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Landlord

NEWSLETTER

WHAT LANDLORDS SHOULD KNOW

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Understanding Fair Wear and Tear in Rental Properties

In Queensland, like in many other regions, the concept of fair wear and tear plays a crucial role in determining the condition of a rental property at the end of a tenancy. It's essential for both landlords and tenants to grasp what constitutes fair wear and tear to manage expectations and responsibilities regarding property maintenance and refurbishment effectively.

Fair wear and tear refers to the normal deterioration that occurs in a property over time due to regular use, aging, and exposure to elements without negligence or intentional damage by the tenant. It’s important to differentiate between this gradual deterioration and damages that surpass reasonable expectations.

<u>Examples of Fair Wear and Tear in Queensland Rental Properties:</u>
Faded or Worn Carpets: With regular use, carpets may exhibit signs of wear, such as slight thinning or flattening in high-traffic areas. However, excessive staining, burns, or tears that exceed normal wear would likely be considered damage.

Minor Wall Scuffs and Marks: Light scuff marks or edge chippinh are generally accepted as fair wear and tear. However, excessive marks or holes that require substantial repairs could be deemed as damage.

Faded Paint or Wallpaper: Over time, paint may fade or peel, especially in areas exposed to sunlight or humidity. Faded or peeling paint that occurs gradually due to normal use would likely fall under fair wear and tear.

Loose Handles or Hinges: Normal wear may result in slightly loose handles or hinges on doors and cabinets. Replacing these due to minor wear and tear is typically considered the landlord’s responsibility.

Worn Appliances: Appliances, such as ovens, refrigerators, and washing machines, may exhibit signs of wear with regular use. Wear that occurs gradually through normal operation is generally considered fair wear and tear.

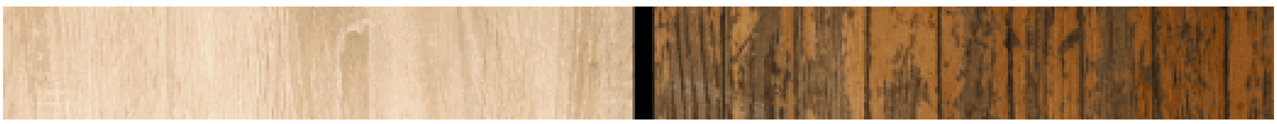
<u>Exclusions from Fair Wear and Tear in Queensland</u>
It’s important to note that damages caused by neglect, misuse, or intentional actions are not classified as fair wear and tear in Queensland rental properties.

Examples include:

- Holes in walls or doors from hanging heavy items without permission.
- Broken or damaged windows, doors, or appliances due to misuse or neglect.
- Stains or burns on carpets or surfaces caused by spills or neglectful behaviour.

<u>Navigating Fair Wear and Tear in Queensland</u>
Resolving disputes regarding fair wear and tear versus damages often involves thorough documentation. Detailed entry and exit condition reports, along with regular property inspections, aid in determining the property’s condition and any necessary maintenance or repairs at the end of the tenancy.

Understanding fair wear and tear in Queensland rental properties helps establish clear expectations and responsibilities for both landlords and tenants, ensuring a fair and transparent rental agreement throughout the tenancy period.



The honest truth about where property prices are headed in 2024

Summary

- **How I started investing in the early 1970's**
- **So can property values still keep growing?**
- **We're in for a 2-tier property market**
- **Final tips so you'll know exactly how to invest**

There is no doubt that we're now one year into a new property cycle and many housing markets around Australia are likely to experience significant growth over the next year driven by a confluence of factors that will underpin strong demand for well located properties.

After a short sharp cyclical slump in 2022 property prices have regained much of their lost ground in 2023.

So let's look back at the history of property prices to help you look forward.
Firstly it's important to recognise that property is a long term investment and value growth compounds over time, so it's fair to say that the sooner you start investing in property, the better you'll end up financially.

Now that's not fair!
This is what I can hear new investors say.

Of course, I can understand your frustration if you see our property markets surging ahead and you don't have the funds to get a foot on the property ladder. And to compound it somewhat, I'll share with you this titbit of information one of my mentors taught me many years ago...

The best time to get into real estate was 20 years ago.
However, I would add:
The second best time is today.
Of course, who wouldn't like to buy their parent's house for the price they paid for it years ago?

Until we master the scientific breakthrough of time travel, it's not possible to go back in time and buy property while it's still "cheap".
But if that were possible, we could snag some absolute bargains.
If we take a look back at what real estate prices were like a few decades ago, the facts and figures are eye-wateringly appealing.

How I started investing in the early 1970's

In 1973, the median house price in Sydney was just $27,400.

Renting would cost you an average of $26 per week, and according to the Australian Bureau of Statistics (ABS), the average weekly wage was $111.80.

Buying a house at this time in Brisbane cost $17,500 and in Melbourne, it would set you back $19,800.

The first property I bought in Melbourne in the early 1970's cost me $18,000.
I went halves with my parents and we got $12 a week in rent - and we were excited!

And if you were to purchase the average house in Canberra back then, it would cost you around $26,850, whereas a house in Hobart would've seemed a steal at the low median of $15,200.

As for Perth and Adelaide, the housing market was affordable with a median of $26,850 and $16,250, respectively.
Compare that with the pricing of houses these days, and it's a vastly different story.

According to housing data from CoreLogic, median house values at the end of December 2023 were:

- Sydney – $1,128,322
- Canberra – $843,171
- Brisbane – $787,217
- Melbourne – $780,457
- Adelaide – $711,604
- Hobart – $656,947
- Perth – $660,754
- Darwin – $496,309

The first thing we can deduce...

In the space of 50 years, all capital cities have recorded massive price growth.
Some have performed better than others, clearly.

But the fact remains that anyone who bought a property in 1973 and still owns it now, has profited very handsomely from their investment.

The second thing we can deduce?
Time in the market, not timing the market, is a surefire strategy for success when you're building wealth for your future.

There are a number of factors that influence property prices,
but in particular, our population growth, the increasing wealth of our nation, and falling interest rates over the years (excluding the last couple of years) have driven up real estate values.

But things have changed recently...

- Inflation is under control, but will still remain relatively high for a few years yet.
- While interest rates may have peaked, they are still higher than they've been for a while.
- Wages growth is not keeping up with inflation.
- Banks are still making it hard to borrow because they need to add 3% to the current interest rate to assess your borrowing capacity.

So can property values still keep growing?

That's a good question, considering there are still many economic headwinds that will affect us as some parts of Australian industry.

But there will also be a combination of growth drivers that should lead to a period of strong property price growth in 2024 with a confluence of the following:-

- Surging migration creates an unprecedented demand for dwellings
- Very little new building in the pipeline and any new construction will have to be considerably more expensive to make it financially viable
- A relatively strong Australian economy with historically low unemployment rates
- Federal and State Government spending, initiatives, and infrastructure projects
- Relatively low levels of stock of properties for sale
- Historically low vacancy rates and skyrocketing rents
- The security that interest rates are near their peak if they haven't already peaked.
- A return of international demand for Australian property

Thinking strategically, this means that now, at the early stages of a new property cycle will be a window of opportunity for savvy investors to really amplify their wealth position.

I went on record late in 2022 saying that our property markets would reset in 2023.

In fact, it happened a little earlier than I anticipated and now both buyers and sellers have re-entered the market and property values have been steadily increasing month after month since early this 2023.
In fact, we're already experiencing FOMO (fear of missing out) in some markets which is pushing property values even higher.

And for those worrying can property values keep increasing remember how Sydney property prices increased from around $27,000 in 1973 to over $1.1 million in 2023 – can you imagine where they will be a few decades from now?

Note: For many. now could be the best opportunity in decades to get into the property market!
It is likely the confluence of multiple growth drivers will lead to continued property price rises throughout 2024, but price growth is likely to be a little slower than the double digit growth many markets experienced in 2023.

While average capital city home prices are likely to rise by around 7% this year and a little less next year, making such broad-brush statements can be misleading.

It is likely that houses will outperform apartments, and while currently, all segments of the market are performing strongly, higher-end, more expensive properties are likely to outperform the cheaper segments of the market where high interest rates, the cost of living and low wages growth will bite..

Investor interest is already picking up, and as they return to the market, as they always do as the cycle moves on, this will extend the length of our property price boom.

As the news gets better for property and the media reports rising auction clearance rates, rising house prices and increasing consumer confidence, a whole group of new buyers will also enter the property market, buoyed by a strengthening economy, growing employment, and renewed confidence in the direction Australia is heading.

This will serve to increase competition for property which will potentially drive up prices and most importantly, absorb quality stock, making it harder for you to secure a solid investment.

This is likely to happen for two main reasons:

1. Confidence. When we are more confident about our financial future, interest rates, inflation and our jobs we make big buying decisions such as purchasing new homes or investments.

2. Competition will increase as buyers return to the market.

We’re in for a 2-tier property market

Now don’t get me wrong. Not all property markets will rebound strongly this year.

Properties located in the inner and middle-ring suburbs, particularly in gentrifying locations, will outperform cheaper properties in the outer suburbs.

The reason being, the rising cost of living, higher mortgage costs and rents have adversely affected low-income earners to a greater extent than middle and high-income earners, while many affluent Aussies who have paid off their mortgage have not been hit at all.

High-rise apartment towers which were already suffering from the adverse publicity of structural problems prior to Covid19 will now become the slums of the future as they are shunned by homeowners and investors.

And like after every downturn, there will be a flight to quality properties and an increased emphasis on liveability.

As their priorities change, some buyers will be willing to pay a little more for properties with “lifestyle appeal” and a little more space and security, but it won’t be just the property itself that will need to meet these newly evolved needs – a “liveable” location will play a big part too.

To many, liveability will mean a combination of:

1. Proximity – to things like parks, shops, amenities and good schools
2. Mobility – access to good public transport (even though this may be less important moving forward) or a good road system
3. Access to jobs

The bottom line is that for those with a secure job and who have their finances under control, now could be the best opportunity in a decade to set themselves up for the opportunities that will present themselves as our property market head into a perfect storm with a confluence of growth drives in 2024.

It should come as no surprise that getting a good team around you will be an important investment and not an expense and should allow you to build a property portfolio that will go a long way to replacing their income in the future.

At the same time, you must learn that property investing is not a get-rich-quick scheme and to achieve your future financial goals you will have to slowly build a substantial asset base and not chase short-term cash flow as many beginning investors do.

Final tips so you'll know exactly how to invest

1. Formulate a plan: understand your end goals – what you want to achieve – and then make investment decisions accordingly.
2. Be cautious: You'll find everyone is happy to give you advice. Rather than listening to well-meaning friends, it's important to only listen to people who have achieved the financial independence you're looking for and who've maintained it through a number of property cycles.
3. Understand the difference: between a salesperson and an advisor. Many salespeople are cloaked as advisors and while they suggest they're representing you, in fact, they are representing the seller or a property developer. Only take advice from someone who is independent and unbiased rather than someone who is trying to sell you something.
4. Be prepared to pay for advice: I've found that good advice is never expensive. In fact, it's much cheaper than learning from your property investment mistakes.
5. Not everything that glitters is gold: often when you start out it can be tempting to see opportunities everywhere. The problem is you don't yet have the perspective to decide what is a good investment and what is not.

The property doesn't discriminate; it doesn't care who owns it.

The residential property market is worth well over seven trillion dollars today and over the next decade, it will increase in value by billions and billions of dollars.

If you get it right, you can have your share.

Are you wondering how you should invest in this interesting phase of the property cycle?

If you're like many property investors, you're probably wondering what's the right thing to do at present.

Should you buy, should you sell, or should you just wait?

You can trust the team at Macwell Property to provide you with direction, guidance, and results.

Article By Michael Yardney

Maximising Your Property Sales Price: Contact Jason Bedwell for Expertise in Real Estate

When it comes to selling real estate in the sought-after lifestyle regions of Redlands and Southeast Queensland (SEQ), Jason stands out for his exceptional expertise and creating outstanding results. With a proven track record spanning back to 2007, Jason has consistently delivered top-notch performance in residential real estate sales.

What sets Jason apart is his adept negotiation abilities coupled with his profound marketing expertise which have formed the foundation of his success. This unique combination enables him to consistently achieve outstanding results for his clients, ensuring maximum value and satisfaction in every transaction.

At Macwell Property, Jason plays a pivotal role in the sales division and management. His commitment to excellence and dedication to delivering unparalleled service have been instrumental in positioning Macwell Property as a leading agency in the region.
Apart from his role in real estate sales and management, Jason Bedwell is an esteemed Independent Property Auctioneer. His proficiency in conducting auctions adds another dimension to the selling process, providing clients with an effective and dynamic method to achieve optimal results for their properties.

Moreover, Jason is a Contract Trainer & Assessor with the Real Estate Institute of Queensland (REIQ). This additional role reflects his ongoing commitment to staying at the forefront of industry knowledge and best practices, ensuring that he consistently offers the most up-to-date and comprehensive guidance to his clients.

Whether you are looking to sell your property or seeking expert advice in the real estate market, Jason Bedwell stands ready to provide his invaluable expertise and personalised service. His dedication to achieving remarkable outcomes for his clients is evident in every aspect of his work.

For selling tips, strategic advice, or to embark on a successful property sale journey, don't hesitate to contact Jason Bedwell at Macwell Property. Expect nothing less than the highest standards of professionalism, integrity, and results-driven service.

Contact Jason Bedwell today and unlock the full potential of your property sale with Macwell Property. E: jason@macwell.com.au

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