

PRONews

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2022

HOW TO BUY A HOME IN 2022

If your goal is to buy a home in 2022, you need to be prepared.

While it is expected that the property market will have more stock than last year in most cities, competition for quality homes will remain strong. To ensure you're the successful buyer or bidder, you need to start getting organised now.

Here are some tips to help you buy a home over the next 12 months.

Review your budget

Lenders need to know you can pay back what you borrow and they will assess your spending habits as part of the home loan application process. Go through your budget and savings plan so you can prove to your lender how much money you can commit to your mortgage payments.

Interest rates are sitting at record lows but be aware that restrictions around borrowing have changed recently. You need to be able to prove to your lender that you will still be able to make your home repayments when interest rates rise.

If you have any debt in your name, the more you can get rid of as you prepare to borrow, the better. Look at paying off your credit cards or consolidating your debts, and avoid signing up for any buy now, pay later schemes because they will show up in your credit rating.

Think about pre-approval

With your budget sorted out, it is a smart move to get pre-approval for your home loan before you think about making offers.

Once you have pre-approval, you can put in offers with confidence. If you find a home you love but need time to figure out the finance, you're risking someone who is purchase-ready having their offer accepted ahead of yours.

Pre-approval can take several weeks or even months so the sooner you can start the process, the better.

Consider your purchasing options

When it comes to borrowing, different lenders have different criteria. Make sure you work with a lending specialist who can help you to shop around for a loan that will suit you.

To get into the market as a first time buyer, you might consider 'rentvesting' and purchasing a home outside of your ideal area to lease to someone else, or buying with friends or family. These days, many Millennials and Gen Xers are also asking their parents (or other trusted friends or family members) to act as guarantors on home loans. This means that your parents take on the responsibility for repayments if you fall short.

These strategies can all help you to get into the market sooner but consider the pros and cons first, and always have a clear written agreement if you team up with other people to buy.

Get to know your local agents

Once you have all your finances and budget sorted out, you need to make friends with the real estate agents who operate in the area where you want to buy.

An agent who knows your budget and what you're looking for will contact you if a house comes up that meets your brief.

It makes sense to attend open homes and speak with agents while you're waiting for pre-approval. This way, as soon as you're ready to buy, you'll have the contacts you need to help you secure your dream home.

For more information about buying a home in 2022, contact Professionals today.



2021 PROPERTY YEAR IN REVIEW

2021 was an incredible year for property in Australia, with prices surging across major cities and many regional areas.

Keeping in mind that figures do change almost daily, here's a look back at some statistics and average house prices in markets around the country:

Sydney

Sydney's property market saw impressive growth in 2021. Property statistics for all dwellings showed an increase of more than 25% between November 2020 and November 2021. The value of houses increased by over 30%, bringing the average price of a home in Sydney close to \$1.5 million.

Sydney homeowners 'earned' an average of \$6,700 per week due to market increases. If you're looking to sell in this market, 2022 is still a good time to secure a strong price.

Melbourne

Despite the pandemic hitting hard, prices rose by around 16% across Melbourne in 2021, bringing the average value to over \$1 million. This was partially driven by Melbournites upsizing to larger homes so they had more space during lockdowns. Low interest rates and a lack of stock on the market also contributed to the growth in value.

Brisbane

Brisbane saw growth almost as strong as Sydney, with an impressive 25.12% rise in average house prices during 2021. When the Gold Coast is included with Brisbane statistics, the average price rise was 26.34%.

Brisbane's popularity swelled as many people decided to leave Sydney for warmer weather and more affordable homes (buyers are paying an average of around \$750,000 in this part of the country).

Adelaide

Adelaide managed to avoid extended lockdowns and buyers remained active, pushing prices up by more than 20% over the course of 2021.

The average price of a home in Adelaide has reached \$560,000, with the jump being attributed to the supply on the market being lower than in previous years.

Perth

In Perth and around WA, prices surged more than 18% in 2021, taking the average to over \$520,000. This is one market where first home buyers find it a little easier to get their foot in the door of a family home.

Darwin

At the top of the country, Darwin saw respectable growth in 2021, with a 16.68% price jump across all dwellings. Rental prices rose by 20%, which reflected a lack of rental properties in the city after an influx of interstate migration.

Hobart

Down south, Hobart had an increase of 27.66% across all dwellings. Hobart also easily topped the nation for unit price increases, with average values rising by 32.10%. Again, low availability and a surge in new residents drove the price jumps.

Regional Australia

Growth in cities like Brisbane, Darwin and Hobart showed how Australians were relocating during COVID and regional Australia experienced its own influx of newcomers.

Outside the major cities, property prices grew by 28.50% between October 2020 and the same month in 2021.

What to expect in 2022

When COVID initially struck in 2020, there were fears the property market would drop because of a lack of migration and people losing their jobs. However, the last two years have shown that thanks to a lack of stock on the market and low interest rates, buyer demand remained strong.

The general forecast for 2022 is more of the same, although house prices aren't expected to climb at the same pace. New regulations around borrowing and a forecast rise in interest rates may serve to cool the market, plus there are unpredictable economic conditions that may also have an impact.

If you're thinking of buying, selling or investing in the new year, make sure to reach out to a reliable local agent who can help you to form a strategy that reflects your personal goals.

For more information on the property market and advice on buying or selling your home, contact Professionals today.



CAN YOU INCREASE THE RENT FOR YOUR TENANTS IN 2022?

If you have been charging your tenants the same amount of rent for years, it may be time for an increase.

Your decision to raise the rent will come down to the following factors:

The date of your last increase

Rental property availability is low in many urban and regional areas across Australia, which is pushing prices upwards. If you haven't increased your rent in some time, a change can probably be justified to be in keeping with market rates.

A change in tenants

It makes sense to review how much your property is leased for when you are between tenants. You may decide to spend a couple of weeks replacing old carpet, adding fresh paint and upgrading the home by adding new kitchen cabinets or built-in wardrobes, which will make the place more appealing and allow you to charge more for it.

The terms of your contact

Rules vary from state to state but generally you can't just lift the rent at any time. You need to give notice to your tenants and you can't usually raise the amount they pay until the end of the contracted period.

If you have a good property manager, he or she will include terms about rental price increases in the rental agreement. This way, you can plan ahead for a rent rise.

The value of your tenants

Long term tenants who treat your home well may be more valuable than an extra \$50 in rent per week from people you don't know or who aren't reliable.

If you do decide to increase the rent and you have good tenants, be prepared to negotiate. For example, they may agree to a price rise if you allow them to have a pet or install an air conditioning unit.

Talk to your property manager about the state of the local market and whether it is worth the risk of losing good tenants because they can't afford an increase in price. If there aren't a lot of renters in your area, it may be a smart move to hold on to the tenants you have.

How much can you increase rent by?

The laws about rental price increases and frequency change from state to state. For example, in Victoria, rent can only be increased once per year. What's more, for a rent increase during a fixed-term rental agreement, the amount or way a rent increase will be calculated must now be included in the rental agreement.

Your property manager is the best source of information and support when it comes to rental price increases. They will be able to explain to you what's possible, what's recommended and what aligns with your goals as an investor. You can also ask your property manager to negotiate and communicate a price change with the tenants on your behalf.

Need more advice on increasing your investment property's rent? Contact Professionals today.



INCREASE THE CHANCES OF HAVING YOUR RENTAL APPLICATION APPROVED

Applying for properties to rent can be time-consuming and stressful, especially if you aren't sure exactly what the owners and property managers are looking for.

If you have been applying for places unsuccessfully, here are a few tips to improve your chances of being selected.

Have your paperwork in order

When you apply for a rental property, you need to have a range of personal and financial details ready to share. This is likely to include all or some of the following:

- Reference letters from people you have lived with or rented from in the past
- References for your pet (if applicable)
- Proof of income (recent payslips, bank statements, tax return)
- Letter of employment (if you're starting a new job)
- Valid ID (up to 100 points, which can include your passport, birth certificate, student ID or driver license)
- A resume of your rental and/or employment history
- Deposit/rental ledger (summary of your rental payment history)
- Cover letter
- Completed application form

If you have all or most of these ready in advance, you have a better chance of getting your foot in the door.

A cover letter is a good way to get ahead of the competition. Explain why you are looking for a rental property, how many people will be living in the home and why you are the best candidate/s. Keep it formal but still allow some personal information to shine through.

Organise your housemates

If you intend to rent with housemates or a partner, they need to have their application information ready as well.

Make sure your fellow tenants have the right documentation the same way that you do.

It makes sense to try to have everyone's name on the lease so you are equally responsible if there is damage to the property so be upfront with the agent about who will live in the home.

Be financially ready

The property manager or landlord may ask you to prove you can pay rent by sharing payslips or a bank statement so have this information to hand as it will confirm to them that you will be a reliable tenant.

You will also need to pay a bond, which is usually around four weeks worth of rent. Before you start applying to rent a home, have this money ready in your account. This will save you from having to pull the funds together at short notice or missing out because you're not prepared.

Get a referral

Landlords and agents care about your history when they go through the rental application approval process. They want to know you have paid your rent on time at previous properties and looked after the place.

A positive reference from a past landlord or property manager, will go a long way towards helping your rental approval. Otherwise, a referral from an employer, former teacher or someone in a position of authority can be helpful.

Be on time and be polite

Presentation matters because it reflects the way you will treat your home. When you attend a property inspection in a competitive market, try to be on time and dress neatly so you can make a good impression. Be friendly and ask a few questions about the property so the agent remembers who you are. You may also have a strategy of arriving with all your paperwork ready so you can hand it over on the spot. The property manager's goal is to have the home leased to outstanding tenants as soon as possible so do what you can to make their life easier and they will appreciate it.

Get to know your leasing agent

Property managers and the landlords they represent all have slightly different criteria so aim to build relationships as part of your search for a home. Don't be afraid to stop for a chat and let the agent know what you're looking for. If you make it clear you're the kind of tenant they are looking for, they will keep you in mind when suitable properties come onto the market.

Need more help applying for a rental property? Contact the Professionals today.



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