

ARE YOU STORM READY? TIPS FOR GETTING YOUR PROPERTIES STORM READY.

As the summer months approach, many areas around Australia will also enter storm season. There are a few things you need to do as a landlord to make sure your properties are prepared for storm season. Taking some time to prepare now will help in making sure your properties are well-maintained throughout the summer months. Here are our top tips for getting prepared for summer storm season.

Make sure you have the right insurance

Having the right level of insurance coverage for your investment properties is crucial to make sure you're covered in the event of storm damage occurring at your property. You'll want to make sure you have coverage for things such as vacancy loss (in case your property needs to be vacant for extensive repairs) and flooding (even if you live outside a flood zone). If you're unsure of what kind of coverage you have, talk to your insurer and get any questions cleared up to make sure you have the right coverage well ahead of storm season.

Complete maintenance in a timely manner

If your tenant reports general wear and tear to things like windows, doors, the roof and ceilings, these things should be fixed in a timely manner anyway. This is even more important during storm season. Fixing an area of your home where water can leak, or rain can get in could save you costly repairs compared to if the wear and tear isn't fixed before a severe storm.

Make sure tenants are aware of things to check

Your property manager may have already communicated to your tenants that there are certain things they should look out for in a property before storm season. If you're unsure, double check and make sure your tenants know to regularly check their gutters and downpipes, ceilings, doors, windows and roof for any signs of damage. This will help you to be proactive about repairs at the property.



Be mindful of large trees and outdoor items

If there are large trees on your property, make sure they are regularly trimmed and maintained. Depending on the size of the trees and safety of maintaining them, you may need to hire a professional to regularly trim large trees.

Maintain regular communication

It's important not just in storm season but throughout the year as well that your property manager or you stay in regular contact with your tenants. Make sure they have a current contact number and email address for maintenance and repairs to be reported straight away.

While you can do as much as you can to prepare your property for storm season, sometimes severe storms will damage your properties anyway. Being prepared, however, will help with things like stopping leaks from heavy rain and extensive property damage. If you're unsure about what kind of insurance coverage you need and how to best protect your property, make sure you speak to a professional.

A LOOK AT THIS ISSUE:

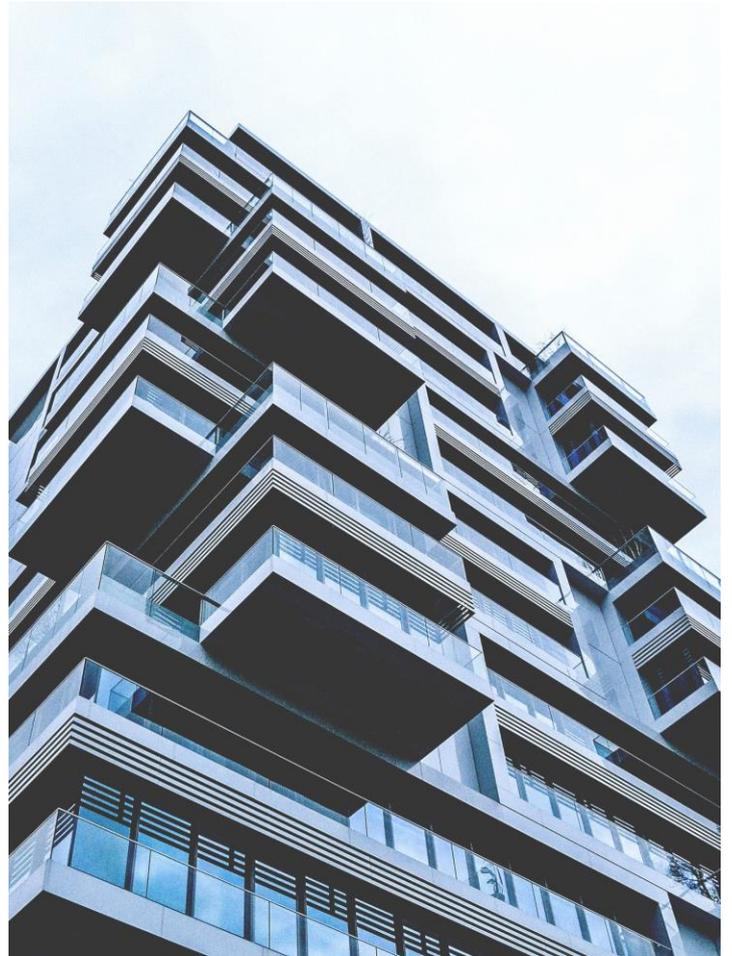
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WHAT IS ARMCHAIR DEVELOPMENT?

Armchair development is the term used for developments where a property developer invites investors to contribute capital to a development in return for a share in the developer's profits. The arrangements for sharing profits and capital required varies by the size and scope of each property development. In this article, we're taking a look at armchair development and if this could be an effective way to diversify your portfolio.

In most armchair developments there's a mix of traditional lending and investment from individuals. As the name suggests, being an armchair investor is associated with the fact that you can profit from a property development without having to be directly involved in the planning and building. In return, the investor receives a share of the developer's profits for contributing capital at the start of the project.



Some of the key advantages of being an armchair investor is that a person can remain more liquid than if they were putting capital towards an entire property for their portfolio and the investment won't require bank approvals if a person is using their own idle capital. The returns are also based on a much shorter-term basis than traditional property investment. Armchair developments typically provide returns on a short to medium term basis.

To keep the funds of armchair investors protected, a developer must keep the investors' funds in a separate investment company. These funds can only be utilised for authorised and invoiced expenses incurred in building the development. The minimum capital requirement to be an armchair investment is typically between \$25,000 and \$30,000. Of course, these figures may vary between development companies, the size of the project and the maximum number of investors that the development company wants to take on.

In terms of returns, bigger projects like townhouse developments and apartment buildings will typically have larger profits. With these projects, however, there is more risk that the development will be delayed or subject to budget overruns due to all the moving parts in a large development. Some investors may choose to use their returns to purchase property in the development or use that equity for other investments. This will depend on the investor's unique situation and the agreement between the developer and armchair investors.

Like any investment, there are risks associated with armchair development. You should always do your own due diligence and make sure an investment is right for your unique situation before putting your capital towards an investment.

IS IT THE RIGHT TIME TO BUY AGAIN?



Median home values around Australia have been mixed across the major cities in 2018. We're taking a look at recent median home value figures and how property has performed in the year to date.

Property prices around Australia's major cities have continued to decline in recent months. A recent CoreLogic report revealed that median home values around Australia decreased by 0.1% in late-August. This figure, coupled with continued decreases in median home values in previous weeks made recent decreases in home values hit 0.4%.

In Sydney, prices decreased by 0.1% per week, while the same occurred in Melbourne and Brisbane. There was a more significant drop in median home values in Perth at 0.3%. In contrast, median home values in Adelaide increased by 0.2%. This has been attributed to the generally strong median home values across South Australia in recent times.

Looking at the year to date, house prices increased by 0.7% in Adelaide and by 0.3% in Brisbane. Connected to the positive performance of the market in these states, these increases aren't surprising as the Adelaide and Brisbane markets haven't experienced rapid price movements like other cities.

In Perth, Sydney and Melbourne median home values have declined at 5.6%, 2.2% and 1.6% respectively. This brings the decrease in median home values of state capitals across mainland Australia to 2.7% in average weighted terms.

The large declines in median home values in Perth, Sydney and Melbourne are a result of corrections from the rapid growth experienced in recent years and increased supply, particularly in Sydney and Melbourne.

Home stocks in Sydney and Melbourne have increased by 22.3% and 12.2% respectively in comparison to supply figures for 2017. New listings figures, however, have declined in recent months at a drop of 7.2% for Sydney and 6.5% for Melbourne. This divergence suggests sellers could be waiting for home values to increase again before listing their property for sale.

With these figures in mind, it appears a return to trend growth in Sydney and Melbourne, coupled with an increase in housing supply could be making the property market favourable to buyers. As with any stage in your property investment journey, you should always talk to trusted legal and finance professionals before making changes to or growing your portfolio. Additional consideration of macroeconomic factors such as Australia's cash rate and the country's economic performance in comparison to its biggest trading partners can also help you see the bigger economic picture.

Recently Rented:

Butt Street, Harristown - \$320PW

3 bed, 1 bath, 2 car

Spring Street, Middle Ridge - \$340PW

2 bed, 2 bath, 1 car

Menzies Street, Middle Ridge - \$440PW

4 bed, 2 bath, 2 car

Mirage Court, Wilsonton - \$410PW

4 bed, 2 bath, 2 car