

DUFFY FORSYTH & CO

ESTATE AGENTS

18th July 2002

Yet another year has passed in the jet stream of life! And what an interesting year it has been.

The Melbourne Residential Real Estate Market has seen a continued huge growth in sale prices. The cost of borrowed money has remained low. Our economy has been rated as the fastest growing in the world. All this good news, yet the average rental return has diminished. The low cost of money and it's easy availability, coupled with the Federal Government's First Home Buyers Grant, has brought the buying activity of many people forward and hence whilst there is tremendous pressure on purchasers, the pressure on the rental market has lessened.

The softening of the rental market has emphasised the need to ensure that your property is accurately priced and presented in the best possible light. Whilst it is tempting to argue that the returns are not there to invest in repainting, polishing floor boards, installing gas ducted heating – this is the time when landlords must make their product stand out from the rest – otherwise risk long term vacancies. I would like to take this chance to congratulate our landlords who have made that additional investment in their property at this rather difficult time.

We have also noticed a significant reduction in both the number and the budget levels of corporate rentals. Those \$1,000 per week plus budgets are seldom seen, with the \$600 to \$700 level being more frequent, although not frequent enough. Our conversations with both industry and relocation consultants confirm these facts.

In January 2002 the Fair trading Act was modified and now both agents and landlords must be even more aware of potential misleading. At a recent training venue a VCAT Member (judge) illustrated this fact with the following example:- A tenant vacates a flat where there is mould in the bathroom – the agent recommends repainting the room and the owner agrees. The painting is completed. The property is relet and the problem re occurs damaging the tenant's possessions and causing distress to the tenant. Under the Fair Trading Act both the landlord and agent are guilty of deceptive behaviour as they did not inform the tenant of the prior problem and they had made no effort to solve the problem – just paint it out. Has an exhaust fan or heat light/fan been installed then the outcome would have been different as the landlord and agent had attempted to rectify the problem. Maintaining your property in A1 condition will provide protection from this possible action.

Parliament is currently reviewing the Residential Tenancies Act. Whilst many of the amendments relate to changes in business practice with the advent of electronic banking and computers there are some day to day changes that will effect you. It would appear that rental increases will be limited to two a year for a periodical lease and the time frame for a Notice to Vacate for a Non Specific Reason will go from 90 days to six months. The tenant to landlord notice will remain unchanged at 28 days. There is a suggestion regarding the enforcement of additional financial penalties for landlords and tenants who do not make the financial payments required in a VCAT Order. Whilst we welcome this change we see ongoing problems with debt collection as the Sheriff will only collect a VCAT debt if we can provide a current address – which is not always possible.



DUFFY FORSYTH & CO ABN 99 369 015 258 Telephone: (03) 9593 1900 Director: Anne Forsyth
72 Church Street, Brighton 3186. Facsimile: (03) 9592 8686 Email: forfol@bigpond.com

Whilst every care has been taken in respect of the information contained herein no warranty is given to the accuracy and prospective clients should rely on their own enquiries.
Should your property be exclusively listed with another agent please disregard this communication.

DUFFY FORSYTH & CO

E S T A T E A G E N T S

Generally it is thought that VCAT is moving towards a more formal legal attitude. The burden of proof is now quite severe. We are required to present print outs from our computers evidencing conversations that have occurred with tenants, arrears letters, photos, witness statements or to present witnesses. VCAT representation is becoming a highly skilled arena. The Retail Tenancies Act is also undergoing some reviews and these are also welcome. It would be great if VCAT was empowered to deal with rental arrears in the same manner as it does with Residential Tenancies.

You may have heard about EARS. The Department of Consumer and Business Affairs Victoria has opened a new service for the public – the Estate Agents Resolution Service. All complaints regarding real estate transactions and service are now being dealt with by this facility. As well as providing a neutral party to hear the complaints, it is hoped that a central body will be able to identify areas where either the legislation requires modification or additional training is required.

The press has made much of the Compliance Inspections (incorrectly referred to as audits) currently being carried out across Victoria. Again this is a duty of the Department of Consumer and Business Affairs Victoria. We are pleased to report that our inspection has been completed. I must make comment on the particularly thoughtful inspector who visited our office for half a day. The inspection underlined a few small points, but my congratulations go to Linda, whose work was closely checked and found to be perfect.

2001 to 2002 has seen the company continue to grow. To enable us to continue to deliver the service and skills currently available to you we are planning yet another growth. Kristy is moving to become my Personal Assistant and we are currently seeking a junior front desk person. One small advertisement in Saturday's Age has lead to an avalanche of applications. We will keep you posted.

Finally, yet again, I would like to express my thanks to a great team, and to you, our clients who have remained loyal in a very competitive world.

Thank you

We all look forward to assisting you with all your real estate needs for this forthcoming year.

Kind regards
Duffy Forsyth & Co

Anne Forsyth
Director & Licensed Estate Agent



DUFFY FORSYTH & CO ABN 99 369 015 258 **Telephone: (03) 9593 1900** Director: **Anne Forsyth**
72 Church Street, Brighton 3186. **Facsimile: (03) 9592 8686** Email: forfol@bigpond.com

Whilst every care has been taken in respect of the information contained herein no warranty is given to the accuracy and prospective clients should rely on their own enquiries.
Should your property be exclusively listed with another agent please disregard this communication.