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INVESTORS IN RENTAL DWELLINGS AUSTRALIA

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**INVESTORS IN RENTAL DWELLINGS
AUSTRALIA
JULY 1993**

IAN CASTLES

Australian Statistician

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PREFACE

This publication examines the demographic and financial characteristics of people who invest in residential rental property in Australia, and the characteristics of their most recently acquired property. The survey, undertaken in July 1993, also sought information on the reasons for investment. It is the first major survey undertaken in Australia which addresses the topic of rental investment in such depth.

The data were derived from a survey of a sample of all households in Australia and identified those people who owned, or had a pecuniary interest in, residential rental property. The prime focus of the survey was to determine the characteristics of rental investors and their reasons for investing. While it will provide a good estimate of the number of investors (excluding rental investments by businesses), it does not provide a reliable estimate of the total number or characteristics of all rental properties. These latter data are available from other ABS surveys, including the 1990 Income and Housing Costs and Amenities survey, and will also be the focus of a specific ABS survey of Rental Tenants to be conducted in April 1994, with results available late in 1994.

The Rental Investors survey was conducted in response to users' demands for better information in order to provide them with an understanding of the private rental housing supply mechanisms. It is just one of the ABS's contributions to informed decision making and government policy formulation on housing.

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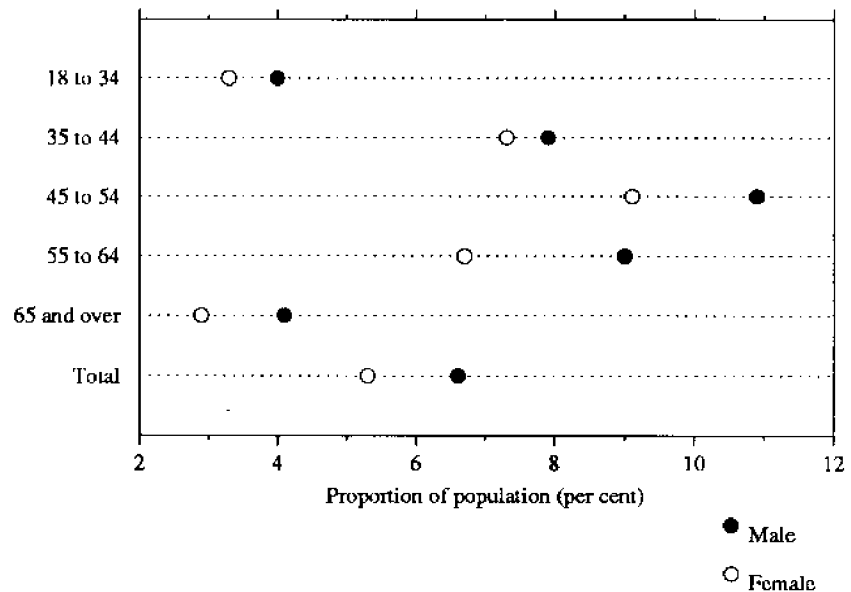
Chapter 1: Characteristics of investors

Incidence of rental investment

In July 1993, there were 752 100 persons (six per cent of the adult population in Australia) who owned (either individually or jointly) at least one residential rental property as an investment (see the explanatory notes on page 30 for a full explanation of the scope of the survey).

Fifty-four per cent of all investors were male while 46 per cent were female. Among all males, the incidence of rental investment was seven per cent compared to five per cent for females. This can be partially explained by the fact that nearly 60 per cent of all investors did so in a joint arrangement with their spouse or partner.

CHART 1.1 PROPORTION OF POPULATION WHO WERE RENTAL INVESTORS BY AGE AND SEX



Age of rental investors

The most significant age group for rental investment was from 45 years to 54 years inclusive comprising 27 per cent of all investors. In this age group, the incidence of rental investment was 10 per cent (11 per cent for males and nine per cent for females).

A further 27 per cent of investors were aged 35 to 44 years and they made up eight per cent of all persons in this age group. Twenty-three per cent of investors were aged 18 to 34 years while only eight per cent of investors were aged 65 years or more.

Income of rental investors

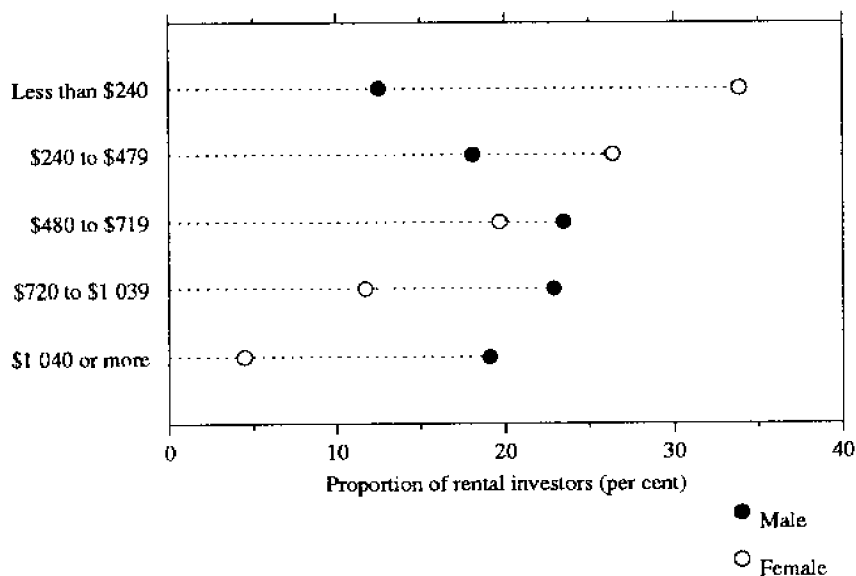
Nearly half of all investors (44%) had a weekly income of less than \$480 per week (equating to an annual income of \$24 960). Just under two thirds (66%) earned less than \$720 per week (an annual income of \$37 440). The median income for all investors was in the range of \$24 960 to \$29 119.

In general, there was a higher proportion of women investors in the lower income groups. About 30 per cent of all female investors had an annual income of less than \$12 428. Most of these are likely to be joint investors with their spouse, and/or to be older.

TABLE 1.1 RENTAL INVESTORS BY TOTAL WEEKLY INCOME FROM ALL SOURCES BY AGE

Total weekly income from all sources	Age in years					Total
	18 to 34	35 to 44	45 to 54	55 to 64	65 and over	
MALES						
			— per cent —			
Less than \$240	8.4	4.2	10.0	24.3	35.7	12.5
\$240 to \$479	21.0	15.8	14.4	21.3	23.1	18.1
\$480 to \$719	30.2	21.9	22.8	20.8	17.4	23.5
\$720 to \$1 039	22.8	31.4	22.8	16.6	9.6	22.9
\$1 040 or more	15.5	23.9	26.1	11.2	* 5.7	19.1
Not stated	* 2.2	2.8	3.8	5.9	* 8.1	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
			— '000 —			
Number of investors	93.5	104.2	114.3	64.3	33.3	409.7
Total population	2 332.0	1 318.7	1 044.6	717.5	821.2	6 234.1
FEMALES						
			— per cent —			
Less than \$240	31.9	31.4	30.6	40.8	46.0	33.9
\$240 to \$479	24.5	27.5	25.0	29.9	25.7	26.4
\$480 to \$719	25.3	19.9	21.5	12.2	11.7	19.7
\$720 to \$1 039	11.9	13.6	14.1	* 5.7	* 7.0	11.7
\$1 040 or more	4.7	4.5	4.7	* 5.1	* 3.0	4.5
Not stated	* 2.0	* 2.9	4.1	6.1	* 6.7	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
			— '000 —			
Number of investors	76.7	97.0	91.2	47.5	30.0	342.3
Total population	2 325.5	1 329.5	999.6	713.2	1 036.6	6 404.3
PERSONS						
			— per cent —			
Less than \$240	19.0	17.4	19.1	31.3	40.5	22.3
\$240 to \$479	22.5	21.5	19.1	25.0	24.4	21.8
\$480 to \$719	27.9	20.9	22.2	17.3	14.7	21.8
\$720 to \$1 039	17.8	22.8	19.0	12.0	8.4	17.8
\$1 040 or more	10.6	14.6	16.6	8.6	* 4.4	12.5
Not stated	2.1	2.8	3.9	6.0	7.6	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
			— '000 —			
Number of investors	170.2	201.2	205.5	111.8	63.4	752.1
Total population	4 657.5	2 648.2	2 044.2	1 430.7	1 857.8	12 638.4

CHART 1.2 PROPORTION OF RENTAL INVESTORS
BY TOTAL WEEKLY INCOME AND SEX



**Main source of income
of rental investors**

Wage and salary earners comprised 51 per cent of all rental investors. Nearly two-thirds of these were aged between 18 and 44 years. A quarter of all investors had their own business or partnership as their main source of income. This compares with 10.2 per cent of all persons with earned income, whose main source of income was from business or partnership (Source: *Persons with Earned Income, 1990*, Catalogue Number 6546.0).

People whose main source of income was from investment tended to be older than other rental investors. This is probably a reflection of people retiring to live off their rental property and other investments.

TABLE 1.2 RENTAL INVESTORS BY MAIN SOURCE OF INCOME BY AGE

Main source of income	Age in years					All investors
	18 to 34	35 to 44	45 to 54	55 to 64	65 and over	
	— per cent —					
Wages and salaries from employer	67.7	60.4	54.5	27.8	8.8	51.2
Own business or partnership	18.3	26.4	30.1	31.0	18.6	25.6
Government pension or benefit	8.6	7.3	3.1	9.5	26.7	8.4
Investments or other sources	3.3	4.9	10.4	28.3	45.3	12.9
None of the above	2.2	* 0.9	1.4	3.4	—	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
	— '000 —					
Number of investors	170.2	201.2	205.5	111.8	63.4	752.1

Household type

Eighty per cent of all investors in Australian rental dwellings were married, and more than half of these had no dependent children. The largest sub-categories were:

- married persons aged 35 to 44 years with dependent children (17%);
- married persons aged 45 to 54 without dependent children (16%); and
- married persons aged 55 to 64 without dependent children (12%).

TABLE 1.3 RENTAL INVESTORS BY HOUSEHOLD TYPE BY AGE

Household type	Age in years				65 and over	All investors
	18 to 34	35 to 44	45 to 54	55 to 64		
Married with no dependants	7.2	5.8	— per cent —		5.7	46.8
Married with dependants	8.8	16.9	16.3	11.9	* 0.0	32.8
Lone parent	* 0.2	0.4	6.8	* 0.3	0.0	0.8
Single person	1.5	1.0	* 0.2	* 0.0	1.7	6.6
Other	4.9	2.7	1.3	1.2	1.0	12.9
Total	22.6	26.8	27.3	14.9	8.4	100.0
<i>Number of investors</i>	<i>170.2</i>	<i>201.2</i>	— '000 —		<i>63.4</i>	<i>752.1</i>
			205.5	111.8		

Just over seven per cent of all married persons were investors, slightly higher than the proportion (6%) for all persons. There was little difference in the propensity for being an investor between married persons with or without dependent children.

The highest incidence of rental investors among the whole population in terms of age and household type was for married persons aged 45 to 54 years with dependent children (13%). This was followed by married persons aged 45 to 54 years without dependent children (11%).

TABLE 1.4 RENTAL INVESTORS AS A PROPORTION OF ALL PERSONS BY HOUSEHOLD TYPE BY AGE

Household type	Age in years				65 and over	All investors
	18 to 34	35 to 44	45 to 54	55 to 64		
Married with no dependants	3.8	8.5	— per cent —		4.2	7.0
Married with dependants	4.4	8.3	10.6	9.1	* 4.3	7.1
Lone parent	* 1.0	2.6	* 4.2	* 7.7	—	2.0
Single person	4.4	4.5	6.4	4.5	2.2	3.7
Other	2.8	6.1	6.8	5.0	2.9	4.0
Total	3.7	7.6	10.1	7.8	3.4	6.0
<i>Number of investors</i>	<i>170.2</i>	<i>201.2</i>	— '000 —		<i>63.4</i>	<i>752.1</i>
<i>Total population</i>	<i>4 657.5</i>	<i>2 648.2</i>	<i>2 044.2</i>	<i>1 430.7</i>	<i>1 857.8</i>	<i>12 638.4</i>

Acquisition of first rental investment

The majority of rental investors (69%) became investors through the purchase of a property as an investment, the great majority of these with a loan or mortgage. Those who bought their first investment property outright were more likely to be aged 45 years and older.

While the majority of investors bought their first property as an investment, a significant proportion (27%) became investors through the rental of their (former) home. A higher proportion of younger investors were likely to have become investors in this manner.

TABLE 1.5 RENTAL INVESTORS BY AGE BY HOW FIRST PROPERTY AS LANDLORD WAS ACQUIRED

<i>How first property as landlord was acquired</i>	<i>Age in years</i>					<i>All investors</i>	
	<i>18 to 34</i>	<i>35 to 44</i>	<i>45 to 54</i>	<i>55 to 64</i>	<i>65 and over</i>		
Own home	32.1	30.9	— per cent — 22.7		22.7	25.9	27.3
Bought property with loan or mortgage	60.0	60.6	62.9	53.0	31.5	57.5	
Bought property outright	5.2	5.9	11.2	19.1	33.4	11.5	
Inherited property	2.6	2.6	3.3	5.1	8.8	3.7	
Total	100.0	100.0	100.0	100.0	100.0	100.0	
<i>Number of investors</i>	<i>170.2</i>	<i>201.2</i>	— '000 — 205.5		<i>111.8</i>	<i>63.4</i>	<i>752.1</i>

Usual residence of rental investors

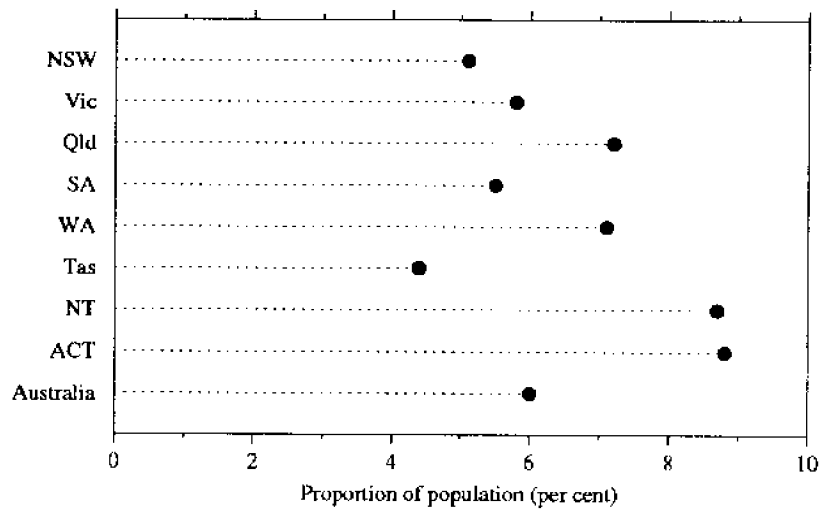
The highest incidence of investors in rental property was in the Australian Capital Territory where 8.8 per cent of all persons were investors, closely followed by the Northern Territory (8.7%), then Queensland (7.2%) and Western Australia (7.1%).

The lowest incidence of investors in rental property was in Tasmania (4.4%), followed by New South Wales (5.1%), South Australia (5.5%) and Victoria (5.8%).

TABLE 1.6 RENTAL INVESTORS BY STATE/TERRITORY OF USUAL RESIDENCE

<i>State/Territory of usual residence</i>	<i>Number of investors ('000)</i>	<i>Per cent of all investors</i>	<i>Per cent of all persons</i>
New South Wales	220.5	29.3	5.1
Victoria	187.8	25.0	5.8
Queensland	158.3	21.0	7.2
South Australia	59.4	7.9	5.5
Western Australia	85.0	11.3	7.1
Tasmania	14.6	1.9	4.4
Northern Territory	7.6	1.0	8.7
Australian Capital Territory	18.7	2.5	8.8
Australia	752.1	100.0	6.0

CHART 1.3 PROPORTION OF POPULATION WHO ARE RENTAL INVESTORS BY STATE OR TERRITORY



Birthplace of rental investors

Over 70 per cent of rental investors were born in Australia, with the next largest group (7%) coming from United Kingdom and Ireland. This is broadly consistent with the distribution of all persons in Australia by birthplace. However, there were groups where the incidence of rental investment was quite high. The incidence of Australian born investors was six per cent, that is, the number of Australian born investors as a percentage of the Australian born population. The incidence for those born in United Kingdom and Ireland was five per cent. The highest incidence of investors in rental dwellings came from those born in Italy where 14 per cent of all Australian residents born in Italy were rental investors. This was followed by residents born in Greece (12%), Malaysia (10%) and Hong Kong (9%).

TABLE 1.7 BIRTHPLACE OF RENTAL INVESTORS

Birthplace	Number of investors ('000)	Per cent of all investors	Per cent of all persons
<i>Oceania</i>	546.2	72.6	5.8
Australia	532.2	70.8	5.8
New Zealand	10.3	1.4	4.6
Other Oceania	3.7	0.5	5.8
<i>Europe and USSR</i>	159.9	21.8	7.3
United Kingdom and Ireland	52.7	7.0	5.0
Germany	8.0	1.1	7.6
Netherlands	6.2	0.8	6.7
Italy	36.9	4.9	13.6
Greece	15.8	2.1	12.2
Other Europe and USSR	40.3	5.4	7.4
<i>Middle East and North Africa</i>	6.6	0.9	3.6
<i>Southeast Asia</i>	14.7	2.0	4.6
Viet Nam	4.3	0.6	4.2
Malaysia	7.0	0.9	10.3
Other Southeast Asia	3.4	0.5	2.3
<i>Northeast Asia</i>	8.9	1.2	5.4
Hong Kong	4.6	0.6	9.0
Other Northeast Asia	4.3	0.6	3.8
<i>Southern Asia</i>	5.5	0.7	4.7
<i>Africa excluding North Africa</i>	7.2	1.0	7.9
<i>Americas</i>	3.1	0.4	2.9
Total	752.1	100.0	6.0

In terms of ages of investors, the highest proportions for Italian born rental investors were the age group from 45 to 54 years (18%) while for Greek born nearly one in five (19%) aged 35 to 44 were rental investors.

Number of investment properties owned

The majority of investors in rental dwellings (78%) had one property only. Thirteen per cent owned two rental properties and four per cent, or 26 300 investors, owned five or more rental properties.

TABLE 1.8 RENTAL INVESTORS BY TOTAL WEEKLY INCOME BY NUMBER OF RESIDENTIAL INVESTMENT DWELLINGS OWNED

Number of residential investment dwellings owned	Total weekly income from all sources						All investors
	Less than \$240	\$240 to \$479	\$480 to \$719	\$720 to \$1 039	\$1 040 and over	Not stated	
	— per cent —						
One	84.2	79.2	81.9	73.2	66.6	71.2	78.0
Two	9.1	11.0	10.2	17.0	19.2	18.8	12.8
Three	3.0	3.3	3.7	4.5	4.2	3.8	3.7
Four	2.6	2.0	1.9	2.1	1.5	1.4	2.0
Five or more	1.0	4.5	2.2	3.3	8.5	5.2	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	— '000 —						
Number of investors	167.5	164.2	163.8	133.9	93.9	28.8	752.1

The propensity to own more than one investment property rose with the total weekly income of investors. One third of all investors with a total weekly income of \$1 040 or more owned more than one residential investment, compared with only 16 per cent of those with an income of less than \$240 per week.

Individual or joint investors

Well over half of all investors in rental property acquired their latest property in association with their spouse (57%). This dominance ran across all age groups, although was less marked among relatively young and relatively old age groups in which there were fewer couples. This was mainly because there was a greater proportion of 18 to 34 year olds who had never married and a greater proportion of those over the age of 65 who were widowed.

Twenty-seven per cent of rental investors acquired their latest property on their own. More than a quarter of these were aged 18 to 34 years.

TABLE 1.9 RENTAL INVESTORS BY AGE BY OWNERSHIP TYPE OF MOST RECENTLY ACQUIRED INVESTMENT

Ownership type of most recently acquired investment	Age in years					All investors
	18 to 34	35 to 44	45 to 54	55 to 64	65 and over	
	— per cent —					
Individual	32.0	24.0	23.6	25.8	39.7	27.3
With spouse/ partner	44.2	63.6	62.2	58.3	47.3	56.7
With another relative	14.7	3.6	5.1	8.3	6.8	7.5
As partner in a partnership	5.5	5.5	4.5	3.4	* 2.5	4.6
As principal in a company	1.7	1.9	2.2	* 1.3	* 1.4	1.8
Other	1.9	1.5	2.4	3.0	* 2.2	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
	— '000 —					
Number of investors	170.2	201.2	205.5	111.8	63.4	752.1

Age and year of first investment

Table 1.10 shows that the majority of current investors acquired their first rental dwelling before they were 45 years of age. In fact, of those investors for whom the *age first became landlord* is known (i.e., those who first invested since 1983), more than 70 per cent became investors before they were 45 years of age. This proportion has remained reasonably constant over the last ten years.

TABLE 1.10 RENTAL INVESTORS BY AGE FIRST BECAME LANDLORD BY YEAR FIRST BECAME LANDLORD

Age first became landlord	Year first became landlord									All investors
	Before 1983	1983 or 1984	1985 or 1986	1987 or 1988	1989	1990	1991	1992	1993 ^(a)	
					— per cent —					
Under 25	—	8.7	10.8	8.6	9.5	10.0	7.4	9.9	8.8	7.0
25 to 34	—	30.8	29.7	29.8	23.6	28.2	28.0	28.8	31.2	21.8
35 to 44	—	27.3	38.7	31.0	35.8	27.9	25.6	29.3	29.7	22.9
45 to 54	—	19.1	12.1	20.8	20.7	25.5	25.2	20.6	20.0	15.9
55 to 64	—	12.7	6.5	8.7	8.9	6.7	10.5	7.6	7.2	6.4
65 and over	—	* 0.9	* 2.4	* 1.2	* 1.6	* 2.0	* 3.4	3.7	* 3.0	1.9
Not known	100.0	—	—	—	—	—	—	—	—	24.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Per cent of investors	24.3	5.7	6.1	9.8	8.4	8.8	10.6	15.3	11.1	100.0
					— '000 —					
Number of investors	182.5	42.5	46.2	73.6	63.2	66.0	79.4	114.9	83.7	752.1

(a) Only covers the first six months of 1993.

Most current rental investors first became landlords within the last five years, with 37 per cent first investing in the period since 1991 and 54 per cent becoming investors since 1989.

Twenty-four per cent of rental investors acquired their first property before 1983, suggesting that a significant number of investors are there for the long term.

These data need to be viewed with some caution. ABS survey experience suggests that the recall of events which occurred more than two or three years ago is not always reliable. Therefore particular significance should not be unduly attached to small year to year movements.

Chapter 2: Reasons for investment

This chapter presents data examining the reasons behind rental investment. Investors were asked to report all the reasons why they became a landlord as well as details of how they acquired their first rental property. Respondents were also asked to list all the factors that they took into account when deciding to become an investor. The survey also identified persons who had sold an investment property within the previous five years and sought their reasons for that sale. Finally, the chapter presents data on those persons who intend to invest in a rental dwelling within two years of July 1993.

The most common reason for investing in rented dwellings was for a *secure long-term investment*. More than half of all investors (52%) gave this as a reason for becoming a landlord, and it was particularly important for younger investors. The next most commonly reported reason for becoming a landlord was *income from rent* (16%) which was particularly important for investors 65 years and over.

TABLE 2.1 RENTAL INVESTORS BY REASON BECAME LANDLORD BY AGE

Reason became landlord ^(a)	Age in years					All investors
	18 to 34	35 to 44	45 to 54	55 to 64	65 and over	
	— per cent —					
Secure long-term investment	57.6	55.1	51.5	47.8	37.2	52.1
Income from rent	14.4	14.2	14.5	16.9	25.6	15.7
Reduce taxable income by negative gearing	20.4	18.2	14.3	5.1	* 2.1	14.3
Plan to return to live in dwelling at later date	7.8	8.5	4.6	3.4	* 1.9	6.0
Possible future home	13.7	8.2	8.7	12.1	8.5	10.2
Potential for capital gain	10.3	12.2	9.8	5.4	7.1	9.7
Investing for retirement	5.9	14.0	15.0	12.7	10.1	11.9
Other ^(b)	10.9	16.0	15.5	19.4	25.7	16.0
	— '000 —					
Number of investors	170.2	201.2	205.5	111.8	63.4	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all reasons for becoming a landlord. (b) This includes *unable to sell the property, the property formed part of a larger property* (e.g. houses on farms, dwellings attached to commercial properties) and *possible future home for children or other relatives*.

Reduce taxable income by negative gearing was reported by 14 per cent of investors and was the third most common reason reported. This reason was more important for younger investors (20% of 18 to 34 year olds and 18% of 35 to 44 year olds).

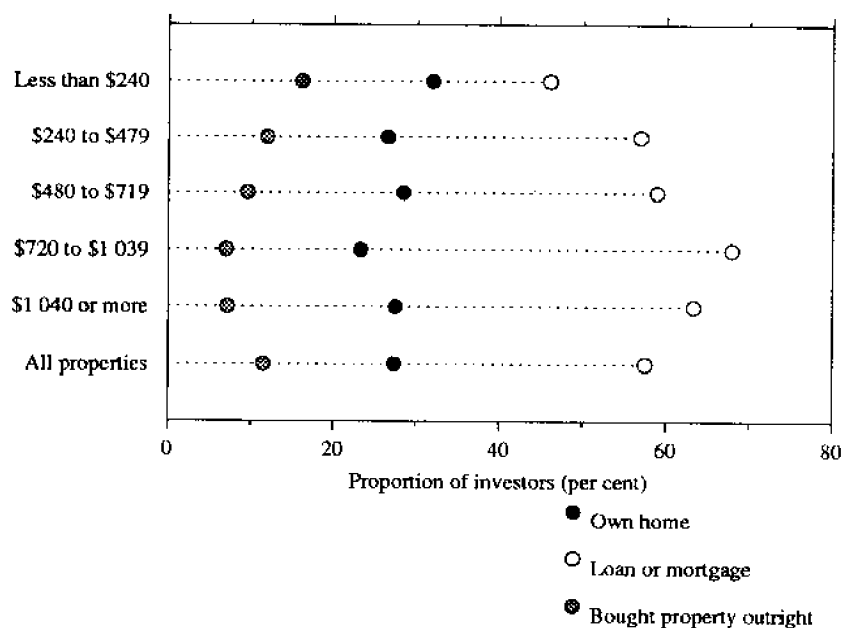
A relatively high proportion of older investors reported that they became a landlord for 'other' reasons. This included to provide a *possible future home for children or other relatives*.

Only 10 per cent of investors reported the *potential for capital gain* as a reason for investment.

Acquisition of first property

Nearly 70 per cent of all investors bought their investment property either with a mortgage or outright, 27 per cent brought former homes into the rental market and the remaining four per cent inherited the property.

CHART 2.1 PROPORTION OF RENTAL INVESTORS BY HOW FIRST INVESTMENT PROPERTY WAS ACQUIRED BY TOTAL WEEKLY INCOME



Eighty-five per cent of the small number of people who reported that they became a landlord because they were *planning to return to live in dwelling at a later date*, formerly lived in that property. A relatively high proportion of those investors who became landlords to gain income from rent, bought their investment property outright.

A greater proportion of rental investors who purchased their first investment property outright were in the lower weekly income ranges (18% for \$240 to \$479) compared to the higher income ranges (7% for \$1 040 or more). This could be due to people investing their superannuation and/or redundancy payouts in rental property. While 58 per cent of investors bought their first property with a loan or mortgage, a slightly higher proportion (66%) of investors with an income above \$720 per week acquired their property in this manner.

TABLE 2.2 RENTAL INVESTORS BY HOW FIRST PROPERTY AS LANDLORD WAS ACQUIRED BY REASON BECAME LANDLORD

Reason became landlord ^(a)	How first property as landlord was acquired				Total	Number of investors '000
	Own home	Bought property with loan or mortgage	Bought property outright	Inherited property		
Secure long-term investment	17.1	68.3	12.4	2.1	100.0	391.7
Income from rent	38.8	38.6	17.1	5.4	100.0	118.1
Reduce taxable income by negative gearing	13.6	83.6	* 1.9	* 0.9	100.0	107.8
Plan to return to live in dwelling at later date	85.3	12.3	* 1.3	* 1.3	100.0	44.8
Possible future home	21.8	64.5	10.6	* 3.1	100.0	76.7
Potential for capital gain	26.0	62.4	8.8	* 3.0	100.0	72.8
Investing for retirement	12.9	74.1	10.6	* 2.5	100.0	89.7
Other ^(b)	48.0	32.2	10.5	9.4	100.0	120.5
<i>Number of investors</i>	27.3	57.5	11.5	3.7	100.0	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all reasons for becoming a landlord.

(b) This includes *unable to sell the property, the property formed part of a larger property (e.g. houses on farms, dwellings attached to commercial properties) and possible future home for children or other relatives.*

Reason for investment and income

A *secure long-term investment* was the most common reason reported for becoming a landlord for rental investors in all income ranges.

Income from rent was a more common reason for becoming a landlord in the lower income ranges and declined as weekly income rose (22% for income under \$240 falling to 11% for \$1 040 or more). As noted earlier, investors reporting this reason for becoming a landlord, were more likely to have bought their investment outright, and are more likely to be older.

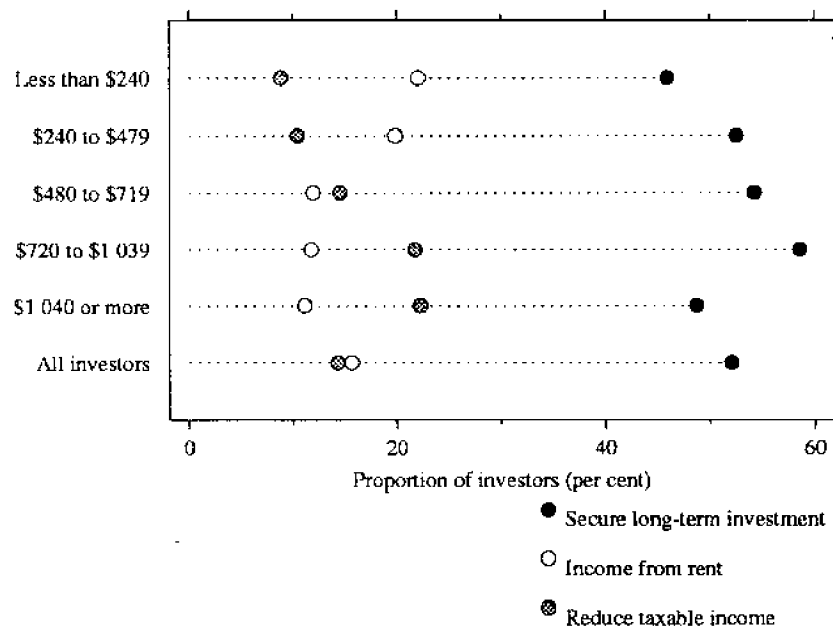
In contrast, *reduce taxable income by negative gearing* was less important for investors with lower incomes but increased with income (9% for income under \$240 rising to 22% of all investors with weekly income of \$1 040 or more).

TABLE 2.3 RENTAL INVESTORS BY REASON BECAME LANDLORD BY TOTAL WEEKLY INCOME FROM ALL SOURCES

Reason became landlord ^(a)	Total weekly income						All investors
	Less than \$240	\$240 to \$479	\$480 to \$719	\$720 to \$1 039	\$1 040 or more	Not stated	
	— per cent —						
Secure long-term investment	45.9	52.6	54.3	58.6	48.7	53.5	52.1
Income from rent	22.1	19.9	12.0	11.8	11.2	* 8.3	15.7
Reduce taxable income by negative gearing	8.9	10.5	14.6	21.8	22.3	* 5.9	14.3
Plan to return to live in dwelling at later date	6.2	5.8	4.5	6.6	8.4	* 2.4	6.0
Possible future home	9.7	11.7	10.4	10.1	8.3	10.1	10.2
Potential for capital gain	7.3	9.1	9.2	12.5	14.1	* 2.8	9.7
Investing for retirement	11.6	11.2	10.5	14.9	13.1	* 8.0	11.9
Other ^(b)	19.9	14.9	16.2	12.0	14.6	22.6	16.0
	— '000 —						
Number of investors	167.5	164.2	163.8	133.9	93.9	28.8	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all reasons for becoming a landlord. (b) This includes *unable to sell the property, the property formed part of a larger property* (e.g. houses on farms, dwellings attached to commercial properties) and *possible future home for children or other relatives*.

CHART 2.2 RENTAL INVESTORS BY MAJOR REASONS BECAME LANDLORD BY TOTAL WEEKLY INCOME FROM ALL SOURCES



Factors considered by investors

As well as reasons for investing, investors were asked for all the factors they considered when making their decision to invest. Two factors stood out, with 44 per cent of investors considering *negative gearing* and 42 per cent *capital gains*. *Alternative investments* was reported as being considered by nearly one third of all investors, while *interest rates* were considered by nearly 31 per cent. Only 19 per cent of investors considered *rental vacancies* when deciding whether or not to invest, while *tenants' rights* was the least considered of the issues reported, at six per cent.

There were some variations in the relative strength of the factors considered for investing by investors of different ages. Younger investors were more likely to report considering *negative gearing* and *capital gains* than older investors. *Interest rates* were less of a consideration as the age of the investor rose, as were *taxes or rates* and the *depreciation allowance*.

TABLE 2.4 FACTORS CONSIDERED FOR INVESTING BY RENTAL INVESTORS BY AGE

Factors considered for investing ^(a)	Age in years					All investors
	18 to 34	35 to 44	45 to 54	55 to 64	65 and over	
	— per cent —					
Capital gains	44.8	46.7	39.5	40.0	28.2	41.7
Rental vacancies	22.7	21.9	16.9	13.7	12.9	18.7
Interest rates	45.3	36.5	24.5	19.0	16.7	30.9
Alternative investments	33.9	36.4	32.7	27.0	23.8	32.4
Tenants' rights	8.5	5.9	7.4	4.9	* 1.6	6.4
Negative gearing	56.5	55.2	44.3	24.4	12.0	44.3
Depreciation allowance	13.5	13.8	8.8	4.7	* 3.3	10.1
Taxes or rates	24.1	19.7	13.9	11.1	8.2	16.9
None of these	9.0	10.4	15.8	26.0	38.8	16.3
	— '000 —					
Number of investors	170.2	201.2	205.5	111.8	63.4	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all reasons for investing.

As can be seen in Tables 2.4 and 2.5, younger investors and those with higher weekly income reported that they considered many more factors as part of their investment decisions than did older or low income investors.

The factors of *negative gearing* and *capital gains* were more important considerations among investors with higher weekly incomes. Over 60 per cent of investors with weekly income above \$720 considered *negative gearing* when investing, while more than half of the same group considered *capital gains*.

TABLE 2.5 RENTAL INVESTORS BY FACTORS CONSIDERED FOR INVESTING BY TOTAL WEEKLY INCOME

Factors considered for investing ^(a)	Total weekly income					Not stated	All investors
	Less than \$240	\$240 to \$479	\$480 to \$719	\$720 to \$1 039	\$1 040 or more		
	— per cent —						
Capital gains	51.0	64.1	67.6	73.7	47.6	9.9	314.0
Rental vacancies	28.8	23.8	30.4	33.7	21.6	* 2.8	141.0
Interest rates	39.8	44.2	56.2	52.6	34.8	5.1	232.7
Alternative investments	50.0	44.7	54.3	49.4	39.2	6.1	243.7
Tenants' rights	11.6	6.7	8.3	11.1	9.0	* 1.4	48.0
Negative gearing	49.2	61.3	77.9	81.0	57.4	6.3	333.2
Depreciation allowance	13.1	10.3	14.8	20.6	13.9	3.1	75.9
Taxes or rates	21.0	22.2	26.1	33.2	21.0	3.6	127.0
None of these	42.8	31.7	21.0	8.2	8.1	10.7	122.6
	— '000 —						
Number of investors	167.5	164.2	163.8	133.9	93.9	28.8	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all factors considered for investing.

Year first invested

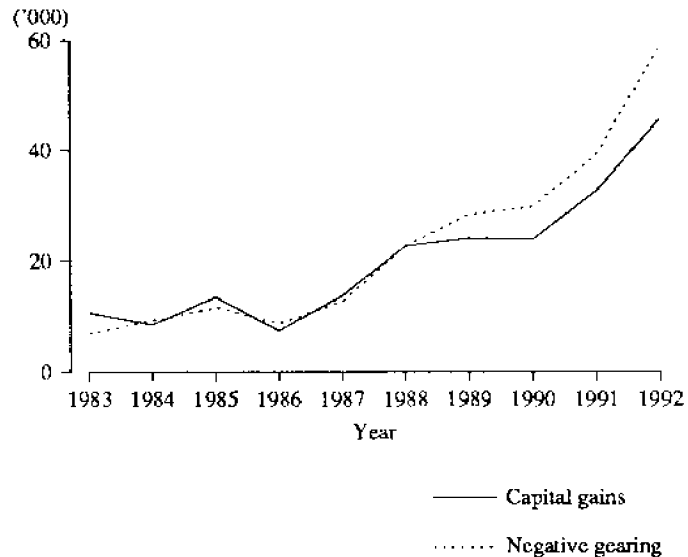
There were some variations in the factors considered by investors depending on the year they first became an investor. Investors who first became landlords in the early eighties were more likely to consider capital gains and less likely to consider negative gearing than those who first became investors in the last few years. Investors who first became landlords in the late eighties were more likely to consider a range of factors including interest rates, alternative investments and the depreciation allowance.

TABLE 2.6 RENTAL INVESTORS BY FACTORS CONSIDERED FOR INVESTING BY YEAR FIRST BECAME A LANDLORD

Factors considered for investing ^(a)	Year first became landlord									
	Before 1983	1983 or 1984	1985 or 1986	1987 or 1988	1989	1990	1991	1992	1993 ^(b)	All investors
	— per cent —									
Capital gains	45.2	45.2	45.2	49.5	38.1	36.2	40.9	39.8	34.5	41.7
Rental vacancies	17.3	24.0	13.9	23.5	20.1	17.0	18.9	19.6	17.1	18.7
Interest rates	27.7	31.8	30.1	40.8	30.7	26.2	27.6	33.2	33.6	30.9
Alternative investments	32.0	28.5	38.1	36.4	30.5	25.8	37.3	33.2	29.6	32.4
Tenants' rights	6.8	6.8	9.7	9.2	* 4.3	5.9	5.9	5.7	4.2	6.4
Negative gearing	36.0	38.4	44.2	48.1	44.9	45.2	49.2	51.3	46.8	44.3
Depreciation allowance	8.3	11.8	9.7	14.9	9.3	9.1	7.4	12.5	9.6	10.1
Taxes and rates	15.4	17.9	16.0	19.6	18.8	13.9	14.7	17.6	19.6	16.9
None of these	18.6	21.6	14.1	15.5	19.6	18.8	10.2	13.3	16.0	16.3
	— '000 —									
Number of investors	182.5	42.5	46.2	73.6	63.2	66.0	79.4	114.9	83.7	752.1

(a) Proportions will not add to 100 per cent since respondents were asked to report all factors considered for investing.
 (b) Only covers the first six months of 1993.

CHART 2.3 RENTAL INVESTORS BY MAJOR FACTORS CONSIDERED FOR INVESTING BY YEAR FIRST BECAME LANDLORD



Persons who have sold an investment property in last five years

The survey showed that 252 100 persons or two per cent of the adult population in Australia had sold at least one residential rental investment in the five years to July 1993.

Fifty-four per cent of those who had sold an investment property were male while 46 per cent were female. Nearly one third were aged 35 to 44 years, a further 26 per cent were aged 18 to 34, and 24 per cent were in the age group 45 to 54. Nearly half of all those who had sold a rental investment property had weekly income of less than \$480 (equivalent to annual income of \$24 900 or less).

TABLE 2.7 PERSONS WHO HAVE SOLD AN INVESTMENT PROPERTY IN THE FIVE YEARS TO JULY 1993 - SUMMARY

<i>Characteristics</i>	<i>'000</i>	<i>%</i>
<i>Sex</i>		
Male	136.1	54.0
Female	116.0	46.0
<i>Age</i>		
18-34	66.3	26.3
35-44	80.9	32.1
45-54	59.8	23.7
55-64	30.7	12.2
65 and over	14.4	5.7
<i>Weekly income</i>		
Less than \$240	60.2	23.9
\$240 to \$479	57.2	22.7
\$480 to \$719	46.3	18.4
\$720 to \$1 039	51.3	20.3
\$1 040 or more	31.7	12.6
Not stated	5.5	2.2
<i>Year sold</i>		
1993 ^(a)	44.4	17.6
1992	61.0	24.2
1991	56.8	22.5
1990	38.3	15.2
1989	33.4	13.2
1988	18.1	7.2
Total	252.1	100.0

(a) Only covers the first six months of 1993.

Just on 42 per cent of all those persons who sold an investment property in the last five years, did so in the eighteen months prior to July 1993. Of the 252 100 persons who had sold a rental investment property, 196 900 (78%) were no longer rental investors in July 1993.

TABLE 2.8 PERSONS WHO HAVE SOLD AN INVESTMENT PROPERTY IN THE FIVE YEARS TO JULY 1993 BY REASON SOLD BY WHETHER CURRENT INVESTOR OR FORMER INVESTOR

<i>Reason sold</i>	<i>Persons who have sold a property in the last five years</i>		<i>Total</i>
	<i>Current investors</i>	<i>Former investors</i>	
	— per cent —		
Needed funds for family or business	15.0	21.9	20.4
To invest in sharemarket	* 2.0	* 0.4	* 0.8
Inadequate return on investment	5.3	10.3	9.2
To finance purchase elsewhere	32.2	30.0	30.5
To realise capital gain	14.3	4.9	6.9
Couldn't afford to keep it	9.1	10.1	9.8
Divorce/separation	* 1.1	4.9	4.1
Other	21.0	17.7	18.3
Total	100.0	100.0	100.0
	— '000 —		
<i>Number of persons</i>	55.2	196.9	252.1

Reason for sale of investment

Almost one-third of people (31%) who disposed of an investment in the last five years did so to *finance purchase elsewhere*. There was little difference in the proportion reporting this reason between current investors and former investors. It is likely that current investors sold to finance the purchase of another investment property while former investors were more likely to have sold their investment property to finance the purchase of their own home. Unfortunately, this was not accurately measured in the survey.

The next most important reason was the *need for funds for the family or business*, reported by 20 per cent of investors, more often reported by former investors than by current investors.

Just under ten per cent of investors sold an investment property because they were *receiving an inadequate return on their investment* (former investors were twice as likely as current investors to give this as the reason for selling an investment). A smaller proportion (7%) sold *to realise a capital gain*, although 14 per cent of current investors reported this reason, while less than one per cent of investors sold a property *to invest in the share market*.

Of those selling *to finance the purchase of another rental investment*, wage and salary earners made up 38 per cent, seven per cent higher than the proportion of all investors who sold investment property in the five years to July 1993.

The most significant reason why people in their own business or partnership sold their property was that they *needed funds for the family or business*.

TABLE 2.9 PERSONS WHO HAVE SOLD AN INVESTMENT PROPERTY IN THE FIVE YEARS TO JULY 1993 BY REASON BY MAIN SOURCE OF INCOME

Reason sold	Main source of income					All investors
	Wage & salary from employer	Own business or partnership	Government pension or benefit	Investments or other sources	None of the above	
	— per cent —					
Needed funds for family or business	14.6	30.9	17.9	20.7	29.9	20.4
To invest in share market	* 1.2	* 0.4	—	—	—	* 0.8
Inadequate return on investment	7.7	11.4	* 6.7	* 11.9	* 14.0	9.2
To finance purchase elsewhere	38.1	21.9	27.4	20.2	* 18.7	30.5
To realise capital gain	6.2	9.2	* 3.6	* 9.8	* 4.7	6.9
Couldn't afford to keep it	8.3	10.9	16.7	* 9.8	* 5.6	9.8
Divorce/ separation	5.1	* 1.9	* 5.2	* 3.1	* 4.7	4.1
Other	18.9	13.5	22.2	24.4	* 22.5	18.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
	— '000 —					
Number of persons	129.2	67.6	25.2	19.3	10.7	252.1

Investors intending to sell their most recently acquired rental investment property

There were also 103 800 current investors who reported that they intended to sell their most recently acquired rental investment property within the two years following July 1993. Overall, they stated similar reasons for selling as those people who had sold a property in the five years prior to July 1993, the most common reason being *to finance purchase elsewhere* (31%). The only major differences between the two groups were a higher proportion intending to sell because of *inadequate return on investment* (15% compared to 9%) and a lower proportion intending to sell because they *needed funds for family or business* (15% compared to 20%).

TABLE 2.10 RENTAL INVESTORS INTENDING TO SELL THEIR MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY IN THE TWO YEARS FOLLOWING JULY 1993 BY REASON BY MAIN SOURCE OF INCOME

Reason intending to sell	Main source of income					All investors
	Wage & salary from employer	Own business or partnership	Government pension or benefit	Investments or other sources	None of the above	
	— per cent —					
Needed funds for family or business	11.8	25.9	* 5.2	* 13.6	* 26.9	15.1
To invest in share market	* 1.1	* 0.4	—	* 4.1	—	* 1.3
Inadequate return on investment	14.5	14.8	* 8.2	21.1	* 11.5	14.8
To finance purchase elsewhere	39.0	23.5	35.1	* 9.5	* 53.8	31.3
To realise capital gain	7.6	* 8.6	* 5.2	* 6.8	—	7.2
Couldn't afford to keep it	8.6	* 10.7	* 13.4	* 12.2	—	9.8
Divorce/ separation	* 1.9	—	* 3.1	* 2.7	—	* 1.6
Other	15.4	16.0	* 28.9	29.9	* 7.7	18.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	52.5	24.3	— '000 — 9.7	14.7	2.6	103.8

Intending investors

The survey showed that there were 334 600 persons intending to invest in residential rental property during the two years following July 1993. Of these, 219 100 (65%) were new investors while the remaining 115 500 were current investors who were planning to purchase another property.

Fifty-seven per cent of intending investors were male and 43 per cent were female. Forty-four per cent of intending investors were aged 18 to 34 years and a further 32 per cent were 35 to 44 years old. Intending new investors tended to be younger (nearly half were aged 18 to 34 years) than persons who are intending to invest in a property and currently have (at least) one for rental, just over one third of whom were aged 45 years or older.

TABLE 2.11 PERSONS WHO INTEND TO INVEST IN A RENTAL PROPERTY IN THE TWO YEARS FROM JULY 1993 SUMMARY

Characteristics	Proportion of intending investors (%)			Number of intending investors ('000)
	New Investors	Current Investors	Total	
<i>Sex</i>				
Male	56.3	58.5	57.1	191.0
Female	43.7	41.5	42.9	143.7
<i>Age</i>				
18-34	49.0	33.3	43.6	145.8
35-44	31.0	32.3	31.5	105.3
45-54	16.2	25.6	19.5	65.1
55 and over	3.8	8.7	5.5	18.5
<i>Usual residence</i>				
NSW	25.0	23.9	24.7	82.5
Vic.	19.8	12.4	17.2	57.7
Qld	24.1	33.1	27.2	90.9
SA	7.9	8.7	8.2	27.3
WA	14.5	14.2	14.4	48.2
Tas.	2.4	* 2.2	2.3	7.8
NT	2.5	* 1.6	2.2	7.3
ACT	3.8	4.1	3.9	13.1
<i>Weekly income</i>				
Less than \$240	13.7	15.1	14.1	47.2
\$240 to \$479	22.0	16.8	20.2	67.6
\$480 to \$719	29.5	20.3	26.4	88.2
\$720 to \$1 039	22.9	25.0	23.6	79.1
\$1 040 or more	10.5	21.2	14.2	47.5
Not stated	1.4	* 1.6	1.5	4.9
Total	100.0	100.0	100.0	334.6
<i>Number of intending investors</i>		—'000—		
	219.1	115.5	334.6	

A slightly different pattern emerged when examining the State of usual residence of intending investors compared with that of all current rental investors. One quarter of intending investors lived in New South Wales, compared with 29 per cent of all current investors. However, it was in Victoria and Queensland that larger differences arose. Seventeen per cent of intending investors lived in Victoria, while 27 per cent were in Queensland. These compare with proportions of all current investors of 25 per cent and 21 per cent respectively. These differences were more obvious for current investors who intend investing in another property for rental, only 12 per cent of whom lived in Victoria while 33 per cent were from Queensland.

Intending investors tend to have a higher income than all current investors. Thirty-four per cent of intending investors had a weekly income of less than \$480, compared with 44 per cent of all current investors. This was particularly true for re-investors, 46 per cent of whom had a weekly income of \$720 or more, compared with only 30 per cent of all current investors with an income of \$720 or more.

Reasons for intending to invest

Consistent with the reasons given by current investors for becoming landlords, the most common reason reported by intending investors was for a *secure long-term investment* (63%).

Nearly one quarter of intending investors reported that they were *investing for retirement*, while 23 per cent reported the reason of being able to *reduce taxable income by negative gearing*. These proportions are somewhat higher than those reported by current investors. Only 12 per cent and 14 per cent respectively of current investors reported these as the reasons that they had become landlords.

TABLE 2.12 INTENDING INVESTORS BY REASON FOR INVESTING BY WHETHER NEW OR CURRENT INVESTOR

Reason intending to invest (a)	New investors	Current investors	All intending investors
	— per cent —		
Secure long-term investment	63.9	59.8	62.5
Reliable capital gain	12.2	15.3	13.3
Income from rent	14.7	15.7	15.0
Investment return better than share market	7.3	8.1	7.5
Reduce taxable income by negative gearing	21.6	24.4	22.5
Possible future home	13.8	8.1	11.8
Investing for retirement	23.4	24.8	23.9
Other	4.4	4.8	4.5
<i>Number of intending investors</i>	219.1	115.5	334.6

(a) Proportions will not add to 100 per cent since respondents were asked to report all factors considered for investing.

There was little difference in the reasons reported for intending to invest between new investors and re-investors.

Chapter 3: Characteristics of most recently acquired rental investment property

This chapter examines the characteristics of rental investment properties. Respondents were asked to estimate the current market value of their most recently acquired property and to report the weekly rent received from that investment. The type and location of the property are also presented, and the relationship between the location of the investment property and the location of the investor is analysed. Finally, the chapter assesses how the investment property is managed and the means by which rental vacancies are filled. It should be remembered that the most recently acquired property may not necessarily have been acquired in the last few years. In particular, investors who have had only one investment property may have acquired that property some time ago. While this should not affect the data on estimated market value or weekly rent received, it may be an important consideration in examining the relationship between location of investment property and location of investor.

Value of investment

Nearly one fifth (18%) of investors estimated their latest investment to be valued at \$170 000 or more, while a further 20 per cent estimated the value of their property at less than \$85 000. The median estimated market value of investments was \$118 000.

The median weekly rent received from the most recently acquired rental property was \$145. Eighteen per cent of investors reported that they received less than \$108 per week in rent, while 12 per cent received \$228 or more per week.

TABLE 3.1 RENTAL INVESTORS BY ESTIMATED MARKET VALUE OF MOST RECENTLY ACQUIRED INVESTMENT PROPERTY BY TOTAL WEEKLY RENT RECEIVED

Estimated market value of latest investment	Weekly rent					All investors	
	\$1 to \$107	\$108 to \$137	\$138 to \$167	\$168 to \$227	\$228 or more	Total	Median rent ^(a)
			— per cent —				\$
Less than \$62,500	28.0	4.5	* 1.2	* 0.6	* 0.7	6.8	91
\$62,500 to \$84,999	25.3	28.1	6.5	* 0.6	* 0.5	13.2	114
\$85,000 to \$119,999	15.6	44.0	38.2	7.3	6.3	25.4	137
\$120,000 to \$149,999	9.0	12.9	32.3	30.6	9.6	20.1	160
\$150,000 to \$169,999	3.1	2.1	7.4	20.5	7.8	7.9	175
\$170,000 or more	5.9	2.1	7.3	34.4	67.9	18.3	213
Don't know	13.1	6.1	7.1	6.2	7.4	8.4	136
Total	100.0	100.0	100.0	100.0	100.0	100.0	145
			— '000 —				
Number of investors	137.3	179.0	194.1	143.9	87.5	752.1	..
			— \$'000 —				
Median market value	76	89	118	155	233	118	..

(a) Includes those properties which are vacant and those rented out rent-free.

Total weekly rent received from the latest investment generally increased as the estimated market value of the property increased. Over half (53%) of investments with weekly rent of less than \$108 were valued at less than \$85 000. Conversely, 68 per cent of properties with rent of \$228 or more were valued at \$170 000 or more.

Type of property

Sixty-two per cent of recently acquired residential properties were separate houses, while 25 per cent were single flats or home units. The balance were semi-detached, row, terrace houses or townhouses (6.6%) and blocks of flats or units (4.8%).

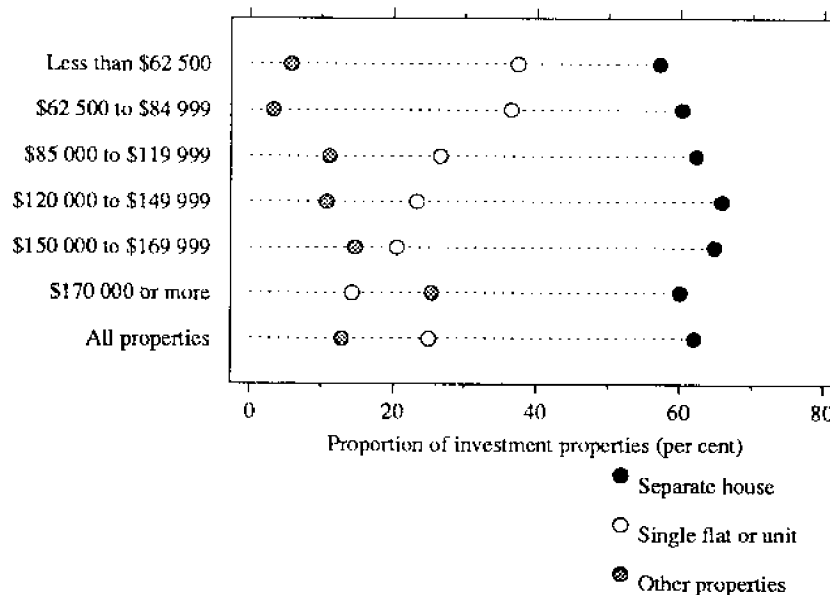
TABLE 3.2 RENTAL INVESTORS BY OWNERSHIP TYPE OF MOST RECENTLY ACQUIRED PROPERTY BY TYPE OF DWELLING RENTED

Type of dwelling	Ownership type					Other	All investors
	Individual	With spouse/partner	With another relative	As partner in a partnership	As principal in a company		
Separate house	56.0	66.2	55.8	65.6	54.4	47.5	62.0
Semi-detached, row or terrace house or townhouse	7.1	6.1	7.8	8.3	* 4.4	* 6.9	6.6
Single flat or home unit	32.3	21.3	28.1	19.5	* 20.6	38.1	25.0
Block of flats or units	3.2	4.8	6.2	* 4.9	* 18.4	* 7.5	4.8
Other	1.4	1.7	* 2.1	* 1.4	* 2.2	—	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	205.0	426.3	56.3	34.9	13.6	16.0	752.1

Investment arrangements

Most investors (57%) did so in conjunction with their spouse or partner. Twenty-seven per cent of investors did so on an individual basis. Individuals who were rental investors were more likely to invest in a single flat or unit (32%) compared to partnership (20%) and married couple investors (21%). Married couples and partnerships were more likely to invest in separate houses.

CHART 3.1 PROPORTION OF INVESTMENT PROPERTY TYPES BY ESTIMATED MARKET VALUE



The proportion of investment dwellings which were separate houses was consistently close to 60 per cent over all market value ranges. In contrast, the proportion of single flats/home units declined as the market value increased. Thirty-seven per cent of investments valued at less than \$62 500 were flats or units, but this proportion fell to 14 per cent for properties valued at \$170 000 or more.

Location of investment

The overwhelming majority of investors invest in property in their own State or Territory. Of 752 100 current rental investors, only three per cent (21 800) reported that their most recently acquired rental property was in another State or Territory. Three quarters of these were New South Wales or Victorian investors. Investors in Queensland, Western Australia and Tasmania were the most unlikely to have interstate rental investments. Users should note that the location of the most recent investment property was not reported for 58 700 investors (8%), including a relatively high proportion of investors in the Northern Territory and the Australian Capital Territory, where the incidence of interstate investment is somewhat higher than in the other States.

Twenty-six per cent of investors had their rental property in the same postcode as their usual residence, while a further 46 per cent lived in the same city or region as their rental investment. Queensland and South Australian investors were slightly more likely than those in other States to live in the same postcode as their rental investment. About half of the investors who lived in Victoria, South Australia and the ACT, had their investment in the same city or region in which they lived, but outside their postcode area. A higher proportion of Queensland, Western Australian and Tasmanian investors invest in their own State but outside their own region.

TABLE 3.3 RENTAL INVESTORS BY LOCATION OF INVESTMENT PROPERTY RELATIVE TO LOCATION OF INVESTOR BY STATE OR TERRITORY OF INVESTOR'S USUAL RESIDENCE

Location of investment property ^(a)	Investor's usual residence								
	NSW	Vic.	Qld	SA	WA	Tas.	NT ^(b)	ACT ^(c)	Australia
	— per cent —								
Same postcode as investor	26.0	27.2	29.9	28.5	23.9	18.5	n.a.	10.2	26.3
Same capital city or region as investor	44.5	52.6	39.2	49.7	44.2	48.6	n.a.	49.2	45.5
Same State or Territory as investor	16.0	10.8	23.9	13.8	27.9	23.3	40.8	n.a.	17.5
Outside State or Territory of investor	4.5	2.7	* 0.6	3.4	* 1.3	* 0.7	* 10.5	9.6	2.9
Not known	9.0	6.7	6.4	4.9	2.8	9.6	48.7	31.0	7.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	220.5	187.8	158.3	59.4	85.0	14.6	7.6	18.7	752.1

(a) Location categories are exclusive and property location is classified to the closest level of relationship to investor location. For example, if a property is in the same postcode as the investor it is not also classified as being in the same city or same State/Territory as the investor. (b) For the Northern Territory, data are not available for areas below the level of the Territory. (c) In the Australian Capital Territory, the city and the Territory are for all practical purposes the same.

Methods of retenancing

Nearly 60 per cent of all investors used a real estate agent in retenancing a vacant property, while 21 per cent advertised in newspapers. Investors who managed their own property or whose property was managed by relatives were more likely to use the newspapers or some 'other' method to look for new tenants.

TABLE 3.4 RENTAL INVESTORS BY MEANS OF RETENANCING VACANT RENTAL INVESTMENT BY MANAGEMENT OF PROPERTY

<i>Means of retenancing vacant property</i>	<i>Management of property</i>				<i>All investors</i>
	<i>Self</i>	<i>Real estate agent</i>	<i>Relative</i>	<i>Other</i>	
			— per cent —		
Newspaper advertisement	46.4	1.7	38.4	24.0	21.4
Real estate agent	17.8	96.8	20.0	15.3	59.4
Relative	11.8	* 0.3	26.6	* 4.2	6.2
Other	23.9	1.3	15.2	56.8	13.0
Total	100.0	100.0	100.0	100.0	100.0
			— '000 —		
<i>Number of investors</i>	298.2	403.5	41.4	28.7	752.1

Property management

More than half (54%) of all investors used a real estate agent to manage their latest investment. Forty per cent managed the property themselves, while the rest were managed by relatives or other persons.

As expected, most investors (74%) whose investment was in another State or Territory, relied upon a real estate agent to manage their property. This proportion declined the closer that the investment property was to the investor's usual residence. Where investors had their investment property in the same postcode as they lived, only 40 per cent used a real estate agent to manage their property, while 54 per cent managed the property themselves.

TABLE 3.5 RENTAL INVESTORS BY MANAGEMENT OF PROPERTY BY LOCATION OF INVESTMENT PROPERTY RELATIVE TO LOCATION OF INVESTOR

<i>Management of recently acquired property^(b)</i>	<i>Location of investment property^(a)</i>					<i>All investors</i>
	<i>Same postcode as investor</i>	<i>Same capital city or region as investor</i>	<i>Same State or Territory as investor</i>	<i>Outside State or Territory of investor</i>	<i>Not known</i>	
			— per cent —			
Self	54.0	41.2	27.8	* 10.0	20.1	39.6
Real estate agent	40.3	53.5	64.7	73.5	67.2	53.6
Relative	5.5	5.3	6.3	* 3.2	6.1	5.5
Other	3.2	3.0	3.3	13.7	8.2	3.8
			— '000 —			
<i>Number of investors</i>	197.7	342.1	131.8	21.9	58.6	752.1

(a) Location categories are exclusive and property location is classified to the closest level of relationship to investor location. For example, if a property is in the same postcode as the investor it is not also classified as being in the same city or same State/Territory as the investor. (b) Proportions may not add to 100 per cent since respondents were able to report more than one type of property management.

More than half of those investors who invested in another State, invested in higher density property (flats, units, townhouses, etc.). This is in contrast to investors whose property was in the same postcode or State as their own usual residence. There was a higher propensity for investors who owned higher density properties to have those properties managed by a real estate agent.

TABLE 3.6 RENTAL INVESTORS BY TYPE OF INVESTMENT DWELLING BY LOCATION OF INVESTMENT PROPERTY RELATIVE TO LOCATION OF INVESTOR

<i>Type of investment dwelling</i>	<i>Location of investment property^(a)</i>					<i>All investors</i>
	<i>Same postcode as investor</i>	<i>Same capital city or region as investor</i>	<i>Same State or Territory as investor</i>	<i>Outside State or Territory of investor</i>	<i>Not known</i>	
			— per cent —			
Separate house	66.9	55.6	73.7	38.4	65.4	62.0
Semi-detached, row or terrace house, townhouse	4.0	8.4	4.6	* 7.8	8.5	6.6
Single flat or home unit	21.1	29.5	16.4	49.3	22.7	25.0
Block of flats or units	6.2	5.2	3.1	* 4.6	* 1.0	4.8
Other	1.7	1.3	* 2.1	—	* 2.4	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
			— '000 —			
<i>Number of investors</i>	197.7	342.1	131.8	21.9	58.6	752.1

(a) Location categories are exclusive and property location is classified to the closest level of relationship to investor location. For example, if a property is in the same postcode as the investor it is not also classified as being in the same city or same State/Territory as the investor.

Chapter 4: Financial characteristics of rental investment

The majority of investors (62%) were still paying off mortgages or loans on the purchase of their most recently acquired rental investment. People investing with another relative or on behalf of a company were less likely to be paying a mortgage or loan (54% for both) than the average investor. On the other hand, partnerships investing in rental property were slightly more likely to be paying off a loan or mortgage (67%).

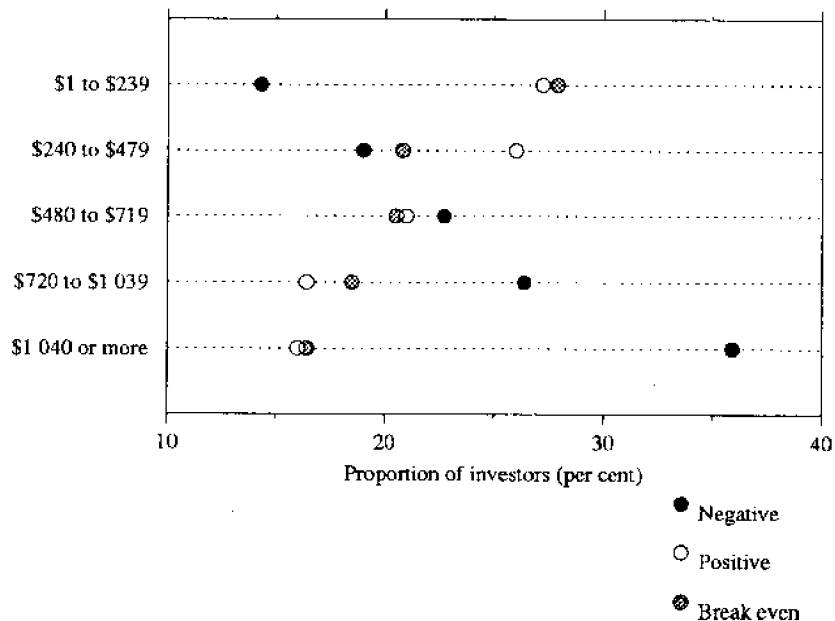
TABLE 4.1 RENTAL INVESTORS BY WHETHER PAYING LOAN OR MORTGAGE ON MOST RECENTLY ACQUIRED RENTAL PROPERTY BY TYPE OF OWNERSHIP

Paying loan or mortgage on recently acquired property	Type of ownership						All investors
	Individual	With spouse/partner	With another relative	As partner in a partnership	As principal in a company	Other	
Yes	60.3	63.6	53.8	67.0	54.4	63.8	62.0
No	39.7	36.3	46.2	33.0	45.6	36.3	38.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	205.0	426.3	56.3	34.9	13.6	16.0	752.1

Net return

The survey sought information on the income received and the expenditure outlaid on investors' most recently acquired rental property. This information was used to calculate a net annual return. The net return was calculated for each individual investor by requesting each investor's share of income and expenses. Thus, in assessing the return on the investment against the total value of the investment (Table 4.5), it was necessary to derive each investor's share of the value of the investment. It should be noted that for a significant number of investors (36%), the net return could not be determined. Where information was available, 22 per cent were making a loss, 21 per cent were breaking even, while 21 per cent were receiving a positive net return. This means that of investors for whom a return could be reported, 35 per cent were making a loss, 33 per cent were breaking even and 32 per cent were receiving a positive net return (Table 4.5).

CHART 4.1 PROPORTION OF RENTAL INVESTORS BY SIGN OF NET ANNUAL RETURN ON MOST RECENTLY ACQUIRED PROPERTY BY TOTAL WEEKLY INCOME



Rental investors who reported a weekly income of \$720 and above were more likely to make a net loss on their investment than investors with a lower income. The most significant difference was evident for investors with a reported weekly income of \$1 040 or more (36% reported a net loss compared to 16% who reported a net profit). This finding supports the analysis in Chapter 2 which showed that higher income investors were more likely to invest for negative gearing purposes. Conversely, over half of all investors with an income lower than \$240 per week reported either breaking even or having a positive net annual return on their investment. As noted earlier, a high proportion of this group are likely to be older investors, who are relying on the return from their investment to supplement current income.

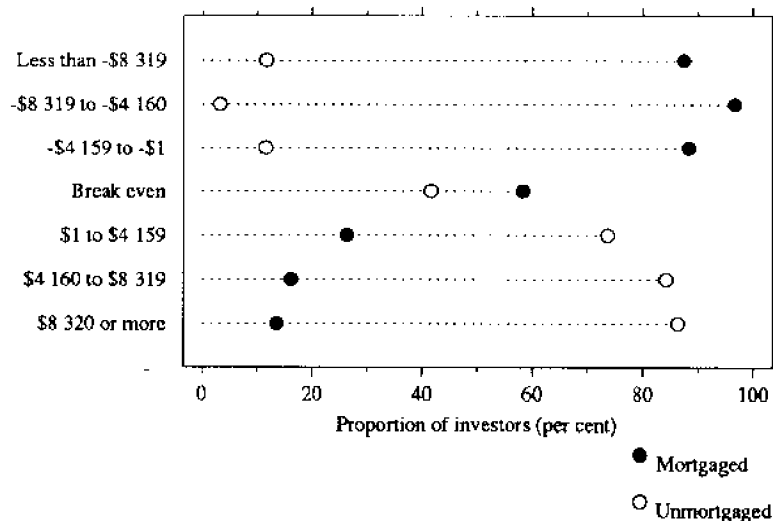
TABLE 4.2 RENTAL INVESTORS BY NET ANNUAL RETURN ON MOST RECENTLY ACQUIRED PROPERTY BY WHETHER PAYING LOAN OR MORTGAGE

Net annual return on most recently acquired property	Paying off a loan or mortgage		All investors
	Yes	No	
	— per cent —		
<i>Negative return</i>			
Less than -\$8 319	2.3	* 0.5	1.6
-\$8 319 to -\$4 160	6.2	* 0.3	4.0
-\$4 159 to -\$1	23.8	5.1	16.7
<i>Total</i>	32.3	5.9	22.3
<i>Break even</i>	19.8	23.2	21.1
<i>Positive return</i>			
\$1 to \$4 159	6.8	31.1	16.0
\$4 160 to \$8 319	0.9	8.0	3.6
\$8 320 or more	* 0.2	2.4	1.1
<i>Total</i>	7.9	41.5	20.7
<i>Don't know</i>	39.9	29.4	35.9
Total	100.0	100.0	100.0
	— '000 —		
<i>Number of investors</i>	466.2	285.8	752.1

Impact of mortgage repayments on net return

Rental investors who were paying off a loan or mortgage were much more likely to have a negative net return (32%) than people who did not have a loan or mortgage (6%). Conversely, 42 per cent of investors not paying off a loan or mortgage reported a positive net return, compared with eight per cent of investors paying off a loan or mortgage. About 80 per cent of all investors who reported a positive net return owned their property outright. More than 90 per cent of those who reported a negative annual return were paying off a mortgage on their investment property.

CHART 4.2 PROPORTION OF RENTAL INVESTORS BY NET ANNUAL RETURN ON MOST RECENTLY ACQUIRED PROPERTY BY WHETHER MORTGAGE ON PROPERTY



There was little difference in the net annual return on investment properties according to whether the properties were managed by the investor or managed by an agent. Those managed by an agent were slightly more likely to report a negative annual return, than those managed by an investor.

TABLE 4.3 RENTAL INVESTORS BY NET ANNUAL RETURN BY MANAGEMENT OF MOST RECENTLY ACQUIRED PROPERTY

Net annual return of most recently acquired property	Management of property				All investors
	Self	Real estate agent	Relative	Other	
	— per cent —				
<i>Negative return</i>					
Less than -\$8 319	1.3	1.8	* 1.4	* 1.4	1.6
-\$8 319 to -\$4 160	3.9	4.3	* 0.7	* 5.2	4.0
-\$4 159 to -\$1	16.1	17.5	14.0	11.8	16.7
<i>Total</i>	21.3	23.6	16.1	18.4	22.3
<i>Break even</i>	23.2	18.9	20.3	25.8	21.1
<i>Positive return</i>					
\$1 to \$4 159	16.5	16.5	15.7	17.8	16.0
\$4 160 to \$8 319	3.9	3.4	* 4.1	* 5.2	3.6
\$8 320 or more	1.3	0.9	* 1.7	—	1.1
<i>Total</i>	21.7	20.8	21.5	23.0	20.7
<i>Don't know</i>	33.9	36.7	42.3	33.1	35.9
Total	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	298.2	403.5	— '000 — 41.4	28.7	752.1

Net return and number of properties

Seventy-eight per cent of all rental investors had only one investment property. Of those with more than one property, the more properties owned, the higher the probability that a positive net return was reported. Investors with three or more properties were more likely to report a net annual return of break even or a positive amount. Nearly 12 per cent of those investors who owned five or more properties reported a net annual return of \$8 320 or more.

TABLE 4.4 RENTAL INVESTORS BY NET ANNUAL RETURN OF MOST RECENTLY ACQUIRED PROPERTY BY NUMBER OF RESIDENTIAL INVESTMENT DWELLINGS OWNED

Net annual return of most recently acquired property	Number of properties owned			All investors
	One	Two	Three or more	
	— per cent —			
<i>Negative return</i>				
Less than -\$8 319	1.4	* 2.2	* 2.2	1.6
-\$8 319 to -\$4 160	3.5	5.5	5.9	4.0
-\$4 159 to -\$1	17.6	15.1	10.8	16.7
<i>Total</i>	22.5	22.8	18.9	22.3
<i>Break even</i>	21.7	19.1	18.4	21.1
<i>Positive return</i>				
\$1 to \$4 159	16.7	11.9	15.9	16.0
\$4 160 to \$8 319	3.3	4.7	4.5	3.6
\$8 320 or more	* 0.4	* 1.5	5.9	1.1
<i>Total</i>	20.4	18.1	26.3	20.7
<i>Don't know</i>	35.1	40.1	36.2	35.9
Total	100.0	100.0	100.0	100.0
<i>Number of investors</i>	586.4	— '000 — 96.1	69.6	752.1

Net return and value of investment

Table 4.5 reports the shared net annual return by the estimated market value of the share in the rental property. In order to assist analysis of this data, the large number of those who could not report a net return have been excluded from calculations of the proportions. Care needs to be taken in interpreting these figures since the true distribution of those who did not report a share may be somewhat different from that assumed by this process.

The net annual return tended to increase as the estimated market value rose.

Of rental investors whose estimated share of the investment was valued at \$170 000 or more, 40 per cent of investors reported a positive net return. In comparison, those whose share of the investment was valued at between \$62 500 and \$84 999 had 25 per cent of investors reporting a positive net return. A relatively high 29 per cent of investors whose share in their investment was valued at less than \$62 500, reported a share of net annual return of between \$1 and \$4 159.

TABLE 4.5 RENTAL INVESTORS BY SHARE NET ANNUAL RETURN ON MOST RECENTLY ACQUIRED PROPERTY BY ESTIMATED VALUE OF SHARE IN RENTAL INVESTMENT

Share net annual return on most recent acquired property	Estimated market value of share in rental property					Market value not stated	All investors
	Less than \$62 500	\$62 500 to \$84 999	\$85 000 to \$119 999	\$120 000 to \$169 999	\$170 000 or more		
	— per cent —						
<i>Negative return</i>							
Less than -\$8 319	* 1.1	* 0.8	* 4.1	* 4.0	* 7.4	* 3.3	2.5
-\$8 319 to -\$4 160	4.1	6.4	8.3	11.1	9.7	* 2.3	6.2
-\$4 159 to -\$1	29.6	35.6	26.5	20.0	7.9	14.0	26.0
<i>Total</i>	34.8	42.8	38.9	35.1	25.0	19.6	34.7
<i>Break even</i>	34.4	31.7	22.1	27.2	34.7	51.6	32.9
<i>Positive return</i>							
\$1 to \$4 159	29.2	21.6	28.9	19.6	13.9	24.1	25.0
\$4 160 to \$8 319	* 1.1	* 3.2	10.0	14.6	14.7	* 4.0	5.6
\$8 320 or more	* 0.4	* 0.6	—	* 3.5	11.6	* 0.8	1.7
<i>Total</i>	30.7	25.4	38.9	37.7	40.2	28.9	32.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	— '000 —						
Share known	197.7	83.2	63.7	59.6	38.0	39.9	482.2
Share not known	102.8	51.6	35.0	20.7	13.3	46.4	269.9
Number of investors	300.6	134.9	98.6	80.3	51.3	86.3	752.1

Repair and maintenance expenditure

During 1992-93, 29 per cent of investors did not have any repairs or maintenance expenditure on their most recently acquired investment property (this figure includes some investors who did not own the investment property for all of 1992-93). Thirty-six per cent paid up to \$1 000, while a further 21 per cent paid between \$1 000 and \$5 000 on repairs and maintenance in 1992-93.

TABLE 4.6 RENTAL INVESTORS BY REPAIR AND MAINTENANCE EXPENDITURE IN 1992-93 ON RENTAL INVESTORS' MOST RECENTLY ACQUIRED PROPERTY BY TYPE OF DWELLING

Repair and maintenance expenditure on most recently acquired property	Type of investment dwelling					All investors
	Separate house	Semi-detached, row or terrace house, townhouse ^(a)	Single flat or home unit ^(a)	Block of flats/units ^(a)	Other	
Nil ^(b)	29.5	35.8	29.0	12.0	26.7	28.9
\$1 to \$999	34.5	39.9	41.6	32.6	29.2	36.4
\$1 000 to \$1 999	11.9	7.1	9.8	12.5	* 8.3	11.0
\$2 000 to \$4 999	10.7	7.3	7.3	17.3	* 15.0	10.0
\$5 000 or more	2.4	* 3.0	* 1.1	* 7.0	* 5.0	2.3
Don't know	11.1	6.9	11.3	18.9	* 16.7	11.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>Number of investors</i>	466.4	49.4	188.3	35.9	12.0	752.1

(a) Includes that part of body corporate fees levied for repair and maintenance of building and grounds. (b) Includes some investors who did not own the property for the whole year 1992-93.

Nearly two thirds of all investors spent less than \$1 000 on repairs and maintenance. This proportion was higher where the investment was a terrace house or townhouse (76%) or a flat or home unit (71%). Investors tended to pay a lot more in repairs and maintenance where their investment was a block of flats or units.

Forty-two per cent of investors in a single flat/home unit paid between \$1 and \$1 000 on repairs and maintenance, while seven per cent of this group spent between \$2 000 and \$5 000. In contrast, investors with a block of flats or units as their latest investment had 33 per cent paying between \$1 and \$1 000 and 17 per cent paying between \$2 000 and \$5 000 in repairs and maintenance.

In general, the higher the weekly rent received from the most recently acquired rental property, the more that was spent on repairs and maintenance in 1992-93. The median rent for those properties where no money was spent on repairs and maintenance in 1992-93 was \$139 per week. This rose to \$169 per week for properties where \$5 000 or more was spent for repairs and maintenance. Over 20 per cent of investors who received \$228 or more per week in rent, reported repair and maintenance expenditure of \$2 000 or more. For those receiving between \$138 and \$227 in weekly rent, this proportion was about 12 per cent, while it was slightly lower again for those investors receiving rent of less than \$138 per week.

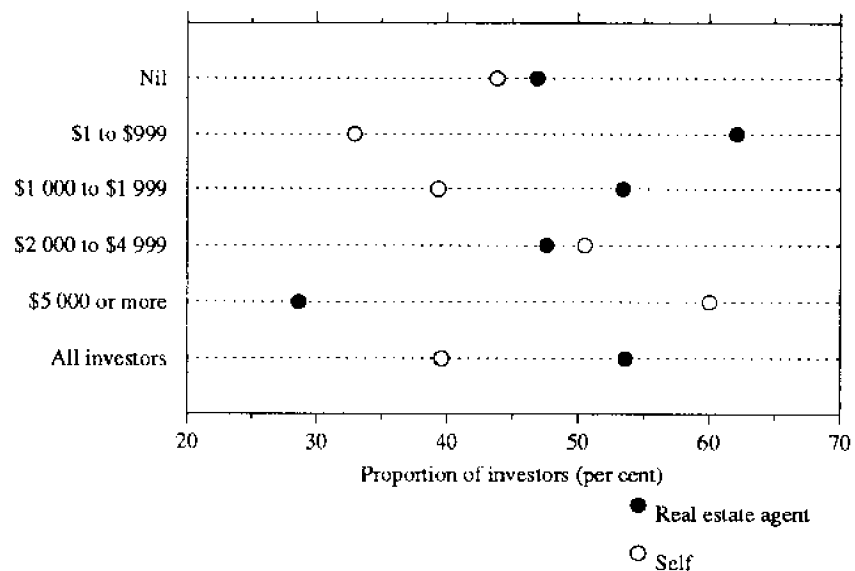
TABLE 4.7 RENTAL INVESTORS BY SHARE OF REPAIR AND MAINTENANCE EXPENDITURE BY TOTAL WEEKLY RENT RECEIVED FROM MOST RECENTLY ACQUIRED PROPERTY

Share of repair and maintenance expenditure	Total weekly rent					All investors	
	\$1 to \$107	\$108 to \$137	\$138 to \$167	\$168 to \$227	\$228 and over	Total	Median rent ^(a)
Nil ^(b)	32.6	33.0	— per cent —		20.9	28.9	dollars
\$1 to \$999	32.8	37.9	26.5	26.1	26.3	36.4	139
\$1 000 to \$1 999	11.3	11.1	41.4	39.7	13.3	11.0	145
\$2 000 to \$4 999	8.8	7.5	9.7	11.5	16.3	10.0	147
\$5 000 or more	2.3	* 1.5	10.6	9.8	5.5	2.3	155
Don't know	12.2	9.1	1.5	2.8	17.7	11.3	169
Total	100.0	100.0	100.0	100.0	100.0	100.0	145
<i>Number of investors</i>	<i>137.3</i>	<i>179.0</i>	— '000 —		<i>87.5</i>	<i>752.1</i>	<i>..</i>

(a) Includes those properties which are vacant and those rented out rent-free. (b) Includes some investors who did not own the property for the whole year 1992-93.

Investors who managed their own property were more likely to report higher amounts of expenditure on repairs and maintenance. Of the small number of investors who spent \$5 000 or more on repairs and maintenance in 1992-93, over 60 per cent managed their own property. Conversely, of the large number who spent less than \$1 000, over 60 per cent had their property in the hands of an agent. It should be noted however, that these proportions are likely to be heavily influenced by the type and location of the property.

CHART 4.3 PROPORTION OF RENTAL INVESTORS BY MANAGEMENT AND SHARE OF REPAIR AND MAINTENANCE EXPENDITURE FOR MOST RECENTLY ACQUIRED PROPERTY



EXPLANATORY NOTES

Introduction

The Survey of Rental Investors was conducted in July 1993 as a supplementary topic in the ABS monthly Population Survey. This supplement identified the following three sub-populations:

- people who currently own residential property for rent in Australia;
- people who sold residential rental property in Australia within the five years to July 1993; and
- people who intend to invest in residential property for rent in Australia in the two years following July 1993.

For these populations data were collected on demographic (such as sex, age, marital status, income) and other characteristics including reasons for investing in residential property, how they acquired their first property and characteristics of their most recently acquired property (see Appendix B).

Scope of the survey

Geographical areas

The survey covered both rural and urban areas in all States and Territories.

Dwellings

The survey covered persons in private dwellings only. Private dwellings are houses, flats, home units, garages, tents and any other structures used as private places of residence at the time of the survey. Persons in dwellings such as hotels, boarding houses, construction camps, caravan parks, etc. were excluded.

Persons

The survey did not cover the following people:

- certain diplomatic personnel of overseas governments customarily excluded from census and estimated populations;
- overseas residents in Australia;
- members of non-Australian defence forces (and their dependants) stationed in Australia;
- boarding school students;
- people in institutions such as hospitals, sanatoria, and inmates of jails, reformatories, etc.;
- people less than 18 years of age; and
- people aged 18 to 20 attending school full-time at time of interview.

After these people were excluded, the number of people in scope for the survey was estimated at 12 638 400.

Survey design

The survey was based on a multi-stage area sample of private dwellings, and covered about two-thirds of one per cent of the population of Australia.

The following tables show the total number of respondents and number of respondents who were current investors across States and Territories.

**JULY 1993 MONTHLY POPULATION SURVEY:
NUMBER OF RESPONDENTS**

<i>State or Territory</i>	<i>Capital city</i>	<i>Rest of State</i>	<i>Total</i>
NSW	9 361	4 183	13 544
Vic.	9 216	3 475	12 691
Qld	5 209	5 786	10 995
SA	5 603	1 744	7 347
WA	5 660	1 769	7 429
Tas.	1 765	2 575	4 340
NT	657	403	1 060
ACT	2 666	1 170	3 836
Australia	41 710	19 532	61 242

**JULY 1993 MONTHLY POPULATION SURVEY:
NUMBER OF RESPONDENTS WHO WERE
CURRENT INVESTORS**

<i>State or Territory</i>	<i>Number of current investors</i>
NSW	668
Vic.	668
Qld	717
SA	374
WA	471
Tas.	180
NT	79
ACT	208
Australia	3 365

Data collection method

Trained interviewers collected information in a personal interview with each resident aged 18 or over in the selected dwelling, with the exception of full-time school students aged 18 to 20. Those people who were identified as rental investors were asked a variety of questions about their reasons for investing and characteristics of their investments.

Reliability of estimates

The estimates provided in this publication are subject to two types of error.

Sampling error

This is the difference which would be expected between the estimate and the corresponding figure that would have been obtained from a collection based on the whole population, using the same questionnaires and procedures. A measure of the sampling error for a given estimate is provided by the standard error expressed as a percentage of the estimate (relative standard error). Appendix A contains a discussion of sampling error as well as giving details for calculating the relative standard error for selected estimates in this publication.

Non-sampling error

These errors can occur whether the estimates are derived from a sample or from a complete enumeration and are usually referred to as non-sampling errors. Three major sources of non-sampling error are:

- inability to obtain comprehensive data from all people included in the sample. These errors arise because of differences which exist between the characteristics of respondents and non-respondents;
- errors in reporting on the part of both respondents and interviewers. These reporting errors may arise through inappropriate wording of questions, misunderstanding of what data are required, inability or unwillingness to provide accurate information and mistakes in answers to questions; and
- errors arising during processing of the survey data. These processing errors may arise through mistakes in coding and data recording.

Non-sampling errors are difficult to measure in any collection. However, every effort was made to minimise these errors. In particular, the effect of the reporting and processing errors described above was minimised by careful questionnaire design, intensive training and supervision of interviewers, asking respondents to refer to records whenever possible and extensive editing and quality control checking at all stages of data processing.

Survey estimation and weighting procedures

Estimates derived from the survey are obtained by using a ratio estimation procedure, which ensures that the survey estimates conform to an independently estimated distribution of the population by area of residence, age and sex, rather than to the area of residence, age and sex within the sample itself.

Each person in the sample is assigned a 'weight' which takes into account the person's probability of selection in the sample from his/her region, with adjustment to account for under-enumeration at the age and sex level.

The 'weights' were further adjusted to reduce the bias introduced by varying levels of non-response in different sub-groups of the population.

Australian Bureau of Statistics publications

Other publications produced by the ABS which may be of interest include:

Directory of Housing Related Statistics, 2nd Edition (1118.0)

Housing Australia, A Statistical Overview (1320.0)

1991 Census - Census Characteristics. A separate publication is available for Australia and each State and Territory (2710.0 to 2710.8)

1991 Census - Social Atlases. A separate publication is available for each capital city (2840.1 to 2840.8)

Housing Occupancy and Costs, Australia, 1990 (4130.0)

Information Paper: Output from the 1990 Survey of Income and Housing Costs and Amenities (4136.0)

First Home Buyers, Australia, 1988-90 (4137.0)

Income Units, Australia, 1990 (6523.0)

Persons with Earned Income, Australia, 1990 (6546.0)

Housing Characteristics and Decisions, A Comparative Study of Sydney, Melbourne, Adelaide and Canberra, 1991 (8710.0)

The following compendium publications each contain a comprehensive chapter on housing:

Year Book, Australia (1301.0)

1991 Census - Australia in Profile (2821.0)

Social Indicators No. 5 (4101.0)

Women in Australia (4113.0)

All current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished data

There is a large volume of information available which could not be included in this publication for space reasons. Additional tables showing more detail and data items not included in this publication may be available on request. However, users should be aware that as the level of detail or disaggregation increases, the number of respondents contributing to data cells decreases, and so sample error increases. For further information please phone Guy de Cure in the Housing Statistics Unit, Australian Bureau of Statistics on (06) 252 5516.

Symbols and other usages

The following symbols, where shown in columns of figures or elsewhere in tables, mean:

. . . not applicable

n.a. not available

— indicates that no observations reflecting those characteristics were recorded in the survey

* estimates preceded by an * have a relative standard error of 30 per cent or more

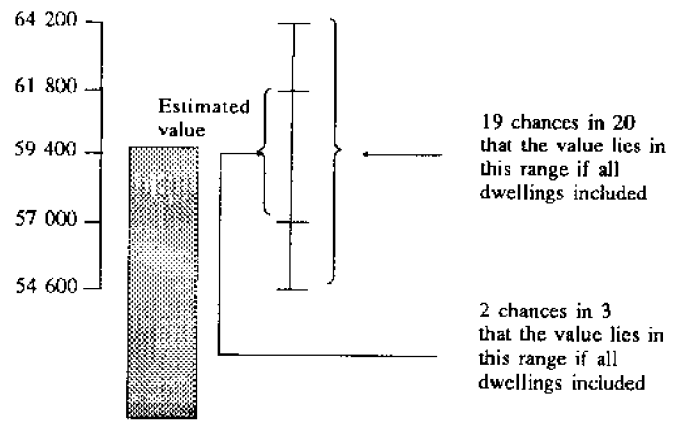
Where figures have been rounded, discrepancies may occur between sums of the component items and totals.



APPENDIX A

TECHNICAL NOTE ON SAMPLING VARIABILITY

Estimation procedure	Estimates derived from the survey were obtained by using a complex ratio estimation procedure which ensures that the survey estimates conform to an independently estimated distribution of the population by age and sex rather than to the age and sex distribution within the sample itself.
Reliability of the estimates	<p>Since the estimates in this publication are based on information obtained from occupants from a sample of dwellings they are subject to sampling variability; that is, they may differ from the figures that would have been produced if all dwellings had been included in the survey. One measure of the likely difference is given by the <i>standard error</i>, which indicates the extent to which an estimate might have varied by chance because only a sample of dwellings was included. There are about two chances in three that the sample estimate will differ by less than one standard error from the figure that would have been obtained if all dwellings had been included, and about nineteen chances in twenty that the difference will be less than two standard errors. Another measure of the likely difference is the <i>relative standard error</i>, which is obtained by expressing the standard error as a percentage of the estimate.</p> <p>Space does not allow for the separate indication of the standard errors of the estimates in this publication. Standard errors of estimates of population numbers (i.e. persons) can be obtained from Table A.</p>
Standard errors of population estimates	<p>The size of the standard error increases with the level of the estimate, so that the larger the estimate the larger the standard error. However, it should be noted that the larger the sampling estimate the smaller the standard error in percentage terms. Thus, larger sample estimates will be relatively more reliable than smaller estimates.</p> <p>As the standard errors in Table A show, <i>the smaller the estimates the higher the relative standard error</i>. Very small estimates are subject to such high standard errors (relative to the size of the estimate) as to detract seriously from their value for most reasonable uses. Only estimates with relative standard errors less than 30 per cent are considered sufficiently reliable for most statistical purposes. In this publication, estimates with relative standard errors of 30 per cent or more are preceded by an asterisk (*) to indicate that caution should be exercised in their use.</p>
An example of the calculation and use of standard error is as follows:	<p>From Table 3.3, the estimated number of current investors in South Australia is 59 400. From Table A we see that since the estimate is between 50 000 and 100 000 the standard error is between 2 250 and 2 900 because the estimate is based on South Australia residence only. To obtain the standard error for 59 400 we can interpolate. To do this we compare proportions between the size estimate range (in this case 50 000 to 100 000) and the corresponding standard error range (2 250 to 2 900). This turns out to be for every 1 000 beyond the size estimate of 50 000 for South Australia, the standard error increases by 13. Since 59 400 is 9 400 higher than 50 000 the standard error can be estimated by multiplying 9.4 by 13 and adding to 2 250. The result becomes 2 400 (to the nearest 100). Therefore there are about two chances in three that the number of current investors in South Australia would have fallen within the range 57 000 to 61 800 if all persons were included in the survey and about nineteen chances in twenty that the value would have fallen in the range 54 600 to 64 200. This example is illustrated in the following diagram.</p>



Standard errors of proportions and percentages

Proportions and percentages formed from the ratio of two estimates are also subject to sampling errors. The size of the error depends on the accuracy of both the numerator and the denominator. There are two types of ratios each with a different relative standard error formula.

For the first type of ratio the denominator is an estimate of the number of people in a grouping, while the numerator is either an estimate of some quantity for that grouping (a non-person estimate) or the number of people in a subgroup of the denominator group. The formula for this ratio is given below.

$$RSE\%(x/y) = \sqrt{[RSE\%(x)]^2 - [RSE\%(y)]^2}$$

from Table 1.3, 46.8 per cent of rental investors were married with no dependants. Since the estimate of all rental investors was 752 100, the estimate of rental investors who were married with no dependants was 351 983. Hence the 46.8 per cent estimate will have a relative standard error of

$$\begin{aligned} &= \sqrt{[RSE\%(351\ 983)]^2 - [RSE\%(752\ 100)]^2} \\ &= \sqrt{(2.2)^2 - (1.5)^2} \\ &= 1.6\% \end{aligned}$$

giving a standard error of 0.7 percentage points (1.6% of 46.8%).

Thus, there are two chances in three that the percentage of rental investors who were married with no dependants would have been in the range of 46.1 per cent to 47.5 per cent if all persons had been included in the survey. For nineteen chances in twenty the range would have been 45.4 per cent to 48.2 per cent.

The difference between survey estimates is also an estimate and is therefore subject to sampling variability. The standard error of the difference between two survey estimates depends on the standard errors of the original estimates and on the relationship (correlation) between the two original estimates. An approximate standard error of the difference between two estimates ($x - y$) may be calculated by the formula:

$$SE(x - y) = \sqrt{[SE(x)]^2 + [SE(y)]^2}$$

While this formula will only be exact for differences between separate and uncorrelated (unrelated) characteristics or sub populations, it is expected to provide a good approximation for all differences likely to be of interest.

From Table 1.1, there were 64 300 men aged 55 to 64 years, and 47 500 women aged 55 to 64 years who were rental investors. The difference between those figures is 16 800 which will have a standard error of

$$\begin{aligned} SE &= \sqrt{(3\,743)^2 + (3\,313)^2} \\ &= 5\,000 \text{ (to the nearest 100).} \end{aligned}$$

Thus there are about two chances in three that the difference between male and female rental investors aged 55 to 64 years would have been in the range 11 800 to 21 800 and nineteen chances in twenty that this difference is between 6 800 and 26 800.

TABLE A. STANDARD ERRORS OF ESTIMATES FOR RENTAL INVESTORS

Size of estimate	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Australia	
									Relative standard error (per cent)	
100	..	..	..	120	..	90	100	80	130	125.4
200	..	230	210	180	200	130	140	120	190	94.9
300	320	290	260	220	250	160	170	140	240	80.2
400	370	340	300	260	280	190	190	160	280	71.0
500	420	380	340	290	310	210	210	180	320	64.5
600	460	420	370	310	340	230	230	190	360	59.6
700	490	450	400	340	370	240	250	210	390	55.7
800	530	490	430	360	400	260	260	220	420	52.5
900	560	520	460	380	420	280	280	230	450	49.8
1,000	590	540	480	400	440	290	290	240	480	47.5
1,100	620	570	510	420	460	300	300	250	500	45.5
1,200	650	600	530	440	480	310	310	260	520	43.7
1,300	670	620	550	460	500	330	330	270	550	42.2
1,400	700	640	570	470	510	340	340	280	570	40.8
1,500	720	670	590	490	530	350	350	290	590	39.5
1,600	750	690	610	500	550	360	360	300	610	38.3
1,700	770	710	630	520	560	370	370	310	630	37.3
1,800	790	730	640	530	580	380	380	320	650	36.3
1,900	810	750	660	540	590	390	390	320	670	35.4
2,000	830	770	680	560	610	400	400	330	690	34.6
2,100	850	790	690	570	620	400	400	340	710	33.8
2,200	870	810	710	580	630	410	410	340	730	33.1
2,300	890	820	720	590	650	420	420	350	740	32.4
2,400	910	840	740	610	660	430	430	360	760	31.7
2,500	930	860	750	620	670	440	440	360	780	31.1
3,000	1,000	940	820	670	730	470	480	390	860	28.5
3,500	1,100	1,000	880	720	780	500	510	420	930	26.5
4,000	1,150	1,100	940	770	830	530	540	440	990	24.9
4,500	1,250	1,150	990	810	880	550	570	460	1,050	23.5
5,000	1,300	1,200	1,050	850	920	580	600	490	1,100	22.3
6,000	1,400	1,300	1,150	920	1,000	620	650	520	1,200	20.4
8,000	1,600	1,500	1,300	1,050	1,150	690	750	590	1,400	17.7
10,000	1,750	1,650	1,400	1,150	1,250	750	830	640	1,600	15.8
20,000	2,400	2,250	1,950	1,550	1,650	960	1,150	840	2,200	11.0
30,000	2,850	2,700	2,300	1,800	1,950	1,100	1,400	990	2,650	8.9
40,000	3,250	3,000	2,600	2,050	2,200	1,200	1,600	1,100	3,050	7.6
50,000	3,550	3,300	2,850	2,250	2,450	1,250	1,750	1,200	3,400	6.8
100,000	4,700	4,400	3,750	2,900	3,200	1,550	2,450	1,550	4,600	4.6
200,000	6,200	5,800	4,950	3,750	4,150	1,800	3,400	1,950	6,200	3.1
300,000	7,200	6,700	5,800	4,350	4,850	1,950	..	2,250	7,300	2.4
400,000	8,100	7,500	6,400	4,800	5,400	2,100	..	..	8,200	2.1
500,000	8,800	8,100	7,000	5,200	5,800	2,200	..	..	9,000	1.8
1,000,000	11,200	10,400	8,900	6,600	7,400	..	..	..	11,800	1.2
2,000,000	14,300	13,100	11,300	8,200	9,400	..	..	..	15,200	0.8
5,000,000	19,300	17,600	15,300	..	..	..	..	..	21,000	0.4
10,000,000	23,900	..	..	..	..	..	..	..	26,500	0.3
20,000,000	..	..	..	..	..	..	..	..	32,900	0.2

SPECIAL DATA SERVICE

DATA ITEMS COLLECTED IN THIS SURVEY

The ABS offers a range of unpublished data from this survey upon request.

This section specifies the data items, categories and populations which relate to the survey. More detailed breakdowns are available upon request.

The population(s) for a particular data item refers to persons in the survey to whom the data item relates.

Refer to the glossary (Appendix C) in this publication for definitions of terms.

POPULATIONS

POPULATION 1:	Current investors.
POPULATION 2:	Persons who have sold an investment property within the five years to July 1993. <ul style="list-style-type: none"> • Former investors. • Current investors.
POPULATION 3:	Intending investors (i.e. those who are intending to buy a rental dwelling within the two years following July 1993). <ul style="list-style-type: none"> • New investors. • Current investors.
POPULATION 4:	Current investors intending to sell a rental investment property within the two years following July 1993.

DATA ITEM	POPULATION	DATA ITEM	POPULATION
1 STATE OF USUAL RESIDENCE	ALL	5 FAMILY TYPE	ALL
New South Wales		Married couple only	
Victoria		Married couple with other relatives	
Queensland		Married couple with dependent children	
South Australia		Married couple with dependent children and other relatives	
Western Australia		Married couple with dependent children and non-dependent children	
Tasmania		Married couple with dependent children, non-dependent children and other relatives	
Northern Territory		Married children with non-dependent children	
Australian Capital Territory		Married couple with non-dependent children and other relatives	
2 AREA OF USUAL RESIDENCE	ALL	Single parent with dependent children	
Metropolitan		Single parent with dependent children and other relatives	
Non-metropolitan		Single parent with dependent children and non-dependent children	
3 SEX	ALL	Single parent with dependent children, non-dependent children and other relatives	
Male		Single parent with non-dependent children	
Female		Single parent with non-dependent children and other relatives	
4 MARITAL STATUS	ALL	Related single persons	
Married		Single person family	
De Facto		Unable to be determined	
Separated			
Divorced			
Widowed			
Never married			

DATA ITEM	POPULATION	DATA ITEM	POPULATION
6 HOUSEHOLD TYPE	ALL	9 COUNTRY OF BIRTH	ALL
Person living alone		Oceania	
One married/de facto couple with no other usual residents		Australia	
One married/de facto couple with unmarried children over 15, no other usual residents		New Zealand	
One married/de facto couple with children 0-14, no other usual residents		Europe and the former USSR	
One married/de facto couple with children 0-14 and unmarried children over 15, no other usual residents		United Kingdom and Ireland	
One person and his/her unmarried children over 15, no other usual residents		Germany	
One person and his/her children 0-14, no other usual residents		Netherlands	
One person and his/her children 0-14, and unmarried children over 15, no other usual residents		Italy	
All other households		Greece	
		Middle East and North Africa	
		Southeast Asia	
		Viet Nam	
		Malaysia	
		Northeast Asia	
		Hong Kong	
		Southern Asia	
		Africa (excluding North Africa)	
		Americas	
7 SOURCES OF INCOME	ALL	10 YEAR OF ARRIVAL	ALL
Wage and salary from an employer		Before 1986	
Wage and salary from own limited liability company		1986	
Government pension/benefit (including family allowance)		1987	
Income from own business or share in partnership		1988	
Investments (including income from rental properties)		1989	
Other sources		1990	
None of these		1991	
		1992	
		1993	
8 AMOUNT OF INCOME	ALL	11 AGE	ALL
(per week in ranges)		18-19	
Loss		20-24	
01 \$1 to \$79		25-29	
02 \$80 to \$159		30-34	
03 \$160 to \$239		35-39	
04 \$240 to \$319		40-44	
05 \$320 to \$399		45-49	
06 \$400 to \$479		50-54	
07 \$480 to \$559		55-59	
08 \$560 to \$639		60-64	
09 \$640 to \$719		65 and over	
10 \$720 to \$799			
11 \$800 to \$879		12 LEVEL OF HIGHEST POST	ALL
12 \$880 to \$959		SECONDARY QUALIFICATION	
13 \$960 to \$1 039		Higher School Certificate	
14 \$1 040 to \$1 119		Trade Certificate	
15 \$1 120 to \$1 199		Technician Certificate or Advanced Certificate	
16 \$1 200 to \$1 279		Certificate other than those above	
17 \$1 280 to \$1 359		Associate Diploma	
18 \$1 360 and over (Dollar amount available for this income group.)		Undergraduate Diploma	
		Bachelor Degree	
		Post-graduate Diploma	
		Masters Degree or Doctorate	

DATA ITEM	POPULATION	DATA ITEM	POPULATION
13 MAIN FIELD OF STUDY	ALL	18 REASONS FOR INVESTING	1, 4
Business or Administration		Secure long term investment	
Health		Income from rent	
Veterinary Science		Reduce taxable income by negative gearing	
Teaching and Education		Plan to return	
Arts, Humanities or Social Science		Possible future home	
Economics or Law		Potential for capital gain	
Science, Maths or Computing		Investing for retirement	
Engineering			
Surveying and Cartography		19 ANY SUBSEQUENT RENTAL INVESTMENT PROPERTIES	1, 4
Electrical or Automotive Trades		Yes	
Printing, Textiles or Clothing		No	
Architecture or Building			
Agriculture or Horticulture		20 AGE FIRST BECAME A LANDLORD	1, 4
Service Fields		Under 25	
14 LABOUR FORCE STATUS	ALL	25-34	
Employed		35-44	
Unemployed		45-54	
Not in labour force		55-64	
15 DWELLING TYPE OF FIRST RENTAL INVESTMENT PROPERTY	1, 4	65 and over	
Separate house		Not known	
Semi-detached/row or terrace house/townhouse		21 NUMBER OF RENTAL INVESTMENT PROPERTIES CURRENTLY OWNED	1, 4
Single flat		1	
Single unit		2	
Block of flats		3	
Block of units		4	
Other		5 or more	
16 YEAR FIRST RENTAL INVESTMENT PROPERTY FIRST RENTED OUT	1, 4	22 NUMBER OF RENTAL INVESTMENT PROPERTIES CURRENTLY MORTGAGED	1, 4
Before 1983		1	
1983		2	
1984		3	
1985		4	
1986		5 or more	
1987			
1988		23 DWELLING TYPE OF MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY	1, 4
1989		(see 15)	
1990		24 YEAR MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY FIRST RENTED OUT	1, 4
1991		(see 16)	
1992			
1993			
17 HOW FIRST RENTAL INVESTMENT PROPERTY ACQUIRED	1, 4		
Originally lived in that dwelling			
Bought property with loan or mortgage			
Bought property outright			
Inherited property			

DATA ITEM	POPULATION	DATA ITEM	POPULATION
13 MAIN FIELD OF STUDY	ALL	18 REASONS FOR INVESTING	1, 4
Business or Administration		Secure long term investment	
Health		Income from rent	
Veterinary Science		Reduce taxable income by negative gearing	
Teaching and Education		Plan to return	
Arts, Humanities or Social Science		Possible future home	
Economics or Law		Potential for capital gain	
Science, Maths or Computing		Investing for retirement	
Engineering			
Surveying and Cartography		19 ANY SUBSEQUENT RENTAL	1, 4
Electrical or Automotive Trades		INVESTMENT PROPERTIES	
Printing, Textiles or Clothing		Yes	
Architecture or Building		No	
Agriculture or Horticulture			
Service Fields		20 AGE FIRST BECAME	1, 4
		A LANDLORD	
14 LABOUR FORCE STATUS	ALL	Under 25	
Employed		25-34	
Unemployed		35-44	
Not in labour force		45-54	
		55-64	
15 DWELLING TYPE OF FIRST	1, 4	65 and over	
RENTAL INVESTMENT PROPERTY		Not known	
Separate house		21 NUMBER OF RENTAL	1, 4
Semi-detached/row or terrace		INVESTMENT PROPERTIES CURRENTLY	
house/townhouse		OWNED	
Single flat		1	
Single unit		2	
Block of flats		3	
Block of units		4	
Other		5 or more	
16 YEAR FIRST RENTAL	1, 4	22 NUMBER OF RENTAL	1, 4
INVESTMENT PROPERTY FIRST RENTED		INVESTMENT PROPERTIES CURRENTLY	
OUT		MORTGAGED	
Before 1983		1	
1983		2	
1984		3	
1985		4	
1986		5 or more	
1987			
1988		23 DWELLING TYPE OF MOST	1, 4
1989		RECENTLY ACQUIRED RENTAL	
1990		INVESTMENT PROPERTY	
1991		(see 15)	
1992		24 YEAR MOST RECENTLY	1, 4
1993		ACQUIRED RENTAL INVESTMENT	
17 HOW FIRST RENTAL	1, 4	PROPERTY FIRST RENTED OUT	
INVESTMENT PROPERTY ACQUIRED		(see 16)	
Originally lived in that dwelling			
Bought property with loan or mortgage			
Bought property outright			
Inherited property			

DATA ITEM	POPULATION	DATA ITEM	POPULATION
36 NET ANNUAL RETURN OF MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY	1, 4	39C LOCATION OF MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY (State)	1, 4
<i>Negative return</i>		New South Wales	
Less than -\$8 319		Victoria	
-\$8 319 to -\$4 160		Queensland	
-\$4 159 to -\$1		South Australia	
Break even		Western Australia	
<i>Positive return</i>		Tasmania	
\$1 to \$4 159		Northern Territory	
\$4 160 to \$8 319		Australian Capital Territory	
\$8 320 or more		Not known	
Don't know			
37 NUMBER OF BEDROOMS IN MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY	1, 4	40 INTENTION TO SELL MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY IN NEXT TWO YEARS	1
Bedsitter (if in block of flats)		Yes	
One bedroom		No	
Two bedrooms			
Three bedrooms		41 REASON FOR SELLING	4
Four or more bedrooms		Needed funds for family or business	
38 WEEKLY RENT ON MOST RECENTLY ACQUIRED RENTAL INVESTMENT	1, 4	To invest in sharemarket	
\$1 to \$107		Inadequate return on investment	
\$108 to \$137		To finance purchase elsewhere	
\$138 to \$167		To realise a capital gain	
\$168 to \$227		Can't afford to keep it	
\$228 and over		Divorce/separation	
Rent free		Other	
39A LOCATION OF MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY (Location of investment property relative to location of investor)	1, 4	42 INTENTION TO BUY PROPERTY IN NEXT TWO YEARS	1, 4
Same postcode as investor		Yes	
Same city or region as investor		No	
Same State or Territory as investor			
Outside State or Territory of investor		43 REASON FOR BUYING	3
Not known		Secure long term investment	
39B LOCATION OF MOST RECENTLY ACQUIRED RENTAL INVESTMENT PROPERTY (Metropolitan/Non-metropolitan)	1, 4	Reliable capital gain	
Metropolitan		Income from rent	
Non-metropolitan		Investment return better than sharemarket	
Not known		Reduce taxable income by negative gearing	
		Possible future home	
		Investing for retirement	
		Other	
		44 FACTORS CONSIDERED FOR INVESTING	ALL
		Capital gain	
		Rental vacancies	
		Interest rates	
		Alternative investments	
		Tenant's rights	
		Negative gearing	
		Depreciation allowance	
		Taxes or rates	
		None of the above	
		45 MOST IMPORTANT FACTOR CONSIDERED FOR INVESTING	ALL
		As for 44.	

DATA ITEM	POPULATION
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46	REASON FOR SELLING IF SOLD A RENTAL INVESTMENT PROPERTY IN THE PAST FIVE YEARS	2
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- Needed funds for family or business
- To invest in sharemarket
- Inadequate return on investment
- To finance purchase elsewhere
- To realise a capital gain
- Can't afford to keep it
- Divorce/separation
- Other

47	YEAR SOLD IF SOLD A RENTAL INVESTMENT PROPERTY IN THE PAST FIVE YEARS	2
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- 1988
- 1989
- 1990
- 1991
- 1992
- 1993

GLOSSARY

<i>Alternative investments</i>	Refers to the major alternatives for investment, for example, the share market, the money market and fixed-interest investments (certificates of deposit, government or semi-government bonds, and company debentures).
<i>Capital gain</i>	The profit from the sale of capital assets, in this publication the investment property.
<i>Current investor</i>	A person who, in July 1993, owned or owned a share in a residential rental investment property.
<i>Dependent child</i>	Person aged under 15, or full-time student aged 15 to 20 who has a parent/guardian in the household and is neither a spouse nor parent of anyone in the household.
<i>Depreciation allowance</i>	In July 1985, a four per cent per annum depreciation provision was granted to new rental dwelling construction with the aim of encouraging investment in the rental housing market. This was decreased to 2.5 per cent per annum for new rental dwellings commenced after September 1987, when the income tax advantage of negative gearing of rental property, which had been taken away in 1985, was reintroduced in 1987.
<i>Dwelling</i>	The suite of rooms in a building which provide the habitation for the household(s). The type of dwelling is determined according to the <i>Dwelling Structure Classification (DSC)</i> (1296.0).
<i>Dwelling structure</i>	Based on the <i>Dwelling Structure Classification (DSC)</i> (1296.0). The following categories are used in this publication: <ul style="list-style-type: none"> • separate house; • semi-detached/row or terrace house/townhouse; • single flat; • home unit; • block of flats; • block of units; • boarding house/caravan; and • other dwellings (c.g. flats attached to shops, offices, etc.).
<i>Educational attainment</i>	For the purposes of this survey people are classified to one of four categories: <ul style="list-style-type: none"> • <i>No post secondary qualifications</i> Persons who have not achieved any qualification since leaving school and those persons who never went to school. • <i>Trade certificate</i> Persons who have obtained a trade certificate. • <i>Other non-tertiary</i> Persons who hold an advanced trade certificate, technicians certificate, associate diploma, undergraduate diploma, or other non-tertiary qualification. • <i>Tertiary</i> Persons who have a bachelor degree or higher.
<i>Flat, unit</i>	Includes all <i>self-contained dwellings</i> in blocks of flats, units or apartments. These dwellings do not have their own private grounds and usually share a common entrance foyer or stairwell. This category includes houses converted into flats and flats attached to houses.
<i>Former investors</i>	Non-current investors who have disposed of a residential rental investment property within the last five years (prior to July 1993).

<i>Household</i>	Includes all residents of a dwelling who share <i>common facilities and meals</i> , or who consider themselves to be a household. It is possible for a dwelling to contain more than one household, for example where persons have separate catering arrangements or consider their households to be separate.
<i>Intending investors</i>	Includes current investors and non-current investors (new investors) who intend to invest in residential rental property within the next two years (following July 1993).
<i>Investors who have sold a property</i>	All investors who have sold a property within the last five years (prior to July 1993). This includes former investors, and investors who have sold a residential rental property but are still current investors.
<i>Location of investment property relative to location of investor</i>	Identifies how closely located the most recently acquired property is to the usual residence of the investor. Categories are: in the same postcode as the investor, in the same region (statistical division) as the investor, in the same State or Territory as the investor, outside the State or Territory of the investor and not known. Location categories are exclusive and property is classified to the closest level of relationship to investor location. For example, if a property is in the same postcode as the investor, it is not also classified as being in the same city or same State/Territory as the investor.
<i>Manager of a property</i>	The person responsible for the collection of rent, letting of property, maintenance and so on.
<i>Market value</i>	The estimated price a dwelling would fetch if sold on the open market. For a separate house this includes the value of land or property which is associated with the house. For other dwellings the value represents the dwelling and any environs which would normally be included if it were to be sold.
<i>Mortgage</i>	Money borrowed by an investor for the purchase of a dwelling and associated land.
<i>Negative gearing</i>	The term used to describe situations where mortgage interest payments and operating expenses exceed the income from the property and this "loss" is used to reduce the investor's taxable income. Negative gearing of residential rental property investment ceased for investments after 17 July 1985, but was reintroduced in 1987. See also <i>Depreciation allowance</i> .
<i>Net annual return</i>	The net profit or loss made on a property after all costs including mortgage repayments but not payment of principal have been paid. (This does not include any tax benefits or capital appreciation.)
<i>New investors</i>	Non-current investors who intend to invest in residential rental property in the next two years (following July 1993).
<i>Number of bedrooms</i>	The number of <i>rooms</i> defined as bedrooms on the dwelling plans or approval documents.
<i>Other dwelling</i>	Includes a caravan not in a caravan park, a houseboat not in a marina, improvised home or a house or flat attached to a shop. These dwellings often will not be self-contained.
<i>Ownership type</i>	Identifies whether an investor owns a property solely (i.e. as an individual) or jointly. Joint owners can own with a spouse/partner, with a relative who is not a spouse/partner, as a partner in a partnership, as a principal in a company or in some other form of joint ownership.
<i>Re-investors</i>	Current investors who intend to invest in an additional residential rental property in the next two years (following July 1993).
<i>Repairs and maintenance</i>	Any work done to replace or mend any part of the property. This excludes any task which substantially alters the structure of the property and which adds to the value of the property.

<i>Self-contained dwellings</i>	Dwellings that are a suite of rooms with <i>cooking and bathing facilities</i> as building fixtures.
<i>Share of market value</i>	Calculated by dividing the market value of the property by the investor's stated share of ownership of the property.
<i>Taxes or rates</i>	Refers to land taxes, water or general rates which are normally paid by the landlord, not the tenant. This term, in this publication, does not refer to income taxes and the effect of negative gearing on them.
<i>Tenants' rights</i>	These are documented in State and Territory landlord and tenant legislation.
<i>Type of dwelling</i>	See <i>Dwelling Structure</i> .



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