

Geoff O'Reilly  
John Renouf  
Dot Hamilton  
Michelle Hatton  
Kate Johnson  
Peter Walker  
Sarah Turkic  
Nardia Luckman  
Claudeen Kerr  
Stacey McDonald  
Linda Cairns  
Holly Moore  
Anita Roelevink  
Danielle Spence  
Jessie Geale  
Abby Taylor  
Emma Dunn  
Michelle Howard  
Victoria Tunchon  
Hannah Dunn

### November rental market

November has thrown up another quite significant change in the market. Quite suddenly and unexpectedly we have had a lot of departures and, as of now, have 28 residential properties on the rental market: double what has been typical in recent months. These vacancies are spread right across the price spectrum.

We have tried to identify one particular reason for this sudden shift, but none is obvious. It is the beginning of the season when we expect a lot of tenant movement, certainly, but the November exit rate was high. One thing we have clearly identified is a shift down the rent scale: people moving to reduce their rent and relieve pressure on their household budget. A clear sign of the times!

If that continues I suspect it presages a period of steadying in rent prices. We have even had a few tenants saying they are happy to renew a lease, but with a rent reduction! It just shows how quickly a free and fast moving market like residential rentals can (and does) change.

Because no-one has any control over the market, we just have to stay very alert to the sentiment amongst prospective tenants from the hundreds we talk to every month, and try to match people and properties quickly to keep vacancy down. One benefit that we do have at Highlands Property is that because of our size and market reach we have more market feedback than others, and can react more quickly.

### Commercial

I'm afraid the outlook for our commercial landlords remains pretty bleak. It is a while since I have seen as much vacancy and churn in the Bowral retail and business precinct. In all three main towns there are properties large and small that have been sitting vacant

for months, sometimes years. Meanwhile few businesses that are trading seem to be entirely happy with their lot.

### November sales market

Our sales results in November have been steady. But every single transaction has been at the low end of the price spectrum and in all but one case, pretty hard won.

There certainly are buyers around. People move, people need somewhere to live, and people buy houses even in tough times. At the lower price levels the degree of NEED is high and the degree of DISCRETION is low. The buyer that needs somewhere to live looks around at the (large) choice available and then grinds out the best deal they can from the vendors competing to sell. If the seller doesn't want to "meet the market" they don't sell: it's that simple.

At higher prices the degree of NEED falls and the degree of DISCRETION rises. (At the top end, no-one can genuinely say they NEED a \$3+m house in the Highlands.) This element of discretion sets in at about \$500,000 and rises with the price.

This market, where discretion is at play, is now very overcrowded with people "wanting" to sell. At the same time the buyers in that market have time and choice on their side, and they are using it to their advantage: and why not?

The consequence is that our Sales Executives are spending huge chunks of time working with sellers and buyers who are just not "meeting in the market". The absence of concluded transactions is the result.

### Our services over Christmas

Our office will be open for normal services right through the Christmas period, except of

course on the Public Holidays. However from Christmas Eve through to Monday 9th January we will have quite a number of staff taking a holiday, and those working will be pretty busy. Sales Executives will all be available on their mobiles.

This year we will close the December "month" on 23rd December and remit funds accordingly. That will make the January "month" extra long. If that creates any issues for you, please email Danielle at [danielle@highlandsproperty.com.au](mailto:danielle@highlandsproperty.com.au) and she will be happy to help.

### Linda

Many of you looked after by Linda Cairns will be aware that she has been seriously ill. We are delighted that she returned to work just this week after a month away. She now has a desk piled with things to catch up on, but she is pleased to be back, and smiling all day.

Thanks to Peter Walker and Kate Johnson in particular, and the whole team, who stepped up to shoulder the significant workload created by Linda's unplanned long absence.

### Handbooks

We've had some great feedback regarding our new handbooks, but I'm sure there are many of you who haven't had the time to take a look. If you're one, here are the links again. The Owner Handbook is at [www.highlandspropertyresources.com/owner/owner-handbook.html](http://www.highlandspropertyresources.com/owner/owner-handbook.html). And the Tenant Handbook is at: [www.highlandspropertyresources.com/renting/tenant-handbook.html](http://www.highlandspropertyresources.com/renting/tenant-handbook.html). Feel free to pass these links on to friends who might also benefit from our award winning service.

### E-Magazines

We have started publishing an e-Magazine. Our intention is to try to get one out every two weeks. So far we have published two in November and the third is in the works. You might like to go and check them out at: [www.highlandspropertyresources.com/emags/emag1101/emag1101.html](http://www.highlandspropertyresources.com/emags/emag1101/emag1101.html) and [www.highlandspropertyresources.com/emags/emag1102/emag1102.html](http://www.highlandspropertyresources.com/emags/emag1102/emag1102.html)

Let Jessie (our Marketing Associate) or me know what you think. You can also check out our blog at: [www.highlandspropertyblog.com](http://www.highlandspropertyblog.com)

### Too much going on out there

Gee, what a state the world is getting in to:

- Politicians in the US and Europe can't seem to agree or focus on what must be done.
- Bankers still misbehave.
- Markets don't know where to go: up or down. They are being driven by speculation and rumour, not by economic fundamentals.
- The people are getting increasingly restless (the Occupy movement) and uncertain (just ask the average Aussie consumer).

I could go on and write pages, but instead I'll share this from The Daily Reckoning, a blog I read daily:

*"Overseas, investors held their breath and their money. Merkel, Sarkozy and Monti were meeting to try to decide what dumb thing to do next.*

*They've already hemmed and hawed. They've delayed and procrastinated. They've kicked the can down the road several times.*

*And now it looks like they've come upon the can again...with no more road left.*

*Now, it's time to kick the bucket. Yes, dear reader. All debt must die. Sooner or later, all debt expires. Either it is paid off as planned. Or not.*

*Since 'not' is the order of the day, everyone waits to find out who will not get what is coming to him...*

*...the millions of lumpen voters who believed that they could get something for nothing?*

*...or the few bankers, speculators, and risk-takers – the upper 1% – who saw an opportunity to make some money?*

*The whole idea of modern government has been to promise the voters things you can't afford to give them...and then borrow money to fill the gap. Eventually, as any fool could see, you'd run out of willing lenders and the jig would be up. But lenders are either surprisingly generous or amazingly stupid."*

Cheers... Geoff O'Reilly

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