acknowledgements**

**Report author:** Sarah Panckridge

## **Statement of Recognition**

CPRC acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

Published by Consumer Policy Research Centre

## **Suggested citation:**

Consumer Policy Research Centre and Tenants Victoria, *Setting the Price*, September 2025

**[cprc.org.au](http://cprc.org.au)**

# Table of Contents

<b>Introduction</b>	<b>4</b>
<b>Key findings</b>	<b>5</b>
<b>Summary of recommendations</b>	<b>9</b>
<b>Methodology</b>	<b>10</b>
<b>Rental provider and property manager experience with increasing rent at the point of sale</b>	<b>12</b>
<b>Property manager training &amp; practice</b>	<b>28</b>
<b>Resources used by rental providers</b>	<b>31</b>
<b>Rental provider perceptions of the Victorian private rental market and their role</b>	<b>35</b>
<b>Recommendations: Ideas for fairer pricing approaches in the private rental market</b>	<b>40</b>
<b>Appendix 1 - Who did we speak to?</b>	<b>44</b>
<b>Endnotes</b>	<b>47</b>

# Introduction

**Secure, safe and affordable housing is the basis for participation in education, employment and community. A growing number of people in Victoria rent their homes and are experiencing the pressure of increasing renting costs. More people are renting for longer periods of their life - nearly 30% of Victorian households were renters in 2021, compared to 25% of Victorian households in 2001.<sup>1</sup>**

Reduced Government investment in public housing over time, population increase and shrinking household size are some of the factors that have led to insufficient supply and high demand in Victoria's private rental market. Recent data indicates a low vacancy rate of approximately 2% across Victoria.<sup>2</sup> In 2024, the typical Victorian rental property is 'moderately unaffordable', especially for people in receipt of government income support.<sup>3</sup>

Rising costs of new rentals, as well as rent increases while in a property are putting a substantial number of Victorians at risk of financial insecurity and, in some cases, homelessness. Recent data reported by the Victorian Commissioner for Residential Tenancies shows that 58% of renting Victorian households received a notice to increase rent in the 12 months to September 2023, up from 30% in the year prior.<sup>4</sup>

Victorian regulations mean rent can only legally be increased if the rental agreement allows for it, once every 12 months (prior to 2019, rent could be increased every six months). There is no limit on how much increase can be applied, however, renters can seek a rent assessment from Consumer Affairs Victoria (CAV) about whether or not the rent increase is excessive. Many renters do not use this process but accept the rent increase or make a decision to end their lease.

A range of methods are used by property managers and rental providers to calculate the proposed rental increase (based on the CPI, a fixed percentage, a Comparative Market Assessment (CMA), or a fixed dollar amount, for example). Practices and transparency to the renter about the method varies considerably.

Rental bond data provides a method for identifying trends in rent increases for new tenancies, however there is no clear method or data source to explore the extent of rent increases within tenancies, nor research on the reasoning used to justify rent increases and the preferred methods applied in doing so among rental providers. Understanding the assumptions, expectations, knowledge, pressures and motivations of rental providers is critical to developing policies and regulatory frameworks that support a sustainable rental sector.

This research, led by Consumer Policy Research Centre (CPRC), in partnership with Tenants Victoria and funded by Consumer Affairs Victoria (CAV), identifies factors currently affecting the price-setting practices of rental providers (also known as landlords) and property managers (also known as real estate agents who manage rental properties) in the private rental market across Victoria.

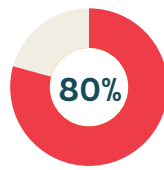
This report highlights findings from interviews with Victorian rental providers, property managers and real estate industry representatives, as well as a mystery shopping exercise of real estate agencies across Victoria.

The research found a lack of consistency in methods for calculating and scheduling rent increases during a tenancy, but all methods were predominantly focussed on responding to generalised cost increases to rental providers. While these methods are often based on assessments of similar properties on the market, greater certainty and consideration of the impact on renters is needed. Establishing a 'fairness formula' that provides predictability for people who rent alongside reasonable costs faced by rental providers, would represent sophisticated reform for the rental sector.



# Key findings

## Increasing the rent – what's happening now



of rental providers raised rents in the past 2 years, averaging 17% per week.



## Why rents are going up



**2 in 3** raise rent to cover costs.



**2 in 5** follow market rates.



## Considering the renter's position

Only **1 in 3** strongly consider renter wellbeing when raising rent.



## Keeping 'good' renters



Some avoid increases to keep reliable renters.



Definitions of 'good' renters vary.

## The media effect

Media coverage of the crisis spurred rent hikes, especially post-COVID.



## Regulations & taxes

Often seen as burdens.

Few link them to renter safety or wellbeing.



## Assumptions about renters

Many rental providers make personal assumptions about renter finances.



## Drivers for becoming a rental provider

Mostly investment-driven; some inherited or rent to family.



## Property managers & pricing

No standard formula — most use Comparative Market Assessments.

## Role of property managers



Can educate landlords on laws and safety rules.



Self-managing landlords often lack a clear go-to for legal advice and resources to help them with their obligations.



Some property managers want more training on laws, dispute resolution, and managing expectations.

# Increasing the rent – what’s happening now?

## **Four out of five rental providers we interviewed had increased rent for their rental property**

Where a percentage increase was able to be determined, on average interviewed rental providers had increased weekly rents by 17% within the last two years. Most rental providers interviewed apply rent increases to their properties every 1-2 years. A third of interviewed rental providers indicated they would consider a rent increase when one renter leaves and a lease is commenced with new renters.

## **Rental providers consider multiple factors relating to their own costs and financial position, in increasing rent**

Two thirds of rental providers interviewed reported they have increased rent to cover increasing costs associated with their property, including land tax and home maintenance. Two fifths considered market rates. Property managers noted that most rental providers they work with have invested in property to increase personal wealth.

## **A third of rental providers consider the impact on renters when setting rent prices, not just their own costs**

In talking to rental providers about their feelings on increasing rents, we observed that rental providers fell into roughly three equal groups:

1. People with high or a lot of discomfort about the impact of rent increases on renters i.e. requiring strong consideration for renter wellbeing and eliciting some levels of discomfort (reported at a much higher rate among rental providers with a property manager)
2. People with some discomfort or concern about the impact of rent increases on renters i.e. a part of business and necessary to cover costs associated with the property, with varying degrees of consideration for renters
3. People who did not consider the impact of rent increases on renters i.e. limited mention of renter wellbeing (reported more widely among the self-managed rental provider cohort)

## **Rental providers are motivated to keep ‘good’ renters while maximising their income**

Some rental providers have chosen not to increase rent, or expressed hesitation to do so, as their priority is keeping a ‘good’ renter. Some rental providers take a broad view that a ‘good’ renter is someone who pays rent on time and looks after the property; others have an extremely narrow view of a ‘good’ renter, choosing to rent to a very select part of the market (e.g., only doctors).

## **Media coverage of the Victorian rental crisis may have led to increased rents**

Property managers and real estate industry representatives pointed to media reporting of the rental crisis as a factor that heightened the problem of rent increases by prompting rental providers to seek a rent increase on their rental property, especially from 2021-2023 following COVID-19.

## **Regulations and taxes are viewed by rental providers as burdens, not as levers for social good**

Rental providers raised many concerns about new renting reforms and land tax increases. In these discussions, the focus was on additional costs created and compliance challenges. Few rental providers connected new regulations to safety or quality of life benefits for people who rent or to property improvement and maintenance, indicating more work is needed to demonstrate the benefits and importance of reforms to this group.

## **Many rental providers make assumptions about renters’ financial situation**

Rental provider assumptions about renters’ financial situations and capacity to afford increases to rent was prominent. A considerable number of rental providers expressed paternalistic attitudes about personal information they had gathered and assumed about renters.

## Motivations for becoming a rental provider were overwhelmingly for investment purposes

While motivations among rental providers included tax advantages through negative gearing and a desire to 'diversify wealth' and avoid reliance on superannuation as retirement income, the research found a variety of circumstances among rental providers likely to influence their decision-making. A small number of rental providers cited cost of living concerns as prompting them to become rental providers: one noted it was cheaper for them to move to a private rental and lease out their property while another made the decision to obtain renters while they continued to live in the same property, to make their mortgage repayments more affordable. Very few rental providers said capital gains tax motivated them to enter the rental market.

Several rental providers inherited their property or are looking after a property on behalf of parents or other family members. Other motivations included housing security, a change of circumstances, and one instance in which the rental provider purchased a property for their adult child to rent, as they do not foresee their child being able to purchase a property on their own.



# Managing expectations

## Property managers did not have a consistent approach to calculate recommended rent increases

There is no consistent approach to calculating rent increases among property managers, however the broad mechanism through which property managers recommend a specific rent increase is according to the price of rent reflected in the market, determined through a Comparative Market Assessment (CMA). This can create a system of self-perpetuating rent increases, particularly in small markets, as rental providers increase rent because they see rent being increased for other properties in the area.

## Property managers can play an important role in educating rental providers about regulations and legal requirements

Property managers contacted via the mystery shop raised regulatory requirements as important. Several property managers referenced the need for rental providers to stay on top of their legislative obligations for renter safety.

Self-managed rental providers do not have a consistent place they turn to for clear advice about regulations and laws.

## Property managers could benefit from further training

Property managers recognise that they work for the rental provider but also that sometimes rental providers' expectations of the financial return are unrealistic – for instance expecting the rent to cover their mortgage, when the rent instead should be a fair price for the property.

Along with continued or enhanced training about current renting laws, regulations and dispute resolution processes, some property managers mentioned that they could also benefit from training about managing expectations, dealing with stressful situations and negotiation skills.





# Summary of recommendations



## Enhance rental regulations

1. Reforms are needed to set fair limits and add stronger protections against excessive rent increases. The Victorian Government should work with peak rental sector bodies and housing research organisations to develop a rent increase fairness formula focussed on transparent, consistent and fair approaches to increasing rent.
2. The Victorian Government should explore how public policy can better incentivise and support rental providers who undertake good practices that benefit people who rent, such as considering the impact of increasing rent on renters.



## Training and education for rental providers and property managers

3. Consumer Affairs Victoria (CAV) should partner with real estate peaks and rental provider organisations to ensure more consistent, accurate and high-quality education for all rental providers, focusing on self-managed rental providers.
4. The Victorian Government should invest in initiatives to better identify, communicate with and understand rental providers in Victoria, especially self-managed rental providers. This will allow all players in the rental system to better understand the varied practices of rental providers and for regulators to identify and incentivise good practice.
5. Acknowledging the Victorian Government's commitment to implementing mandatory training and continuing professional development for property managers, include regular training on the carefully developed transparent, consistent and fair approaches to increasing rent [see Recommendation 1].



## General sector improvements

6. The Victorian Civil and Administrative Tribunal (VCAT) should commit to public, transparent reporting on service trends and data through Rental Dispute Resolution Victoria (RDRV).
7. Consumer Affairs Victoria (CAV) should publicly release high level trend data on its excessive rent increase investigations and work to releasing more data in time to help all parties with a role in creating a better rental market to understand trends and problems in the market.
8. All mortgage lenders should take into account an applicant's capacity to pay for maintenance, repairs and other associated fees when assessing a person's suitability for a home loan for investment purposes.

# Methodology

## Literature review

CPRC and Tenants Victoria undertook a literature review of existing research relating to industry pricing practices in the private rental market. Materials were collected from academic, government, industry and not-for-profit sources. The literature review scoped information on the potential policy and economic drivers at play in the Victorian rental market, as well as technology and digital tools used by the real estate industry for price setting.

Literature suggests the key drivers behind rent increases are the state-wide low vacancy rate (insufficient supply paired with high demand), broader post-pandemic inflation rates and cost of living, and housing market trends driving more expensive prices. Research investigating the specific drivers of rent increases, how they emerge, and the mechanisms behind rent price-setting practices in Australia has been largely inconclusive to date (see *Literature Review: Drivers behind rent increases* for the literature review findings in full).

## Interviews with rental providers, property managers and real estate industry representatives

Interviews were conducted with 30 rental providers (also known as landlords), 10 property managers (also known as real estate agents) and three real estate industry representatives.

All rental provider interviews were conducted by CPRC while all property manager and real estate industry representative interviews were conducted by Tenants Victoria research staff.

All rental provider and property manager interview participants were recruited through an external accredited panel provider. Real estate industry representative interview participants were sourced through Tenants Victoria's industry contacts.

The research study focused on recruiting a mix of participants of varied ages, genders, geographic regions within Victoria and experience levels as property managers and rental providers.

The rental provider sample sought to include a mix of rental providers who self-manage their properties and rental providers who employ a property manager to assist with the management of their property. To qualify for participation, rental providers needed to live in Victoria and own a property they are currently renting out in Victoria.

All property managers who participated in interviews managed private rental properties in Victoria, or had previously within the last 24 months. Any property managers currently involved in a dispute where the renter was receiving support from Tenants Victoria were disqualified from participation, owing to conflict of interest.

All interviews were conducted via online video call or over the phone in January and February 2025. Interviews with rental providers were up to 30 minutes long and interviews with property managers and real estate industry representatives were up to 60 minutes long.

All participants were required to consent to research participation and all participation was voluntary. Participants across both samples were aged 18 or over.

## Mystery shopping with real estate agencies

Conducted by CPRC, the mystery shop explored advice provided by property managers to rental providers seeking to advertise their property for rent.

The mystery shop involved two 'mystery rental providers' contacting a combination of 25 independently owned and franchisee real estate agencies via email. Following this first point of contact, follow-up phone calls were made to five agencies, which were selected based on email responses. The research design applied stratified sampling (a process used to obtain a sample from a population) to select agencies for inclusion in the mystery shop. Ethical considerations and risks were accounted for in the research design, with steps taken to ensure no individuals or real estate agencies would be named in research outputs.

Five homeowners consented to the use of five properties from metro and regional Victoria in the mystery shop as reference points for the prospective rental properties. Only the suburb was named in the email enquiry while the street name of the property was identified if prompted during the phone call. The same 'mystery rental provider' scenario was applied across all properties.

The 'mystery rental providers' sought information on the type of costs required to put their property up for rent, including advice on rent price setting and future rent increases. This is the process property managers would go through when advising rental providers on managing maintenance and property repairs.

Data collection was completed within one week from late March to early April 2025.

## Research limitations

This research piece was broadly qualitative, hence the small sample sizes. The findings in this report illustrate some of the issues, attitudes and perspectives of rental providers and property managers in relation to price setting and increasing practices. The report provides important insights but may not represent all experiences across these cohorts.

Best endeavours have been used to identify rental providers in this research that are representative of rental providers more broadly in Victoria, with recruitment targeting a mix of people who self-manage their property and those that use property managers. Currently there is no publicly available data set that allows researchers or other parties to fully understand who is a rental provider offering a property for rent in Victoria. For clarity, this research has excluded people who offer a property for rent in Victoria but themselves live in another part of Australia or overseas. Additional dedicated research is required to better understand these “remote rental providers.” While the research data relates to the Victorian rental market, many findings could be extrapolated to the national rental market. Noting that different legislative settings exist across Australian jurisdictions, there would be great value in expanding this research to other geographical areas.

See ‘Appendix 1. Who did we speak to?’ at the end of this report for more detailed information regarding our methodology.

The following sections provide findings from the research in detail.







# Rental provider and property manager experience with increasing rent



# Rate and frequency of increasing rent

**Four out of five rental providers had increased the rent during the lease period**, including all but one rental provider with a property manager and all but three self-managed rental providers.

**When reflecting on their most recent rent increase, on average, rental providers increased rent by \$48 per week** (with the minimum amount being \$7 and the maximum amount being \$150).

**Where a percentage increase was able to be determined, on average rental providers increased rent by 17% per week** (with 3% being the minimum increase and 52% being the maximum). In contrast, CPI increased by 2.4% in the last year.<sup>5</sup>

Rental provider responses regarding the frequency with which they increase the rent for their property(s) suggests the majority of rental providers increase rent every 1-2 years.

When asked when they last increased the rent for their property(s), the vast majority of rental providers recalled applying a rent increase in the last 12 months (see Figure 4). Several rental providers commented that they consider it fair to increase the rent after 12 months.

One third of rental providers commented that they generally increase the rent at the time they renew a lease contract or when a renter leaves. Three in ten stated that they increase the rent infrequently, on an ad-hoc basis.

**The rental providers we interviewed are increasing rent every 1-2 years, with renter turnover influencing a third of rental providers' decision-making with respect to the timing of applying an increase.**

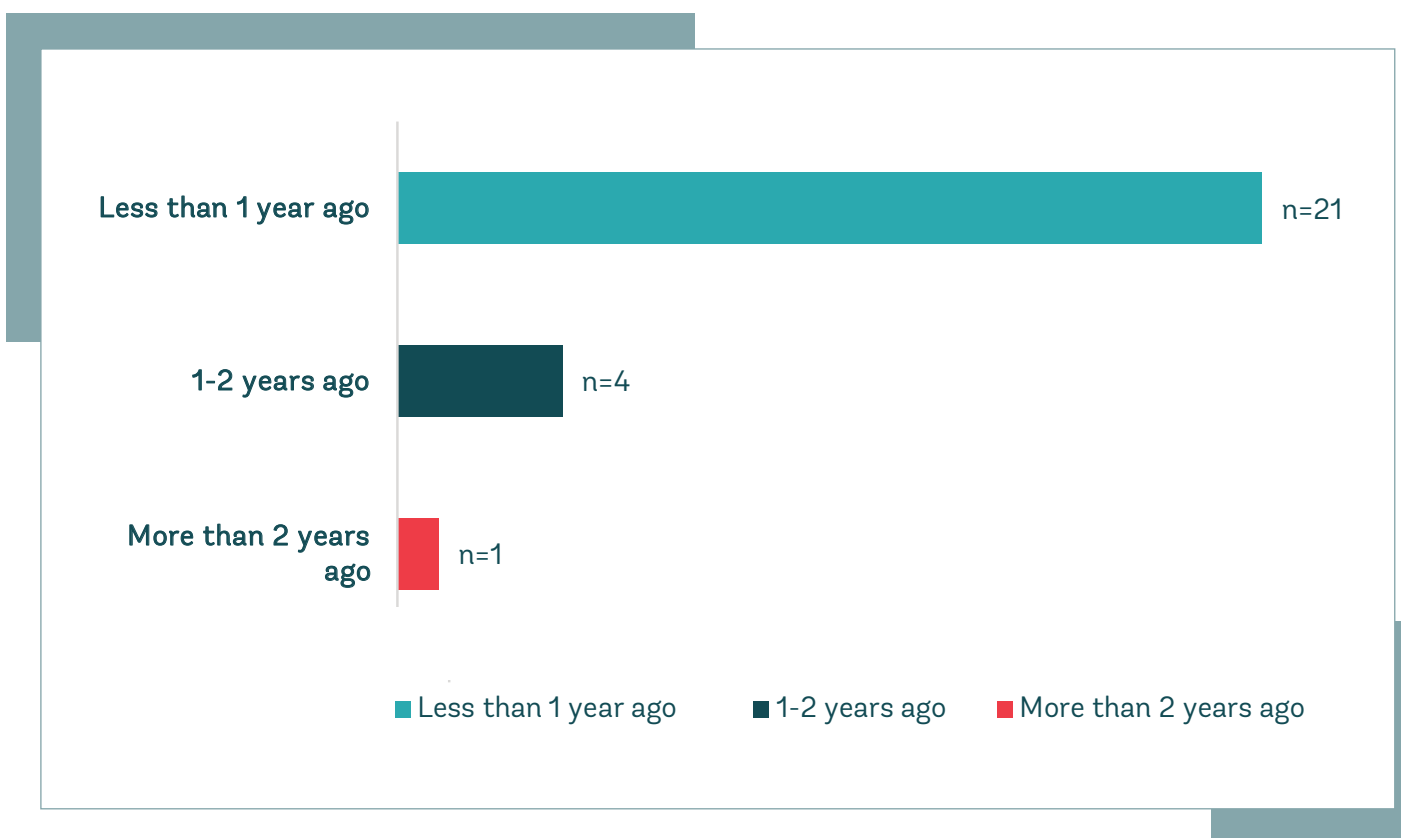


Figure 1. Rental provider indications of when they last increased the rent for their property<sup>6</sup>

# Factors influencing decision to increase the rent

Rental providers gave multiple reasons that influenced their decision to increase the rent, indicating there are multiple factors at play driving rental providers to increase the rent.

**The main reason rental providers stated that they increased rent was to cover growing costs relating to their property including maintenance, followed by a desire to 'keep up' with market rent.** Property manager interview participants generally considered that most rental providers have a desire to make as much money from renting out their property as possible, and cited the influence of media and a lack of supply as driving rent increases.

Among the five out of 30 rental providers who had not increased the rent for their property, this was typically due to a desire to retain 'good' renters, feelings of concern towards renters' financial situation, or only having been a rental provider for one or two years. In one instance, the rental provider made an agreement with the renter that they would not increase the rent as the renter paid for the installation of solar panels at the property.

“

*Our rents weren't up there in value...they weren't...what they should be. Land tax has gone up...rates, insurance, etc., so unfortunately that's then had a flow on effect that we've had to put our rents up.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*The increase in expenses and also trying to make a little bit more profit.*

SELF-MANAGED RENTAL PROVIDER

## Raising rent to cover rental provider costs associated with rental properties

Two thirds of rental providers interviewed who have increased the rent did so to help cover increasing costs relating to their property, including home maintenance. This finding was more prominent among self-managed rental providers and suggests some rental providers expect rental income to cover the entirety of their investment costs.

Increasing costs frequently cited by rental providers in no particular order included:



land tax

rental provider insurance

body corporate fees

council rates

mortgage repayments impacted by high interest rates

safety certificates, and

maintenance including renovations to improve the quality of the home.

“

*I have a lot of rental providers who for years didn't put up rent, because they liked their renters. I've found now they are putting it up, even if they don't want to. Some renters have had it really good.*

PROPERTY MANAGER (INTERVIEW)

## Increasing rent to keep up with market rates

**Two in five rental providers who increased the rent did so to keep the price of the property on par with other comparable properties in the market.** More rental providers with a property manager cited this reason compared to self-managed rental providers, indicating that property manager advice on market rent is an important factor when setting prices.

**Rental providers who increased rent to keep up with the market frequently did so every 12 months, and at the time a lease was renewed.** Commentary from some rental providers and one real estate industry representative suggests legislative reform restricting rental providers to increasing rent no more than every 12 months has made some rental providers savvy and more concerned about missing the opportunity to increase rent.

As well as utilising advice from property managers, market rate was determined largely by browsing online real estate websites such as realestate.com.au. In instances where similar properties in the area were advertised at a higher rent, rental providers used this information to justify a rent increase as keeping in line with market rate and as something that was still fair for the renters.

“

*I've been raising the rent as the market moves, I've been doing it very comfortably... basically there's no choice because government chooses to rob me.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

There was commentary among some rental providers that they are happy to increase rent to an amount below what they consider to be market rate, as they like the renter. These rental providers felt the proportion with which they increased the rent was justified and fair.

**The property manager and industry sample also indicated that supply and demand pressures** continue to impact the nature of rent increases in particular areas across Victoria, as rental providers can increase rents because renters have less options to find cheaper rent elsewhere.

**Property managers also suggested some rental providers have recently increased the rent as they are attempting to recuperate losses incurred during the COVID-19 pandemic.**

“

*You want to get the top listing to make the rental provider happy because they want to maximise their income. And in a lot of the cases we end up being able to rent it, so it sets a new precedent and then this just continues up and up.*

PROPERTY MANAGER (INTERVIEW)





## Rental providers are motivated to keep 'good' renters while maximising their income

Many rental providers with property managers and self-managed rental providers interviewed were keen to strike a balance between keeping 'good' renters, and ensuring the rent for their property keeps up with the market.

Several property managers involved in the mystery shop advised the 'mystery rental providers' that raising rent may risk 'good renters' leaving. Some rental providers have chosen not to increase rent, or expressed hesitation to do so, as their priority is keeping a 'good' renter.

Descriptions of 'good' renters included people who pay their rent on time and who 'won't destroy a house'. However, some rental providers interviewed had extremely specific views about what makes a 'good' renter. One rental provider commented that they like to get resident doctors renting their property, as doctors are not at home frequently and their employer pays the rent. High turnover of these resident doctors means that rent can be increased annually without risk of losing a 'good' renter. This rental provider also prefers doctors as renters as they feel the house does not result in the same 'wear and tear' that would occur if the renters were a young family.

One property manager involved in the mystery shop suggested a 'good renter' is someone with no pets, advising the 'mystery rental provider' of legislative changes surrounding pets but stating that they can 'keep in mind' if no pets are desirable in the renter selection process.

Several property managers in the mystery shop sample commented on renter selection. One property manager stated that marketing the property is a major part of securing the right renter. This property manager noted that they must abide by regulations prohibiting discrimination and not discourage anyone from applying, even if they assess the person as an 'unsuitable renter'. Another property manager suggested that they would only choose a renter to lease the rental provider's property if they deemed them suitable. One property manager involved in the mystery shop mentioned checking renters' credit reports and social media to aid in their suitability assessment.

High demand in the rental market has led to some rental providers being choosier in their selection of 'good' renters.

“

*I think you can be fussier as to who to take in.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*You try to be as reasonable as you can, not be too greedy or raise rents. Renters treat your place well and it's a win/win for everyone.*

SELF-MANAGED RENTAL PROVIDER

“

*If the renters are really good, the owners might choose not to increase.*

PROPERTY MANAGER (INTERVIEW)

“

*Some rental providers elect to rent privately to avoid the advice of property managers and to realise their view that it's their house. These rental providers may favour renting to desperate renters new to Australia.*

PROPERTY MANAGER (INTERVIEW)





## According to property managers, most rental providers are motivated to increase rent to generate income and personal wealth

One in six rental providers who increased the rent did so to generate income and build their own personal wealth. In some instances, rental providers increased the rent to address their own family's cost of living concerns. This included for the purpose of paying for a family member's healthcare or aged care, as well as the rental provider's retirement. One rental provider specified that they increased rent so their property would be 'self-sufficient' in balancing outgoing costs and generating income. Another rental provider with multiple investment properties stated that they sell one of their properties whenever they 'run out of money'.

“

*Mum's got Alzheimer's and we use the units to basically fund her care.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*We are close to retirement and I am doing the sums constantly and the rents are going to be our retirement money.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*The rental providers started putting the rent up because of the land tax. They had no choice. A lot of them are retired and their income comes from the rental property. A lot of them are saying enough is enough.*

PROPERTY MANAGER (INTERVIEW)

## Media coverage of the Victorian rental crisis may have led to increased rents

Many property managers pointed to media reporting of the rental crisis as a factor that heightened the rental crisis factoring into the frequency and rate in which rental providers increased the rent. This seemed to be especially the case from 2021-2023. Property managers in this study felt that the more the rental crisis was featured in Victorian media headlines, the more rental providers approached them to see if they could put up the rent as they believed this is what they should be doing and they did not want to 'miss out'.

Real estate industry representatives also pointed to the media as fuelling rising market rates:

“

*The rent increases have to be aligned to market but it was a market wide situation where all the values went up post-COVID. What fuelled it was the media coverage. Every day there was an article... it lead investors to call up and say, hey, 'let's put my rent up', it was a snowball effect.”*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*I do think that renters are almost conditioned that renting in Victoria is tough. It's not a good thing, it doesn't make it right. But it is how it is here in Victoria.”*

REAL ESTATE INDUSTRY REPRESENTATIVE



# Rental provider attitudes about rent increasing

In talking to rental providers about their feelings about increasing rents, we observed that rental providers fell into roughly three equal groups:

1. People with a high or a lot of discomfort about the impact of rent increases on renters i.e. requiring strong consideration for renter wellbeing, and eliciting some levels of discomfort (reported at a much higher rate among rental providers with a property manager)
2. People with some discomfort or concern about the impact of rent increases on renters i.e. a part of business and necessary to cover costs associated with the property, with varying degrees of consideration for renters
3. People who did not consider the impact of rent increases on renters i.e. limited mention of renter wellbeing (reported more widely among the self-managed rental provider cohort)

## A third of rental providers feel minimal discomfort increasing rent

While the majority of interviewed rental providers expressed varying degrees of concern for the people renting their property, about a third of the rental providers we interviewed reported feeling no or very minimal discomfort raising rent. The majority in this cohort reported feeling the rent increases they applied were fair. Some stated that they consider themselves 'good' rental providers as they keep up with maintenance and check in on renters. Others focused primarily on their costs and financial outcomes, not mentioning the impact on renters.

“

*I have no bad feelings at all...knowing that it is still very much under market.*

SELF-MANAGED RENTAL PROVIDER

“

*I had no problems because my expenses keep going up and I did make improvements to the house.*

SELF-MANAGED RENTAL PROVIDER

“

*I don't feel uncomfortable about it at all, probably because there's three people in there. We also take care of the pool and the lawns. We're good rental providers and organise to get things fixed straight away.*

RENTAL PROVIDER WHO IDENTIFIES AS SELF-MANAGING & UTILISING A PROPERTY MANAGER

## A third of rental providers see raising rent as a necessary cost of business

Commentary from rental providers who indicated that increasing rent is necessary to cover their own costs revealed mixed feelings, as most expressed consideration for the renter's situation but were content with increasing the rent based on their own financial situation. One rental provider stated that raising rent is necessary in current economic conditions to cover their own costs, but found it 'distressing' that the last rent increase recommended by their property manager was 15%.

“

*It's a responsibility that you exercise in a balanced way. Getting a fair and reasonable return on the property without being overly demanding of the renter.*

SELF-MANAGED RENTAL PROVIDER

“

*We feel bad that we have to put the rent up, but we have to think of ourselves in the end. We've kind of been too kind and we've missed out... we blame our property manager because they should have been onto it a bit more. No doubt they will be ringing up asking for repairs now that we have put the rent up.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I feel neither happy or sad... (I'd) probably like to raise it even more but I just want to be realistic, I don't want to be too greedy... fair to me, fair to them, it's like a balance.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

## A third of rental providers strongly consider the impact on the renter when increasing rent

Rental providers who commented on their feelings towards increasing rent with strong consideration for the renter's financial situation and wellbeing, suggested the renter is at the forefront of their decision making when considering whether to increase rent, and how much to increase rent by. However, a proportion of this cohort still cited that raising rent is a necessity to account for their own costs. By way of example, one rental provider stated that they feel conflicted about raising rent and they consider it unfair that some rental providers pass on interest rate increases to renters, yet are considering passing on the cost they've incurred from land tax to the renters. This shows that at least part of the market is already considering their own costs as well as renter impacts when setting rental prices.



“

*We follow the Golden Rule - do onto others as you would have them do onto you. We try to put ourselves in the place of the renter - how would we feel, what could we afford?*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I felt okay, I put a lot of consideration into it to make sure that I was comfortable with what I was asking.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I felt very guilty but I only put it up once or twice and they were small amounts... I did feel guilty asking from the latest renter... I've never rented a property before so to me it seems like a lot of money to pay.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I don't like raising rents because I understand people who rent can't afford their own home. It is necessary because the costs of maintaining our property... it comes from necessity.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I feel a bit conflicted. I don't know if it's because we're in a regional town as you know the renters. I've always been aware of their circumstances... I'm very conscious of if I raise the rent what that could mean to them... I try to work out a balance of what's fair to both of us.*

SELF-MANAGED RENTAL PROVIDER

“

*The family that's there, I haven't increased the rent because I don't know what situation they would be in. It's way too small for them, a 1 bedroom unit.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*We had a family with a single dad and kids with some special needs and he said he really couldn't afford the increase. I spoke to the rental provider, and they said yep, okay. I thought... wow I wish I had more rental providers like that, you know.*

PROPERTY MANAGER (INTERVIEW)



## Many rental providers make assumptions about renters' financial situation

Many rental providers we interviewed made assumptions about renters' financial situations and capacity to afford increases to rent. A considerable number of rental providers expressed paternalistic attitudes about personal information they had gathered and assumed about renters. One rental provider who self-manages their property explained that they knew the renter was 'doing it tough' but also felt the renter was getting a reasonably good deal. The rental provider commented that they felt the increase to rent was fair as they knew the renter didn't have any other expenses and their pension was covering the rent.

“

*You know a lot about their situation, where they're all working... what a couple have got, you know, two incomes coming in. So I would be surprised if they did leave because I know the situation around here, it would be difficult for them to find something and getting up and leaving a house that you've been inside for 20 years is very hard isn't it?*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I feel a bit bad... my current renters... it's a share house so I don't feel too bad that like there's three of them that it's not a family unit that you know, the increase might really affect them because it's three wages. I generally feel like I'm happy to have my rent in line with other properties in the area.*

SELF-MANAGED RENTAL PROVIDER

“

*You sort of feel a bit hesitant but then you think you work it out, it's \$20 a week, \$80 a month... it doesn't seem substantial. You look at their incomes too... they've got full time jobs and I don't think it'll be a big onus on them.*

SELF-MANAGED RENTAL PROVIDER

“

*I didn't have any guilt because my costs have increased and also they were new people whereas my previous renter, she was young, starting out, she was great, there was no hassle for me so it wasn't worth the extra money (to increase rent).*

RENTAL PROVIDER WITH A PROPERTY MANAGER





# Who initiates the decision to increase rent?

The majority of rental providers with a property manager commented that their property manager initiates increasing the rent (n=10). Less than one third (n=5) of rental providers with a property manager initiate themselves while a smaller proportion (n=3) indicated the initiative is equal (see Figure 2).

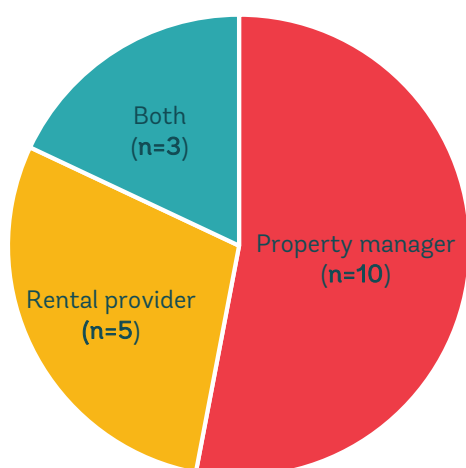


Figure 2. Perspectives from rental providers' who use a property manager regarding who initiates increasing the rent

Some rental providers who reported their property manager initiates increasing the rent for their property indicated they were strongly guided by their property manager. These rental providers stated that their property manager usually suggests a rent increase when the lease is renewed, or when the property manager sends the rental provider a Comparative Market Assessment (CMA), typically every 12 months. Several rental providers reported that their property manager advises they increase rent at a higher rate if their property is incurring additional costs. Findings suggest rental providers generally accept their property manager's advice on the cost of rent increases, provided they consider it to be 'reasonable'.

“

*I don't touch it... that's what I pay them for so, you know, that's what they manage.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*We looked ourselves but it was the property manager who three months before the lease ends, she contacted us to see what we wanted to do... said if you want to proceed with a new contract, I can review... what I recommend is the increase... so we went with what she recommended... those renters moved out I think after the two year mark because... they thought the rent was too high and then when we got new renters, we advertised for a higher rate.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*It's always the property manager... every time they negotiated a new lease, they hit me with another \$100 fee or something so... they seem to always win out of the rental increases with extra fees for negotiation.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

Among rental providers who utilise a property manager but drove the initiative to increase rent themselves, making the decision was described as a personal choice, or in response to the rental provider believing their property was priced below market value. Multiple rental providers also expressed annoyance at their property manager for not suggesting a rent increase proactively.

“

*I will ask the property manager every time we go for the six-month inspection, I just say, how are we going with the rent? Do you think we can raise it in the next year?*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*They've (the renters) gone years without a rent increase and, you know, that was a little bit the real estate's fault and a little bit our fault... so we're kind of a bit dirty on the whole situation. Obviously we could have had a bit more money.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

Property managers recognised that they ‘work for the rental provider’ but also that sometimes rental providers’ expectations of the financial return are unrealistic – for instance expecting the rent to cover their mortgage, when the rent instead should be a fair price for the property.

Property managers in larger firms felt they had more support and tools to provide a good service to rental providers while also getting the best outcomes for renters. While property managers could experience the stress of being in between rental provider expectations and renters’ desire for certainty and security, they also felt more justified in challenging unfair or unsupported expectations (such as extreme price increases) even if it meant losing the business of a rental provider.

“

*We’ve never had a CAV situation because we are usually quite reasonable with the increases and try to facilitate a compromise.*

PROPERTY MANAGER (INTERVIEW)

“

*However, we can’t push too hard. We are always reminded that we work for the rental provider.*

PROPERTY MANAGER (INTERVIEW)

“

*The job can be challenging because we don’t want to upset anyone at the end of the day.*

PROPERTY MANAGER (INTERVIEW)



# Property manager and rental provider process regarding the cost of rent increases

## Property manager processes

**There is no consistent approach to rent setting among property managers; however, the broad mechanism through which property managers increase rent is based on the price of rent reflected in an assessment of the market rate.** This can create a system of self-perpetuating rent increases, particularly in small markets, as rental providers increase rent because they see rent being increased for other properties in the area.

One property manager stated they will always suggest increasing the rent if comparable properties are priced higher while another indicated their agency always pushes for the highest rent rate for their rental providers. Nearly half of the property managers who provided some information in the mystery shop email enquiry spoke of their intention to maximise the rental provider's return on their investment, with one stating that annual rent reviews were important to ensure rental providers receive the optimum return.

“

***In the last 18 months we have been increasing rents quite aggressively because of what the market has been doing.***

PROPERTY MANAGER (MYSTERY SHOP)

Half of property managers who responded to an email enquiry in the mystery shop specifically mentioned undertaking a CMA to determine the cost of rent and rent increases, which was also referenced by many property manager interview participants. One property manager provided a CMA report to the 'mystery rental provider' as an example.

Factors underpinning the value of properties cited by the property manager mystery shop and interview participants when undertaking their market analysis included the features and amenities of a property, layout and condition of the property, vacancy rate, how old the property is, school zoning, storage, location and whether or not the property is furnished.

One property manager from a large agency from the mystery shop sample specified their review would look at comparable properties leased in the last six months to give them a good idea about current market trends.

This evident variation in the process undertaken to complete a CMA suggests applying an industry standard to the process could improve consistency of CMAs with regard to their use and outcome in determining the cost of rent increases.

The mystery shop revealed most property managers conduct regular, annual reviews of rent. A few property managers from both phases of the mystery shop indicated rent would be reviewed two months before the end of a 12-month lease agreement, when they would provide a suggestion as to what the rent should be increased to, or if it should be increased at all.

As a pitch to the 'mystery rental provider' to engage their services, one property manager stated that the agency is up to date with all rent reviews within its office. Two small metro agencies indicated they could advise on a strategy for reviewing and potentially increasing the rent after the first year. One property manager indicated the choice to increase rent also depends on timing, as there are peak periods (start and end of the year) where rental providers can generally expect to be able to set rents at a higher rate.

**Technology utilised by property manager interview participants included realestate.com.au, property data online, Pricerunner, Domain, Ignite and CoreLogic, indicating variation across the types of technology tools applied by property managers.** Only three property managers (across both metro and regional areas) in the mystery shop responded with any mention of technology utilised by their agencies in rent-setting and servicing of rental properties, which were generally vague comments about up-to-date technology and programs used to set and increase rent.



“

*I would come to the property in person, take some notes and do some research of similar houses around the area to work out the market value. Obviously it's your property and if you have a set figure in mind, I can set that.*

PROPERTY MANAGER (MYSTERY SHOP)

“

*There is no particular method. I just look at what other similar rents in the area are going for, look at garage, condition, dishwasher, age, etc.*

PROPERTY MANAGER (INTERVIEW)

“

*We see what other properties are renting out for in the area. Otherwise it'll be sitting there for weeks...*

PROPERTY MANAGER (INTERVIEW)

Property manager interview participants are aware of their responsibilities to provide advice to rental providers on regulations and will attempt to suggest fair, reasonable and achievable rent increase suggestions to rental providers. However, some rental providers ask for this to be waived or delayed while others push for greater increases citing rent increase trends in the media.

Where a property manager suggests a range the rental provider almost always **chooses the top of that range.**

“

*We recommend the amount, and the rental provider has the final decision. We give the owner a range. I can guarantee you that every time we give a range, let's say its 590-610, every time they'll go for the 610.*

PROPERTY MANAGER (INTERVIEW)

“

*We don't want people to think rental providers are always being greedy, sometimes there are properties with higher prices but it is justified based on amenities, whether it's a pool or a gym room. We want to make sure if we price things on the higher end that it is transparent why that price has been set.*

PROPERTY MANAGER (INTERVIEW)

“

*Rental providers often come to me with media articles about other areas and expect that we should bring up the rent to match what they're hearing.*

PROPERTY MANAGER (INTERVIEW)

“

*We want to give them the most comparable, but sometimes it just doesn't exist in the (regional) area. Little things like ducted heating or split systems, it all matters. It influences the price of the property.*

PROPERTY MANAGER (INTERVIEW)

Real estate industry representatives explained that larger real estate agencies have the economies of scale and learning to invest in good systems, training and be less reliant on a certain number of rental properties at a time. They can resist unreasonable demands from rental providers, even if it means they lose a small amount of business.

“

***There's absolutely investors out there that just always want more money and they get frustrated if we recommend against it. We have to educate them about the market data. If we bring a CMA report to an owner and they present us with an alternative, much higher increase, we say no, we aren't just going to put a rent up... we will only increase a rent if it can be justified.***

REAL ESTATE INDUSTRY REPRESENTATIVE

“

***Recently we had a junior property manager dealing with a rental provider who was really demanding to put rent up by a lot more than the market justified. The case was brought to me and I was quite blunt with him, I educated him that if we tried to implement the increase we would quite possibly get fined. So at the end of the day, just because an owner says it, doesn't mean we just fold.***

REAL ESTATE INDUSTRY REPRESENTATIVE

Property managers interviewed who use a formula, technology tool or other visible method of establishing a suitable annual rent increase stated that they had a stronger chance of having this figure accepted by both the rental provider and the renter. Some property managers facilitate a negotiation about the quantum of a rent increase, if the renter has been 'good', they will encourage a rental provider to consider negotiating. Property managers also extended this courtesy to renters affected by specific life circumstances, like a change in family make up (separation or if there has been family violence), or family context (e.g. single parent families including children with a disability). This research finding highlights how property managers' perceptions of renters' circumstances and whether they are a 'good' renter could influence individual rent increase setting practices.

“

***We do recommend sometimes that a rental provider hold off on an increase if the renter has been really good, we sometimes say just put it up a smaller amount.***

PROPERTY MANAGER (INTERVIEW)

Interviews with property managers revealed inconsistencies with the degree to which information on CMAs are supplied to renters. Some property managers noted that it was common practice to supply the CMA report/information on rental increase calculation to the renter with the rent increase notice. Others stated CMA's are only provided when renters specifically ask. One real estate industry representative stated that more transparency is needed to make renters aware of information about market rates that underpin rent increases.

Many property managers expressed strong consideration for renter wellbeing in the conduct of their work and decision-making broadly. This included a focus on renter dignity, respect and reasonableness.

“

***I sleep well at night knowing I don't bleed a renter dry.***

PROPERTY MANAGER (INTERVIEW)

“

***The renter deserves a clean, tidy, functioning home. They're paying good rent, they deserve that. I have clear standards for my owner clients to upkeep.***

PROPERTY MANAGER (INTERVIEW)

“

***It's important for us not to discriminate against renters because of a negative rental history. I like to take into consideration complications which may have caused them to break a lease.***

PROPERTY MANAGER (INTERVIEW)

Rental providers commented on the process their real estate property manager goes through:

“

*Are you happy to get someone in for 12 months? Do you want me to choose the renters? I think you should raise the rent “by X amount”.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I just went with what she felt, what she told me.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*She [property manager] has a job to know what the sort of (rent a) property will take... so I just go on her advice.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

## Rental provider processes when rent setting

Rental providers who undertake their own assessment to come up with the cost of a rent increase generally do so by comparing similar properties in the market to set their price. This involves scanning market rent in the area adjacent to their property/s on websites like realestate.com.au (including using the average rent feature), domain.com.au and in one instance Gumtree. These rental providers compare features of nearby properties such as the size and type of property, and its proximity to amenities and transport.

Some rental providers also set rent according to CPI and inflation, opting to increase rent in line with a set, percentage increase over time.

In instances where rental providers were advertising their property to new renters, several rental providers reported needing to lower the rent price listed as there was no interest from renters. This suggests that rental providers who undertake their own assessment of rent prices can miscalculate market conditions.

There were also less common methods for setting the cost of rent rises:

- The rental provider consulting their accountant to work out the maximum amount of rent they could legally increase to
- Using a calculator on CAV's website to determine the amount of the rent increase
- Choosing a price due to the rental provider having a specific dollar figure 'on their mind'

Three rental providers explained how they set the price of rent following advice from their property manager:

“

*(We) went for the higher value and see who bites. We were lucky with this guy, for family reasons, he was pretty desperate to get into the area for schools, so he took it. It was rented out within a couple of days.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*Whatever was the permissible amount is what the property manager put it up to... whatever is the allowable amount... whatever my property manager says...(it's) in her hands.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*We always keep in touch with our property manager to ascertain the financial position of our renter, whether they have any financial restrictions and can afford the rent... We always advise the property manager that this is negotiable, it's just what we request... just trying to cover our expenses.*

RENTAL PROVIDER WITH A PROPERTY MANAGER



# Disputing a rent increase

Property managers reported that while disputes about rent increases were uncommon, they can be an effective way to resolve unreasonable rent increases instigated by the rental provider.

“

*The renter has the right to dispute the increase – I’m very transparent.*

PROPERTY MANAGER (INTERVIEW)

**No rental providers interviewed have had a renter formally dispute a rent increase, however one in five indicated they have had a renter complain or question the cost of the increase.**

Scenarios discussed by rental providers who reported an instance of the renter complaining, included renters ‘moaning and groaning’ when presented with an increase, and renters stating that they were ‘not happy’. One rental provider acknowledged that the previous renter told a neighbour they were moving out because they were unhappy about the cost of rent.

One rental provider made the following comment when explaining that they increased the rent in January 2020, resulting in the renter contacting their property manager stating that the increase was ‘a bit high’:

“

*My husband said, ‘well that’s fine if he wants to move’...because we feel fairly confident that if one renter moves out for whatever reason, we’d be quick to find someone else.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

Several rental providers stated that they feel they have avoided a renter disputing a rent increase as they provided a rationale behind their decision making to the renter. Several rental providers also suggested they avoid renter disputes over rent increases as they keep the home in good condition and make sure renters are happy.

Commentary suggests rental providers with property managers prefer to have their property manager negotiate rent increases to avoid direct questioning from the renter. They also see it very much a part of the property manager’s role as they have outsourced this responsibility for a fee.





# Property manager training & practice

# Property managers would benefit from further training to increase industry standardisation

Property managers undergo a range of training including through the Real Estate Industry of Victoria (REIV), regular bulletins from CAV and in agency, however there is room for more standardisation to increase the bar across the board.

One real estate industry representative stated that most real estate agents complete renting work for an 11-month period, meaning they are effectively the trainees/apprentices of the industry. This participant stated that most real estate agencies prioritise property sales (around 80% of profit is from sales) over renting services. Larger agencies who have over 1000 listings have stronger approaches to the renting side of their business.

The extent to which property managers felt supported to remain on top of legislation, changing standards and ethical practices was entirely based on whether their agency valued training and career development. Some property managers felt very supported and able to stay on top of minimum standards, and refreshed on the Residential Tenancies Act, while others felt they should be provided with more hours of training, but it wasn't prioritised by the agency's senior leadership.

Some property managers said they stayed on top of legislative changes themselves by subscribing to CAV emails, but the property managers who were given dedicated training by their agencies on a regular basis gave the impression they were especially up-to-date and supported to refresh their memory on all that they were meant to be on top of as a property manager.

“

*We do a lot of training as a team. We have a meeting once a week to refresh ourselves and update everyone on new legislation or updates we need to be on top of. It's good, because we need reminding.*

PROPERTY MANAGER (INTERVIEW)

“

*We are confused because what VCAT says can be different to what CAV says.*

PROPERTY MANAGER (INTERVIEW)

“

*Our office is big on webinars and education sessions, especially so we can explain compliance to our owners. We use a lot of computer reminders so we don't miss compliance checks.*

PROPERTY MANAGER (INTERVIEW)

“

*I used to do property management in NSW where we had to do continuing professional development points to keep your license going. Something like that would be a really good addition.*

PROPERTY MANAGER (INTERVIEW)

“

*Our corporate office provides training. There were lot of changes to stay on top of in lockdown, but now it is easier.*

PROPERTY MANAGER (INTERVIEW)

“

*I do like the idea of having some more legitimate point system or something like the NSW model.*

REAL ESTATE INDUSTRY REPRESENTATIVE



## More work needed to lift practice among smaller sized businesses

One real estate industry representative indicated REIV could play a role in lifting the quality of professionalisation in the industry. The property manager noted that other industries bring together the economies of scale and learning at scale of larger organisations to help lift the overall service, including in the smaller outfits.

Real estate industry representatives commented that several budget training providers have emerged which may not be providing high-quality training.

“

*We really need to service smaller scale offices in regional areas.*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*Quick and cheap providers. People are going into the industry completely underprepared. People don't want to wait so many months to start working so they want to get the cheapest, quickest piece of paper, but they go into work not knowing the law.*

REAL ESTATE INDUSTRY REPRESENTATIVE

## Costs provided by property managers to rental providers

To better understand the costs for rental providers to have property managers in place (that can be passed on as rent increases), we conducted a mystery shop with agencies across Victoria. Three out of four real estate agencies (n=19) responded to one of the 25 initial email enquiries from the 'mystery rental providers'. Eight of these agencies provided varying degrees of detail about the process of renting a property to the 'mystery rental provider'. All but one agency who supplied any information commented on the costs involved with engaging a property manager to manage a rental property.

Advertising costs ranged from \$98 to \$505. This fee included listing the property on realestate.com.au at a minimum, with prime listing spots, professional photos, floorplans and a lease board all incurring higher costs. **On average, the cost to advertise a property with professional photos was \$460.**

Management fees ranged from 5% of the property's rental income plus GST, up to 8% plus GST. Property managers contacted as part of the mystery shop most frequently cited a management fee of 5.5% including GST. We note that there can be a perceived conflict of interest with respect to property managers benefiting from rent increases, as their income is a percentage of the rent increase that they advise on.

**Nearly all property managers raised a charge of one week's rent plus GST as a leasing fee**, with the highest leasing fee being two weeks' rent. Lease renewal fees were inconsistent across the sample; property managers quoted: \$44 including GST, \$180, one week's rent and half of one week's rent plus GST.

Multiple property managers also mentioned that rental providers may incur additional costs relating to VCAT. Other fees mentioned included key cutting, statement fee, insurance, entry report priced at \$165 and a routine inspection report priced at \$55.



# Resources used by rental providers



## Rental provider advice-seeking regarding rent increasing

The majority of rental providers who identified seeking some form of advice about increasing rent from a person, organisation or resource, reported using websites such as [realestate.com.au](https://www.realestate.com.au) and [domain.com.au](https://www.domain.com.au). This finding was observed among rental providers who are self-managed and who use a property manager at relatively equal proportions.

A fifth of rental providers interviewed seek advice from their property manager only, while half as many seek advice from neighbours, friends and family to test what they consider a reasonable rent increase to be. One rental provider stated that talking to local people is especially useful in regional locations.

Other less widely reported sources of advice included:

- property newsletters and brochures
- CAV, and
- engagement with news media and politics.

“

*I've got an idea of what things are like... [realestate.com.au](https://www.realestate.com.au) and things like that gives you a bit of an idea of what rents are like at the time.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I think when it's the rental market you have to compare what's offering.*

SELF-MANAGED RENTAL PROVIDER

“

*Sites like that ([realestate.com.au](https://www.realestate.com.au)) are suggestions but you're not really sure if that's what's being paid.”*

RENTAL PROVIDER WITH A PROPERTY MANAGER

## Property managers can play an important role in educating rental providers about regulations and legal requirements

Four property managers contacted via the mystery shop across both metro and regional locations raised regulatory requirements to the ‘mystery rental providers’. Several property managers referenced the need for rental providers to stay on top of their legislative obligations for renter safety. One property manager stated that they pride themselves on ensuring their clients receive the best residential tenancies advice and provided a link to a guide on minimum standards for Victorian properties. The property manager stated that minimum standards are for the purpose of renter safety, and provided information on gas, electrical and smoke alarm safety checks.





## Resources utilised by rental providers to fulfil their responsibilities

Rental providers were asked how they ensure they are fulfilling their responsibilities as a rental provider, including staying across legislative updates. Real estate agents, news and media and CAV were the most frequently cited ways rental providers stay up to date with their obligations (Figure 3).

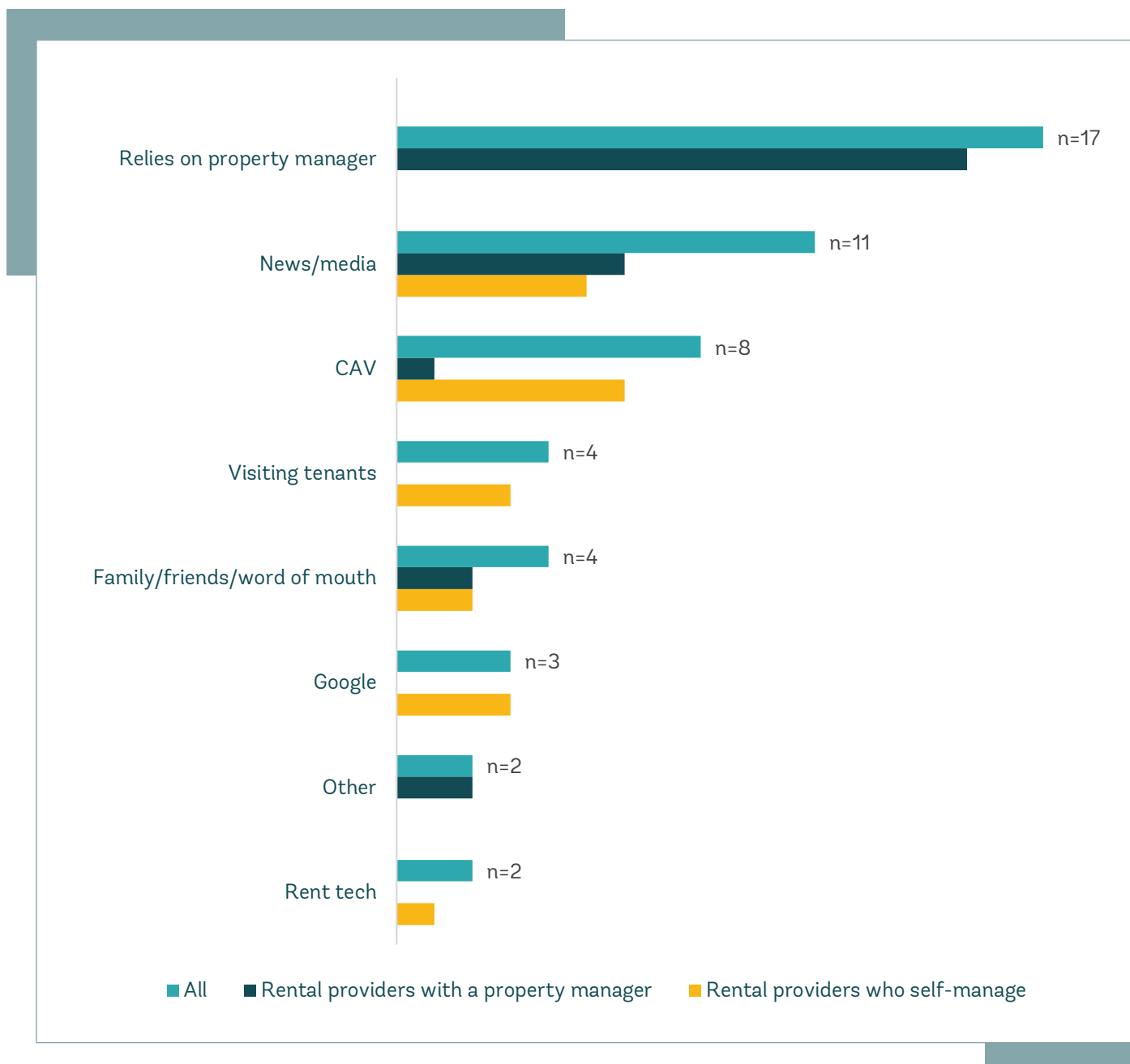


Figure 3. Mechanisms by which rental providers keep up to date with their responsibilities<sup>7</sup>

Nearly all rental providers with a property manager explained that their property manager keeps them updated on their compliance obligations, including smoke alarm and gas safety checks and rule changes relating to pets. One rental provider stated that if they were to self-manage, they would need to do a lot more to stay on top of legislative updates.

“

*When you have a property manager they do things on your behalf. You feel covered if there's anything you need to know.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I pay for the advice of my property manager.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*We sometimes get calls from rental providers saying 'oh I've just seen on the news that a change has come in and the renter can stay forever and won't ever have to leave'... I have to say this is just a draft legislation, it hasn't passed.... and we have to educate them.*

PROPERTY MANAGER (INTERVIEW)

A substantial portion of rental providers stay up to date through news and social media. While some considered this to be an ample method of staying up to date with their responsibilities, and some also sought advice from their property manager or another resource, a considerable number of rental providers admitted they're probably not up to speed on legislative changes.

“

*I don't have a really organised way to do that. I try and read as much as I can - real estate information, changes in legislation... (it's) very haphazard, it's more from what I hear and what I see that causes me to go and investigate those things.*

SELF-MANAGED RENTAL PROVIDER

“

*Most of it is common sense.*

SELF-MANAGED RENTAL PROVIDER

“

*Legislation, you know, got to keep up (to) date with everything that's going on and do the right thing of course, because we don't want to end up, you know, on A Current Affair, the bad rental providers or something.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I don't particularly stay up to date as much as I should.*

SELF-MANAGED RENTAL PROVIDER

Self-managed rental providers were more likely to utilise CAV's website or contact CAV via phone. One rental provider who self-manages commented that there's no 'one stop shop' for all the information they need.

Some rental providers ensure that they're fulfilling their responsibilities by checking in on renters, while others assume there are no issues they need to know about as they consider their home well maintained and the renter happy. One rental provider who self-manages stated that because the renters are family, they did not think the responsibilities applied to them.

“

*I am keeping within the law or legislation and I have a good relationship with my renters... If they are late for rent here and there, I'm ok with that and I get repairs done ASAP.*

SELF-MANAGED RENTAL PROVIDER

“

*That's another thing that I need to be more proactive and aware of and I'm really not again...life gets in the way...I know that I should be...looking that all up...but it's sort of like not really affecting me presently.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*I'm not worried about that (legislative requirements). The house has just been renovated, I can't see the renters taking us to court or anything.*

RENTAL PROVIDER WHO IDENTIFIES AS SELF-MANAGING & UTILISING A PROPERTY MANAGER

Among those rental providers who utilised Google when actively seeking advice, one sourced a rental contract template online from somewhere they could not recall and then amended the contract themselves to suit their circumstances.

Less common ways rental providers reported keeping up to date with their obligations included through a property newsletter, accountant and the body corporate.



# Rental provider perceptions of the Victorian private rental market and their role



# Consciously sympathetic but see harms to people who rent as beyond their control

There is a high prevalence of sympathy among rental providers and property managers for renters. **Three in four rental providers expressed sympathy for renters navigating a 'harsh', 'tight' and competitive rental market owing to a lack of supply amid high demand.** This finding was consistent across both rental providers with a property manager and self-managed rental providers. Blame for lack of available rental stock and high rent prices was broadly attributed to Victorian Government policy and inaction, although some rental providers stated that legislation has tightened to make rentals fairer.

“

*I hear that it is so tight in our town... You hear about renters wanting a property and waiting lists, people putting in numerous applications for properties and not getting a response.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*Things have particularly gotten out of hand in terms of the amount of renters who are looking for properties and rent rises.*

SELF-MANAGED RENTAL PROVIDER

“

*Some people were really desperate and they were not being accepted (by property managers) and they thought I could help them (as a self-managing rental provider). A lot of people would approach me and offer to pay more. People were begging me, 'whatever you want I'll give you.'*

SELF-MANAGED RENTAL PROVIDER

Some property managers from regional areas highlighted the rental market is particularly tight, although more rentals are becoming available due to the tax imposed on short-stay accommodation such as Airbnb accommodation.

“

*Some renters (for instance single parents) have difficulty competing for properties in this market.*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*I think the amount of people coming through inspections has slowed down by a small bit. In some areas the rents have gone up so much some people don't bother anymore, they might move back in with family... or find flat mates.*

PROPERTY MANAGER (INTERVIEW)

“

*We're seeing a lot of renters be more interested in securing long-term tenancies and wanting that security – which often means accepting a rental increase.*

PROPERTY MANAGER (INTERVIEW)

“

*We have had a big increase of renters going to VCAT because renters just won't vacate.*

PROPERTY MANAGER (INTERVIEW)

Similarly, property managers frequently acknowledged the challenging conditions facing renters in the current market. One industry representative stated that statistics from their property management software show a significant reduction in turnover of properties, meaning more renters are staying longer in properties they may not want to be in because of the lack of alternatives.

# Regulations and taxes are viewed as burdens, not as levers for social good

One in three rental providers consider it challenging to be a rental provider in the current rental market in Victoria. This finding was relatively consistent across rental providers who self-manage and utilise a property manager.

Rental providers who cited challenges in their position expressed that legislative changes in Victoria and increasing costs for rental providers have caused them to pass costs on to renters through increased rent. A small number of rental providers acknowledged that the current climate has resulted in the situation being worse for renters compared to rental providers.

“

*We know the property is, well, it's not new, but is in excellent condition. To have to pay a few \$100 each year for those (mandatory safety checks)... it basically has to go back into the rent and you wonder what the value is for the renter.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

## Most rental providers interviewed resent increased government compliance requirements

Recent Victorian legislative changes were generally evaluated negatively and assessed as a burden on rental providers by those who drew attention to them. These conversations generally focused on rental provider costs as opposed to any social or other benefits from the regulation.

Specific changes enacted by the Victorian Government that were mentioned included the restriction of rent increases to an annual basis, electrical, gas and smoke alarm safety checks, allowing pets in rentals, no-fault evictions and reforms relating to short-stay accommodation.

“

*(following the introduction of no-fault evictions) I cannot ask the renter to leave if they want to stay in the house. Maybe the rental price increase, for example, if I want the renter to leave I may ask for a very high rental price and then I'm not the one to initiate that action.*

RENTAL PROVIDER WHO IDENTIFIES AS SELF-MANAGING & UTILISING A PROPERTY MANAGER

“

*During my time as a rental provider things have changed. You're allowed to have pets, but I do have a clause in the lease (on pets) which I am entitled to have.*

SELF-MANAGED RENTAL PROVIDER

In the mystery shop, one property manager referenced enhanced safety obligations as being ‘very draining’, illustrating this view that focuses on the costs and burden of the work involved over the benefits of regulation.

“

*... it's quite a process before the property can be advertised on the market. The government has made it hard for rental providers, requiring a gas safety check, electricity safety check and minimum standards safety. So we'd need to get an electrician through, a plumber through, it's not as simple as just putting a renter in there... getting the property up to standard initially is the difficult bit. Renters have been given every single right... as long as you pick the right renter, being a rental provider isn't that hard.*

PROPERTY MANAGER (MYSTERY SHOP)

## Some rental providers invest in renting with limited understanding of the potential costs

Recent Victorian legislative changes were generally evaluated negatively and assessed as a burden on rental providers by those who drew attention to them. These conversations generally focused on rental provider costs as opposed to any social or other benefits from the regulation.

Specific changes enacted by the Victorian Government that were mentioned included the restriction of rent increases to an annual basis, electrical, gas and smoke alarm safety checks, allowing pets in rentals, no-fault evictions and reforms relating to short-stay accommodation.

“

*It would be difficult (to keep up with maintenance and property standards) if you were a rental provider who didn't have access to money to do those sorts of repairs.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

Property managers and real estate industry representatives indicated many rental providers are heavily reliant on renting income and can become anxious and stressed about even slight changes to their income, whether potential or real. This can in turn push real estate property managers to aim for maximum rent increases annually.

“

*We try to make rental providers understand that while it would be nice for them for rent to cover their mortgage, that's not the purpose. It's not the renter's job to pay their mortgage. But some really don't care.*

PROPERTY MANAGER (INTERVIEW)

“

*Most owners want to make as much profit back as they can.*

PROPERTY MANAGER (INTERVIEW)

## Land tax is a prominent concern

Some of the interviewed rental providers indicated that they are considering leaving the market as there is no longer a financial incentive for them to remain, particularly since the increase / introduction of land tax. Land tax is an annual tax calculated on the total taxable value of all land a person owns in Victoria, excluding any exempt land such as a person's primary residence.<sup>8</sup> Some rental providers indicated that they are contemplating investing their money elsewhere.

“

*I wouldn't say it (the current rental market) is positive. There are quite a number of disincentives for property investment in Victoria - particularly with land tax and restrictions on rent (increases).*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*Rental market in Victoria is looking good because rent is going up but at the same... there are additional taxes.*

RENTAL PROVIDER WITH A PROPERTY MANAGER

“

*It's probably not the best investment option... if I had bought an investment property, I probably would have bought somewhere a lot more profitable like Queensland or Perth where the yields really high and there's less fees.*

SELF-MANAGED RENTAL PROVIDER

Other rental providers stated that the current rental market has not impacted them significantly and they would like to hold on to their property to continue generating income, including by regularly increasing rent.

Land tax was a topic that continually came up in interviews with property managers, who drew a large amount of attention to the increased costs of land tax for rental providers and how it is driving rental providers away from the property investment market. This was evidently a significant stressor for property managers, as rental providers are their clients, and many of them were concerned that rental providers were leaving the Victorian property market to invest in other states where their properties would generate stronger returns.



Property managers also said that rental providers were taking their investment properties out of the rental market to give to their children or family members, or deciding to leave property investment altogether and move to investing in the stock market instead. The cost of land tax, meeting new minimum standards, council rates and broader cost of living pressures were continuously pointed to by property managers as driving rental providers out of the market and disincentivising new rental providers from entering the market and building new properties. Real estate industry representatives also shared this view.

“

*Land tax, mortgage increases, cost of compliance for new minimum standards all of them collectively... they are too much to bear for the majority of rental providers now.*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*There are basically easier ways to make money, and that's what people are choosing to do.*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*They can't afford to pay more in compliance costs and in mortgage, and to be more regulated than ever before.*

REAL ESTATE INDUSTRY REPRESENTATIVE

“

*Our rental providers who have multiple properties across different states say to me, this one (Victorian) will be the one I get rid of. It's not worth it.*

PROPERTY MANAGER (INTERVIEW)

“

*I believe there is still a huge rental shortage in the market. The government isn't encouraging any developers to go out there and start building, there's no incentive. It's just tax, tax, tax, tax.*

PROPERTY MANAGER (INTERVIEW)





# Recommendations: Ideas for fairer pricing approaches in the private rental market



Housing in Australia is a public good. Yet investment in housing, particularly in the private rental market, is predominantly framed as a wealth accumulation tool and interpreted as such among rental providers and in news media.<sup>9</sup> This framing of housing neglects to highlight the fundamentality of housing to every person and the positive outcomes it should produce, beyond providing an income stream to rental providers.

While rental providers interviewed reported increasing rent to cover costs associated with their property, to keep up with the rate of the market and to generate personal wealth, one third are considering the financial position of renters when setting rent prices at the same time.

Property managers can play a critical role in educating rental providers about regulatory and legal requirements. However, property managers do not have a consistent approach to setting rent increases.

There are actions governments, regulators, property managers and rental providers can take, in collaboration with renter support services, to create a fairer and clearer approach to pricing in the private rental market.

## Enhance rental regulations

Renters face significant uncertainty about the price of their biggest and most important cost: their home. This research shows that price rises can vary widely, from 3% to over 50% increase in a single year.

The process of calculating rent increases does not explicitly consider the financial position of the person or people renting a home, although a third of rental providers interviewed do broadly consider the impact renting costs and conditions have on renters.

**1** Reforms are needed to set fair limits and add stronger protections against excessive rent increases. The Victorian Government should work with peak rental sector bodies and housing research organisations to develop a rent increase fairness formula focussed on transparent, consistent and fair approaches to increasing rent.

Many rental providers are motivated to ensure the rental price of their property reflects market rent, yet the way market rent is set and used to facilitate increases to rent is unclear. Real estate websites such as Corelogic, domain.com.au and realestate.com.au are emerging as core tools used in comparative market analyses. Use of comparative market analyses in determining market rent appears selective, subjective and at times, unreasonable.

**2** The Victorian Government should explore how public policy can better incentivise and support rental providers who undertake good practices that benefit people who rent, such as considering the impact of increasing rent on tenants.

Renters, rental providers and property managers would benefit from greater certainty and transparency in the methods used to calculate and apply rent increases.



# Training and education for rental providers and property managers

For the rental sector to operate effectively and fairly, rental providers and property managers require high quality, standardised resources. Renters need to be afforded consistent degrees of consideration and treatment regardless of the individual motivations of their rental provider and/or property manager.

**3** Consumer Affairs Victoria (CAV) should partner with real estate peaks and rental provider organisations to ensure more consistent, accurate and high-quality education for all rental providers, focusing on self-managed rental providers.

Rental providers need to be better educated on their rights and responsibilities, including where to find resources to guide them. Part of this education should involve outlining the reasons behind regulations and laws, including the harm that can be caused if regulations aren't complied with. This would address one of the major themes identified in this research, with rental providers only focusing on the costs of regulation rather than the important reasons behind them.

CAV should undertake user testing with rental providers and property managers and their representatives to further understand their information needs and how these could be met by changes to CAV website design and language, to create a 'one stop shop' resource for rental providers on their obligations, including legislative updates. Such a resource should target self-managed rental providers.

Development of information modules including online resources to assist a person considering becoming a rental provider would also be beneficial. This should include clear advice about the costs involved in offering a rental property and situations where being a rental provider may not be a good fit for some people looking to invest in housing.

**4** The Victorian Government should invest in initiatives to better identify, communicate with and understand rental providers in Victoria, especially self-managed rental providers. This will allow all players in the rental system to better understand the varied practices of rental providers and for regulators to identify and incentivise good practice.

Initiatives to generate better understanding of rental providers as a cohort, including their expectations with respect to the way they manage their property and the financial returns they expect to make from their property, could better identify support and informational needs.

**5** Acknowledging the Victorian Government's commitment to implementing mandatory training and continuing professional development for property managers, include regular training on the carefully developed transparent, consistent and fair approaches to increasing rent [see Recommendation 1].

There is currently a discrepancy between agencies with regard to property manager confidence and knowledge of legislation, and the quality and consistency of training delivered to agencies. This disparity compromises the service property managers provide to renters as well as rental providers.

Professional development should include training to help property managers to work constructively with rental providers, including conflict resolution. The renter's perspective should also be included in training provided to property managers on tenancy management, to enhance understanding of their dual role of their duty for the rental provider while providing an essential service to renters. Training specific to renters should include dealing with people experiencing vulnerability, bias in the selection process, complex situations and conflict resolution.

# General sector improvements

The Victorian Government's introduction of Rental Dispute Resolution Victoria (RDRV) is an important avenue for Victorian renters who receive a rent increase they consider excessive. Similarly, Consumer Affairs Victoria (CAV) investigations into excessive rent increases is an important existing feature of the regulatory environment.

**5** All mortgage lenders should take into account an applicant's capacity to pay for maintenance, repairs and other associated fees when assessing a person's suitability for a home loan for investment purposes.

**6** The Victorian Civil and Administrative Tribunal (VCAT) should commit to public, transparent reporting on service trends and data through Rental Dispute Resolution Victoria (RDRV).

**7** Consumer Affairs Victoria (CAV) should publicly release high level trend data on its excessive rent increase investigations and work to releasing more data in time to help all parties with a role in creating a better rental market to understand trends and problems in the market.

High level and trend data on matters dealt with by RDRV and the Victorian Civil and Administrative Tribunal (VCAT), including matters relating to rent increases, as well as data on CAV rent increase investigations should be made publicly available.

Public data reporting from both of these sources will enable better understanding of the nature and prevalence of contested rent increases.

Rental providers require a clear understanding from the onset that purchasing an investment property will incur costs that they will be responsible for. Currently, many rental providers do not receive any guidance that they should budget for costs they may incur as the rental provider, including for home maintenance, repairs, rental provider insurance and costs unrelated to the renter such as government taxes and body corporate fees.





# Appendix 1



# Who did we speak to?

## Rental provider demographics

**A total of 30 Victorian rental providers participated in interviews. Of this sample:**

- 16 rental providers use property managers to manage their property
- 11 rental providers self-manage their property
- 3 rental providers identified that they currently self-manage their property while also enlisting a property manager on occasion.

**Rental providers are distinguished as ‘self-managed rental providers’, ‘rental providers with a property manager’ and ‘rental providers who identify as self-managing & utilising a property manager’ throughout this report.**

**Among rental providers with property managers, commentary suggests preference for engaging a property manager is based on a desire to utilise someone professional to look after the property and liaise with renters who can act as a ‘middle person’.** Additional reasons cited included reduced workload for rental providers, and keeping up with rule and legislative changes. A small number of rental providers with property managers have previously self-managed.

**A small number of self-managed rental providers explained that they like to be in a position where they can have more of a relationship with the renters, and hold more control over their property.**

One rental provider stated that they find it relatively easy to self-manage, as long as issues are solved properly with the renters. A small number of rental providers who self-manage their property have engaged property managers in the past, primarily to help them find a renter and prepare the lease.

One rental provider who both self-manages a property and uses a property manager explained that they own multiple properties and choose to self-manage one property as it is leased to a friend.

**Rental providers indicated the location of their property/s:**

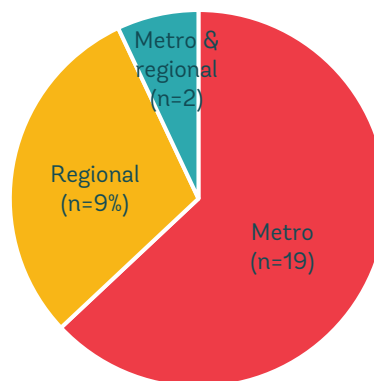
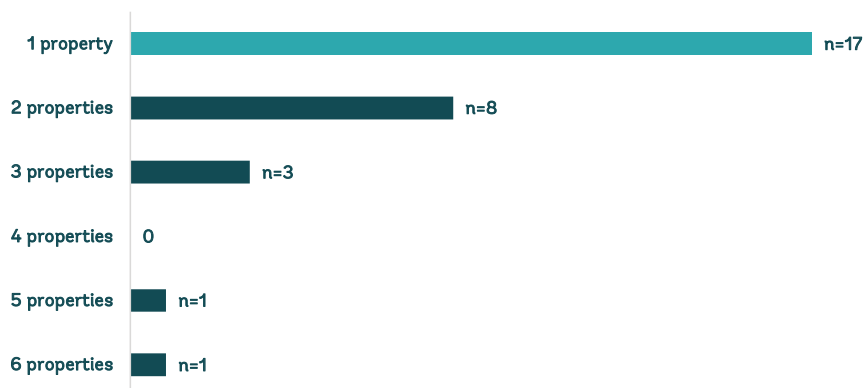


Figure 4. Location of rental providers' properties rental providers were most frequently the rental provider of one property (n=17), followed by two properties (n=8):

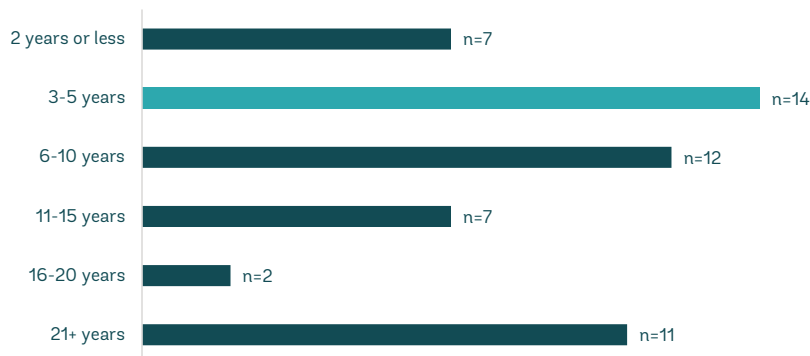


Figure 5. Rate of properties per rental provider



Properties owned by rental providers have most frequently been leased for 3-5 years, followed by 6-10 years and 21 or more years:

Figure 6. Length of time rental provider properties have been leased<sup>10</sup>



## Property manager and industry representative demographics

The property manager interview sample comprised 10 participants. Six property managers worked in a metro location while four worked in a regional location within Victoria.

Three real estate industry representatives participated in interviews.

## Mystery shop sample

Three out of four real estate agencies (n=19) responded to one of the 25 initial email enquiries from the 'mystery rental providers'. Responses were received from the metro and regional samples at relatively equal proportions, albeit the metro sample elicited slightly more responses.

The metro sample received 15 responses to the initial email enquiry, six of which provided varying degrees of detail about the process of renting a property to the 'mystery rental provider'.

The remaining nine responses from property managers (more than half of the metro sample) provided minimal or no information, as property managers either sought a phone call with the rental provider or requested the property address. This finding was consistent among both small and large metropolitan Melbourne agencies.

**Of the four email responses received within the regional sample, two supplied some level of detail on the rental process to the 'mystery rental provider'.**

Of the two responses providing no information, one property manager sought a phone call while the other replied that their agency is not taking new rental properties on in the area.

# Endnotes

1. The Commissioner for Residential Tenancies Victoria, 2025, *Renting in Victoria: 2024 Snapshot*, <https://www.rentingcommissioner.vic.gov.au/the-rental-sector/research/renting-in-victoria-2024-snapshot>
2. Council to Homeless Persons, 2025, *Victoria's last-place ranking on social housing demands answers*, <https://chp.org.au/article/victorias-last-place-ranking-on-social-housing-demands-answers/>; ABS, 2021, *50 years of estimated resident population*, <https://www.abs.gov.au/articles/50-years-estimated-resident-population>; The Commissioner for Residential Tenancies Victoria, 2025, *Renting in Victoria: 2024 Snapshot*, <https://www.rentingcommissioner.vic.gov.au/the-rental-sector/research/renting-in-victoria-2024-snapshot>
3. Ibid
4. The Commissioner for Residential Tenancies Victoria, 2025, *Renting in Victoria: 2024 Snapshot*, <https://www.rentingcommissioner.vic.gov.au/the-rental-sector/research/renting-in-victoria-2024-snapshot>
5. Australian Bureau of Statistics, 2025, *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2025>
6. Where a rental provider owns more than one property, responses for each property are represented.
7. The small number of rental providers who self-manage and use a real estate agent mainly relied on their real estate agent.
8. State of Victoria (State Revenue Office), 2025, <https://www.sro.vic.gov.au/land-tax>
9. National Housing Supply and Affordability Council, 2025, *State of the Housing System*, <https://nhsac.gov.au/sites/nhsac.gov.au/files/2025-05/ar-state-housing-system-2025.pdf>
10. Where a rental provider owns more than one property, the length of lease for each property is represented.





## CONTACT US

PO Box 621,  
Collins Street West,  
VIC, 8007

+61 3 9607 7101  
[office@cprc.org.au](mailto:office@cprc.org.au)  
[www.cprc.org.au](http://www.cprc.org.au)

