

Keeping up with PROPERTY MANAGEMENT



RENTAL TRENDS INCREASINGLY DIVERSE

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THREE MUST HAVE FEATURES FOR PREMIUM RETURNS

In an increasingly competitive rental market, attracting the right tenant is only half the battle!

IF MY TENANT BREAKS THE LEASE, WHAT HAPPENS?

Turbulent times or not, tenants break leases far more often than you'd think and will continue to do so because life happens to the best of us.

RETURN OF THE QUEEN

Elaine Pilcher returns to the PM department

RECENT SUCCESSES

Nisha James BEST in NSW



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Engage Eastlakes

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RENTAL TRENDS INCREASINGLY DIVERSE

Rental trends are becoming increasingly diverse across Australia.

At a macro level, rents are still rising at well above average rates. While annual rental growth has eased from a recent peak of 9.4% in November last year to 8.7% over the 12 months ending March 2022, the quarterly pace of growth has rebounded through the first quarter of the year, from 1.9% in Dec 2021 to 2.6% in March 2022.

The rebound is partly seasonal as rental trends tend to be stronger through the first quarter of the year, but there are other factors at play including stronger conditions across the medium to high density rental sector.

The rate of growth in unit rents has strengthened to reach a cyclical high of 3.0% in the March quarter, rising at a materially faster pace than house rents (2.4%). The stronger rental conditions across the unit sector demonstrates a remarkable turnaround in rental conditions across higher density markets, where rents fell sharply through the first nine months of the pandemic.

"Through the pandemic to-date, capital city house rents have risen by 13.8% compared with a 3.4% rise in unit values," Mr Lawless said.

"The net result is that renting a unit is substantially more affordable than renting a house. This affordability advantage, along with a gradual return of overseas migration, employees progressively returning to offices and inner-city precincts regaining some vibrancy, are likely key factors pushing unit rents higher," Mr Lawless said.

Sydney is now recording the strongest lift in unit rents, up 8.3% over the 12 months to March following a 7.2% peak to trough fall in the first half of the pandemic. Similarly, Melbourne unit rents are up 6.9% over the past year after posting an 8.5% peak to trough fall.

With national rents up 2.6% over the March quarter and housing values rising by a lower 2.4%, gross yields have posted a rare rise in March, up two basis points from a record low of 3.21% in January and February to 3.23%. If rents

continue to outpace housing values, which is likely if the housing market moves into a downturn, yields will continue to recover.

Pace of home values growth continues to ease

CoreLogic's national Home Value Index was up 0.7% in March, driven by stronger conditions in Brisbane, Adelaide, Perth and the ACT. However, there has been a slip in values across Sydney and Melbourne.

The first quarter of the year has seen Australian dwelling values rise by 2.4%, adding approximately \$17,000 to the value of an Australian dwelling. A year ago, values were rising at more than double the current pace, up 5.8% over the three months to March 2021 before the quarterly rate of growth peaked at 7.0% over the three months ending May 2021.

Sydney's growth rate is showing the most significant slowdown, falling from a peak of 9.3% in the three months to May 2021, to 0.3% in the first quarter of 2022. Melbourne's housing market has seen the quarterly rate of growth slow from 5.8% in April last year to just 0.1% over the past three months.

CoreLogic's research director, Tim Lawless, says while the monthly rate of growth was up among some cities and regions, there is mounting evidence that housing growth rates are losing momentum.

GROSS RENTAL YIELDS NATIONALLY

Sydney	2.5%	Hobart	3.7%
Melbourne	2.8%	Darwin	6.0%
Brisbane	3.5%	Canberra	3.8%
Adelaide	3.8%	National	3.2%
Perth	4.3%		



THREE MUST HAVE FEATURES FOR PREMIUM RETURNS

In an increasingly competitive rental market, attracting the right tenant is only half the battle!

Getting a premium return on your property is priority number one – so how can you achieve this? The needs of the rental market will vary depending on the location and type of property you are offering, however there are some key features that will enable you to achieve higher rental prices for your property and secure your tenants for longer periods.

There are several things that tenants will want, such as a home office, a bathtub, or a second toilet or bathroom. Not all of these are immediately achievable however without extensive renovations. Luckily, the most coveted features for a rental property can be relatively easily installed. Built in wardrobes are high on the wish list for many tenants as storage units for clothes, linen, towels and general household bits and pieces is essential but also not furniture that is commonly bought. If space is available, a simple installation of a flat pack wardrobe is an easy solution. With fluctuating weather conditions across the country, a split heating cooling system can also be a make-or-break decider for many tenants. Depending on the property layout, installing a dishwasher can also improve the overall value of the property, giving it a more premium positioning. Improving the features of your rental property will not only improve its value, but it will also unlock access for you to a broader range of better-quality, longer lasting

IF MY TENANT BREAKS THE LEASE, WHAT HAPPENS?

Turbulent times or not, tenants break leases far more often than you'd think and will continue to do so because life happens to the best of us.

In some cases, they will work with you to resolve the situation. In others they will simply break the lease, leaving you with the task of replacing them quickly and unexpectedly. Your first course of action should be to find out why they want or need to leave and if there's anything you can do to support them and retain them as tenants (that is if you want to keep them of course). If their departure is inevitable, get a clear understanding of the timings at their end and what you will need to do to ensure as seamless a transition as possible to a new agreement with a new tenant.

Leases do exist for a reason however and depending on the type of lease, breaking them is not always easy. Tenants on a rolling lease can in fact terminate their lease as per the conditions of the original lease – which may mean they can give you two to four weeks' notice, with no responsibility for anything beyond their required vacate date. Fixed terms agreements provide a little more security in the event of a lease break for this reason. They can vacate by providing the agreed amount of notice; however, they still have responsibilities towards the property for the duration of their lease agreement – for example another 4 months if they vacate 8 months into an existing 12-month lease.

Tenants have responsibilities around re-letting and compensation costs and your local tenancy authority can provide specifics on this. Generally speaking though, in the event of a lease break tenants may be responsible for some or all of the following:

- Payment of any overdue rental amounts from months prior to their notice to vacate
- Ongoing payment of rent until a new tenant is secured or to the end of their fixed term lease agreement – whichever comes first OR compensation for loss of rent
- Costs of advertising for a new tenant

- Any agency fees incurred in the course of finding and securing a new tenant

There are some conditions under which a tenant can legally break a lease and avoid having to pay additional fees or compensation, such as:

- In the event of undue financial hardship
- If they have been forced to vacate the property due to safety issues or because it has become uninhabitable
- If the landlord has breached the lease agreement in some way

As mentioned previously these will vary from state to state so check with your local tenancy union or your property manager for specifics relating to your situation.



Return of the Queen

EXPERIENCE = KNOWLEDGE IN PROPERTY MANAGEMENT

Here at First National Engage Eastlakes, we have gathered Property Managers with an extensive experience as a priceless attribute to our business and department.

Department Manager **Nisha James** has 20 years industry experience. Senior Asset Manager **Kerrie Reilly** has 7 years industry experience. Asset Manager **Shane Tull** with a diverse background from Sales to Property Management of 14 years.

Nish has called upon reinforcements by way of engaging a previous team member, to make sure all our current and future landlords continue to receive the high level of service we have always endeavoured to provide. I am sure many of you will remember or know **Elaine Pilcher** as a highly regarded Property Manager with over 20 years' experience in the industry.

FUN FACT

Elaine trained Nisha early on in her career!



Welcome back Elaine!

FNEE HAS A COMBINED KNOWLEDGE IN PROPERTY MANAGEMENT OF 60 YEARS

MAGNIFICENT 7 BUSINESS DEVELOPMENT MANAGER OF THE YEAR.



Nisha James

There is always something exciting happening within our business and we are currently celebrating our BDM and Office Manager Nisha James, being named in the MAGNIFICENT 7 – BUSINESS DEVELOPMENT MANAGER OF THE YEAR.

This is a FANTASTIC accolade and one I am sure you will join us in Congratulating Nisha in her recent award for First National. This now means Nisha is in the running for the National Awards, which we wish her the best of luck!

Our BDM and Department Manager Nisha James has been with our team for the past 11 years. Experience like Nisha's is extremely valuable and also very hard to find! Having Nisha lead the property management team within our business and be able to share her 20 years of knowledge in the industry is priceless and something we value very highly.

20 YEARS EXPERIENCE IN THE INDUSTRY – 240 MONTHS
– 1043 WEEKS, 7301 DAYS, 175,224 HOURS

I am sure you all have experienced how passionate Nisha is, making sure the team delivers excellence in service consistently throughout your time with us as your managing Agent, with extreme diligence in making sure you as a landlord are protected under the ever changing legislation and industry changes.

CONGRATULATIONS ON BEING THE BEST BDM IN NSW!

Have you wondered what your investment property is worth, if you were to sell?

Obtain an obligation free appraisal from our sales team!

Are you looking to add to your investment portfolio?

We have some great opportunities listed or coming soon, that you may be interested in. Contact Nisha and she will get you in touch with the Sales Team today!