

Autumn 2021 | Issue 3

Update

By the Property Investors Council of Australia



Design a decade

Building a path to property prosperity



PROPERTY INVESTORS
COUNCIL OF AUSTRALIA



Update magazine is brought to you by the

Property Investors Council of Australia

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The Property Investors Council of Australia (PICA) is an association set up to provide a single voice for the two million plus property investors in Australia. It is a pure not-for-profit association, run by property investors, for the interests of property investors. PICA aims to advocate on behalf of property investors to government, industry, and consumers.

As the peak association for Property Investors, PICA has established a five point charter:

1. Advocate on behalf of all property investors
2. Play an active role in educating property investors and those looking to invest
3. Engage with the Government, regulators and the community to ensure property investors receive appropriate representation in matters which directly or indirectly impact them
4. Engage with the Government, industry and businesses to ensure property investors' consumer rights are protected and free from dishonest, deceptive and misleading conduct in light of the industry being unregulated
5. Help inform and promote the financial and social benefits of a vibrant and sustainable property investment marketplace

PICA membership starts at just \$5. Join today at www.pica.asn.au/join

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Diary

Pop these important dates in your diary as we look to help educate investors and promote their interests.

March

15th March – (NSW) Final submissions due for NSW Proposed Property Tax

22nd March – (Vic) WEBINAR: Victoria Tenancy Reform

April

Day TBA in April – (National) WEBINAR: What Data Is Important Data when Researching for a Capital Growth

May

Day TBA in May – (National) WEBINAR: Maximising depreciation (with Brad Beer)

Stay up-to-date

Join our PICA Facebook group to stay up-to-date on event dates and other educational opportunities.

Chairman's message

Welcome to our Autumn 2021 issue of Update.

Among the range of lessons delivered in the past 12 months, one of the most significant must be the resilience of Australian real estate as an asset.

Despite dire warnings from some very high ranking economists at the start of the pandemic, property has not only held firm, but delivered enviable growth. There are a variety of reasons for this – the lack of listings (supply) certainly kept prices buoyant, but low interest rates, increased savings and the inherent value of property as 'shelter' have all worked to keep values strong.

Of course, challenges will be faced. The end of wide-ranging government assistance will deliver tough times to some of the population, however sound economic management by our leaders, and smart personal finance decisions by most Australians should hopefully help smooth the transition into more certain times.

Well, I have faith in this anyway.

In this quarters' edition of the newsletter, we take a look at tenancy laws around the nation. Pandemic guidelines are drawing to an end across a number of states and territories, so we've compiled a ready guide on when the changes will occur.

We also have a national wrap on market performance, plus details on meetups, media mentions and resources readily available to our members.

If I could add just one special mention as well. PICA is your organisation – giving investors a voice and helping promote our agenda at the tables of power.

But we are also an organisation run by volunteers who are motivated toward keeping investor interests strong and members informed.

There are a number of ways you can help. One is to volunteer. If you are keen to be involved, reach out. We love any assistance in organising this wonderful association of ours.

Another way to assist is to donate. Your dollars – whatever you can spare – go directly towards resourcing our mission. Every investor profits from your generosity.

Finally – tell others. You don't have to be a property owner to join PICA. For \$5 per year there's so much value – and the more members we have, the louder our voice will be.

Here's to a profitable... and healthy – 2021.

Ben Kingsley



Design a decade: Building a path to property prosperity

Steve Waters (PICA Corporate Member)

The immediacy of the modern world certainly has its advantages, but the erosion of our national patience isn't one of them.

As a society, we've become accustomed to getting what we want straight away. It reminds me of my family's first microwave oven. It could reheat last night's leftovers in three minutes. THREE MINUTES! It was a modern marvel.

Then the VCR turned up and I could watch full length feature films at a whim without having to wait for network TV to pick up the broadcasting rights.

Nowadays, consumables have become even quicker of course. We're at a point where world events appear on our phone before the old outlets of newspapers and TV have a chance to tell the story. We can watch live streamed events as they happen, and then wonder why the free-to-air news programs are so slow on the uptake.

This is all to say that the art of the long-term view is a little strained by our new world order – and that's creating a problem in the property investment sector.

You see, truly successful real estate investment requires two essential ingredients – planning and patience, and these are in short supply.

My solution is something I call 'Design a Decade'.

Design a Decade

Design a Decade (DAD) means taking the time to ask yourself, "What do I need to do over the course of the next 10 years to ensure I'm set up for the rest of my life."

DAD sets the foundation for building a solid portfolio with an expected outcome at the end.

There are four stages during DAD which you must work through.

1. Planning

Planning is the reverse engineering stage. This is where you decide what you want your end point to look like. You must then plot the path between where you are and where you want to be, with benchmarks along the way to help ensure progress.

Planning also involves establishing your capital requirements – how much you'll need to reach investment KPIs on the path. You'll be looking at your budgets, cash flows, strategy types and sources of funds during this stage, as well as how life might change over the coming 10 years.

You'll also be determining your risk profile, so you understand your tolerances and comfort zones.

2. Accumulation

This is where you methodically follow the strategy you laid out during the planning phase and begin to purchase investment property.

You should be purchasing along the path of your timeline, but don't be rigid in your approach. Within your own financial and risk tolerances, be an opportunist. During the accumulation phase, prospects will present themselves. Be prepped and ready to go, relying on sound advice to make good decisions.

3. Consolidation

This phase recognises you can't just keep purchasing forever. You don't get to have unlimited funds – it just doesn't work like that.

So, consolidation is where you take a breath, relax and enjoy life. You've done the heavy lifting in building the portfolio, now let the properties do their hard yakka in terms of growth over time, because growth + time = desired outcome.

The longer you hold property, the better it will do for you.

4. Management

This phase is actually all about being an active investor, not a passive one. The management phase is crucial because if you aren't an active investor who has become focussed on controlling the portfolio during the tail-end of the decade, you'll start eroding any of the potential you've built up.

All the hard work you've done will dissipate because you took your hands off the wheel.

The management phase is also where you start to see the compounding effect of capital growth and the extraordinary results it can bring.

In truth, during the first seven or eight years of your investing journey, you will feel like you're not getting anywhere much, but don't despair.

When you begin to have value growth compounding on top of previous gains, you'll be excited by its exponential effect.

The keys to success

So, DAD is really about creating momentum.

It's those first ten years where you'll get that 'heavy vehicle' moving – slowly at first, but positive and progressively picking up speed. By the end of the decade, it will become almost self-perpetuating.

The real secret is simply getting started. Don't be paralysed by the options. Instead, reach out for independent advice, and begin plans now that set you up for the rest of your life.



When will COVID emergency legislation end?

A shifting landscape of tenancy legislation was one of the more challenging elements delivered to landlords at the start of 2020.

The difficulties were compounded by tenancy legislation being states based. In short, if you were a borderless investor with assets positioned throughout Australia, you were dealing with a raft of differing rules of varying impact.

But 2021 is a new world. Vaccine rollouts, economic growth and a new sense of confidence means we're on track to see pandemic response legislation rolled back, and that includes emergency legislation around rentals.

So, what can we expect in the coming months as each state addresses its tenancy laws?

Law firm Clayton Utz recently published an informative summary about the wind up of emergency legislation for tenancies which is an excellent frieze for investors. The following summary has been compiled from their report with additional information gathered from various state websites.

New South Wales

For those who know their legislation, Part 13 of the *Residential Tenancies Act 2010 (NSW)* "Response to COVID-19 pandemic" and Part 6A of the *Residential Tenancies Regulation 2019 (NSW)* will expire on 26 March 2021.

This covered such elements as the moratorium on eviction of residential tenants for rental arrears by landlords, and the ability for COVID affected tenants to end lease arrangements early.

Victoria

From 28 March 2021, COVID emergency legislation will no longer apply.

Until then, landlords cannot increase rent, or issue a notice to vacate or evict a tenant if they're behind in rent due to COVID-19. The legislation also allowed COVID effected tenants to negotiate rent reductions.

Queensland

Most of Queensland's COVID emergency response legislation wrapped up on 30th September 2020. This included elements such as the six-month eviction moratorium for COVID rent arrears and preventing property owners ending tenancies with COVID impacted tenants without grounds.

There is some legislation still in place until 30 April 2021. These rules include protections for tenants against being listed in a tenancy database for rent arrears caused by COVID impacts, limits on reletting costs for eligible tenants who end their fixed term tenancies early, entry restrictions and requirements to support COVID social distancing measures and relaxed repair and maintenance obligations.

Western Australia

The "emergency period" under the *Residential Tenancies (COVID-19) Response Act 2020* is scheduled to expire on 28 March 2021. Up until that time property managers cannot issue a termination notice for non-payment of rent or breach of an agreement.

In addition, a notice issued for the increase of rent from 29 September 2020 is valid but is of no effect until 29 March 2021.

South Australia

Emergency relief under the *COVID-19 Emergency Response Act 2020 (SA)* expired on 6 February 2021. This means for COVID affected tenants, the moratorium on rent increases and lease termination for failing to pay rent ended on this date.

Other measures prescribed by the *COVID-19 Emergency Response Act 2020 (SA)* have been extended to 31 May 2021. For example, tenants experiencing financial hardship as a result of COVID may continue to apply for the Residential Relief Grant Scheme until 31 March 2021.

Tasmania

The emergency period in relation to residential tenancies expired on 31 January 2021.

Australian Capital Territory

Measures prescribed by the *Residential Tenancies (COVID-19 Emergency Response) Declaration 2020 (No 3)* have been extended to 30 April 2021.

Until this time, landlords cannot evict COVID affected tenants for rent arrears accrued during the six-month moratorium of evictions if the tenant has paid rent as it's fallen due from 22 October 2020 onwards.

COVID effected tenants can still terminate their tenancy early without penalty up until 30 April as well.

Northern Territory

The *Residential Tenancies Act 1999 – Modification Notice* has been extended until 23 March 2021.

The extension of termination notice periods, and the period for which rent must be in arrears before a breach notice can be issued, to 60 days continues to apply until this date.

Of course, it was pleasing to see that landlords and tenants, on the whole, worked together throughout the most challenging moments of the pandemic to ensure an equitable outcome for all.

Changes to tenancy legislation and providing a voice for landlords in this realm will continue to be a priority area for PICA. The continued support of our membership is both crucial and appreciated.

Market mini-wrap

March 2021

Kieran Clair (PICA Board Member)

Twelve months ago, things were looking bleak. Not just in terms of health and community, but also financially. We were staring down the barrel of a long period of economic retraction and unemployment.

And most property stakeholders were quaking about what was to come.

But here we sit – March 2021, and what a difference a year makes.

Property as an asset class proved it's resilience. Experienced long-term investors already versed in the mini-market ups and downs across a 10-to-15-year price cycle were proved correct once more.

If your asset has the right fundamentals for long-term growth, and your planning has ensured enough financial buffers against unexpected headwinds, then riding out the downturns is usually fruitful.

Of course, most of us are travelling into 2021 with confidence. Recent reports are already highlighting the resurgence of investor activity across Australia.

The Australian Bureau of Statistics (ABS) Lending Indicators for January found the number of loan commitments for investors soared by 9.4 per cent over the month and have increased by a staggering 22.7 per cent over the year.

In further evidence, the value of new loan commitments to investors rose 6.7 per cent in New South Wales in January to be the highest since about June 2018, according to the ABS.

This shouldn't be surprising. Interest rates are low, vacancy rates are tight and rents, on the whole, haven't fallen.

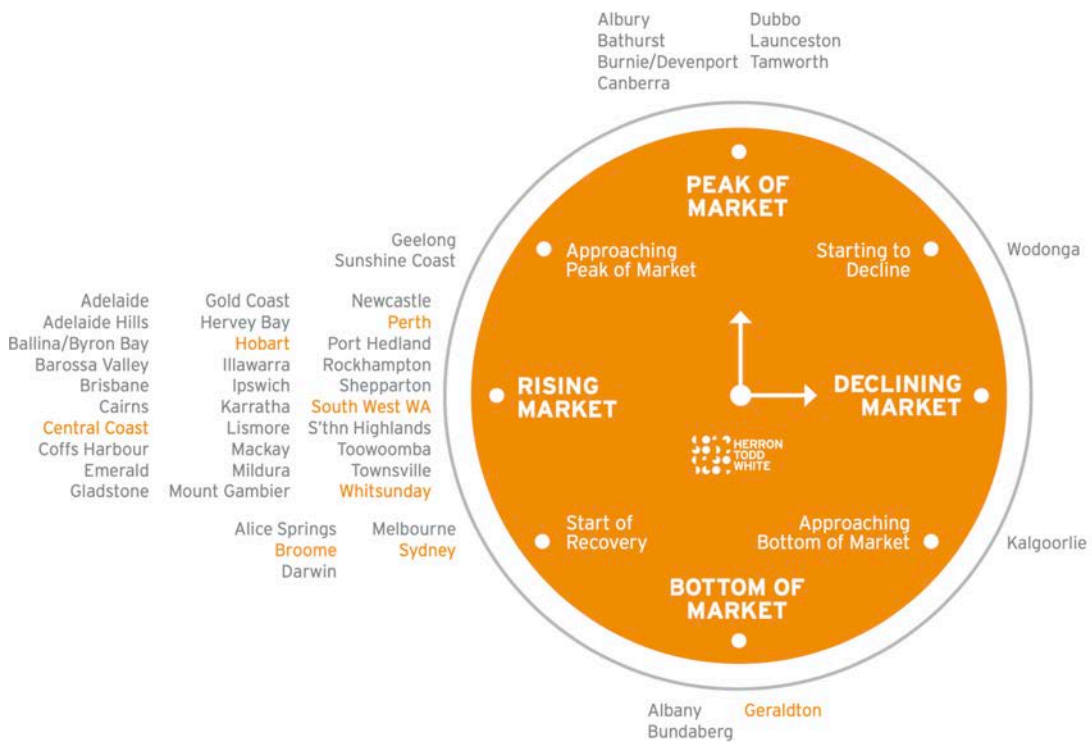
And the experts agree that prices appear to be on the up across most population centres. The Herron Todd White House Price Property Clock for February looked mighty busy in the 'rising market' section in their latest Month In Review report.

And this is from a valuation firm – generally regarded as among the most conservative of commentators.

By all accounts, it'll be an exciting year for property investors.

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



Source: Herron Todd White

PICA in the news

Throughout last year and into this one, PICA remains a key voice for property investors across the political and media landscape.

By taking advantage of the opportunities to comment and converse across a range of topics, PICA will help educate both those in power and the community more broadly about why average Aussie investors are crucial to both the economic health and social fabric of our nation.

Here's a small sample of article links which featured PICA commentary:

Property markets are shaping up for a stellar 2021

... to Ben Kingsley, Chairman of Property Investors Council of Australia with ... back of record-low interest rates and positive sentiment in the market," said Ben.

Property experts reveal where to invest in 2021

As Australian property markets recover from a tumultuous 2020, most experts ... Property Investors Council of Australia's (PICA) chairman Ben Kingsley said.

Time to buy residential property: Survey

... Property Investors Council of Australia (PICA), who surveyed 1877 investors across ... their property in the next six to 12 months, PICA chair Ben Kingsley said.

Safe as houses? How COVID-19 will hit home buyers and builders

The Australian love affair with real estate is also about to be sorely tested. ... However Property Investment Professionals of Australia chairman Ben Kingsley, who is also a ... This adds urgency to what Housing Industry Association (HIA) chief ...

The landlord's guide to surviving the pandemic

Property Investors Council of Australia chairman Ben Kingsley says landlords should hold off reducing or foregoing any rent until the government releases more ...





Are you keen to be part of the PICA movement?

There are a variety of ways you can support PICA's mission in advancing the right of Australia's property investors.

1. Invite new members to join us

As our membership grows, so too does our influence when pushing the property investor agenda. So, encourage others to join our ranks.

Annual membership remains at the ridiculously low price of \$5. Membership advantages includes useful content such as regular webinars, meetups and newsletters. Members also have access to our resources page and Facebook community. So many reasources for the price of a coffee...

2. Volunteer

PICA is a not profit organisation that relies on volunteers to help advance the cause. Why not become one of the crew? There are plenty of roles you can play in helping spread the word.

3. Donate

If you're short on time but are still eager to do something to help, why not make a donation to PICA?

Representing your interests and building an association of influence takes resources, so we rely on your generosity to help us achieve our objectives. And every dollar given to is used to help further our mission.

Simply click the button at the bottom of this page and it will take you to our website and all the details so you can make your contribution.

So do your bit and help us to help you through education and representation.

Donate here



**PROPERTY
INVESTORS**
COUNCIL OF AUSTRALIA



A United Voice for Property Investors



For Property Investors, By Property Investors

The Property Investors Council of Australia (PICA) is a not-for-profit organisation committed to advocating and lobbying on behalf of property investors' interest and educating its members on the economic benefits and risks of property investing in Australia.

Join today from as little as \$5.

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