

# PROPERTY NEWS

Ideas to help you when you're Buying or Selling

## Improving economy boosts confidence

### Strong demand by buyers strengthens market

**The Australian economy has proved to be in better shape than many of its critics expected and so has the property market, with The Property Shop again reporting strong sales across the board.**

According to the agency's Principal, Hugh Bateman, sales are continuing steadily as the market responds positively to the improving economic situation, low interest rates and the shortage of stock.

He told Property News the market had been buoyed by the news that Australia had technically escaped going into a recession during the March quarter.

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In this issue of Property News:

- Stimulus package for new home builders
- Positive reports lifts market
- Capital gains tax obligations for investors



[www.thepropertyshop.com.au](http://www.thepropertyshop.com.au) **6372 2222**

## A letter from the Editor

Dear Reader

Despite many thinking winter is notoriously slow in terms of real estate, our office has continued to make good sales during July (our best month ever).

Enquiry, particularly from outside the Mudgee area has increased substantially.

While we suspect many people are waiting until spring to list their property, when properties look their best, we are lacking in listings both in town and in the rural areas in all price brackets.

As a result of fewer property's coming on the market a number of qualified buyers have been unable to find properties to suit and are waiting for the right property to come on the market. Quite simply that property could be yours and by waiting until spring it may be a case of competing with the "other property's" that may also be listed then.

Demand for rental properties remains high with our property management listing and leasing a large number of properties during the month. The largest enquiry base is for 3 and 4 bedroom homes while some enquiry also exists for furnished apartments.

Given the number of sales and strong rental market, it would appear that we're off the bottom of the market. Now is the time to buy.

In the meantime,  
love where you live.  
Regards,

**Hugh Bateman**  
Principal



58 Market Street  
Mudgee NSW 2850

**phone:** 6372 2222

**fax:** 6372 4444

**email:** info@thepropertyshop.com.au

**web:** www.thepropertyshop.com.au

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# Stamp duty cuts will boost sales

## Property Council welcomes plan to kick-start building industry

**The Property Council of Australia has welcomed the Housing Construction Acceleration Plan (HCAP) handed down in the NSW State Budget, saying it will provide a much needed kick-start for residential construction, jobs and economic activity across the state.**

The plan will provide a 50 per cent cut in stamp duty for everybody, except first homebuyers, purchasing newly constructed dwellings valued up to \$600,000 between 1 July 2009 and 31 December 2009. It will be reviewed next December.

In a statement, the NSW executive director of the Property Council, Angus Nardi, said: "In the lead up to the budget we put forward our Kickstart NSW proposal prepared by BIS Schrapnel and argued for a one-year stamp duty exemption on all newly constructed dwellings valued up to \$1 million for the 2009-10 financial year.

"Our proposal highlighted a stimulus of almost \$1.8 billion in economic activity for a net cost to the budget of \$54 million," Mr Nardi said.

"Specific benefits included the construction of 8,000 additional new dwellings, supporting the creation of 16,000 jobs, easing the growing pressure on rents and encouraging investors back into the market.

"Although our proposal hasn't been adopted in full, we are pleased that in a tough budget environment the State Treasurer has acknowledged the importance of housing construction to the NSW economy and made this first move on a stimulus measure," he said.

**"The Treasurer has also left the door open for the future expansion of this measure and we will continue to highlight the benefits of our full proposal in the lead up to the December 2009 review," Mr Nardi added.**



# Positive news reports lifts market

## The Property Shop urgently needs more listings



"It's interesting that after all the claims by some pundits that house prices were set to fall in Australia by up to 20 per cent this year, a recent report in the Sydney Morning Herald (SMH) predicted that house prices could rise by as much as 22 per cent during the next three years.

"The newspaper quoted a report by BIS Shrapnel that conditions were ripe for a sustained recovery in residential property prices," Hugh said.

The Sydney Morning Herald quoted a BIS Shrapnel Senior Project Manager as

saying that at this stage, all of the action in the property market was occurring at the lower-priced end of the market. The manager said this was due to a surge in first homebuyer demand as a result of the Federal Government's First Home Owner Boost (FHOB) scheme and low interest rates.

BIS Shrapnel forecast there would be 180,000 first homebuyers in 2009 and that although first homebuyer demand was expected to ease after the expiry of the government's boost scheme at the end of 2009, vendors up grading to more expensive properties and investors were expected to take up the baton.

Hugh said demand had been so strong for properties, especially at the lower end of the market, that the agency urgently needed more listings.

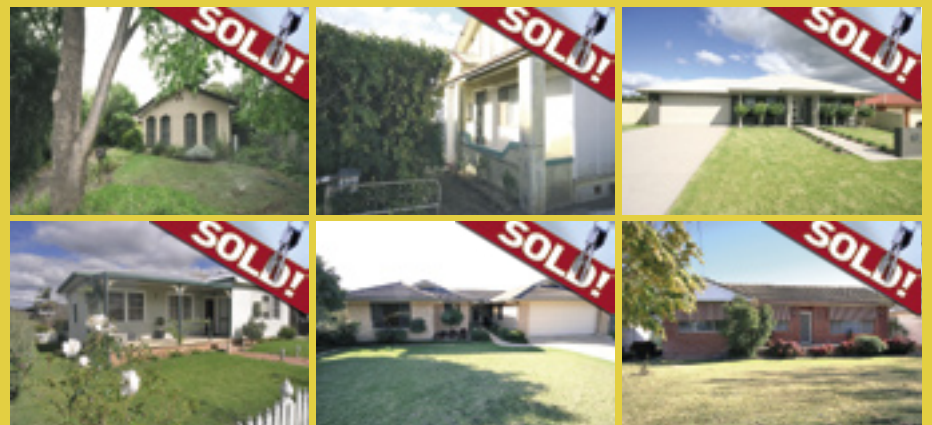
**If you are planning to sell your home, contact The Property Shop. Hugh and his expert team of consultants will give you an accurate appraisal of its value and the best way to market it.**

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"In difficult times like these both vendors and purchasers welcome any positive developments and the recent announcement by the Australian Bureau of Statistics (ABS) that Gross Domestic Product (GDP) grew by 0.4 per cent in the quarter was very encouraging," Hugh said.

"As a result of the ABS announcement, consumer confidence jumped in June. The Westpac-Melbourne Institute index of consumer sentiment rose 12.7 per cent to 100.1 points, which is a remarkable improvement.

## Some recent properties sold by The Property Shop



View properties for sale at [www.thepropertyshop.com.au](http://www.thepropertyshop.com.au)



*Working for you around the clock!*

# 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



**Lucas Sheppard**  
Property Consultant



**Damian Kearns**  
Property Consultant



**Troy McKellar**  
Property Consultant

[www.thepropertyshop.com.au](http://www.thepropertyshop.com.au)

# ATO targets...

## CAPITAL GAINS!

### Property investors must know their capital gains tax obligations

The Australian Taxation Office (ATO) will continue its focus on capital gains tax (CGT) this year as the number of people selling investments during the economic downturn is expected to grow.

Last year 1.1 million people reported more than \$14 billion in capital gains on their tax returns, mainly from the sale or disposal of shares and property.

This year the ATO will be writing to people who appear to have made capital gains and those who have purchased an investment such as property or shares or units in a managed fund to advise them of their obligations if they dispose of their assets.

**What is a capital gain?** A capital gain is generally the difference between the cost of an asset when you purchased it or what it was worth when you obtained it and its value when you dispose of it.

You most commonly have a capital gain to declare if you have sold or given away an asset. Assets which attract CGT include real estate, shares and units in managed funds and unit trusts. CGT may also apply to paintings, antiques and collectables such as coins or stamps.

You may be entitled to an exemption from CGT when you dispose of an asset acquired before 20 September 1985 or a property that is your home.

If you purchase or inherit an asset, or receive an asset as part of a divorce settlement or as a gift you may need to pay capital gains tax when you sell or otherwise dispose of it.

**What is a capital loss?** If you dispose of an asset that attracts CGT and make a loss, you may be entitled to claim a capital loss. You offset your capital losses against capital gains on other assets, reducing the overall amount of tax you must pay.

Capital losses from collectables can only be offset against capital gains from other collectables, not against capital gains made on other assets.

If you're unsure of your CGT obligations, read the CGT question in e-tax or TaxPack Supplement to help you complete your tax return correctly. The CGT module in e-tax can assist in calculating capital gains or losses for you.

Make sure you keep records when you purchase, acquire, sell or dispose of any asset which may attract CGT. Incomplete records may mean you end up paying more tax than you need to.

The records should show:

- the date you acquired the asset and its cost or market value;
- the date you disposed of the asset and what you received for it or its market value;
- costs associated with acquiring and selling the asset, such as stamp duty, commissions, advertising and legal fees;
- costs associated with holding the asset that are not tax deductible, including improvements, rates, land tax, insurance, repairs and interest on money borrowed to acquire the asset;
- all people, businesses or organisations involved in the transaction;
- market valuations if required;
- and records from the previous owner, particularly if the asset was inherited.

For more information visit the ATO's website, [www.ato.gov.au](http://www.ato.gov.au), or call 13 28 61.



*Working for you around the clock!*

## Want to rent your property?

Call us today on 6372 2222!



**June Lewis** Commercial/Strata Manager  
**Tony Bibb** Residential Property Management  
**Ray Peters** Residential Property Management  
**Jason Martin** Commercial/Strata Management

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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