



“ Welcome to our mid winter newsletter. Hopefully you’ve escaped Sydney to lie on a beach somewhere warm. We have a great selection of upcoming sales. Check them out below.”

Alex Hart, Principal



Property management update

The rental market has remained tight throughout May and June despite the onset of winter. Generally, more people give notice during the winter months and there are less people looking to rent, particularly in Sydney’s beachside suburbs. However, while our property management team has had more properties to lease over the past couple of months, competition for well priced properties remains strong, and we are quickly leasing good properties to quality tenants.

Our experience is consistent with the continuing low vacancy rates in inner Sydney. REINSW recently reported that the rental vacancy rate for suburbs within a 10km radius of the CBD fell a further 0.2% to 0.9% in April, which is the lowest in 12 months.

Snapshot of Sydney vacancy rates*

	Apr 11	Mar 11	Feb 11	Jan 11	Dec 10	Nov 10
Sydney	1.2	1.1	1.1	1.5	1.4	1.3
Inner	0.9	1.1	1.2	1.2	1.1	1.2
Middle	1.4	1.1	1.2	1.9	1.7	1.4
Outer	1.4	1.2	1.1	1.4	1.4	1.3

*REINSW, 1 June 2011

What is your ideal weight?



Who’s advice should you rely on when deciding how much weight you need to lose? Friends? The media? Probably not. Taken by itself, the advice would be full of half truths, not directly applicable to your situation, and more often than not, the advice giver may have his or her own axe to grind. You will likely get the best objective and informed advice from a health professional.

The same can be said about rent increases.

Clients often come to us with instructions to increase rents that are based on a news report, or the rent that a friend is getting for their property. *(cont’d overleaf)*

The state of the market

There’s more speculation than ever right now about the state of the market. Are we at the beginning of a sustained and significant downturn, with plenty of bargains to be found? Is there worse to come? Or will things continue to stabilise and improve in the short to medium term? As usual, everyone has a view, and the evidence is mixed.

The market is undoubtedly more “challenging” for vendors as compared to two years ago. Importantly, prospective purchasers aren’t as anxious about being left behind, and are often prepared to hold out to get the right property at the “right price”. There are also comparatively more properties on the market - RP Data estimates that there were about 283,690 properties listed for sale across the country in May, 34 per cent higher than at the same time last year. Consequently, potential purchasers have more stock to choose from, meaning that properties are often taking longer to sell (an average of 87 days in May) and some vendors have had to lower their price expectations.

However, the outlook for sellers is not all gloom and doom. The past few months have seen property prices stabilise rather than fall, with the median Sydney house price increasing 1.1 per cent over the April quarter, and an increase reasonably expected again over the May quarter (according to Australian Property Monitors). Auction clearance rates have consolidated in the mid-to-high 50 per cent range, despite high stock levels.

The underlying data also points to a strengthening property market. Home loan activity in NSW increased in April, while new home building levels are down. Rental vacancies remain very low, incentivising investors to enter the market. The unemployment rate in New South Wales fell from 5.1 per cent in April to 4.9 per cent in May, and is significantly lower than this time last year, placing further upward pressure on already rising wages. The Bureau of Statistics reports that 42,280 jobs have been created over the past year in Sydney, and NSW annual private sector incomes have increased by four per cent. While wages and disposable household incomes are growing, home values have not risen (or have risen much less) - greatly improving the valuation dynamics of property over time. The Reserve Bank’s recent decision to leave official interest rates on hold at 4.75 per cent provided further positive news for the market.

Sydney auction clearance rates

Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11
59%	50%	40%	58%	55%	53%	54%



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Welcome to Pru McAtamney!



We welcome our new receptionist and office administrator, Pru McAtamney. Pru has worked in real estate offices for many years, and is also a professional singer and singing teacher. We know that Pru will be a great addition to our team.

What's your ideal weight *cont'd*

Those clients aren't always wrong - far from it. However, we recommend that you keep this sort of advice in context, and be assured that, as professionals who know the individual properties and tenants in question, as well as the broader local market, we take all relevant factors into consideration when advising you on rents.

Very generally, the following factors are important to consider in the context of rent increases:

- Sustainability of the rent - the market goes through peaks and troughs. If you increase the rent you charge to match the highest rents during the peaks, you may have an unhappy tenant with a wandering eye during the troughs.
- Finding the best tenant for your property is just as important, if not more so, than achieving the top possible rent.
- The success of an investment property should be judged over the long term, not by an individual result.

The rental market is tight and rents are going up. You are therefore quite entitled to ask whether you are getting enough rent for your property. However, when deciding how much and how often to increase rents, take heed of the sources of your information. By all means, listen to media reports and advice from friends, family and others. However, as with advice on your ideal weight, treat all such advice with care and consider it in the broader context.

Court holds landlord responsible for tenant noise

In a landmark decision, a noise abatement order has been served on the owners of an apartment in Double Bay. Breaching a noise abatement order can attract fines of up to \$5,500, as well as charges of contempt of court.

The application was brought in the local court by the owner and resident of an art deco apartment on New South Head Road. She complained that the apartment above was used to provide short-term "backpacker" accommodation and that its tenants created unacceptable noise. The noise reportedly included shouting and singing at night, banging and slamming doors, soccer playing at 2am, swearing, intrusive music late at night and early in the morning, and parties late at night and early in the morning.

The owners of the property, who reportedly own numerous investment properties, argued that they could not be held responsible because they did not live in the apartment and therefore could not control the noise. They said that legal action should properly be taken against the tenants.

Magistrate Harriet Grahame disagreed. She ruled that the landlords were responsible because they "are able to control who they lease to and for how long. They can terminate leases if breaches occur, they can vet tenants, and if necessary, make physical changes to the property to decrease noise".

The decision is significant to owners of investment properties. It means that if a landlord has been told about a problem with his or her tenants making noise, and does nothing about it, he or she could potentially be held responsible.

The decision also raises questions. Despite the magistrate's comments, there is a definite limit to how much a landlord can do in response to noise complaints concerning a tenant, especially in circumstances where the tenant denies making the noise.

However, the importance of the decision shouldn't be over-played. As is often the case with landmark decisions, it involves an extreme situation, where there was evidence that the noise involved numerous tenants over many years. In most circumstances, noise issues can be resolved by discussing the matter with the tenant, and of course can ideally be avoided altogether through careful tenant selection.

Congratulations Stephanie and Andres!

On Sunday 26 June Stephanie and Andreas welcomed their first child, Daniela. Stephanie wasn't due to go on maternity leave for another week, so Daniela came a little earlier than expected. Mother and baby are both doing well.

A selection of our upcoming sales



AUCTION

DOUBLE BAY
32/543 New South Head Road
Light filled aptmnt with northerly harbour views



FOR SALE

VAUCLUSE
1 Beach Avenue
Harbour-side family entertainer nr Watsons Bay



AUCTION

ROSE BAY
11/39 Newcastle Street
Spacious, top flr north facing aptmnt with LUG



AUCTION

BONDI
4/71 Edward Street
Chic semi style apartment in block of four



FOR SALE

BELLEVUE HILL
2/134 Old South Head Road
Family size, north facing 3 bedroom aptmnt



AUCTION

VAUCLUSE
5/26 Clarke Street
Top floor renovated aptmnt with coastal views