



Vaucluse Coast

Welcome back

Thank you for your positive feedback on our first newsletter. We're pleased you weren't too upset to receive a little more paper in your letter box. We hope that you find this and future newsletters just as interesting and relevant. As always, we welcome your feedback and suggestions.

State of the market

A lot has happened since our inaugural newsletter. We've lost one Prime Minister; gained our first ever female Prime Minister; and we are now enjoying, or perhaps enduring, an election campaign.

How is the election campaign affecting the market? Traditionally, buyers have tended to sit on their hands at these times given the increased uncertainty elections create. However, in our part of the world people appear to be carrying on pretty much as usual, possibly based on their conclusion (which is not without foundation) that this election is about not very much at all. The recent good CPI numbers indicating no imminent interest rate rises should more than offset any negative election jitters.

We are in the middle of the traditionally quieter winter sales period. True to form, there has been a substantial drop in the number of properties on the market. For this reason, auction clearance rates have increased from around 50% a month ago, back up to almost 70% last week.

We have achieved several good sales results over the past couple of weeks, and numbers at our open for inspections have been strong.

Interestingly, we have been marketing some properties purely on the internet with no print advertising, and have been achieving good results. We are tracking responses to properties with and without print advertising, and there will be more on this in future newsletters.

“There are new laws governing residential tenancies in New South Wales. In this newsletter, we bring you up to date with the most important changes”

Alex Hart, Principal



Big changes to the laws governing residential tenancies

On 10 June 2010, the NSW Parliament passed the Residential Tenancies Act 2010.

The Act has not yet commenced and the regulations remain unpublished, so the old legislation continues to apply until further notice (our prediction is September).

The reforms, which represent the first significant overhaul of tenancy laws in 20 years, have been a long time in the making. The process began with the release of an options paper in July 2005. This was followed in September 2007 by the publication of a Government report outlining over 100 reform proposals. Finally, a consultation draft bill was released in November 2009. Hundreds of submissions from interested parties, including private landlords, were received at all stages of the process. Both the Real Estate Institute and the Tenants' Union lobbied hard in the interests of landlords and tenants respectively. The REI argued that many of the proposed tenant protections would discourage investment in housing. The Government has said that the legislation achieves the correct balance between the sometimes competing interests of landlords and tenants.

The changes do not appear to be too onerous. Far more damaging to the property investment market, and the supply of good rental accommodation, is the antiquated system of state property taxation. But that's another story.

The legislation promises a few headaches. Here is a summary:

- Landlords of properties with individual water meters will no longer be able to charge tenants for water usage unless they have implemented water efficiency measures in the property. The required standard will be set by regulation. However, the Government has indicated that Sydney Water's Waterfix service would be sufficient. There is a 12 month transition period for existing tenancies.



Bondi Beach

Introducing Lisa Emanuel

We are thrilled to welcome Lisa Emanuel, our new Operations Manager, to Hart Estate Agents. Some of you may have already dealt with Lisa, who has been looking after Rebecca Kleiner's clients while she has been on her honeymoon.

As Operations Manager, Lisa undertakes a variety of roles, including developing and managing our marketing and communications, legal compliance, and looking after our growing buyer database.

Prior to joining us, Lisa worked for many years as a Senior Associate in one of Australia's largest corporate law firms, where she specialised in Trade Practices law.



Big changes to the laws governing residential tenancies cont'd

- Landlords will not be able unreasonably to withhold consent to tenants who wish to carry out minor works at the property. Minor works would likely include such things as installing picture hooks, window safety measures for young children, extra security features such as a deadlock on the front door, handrails in the bathroom, or home phone or internet cables. The tenant may make these changes at his or her expense, and can be required to make good at the end of the tenancy.

Landlords can withhold consent if the proposed works would involve structural changes; if they would be inconsistent with the nature of the property; if the change would not reasonably be capable of rectification, repair or removal; if it involves internal or external painting; or the work is prohibited under any other law.

- Tenants will be able to sub-let part of the property (such as an unused garage or a spare room), and landlords cannot unreasonably withhold consent. The landlord must be advised of the name of the tenant, and would be able to interview the tenant and view references.
- Landlord notice periods have been extended. Landlords must give tenants 30 days notice (up from 14 days) when terminating the tenancy in the last 14 days of the lease. Landlords must give tenants 90 days notice (up from 60 days) when terminating the tenancy for no reason.

- Once a tenant has been served a termination notice, he or she can leave the property at any time without notice. The tenant would be required to pay rent only up to the date he or she leaves. The Government has said that this change will help tenants struggling to balance their need to find new accommodation with the requirement that they pay rent up until the end of the notice period. However, it will create major uncertainty for landlords – for example, if a landlord terminates a tenancy with the required 90 days notice, the tenant will be able to vacate the premises at any time during this period, and pay rent only up to that date. Currently, the tenant would be required to give 21 days notice.
- Tenants cannot be required to pay rent more than two weeks in advance.
- A landlord cannot require a tenant to have the carpets professionally cleaned unless the landlord permits the tenant to keep an animal on the premises. To do so would attract a \$2,200 fine.

The legislation also makes some welcome changes:

- The process for evicting troublesome tenants has been streamlined, and in some respects provides greater certainty to landlords. Up to three weeks will be cut from the current termination process, by enabling landlords to serve notices directly to the tenant's letterbox or by facsimile, and apply to the tribunal for a hearing at the same time (rather than having to wait for the termination date as is currently the case). In respect of landlords seeking termination of a tenancy for no reason, the discretion previously exercised by the Tribunal to consider the circumstances of the case before making an eviction order has been removed. Under the new laws, the Tribunal must grant an eviction order if the lease has expired and proper notice has been given. The Tribunal has also been given broader powers to overlook minor errors in the content and service of notices.

On the other hand, a tenant who has been served a termination notice for non-payment of rent will be able to prevent the eviction action from continuing by catching up with his or her rental payments or complying with an agreed repayment plan.

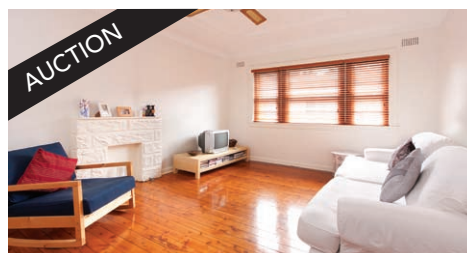
- It will be easier to get access to the property to relet it. Tenants will be required to allow an agent access to the property twice a week with 48 hours notice in the last 14 days of the tenancy.
- There are new grounds on which a landlord may seek immediate termination, including serious damage or injury by the tenant or other occupant; use of the premises for illegal purposes; threat, abuse, intimidation or harassment of the landlord or the landlord's agent; and hardship to the landlord.

The legislation contains many more reforms that will require changes to our documents and procedures, and potentially to our clients' properties. We are working hard to ensure that these changes will be effected with minimal disruption to our clients and tenants.

A selection of our upcoming sales



ROSE BAY 3 bedroom freestanding cottage
35 The Avenue Upcoming August Auction



BONDI Art deco 1 bed + sunroom apartment
8/17 Ocean Steet Upcoming August Auction



ROSE BAY Ground flr Art Deco 1 bed apartment
3/97 O'Sullivan Road Upcoming August Auction