

August 2010 Edition

WHAT IS THE STATE OF PLAY FOR THE CAIRNS MARKET ?

The month in review: Cairns
By Herron Todd White
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Cairns is experiencing early signs of economy recovery with unemployment now falling and the flow on of extra domestic and international tourist flights into Cairns, which commenced in March and April 2010, starting to be felt. However trading conditions for many businesses are still tough with retail, service and construction industries remaining weak. Cairns lags the recovery that is now evident in many other parts of Australia. Soft economic conditions are likely to prevail for the remainder of this year due to the gradual pace of recovery, but things are certainly a lot better this year than last.

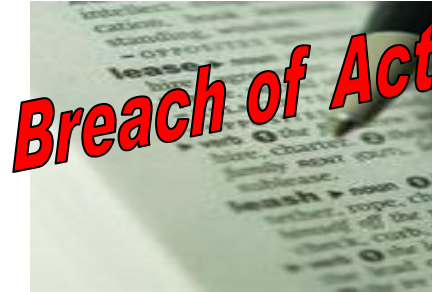
Despite the economic situation, the Cairns property market has been showing a good degree of resilience.

However little change has been experienced in the market in the first half of 2010, and furthermore, the market appears to be diverging into two parts with reasonably solid demand for well located, quality properties, but weaker demand for secondary properties and/or locations. A continuation of flat to slow growth property prices is expected for at least the remainder of this year.

Interest rate rises are being viewed as too much too soon while the local market is still finding its feet.

Of longer term concern is the slowdown in residential development. New house approvals are down to an average of about 50 per month – compared to a long term average requirement of about 100 per month – and new private unit development is at a virtual standstill.

This suggests that once the market does start to move, there is the real possibility of supply shortages until such time as construction, especially unit construction, can be switched on again.



SPECIAL TERMS FOR A TENANCY AGREEMENT .

I felt it was time in this addition of the Newsletter to update our clients on some of the rulings applicable to the Residential Tenancies Act . Recently I have been asked by a number of owners if we can please make note on the Tenancy Agreement under Special terms of particular requirements of the landlord .

Special terms - section 53 , 54 , 56

The act provides for the inclusion of additional tenancy conditions known as special terms . All special terms are negotiable and should be discussed with the tenant prior to the tenant signing the tenancy agreement.

Special terms may include details regarding pets, garden maintenance, rent increases, water charging , smoke alarms , carpet cleaning , pest control and swimming pools.

Special terms should be used to make clear any issues specific to the tenancy. For example , if the carpets have been cleaned for the beginning of the tenancy , it may be useful to have a special term requiring the tenant to hand the carpets back in the same condition; that is cleaned.

Please note the following ruling and if a client wishes to add a special term in addition to those provided for in the act the wording must be written by a solicitor only.



It is a breach of the Act to add a special term that is in conflict with the Act. Any such terms are not binding or enforceable, even though both parties may have signed the agreement .The Act states that an agreement is void where it seeks to exclude, change, or restrict the operation of the Act. Attempting to contract out is an offence carrying 50 penalty units , or \$5,000 (as at July 2009)

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