

PROPERTY NEWS

Ideas to help you when you're Buying or Selling

We're not like the U.S.!

'House prices in Australia unlikely to fall' agents say

SEE PAGE 3 FOR FULL DETAILS



Photo courtesy Mudgee Guardian

In this issue of Property News:

- UPDATE - the latest on the economic activity
- Local property market stable
- Investment strata property tips



www.thepropertyshop.com.au **6372 2222**

A letter from the Editor

Dear Reader

With most economists predicting more interest rate cuts next year, it is time to begin viewing the property market with a higher degree of confidence.

It's always difficult to pick the bottom of the property market cycle, however I believe the residential market has passed through the lowest point of the cycle. No doubt the commercial and industrial sector will follow.

There is greater confidence in the domestic economy now, following a collective agreement by world leaders on ways to combat the global financial crisis. Combined with ongoing falls in interest rates this should result in an upturn. This should in turn place renewed pressure on property price growth.

The damage done to the global economy by private hedge funds which used their power to play the stock markets is enormous. They were not regulated with the restrictions facing ordinary brokers and took management fees and up to 40 per cent of profits.

World leaders must learn serious lessons from this disastrous event. They must get rid of those politicians who perverted the mortgage lending market in the U.S. and the lax regulators who allowed the deliberate and immoral pillaging of the financial system.

No doubt the "fat cats" will have stashed their loot at the expense of millions of U.S. homeowners, share market investors and the world financial system.

Australia may see a slowing economy and there will be a crunch in more expensive property because incomes and lending will not be there to support the old values. Cheaper properties will be less affected.

I am confident our area has a bright future. Sure, some Australian property markets will see tough times, however I believe our market has bottomed. Now is the time to re-enter the market. That's exactly what the smart buyers are doing because they can see the growth potential in the area. Astute investors who have done proper research will be the big winners.

In the meantime, love where you live.

Hugh Bateman
Principal



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REIA welcomes interest rate cuts



What will the banks do?

The Real Estate Institute of Australia (REIA) has welcomed the latest interest rate cut by the Reserve Bank of Australia but warned it will be of little benefit unless it is passed on to consumers by the major banks.

"The Reserve Bank's unexpected decision to reduce the official interest rate by 100 basis points or one per cent will be a significant boost for the national economy and both existing and potential homeowners around the country," according to the REIA President Noel Dyett.

"However, attempts by the Reserve Bank to stimulate economic activity will mean little unless these reductions are passed on by the banks," Mr Dyett said.

"Given the strength and profitability of the Australian banks we call on them to

pass on the full rate reduction to provide stimulus to the economy and particularly for the property market to help keep the wheels of economic activity turning. The banks may need to trim their short term profitability but the benefit will be longer term returns from an active market," he said.

"A one per cent reduction in interest rates translates roughly into a saving of \$165 on average monthly loan repayments for a \$250,000 loan. This would be a very significant reduction for people who have been struggling with high interest rates during 2008."

Mr Dyett said that even though a reduction of \$165 a month would be significant the REIA urged borrowers to take the opportunity to use any surplus funds this created to further reduce debt.

"It is important to have the right balance between debt and spending," said Mr Dyett.

HOME BUYERS/INVESTORS PROPERTY SEMINAR

Speakers include:

Mr Ian Callow, Project Manager, Moolarben Mines

Mr Warwick Bennett, General Manager, Mid-Western Regional Council

Belinda Bunter, Refund Home Loans

For bookings phone Kathy or Toni on **6372 2222**

or email **reception@thepropertyshop.com.au**

by 5:00pm on Friday 14 November 2008

Limited seating available

Local property market stable

The Property Shop sees healthy future for house prices

The world's financial woes and how they will affect real estate in Australia remain on everyone's lips.

The Principal of The Property Shop Hugh Bateman told Property News there was a lot of speculation about the future of the country's house prices with some economists predicting periods of stagnation, while others were expecting growth and yet others were forecasting that prices could drop substantially.

"In some cities in Australia no doubt prices of some houses have reached extreme heights and in that respect, relative to incomes, some people have accumulated large debts," Hugh said.

"The U.S. housing market has been devastating to say the least, however there are some vast differences between the U.S. market and Australia's property scene. Australia simply does not have an excess supply of housing.

"The U.S. does have an excess and they built far more new homes than were required to meet demand. In Australia



we're quite the opposite. We don't have enough new dwellings to account for demand brought about by higher levels of immigration.

"In that regard, we don't have a large supply of existing homes for sale and are not succumbing to the downward slide in U.S. prices which has followed the massive bank foreclosures that have taken place there," Hugh said.

"Australia's mortgage lenders have been far less imprudent - there has been little use of the now infamous sub-prime type loans in Australia.

"Because there are far fewer homes in possession of mortgagees on the market in Australia than the U.S. there is far less pressure on house prices here. The bottom line is house prices only fall significantly if a host of property owners have to sell their homes and at whatever price they can get for them," he said.

"It's obvious in some areas that some homeowners cannot get the prices they want. Sometimes they have to settle for a little less than their expectations. Others who have no strong motivation to sell will have their properties on the market for longer."

Hugh said demographically the Mudgee region should remain buoyant.

"Provided unemployment in the area remains low so that homeowners can 'service' their mortgage repayments, the



number of homeowners selling should not exceed the number buying. This should avert a fall in house prices in the area.

"We would suggest that in our area there will be more employment opportunities with the construction and opening of the Moolarben Coal Mine and its associated industries. The opening of the Aldi store in Mudgee before Christmas and a brilliant spring in the area, offering prosperity to the agricultural sector are two other factors that should bolster the local economy," Hugh said.

The recent reductions in interest rates and the decision to double the First Home Owner Grant (FHOG) for existing homes to \$14,000 and triple the grant to \$21,000 for new homes will help minimise the risk of any sharp falls in house prices in Australia.

If you need advice about selling or buying real estate in Mudgee or the surrounding areas then contact The Property Shop. Hugh and his team of expert consultants will be only too happy to assist.

View properties for sale at www.thepropertyshop.com.au



Put it in the hands of The Property Shop!

Are you selling for the right price?

If you would like to sell your property please call our sales team on 6372 2222 and rest easy in the knowledge that our team of experts will look after you!



Hugh Bateman
Principal



Scott Fittler
Property Consultant



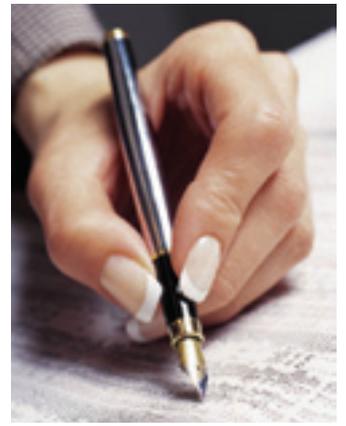
Damian Kearns
Property Consultant



Troy McKellar
Property Consultant

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BUYING STRATA PROPERTY



If you are thinking about purchasing an investment property governed by Strata Laws, what do you need to know?

What is a strata title property?

Owning a strata title means you have individual ownership of a dwelling within a block or multi-unit complex.

There are many forms of strata property including duplexes, triplexes, villas, townhouses and unit complexes which are all strata or survey-strata schemes.

Purchasing this type of property, means you become a joint owner of the common areas and share the responsibilities and liabilities with the other owners in the building.

The commonly owned areas in a strata title complex include those areas not divided or assigned to individual ownership.

For example driveways, gardens, visitor car parking bays, and facilities that are available to all owners such as gyms, laundries or entertainment and recreational areas.

A strata title building is managed by a body corporate who maintains the common areas on behalf of all the unit holders.

The body corporate arranges maintenance, organises meetings and

takes care of the daily financial affairs of the building and all unit owners automatically become members of the corporation.

What should you know before buying a strata property?

When purchasing a strata property, make sure you understand the operations and finances of the body corporate before signing the contract.

You need to find out what common areas you will own, what levies are charged by the strata company and what by-laws have been enforced by the complex.

It is also helpful to find out whether the other lots are owner-occupied or mainly tenanted, if there is a strata manager and whether the company has enough funds to cover the costs of the complex's maintenance.

This information should be given to you when you express your interest as a buyer.

Owning a unit will also allow you to voice your opinions and have a say on things affecting the corporation.

In most cases if you own one unit this equates to one vote.

What are some of the restrictions of owning a strata title property?

There are endless benefits of owning a strata title property, however because of the nature of the building, there are restrictions on renovations.

Before any work can be completed, all unit owners must gain permission from the body corporate.

Small changes like new carpet or a fresh coat of paint, usually do not need approval.

However, replacing the kitchen, knocking out walls or installing new window frames needs to be approved by the body corporate.

For external alterations or anything that dramatically transforms the overall appearance of the building, you will also need to consult the body corporate for their approval.

Most of the time, the approval of these changes is made by a majority vote by the unit holders.

If you would like to know more about buying a strata title property and what it involves, contact us today.



Put it in the hands of The Property Shop!

Want to rent your property?

Call us today on 6372 2222!



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The Property Shop Property Management staff are committed to protecting your investment and obtaining the best possible return. For an obligation free appraisal of your rental property contact us and we'll look after you.

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