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**Newsletter June 2016**  
**Directors Susan Cooper & Natalie Cooper**

## AUGUST Newsletter

### Vacancy Rates Explained – by Vault Plus Mortgages

All industries have their jargon and Property Investing is no different – so the team at Vault Plus Mortgages wanted to tackle the term ‘Vacancy Rates’ and explain it in plain English for clients looking to invest.

A Vacancy Rate is usually expressed as a percentage of all vacant properties in a defined area against the total number of available properties for lease. SQM Research, one of the most trusted sources in property research use listings that have been online for 3 weeks or more as a truer reflection of an areas vacancy rate.

So by way of an example, let’s say a suburb has 200 properties available for lease and 10 properties have been listed for 3 weeks or more and remain vacant. The equation would be  $10/200 = 5\%$  vacancy rate.

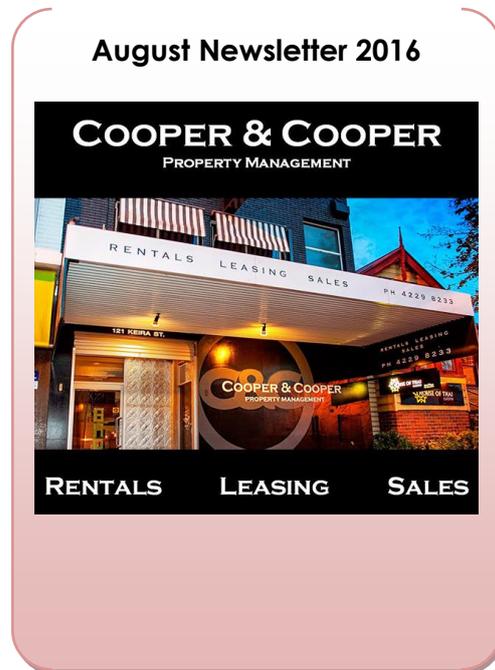
A Vacancy Rate of 3 % is considered to be a balanced market for prospective tenants and landlords alike.

A Rate under 3% would indicate high rental demand and the need for more stock to fuel this demand. Conversely a rate above 3% might indicate lower rental demand which might be a result of too much stock on the market when measured against rental demand.

Vacancy Rates are a useful guide when considering an area to invest into but they should be considered in conjunction with other data also and not in isolation.

It should also be considered as to **whether an areas vacancy rate is trending upwards or down**. A suburb could have a vacancy rate of 4% but it could be coming down indicating that something (positive) in the area is happening.

Vacancy Rates are just one of your considerations when looking to invest as tenants help with the holding costs of the property. But it is capital growth that is ultimately what you are looking for in the long term as this passive growth (capital appreciation) provides you the best return on your investment.



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## **Off the plan – "the good and bad"** *REINSW CEO*

When you buy a home 'off the plan' what does it mean? Put simply you will be signing a contract for a property that is yet to be built.

This method of purchase brings both benefits and pitfalls. The good is obvious - you are buying a brand new property. The bad is that when the contracts are exchanged, you are paying a deposit to buy a property that only exists in architectural drawings.

This means you will not be moving into your new home for some time, since it regularly takes 12 months or longer to build.

Some people claim that the purchaser should pay a premium for buying off the plan because the dwelling and all of its fixtures are new.

On the other side, people argue that the purchaser is buying a non-existent asset and should receive a discount to compensate for the risks involved.

Who is right? There is no correct answer, because both arguments have merit and it depends on your point of view.

It is important to do your homework with any property purchase, but with off the plan your enquiries need to be different because you cannot physically inspect the property.

The "Schedule of Finishes" document attached to the contract sets out and describes the fixtures and fittings that will come with your dwelling. It is critical to fully understand everything in this document.

Finally, as you cannot inspect your property, make sure you locate a list of properties that the same developer has completed in the past so you can assess the workmanship.





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## Why granny flats are no longer just for grannies

Date: 06 Jul 2016 By: BMT Team

The idea of a granny flat as a bland single room dwelling has changed. They used to be a way to keep grandma close by, with a single burner stove, a toaster and a single bed. But these assumptions are being challenged by the New South Wales granny flat industry boom. **The rules have changed...**

Since the legislation change in 2009, building a granny flat has become a far easier process and approval can be granted within ten days. Additionally, the rules around how they can be used have been altered and now enable property owners to make money by renting out their secondary dwelling. This change has fuelled demand for granny flats, with builders creating accommodation that ranges from modest studios to multi-bedroom mini-homes. Homeowners across the state and in Sydney particularly, can then take advantage of the demand for comfortable, affordable rentals in close proximity to the CBD. Alongside New South Wales, homeowners in Tasmania, Western Australia and the Northern Territory are able to generate income with a secondary dwelling.

This opportunity has given architects and designers new challenges as they attempt to create small homes that maximise the available space, remain comfortable and functional and stay within a budget much smaller than that of a standard sized house. This has seen a 240 per cent increase in the number being built and these numbers are similar in Western Australia.... **but not for everyone**

The laws differ from the state to state and in Victoria and South Australia; a granny flat must be actually used to house a family member. The tighter laws around secondary dwellings mean that it isn't possible use one to legally generate additional income. These laws dictate that a granny flat or dependent person's unit can only be occupied by a dependent of the resident of the main dwelling – generally a family member. Once the person leaves, the structure has to be removed. To build a permanent dwelling requires planning permission and subdividing the land, which is a costly process. Queensland property owners should check with their local council to discuss regulations on whether they are able to rent a granny flat for income-producing purposes.

### **Add versatility and space to your existing home**

Building a granny flat isn't just about making money though. A granny flat can have a wide range of uses, both allowing homeowners to keep friends or family close to home, or for creative endeavours and activities. The extra indoor space and self-contained freedom a secondary dwelling provides can be used for anything from a place for the kids or grandparents to stay when they visit, or a place to practice yoga, paint, retreat from the world, and more.

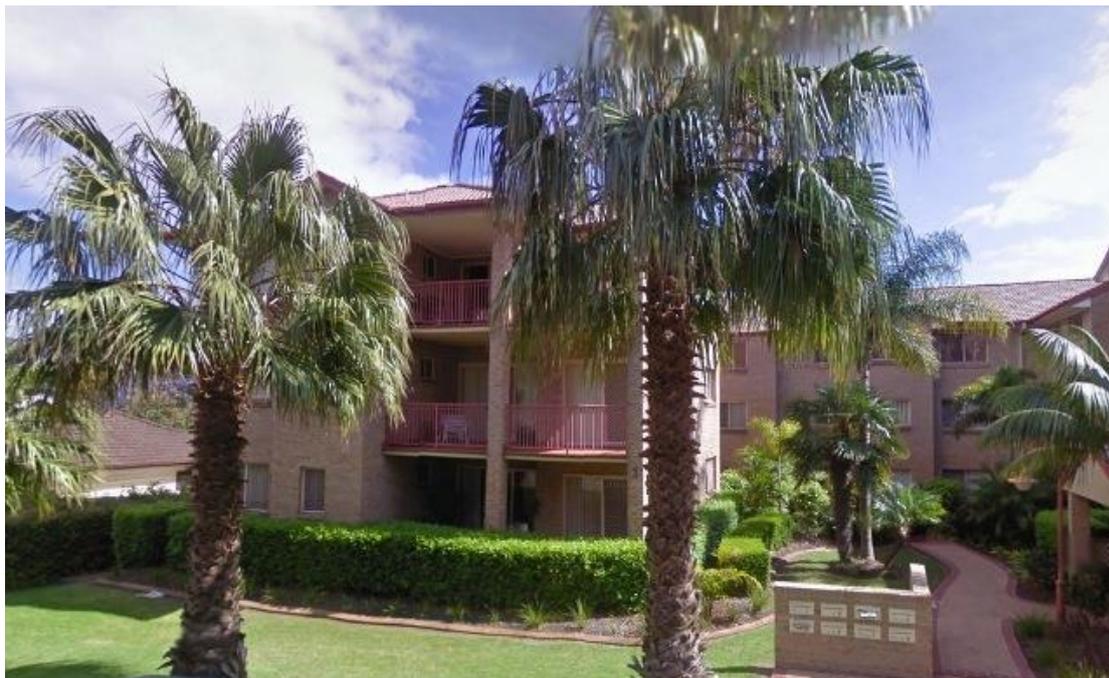
The humble granny flat has seen resurgence in the last five years and continues to add value in a competitive property market. Regardless of the purpose, if you own a home with enough space, then adding a secondary dwelling could be the edge you need when selling or letting your property. It is important to seek expert advice regarding the laws in your state and what is and isn't permissible.



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# FOR LEASE



**YOUR TIMING'S RIGHT This property includes a DOUBLE GARAGE  
FOR LEASE 2BR 1BATH 2CAR (GARAGE) \$ 495 PW**

This immaculate two bedroom unit will be sure to tick all your desired boxes. A top floor apartment in quiet Edward Street is light, bright and airy. The property has recently been repainted with neutral tones, new carpet to the lounge room and both bedrooms. Timber floating floors in the hallway and dining room. Two generous size bedrooms both with built in wardrobes will fit all your bedroom furniture comfortably. The main bedroom also has access to the common balcony. An original bathroom however it is in immaculate presentation. Includes a separate bath and shower and separate toilet room. The lounge room is well positioned with separate dining area. The North East balcony is also generous in size and offers ocean glimpses. Last but not least this apartment has a Double remote garage with additional security access. This property will not last long.