



HODGKINSON

real estate

2016

# NEWSLETTER

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## Market Update

'The residential ACT housing market has been humming along nicely in terms of houses of the last 6 months. Auction clearance rates have been high and many record prices achieved in some suburbs. Apartment/unit sales have been slower, especially for 1 and 2 bedrooms in the City and Belconnen. This is mainly due to an oversupply. I do expect the market to level out between now and the end of the year largely due to winter and the upcoming Federal Election, which always impacts Canberra in the short term.'

- Quinten Hodgkinson

For any market information on selling, please contact Quinten Hodgkinson on 0412 381 102 or [qh@hodgkinsonrealestate.com.au](mailto:qh@hodgkinsonrealestate.com.au).

## New Business

In this current rental market our agency has a vacancy rate of 0.6%.

Our Property Managers have years of experience and knowledge and challenge themselves everyday to ensure our owners are not out of pocket with rental income, and to minimise the amount of time each individual property is vacant.

With this in mind if you know of anybody looking for a Property Manager throughout Canberra, Queanbeyan and rural NSW, we would ask that you recognise the quality service provided and recommend our agency to anyone looking for a dedicated agent.

For an obligation free appraisal, please contact our office on (02) 6293 1033.

- Vanessa Smith

## Financial Year Statements

Financial year statements are issued with your June statement, which is a summary of Income & Expenses detailed on your monthly Tax Invoice or Property Management statement for the period 1 July to 30 June.

It is used to assist you to collate the financial information that is required to assist you or your Accountant complete your tax return. It should also be noted that the statement for most owners is calculated on an accrual basis. Your Accountant can explain the differences between cash and accrual accounting.

- Paul Smith

## LEASE RENEWAL- WHAT IS IT GOOD FOR?

- Rent reviews are carried out towards the end of a 12 month tenancy. Our property managers will write to you 12 weeks prior to the end of the fixed term agreement, to advise what is happening in the rental market at that time.
- A letter is sent to the owners of the property recommend either a rent increase or to leave the rent at the same rate if the market hasn't changed.
- A return form is attached to the letter seeking owner instructions on whether to take up our advice on the rent and also offer either a new fixed term tenancy of 6-12 months or to leave the tenants on a periodic tenancy which is known as month to month. It is important to let your property manager know of your instructions to make this a smooth process.

We have provided some useful information in regards to rental increase below:

- The reason for offer a new fixed term agreement is to secure the tenant and rental rate for the term of the lease i.e. 6 or 12 months.
  - Once a fixed term agreement is signed with the tenants, you are guarantying that the tenant is able to stay at the property for the agreed term.
  - Periodic leases suit owners who may want to sell or move back into the property with giving the tenants the required notice.
  - The rent reviews may only be increased at intervals of at least 12 months from either the beginning of the agreement for the first increase, or after that, from the date of the last increase;
  - The landlord (or agent) must give the tenant 8 weeks notice in writing of their intention to increase the rent. The notice must include the amount of the increase, and the date on which the increase will occur ;
  - If the tenant believes the increase is excessive they may apply to the ACT Civil and Administrative Tribunal (ACAT) for a rental rate review (this process is detailed below);
  - If the tenant remains in the premises without applying for a review, the increase takes effect from the date specified in the notice; and
  - The restriction on increases applies provided that at least one of the tenants remains in occupation from the time of the last increase.
- Kara Mallon

## Major Renovations

Repairs are generally carried out to maintain the property in a liveable state; renovations are generally carried out to improve the property.

As a landlord, rental property repairs are usually your responsibility, unless the tenant or their visitor has caused damage. You must respond to the tenant's requests for urgent repairs immediately. Even for non-urgent repairs, you must respond to repair requests within 14 days of being notified.

Because renovations are usually more involved, and take longer, they are likely to have greater impact on the tenant. The tenant may need to find alternative accommodation while you carry out the work.

As a building gets older, items wear out- they **depreciate**. The Australian Taxation Office (ATO) allows **property** owners to claim this wear and tear, **depreciation**, as a deduction. In order to claim these deductions, investors usually engage a specialist Quantity Surveyor to complete a Tax **Depreciation** Schedule.

- Jessica Lewis