

Rent Affordability

Two questions on tenants' minds when searching in a foreign location, and when navigating different currencies and tax systems:

1. "How much can I afford?"
2. "What is the requirement of real estate agents?"

Firstly, you need to calculate the total income for all lease holders; this includes annual salary before tax and any other sources of income.

Secondly, work out your typical monthly outgoings, such as food, clothing, petrol, utility bills. We understand this isn't easy when relocating to a new location and recommend you work on what you currently spend, where you are living, and identify the ratio of what you spend on outgoings to your current mortgage or rent.

This exercise is to establish what type of spender you are and what percentage listed below you should use to calculate your weekly rent.

Some people spend more on entertainment, restaurants, concerts and clothes etc, whilst others prefer to spend a higher percentage of their income on where they live.

A rule of thumb recommended by financial experts is to **spend no more than 30%** of your monthly income on rent, with some recommending **25% of your income**, to ensure you have savings.

For example: gross income of \$80,000 per year = \$460.00 per week on rent
($\$80,000 \times 30\%$ divided by 365 days of the year $\times 7$ days = weekly rent)

The usual minimum requirement of real estate agents when qualifying a tenant, is to calculate the total annual income of all leaseholders before tax, and ensure that it covers the annual rent by a **factor of 2.5 times a leaseholder's income**.

For example: \$460.00 per week = \$60,000 total gross annual income
($\$460.00$ divided by 7 days $\times 365$ days $\times 2.5$ = total annual income)

Rent Calculator

Factor	<input checked="" type="radio"/> 25 %	<input type="radio"/> 30 %
Gross Income	<input type="text" value="Gross Income"/>	
Rent per week	<input type="text"/>	

Please note: the calculator only provides a guide to rent affordability, as it does not take into consideration any of your personal expenses.