



Professionals

news - January 2011

A Fresh Start to a Fresh New Year

With the global financial crisis largely behind us, Australia has on the whole, fared well. It was a year that saw the Australian property market not only remain resilient, but gain ground in all capital cities, particularly in the latter part of the year. Housing demand, a rising population and a severe shortage of available housing remains, and will for the foreseeable future given no immediate solution in sight.

Property listings traditionally increase in the new year after the holiday season, and despite rising interest rates, the market remains hungry for both sales and rental listings. Both vendors and investors are in the box seat, with the latter enjoying good yields, with weekly rents increasing nationally by 3.4% for houses and 4.1% for units for the year ending September 2009.

Vendors concerned that rising interest rates might lead to a softening in prices need to keep a basic principle in mind - the market is relative. That is, if selling for slightly less than expected, you can also expect to buy for slightly less, making the net changeover figure the same. On the other side of the coin, if prices are high, you're likely to sell your property for more – and pay more when you buy. Selling and buying in the same market generally procures the same net result.

Selling a home is a big step. While there are several things to keep in mind, including pricing your home realistically and presenting your home in its best possible light, vendors should also carefully consider how to best market their property to the right demographic. Did you know that, according to Nielson Online's Australian Property

Report (2008), nine out of ten people use the Internet to search for properties, resulting in 40% of inquiries being generated from online advertising? The rest comes from print advertising (27%), referrals (13%), walk-by's (9%), with the remaining 11% generated from various other sources.

Equally important, if not more important, is deciding who to entrust with the sale of your home. Doing a little homework will help you get a sense of the agency that's best for you. Speak to friends, family and members of your local community for their recommendations and experiences. Notice which agents are active in your area, both via sale boards and in terms of general community involvement. Explore the websites of companies of interest, as this gives you a good feel for their ethics and professionalism.

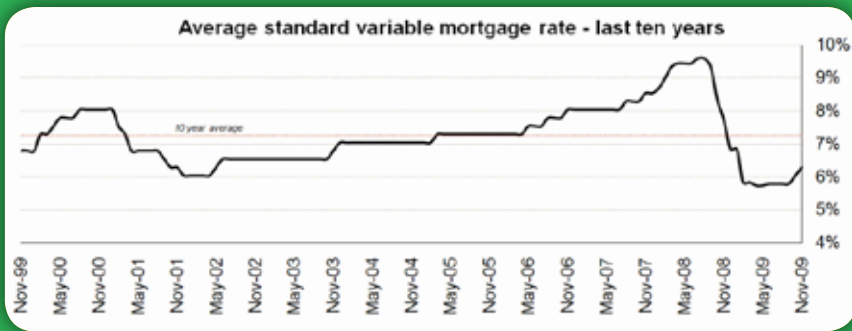
Notice the ambience in the office: are staff friendly, happy, obliging and professional? These attributes suggest a successful office. Meet with agents of interest and ask plenty of questions. Also request to see the advertising and marketing of similar properties and of course, the terms of appointment. Do not base your decision on commission rates alone. Lower rates can mean a lower level of service. After you have done your homework, make your decision based on the sum of your findings. Happy selling – and happy new year!



Hot Tip:

Discuss with prospective agents the sale method that best suits your home. The success of each method, whether private sale or auction, can vary according to the type of property, its location, and other factors. Each method has pros and cons to be considered in relation to your specific property and your specific goals.

Interest Rate Hikes – Keep The Bigger Picture in Sight



Don't react, adapt! While rising interest rates are a positive sign of a strengthening economy, current and prospective mortgage holders might be feeling the pressure. Now is a good time for a timely reminder to take a long-term perspective and avoid short-term, reactive and possibly stressful responses to further hikes which are inevitable over the life of your loan.

As the graph demonstrates, the RBA cash rate is still the lowest it's been for over 10 years, even after recent hikes. It also peaked at over 7% in 2008, while the banks' variable standard rate hit almost 10%. Interest rates, like the property market and the economy in general, experience peaks and troughs. To expect them to remain at a consistent level for any long period of time is unrealistic. Rather than calculating budgets based on

low rates (and with false sense of optimism), a wiser approach is to build interest rate rises into the budget over the long term. Not only are you then prepared for hikes, you're also in an optimal position should rates remain static or decrease, thereby giving you extra dollars to tip into your mortgage.

Paying above the required minimum shortens the amount and longevity of your loan, as does making lump sum, ad hoc payments, such as tax returns or work bonuses. So too, in most cases, does making payments more frequently, such as weekly or fortnightly. Yes, it looks easy on paper and while it's more difficult in reality, some forward planning, back-up strategies, and short-term sacrifices for the long-term gain go a long way towards relieving mortgage stress.

Outdoor Living & Entertaining Are You Decked Out?

Decking has become an increasingly important outdoor 'room' in Australian homes, allowing us to expand our living and entertaining space while making the most of the outdoors. A deck, especially one with distant views or even overlooking the garden, greatly enhances both the enjoyment, ambience and value of your home. Deck Master® recommends careful planning for the maximum enjoyment of your deck. Making changes after plans are drawn up and approved by your local authority is both frustrating and expensive. Here are a few starting points to think about:

- Consider what sort of activities your deck will accommodate, such as kiddies' play, family dining, entertaining, or barbecuing, as this will inform your design.
- Peruse house, garden and landscaping magazines for ideas, but bear in mind that simple designs are the least expensive.
- Consider access to the kitchen and perhaps bathroom facilities, along with the ambient flow-on effect from indoors to outdoors and vice versa.
- Work out how many people you're likely to accommodate at any one time. Deck Master® recommends as a starting point one square metre per person (standing), plus furniture and circulation spaces.
- Consider the size, with chairs pulled away from tables, of existing or anticipated outdoor furniture.
- Work out how the weather will affect your enjoyment of your decking. Will it be sunny in winter, shady in summer, and protected from wind? And what about privacy – both yours and that of your neighbours?
- You can draw a plan (to scale) of your deck or appoint a designer. You will need building approval, so consult your local building authority.

Reminder: Decking deteriorates over time, especially in coastal areas and if not adequately maintained. A deck, along with balconies, should be checked for deterioration at least once a year, especially if elevated.

