

property investor newsletter

Autumn | 2023

Properties Recently Rented

HOUSES

Warradale

2 bedroom home - great location
\$560 per week

Clearview

Modern 3 bedrooms/2 bathrooms
\$520 per week

Wattle Park

3 bedroom home - 3 living areas
\$580 per week

Klemzig

3 bedroom family home
\$500 per week

Golden Grove

Two storey home - inground pool
\$750 per week

APARTMENTS / UNITS

Glenelg North - record price!

Modern & stylish 2 bedroom unit
\$640 per week

Mawson Lakes - record price!

2 bedroom unit
\$400 per week

West Lakes - record price!

2 bedroom townhouse
\$420 per week

Glenelg - record price!

1 bedroom furnished apartment
\$550 per week

Goodbye to strong capital growth and hello to rapid rental price increases in 2023: report

Following years of strong capital growth, a new report is forecasting that the focus will shift towards rental prices in the coming year.

Knight Frank's Outlook Report 2023 forecasts that rental prices are headed for double digit growth in 2023 for 11 of the 14 major residential markets across Australia, with Darwin, Canberra, Regional Victoria and Regional South Australia as the only markets predicted to record a rental price growth below 10 per cent during the period.

According to the global real estate agency, a combination of factors have resulted in a supply crunch that will help drive rent prices upward in the coming year.

The report first noted that the sustained population growth across the country, which has risen by 4.6 per cent over the past five years, has continued to add to demand and has been augmented by a gradual rise in the proportion of households renting.

It also pointed towards a 17.8 per cent decline in new dwelling construction over the same period. The report highlighted that following the high completion figures of 2017 to 2018, the market saw "much lower levels" in completed properties.

Further adding pressure to supply is an observed trend of investors divesting their rental properties to take advantage of the strong property increases over the pandemic, as well as severe weather events taking homes offline and removed from rental pools across the country.

Knight Frank cited the trend in vacancy rates over the last five years as proof that the supply crunch has particularly impacted the rental markets.

"Over the past five years, vacancy has averaged 2.7 per cent in Australia capital cities and 1.7 per cent throughout regional Australia.

By mid-2022, however, vacancy had contracted to a very lean 2.1 per cent in capital cities, and 1.2 per cent in the regions. This is the lowest vacancy rate for capital cities since 2010, whilst regional Australia saw only a modest rise from the 0.9 record low in March 2021," it explained.

The global real estate agency also noted that the tightening in rental markets will coincide with a further easing in prices of residential properties.

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Simply great property
management from fully
certified property managers



Jo Cullinan



Mick Cullinan



Anna Mignone



Kathy Dodd

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Following years of strong capital growth thanks to “substantial government stimulus, rapidly increasing household savings and historically low interest rates”, the report stated that the market is now heading towards a correction.

“Since the pandemic, Australian residential values have grown by 20 per cent. Although since March 2022 values have fallen by 4.6 per cent as the cash rate has shifted substantially to higher to tackle elevated inflation, providing a catalyst for the market to eastwards a more sustainable level of annual growth over the coming years.

Although the report predicted that capital growth will continue easing as the Reserve Bank resume its cash rate cycle in 2024 following eight consecutive rate rises that saw rates clock in at 3.1 per cent at the end of November, it also estimates that every capital city will be “back on track with a positive capital growth trajectory” once the RBA begins to cut rates next year.

Whilst the focus has come off capital value growth, Knight Frank pointed out that sustained rental growth has allowed for more attractive gross yields to emerge, moving up 11 bps to 3.71 per cent in the past 2 quarters.

Off the back of strong rental growth, the gross rental yield of Sydney residential homes rose the most of all cities over this period, up by 29 bps now to trend in the upper range of 3 per cent.

While it will be a happy new year for some in the housing market – particularly for landlords - the report noted that tenants who are already struggling to find a place and are finding rental prices a heavy hip pocket pain will continue to do it tough, if not tougher, in the coming year.

Knight Frank stated that the “supply shortage will be difficult to resolve, and rental displacement is likely to intensify over the coming years as Australia once more welcomes permanent migration, with over 90 per cent of the 195,000 places going to skilled migrants”.

But the report offered a light at the end of the tunnel, predicting that the trend of higher yields will continue in 2023 and consequently “ help restore investor demand and over time, boost the currently subdued development pipeline.”

By Zarah Torazzo (03 January 2023)

CULLINAN PROPERTY MANAGEMENT ARE PROUD TO BE ASSOCIATED WITH THE FOLLOWING COMPANIES:



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Testimonials

what our clients are saying ...

We pride ourselves on providing exceptional service to all our clients, but you don't just have to take our word for it! Read what just some of our clients have to say...

*"Thank you so much for the lovely words. You have also been the **most attentive, professional and helpful agent** I've ever known! It made dealing with all renter issues a breeze so we really appreciate you. We will definitely be in touch when we are ready to rent again or buy." - Josh (tenant)*

*"Cullinan Property Management have been a pleasure to work with during the process of buying my first home. As there are many critical steps involved with buying a property, they were always **quick to answer any questions I had** and ensured a strong base of communication was constantly upheld. I was promptly informed of any new information during the whole process and **they went above and beyond to cater to my requests**. Their support eased the stress of buying a first home and therefore created an enjoyable and seamless experience for me." - Tyla (First Home Buyer)*

*"Cullinan Property Management hands down gets on with looking after our house **better than any agent that I have had at any agency**. We thank them for looking after our investment." - Bryant (Landlord)*

*"The best decision I made was getting Cullinan Property Management to manage my investment property. They have done a **great job**, and are a really good Property Management company and I know things aren't easy out there, **it takes hard work, long hours to be the best**, thank you." - Ben (landlord)*

*"Thank you for all your work in securing us the property in Magill, you are a wonderful and accommodating agent and **you have made this transition very comforting for me and my family** as we have never rented before. Evan and his wife seem like lovely people and I mean this sincerely they are welcome to come over at any time." - Mr PD (tenant)*

OUR REFERRAL OFFER

We will give you a \$100 gift voucher (OR CASH!) should you refer someone to us and the property is signed for full management.



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