

LANDLORD UPDATES

First National Connect Real Estate
Monthly Newsletter



PROPERTY
MANAGEMENT



RICHMOND

First National Connect - Richmond

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RateMyAgent is Australia's leading – and most trusted – real estate agent, mortgage broker, and property management reviews and ratings website to help consumers connect with trusted and recommended agents, brokers, and property management teams. The Agent of the Year awards celebrate and recognise these trusted real estate professionals who provide truly excellent client service, based primarily on real customer satisfaction.

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firstnational
REAL ESTATE

We put you first

RENTAL MARKET CONDITIONS DIVERSE

Rental market conditions remain diverse, with significant differences between the regions and housing types. From a geographic perspective, the tightest rental markets are Darwin and Perth, where both house and unit rents are recording double-digit annual growth.

According to CoreLogic, rents are rising at a record-setting pace across both Perth and Darwin, with the quarterly trend up 5.9% and 7.7% respectively. Rental prices in Perth and Darwin started surging higher in September last year. The monthly growth in rents across Perth quickly accelerated from an already high 1.1% in September 2020, to 2.0% by March 2021.

Darwin rents have risen by an average 2.1% per month for the past seven months, including a 2.4% lift in March 2021. Both these markets have seen a recent history of low housing investment which has kept rental supply low at a time of rising demand.

Although rents are surging in these cities, it is off the back of a long period of rental value declines. Perth rents remain -16.0% (\$80/week) below the 2013 peak and Darwin rents remain -24.6% (\$150/week) below their 2014 peak.

Weaker rental conditions for units than houses

Weaker rental conditions can be seen in the unit sector, both at a macro level and across the sub-regions of each city. Overall, unit rents have been showing weaker conditions relative to houses throughout the COVID period to-date. Since March last year, capital city house rents are up 5.2% while unit rents are down -3.8%. The biggest drag on unit rents are Melbourne and Sydney, where unit rental conditions have been much weaker due to the demand shock caused by stalled overseas migration and international border closures.

Melbourne and Sydney unit rental markets appear to be stabilising. Sydney unit rents have posted a subtle rise over the past three months, while unit rents in Melbourne have held firm over the same period. The improvement comes after a long running decline, however a material improvement in rental conditions is likely to be dependent on foreign students and visitors returning to shore up inner-city unit rental demand.

Gross yields trend lower

With housing values rising faster than rents, gross rental yields have been trending lower. Most regions are still showing a gross yield higher than typical mortgage rates, implying some opportunity for positive cash flow investments. Sydney and Melbourne stand out as having a much lower yield profile. Both cities have seen gross yields fall to new record lows in March, with Sydney recording a gross yield of 2.7% and Melbourne dropping below the 3% mark for the first time on record.

The prospect of tighter credit policies is on the radar

We know from previous periods of credit tightening that tighter credit policy will likely have an immediate dampening effect on housing activity. The likelihood and timing of any change in credit policies is highly uncertain and largely dependent on a material lift in credit metrics such as debt to income ratios, loan to income ratios or high LVR lending.

According to APRA, although each of these metrics rose in the final quarter of 2020, lending standards remain healthy enough to keep any credit intervention at bay for now. Short term interest rates are also unlikely to increase anytime soon.

GROSS RENTAL YIELDS NATIONALLY

Sydney	2.7%
Melbourne	2.9%
Brisbane	4.3%
Adelaide	4.3%
Perth	4.4%
Hobart	4.5%
Darwin	6.2%
Canberra	4.4%
National	3.6%

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MANAGING BOUNDARIES WHEN YOUR TENANT IS YOUR NEIGHBOUR

One of the benefits of having a property manager is that a clear separation can be made between you and your tenant. The lines become blurred however when you live next door. This happens surprisingly often – when a property owner buys the apartment next door as an investment and rents out, or when there's a granny flat or separate dwelling on the property that can be used to generate income, for example. It may seem superfluous to have a property manager in these instances when you are so close by, but in fact these situations call for management more so than others.

A great approach is to remain anonymous as the landlord to your tenant – this creates a clear boundary for you to treat them as a neighbour and for them to see you as nothing more than that. It does however depend on your making good choices as a landlord regarding entry to their property and raises the personal and ethical dilemma of them allowing you on site, not knowing the full scope of your relationship. If you choose anonymity, it's also important to draw boundaries between being neighbourly and developing a strong meaningful friendship – which for some people is an important aspect of being neighbours. If the friendship develops and you start to feel uncomfortable, disclosing the truth is a reasonable next step – assuming you feel boundaries can be respected with regard to the management of the property. It's all fun and games until someone burns a hole in the carpet or starts a flood with a carelessly running tap!

60 Cox St, South
Windsor NSW 2756

Details

Property Type - House

Land Area - 1012m²

Floor Area - 116m²

AMAZING OPPORTUNITY!!!

Whether your looking for a first home or an investment property this place ticks all the boxes, this quaint house and a shed are conveniently located only a stones throw away from local amenities such as schools, shops and public transport.

Features Include:

- 3 generous sized bedrooms
- Modern Kitchen
- Huge block of land
- Side access
- Double Lockup Garage
- Storage shed behind
- Entertaining Area



Important note: Clients should not rely solely on this newsletter. All endeavors are made to ensure the content is current and accurate however, we make no representations or warranties as to the accuracy, reliability, completeness, or current. Readers should seek their own independent professional advice before making decisions.

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