

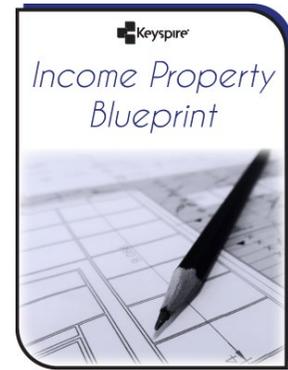
Module 3 – Lesson 6

Increase Income Overview

OPTIMIZE



Week 32



Increasing rent is a great way to increase income and active appreciation. Depending on your location, there may be rental increase caps but even so, increasing the rent has a significant affect on your active appreciation over time. Even if your location doesn't have rental increase guidelines, you should still increase rent on a yearly basis. The activity below illustrates what a slight increase looks like over a 10-year span.

Rent Increase Activity

Complete the activity below to see how increasing the rent by the allowable rental increase, however small, affects long-term growth and appreciation.

The calculation for the rent increase in 2010 has been completed for you.

- In 2010, the allowable rent increase was 2.1% and the starting rent was \$1,500.
- $\$1,500 \times 2.1\% = \31.50
- The new rental amount for 2010 is \$1,531.50 (an annual difference of \$378.00 from the previous year)
- To calculate for the year 2011, be sure to use the new 2010 rental amount of \$1531.50.

Starting rent = \$1,500

	Increase %	Increase Per Month	New Rental Amount	Annual Amount
2010	2.1%	\$31.50	\$1,531.50	\$378.00
2011	0.7%			
2012	3.1%			
2013	2.5%			
2014	0.8%			
2015	1.6%			
2016	2.0%			
2017	1.5%			
2018	1.8%			
2019	1.8%			
2020	2.2%			
Total				

This activity will be taken up in Module 2 Lesson 8, so be sure to check your answers!