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REAL ESTATE

Lewis Prior

Property Management Newsletter January 2018

Outlook for Rental Growth at Three and a Half Year High

According to the National Australia Bank residential property survey Q3, the outlook for rental growth in the next year has risen to a 3 and a half year high of 1.4 per cent.

Rents are however expected to rise broadly in line with house prices, suggesting that yields will remain unchanged in many places. However, fewer investors buying in Sydney and Melbourne should start a trend of upward pressure on rents.

Expectations for rental growth were higher in all states. Despite concerns about over-supply in apartment markets, property experts on average are expecting much faster rental growth in Victoria (2.8% vs. 1.2%).

With vacancy rates reportedly tight in most capital cities, property experts in Queensland (1.3% vs. 1.0%), South Australia/Northern Territory (0.9% vs. -0.3%) and Western Australia (0.0% vs. -1.0%) are also expecting to see rental growth accelerating in the next 12 months.

Victoria To Lead Growth

Victoria is anticipated to lead the country for income growth over the next two years.

The average survey outlook is for rental growth to accelerate to 2.1% in 2 years' time (1.3% in Q2). Again, this mainly reflects a significant upward revision in expectations from property experts in VIC (3.3% vs. 1.5%). VIC is also expected to provide the best income returns of all states. Property experts also lifted their expectations in NSW (2.1% vs. 1.6%), QLD (2.0% vs. 1.5%), SA/NT (1.5% vs. 0.5%) and WA (1.2% vs. 0.2%).

Property Tax Change Could Cost You \$20,000

In 2017 we have experienced the most drastic change to property depreciation legislation in more than 15 years. This change stems from the Treasury Laws Amendment (Housing Tax Integrity) Bill 2017, which has passed through Parliament and is now legislation.



The great news is that there are still thousands of dollars to be claimed by every property investor in Australia.

It's more important now than ever to talk to a specialist Quantity Surveyor to make sure that every deduction is claimed and nothing is missed. The typical residential property investor could be \$20,000 worse off without important guidance.

Ask your property manager who to speak to for advice about how you are affected. We'll put you in touch with a trusted source and help you get on a path of maximum yield.



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First National Real Estate has landlords covered

Australians invest in property as a proven long-term path to financial security and the summer months bring increased rental relocation activity, particularly in the New Year. However, many landlords and property investors neglect to protect their valuable asset by taking out appropriate insurance cover.

It is important for landlords to realise the cover they need should extend beyond the normal building insurance policy, which does not cover things like wilful damage to their property, failure to pay rent, or claims made against them by their tenant.

Summer is always a busy time for the rental market as tenants find it more convenient to move after the Christmas/New Year festive season,

and, the holiday letting market also gets into high gear.

Landlord protection policies differ widely, but at First National Real Estate we can help landlords find the right insurance policy for them.

Some, for instance, are designed to be used in conjunction with a typical home and contents or strata title policy, while others are more comprehensive. We also help our tenants find contents insurance, which can be challenging in a shared household.

According to industry research, less than half of all self-managing landlords have specific landlord insurance, even though three out of five recognise a bond is not sufficient to cover most incidents with tenants.

Landlords who use real estate agents to manage their relationship with tenants face fewer problems than those who self-manage their investment properties.

At First National Real Estate we manage around \$50 billion worth of properties on behalf of clients nationally. We make sure appropriate rental agreements are in place, screen potential tenants and check their references, regularly inspect properties and ensure maximum returns are achieved for each of our rental properties.

We have leading edge systems and best practice procedures in place to ensure vacant properties are marketed correctly, and maintained in optimal rental condition.

Beware: Curtain cords and blinds

Sometimes our landlords are inclined to think we can be overly cautious when it comes to risk management in their properties, but risk management is serious business.

Every year, toddlers worldwide become entangled in curtain cords or unsecured blind chains. However the risk is also very high for young children and when we assess your rental property, this may be any element of risk we comment on.

We believe it is not only our duty to warn our landlords of their safety obligations but to make sure action is taken to make our rental properties as safe for children as possible.

A mandatory safety standard for blinds has been in place since 2004. The most recent standard, which was introduced in 2010, requires blinds and curtains to have the necessary installation instructions, warning labels and tags.

It's important that any loose or looped cords are secured so they can't hang down, where children can reach them. If possible, looped cords should be removed by cutting the cord and installing tassels.

Looped cords can also be kept out of children's reach with tie downs (cleats) or tension devices that enclose cords and chain loops. You can securely affix tie downs or tension devices to the wall or window frame to prevent a child from removing them.

Ideally, it's better to only install curtains or blinds without cords or chains.

Safety checks of window coverings are now considered as important as other items like pool fences, gas appliances, timber balconies and smoke detectors.

So, when we make a recommendation for action concerning items of safety in a property's condition report, it is critical that you authorise corrective repairs. This is to protect not only lives but your own interests. If your property doesn't have blinds or curtains, we recommend their installation by a properly licensed tradesperson with experience in property management. This avoids your tenant requesting permission to self-install and then purchasing dangerous, life threatening window covers.



From Karlie

Wishing everyone a Happy New Year and we look forward to another prosperous year ahead.

**Karlie Larson
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Manager**

