ISSUE
AUG – SEP
2019

# THE INVESTOR

## DON'T GET CAUGHT

Our agency would like to highlight once again, the importance of Landlord Protection Insurance to ensure you have peace of mind and are protected in the event of an unforeseen circumstance that could result in loss of income or property damage.

Also, be mindful that the insurance policies that Banks offer, often do not have the same level of cover as what the specialised industry insurers provide.

When choosing an insurance cover take the time to review the policy terms and inclusions to ensure that you have the maximum protection with minimal excesses.

## JULY VACANCY RATES

The vacancy rate represents the portion of available, empty rental properties relative to the total stock of rental property in a city

| | |
|---|---|
| Sydney | 3.3% |
| Melbourne | 1.8% |
| Brisbane | 2.2% |
| Perth | 3.0% |
| Adelaide | 1.0% |
| Hobart | 0.4% |
| ACT | 1.2% |
| Darwin | 3.7% |

Source: Domain.com.au

Investment in knowledge PAYS THE BEST interest

## HOW TO REDUCE LONG VACANCY RATES

For many investors, one of the most stressful times can be when the property is vacant for an extended period, resulting in a loss of income.

Fortunately, there are steps that you can take to minimise long vacancy periods, even when the vacancy rates are high.

**Know the vacancy rate and market conditions**

As an astute investor, it is important to keep up-to-date with the current rental market and know the vacancy rates, trends and fluctuations. Vacancy rates are expressed as a percentage and is an insightful, high frequency indicator of demand and supply in rental properties. Steady vacancy rates are considered between two and three percent. A low vacancy rate (below two percent) is a landlord market and associated with rising rents and a decline in the time it takes to secure a tenant. A high vacancy rate (above three percent) means there is a large portion of rental properties available, rents fall and there is an increase in the number of days the property is advertised for rent.

**Know the current market rental value**

When the time comes to advertise and find a tenant, make sure you list the property at a fair market value. It may be tempting to advertise at a higher rate, however, you are likely to receive less interest. To determine the rent, compare similar properties of the same size and in the proximity of your investment property that have been recently rented.

**Advertise at the right time**

Two to three weeks before the property is available, is generally the best time to advertise. If the property is advertised too early, then your campaign may lose momentum.

**Monitor the advertising enquiry**

If you are receiving minimal enquiries or a lot of enquiries and inspections with no applications, then this is a sign of an over-priced property or something that the property is lacking.

**Pay attention to presentation**

The presentation of a property is critical during high vacancy periods as tenants can be more selective. If there is an oversupply of properties on the market and your property becomes vacant (if applicable) it may be time to repaint, update appliances, replace fittings and tidy the outside of the property.

**Offer an incentive**

Offering an incentive is one way you can help make your property more appealing to prospective tenants. For example, offering one week's free rent can really help a tenant financially when they are moving.

**Consider additional inclusions**

Depending on the type of property, you may attract more interest if some appliances are included. A washing machine, dryer, dishwasher, cooling/heating, fridge freezer, free Internet, or the inclusion of garden maintenance.

**Strategically plan your tenancy**

If possible, avoid the lease expiring during high vacancy periods. Offer a 10-month term instead of a 12-month term.

YOUR LOGO HERE

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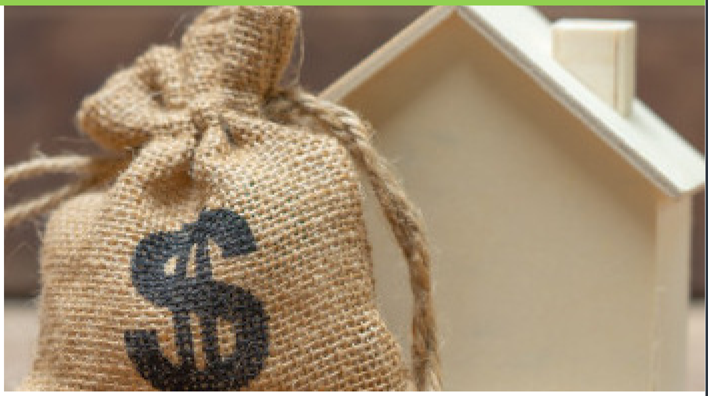
www.yourwebsitehere.com

# CASHFLOW

## ARE YOU THINKING ABOUT SELLING?



Are you thinking about selling because you need cashflow or a short-term injection of funds?

*Have you considered refinancing your investment property?*

Sometimes investors can make poor decisions that are not supportive or beneficial to their long-term plan for capital growth and financial security (without looking at other options) when under pressure.

Following is a thought-provoking overview of the pros and cons for selling versus refinancing.

**Selling | The Pros**

1. The immediate benefit of cash from the sale of the property.
2. Ability to use the cash and reinvest in property or other investment strategies that are more affordable.
3. Reduced personal debt.

**Selling | The Cons**

1. You will most likely have to pay capital gains tax on the capital growth you have achieved between purchasing and selling the property.
2. You will pay costs associated with the sale, such as agent commission, advertising, bank and solicitor fees, etc.
3. You will no longer be able to purchases additional investment properties with the equity (if applicable) that is available in the property.

**Refinancing | The Pros**

1. Ability to use the capital equity in the property to refinance the purchase of further investments or simply redraw the cash equity to help with cashflow.
2. As the rent increases, your serviceability for the loan will improve, allowing you to potentially purchase future properties.
3. To achieve a better interest rate.

**Refinancing | The Cons**

1. On-going exposure to interest rate rises resulting in increased debt levels.
2. Extra costs associated with refinancing.

It is important to focus on what your goal is and what you want to achieve. If you want to make a quick profit from your investment property, then selling may be the best option. However, if your goal is to build a wealth portfolio then it may be a consideration to look at refinancing.

# PROPERTY MARKET

## INDUSTRY TRENDS

## RENTED

**HOUSES**

[click to add property details]
[click to add property details]
[click to add property details]

**UNITS**

[click to add property details]
[click to add property details]

**TOWNHOUSES/DUPLEXES**

[click to add property details]
[click to add property details]

## SOLD

[click to add property details]
[click to add property details]
[click to add property details]

# PM NEWS UPDATE

[CLICK HERE TO ADD NEWS] Good news on the area, market research, staff holiday leave, personal facts on team members, introducing a new team member, awards achieved, rate notice due reminder, personal note, etc.)

# THIS MONTH'S Q & A TIP

**Q: What is the difference between a property appraisal and a property valuation?**

A: As an investor it is important to know that there is a legal difference with both terms.

Put simply, an *appraisal* is often considered an informal, educated sale price/list figure or range provided by an agent using local knowledge of the area and recent comparable sales. There is generally no cost associated with an appraisal and it is often not legally binding.

A *valuation* however, involves a formal systematic process to determine the actual value of a property from an independent and impartial point of view by a qualified valuer. The valuer has no invested interest in the property, which can provide greater security as it is also legally enforceable should there be any financial loss ramifications. A written report will be produced, and a fee charged.

## SUDOKU COFFEE BREAK

Every row & column, and 3X3 box, must contain the numbers from 1-9

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