Property Management Update
JUNE 2016

Weekly Rents Continue To Fall

Combined capital city weekly rents increased 0.1 percent in April but fell by 0.2 percent over the 12 months to April, according to CoreLogic RP Data.

Rents in Sydney increased 1.4 per cent, Melbourne 1.7 per cent, Adelaide 0.5 per cent, Hobart 1.1 per cent and Canberra 2.5 per cent however large falls in Perth and Darwin, 8.9 per cent and 12.6 per cent respectively pulled down the combined capital figure.

CoreLogic RP Data's April Rental Index said rental rates across the combined capital cities are recorded at $486 per week and they are 0.2 percent lower than they were a year ago.

"CoreLogic have been tracking annual rental changes since 1996, with the annual change in capital city rents now tracking at the lowest level on record.

"At the same time last year rental rates had increased by 1.7 percent which indicates that the slowdown in rental growth has been sharp over the past year. Factors contributing to the slowdown in rental growth include falling real wages, excess rental supply in certain areas and lower rates of population growth, which have impacted on demand for rental accommodation.

"With dwelling approvals having peaked at record highs and construction activity set to peak over the next 24 months accompanied by many new properties still to settle, it is anticipated that the weak rental market conditions will persist with rental growth continuing to slow and/or fall in most capital cities. Landlords will continue to have little to no scope to lift rental rates and may actually need to reduce rents in order to keep their tenants. Renters hold a stronger negotiation position and have the potential to upgrade into a higher grade of accommodation for a similar or potentially lower rental cost."

SOURCE: Corelogic RP Data

ABS Statistics Reveal Impact of Investors On Rents

Recent Australian Bureau of Statistics housing figures provide evidence that investor activity and current negative gearing tax arrangements keep rents lower than they would otherwise be says First National Real Estate chief executive, Ray Ellis.

'The March quarter CPI figures show current levels of investor activity have delivered the lowest increase in rents since 1995. In fact, since investor activity began accelerating in 2013, the rate at which rents have been increasing has slowed' said Mr Ellis.

The figures also show that lending to investors has been trending down for the past nine months. This is likely the result of increased mortgage interest rates for investors and a tightening of lending criteria, since APRA cracked down on more marginal borrowers in late 2014.

'These figures serve to remind us that while the debate about negative gearing devolves into debates about which income groups get the greatest share of the benefits, negative gearing has played an important role in keeping rents affordable for low income households' said Mr Ellis.

'If we abolish or restrict negative gearing, the potential for investors to choose other asset classes instead of property could exacerbate the already slowing trend of investor lending. This would lead to fewer rental properties and rising rents.'

10 movie favourites for your next rainy day

The sudden proliferation of movie screening services like Netflix, Stan, Presto, Quickflix, Easyflix, Apple TV, JustWatch and Foxtel Play make if difficult to know which one to choose.

Whichever one you have in your home, here's our top 10 favourite movies, if you're stumped for ideas the next time there's a rainy day.

1. Ferris Beuller's Day Off
2. Hannah
3. Drive Me Crazy
4. Legally Blonde
5. Side Effects
6. As Good As It Gets
7. Life Is Beautiful
8. Team America
9. To Kill A Mockingbird
10. Forrest Gump

No improvements for first homebuyers

Strong gains in property prices since 2008 and relatively low wages growth over the period are blocking first-home buyers out of the market, according to new research by CoreLogic.

"If in December 2008 you owned a home worth $500,000 it is now worth $758,418," said Cameron Kusher of CoreLogic.

"Looking at this same calculation across each capital city, the increases in value over that time based on a $500,000 home owned in December 2008 are: Sydney $400,825, Melbourne $338,866, Brisbane $73,417, Adelaide $81,029, Perth $64,096, Hobart $11,263, Darwin $109,293 and Canberra $126,262," he said.

While the data shows that property prices have risen strongly, growth in inflation and wages has been relatively modest.

"Although combined capital city home values have increased by 51.7% between December 2008 and April 2016, inflation has increased by a significantly lower 17.1% over the period," said Kusher.

Though wages rose during the mining boom, "wages are increasing at a much slower pace than home values," said Kusher.

Kusher said it's hard for first-home buyers to compete with investors and upgraders, who have already built up significant equity.

Kusher said the answer could be to move out of the capital cities, particularly Sydney and Melbourne.

"The simple answer," said Kusher, "is to look to buy properties outside of these cities however, that may seem a little simplistic given jobs creation has not been as strong outside of Sydney and Melbourne."

SOURCE: CoreLogic RP Data

Local Results

LANE COVE
7/1 Ralston Street
2 bed 1 bath 1 car $595 pw

LANE COVE
6/516 Mowbray Road
2 bed 1 bath 1 car $500 pw

LANE COVE
132/25 Best Street
2 bed 1 bath 2 car $600 pw

LANE COVE
33/88 Helen Street
3 bed 2 bath 2 car $660 pw

LANE COVE
9/153 Burns Bay Road
2 bed 1 bath 1 car $560 pw

LANE COVE
10 Roslyn Street
3 bed 2 bath 1 car $730 pw

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