APRIL 2019

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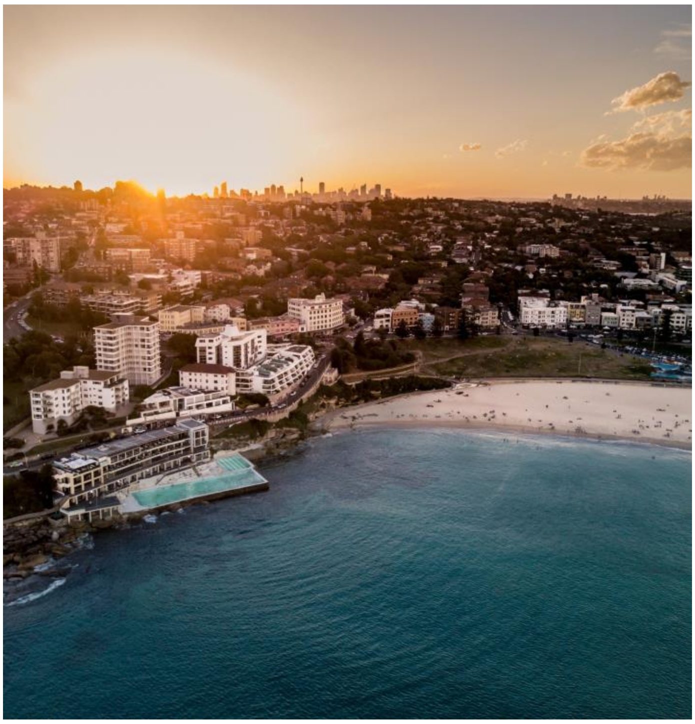
RENTAL VACANCY RATES REMAIN MIXED AROUND AUSTRALIA



According to Domain's monthly rental vacancy update, the numbers remain mixed around Australia's capital cities. To calculate the vacancy rate for each city, Domain takes into account the proportion of available, vacant rental properties compared to each city's total rental market.

Decreasing slightly in each capital city from the vacancy rates reported in December 2018, the highest vacancy rates were reported in Sydney, Darwin and Perth.

Up from 1.7% in January 2018, Sydney's January 2019 vacancy rate of 2.8% indicates that more properties were available for tenants in January 2019 compared to the previous year. In January 2019, there were 17,500 rental vacancies across Sydney compared to 11,000 in January 2018.

In Melbourne, the vacancy rate also increased from 1.4% in January 2018 to 1.8% in January 2019. This equated to 2,000 extra rental listings available across Melbourne in 2019.

Hobart remains the tightest rental market in Australia with a vacancy rate of just 0.4% in January 2019, remaining unchanged from the previous year. This equates to just 100 rental vacancies across the city of Hobart in January 2019.

With an increase in tourism across Tasmania driving the use of Airbnb and low new housing starts across the state, this has seen rental prices increase by 6.5% in 2018 to $420 for houses. Apartments increased further with an 11.8% increase to an average price of $380 per week.

Further north in the nation's capital, the vacancy rate in Canberra is 1.0%. With this low vacancy rate, average rental prices in Canberra are amongst the highest in comparison to Australia's other capital cities.

Houses average $560 per week, while apartments average $465 per week in Canberra.

The rental market is looking promising in Perth, Brisbane and Adelaide. All experiencing declines in vacancy rates, this is usually the pre-cursor to increasing rental prices in a city, if the low vacancy rates continue. In Brisbane, the vacancy rate fell 0.5% to 2.6% in January 2019. Perth also experienced a decrease in vacancy rates down to 2.9%, while Adelaide had a small decrease of 0.1% down to 1.1% in January 2019.

While the higher vacancy rates in some capital cities could be cause for concern, it's important to remember that it's only one month of data and that an influx of new dwelling vacancies across cities can distort this data. It is, however, a timely reminder to keep vacancy rates and the market in mind when it comes time to renewing leases and advertising your investment properties for rent.

A LOOK AT THIS ISSUE:

THE GROWING TREND OF OFF-MARKET PROPERTY SALES IN AUSTRALIA

As uncertainty in the property market in Australia continues, it can be hard to know where to start your property search and what's worth spending time on. If you've been an investor for a while, you've likely got some great contacts in the industry who keep you updated on the market and potential new investments. This is where you can greatly benefit from the growing trend of off-market property sales throughout Australia.

According to the McGrath Estate Agents' 2017 McGrath Report, John McGrath found that off-market property sales were increasing in all price brackets. And while one of the main motivators of off-market sales is privacy for wealthy sellers and buyers, there are some great benefits of buying off-market for property investors as well.

One of the biggest benefits of buying a property off-market is the opportunity to get a better price. Without the need for a marketing and advertising budget, there's usually more room to negotiate on price which could pay great dividends for your portfolio. With fewer people seeing the property than in a traditional sale, you'll also have the opportunity to take more time with your due diligence than if you were competing with several other buyers in the crowded market.

If you haven't been exposed to off-market property, the best way to access this market is by building relationships with real estate agents in your ideal markets. Make sure you're upfront about price, your property and location criteria, and what kind of terms you like to negotiate in each property purchase. This will ensure the agent gets in touch only when a property matches your criteria as closely as possible. If you leave yourself too open to all options, or you're not specific with your criteria, you could end up wasting each other's time.

Another way to expand your property search is by signing up to a platform such as Property Whispers. This platform was built specifically for buyers who were missing out in the crowded auction market and sellers who didn't know if a traditional marketing and advertising campaign would meet their needs.

Of course, there are other ways to tap into Australia's off-market property with Australia's wider property network. This could come in the form of signing up for some property investor networking groups, conferences and workshops.

As with any strategy in your property portfolio, it's important not to put all your eggs in one basket, but instead, simply leverage off-market property as another way to evaluate additions to your portfolio.

4 THINGS YOU CAN DO TO INCREASE YOUR CHANCES OF A LOAN APPROVAL

With credit tightening for property investors for well over a year now, making a strong case in your loan applications has never been more important. To make a strong case in your loan application, there are a few things you can do. Here's our list of what you can do to make the strongest case possible and increase your chances of a loan approval.

Do your research and shop around
Make sure you research rates through traditional banking channels and mortgage brokers to find the best rate possible for your financial situation. Remember securing a loan isn't always about the interest rate. With credit tightening for property investors, your Loan to Value Ratio (LVR) will be crucial in determining your interest rate. To calculate your interest rate, the lender will divide the amount of the loan you require by the value of the property. Naturally, the greater the LVR, the higher the risk you represent to lenders. This will change the array of loan products available to you.

Pay down personal debt ASAP
To improve your credit rating and overall financial position, paying down personal debt should be your first priority. For property investors needing finance, this is particularly important. This is because paying down personal debt frees up your income which puts you in a stronger position to service your property finance.

Decrease and closely monitor discretionary spending
It has been widely covered that lenders are now looking at applicants' discretionary spending habits as part of the loan application process.

For at least a few months before you submit a loan application, aim to decrease your discretionary spending on things such as restaurant meals, Uber Eats, clothing, consumer products, and other discretionary lifestyle expenses.

Obviously, you don't want to sacrifice enjoying yourself in this process, so if you can't go without your weekly Uber Eats night, you could also demonstrate that you budget for lifestyle expenses by setting a specific amount aside each month and not going over it.

Refinance a current loan
If you've had a Principal Place of Residence loan for at least 5 years, you may be able to refinance your current balance over a new 30-year period. This will reduce your repayments, freeing up more of your income to service a loan on a new investment property.

While it can be discouraging to get knocked back for a loan, remember it's not an uncommon occurrence in the current credit market. Being proactive about strengthening your financial position, budgeting and putting yourself in the shoes of lenders and brokers will help you make sure you present yourself as a desirable loan applicant.