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July 2019
**Landlord
Newsletter**

Rents track 0.4% higher over financial year

Corelogic's June rental index shows rents remained unchanged throughout June after tracking 0.3% higher across the June quarter and 0.4% higher over the financial year.

The largest annual increase in rents can be found in Hobart (+4.7%) while the largest fall over the year has been in Darwin (-4.7%).

Although rental growth is sluggish, most cities are seeing rental rates rising faster (or falling slower) relative to dwelling values. With rents outperforming values, gross rental yields are continuing to push higher. Gross yields across the combined capitals index have risen from a recent record low of 3.4% in October 2017 to 3.9% at the end of June. Similarly, yields across the combined regional areas of Australia are up from a recent low of 4.9% to 5.1% in June.

Every capital city has recorded a rise in rental yields over the year; however, gross rental yields remain well below 4.0% in Sydney and Melbourne.

Downturn running out of steam

June housing market results provide further evidence that the downturn is running out of steam. Improved conditions over the first five months of the year have largely been organic, however since mid-May there have been a raft of announcements that should provide a further positive flow through to housing demand.

Stability within the federal government, along with the removal of uncertainty surrounding changes to negative gearing and capital gains tax discounts, has brought about increased certainty and boosted confidence in the housing market.

Monthly change in capital city home values

Sydney and Melbourne dwelling values recorded a slight rise in June, up 0.1% and 0.2% respectively, and was the first monthly increase in Sydney housing values since the market peak in July 2017. Melbourne dwelling values haven't risen since the market moved through a peak in November 2017.

	MONTHLY	ANNUAL
Melbourne	▲ 0.2%	▼ 9.2%
Hobart	▲ 0.2%	▲ 2.9%
Sydney	▲ 0.1%	▼ 9.9%
Brisbane	▼ 0.6%	▼ 2%
Adelaide	▼ 0.5%	▼ 0.3%
Perth	▼ 0.7%	▼ 9.1%
Darwin	▼ 0.9%	▼ 9.3%
Canberra	▼ 0.9%	▲ 1.4%
National	▼ 0.2%	▼ 6.9%

The only other regions to record a rise in housing values over the month were Hobart (+0.2%), as well as the regional areas of South Australia (+0.1%) and Northern Territory (+0.2%)

Housing credit growth stabilising

Although housing credit growth appears to be stabilising after a steep decline, tight credit conditions are the new normal and will continue to dampen market activity.

Lenders are progressively becoming less reliant on average household expense benchmarks and prospective borrowers should expect some scrutiny of their balance sheets during the loan application process."

Flipping properties not as easy as flipping burgers

'Flipping' or buying properties to do up and sell can be a lot of work but many a landlord has made their start in property this way.

Risk versus profit

Most people recognise the risks that come with flipping properties. You invest your time and hard-earned money into renovating a home but it may not always pay off when it comes time to sell. Before you do anything, you must plan your budget for fixing up the fixer-upper and budget down to the smallest of things. Investing Answers suggests that you pay for the house in cash and avoid getting a mortgage for it. Even splitting the investment with a partner will be better. Having a mortgage is a "fixed obligation" and it adds extra pressure for you to be successful with flipping.

What do buyers look for?

A Real Estate Buyers Agents Association survey of the most popular features that Australians wanted for their new home shows the top 10 features are:

- Open plan living
- At least two bathrooms
- Natural light
- Close to schools and shops
- Kitchens that flow out to outdoor areas
- Two living areas
- Level yard



- Pantry
- Storage space
- Secure car space

Now that you know the most popular features, you can plan your capital investment with them in mind.

Best house on the worst street or worst house on the best street?

Location makes or breaks your gains when flipping a property; just remember it's all about the serenity.

Buying a run-down house and fixing it up can be great, but not if it is on a terrible street. You have to ask yourself if the features of the neighbourhood are going to add value to your home. Research past rates of property growth in surrounding streets, as well as nearby schools and amenities.

Think about factors such as proximity to trains or buses, local shopping and lifestyle conveniences like parks and recreational areas. They all enhance the appeal of a renovation prospect in a good location. Talk to your local team of experts at First National Real Estate. We're here to help.

Investment property

71 Porpoise Crescent, Bligh Park

- Three comfortably sized bedrooms, all with built in wardrobes
- Two separate large living rooms
- Recently renovated kitchen & bathroom
- Single car garage with internal access
- Out-door undercover entertainment BBQ area
- Two Split system air-conditioner
- Landscaped gardens both front and backyard
- Currently leased out for a whopping \$500 per week until the 30th of March 2020.

AUCTION: Tuesday 9th August 2019
6.00pm Crowne Plaza



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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