

SEASON'S GREETINGS

As the holiday season is upon us, we find ourselves reflecting on the past year and those who have helped to shape our business.

It's been quite a year for all of us, and we would like to take this opportunity to thank you for your trust and support in allowing us to care for and manage your investment property.

May your holiday season be filled with much joy, happiness, and prosperity, and we look forward to serving you in 2024.

ARE YOU GOING AWAY FOR THE HOLIDAYS?

Managing properties is a full-time role in caring for the tenant's needs and repair requests.

If you are going away for the holidays, please let us know your best contact details or a friend/relative who can assist us with any matters arising during this period if you will be uncontactable.

CHRISTMAS & NEW YEAR OFFICE HOURS

We want to take this opportunity to let you know that our property management department will be closed from 12:30pm on 22/12/2023 and reopen at 8:30am on 08/01/2024.

Please refer to your lease agreement for any emergency repairs during this period.



A QUICK SNAPSHOT OF THE INVESTMENT MARKET

While we have observed another rise in interest rates, a tightening of the economy, and increased household pressures, the rental market has proven to be a strong investment opportunity for many landlords.

Due to limited rental availability in numerous areas, weekly rents have been driven up, with the national median now at \$550 per week. This median rent represents a 3.8% increase over the previous quarter and a notable 14.6% increase over the year, leading to a rise in the gross rental yield to 4.2%.

There has been a 5.7% decrease in new rental listings, particularly impacting major capital cities and causing a further upturn in rents. However, a trend is emerging where conditions are stabilising in smaller capital cities and most regional areas as vacancy rates rise.

There has been a moderate upturn in lending to investors, indicating a resurgence in investor activity. However, with a growing number of investors still selling their properties, this is keeping the overall rental property stock low. Research also points to a significant surge in migration over the past 12 months, adding to the competition for rental properties and homes for purchase.

Building approvals and the commencement of new projects have reached an all-time low, and this trend is unlikely to shift soon. As widely reported in the media, there is an indisputable housing shortage, primarily in the capital cities. This housing shortage is expected to drive up demand in outlying areas until there is a substantial increase in new housing.

As we move towards the New Year, overall, the property investment market remains strong, and researchers believe there will be increased growth.

UNDERSTANDING PROPERTY DAMAGE

One of the top concerns for landlords (outside of receiving rent on time) is for the tenant to care for the property. While most of the time, managing the tenant and property goes smoothly, there can be isolated situations that are out of our control, which we must navigate and manage.

During the tenancy, it is the tenant's responsibility and obligation to care for the property, while the owner must maintain the property in accordance with minimum standards. When a tenant enters into a tenancy agreement, a detailed property condition report, supported with photos, is completed as evidence. This report is signed by all parties involved to minimise any potential disputes.

When the tenant vacates the property, legislation dictates that it must be left in the same condition as it was at the commencement, taking into consideration fair wear and tear, which is defined as damage or deterioration that naturally occurs through the regular use of the property, such as worn-out patches in the carpet from daily walking, as well as exposure to natural forces like sunlight or rain.

However, in some situations, determining what constitutes tenant damage and who is responsible can be a grey area. To assist our landlords in understanding property damage, it is essential to know the different types.

Accidental damage is considered damage resulting from an unforeseeable or unintentional event. This type of damage could include stained carpets from spills, a scorched benchtop from a hot pot or hair iron, or cracked tiles due to a heavy object being dropped on them.

Malicious, deliberate, and intentional damage, while they may sound similar, they are considered different forms of damage. Malicious damage involves malicious intent behind the damage, such as a punched hole in a wall, smashed windows, graffiti, or removing appliances. Deliberate and intentional damage occurs when the tenant damages or alters the state of the property without obtaining written consent, such as putting holes in walls for picture hooks, erecting shelving, removing floor coverings, DIY renovations, or installing locks and other fixtures. It is important to note that all damage to the property beyond fair wear and tear is the responsibility of the tenant to repair, fix or rectify.

In the event of a dispute over damage, or if the tenant leaves the property with a debt exceeding the bond and fails to cover the repairs, the matter can be brought before the tribunal courts for an order to pay. However, if you have invested in Landlord Protection Insurance, you can have peace of mind knowing that your insurer will cover all tenant damage (beyond fair wear and tear).

If a disputed matter goes before the tribunal courts, it is essential to be aware that the registrar or magistrate will consider factors such as the type of damage being claimed, the age of the item, how many tenants resided in the property, and the length of the tenancy term. Unfortunately, there is no definitive rule for the outcome when claiming tenant damage through the tribunal courts.

For instance, if the tenant has spilled red wine on the living room carpet, and their child has spilled nail polish on the bedroom floor, the tribunal courts may (depending on the circumstances) allocate a percentage of the replacement cost, considering the age of the carpet and depreciation.

For peace of mind regarding property damage, we highly recommend investing in Landlord Protection Insurance, which often costs less than a week's rent.