



GLENNDIAS
REAL ESTATE

Monthly Newsletter

REAL ESTATE NEWS

JULY 2016

Being the experts in all things Real Estate, we Agents are often asked the question "Should we buy new or old?" We feel that the main thing to keep in mind is that every investment property is chosen based on the purchaser's individual situation and plans. An investor should look at each property on its own merit and give consideration to all its attributes.

In general, new property in the right location attracts quality tenants resulting in lower vacancy rates and higher rental yields. Many investors go for new builds to avail of depreciation benefits. While depreciation is a worthwhile consideration, it pales in comparison to the growth an investor can miss out over the long term, therefore it is not advisable to buy just on depreciation benefits alone. The biggest downside of new property is a low "land to asset ratio". Generally, if the land component is less than 50% of relative value you may find that the property is declining in value in early years as a result of land gaining value at a slower rate than loss of value in the building component.

Ultimately, a property purchase should only be made after carefully considering all angles vis-à-vis your personal situation.

QUOTE OF THE MONTH

"Real estate cannot be lost or stolen, nor can be it be carried away. Purchased with common sense...and managed with reasonable care, it is about the safest investment in the world"

Franklin D Roosevelt

Agency Update

Section 48 of the Residential Tenancies Act 1995 requires that a landlord ensure that a tenant is given, before or at the time the landlord and tenant enter into a residential tenancy agreement, certain information. On top of the Agent details, the Form must also disclose the Landlords name(s) and an address for service of documents which may be an email address. It is imperative that if a name, address or telephone number of which the landlord is required to notify the tenant under this section changes, the landlord must, within 14 days of becoming aware of the change, notify the tenant in writing of the change. With a maximum penalty of \$1250 and an expiation fee of \$210, it is important that you keep your Agent informed of any changes so that we can notify the tenant as required.

Fast Facts

The property market has flattened in Adelaide since 2015 when a growth rate of 6.3% made it the best year since 2007.

Forecasted oversupply numbers for completions (as opposed to approvals) are 2000 for houses and 5500 for units/apartments. Despite this, the Adelaide property market is expected to remain steady and reliable.

The North is expected to do well in the years to come with yields of around 7%-8% and low entry points, these areas herald growth prospects in the budget sector i.e. up to \$470,000

Source: Dr. Andrew Wilson, Adelaide Market Update, June 2016

CAN WE HELP YOU?

Is the start of the new financial year the right time to tap into the equity of your real estate asset? Need to find out more about the true value of your investment property? CALL US NOW on 8266 0888 and we will be happy to have an informal chat with you on the subject.

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