



PROPERTY INVESTOR NEWSLETTER

JULY – AUGUST 2011

This newsletter has been designed to keep you updated on what is happening within the industry and our real estate office

FROM OUR PROPERTY MANAGEMENT TEAM

Properties Recently Rented!

Keeping you updated on the local rental market

HOUSES

Lindon St, Dutton Park \$800
Large spacious 5bed 2bath 2car

UNITS

Belgrave St, Balmoral \$395
Modern 2bed 2bath big entertainer

Glenalva Tce, Enoggera \$400
Spacious 3bed 2bath great spot

Ipswich Rd, Annerley \$355
Modern 2 bed 2 bath 2 balconies

Hardgrave Rd, West End \$285
Neat & Tidy 1bed secure complex

TOWNHOUSES

Richmond Rd, Morningside \$470
Modern 3bed 2bath walk to train

Haig St, Clayfield \$465
Spacious modern 3bed 2bath 1car

Grosvenor St, Morningside \$430
Executive spacious 2bed 2bath

To increase or not to increase, that is the question...

When reviewing rents and tenancy agreements the question often arises "Should the rent be increased and if so, by how much?"

As your managing agent, when the tenancy agreement is under review, the first thing we assess is whether the tenant is looking after the property and paying the rent. If the answer to this question is no then renewing the tenancy would be detrimental to protecting and maximising your income. If the answer is 'yes' then we would proceed in completing a comparative market analysis of your property to assess the price the property may rent for on the current market.

This is the price that could comfortably be achieved if your tenant decided to vacate the property at the end of their tenancy. Only a few years ago, it was common practice for many agents to just increase the rent by \$5 or \$10 (regardless of the market review), however, as tenants are becoming more astute and, through Internet resources, are now armed with up-to-date information about the rental market, it is becoming increasingly

important to be accurate in accessing the market value of the property.

Many investors are reluctant to increase rents at properties where they have retained a good, loyal tenant for a long period of time, and although this is sometimes a good practice where vacancy rates are high and the rent has only marginally risen, it is important to refrain from consistently choosing this approach. As the market continues to increase without the property being adjusted accordingly the tenant becomes shielded from market conditions, and when they eventually have to move they are unprepared for the increase in living costs.

It is also important to move with the market as conditions do not always reflect increases in costs. When these costs occur, as income is not being maximised, the costs can have a negative effect on the affordability of the investment. If an investor is put in a position where they need to sell their property, having the rent at less than market value will have a negative impact on securing a sale at a reasonable price. ■

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Every effort is made to ensure the contents are accurate at the time of publication. Clients should seek their own independent professional advice before making any decision or taking action. We take no responsibility for any subsequent action that may arise from the use of this newsletter.

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Reserve Bank of Australia could hold interest rates until February

THE Reserve Bank board has kept rates on hold at 4.75 per cent following the release of disappointing housing, retail and job figures.

The last rate rise was in November, and analysts predict it will be months before another spike occurs.

ANZ head of Australian economics and property research Ivan Colhoun said the bank did not anticipate rate rises before February.

And Westpac senior economist Matthew Hassan said his bank expected the next rate hike to be in the December quarter.

Job advertisements up

The prediction came after ANZ yesterday released job advertisements data for June, which found total job ads on the internet and in newspapers rose 3.7 per cent in June, but in trend terms ads fell by 0.8 per cent month-on-month.

"Declining trends in job advertising ... usually foreshadow lower interest rates," Mr Colhoun said.

Building and retail sectors down

CommSec economist Savanth Sebastian said retail and building approvals data would likely delay the next rate increase.

ABS figures also released yesterday show building approvals were down by 7.9 per cent nationally.

"It pretty well signals that the Australian economy has lost a lot of momentum," Mr Sebastian said. The figures also reveal national retail sales fell 0.6 per cent to \$20.61 billion in May following a rise of 1.2 per cent in April.

The biggest declines were in food, clothing and shoes, and household goods.

NSW (down 1.2 per cent) and Victoria (1.1 per cent) led the national decline.

Economists had forecast national retail sales to rise by 0.3 per cent. Business SA chief executive Peter Vaughan said the retail figures were disappointing but not surprising.

"We have had a series of interest rate rises and business and consumer confidence is at very low levels," he said.

Australian National Retailers Association chief executive Margy Osmond said uncertainty about interest rates and a proposed carbon tax were keeping consumers out of the shops.

Inflation back within target range

A private measure of inflation released yesterday showed consumer prices were unchanged in June, bringing inflation back within the bank's official target range.

The TD Securities-Melbourne Institute monthly inflation gauge was flat in June, after slowing to 0.2 per cent in May from 0.3 per cent in April.

Over the year to June, the indicator rose 2.9 per cent, in line with the two to three per cent medium-term target the RBA uses.

Source: www.news.com.au

Is now the time to buy?

Australian Property Investor Magazine reports...

Nearly half of 2000 Australian first homebuyers, owners and investors recently polled by mortgage provider Homeloans Ltd believe now is the time to buy.

The *Homeloans Home Buyer Barometer Q2 2011* survey found 32 per cent of respondents couldn't give an opinion about whether the market was right for investment, and 19 per cent thought it wasn't the right time to buy. ■

Hot Property for Sale

RENOVATORS DELIGHT IN WEST END



Looking for a house to renovate?
Then this property is for you!

This house is located in a cul-de-sac with two good sized bedrooms, floor boards throughout on a 304sqm block. Great potential to do some work and make into a great little investment property. Also comes with off street carparking and a good-sized backyard. Currently rented.

Quiet street metres away from shops, cafes, buses and City Cat.

Be Quick!

\$625,000

Renewed your insurance lately?

A FRIENDLY REMINDER

If you have renewed any of your insurance policies lately it is important as your managing agent that we have the most up-to-date information regarding your investment property. There are also requirements as to the amount of public liability insurance that must be maintained. Please contact our office to provide any new details and expiry dates including any alterations to your policy details.