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SYDNEY/MELBOURNE RECORD HIGH RENTAL VACANCIES COULD BE A BLESSING IN DISGUISE FOR STRUGGLING MUM & DAD INVESTORS

Despite vacancy rates in rental properties in Sydney and Melbourne nudging a record high 50,000, struggling Mum and Dad investors with untenanted properties may be best placed to quickly turn this negative into a positive.

Bearing the burden of a double-whammy with their own job insecurity and financial 'belt tightening', these landlords are now faced with a triple-whammy of vacant, non-performing investment properties.

"With a glut of rental properties now flooding the property market, but fewer tenants who can afford typical rents, landlords think their only option is to sit on a vacant property for as long as they can weather the storm, or sell at a likely loss in a depressed property market.

"But COVID-19 actually presents a unique opportunity to help fund changes to an investment property that will yield a better rental return now and help safeguard the investment into the future," explained Small is The New Big co-founder, Ian Ugarte.

Ugarte cautioned panicked Mum and Dad investors against ditching their untenanted properties and suffering a loss, and instead suggested taking advantage of the superannuation lifeline offered by the Federal Government.

The developer and property educator believes investment properties currently sitting vacant present an opportunity that would make securing new tenants easier and double their rental yield almost immediately, and see this yield continue year on year.

"At Small is the New Big, we help Mum and Dad investors flip their often negatively geared properties to cash positive by converting a typical 4-bed, 2-bath rental property into 5 self-contained micro-apartments and create better, more affordable housing in the process.

"Struggling investors can now draw on their super, in one or two lots of \$10,000, to part-fund a conversion that can take less than a week to complete and generates rental income of between \$300-\$900 per week more than the property next door," Ugarte explained.

Taking the pulse of the rental market shows:

- 60-80% of renters are actually singles or couples.
- the majority of available rental properties cater for families of 4 or more.
- tenants can no longer afford to pay for empty rooms they don't use or need.
- landlords are feeling increasing pressure to cut rents.

“The obvious mismatch in supply and demand in residential rentals is what’s driving this high vacancy rate during the COVID-19 crisis.

“That’s also why converted investment properties are quickly filled with happy tenants because they’re adaptable enough to truly accommodate the needs of one type of tenant one day, and another type of tenant the next.

“Best yet, renters shave up to 50 percent off their normal weekly rent, with utilities often included, making this a truly attractive arrangement for most cash-strapped tenants,” Ugarte said.

* **RESIDENTIAL VACANCY RATES - REGION: SYDNEY/MELBOURNE** - <https://sqmresearch.com.au/>