

# PROPERTY NEWS

Ideas to help you when you're Buying or Selling

## WHAT'S AHEAD?

### Buyers' market forecast for 2011; while house price growth for Mudgee tipped



### State of the market!

#### What are the expectations for the real estate market in 2011?

Based on developments during 2010, property experts and analysts are tipping it could be a buyers' market across parts of Australia.

But it's not all gloom and doom for vendors, with the big picture suggesting that some house price growth is still probable, and that any falls are likely to be limited.

Australia wide, the latest RP Date/Rismark national house price index shows that national house prices increased 4.3% across the first 10 months of 2010.

Most of these gains occurred in the first half of the year. Since then, there has been a 0.7% fall in house prices across Australia.

While this decline is only slight, when combined with other factors it indicates the development of a buyers' market.

Research director for RP Data, Tim Lawless, said these factors included a rise from 39 to 48 days in the average selling time for homes sold by private sale, and an increase in average vendor discounts from 4.1% to 7.5%.

Also significant was the fact that auction clearance rates in capital cities were moving between 50% and 55%. This indicated that vendors still needed to adjust their price expectations for their properties.

**Continued on page 3 ►**

#### In this issue of Property News:

- Preparing your home just before the sale
- The state of the market for 2011
- Top tips on being a first-time landlord



## Letter from the Editor

Dear Readers

Seasonally, the 2010 year has been a huge contrast to that of 2009. Given 2009 was one of the driest years on record until 24 December when the heavens opened up, the differential is amazing.

The 2010 rainfall has almost met double our annual rainfall of 650mm. With Burrendong Dam at maximum capacity and Windamere rising, the basics are there for a very good start to 2011.

Australia is entering a very similar 2 level economy to that of 2007, promulgated by the mining boom. Locally, our economy of diversity in agriculture, tourism and a huge growth in mining will provide the 2011 Mudgee district with a massive boost.

The growth in the area is obvious and recently on attending the Mudgee Public School presentation day I learnt first hand of that growth. The school, one of 3 primary schools in Mudgee has a record 80 children attending kindergarten in 2011.

Now more than ever our Council as well as our Local and Federal Government representatives must lobby for more industry and tertiary education facilities in Mudgee to cater for a growing younger population. Too often we hear of regional centres such as Bathurst, Orange and Dubbo receiving handouts for Government facilities and education.

Now is the time to make that concerted effort to provide our younger fraternity with opportunities in the district. How good would it be to have an extension of one of the universities based in Mudgee to provide courses that can also be utilised in employment in the area.

Let 2011 be a year to consider our youth and make provision for our future. There's the challenge.

Enjoy a healthy New Year. In the meantime... love where you live.

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# The FINAL Checklist

When you can  
tick all the boxes,  
your home is ready  
for sale

There's nothing like a list to provide motivation.

And when you're about to sell a home, you need that list more than ever to get things done and give your home that special 'Wow!' factor before prospective buyers start knocking on the door.

Make it easy for yourself. Divide the list into two parts, under the headings "Exterior" and "Interior", and decide which areas within each of those two parts needs attention. Once you've done that, arrange for someone to do the work or, if you have the expertise, do it yourself.

Then tick the relevant box. And pat yourself on the back for a job well done!

**With both exterior and interior in order you can now open your home for inspection, confident that you have done everything you can to make it appealing to prospective buyers.**

## Exterior

- Repair or replace any fencing that is old or damaged.
- Make sure your garden and lawns are tidy.
- Check gutters, gables, eaves and downpipes and replace any that are rusting or need repair. If lookers come on a rainy day, you don't want them to see water pouring through holes in the guttering.
- Paint or replace your letterbox.
- Replace any torn or shabby window screens.
- Spruce up your front door or treat your house to a new one.
- With these things done, the exterior of your home should have that special sparkle that will attract buyers inside.

## Interior

- Tidy up the interior and remove any items that you don't need. While you want it to look like a home, clear surfaces help people to imagine their own belongings there.
- If your home is overcrowded with furniture, think about putting some into storage while the house is on the market.
- Keep your windows clean and replace any old or shabby window dressing such as curtains and blinds.
- Make sure all your light bulbs are in working order. A non-working light can arouse doubts about the general condition of the home.
- Have your carpets cleaned regularly. As well as looking better they will smell fresh.
- If you can have the interior painted, this also creates a fresh look. As long as you choose acceptable colours, preferably neutral, this will also reassure people that they will not have to worry about painting immediately.

# The big picture for 2011

Property experts predict a buyers' market but price falls are likely to be limited



► Continued from page 1

Also favouring buyers and making it easier for them to negotiate is the increase in stock levels. In some areas like Mudgee, stock levels are reducing and thus demand is actually overtaking supply.

**Looking specifically at New South Wales, a Westpac overview of the property market between 2010 and 2012 predicts that the improving economy will drive market activity.**

"The fear for the property market was that employment levels would fall, reducing the need for commercial property and also placing pressure on demand for residential," said Westpac's Outlook

for Australian Property Markets 2010 executive summary.

"The result of a healthier than expected economy and job market was a better than expected outcome for property. While vacancies still rose and values fell, the extent was not as severe as expected," the report said.

Tim Lawless said the experiences of the past suggested that throughout Australia price falls would be limited and that modest house price growth would occur. He pointed to the fact that, after the property boom of 2000 - 2003, values "bounced along" and rose just 4.7% between December 2003 - December

2005 even though unemployment was higher than it is now. In 2011, expected employment growth and strong household income should help to take the edge off interest rate rises and prevent any material decline in prices, he said.

**Dour economists aside, the market experience is that investors encouraged by low vacancy rates in both the commercial and residential markets are steadily returning to the market prompted particularly by the promise chronic shortages of new stock will keep rental returns high.**

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2010 Winner:



**Hugh Bateman**  
Principal



**Lucas Sheppard**  
Property Consultant



**Damian Kearns**  
Property Consultant



**Peter Vanags**  
Property Consultant

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# Top tips for first-time property investors

Planning, research and good management will help you to enjoy your investment

## The purchase of your first investment property marks an exciting new financial phase in your life.

It may also cause some butterflies as you venture into this unfamiliar territory.

As with any first-term venture you may well encounter some problems but here are some tips that should help you to avoid, or at least reduce, some of the issues associated with being a landlord.



### Screen tenants

Check their details carefully and contact their referees and former property managers. It takes time but it helps to ensure your property is in good hands.



### Watch the money

Don't let tenants get behind with payments or you'll set an unfortunate precedent and find yourself out of pocket. If payments are late take immediate action to show you mean business.



### Insure yourself

A landlord insurance policy can cover you against potentially expensive payouts and loss of rental income. Among its benefits is the protection it can provide if tenants damage your property.



### Do your sums

Rental income yields are below home loan interest rates, so make sure you can cover the interest cost differential. Other expenses could include council, land and water rates, and maintenance.



### Plan for a rainy day

As well as planning financially for the expected, you need to anticipate and provide for the unexpected, such as an unplanned vacancy or a sudden interest rate rise.



### Put things right

Failure to attend to maintenance issues could prove a legal liability risk for you if tenants are injured. Have repairs done as quickly as possible, and keep an eye on general maintenance.



### Keep your distance

Resist any temptation to become your tenant's new best friend; otherwise it could be difficult to take action if issues arise. This is a business relationship and should stay that way.



### Inspect regularly

A minor maintenance problem now could become a costly repair job in the future. Regular inspections by you or your property manager can save a lot of time and trouble.



### Don't be greedy

If you try to squeeze every last dollar of rental income from your tenants, you might lose them. This could result in a vacancy that can be more expensive than taking less in rent.



### Consider delegating

Many people dream of owning investment properties but don't want the work of managing them. In that case, for a small percentage of the rental income it's worth appointing a property manager with time and expertise to look after your investment.



*Our award winning Property Management team*

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on 6372 2222!



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