

## New challenges for Landlords

A seminar held on Wednesday May 13<sup>th</sup> 2009 and hosted by Bees Nees City Realty.

### **Presenter 1: Fergus Smith, General Manager of the Residential Tenancies Authority**

- The new Residential Tenancies & Rooming Accommodation Act commences on July 1<sup>st</sup>, covering general tenancies, moveable dwellings and rooming accommodation.
- follows extensive consultation with a wide range of stakeholder groups
- Fergus addressed a number of myths: lease terms do not need to be 12 months only; it's not correct that a fixed term tenant can give 2 weeks notice to leave at any time; it's not correct that a tenant can refuse access for an inspection for a prospective tenant.
- Significant change is that a prospective tenant must be given a copy of the full proposed agreement, allowing them to make an informed choice before committing to the tenancy.
- The lessor (landlord) must now give 2 months notice of a rent increase and rent can now only be increased a maximum of once every 6 months. Also need to give 2 months notice to leave "without grounds".
- Entry notices can now have a max 2 hour time window (for arriving/entering – doesn't limit time actually spent at the property)
- An open home or on-site auction not permitted without the tenant's written agreement
- There's new entry rights for landlords/agents to check whether a "significant breach" has been remedied.

### **Presenter 2: Rob Honeycombe, Managing Director of Bees Nees City Realty**

- There are challenges for landlords today, but with the right approach to your marketplace, the future's still fairly bright.
- In the inner city we're basically at the same rents as we were in June of last year. FHOG boost has created a big pull forward of demand and many of them are tenants.
- Affordability had to become an issue. Lot of job losses, easing of corporate demand and tenants can always move further out to save money.
- Over the past 2 years it's been the June quarter where we've seen the big jumps in rent – so watch this space.
- After many months of no growth and even drops we've recently had a lift in supply. One reason for this is home owners who haven't been able to sell, are renting their property.
- So why aren't we scared for the future? FHOG boost is reducing on September 30<sup>th</sup> and finishing at the end of 2009. Market couldn't keep up that demand anyway.
- Clear lack of new supply – the latest home lending stats came out Monday and they show new construction for investment has now trended down for 13 months.
- Market may remain tough while jobs continue to be lost. The way to improve your rents and reduce your vacancy is to simply beat your competition. 85% of your tenants now find their next home using the web but with 750,000 listings on realestate.com.au alone, how are you going to catch the eye of tenants?

- If your weekly rent is \$500 that's a \$26,000 product offering (the annual rent) and most marketing to tenants is well below standard.
- When your property's coming up for rent set up an alert on the web and check out your ad, the way your property's presented – would you rent it?
- Mystery shop your agent. Do you get \$26,000 service?
- Also need to offer tenants what they're after – and will pay more rent to have. We've been surveying tenants since 1998 and have our latest survey report coming out soon. Let us know if you'd like a copy.
- Rob's presentation is available to download at [www.LandlordsBuzz.com](http://www.LandlordsBuzz.com)

**Presenter 3: Tim Lawless, National Research Director of RP Data**

- Comparing the USA's housing market to our own is like apples and oranges. They have an enormous oversupply and very different financial structure.
- Where they've dropped 20% we saw only a 4.1% drop nationally from the peak in Feb 2008 to the trough in Dec 2008. We have very low rate of mortgage defaults.
- Brisbane prices were up in the March quarter along with most capitals.
- Brisbane prices had a very strong run from 2001 to 2003 (91% rise) then 2007 saw another 18% rise.
- Home loans to first home buyers are up 36% in the past year.
- Activity in Brisbane is now in the lower price ranges. Almost 2/3rds of house sales are currently under \$500,000 compared with 53% last year.
- Rental vacancy rates remain low but expect to see them go up
- Growth in rents (now flattening) has seen investment yields go up in Brisbane.
- A wide ranging recovery would need dramatic improvement in consumer confidence.
- Look for interest rates to drop another 50 basis points.
- Tim's full presentation can be downloaded at [www.LandlordsBuzz.com](http://www.LandlordsBuzz.com)

If you have further questions please call the Bees Nees City Realty team on **07 3214 6899** or visit [www.beesnees.com.au](http://www.beesnees.com.au)

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