



PROPERTY INVESTOR

NEWSLETTER

SEP – OCT
2017

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

WHO MAKES A GOOD TENANT?

The short answer to this question is “Not always the person you think!” Good Tenants cannot be judged on outward appearances alone- there have been plenty of well dressed, schmick Tenant/s who do a runner without paying rent and damage very exclusive properties. The key to selecting a good Tenant is to have your Property Manager go through all the rental history and reference checks with you. The idea is to pick the person who:

- Has the capacity to afford the rent
- Will pay the rent
- Will look after and maintain the property well
- Will have good business relationships with the Agency

There are laws protecting Tenants from bias on discriminatory bases and these are for good reason. It is impossible to lump all people of a certain gender, age or nationality in the same basket. Each person needs to be evaluated on their own merit.

The best indicator of future behaviour is in past behaviour. It is highly unlikely that a person with a stellar rental history will suddenly become a bad Tenant. So – reference checks are all important. Your Property Manager seeks references as part of the Tenancy Application process and will undertake these on your behalf. Don't be afraid to question your Property Manager on the feedback on those references and if necessary to go back and find out more information or seek other references if there is something that doesn't seem right.

Employment history is another good indicator – a person who maintains solid employment will generally have the capacity to pay their rent but it also shows that they are somewhat reliable, competent and worthy of employing on an on-going basis.

Personal appearances are a less accurate gauge of whether someone will make a good Tenant, but if they are very unkempt and dirty, this will ring alarm bells about their standards of cleanliness and tidiness that may impact on how they maintain the property. An exception to this could be a tradesperson coming straight from a job site to view a property.

Applications with pets are often discounted by Landlords if they have nominated a 'no pet' policy. BUT – it is more difficult for these people to secure long-term rentals and they are less likely to be transient meaning that they could be a better option if you are looking for a long-term Tenant.

No matter what age, gender or nationality – there are some common traits in good Tenants:

- They are stable and are part of the community
- They have secure employment or another means of paying the rent
- They love the property and there is good reason for them to rent it. For example, if the property is close to the school where they teach, they are more likely to want to remain in the property due to the convenience factor
- They have a strong rental history and understand their obligations as a Tenant when it comes to vacating a property
- They are good communicators and will talk to the Property Manager about issues in a timely manner
- They are respectful and polite and will not intimidate or annoy your neighbours

Looks can be deceiving – a flash car, expensive clothes and loads of jewellery could just mean a lot of debt and not a lot of substance! Rely on references and the expertise of your Property Management team to help guide your decision-making process.

We are focused on maximising your rental income and optimising your capital growth

RECENT COURT RULINGS... IMPORTANCE OF PROMPTLY RESPONDING TO MAINTENANCE

There have been two recent court rulings [published in the media] that impact the management of rental properties.

Firstly, tenants contacted their property manager with concerns about faulty power-points, which was not actioned in a timely manner, resulting in the unit catching fire. The tenants won a large compensation claim for damage of personal effects and relocation costs.

Secondly, a tenant complained about a leaking tap in the bathroom shower, which was not actioned for six months. Finally, the plumber turned up and it was not an easy fix, as damage had been caused behind the wall cavity. The plumber fixed the issue by cutting a hole in the wall and then left the property, stating that it was a handyman or plasterers role to fix the hole. Three days later and a handyman did not show up. The tenants cleaned up the mess of dust through the house to then discover that the walls and cavity were asbestos. The tenants were told not to enter the house again and a removalist was called.

Areas of immediate concern: electrical faults, leaks, dry rot, locks not working at the property, ripples in carpet, dangerous obstructions on the property, just to name a few.

BUNDABERG SALES MARKET DATA (Source:REIQ, data obtained from CoreLogic RPData)

Bundaberg is experiencing some volatility at the moment, with a mix of positive and negative economic indicators present in the region. The quarterly price fluctuation has positioned Bundaberg as the second-most-affordable market for houses and units in 2017.

The June quarter median house price fell 0.9%, to \$277,500 and the median unit price fell 21% (the second largest fall in the quarter) to \$199,000.

The annual median data showed a moderate increase of 1.5% in the house market compared with a fall of 8.5% in the unit market.

Business Investment has driven economic development over the past few years. The recently completed expansion of the Knauf plasterboard factory is now contributing to employment creation with the first delivery of gypsum in July. Other industries, such as ginger beer and macadamia production have also boosted investment.

The rental market fundamentals are showing signs of recovery with vacancy rates slowly approaching the healthy range (currently at 3.6% in June) and demand for rentals increasing cautiously.

Despite the increasing supply and the quarterly fall in demand, the house market is showing resilience and is classed as steady. The unit market, on the other hand, is falling. The prognosis of the market is generally stable. Although, the unit market may continue struggling if supply continues to come to market, exceeding demand.

HOUSE MARKET Bundaberg's house market is steady, with the annual median sale price up 1.5%, from \$276,000 in June 2016 to \$280,000 in June 2017. Similar to other regional areas, most house sales activity occurs below \$350,000.

UNIT MARKET The increasing unit supply continues to put pressure on prices with the annual median unit price falling 8.5%, from \$275,000 in June 2016 to \$251,700 in June 2017.

"In good news for investors, the Bundaberg unit market has the second-largest rental yield of all the areas analysed in the Queensland Market Monitor"

	SUBURB	QTRLY NO. SALES	QTRLY MEDIAN SALE	QTRLY CHANGE	ANNUAL MEDIAN SALE	1 YR CHANGE	5 YR CHANGE
Houses	Bundaberg	154	\$277,500	-0.9%	\$280,000	1.5%	\$275,250
Units	Bundaberg	26	\$199,000	-21%	\$251,700	-8.5%	\$269,000

Feel free to call us to discuss the market on (07) 4153 3511

2017 CLAIMING TRAVEL DEDUCTIONS

At the beginning of this year the Government announced that from 1 July 2017 all travel deductions relating to inspecting, maintaining, or collecting rent for a rental property will be disallowed.

With all rental deductions, we always recommend that you refer to your accountant or financial advisor.

TALK TO THE PROPERTY EXPERTS

BUYING, SELLING & PROPERTY MANAGEMENT

Call us if you are thinking about buying or selling or know of someone that is

Do you own another investment property? We are here to help.

(07) 4153 3511

sales@ascot.net.au



91 Boundary Street, Walkervale
\$245,000

Rental Appraisal: \$320pw
3 Bed, 1 Bath, 3 Car, 852m2



1 Monique Avenue, Avoca
\$279,000

Rental Appraisal: \$320pw
3 Bed, 1 Bath, 2 Car, 857m2