Rent Increase Notice Requirements

Information Sheet

1. Overview

This information sheet provides details on the requirements for sending valid rent increase notices. These include requirements set under the Residential Tenancies Act 1997 (Vic)(**Act**), Residential Tenancies Regulations 2021 (Vic) (**Regulations**) and direction from VCAT on validity requirements.

A checklist is provided, along with a sample wording to include when explaining how the market rent was calculated.

2. When to send a Rent Increase Notice

To increase the rent for any tenancy, a valid rent increase notice must be served using the prescribed form.

In social housing, this requirement only applies when changing the Market-Based Rent (the highest amount of rent chargeable to renters for any particular property).

These requirements do not apply when adjusting or cancelling a rental rebate (provided the amount charged does not exceed the Market-Based Rent).

3. Checklist

For a notice to be valid, the following criteria must be met. Further information about each of the requirements is outlined in the sections below.

Requirement	Further details	Met?
Notice is in prescribed form.	Section 4	
At least 90 days' notice provided.	Section 5	
Minimum time period since last increase.	Section 6	
Notice includes amount of increase.	Sections 7 – 9	
Notice details the method of calculation	Sections 7 – 9	
Service is valid	Section 11	

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4. Form of Notice

A Rent Increase Notice can only provide for one rent increase and must be sent using the prescribed form. There is a separate form prescribed for rent increases in rooming houses.

These forms are prescribed as schedules to the Regulations and are reproduced in word format on the Consumer Affairs Victoria (CAV) Website. Copies can be downloaded using the following links:

- Notice of Rent Increase (General Tenancies)
- Notice of Rent Increase (Rooming House)

5. How much notice must be given?

From 25 November 2025, rental providers must give at least 90 days' notice of any rent increase.

6. When can rents be increased?

For periodic agreements, rents can only be increased once every 12 months[1], and the first increase must be at least 12 months after the commencement of the lease.

For fixed-term agreements, rents can only increase during the fixed-term if the rental agreement specifically says that the rent will increase during the fixed-term and specifies the method of calculation. In those circumstances, increases are still limited to once every 12 months[2]. If the agreement doesn't include a clause allowing rents to increase, any increases must occur after the fixed-term ends.

7. Amount and Method of Calculation

A Rent Increase Notice must be in the prescribed form and include the amount of the rent increase. This includes specifying:

- The current rent amount per week, fortnight or calendar month.
- the new rent amount per week, fortnight or calendar month; and
- the date on which the new rent amount will be payable.

For general tenancies, the notice must also provide details about the method used to calculate the rent increase in a way that allows the renter to understand how you moved from old rent to new rent[3]. This involves setting out the steps taken to arrive at the

[1] Unless the periodic agreement started before 19 June 2019, in which case rents can be increased for that tenancy once every six months.
[2] As above.
[3] VCAT has confirmed that the requirement to include the method by which the rent increase was calculated does not apply to periodic or fixed term tenancy agreements that commenced before 29 March 2021.[3]

proposed increase. It is not enough to use a generic label like 'market rent' or 'CPI' (see section 9).

8. What is an acceptable method for calculating rent increase?

There are several different methods that are acceptable to use when calculating market rent increases. Four options are provided below.

Option 1 – Comparative Market Analysis (average based on similar properties) – an assessment comparing properties in a similar location with similar features and applying the average of those properties to determine a fair and reasonable market rent.

Option 2 – Comparative Market Analysis (midpoint of range) – A simpler test to option 1 -achieved by determining the range for similar properties in the area and calculating the midpoint of the range.[4]

Option 3 - Inflation adjustment (CPI) – Updates the rent in line with changes to the Consumer Price Index (CPI), ensuring rent keeps pace with inflation, preserving the real value of rent over time and aligning with the cost of living.

Option 4 - Statewide Rent Index Adjustment Reviews - Updates rent based on a government-set index that tracks overall rent movements across the state, ensuring consistency with broader rental trends and economic fairness.

As noted above, it is not sufficient to simply name the method used - calculations must be provided. We have included draft language for each of the above options in Appendix 1.

Please note that while the above rent review methods may be used, if a renter challenges an increase, VCAT will ultimately assess whether a rent increase is excessive under the Act. In doing so, it must consider, among other factors, "the rent payable for comparable rented premises let under a residential rental agreement by a residential rental provider, other than a public statutory authority, in the same locality."[5] Because VCAT is required to look at comparable market rents, any method that produces an increase significantly above what similar properties are achieving should be used with caution. Fixed-percentage or fixed-amount reviews, in particular, are more likely to result in an increase that could be seen as excessive or arbitrary and for this reason, we do not recommend using these. However, if a fixed increase is included in the lease agreement, it must be used.

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[4] VCAT describes this method as acceptable at paragraph 87 in in Sied v Homes Victoria (Residential Tenancies) [2025] VCAT 862 (30 September 2025).
[5] Section 47, Residential Tenancies Act 1997 (Vic).

9. How do I describe a rent review in my Rent Increase Notice?

Simply naming the method used is not sufficient, so the following phrasing will not be sufficient to describe the method of calculation:

- ”We have completed a Market Rental Comparison and propose to increase as follows”
- “We have completed a Market Review and are increasing the rent on that basis”
- “Valuer-General’s valuation”
- ”We have compared your rent against the following properties and propose to increase as follows” - with just a list of addresses (i.e. comparable properties) and no further explanation.

The VCAT decision in Sied v Homes Victoria (Residential Tenancies) [2025] VCAT 862 (30 September 2025) made by the President of VCAT has provided some helpful suggestions for the wording that would be acceptable where ‘comparative market analysis’ is used.

It is expected that a Rent Increase Notice has the following details when referencing the method used to calculate the proposed increase:

- Reference to a time period during which the comparative leases commenced (eg last 6 months or between xx date and xx date)
- Number of comparisons used (eg five properties)
- Attributes used for comparison (eg two-bedroom, one-bathroom apartments with similar features in East Brunswick)
- How the final figure was calculated, such as average of properties compared (eg the average of the rent charged for each of the comparable properties is $xx)

The explanation of the method used must be clearly, coherently and logically stated, describing how the proposed rent has been determined. A notice that just lists the rent for 3 other properties in the area may be insufficient. If listing comparable properties, the notice should clearly state why those properties were chosen and how the increased rent has been calculated against those properties.

Plain language should be used. If you are aware of a renter’s preferred language other than English, consider obtaining a translation or offering interpreter assistance in writing and orally.

10. How should I serve a Rent Increase Notice?

Under s.506(1) of the Residential Tenancies Act, a rental provider can serve a notice by any of the following methods:

Service Method	Requirements
By post	• Post the notice to the renters' last known address (which will usually be the rented premises, unless another address is nominated). • You must allow time on notice for delivery. Currently this is an extra 7 days. • Keep proof of postage when possible (registered post receipt, postage statement or photograph of envelope and date). • VCAT treats a notice sent by post as "given", even if the renter says they didn't receive it – unless they can prove non-delivery.
By electronic communication (email or other approved means)	• This method can only be used if the renter has consented in writing to receive notices electronically or via a digital platform. • The consent must specify: ➢ The renter's nominated email address (or digital platform), and ➢ That this method can be used for formal notices under the RTA. • The notice is taken to be "given" at the time it is sent, unless evidence shows it was received.
By hand (personal delivery)	• You can hand deliver the notice to: ➢ The renter personally, or ➢ A person apparently over 16 years of age who lives at the premises. • Record the date, time and person the notice was given to in case proof is required.

Evidence retention is important. Keep contemporaneous records of posting dates, addresses used, and any tenant interactions about the notice as this can be critical if service or procedural fairness is later questioned.

11. What happens if a Rent Increase Notice does not comply with the Act?

A renter may make an application to VCAT challenging the validity of a Rent Increase Notice.

VCAT may find a Rent Increase Notice invalid if it does not meet the requirements set out in the checklist in Section 3.

If a Notice is found to be invalid, VCAT may also make an order adjusting the amount of rent owed by the renter since the Notice was served.

Questions

Should you have any questions or comments in relation to the information in this resource please email leadingpractice@chiavic.com.au

Appendix: Sample wording for method used to calculate rent.

As outlined in section 8, Rent Increase Notices for general tenancies are only valid if they contain details of the method used to calculate the increase.

Several methods can be used, this appendix provides sample wording for different calculation methods.

The relevant wording should be included in section 5 of the Rent Increase Notice under the heading "Method used to calculate the rent increase".

Note that it is not necessary to list every comparable property or attach underlying evidence in the Rent Increase Notice, but evidence should be retained in case of a challenge.

Method Used	Example Wording
Option 1 **Comparative Market Analysis** **(Average based on similar properties)**	• *The weekly rent charged for 5 newly rented 2-bedroom apartments in Carlton with similar features to the rental property over the last six months were $480, $480, $490, $495 and $520.* • *The average rent of the 5 properties is $493.* • *The rent increase to $493 per week has been calculated by applying the average of the properties compared.* *Highlighted yellow sections should be updated to match the specifics of the rent increase*
Option 2 **Comparative Market Analysis** **(Midpoint of range)**	• The rent charged for newly rented 2-bedroom apartments in Carlton with similar features to the rental property over the last six months ranges from $480 to $520 per week, based on a total of 5 rental properties. • The midpoint of that range is $500. • The rent increase to $500 per week has been calculated by applying the midpoint of the compared properties *Highlighted yellow sections should be updated to match the specifics of the rent increase*

Option 3 **Inflation Adjustment (CPI)**	• The new rent has been calculated by increasing the current rent by 3.8% in line with the yearly increase to the Consumer Price Index reported for December 2025 . This calculation results in the current rent of $450 per week, increasing by $17.10, bringing the new rent to $467.10 per week. *Highlighted yellow sections should be updated to match the specifics of the rent increase*
Option 4 **Statewide Rent Index Adjustment**	• The new rent has been calculated by increasing the current rent by 2.8% in line with the Statewide Rent Index Annual Percentage Change as reported in the June 2025 quarter DFFH Rental Report. This calculation results in the current rent of $450 per week increasing by $12.60, bringing the new rent to $462.60 per week. *Highlighted yellow sections should be updated to match the specifics of the rent increase*

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