ACCRUE

REAL ESTATE

IMPORTANT PIECES OF THE LANDLORD PUZZLE

contents

The Accrue Difference.

CREATING POSITIVE CHANGE, TOGETHER.

drummond street services
wellbeing for life

At Accrue, our mission is to build a community of success while promoting positive change.

We believe this collective approach creates a win for many and a better world for all. That's why we are proud to announce our most recent charity partnership with Drummond Street Services. Drummond Street is one of Victoria's longest serving welfare organisations, and one of the first welfare services in Australia.

Since 1887, Drummond Street has been directly assisting Victorian families and individuals. The organisation also promotes connected and inclusive communities and drives innovation and research into family support interventions.

To assist, Accrue are committed to:

- Provide a financial contribution directly to Drummond Street;
- Establish a staff volunteer program to provide direct assistance to the charity.

Drummond Street's mission to promote well being for life is an undertaking fully aligned with Accrue's ethos.

YOU CAN VISIT DRUMMOND STREET TO MAKE A CONTRIBUTION OR VOLUNTEER TO SUPPORT THE INITIATIVE BY GOING TO

www.ds.org.au

welcome

A message from our managing director

It seems like three month's is now a lifetime when it comes to events shaping our nation and the world.

Since publishing our last issue of Accrue Magazine, we've seen a war in Ukraine, devastating floods along Australia's east coast, and a rising wave of pandemic infection.

Construction costs have been on an upward trajectory for more than a year as well. Delays in production and shipping have played their part. In conjunction, demand for quality contractors has been strong. The result is that it now increasingly costs more and takes longer to build a home, and that's unlikely to improve in the next year or two.

This is affecting the townhouse and unit markets too. New projects can't be released fast enough for buyers because of construction costs and delays.

Issues around land supply are a concern as well. Demand for vacant blocks has been soaring and government red tape is pausing new land releases. Our leaders have been caught off guard – they should have been planning for this surge years ago – but (as usual) they're now trying to play catch up.

Demand for all types of property continues to rise despite what some in the media are saying. Potential interest rate rises and a looming federal election would normally act to slow the markets, but for prime property investments in great locations, demand continues to outstrip supply.

Inflation is also predicated to potentially rise towards 5.0 to 7.0 per cent per annum. The only way to beat inflation of this magnitude is to hedge against it, and real estate is the ideal asset for achieving this, particularly under current market conditions. Rising rents, low vacancy rates, taxation benefits and all-time low interest rates will help offset any inflationary pressure. So, if you are able to invest, now is the perfect time to grow your portfolio.

The future feels uncertain to many. What I have learned from 28 years in this industry is that people are drawn to defensive investments like real estate when times are challenging. Share markets will take the first and most dramatic battering, but property rides out the rollercoaster over the long term.

The key is having guidance on where and what to buy from professionals in their field. Not all markets will perform at the same speed in 2022 and beyond, so relying on specialist assistance will be critical.

In our April issue of Accrue magazine, we discuss some key pieces of the investor puzzle that are too often ignored. We also meet Accrue members Leigh and Melinda who reveal how a move to reduce tax saw them acquire two excellent assets that will help secure their retirement.

There're also our regular hotspot locations, property clocks, and the metrics we adopt when analysing prime investment locales.

We hope everyone is staying safe and well and planning for a successful financial future.

JASON NEVINS
Managing Director

Important pieces of the landlord puzzle

JASON NEVINS
Managing Director

When investing in property for the first time, you're often told about the simplicity of the process i.e. locate an asset in a growth zone with strong rental potential, hold it for as long as possible, refinance your equity into more assets and enjoy the value uptick in your retirement years.

But anyone with experience knows there are far more moving parts. Being a successful investor means understanding more of the complexities around the process to get the best possible outcome.

This month, we've touched on three important but often misunderstood pieces of the property investment puzzle that can be crucial to the success or failure of your portfolio.

Landlord Insurance

Insurance in all its forms feels like a double-edged sword.

Premiums seem like an enormous waste of money... right up until the point you're calling your insurer because of a disastrous event. We all know people who've taken out health insurance and said it was dead money, only to be hit with a medical scare that could have ruined them financially. Then there are all the ultra-safe drivers who curse their yearly premiums – until they leave the handbrake off on a hill.

The same applies to landlord insurance. It's one of those annual outlays that feels like a drain on your income. But when an event occurs and you're staring down the barrel of thousands of dollars in losses, you'll be thanking yourself for taking out a policy.

Gerard Walker, CEO of Walker Real Estate International, is one of the most experienced property management executives in Victoria and has shared some of his wisdom for this article.

"All of our clients must have landlord insurance. Not only is it a smart move, but the premiums are tax deductible."

▶ What's covered?

Landlord insurance can cover you for a wide range of loss and damage, and specific inclusions or exclusions can be applied to most policies.

When it comes to insurance more generally, landlords need to be aware of the following five insurance elements. The first four are normally combined under the one landlord insurance policy, while the fifth is a body corporate responsibility. You must be across all inclusions and exclusions as part of your arrangements to ensure you're adequately covered in all areas.

1. Building cover: This is pertinent to structural elements of your investment that may be damaged. This could be due to fires, storm, lighting, floods and other natural disasters. It can also include things such as vandalism, water damage due to leaks, or something as dramatic as a car hitting your building.

2. Contents cover: This relates to chattels and furnishings you may include as part of your rental offering. It's common to rent properties with some elements of furnishings such as fridges, outside tables, couches etc. Contents also covers other non-structural elements such as curtains, blinds and carpets. With comprehensive contents cover, if these elements are damaged, they can be replaced or repaired without you having to pay out of your own pocket.

3. Tenancy Cover: This cover protects you primarily against losses due to tenant default. If a tenant vacates early or stops paying all or part of the rent through no fault of the landlord, then insurance can compensate. This part of your policy will even help cover legal costs in some instances where proceedings are undertaken by the tenant against the landlord.

This section of the insurance policy protected many landlords during the pandemic when tenancy legislation changes allowed some tenants to vacate early or stop paying rent because of pandemic-induced job loss.

As Gerard said, "We cannot predict any change in a tenant's life that could cause them to stop paying rent or causing damage. They could have a marriage breakdown, loss of job or some other challenges. Landlord insurance ensures the owner will have their rental income guaranteed. It gives you a safety net."

4. Public Liability cover: Public liability protects the landlord in case of potential compensation or legal fees resulting from an accident where somebody sustains an injury on your premises. If, for example, a tenant's guest fell while climbing the stairs at your property and claimed damages for injury, public liability cover would help in the payout of an awarded sum.

5. Body Corporate insurance: This is a separate insurance taken out by the Body Corporate in your building to cover damage to common areas.

This is not part of a landlord insurance policy, but if you own an investment in a complex that includes common areas, you should be aware of what your body corporate insurance policy does and doesn't cover.

Assessing which insurance policy you draw on between landlord insurance and body corporate insurance can be tricky, so professional guidance from your property manager is essential, according to Gerard Walker.

"For example, if an upstairs apartment leaks and causes water damage to a downstairs apartment, body corporate insurance will only rectify the problem after the landlord has claimed on their landlord insurance to fix the upper floor leak.

"In the case of flood whether the damage to your unit is covered by body corporate insurance or your own policy is a grey area. It will depend on what's covered in which policy."

What does landlord insurance cost?

The cost of landlord insurance varies based on a range of factors.

Obviously, the type and value of your property, and the value any chattels included as part of the tenancy will influence premiums. The insurer will want to know about the age and condition of your property as well. Also, the nature of the lease, such as whether it's a short-stay premises or a more traditional long-term arrangement.

Like other insurance policies, your claims history will be important. The location of your property and its susceptibility to insurable events will come into play as well. For example, if your home is within a flood zone, or the location is subject to seasonal cyclone activity, then your premiums will be higher.

The premium will also be determined by how many inclusions and exclusion you want as part of the cover, and what amount of excess you're willing to pay.

In our experience, standard policies for most locations and under normal lease conditions will cost between $1000 and $2000 per year, but they can be double those figures depending on the variables.

FLOOD AND PANDEMIC: LESSONS LEARNED

The topic of landlord insurance is timely given recent weather events.

The Insurance Council of Australia said that to 10th March 2022 a total of 118,000 claims had been made across New South Wales and Queensland in relation to flood events. These claims totalled approximately $1.77 billion, with 81 per cent of claims being property related.

While landlord insurance claims would only make up a fraction of these totals, you can see how a major event can bring coverage into sharp focus.

The other major claimable event in the past two years was around changes to tenancy legislation in response to the pandemic. While legislation varied across jurisdictions, most tenants were able to renegotiate rental arrangement in 2020 and 2021 if they lost their job and income.

If a landlord had taken out insurance to protect themselves against a loss of rental income prior to the pandemic, then they could be eligible to claim back this lost rent.

It's interesting to note that insurers removed this loss-of-rent protection from new policies during the pandemic.

"At one point we couldn't get insurance for a client for loss of rent," Gerard said.

It has been reinstated in most policies more recently. This highlights how reactive insurance companies can be to major events, and why it pays to have comprehensive cover in place as soon as possible.

Gerard said his big tip is not to cut costs when it comes to insurance. He's a huge advocate for sticking with insurers who have a track record in landlord insurance.

"Some clients tend to get sucked in with some of the banks offering their own landlord insurance, but the banks are still trying to catch up on rental legislation and ease of claims like specialist landlord insurance companies such as Terri Scheer."

Of course, the best idea is to use an experienced property manager to organise your landlord insurance. They will guide you on the most suitable arrangements for your property so you can get the best possible cover at the most reasonable price.

Lending and finance

As we've said before, property ownership is a game of finance.

Having access to adequate funds is key to building and maintaining a successful property portfolio. But for investors, it can be a little more trying to get finance approval than it is for homebuyers.

Of course, as we move past the first quarter of 2022, we are seeing investors make their presence felt in markets across the country once more.

ABS data shows new loan commitments for investors is rising dramatically. While the total figure reflecting loans to homeowners was still larger, between February 2021 and February 2022, homeowner new loans commitments fell 1.03 per cent while the same metric for investors rose 55.8 per cent.

Despite this, securing a loan remains challenging for investors. Here are the ways investor loans differ from homeowner loans.

INVESTOR LOANS DEEMED RISKIER

Even though investors tend to have less loan defaults than homeowners, they're still considered riskier prospects by banks.

I think the reasons are debatable. Perhaps lenders feel homeowners will be more motivated than investors to keep a roof over their heads. Other reasons are that investments are at risk of vacancy, plus there are additional costs such as management, maintenance, repairs and insurances that need to be included.

On the flipside, investors will be more agile when it comes to lending and finance. They are more likely to sell property when necessary, and many who have received comprehensive guidance on investment will already have financial buffers and strategies in place to offset difficult periods of ownership.

> SO, WHILE I UNDERSTAND THE FINANCIER'S ARGUMENT, I DON'T NECESSARILY AGREE WITH IT.

INTEREST RATES

This elevated level of perceived risk translates into higher interest rates for investors.

Canstar data to 28 March reveals the variations:

Latest Owner-Occupier Principal and Interest Home Loans

Rate Statistics, as at 28 March, 2022

	Variable				Fixed				
	Basic	Standard	Package	Overall	1 Year	2 Year	3 Year	4 Year	5 Year
Average	2.71%	3.22%	2.81%	2.99%	2.70%	3.08%	3.50%	3.90%	4.08%
Min	1.99%	1.79%	2.08%	1.79%	1.98%	2.19%	2.39%	3.24%	3.29%
Max	5.04%	5.14%	4.51%	5.14%	4.19%	4.14%	4.44%	4.69%	5.39%

← Mobile/tablet users, scroll sideways to view full table →

Source: www.canstar.com.au. Based on owner-occupier loans available for $500,000, at 80% LVR with principal & interest repayments on Canstar's database. Excludes introductory and first home buyer-only home loans.

Latest Investment Principal and Interest Home Loans

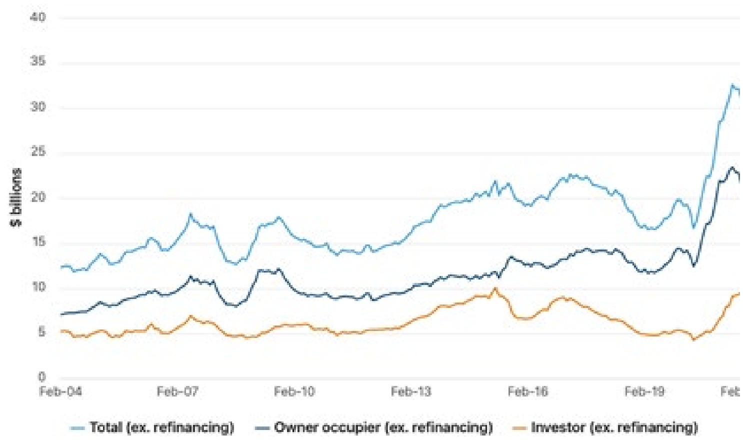
Rate Statistics, as at 28 March, 2022

	Variable				Fixed				
	Basic	Standard	Package	Overall	1 Year	2 Year	3 Year	4 Year	5 Year
Average	3.09%	3.57%	3.19%	3.35%	2.98%	3.30%	3.71%	4.13%	4.28%
Min	2.19%	2.09%	2.19%	2.09%	2.29%	2.59%	2.79%	3.44%	3.59%
Max	5.04%	5.62%	5.13%	5.62%	4.49%	4.49%	4.79%	4.89%	5.59%

← Mobile/tablet users, scroll sideways to view full table →

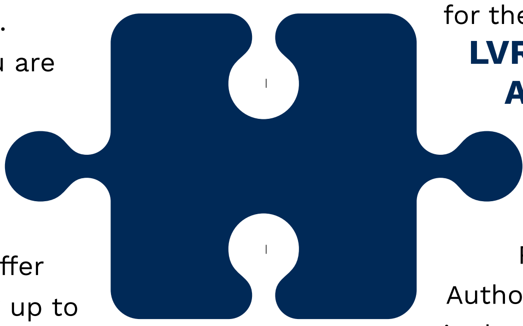
Source: www.canstar.com.au. Based on investment loans available for $500,000, at 80% LVR with principal & interest repayments on Canstar's database. Excludes introductory and first home buyer-only home loans.

New loan commitments, total housing (seasonally adjusted), values, Australia



According to the data, investors seeking a basic variable-rate loan will need to pay 0.38 per cent more interest than a home buyer for essentially the same product. That can mean tens-of-thousands more dollars in repayments over a loan's lifetime.

Make sure you are aware of what loan products and interest rates are on offer before signing up to your finance



MORE RIGOROUS ASSESSMENT

Another difference between owner-occupier and investor loan products is around the loan application.

Investors will need to provide more financial details to the lender than homeowners when applying for a loan.

Elements such as rental income need to be factored into the loan assessment – both current rental and market rental will be asked for in most instances.

There will also be risk assessments attached to the loan application that will form part of the bank's considerations. These are often tackled during the valuation process.

Risks assessments will look at the market and answer questions such as what's the likelihood of capital growth or price retraction in an area? What's the market like for the type of property the loan relates to? Could the property be sold quickly if needs be? ... and so on.

This means, even if your property value comes up to purchase price, a lender may still reject your loan application because it doesn't meet an acceptable risk profile for the bank.

LVR'S AND APRA

The Australian Prudential Regulation Authority (APRA) is the body who set the rules for major financiers. APRA can establish banking guidelines to reduce risk and strengthen the lending industry in Australia.

A few years back, around the time of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, APRA looked at ways to increase rigour around investor lending.

One was a dictate that banks needed to keep growth in their investor loan book down to a more manageable level, defined as 10 per cent at the time.

To do this, banks implemented a range of measures to slow investor lending.

One move was around loan-to-value ratios (LVR).

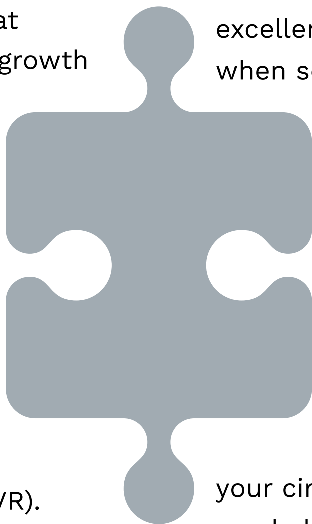
Your LVR is the percentage of your borrowing against the value of your property. For example, if your home is worth $1 million and you borrow $800,000 to buy it, your LVR is 80 per cent.

Most homeowners try and keep their LVR below 80 per cent to avoid the added cost of lender's mortgage insurance (LMI). That said, banks will approve far higher for homeowners – up to 95 per cent in most instances.

But for investors, LVRs tend to max out around 90 per cent, and there will be more thorough lending criteria and assessment attached to those that venture into LMI territory.

Banks might also require investors to pay principal and interest on a loan until it's LVR falls to an acceptable level. This means a higher hurdle to clear in term of your loan serviceability assessment.

The upshot is this – seeking an investment loan can be more challenging than getting a home loan. The safest move is to ensure you rely on excellent professional advice when sourcing finance.



Mortgage brokers and other advisors can assist with your application. They can also help identify the best possible source for a loan that will meet your circumstances. They can help direct you on what information to provide to maximise your chances of getting a loan approval too.

Five characteristics of a

Great Property Manager

Property managers are the conduit between you and your asset.

Good property managers are crucial in getting the best possible rent with the least amount of drama.

Gerard Walker, CEO of Walker Real Estate International, has identified five essential characteristics of a great property manager.

1. Single company structure

Gerard said that for multi-property investors, having a centralised property management structure helps enormously.

This might be more challenging if you have assets across different states and territories, but whenever possible try to have a single property management team for your assets.

"I believe joining one company with a centralised operation, but with infrastructure – including local offices – across a wide area, is incredibly powerful for an investor.

"You get a uniformity of processes, personalised service and familiarity with a single manager looking after all your assets."

2. Experience

Property management is a mix of qualitative and quantitative skill. You need to stick to the letter of the law but are also dealing with the psychology of people's homes, family and lifestyle.

While property managers with appropriate formal qualifications are essential, those with experience are crucial.

"The COVID crisis was a great example. Tenants were faced with job losses and homelessness. The importance of understanding legislation was key, but so was manging tenant and landlord expectations. Property managers with experience really shone during the pandemic."

3. Local infrastructure

While a centralised office structure is advantageous to the landlord, you still need property managers with access to local networks and knowhow.

"By having local infrastructure, your property manager can ensure they're utilising trusted local tradespeople when it comes to repairs and maintenance.

"The other advantage is price. Local trades know they'll get consistent work from property managers and will do their best to ensure they deliver quality service at appropriate prices."

The other advantage of using companies with local infrastructure is market knowledge.

"They'll understand their area's rental market intimately. They know what market rents will be and the level of tenant demand."

4. Excellent tenant selection

Selecting the right tenant for your property from the very beginning means far fewer problems throughout the life of the lease.

This starts with their ability to pay rent, according to Gerard.

"When processing applications for new tenants, we use a formula to determine their ability to pay.

"We also draw on the referrals and references that we request from tenant in regard to past employment, past rental history and recent current rental history."

Gerard said for those tenants new to renting, guarantors can help. This is where a third party, such as a parent, will guarantee that all terms will be met under the lease arrangement.

"This is also where experience comes in when determining the strength of a tenant's ability to commit and pay for the property while maintaining it to a good standard."

5. Technology utilisation

Technology has advanced the field of property management monumentally in recent years.

Automated payments from bank accounts and pensions means rent is taken care of as a priority. Portals that allow for the management of maintenance and other processes have done away with long hours of phone time too.

Then there's the advantages technology delivers when advertising a rental.

"From online listings to virtual walk throughs, we use a wide range of technology in our business. Some of the websites we're drawing on to advertise rentals includes walkerint.com.au, realestate.com.au, domain.com.au, homely.com.au, and rent.com.au as well as social media platforms," Gerard said.

"Giving broad exposure to your rental helps generate a large pool of potential tenants so your property manager can select the best possible one to lease your a property."

Client Profile

A helping hand to a better future

A need to reduce tax resulted in these investors owning two outstanding growth assets set to secure their future.

Leigh and Melinda are the first to admit they knew precious little about investing in property when they kicked off their portfolio. But a combination of good timing and professional advice six years ago has seen them acquire not one, but two investments.

The Melbourne couple and their three kids were living comfortably, but Leigh could see an annoying challenge in their annual budget. He was in a good job with a nice pay packet, but the taxman was taking too much of the family income.

"I earn pretty good money and my employer covers all my expenses… but I was paying $40,000 to $50,000 in tax each year," Leigh said.

"While I was paying all that money in tax each week, I was only getting a few hundred dollars back every year. My accountant said I needed to reduce this, so I started down that path."

Leigh knew property investing might be the solution, but there was one big problem – he understood zero about real estate. Despite this, there was no lack of motivation.

"We were very raw – we needed help. We knew nothing but it was something we wanted to do.

"It's one thing to talk about it, but it's another thing to get off your butt and do something about it. I didn't want to sit still on this."

Then a dose of good timing delivered the couple a solution.

In 2015, while struggling with what move to make next, they received a call from an Accrue representative wanting to chat about their investment plans.

"They called me out of the blue at the right time. Obviously, I'd been thinking about it for ages, and they just hit the right buttons for me.

"Accrue then sent someone to our home and we had a meeting for an hour where we spoke about what we'd like to invest in. We went through what I earn and the cost of our mortgage. At the time Mel was a stay-at-home mum so it was just my income."

After this initial chat with an introductory advisor, another session was booked with Mark Gilbert, the property consultant manager at Accrue.

"The meeting with Mark was about three hours, and at the end of the discussion we signed up to become Accrue members. A month later we went on a property tour to look at four properties that Mark found for us and once the tour was over, we chose the property we wanted to purchase and signed up for it on the spot."

Leigh said the Accrue process removed a lot of the stress.

"Going into this I knew nothing. I didn't know where to start to find an investment property or even how to get finance. Accrue had everything organised – they had the legals and the finance, and they find the properties for you. It was an all-in-one service, and I liked that."

Leigh was also pleased with the analysis undertaken by the company.

"They have a lot of criteria they work by when they find a property for you – it must be within 25 kilometres of a CBD and have a low vacancy rate and plenty of things like that – and then they fit the property to your budget."

Leigh and Melinda's first purchase through Accrue was in 2016 in Wollert, 20 kilometres north of Melbourne.

"We bought a brand-new, two-bedroom townhouse. We paid $353,000 and got $320 per week rent initially."

Leigh says they've seen some great results in the past few years, "I'd say now it's worth about $410,000 and it's probably only been vacant about two days in the four-and-a-half years we've had it."

Leigh said the first set of tenants moved in and have stayed ever since.

"There are never any hassles – I never hear from them so I don't put the rent up too much because they're such great tenants. I get $340 a week out of it now, but because they keep paying and there's never any problems, I'm more than happy to keep the rent where it is."

For the couple's second investment in 2019, they wanted to step things up.

They purchased a four-bedroom home in Mickleham which is also just north of Melbourne. Leigh says they paid $569,000 for the home and while finding tenants initially took some work, it's now being rented for $375 per week.

"We settled in January which was actually a tough time to settle – renters are away on holidays and not really interested in looking for a home. As soon as it was February and we dropped the asking rent, we got plenty of interest."

So how does Leigh feel about becoming a landlord?

"We were just trying to get the tax breaks at first, but six years in I'm starting to see the benefits. Now I've hit 40 and I've seen some growth in the properties I'm starting to think about the future.

"I want to get one more property. I'm even thinking of selling the two-bedroom townhouse and getting another

WOLLERT TOWNHOUSE

house instead because there's more growth potential."

Leigh said they appreciate having Accrue on their side to help with the mechanics of investing, like sourcing finance.

"It takes three months to get your finance from the banks, so it was nice having the support of Accrue, to call up and ask questions."

Another service Accrue delivers is an annual review of its members' finances and portfolio.

"The regular review has been useful. It's nice to reflect on your finances and see where you are once a year."

Leigh also felt the ease of the process helped him get over his 'first investment' jitters.

"I'm very cautious when it comes to finances. It was a stressful time when we signed up for the first property but the second one was easier, so I'm well aware of the ups and downs when it comes to the property market.

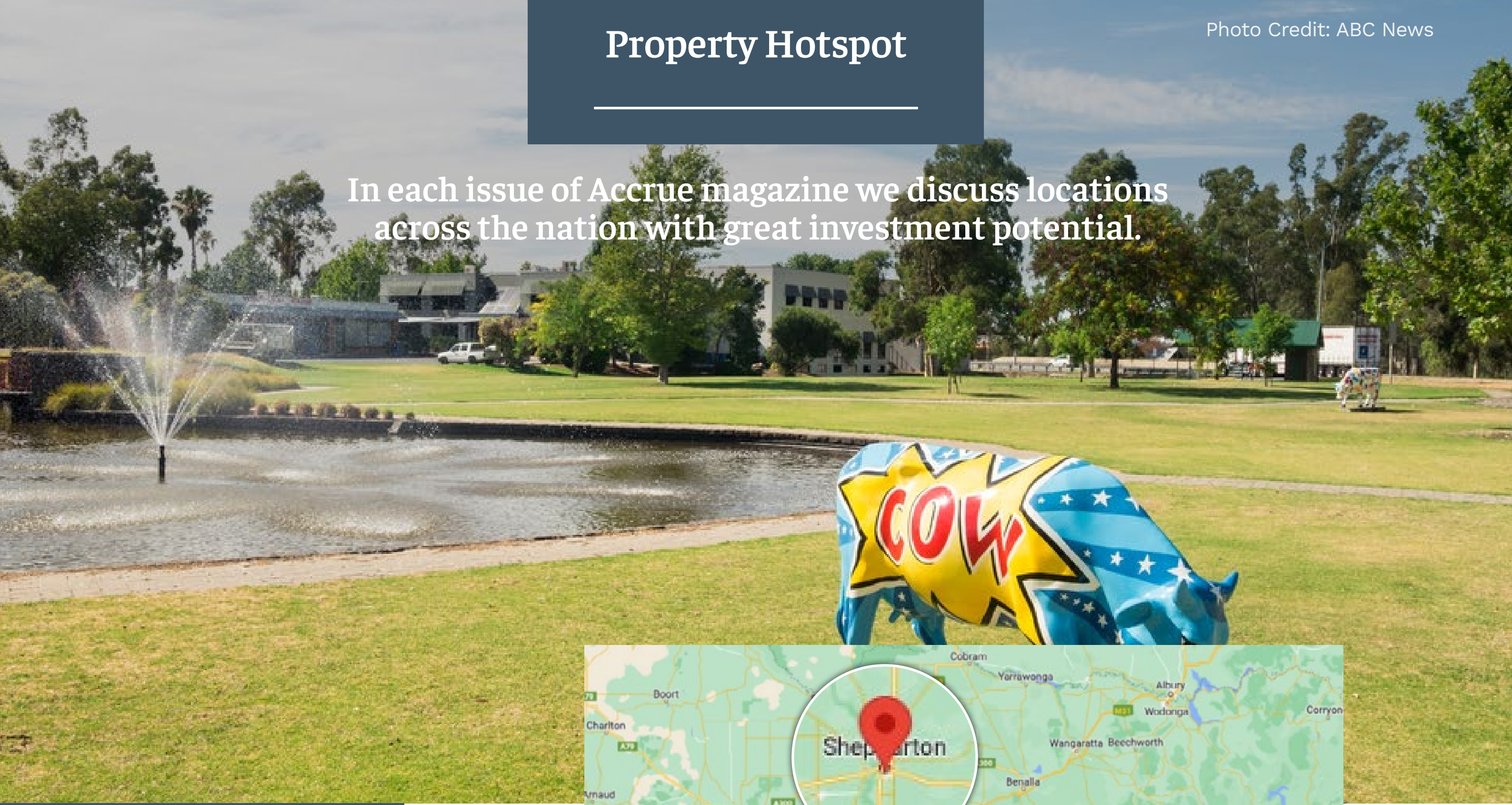
"In hindsight though it's been great."

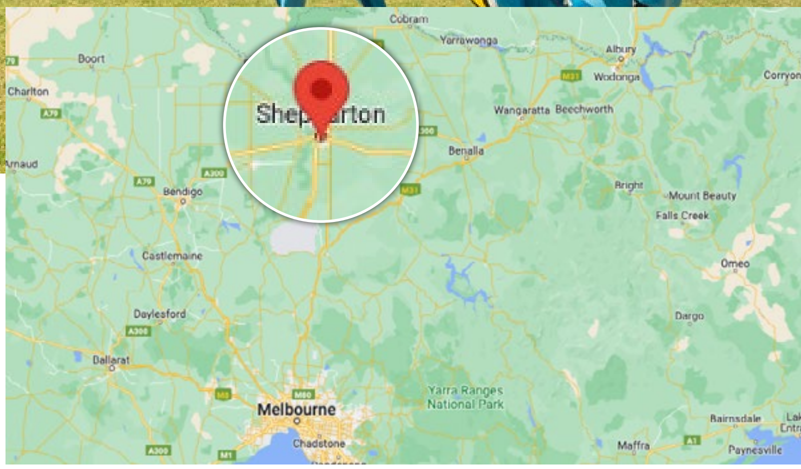
Leighs been so pleased with the outcome, he's recommended Accrue to others.

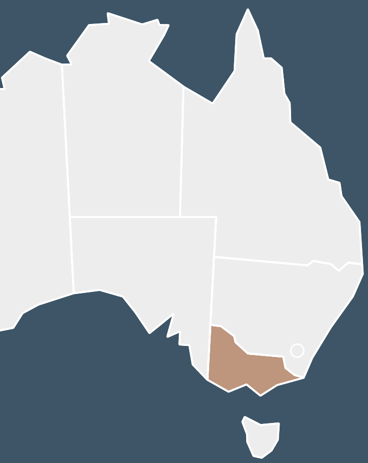
"We've already introduced people to Accrue – friends of ours. They got on board last year and have bought property as well."

Photo Credit: ABC News

In each issue of Accrue magazine we discuss locations across the nation with great investment potential.







Shepparton

Shepparton has been among the highest profile beneficiaries of the “Great Shift” to regional Australia in response to the pandemic. Despite the locality’s already impressive run of price growth, the fundamentals suggest it’s not over yet.

Positioned 160 kilometres north of Melbourne, this Goulbourn Valley hotspot is a major service centre for the region. Its agricultural base has been thriving over recent years, with rising commodity prices helping fuel the local economy. Agribusiness related manufacturers have bolstered the area’s coffers with the likes of SPC Ardoma, Campbells Soup Company, Pental and Rubicon Water all having operations here.

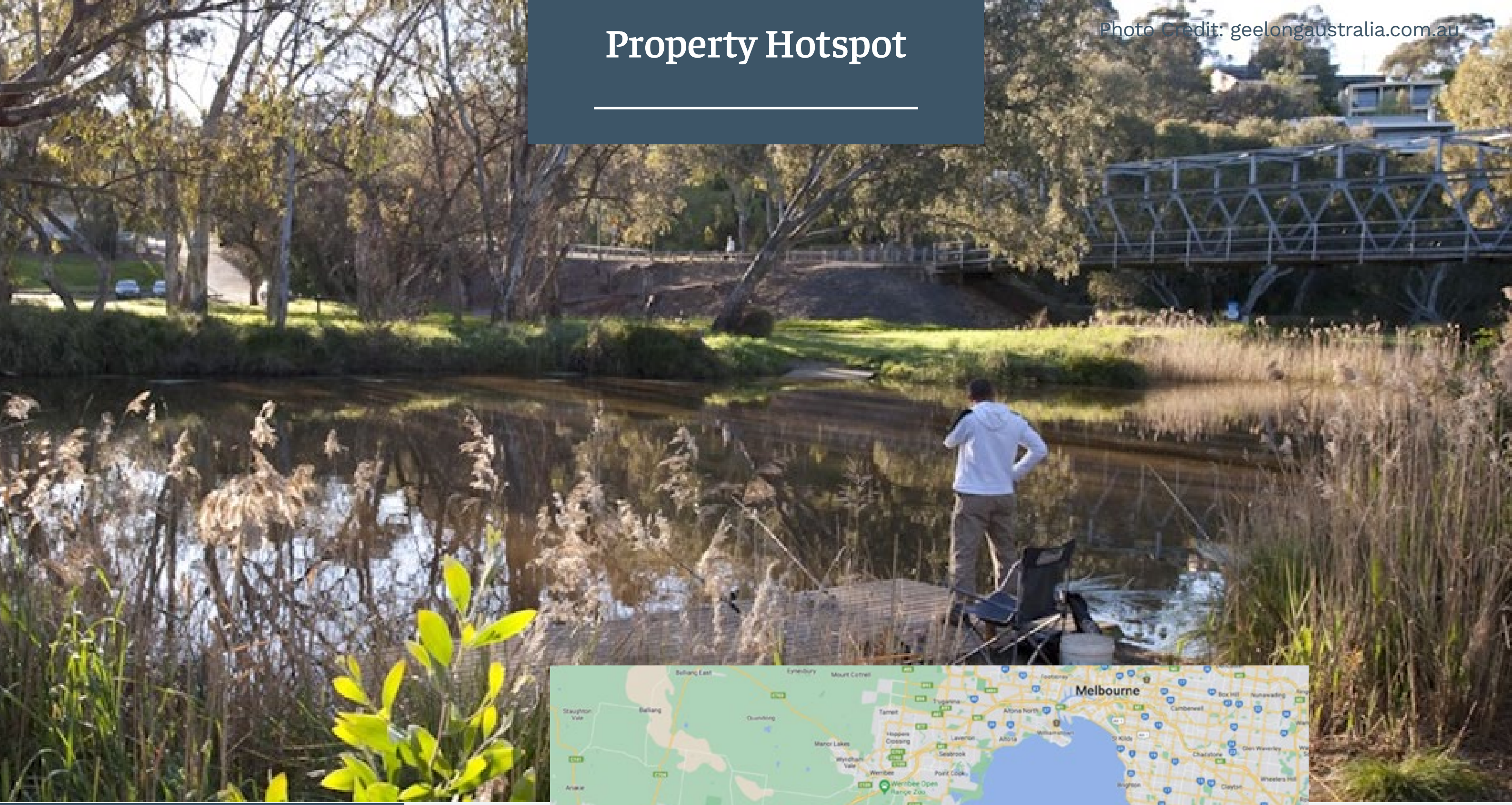
Services and facilities are comprehensive. The intersection of Midland Highway and Goulbourn Valley Highway mark the central business hub where Maude Street Mall retail outlets converge.

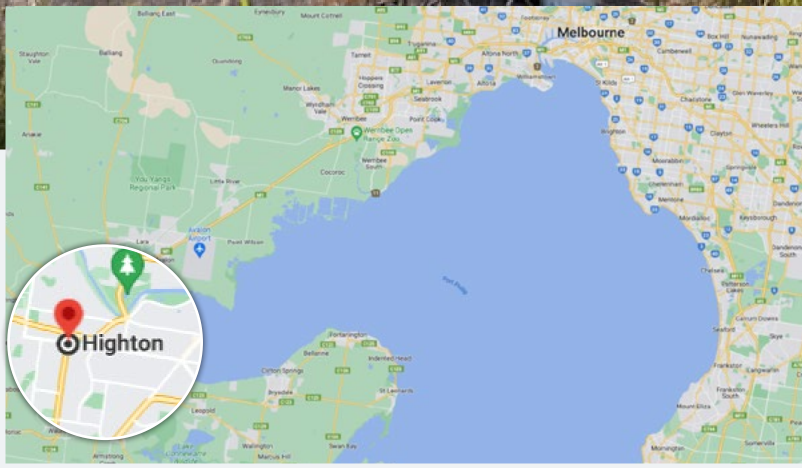
But that’s not all. Art museums, sports facilities, a golf club and racing – there’s big city attractions on offer in this picturesque regional, and it’s all a three-hour train ride to Melbourne’s CBD.

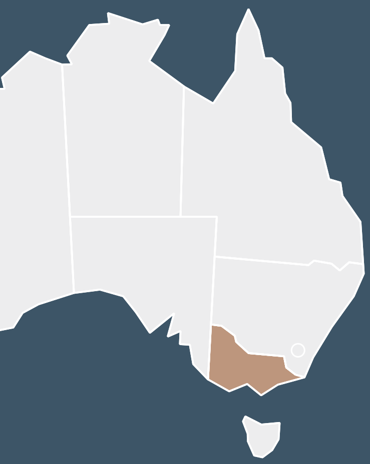
Great schooling options abound too with Bourchier Street State School and Greater Shepparton Secondary College among the options. There’s also Goulbourn Valley Health and Shepparton Private Hospital medical facilities.

With a median house price of $375,000, and a median rental of $360 per week, Shepparton is eminently affordable for investors, reflecting an impressive gross yield of 5.0 per cent. Units show an even better return with a median price of $277,500 and median rent of $280 equating to a 5.2 per cent gross yield.

But of course, the key is asset selection. Choosing new homes at around the $500,000 to $600,000 mark will still get you a great rental yield, with all the depreciation and low maintenance benefits you could want in an asset.







Highton

Geelong is a go-to regional address that every Aussie knows and loves. More than just its famous football club, Geelong is an epicentre of lifestyle options. The main hub of Geelong itself has seen some extraordinary property value rises over the last two years. Of course, smart investors want to be ahead of this capital gain wave.

For us, the South Geelong Region is just the place to look, and we particularly like Highton as an option.

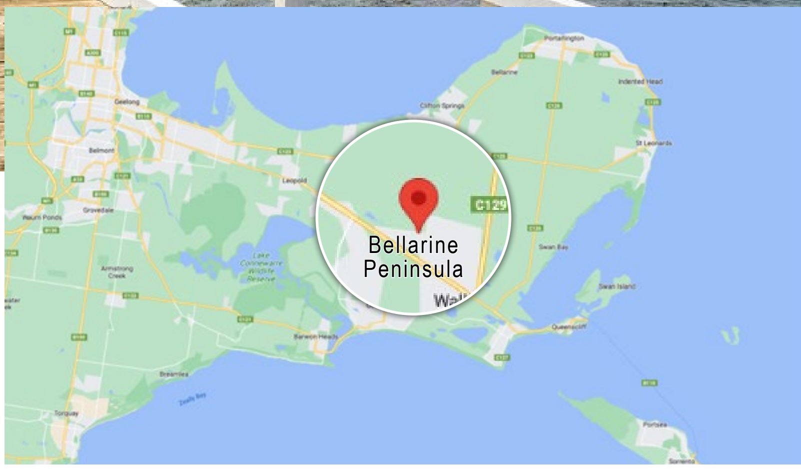
Highton is positioned 4.5 kilometres south of Geelong's CBD and is a fringe growth zone that's primed to rocket. Barrabool Road provides easy access to both Geelong and the Surf Coast Highway, meaning Torquay is within reach.

Highton and adjacent suburbs offer an abundance of primary and secondary schooling options, both public and private. Then there's parklands such as Highton Reserve which caters to a range of sporting disciplines including AFL, tennis and lawn bowls.

Local retail and service facilities centre on the Belle Vue Avenue shopping district where major outlets are on hand.

Highton's population is dominated by families with 60 per cent of households comprising couple or single-parent families. This bodes well for investors seeking solid returns.

The median house price in Highton is approximately $900,000 according to realestate.com.au. That said, the numbers are skewed by the sales of large blocks and established homes. Savvy investors will find new-build properties at far more accessible price points either within Highton or one of the adjacent suburbs such as Wandana Heights. This new stock has great growth potential, solid rental prospects and would prove to be an excellent purchase for any portfolio.



Bellarine Peninsula

Talk about waterfront lifestyle opportunities with all the great fundamentals of property growth, and it's difficult not to discuss the Bellarine Peninsula. The Bellarine Peninsula, west of Geelong but within its LGA, has shorelines to Port Phillip and Bass Strait.

It incorporates several towns and suburbs such as Portarlington, St Leonards, Barwon Heads, Queenscliff and Ocean Grove.

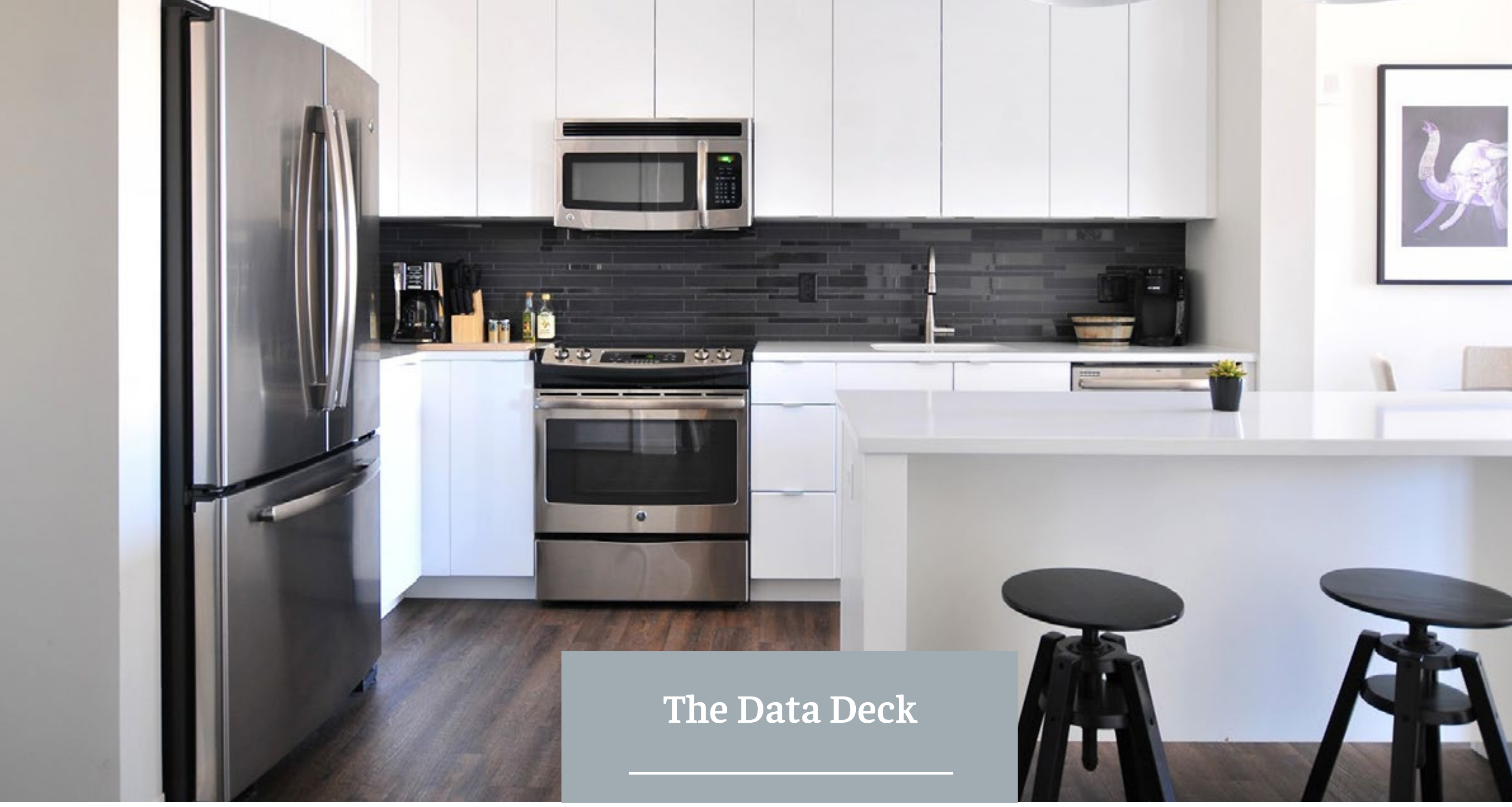
The attraction here is absolutely one of coastal appeal. You can find surf beaches, bay views, hot fishing spots and rugged coastal headlands within the Peninsula's boundaries. Head inland and an abundance of attractions, such as wineries and Victorian heritage guesthouses, are bringing visitors and new residents to the region.

The Peninsula has been a popular retirement haven, but with Geelong's continued evolution as a regional growth zone, many younger families and professionals are discovering the Peninsula's delights. ABS census data reveals the population of the Peninsula is approximately 59,000 with families making up around 55 per cent of households. Of course, retired residents will sell down to young families in the coming years, so future gentrification is almost certain.

Ocean Grove and Curlewis offer excellent schooling opportunities across multiple facilities. That said, it's only 30 kilometres from St Leonard on the far eastern tip of the Peninsula to Geelong's CBD, so nowhere is too far from comprehensive services and facilities.

While trains no longer directly service the Peninsula, there is a ferry that runs to Melbourne Dockland twice a day, and it's an easy one-hour journey.

There are large waterfront estates through to older housing on more modest blocks, so most price points are catered for. Our opinion, however, is that new-home investors looking to spend $700,000 plus in areas like Leopold will do well with solid rental returns and excellent long-term value growth prospects.



Australian Property Clock

APRIL 2022

Our research and acquisitions team use data and analytics to identify the nation's next property hotspots, keeping our clients ahead of the market.

Brisbane CBD
Canberra
Geelong
Ballarat
Outer West Melbourne
Bendigo
Sunshine Coast

Hobart
Launceston

Sydney CBD

Outer West Brisbane
South Brisbane
Gold Coast
Gippsland
Shepparton
Coffs Harbour
Newcastle
Adelaide - North West
Perth - South West
Albury
Perth CBD

Townsville
Cairns
Darwin

Melbourne
- Outer South East
& Northern

Sydney
- Outer West
& South West

Melbourne CBD
Melbourne Southbank
Toowoomba
Gladstone
Adelaide South West

Please note: Property Clock positions are based on the subjective opinion of our highly informed Accrue team. They are not based on a defined algorithm or specific data points.

ACCRUE REAL ESTATE

Data Deck

Accrue is presented with over 3000 property options each year.

Based on a comprehensive analysis of a range of criteria, we narrow this pool down to less than 30 per cent which we consider worthy of presentation to our members.

CORELOGIC HEDONIC HOME VALUE INDEX

CoreLogic's analysis to the 1st April continues the story of excellent market performance. While quarterly outcomes for Sydney and Melbourne have flattened, national home values still rose 2.4 per cent over the same period. Regionals at 5.1 per cent growth are a standout result.

Index results as at 31 March, 2022

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	-0.2%	0.3%	17.7%	20.2%	$1,116,889
Melbourne	-0.1%	0.1%	9.8%	12.7%	$805,232
Brisbane	2.0%	6.4%	29.3%	33.7%	$749,293
Adelaide	1.9%	5.7%	26.3%	30.7%	$602,717
Perth	1.0%	1.9%	7.0%	11.6%	$542,338
Hobart	0.3%	2.7%	22.3%	27.3%	$731,849
Darwin	0.8%	1.7%	10.6%	17.7%	$494,635
Canberra	1.0%	3.1%	21.6%	26.3%	$932,704
Combined capitals	0.3%	1.5%	16.3%	19.2%	$818,307
Combined regional	1.7%	5.1%	24.5%	29.3%	$577,987
National	0.7%	2.4%	18.2%	21.3%	$738,975

Source: CoreLogic

AUCTION CLEARANCE RATES

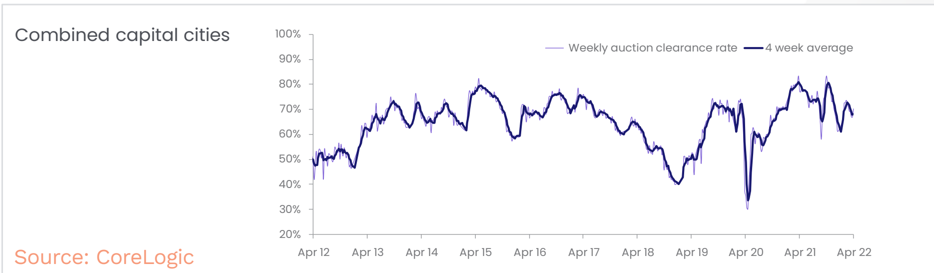
Data to 3rd April revealed the combined capital city auction clearance rate 4-week average figure has continued to fall this year. This reflects a more cautious approach by buyers in our largest markets of Melbourne and Sydney over the course of the year.

That said, Sydney's auction clearance for the week ending 3rd April was relatively steady at 68.2%. Certainly, lower than the peak 70% to 80% that has been achieved, but still a reasonable outcome given this time of uncertainty.

Capital City Auction Statistics (Preliminary)

City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions
Sydney	68.2%	1,105	898	612	286
Melbourne	69.1%	1,476	1,241	858	383
Brisbane	71.4%	208	154	110	44
Adelaide	86.1%	194	115	99	16
Perth	n.a.	16	6	4	2
Tasmania	n.a.	0	0	0	0
Canberra	72.4%	149	123	89	34
Weighted Average	**70.1%**	**3,148**	**2,537**	**1,772**	**765**

Weekly clearance rates



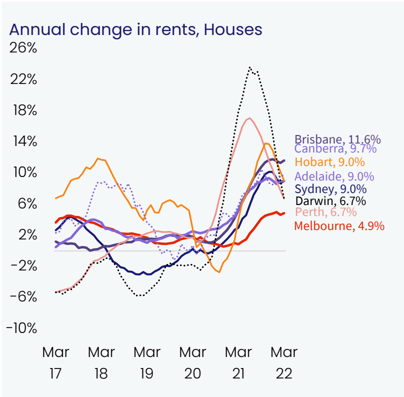
SHARES VS. PROPERTY

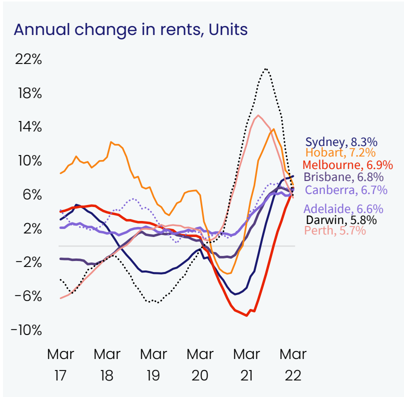
This chart allows us to compare share market performance to property market over the past year. The ASX 200 recorded an 8.42 per cent increase to 6th April 2022. Given the Hedonic Home Value Index (above) reflected an 18.2 per cent change in property values over the same period, it's obvious smart investors are buying defensive assets like property.

ACCRUE REAL ESTATE

RENTAL MARKET PERFORMANCE

CoreLogic's numbers to the end of December show that while rental growth attenuated during 2021, dwelling rents still managed to increase by 9.4 per cent, and unit rents rose 7.5 per cent.





Source: CoreLogic

PROPERTY LISTINGS

SQM Research data to the end of March 2022 revealed monthly property listing numbers had risen 1.8 per cent on a national basis. This could be seasonal as we emerged from the Christmas period, but might also reflect an increasing number of sellers looking to cash in at this time. Interestingly, national listing numbers fell by 14.9 per cent on a yearly basis – normally a sign of a tightening market.

Total Property Listings

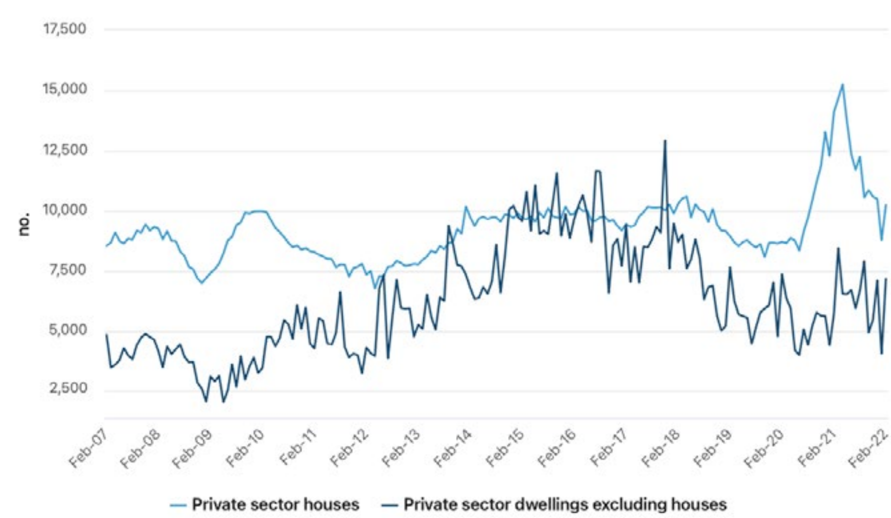
City	March 2022 Total	February 2022 Total	March 2021 Total	Monthly change %	Yearly change %
Sydney	28,494	27,662	27,011	3.0%	5.5%
Melbourne	35,900	34,697	39,335	3.5%	-8.7%
Brisbane	17,278	16,804	24,763	2.8%	-30.2%
Perth	21,411	21,128	21,300	1.3%	0.5%
Adelaide	9,496	9,317	12,530	1.9%	-24.2%
Canberra	2,749	2,703	3,301	1.7%	-16.7%
Darwin	1,559	1,520	1,353	2.6%	15.2%
Hobart	1,365	1,301	1,592	4.9%	-14.3%
National	**218,398**	**214,495**	**256,568**	**1.8%**	**-14.9%**

Source: SQM Research

BUILDING APPROVALS

Building approvals help inform experts on the supply vs demand balance. Suburb levels approvals are most useful, however the ABS are reporting that national building approvals rose 43.5% in February 2022, in seasonally adjusted terms. This follows a 16.3% decrease in October. This will reflect a strong increase in approvals for units and townhouses too.

Dwellings approved, by building type, seasonally adjusted Source: ABS



VACANCY RATES

Low vacancy rates indicate a market where demand for rentals outstrips the available supply of rental housing. An SQM Research study showed national residential property rental vacancy rates fell to 1.2% in February 2022, which is a 16-year low. Meanwhile capital city asking rents increased 9.4% over the year to March 12.

Vacancy Rates - February 2022

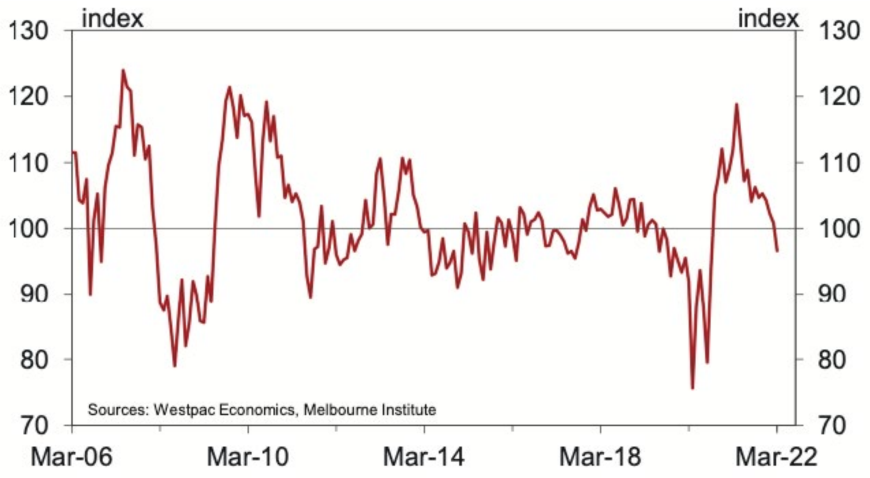
City	Feb 2021 Vacancies	Feb 2021 Vacancy Rate	Jan 2022 Vacancies	Jan 2022 Vacancy Rate	Feb 2022 Vacancies	Feb 2022 Vacancy Rate
Sydney	24,820	3.3%	16,357	2.1%	15,145	2.0%
Melbourne	27,804	4.5%	17,112	2.7%	14,777	2.3%
Brisbane	5,310	1.5%	3,878	1.1%	3,328	0.9%
Perth	1,858	0.9%	1,285	0.6%	1,390	0.6%
Adelaide	1,466	0.7%	819	0.4%	776	0.4%
Canberra	535	0.8%	489	0.7%	378	0.5%
Darwin	230	0.7%	306	0.9%	234	0.7%
Hobart	194	0.6%	86	0.3%	99	0.3%
National	**71,551**	**2.0%**	**47,977**	**1.3%**	**43,844**	**1.2%**

SQM's calculations of vacancies are based on online rental listings that have been advertised for three weeks or more compared to the total number of established rental properties. SQM considers this to be a superior methodology compared to using a potentially incomplete sample of agency surveys or merely relying on raw online listings advertised. Please go to our Methodology page for more information on how SQM's vacancies are compiled.

Source: SQM Research

CONSUMER SENTIMENT

Consumer sentiment delivers a 'temperature check' on the perceived economic strength of the nation. Positive confidence bodes well for property markets. The most recent chart shows confidence has been rattled in recent months by floods, war, inflation and housing concerns, according to Westpac.



ACCRUE

OWNER OCCUPIERS VS. RENTERS

A relatively high proportion of owner occupiers (OO) as compared to renters augurs well for a suburb's investment potential. OOs tend to be less transient and spend more money upgrading their homes. This results in better yields and overall capital growth potential for a suburb. This chart from the ABS for Highton (Vic) shows the suburb exceeds both State and National numbers for OO vs. renters.

Tenure *Occupied private dwellings*	Mount Duneed	%	Victoria	%
Owned outright	125	24.5	682,685	32.3
Owned with a mortgage	299	58.5	746,502	35.3
Rented	77	15.1	607,354	28.7
Other tenure type	0	0.0	17,178	0.8
Tenure type not stated	10	2.0	58,983	2.8

Source: Census

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