

House Prices Jump in the September Quarter!

Home prices are gaining excellent ground according to figures released by the Australian Bureau of Statistics. The September quarter saw the national average house price jump by 4.2%, which well exceeded analysts' expectations of a 3% gain. In the twelve months to September, Australian house prices increased by 6.2%, again higher than an expected increase of 4.3%. On a city by city basis, Melbourne led the way with a 4.7% increase, Brisbane followed with 4.4% and Sydney's prices grew by 4.3%. Darwin achieved 3.4%, Hobart 1.8% and Adelaide 1.7%. Growth is being recorded across all sectors, the affordable and middle ends, as well as the prestige property sector.

While that's very good news for home owners, especially those thinking about selling and perhaps upgrading to a bigger or better property, other market indicators also point to an actively strengthening property market. According to RP Data figures for September, properties are selling faster and vendors are discounting less on their asking price. The average level of discounting fell from 7% last year to just 5.4% this year, with vendors gaining the advantage while demand is far outstripping supply and competition remains tight. The average number of days on the market has also fallen, with the average Australian house now taking only 41 days to sell, compared to 53 days at the same time last year. National auction clearance rates remain strong at 70% as at early November, with the nation's two largest auction markets, Sydney and Melbourne, recording clearance rates of 73.5% and 76.1% respectively.

Recent interest rate rises will see first home buyers and low income earners feel the pinch most, according to RP Data, along with those who stretched the budget too thinly and didn't factor in inevitable rises after historically low rates. Financial markets are suggesting a cash rate of 4% in February and 4.75% by June 2010. If the banks follow suit, the average standard variable

rate will be about 6.8% and 7.55% respectively. As a point of comparison, variable mortgage rates have averaged 7.26% over the last ten years, so are still currently below the average.

Mortgage holders are advised to consider strategies, with their financial adviser or lending institution, for reducing the amount and longevity of their loan, while re-structuring budgets to accommodate current and future increases. Mortgage holders and outright home owners should also be encouraged by strong capital growth with predictions of strong continued growth ahead.

While the year starts drawing to a close, potential vendors are reminded that many of the preparations required for a successful sale can be undertaken now. This might include improving and preparing both the interior and exterior of your home (together with advice from your agent), establishing sales support and exploring marketing strategies with your agent, and basically preparing to hit the ground running with an attractively presented home, extensively marketed to potential buyers for the quickest and most successful sale. Remember too that houses do sell in December and January. In fact, having fewer properties on the market at any given time helps your property stand out more!



On behalf of management and staff at Professionals, we would like to wish you and your family the warmest regards for the holiday and festive season. May your Christmas and New Year be filled with prosperity, health and happiness. We would also like to thank our wonderful clients for their patronage. We look forward to assisting and supporting you further in your property endeavours in every possible way in the new year.



Ready To Invest? What's Best?

With house prices up and predictions of continued strong growth, investors are busy making the most of current opportunities. In addition to the lure of capital growth, investing in property also offers rental income, tax benefits, lower volatility than the share market, and high demand given everyone needs somewhere to live. In fact, with Australia's population surging, coupled with a severe housing shortage with no end in sight and record-low vacancy rates, demand looks set to increase even further. Purchasing an investment property is a decision that affects both your short and long-term security. As with any other important decision, it pays to do your homework.

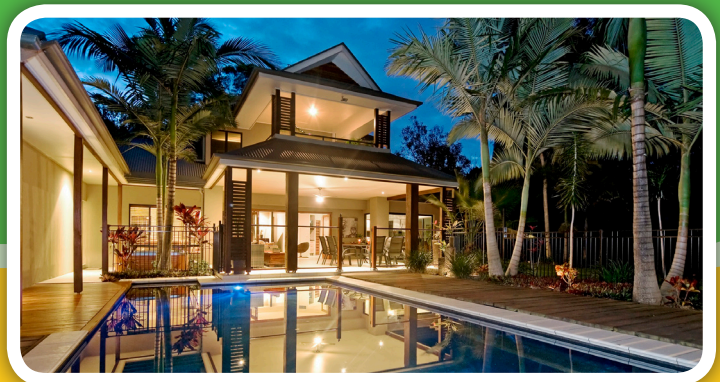
First and foremost, determine your goals, as this informs future decisions about the type and location of potential investment properties. Are you aiming to retire earlier or richer? What's your priority, capital growth or yield? Is your intention to top up current income or completely replace it? Your investment strategy also involves working out your borrowing capacity and choosing an affordable price point, with sound financial and tax advice both initially and throughout the life of your investment.

According to Rich Harvey, Managing Director of Property Buyer, some key elements to look for when selecting a property investment hotspot include: limited land supply for mass developments; large transport infrastructure projects; new and expanding industries; stable and rising employment; rising population; consistent rental demand (low vacancy); and areas experiencing urban renewal. Look for areas with a consistent trend in capital growth over time.

Such suburbs also usually offer good lifestyle appeal, proximity to the CBD, positioning along transport corridors, and access to good education and shopping facilities.

Your price point and investment strategy determines the type of property to invest in. Mr Harvey explains that houses have much larger land content and great capital growth potential, but lower yield and a higher maintenance requirement, while units generally have a higher yield and lower maintenance requirement (though you do pay strata fees). Townhouses sit somewhere in between. New properties provide greater levels of tax depreciation, higher rental returns, and lower maintenance, while older properties give investors the opportunity to buy at a lower price and renovate.

Those looking to start an investment portfolio, and those with an existing portfolio, are welcome to contact Professionals for both efficient day-to-day property management and sound advice and support over the long-term. While rent collection is an important part of the process, so too is overall asset management and growth for security into the future.



Tips for an Enviro-friendly Summer

With a hot Aussie summer upon us, now is a good time to re-think a few simple energy-saving strategies around the home and office. Even small steps help. They also help you keep cooler – especially when the energy bills arrive!

- Good insulation helps maintain a constant temperature. Under the Federal Government's Home Insulation Program, eligible applicants receive a maximum of \$1,200, which completely covers the cost of insulation in most households.

- Keep the sun out by closing windows, any external shading, and internal curtains and blinds in the morning. Seal gaps around windows and doors and use draught stoppers under doors. When the temperature has cooled, open everything and let the air flow through to encourage cross-ventilation.

- Use compact fluorescent globes and save up to 2,800 balloons of greenhouse gas a year. Whilst more expensive than incandescent light bulbs, they last up to 10 times longer and use less energy to produce the same amount of light.

- Clogged air filters reduce efficiency. Clean filters to help keep air conditioning working to their maximum efficiency.

- Turn the fan on instead of the air-conditioner. Fans move the air through the home or office, keep temperatures down, and use only a fraction of the electricity (and money) used to run an air conditioner.

- Set the thermostat to no less than 26°. For every degree you decrease the setting, expect to pay about an extra 15%!



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