




→ How to Raise Rent

A webinar by  *turbotenant*



Key Points



- 1 Understanding if you should raise rent requires analyzing your business costs and the local market.
- 2 Preserving your landlord-tenant relationship while raising rent requires a balance of analysis, transparency, and understanding.
- 3 Communicating a rent increase effectively can be easy with the right strategy.



Poll:

- **How often do you raise rent?**



The Current Landscape →



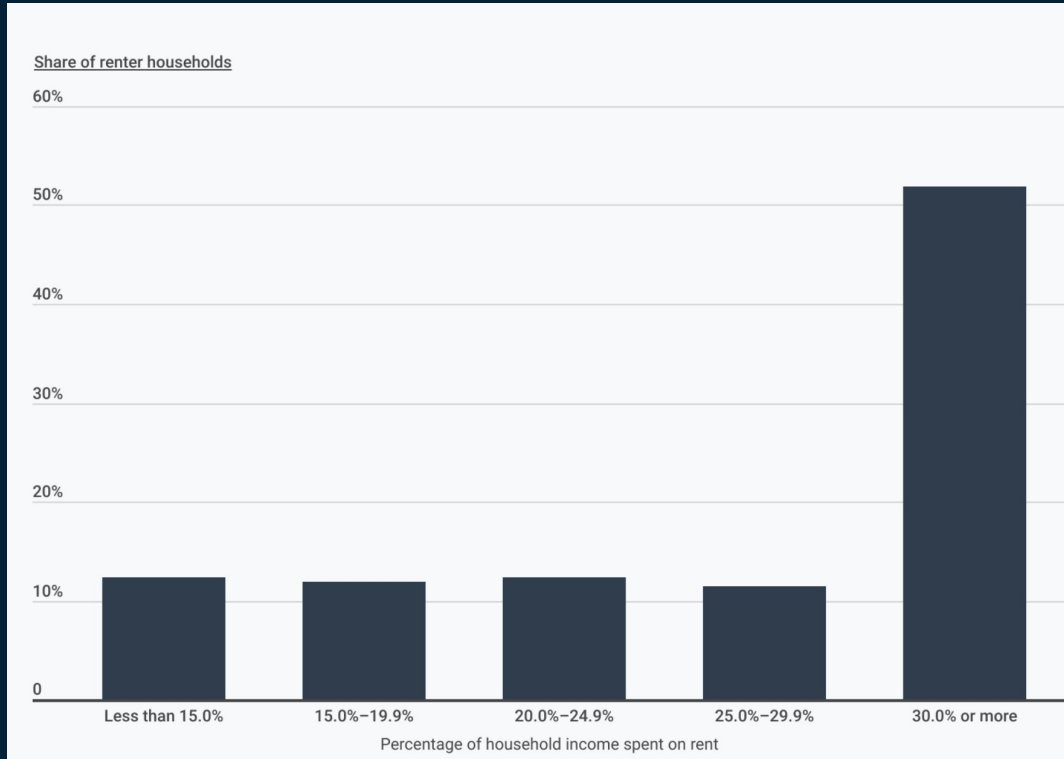
Averages Across America



- ➔ ● Per Zillow, rent prices are up year over year (YoY) in 48 of the 50 biggest metros
- Rent is 31.4% higher than pre-pandemic rates
 - Average rent is \$2,054 as of June 2024
 - Average renter must make at least \$82,148 to follow 30% rule
- Single-family rents are 4.7% higher YoY
- Multifamily rents are 2.7% higher YoY

***Did you know** that rent has risen at 1.5 times the rate of wage increases in the United States?*

→ Percentages of Household Income Spend on Rent



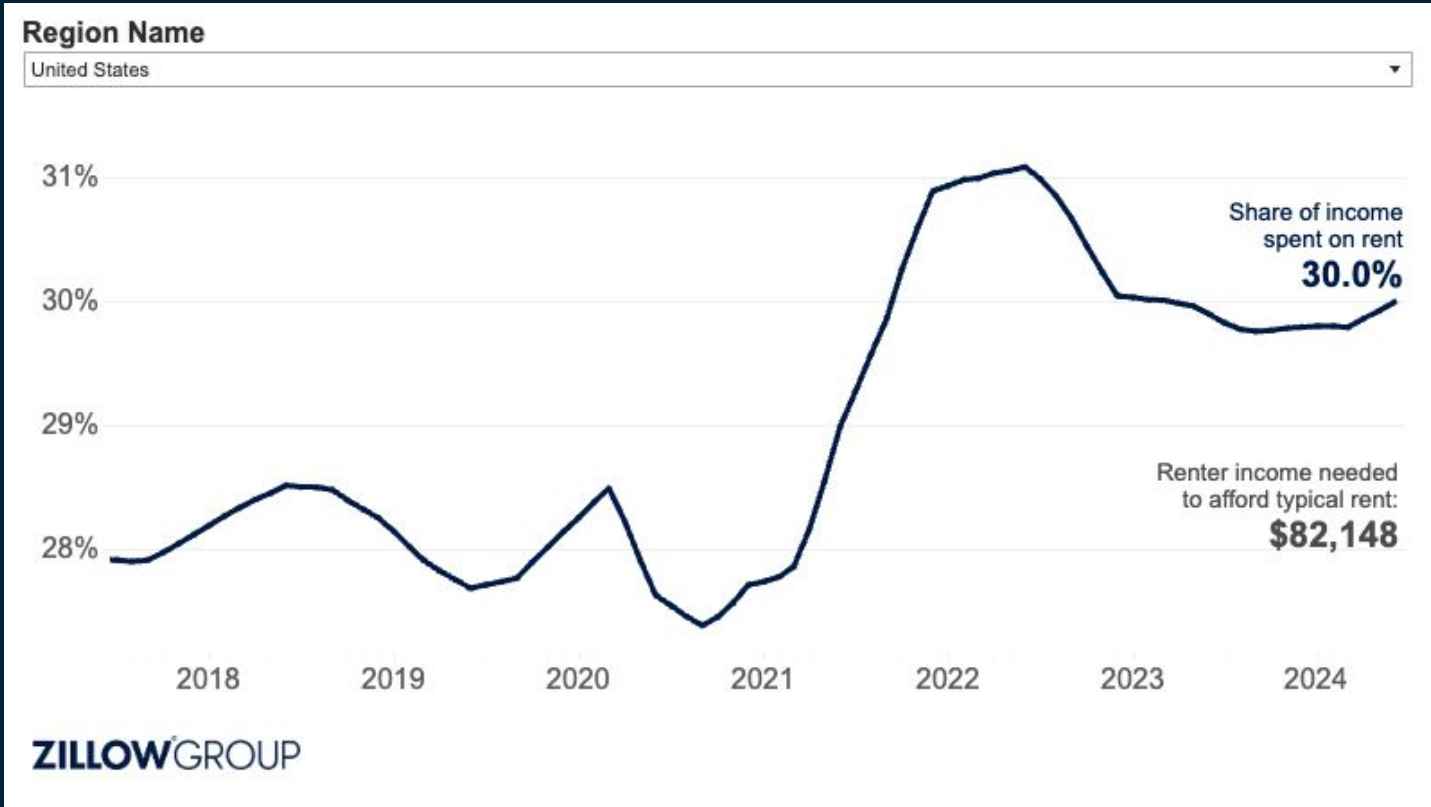
Current U.S. Wages on Average



- Average salary is \$63,795 nationwide
- Regional averages:
 - Northeast: \$65,383
 - West: \$60,579
 - Midwest: \$56,114
 - South: \$54,718



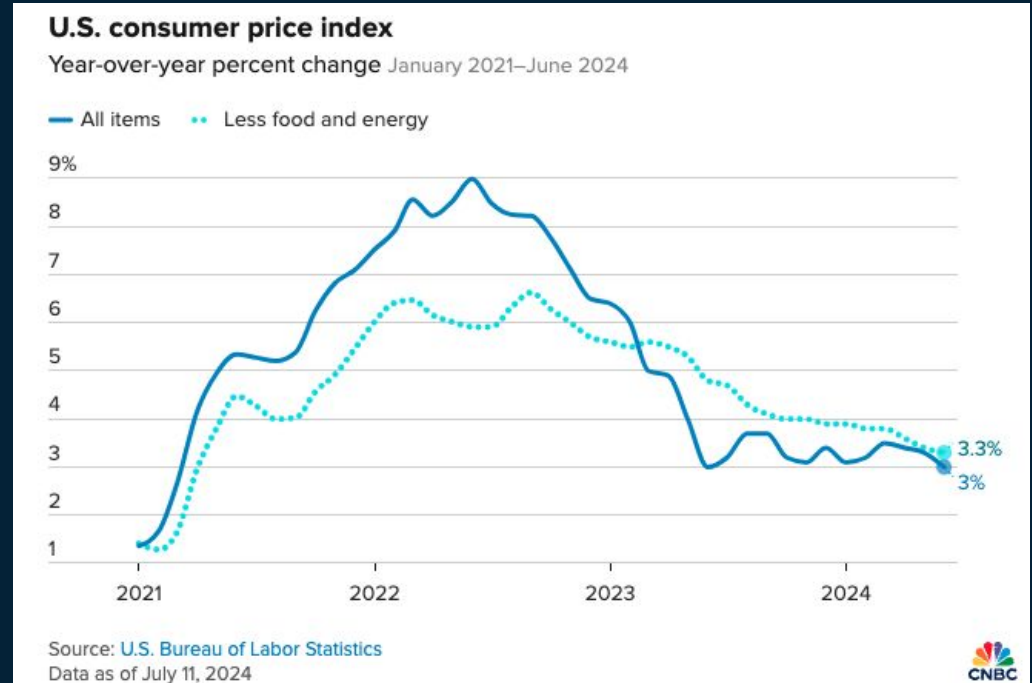
→ Zillow Rent Affordability - June 2024



Your Property Management Business and Inflation



- Current inflation rate: 3.3%
- Leads to:
 - Higher operational costs
 - Increased utility costs



Should you raise rent? →

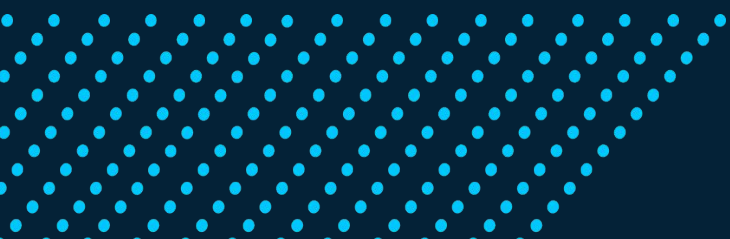


Before Raising Rent



→ Complete the following on an **annual basis**:

1. Analyze your business costs
2. Look at your local rent laws
3. Consider how you've added value to the rental since the original lease agreement began

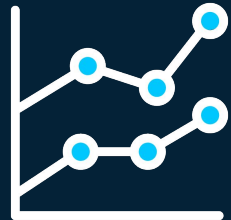


1. Analyze Your Business Costs



→ Examine your bills - have they surged?

- a) Reach out to providers and negotiate lower costs
 - i) Common increasing property management costs include:
 - 1) Property taxes
 - 2) Utility costs
 - 3) HOA dues
 - 4) Insurance premiums
 - 5) Maintenance



It's possible to appeal your property taxes! Check out [our video](#) for more information.

3. Consider the Added Value



→ The more obvious your value-adds have been, the easier the rent increase conversation will go.

- a) Continuing to invest in your rental:
 - i) Makes tenants feel like you care
 - ii) Adds first-hand context to the rent increase conversation
- b) Think about:
 - i) Upgrades/renovations since the last rent increase
 - ii) Your communication speed, particularly re: issues



Poll:

- **When determining a rent increase, which factor do you consider most important?**



When **can't** you raise rent?



→ There are some situations where a rent increase would be illegal, such as:

- a) Raising rent as a retaliatory action
- b) Increasing rent based on protected class attributes
- c) Failure to provide adequate notice
- d) It's a rent-controlled property + your increase is unlawful
- e) Your new asking rent is higher than what's legally permissible based on your location/property type

Need to brush up on protected classes? Start with our [Fair Housing for Landlords course](#).

**How much should
I raise rent?**



Finding Your Answer



- ➔ ● The average rent increased by 3.5% YoY as of June 2024
 - Where legal, rent increases tend to fall between 2-5% annually
- You *must* be strategic about rent increases, especially if rent has been below market rate for a while
- Two main scenarios:
 - Current vacancy
 - Active lease



Raising Rent During Vacancy, pt. 1



→ Start by:

- 1) Checking your local laws
- 2) Analyzing your housing market
 - a) The higher the market saturation, the riskier it is to raise rent for the average unit
 - b) Signs of market saturation include:
 - i) High (or increasing) vacancy rates
 - ii) An increase in rental incentives - scope your competition
 - iii) An increase in multifamily developments
 - iv) Population decreases



How to Analyze the Housing Market

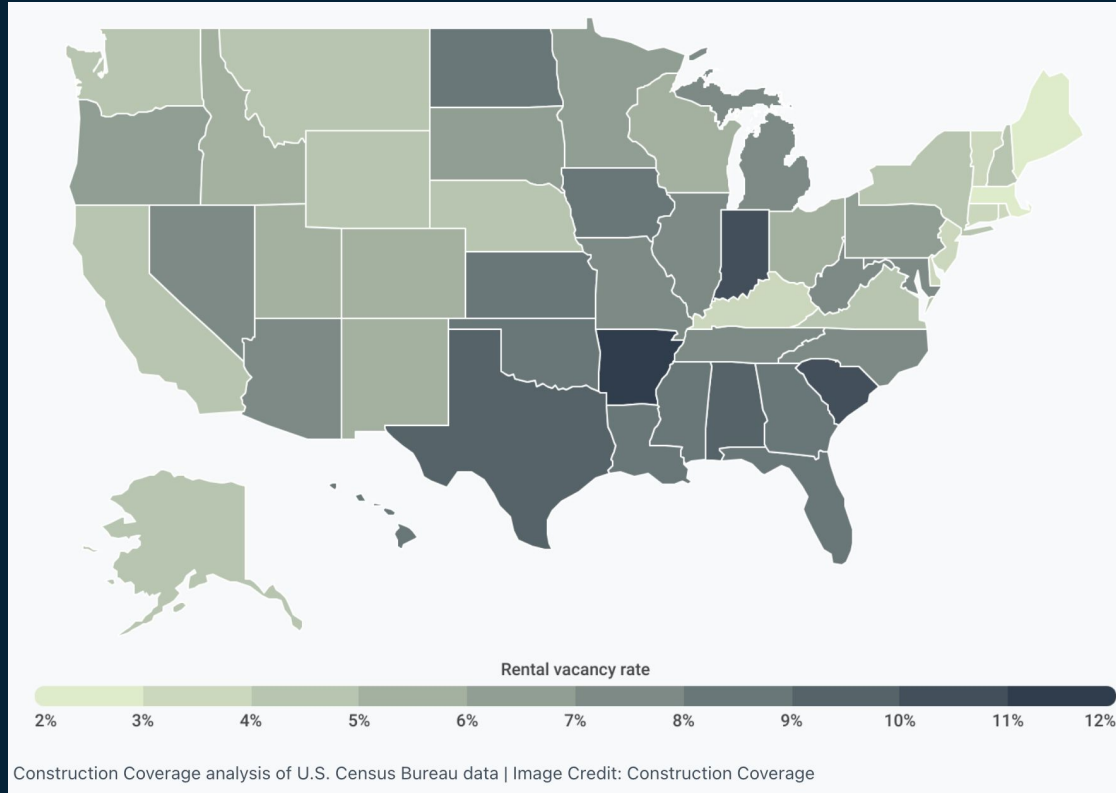


→ Per RENT Magazine, look into:

- The popularity of your property's location
 - The more desirable your locale, the higher rent is likely to be
- How your property type fares in this area
 - Rent for a single-family home tends to be higher than a multifamily unit
- Current economic trends
 - Understanding both local and national inflation rates, vacancy rates, and your local tenant base is critical

Did you know that the average U.S. vacancy rate is 6.6%, and 42.6% of vacant units have been empty for less than two months?

→ The Latest Rental Vacancy Rates



Raising Rent During Vacancy, pt. 2



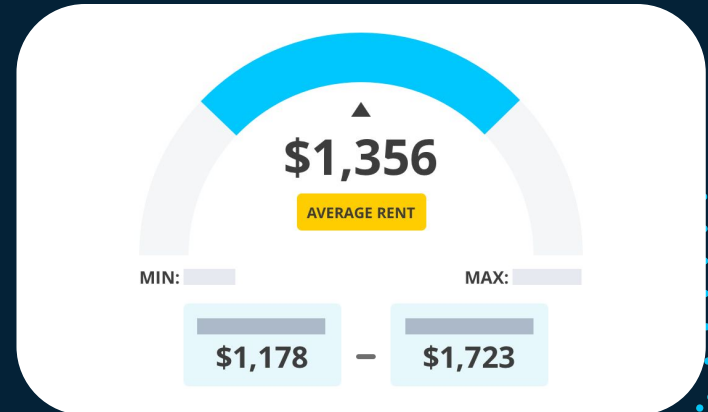
→ After analyzing your broader market trends,

3) Use our free [Rent Estimate Report](#) to compare your property to similar rentals nearby

- Consider what sets your rental apart to determine which percentile it falls under

4) Create your listing on TurboTenant.com

- We'll send it out to dozens of sites, including Apartments.com and Rent.com



Raising Rent With Existing Tenant



→ Follow a similar process:

- 1) Analyze your market
- 2) Compare your rental to similar properties nearby
- 3) Consider how you've invested in your property since the last increase
- 4) Look up the minimum notice requirement
- 5) Communicate with your tenants



The Legal Side of Rent Increases



Legal Considerations When Raising Rent



→ Beyond your local laws, the length of your lease and the language therein are critically important:

- Shorter leases are easier to increase rent on
- Should explain how much notice a tenant can expect to receive + how you'll deliver this notice

You must notify tenants of a rent increase regardless if you're waiting to sign a new lease or enacting it during an active lease.

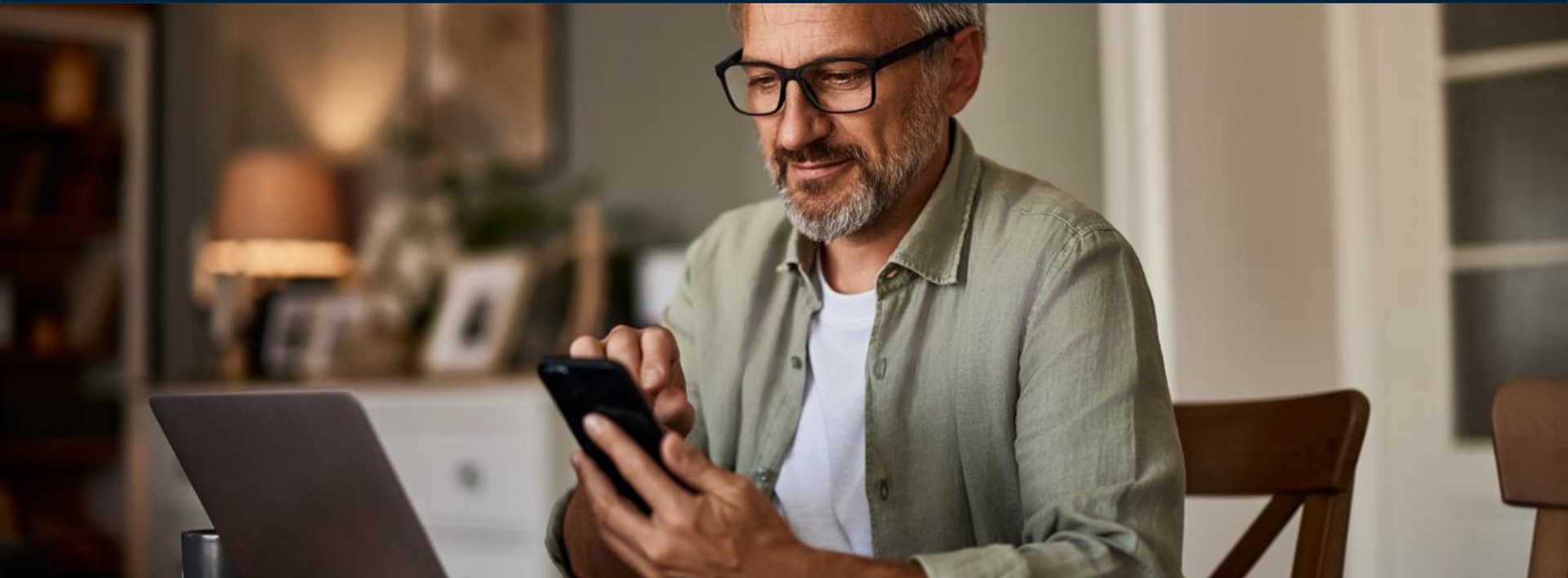
Can I raise rent during an active lease?



- ➔ ● Maybe - depends on your location, local laws, and what's written in your lease
 - E.g., an active CO 12-month lease locks rent in *unless* there's specific rent increase language in the lease
- Still requires specific notice stipulations like timeline and delivery



Communicating With Your Tenants



Messaging Fundamentals



➔ RENT Magazine suggests the following to make the conversation as easy as possible:

1. Advance notice
2. A clear explanation of the increase
3. Written documentation



A courtesy phone call is a gentle way to break the news before the official written notice hits.

Rent Increase Notices



→ When possible, give tenants more notice than required to help ease the transition.

- Clearly communicate:
 - When the rent increase will occur
 - How much it will increase
 - What the tenant should do next
- Typically, rent increases must be communicated via written notice delivered by certified mail



How to Write a Rent Increase Notice



→ Should contain:

- Your name + contact information
- The date
- A greeting that addresses each tenant by name
- The property's address
- The date the original lease went into effect*
- The date the original lease will end*
- The current rent amount
- The proposed new rent amount
- The date the new rent amount takes effect
- Next steps if the tenant declines to stay
- The notice deadline if the tenant decides not to renew their lease*
- Your signature + the date of your signature
- A place for tenant(s) to sign in agreement with the rent increase + the date of tenant's signature(s)

Get your free sample rent increase notice at
TurboTenant.com/rent-increase!

Landlord from everywhere
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[TurboTenant's mobile app](#)



- Track expenses on the go to make market analysis easier
- Receive instant notifications for rent payments
- Access our rental property calendars

Streamline every part of
rental property management
by going **Premium**



- Faster rent payouts
- Unlock 32 landlord forms
- Eliminate ACH fees for tenants
- *And more!*