

PROPERTY NEWS

Ideas to help you when you're Buying or Selling

Strike while the iron is hot!

Property investors can benefit from need for rental homes



For full details

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In this issue of Property News:

- First impressions can make all the difference
- Strong demand for accommodation
- Does your property pass the water efficiency test?



www.thepropertyshop.com.au

6372 2222

Letter from the Editor

Dear Reader

There's an old saying, particularly within share market circles of 'buy on the rumour, sell on the fact'.

For months we have been talking about the huge growth anticipated in existing mining facilities at Ulan, Moolarben and Wilpinjong. The massive expansions of these mines together with the proposed gas power station at Wollar have tremendous population impacts within the shire. Predictions of population increases from 5000 to 7500 in the next five years will place this region as one of the State's fastest growing regions.

Already the impact is starting to show with vast sales of residential real estate and small farmlets in the region. This indeed is just the very beginning. Mudgee is already recognised by one large institution as a "hot spot" to invest.

It is interesting to note that there is a renewed interest by investors, builders and developers from metropolitan and interstate. So the question is, "As a local, as an investor, can you see the potential growth in the area?"

If ever there was a time to invest in real estate, it is now. As I have said, the realities of the mining boom in the Mudgee region are now coming home to roost. It is still not too late - the market definitely won't get cheaper and investment in real estate in the area can only provide you with an "upside".

Enjoy this month's newsletter at the beginning of our winter.

In the meantime ... love where you live!

Regards

Hugh Bateman
Principal



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Setting the Stage

First impressions can make all the difference as to whether the "For Sale" sign in front of your house becomes a "Sold" sign after an inspection.

For that reason you need to set the stage for purchasers, so that they can imagine themselves living there.

This is where some home staging tips can help you and give you a more competitive edge in the market.

"Home staging" refers to the knack of preparing a house for sale so that it still looks attractive and comfortable but doesn't have such a strong personal stamp on it that potential buyers feel they wouldn't belong there.

That doesn't mean launching into expensive interior decorating. In fact, home staging is really the opposite. While interior decorating involves dressing up a house so that it has personal meaning for the owners and reflects their own tastes and interests, home staging refers to removing the strongly personal element from a home while helping it to appeal to the broadest possible range of buyers.

In addition to the usual preparation for sale, such as keeping the home clean and tidy, and ensuring there is as much light and air as possible, home staging involves two main points of action.

DECLUTTER

This refers to removing your 'personal footprint' as much as possible. If you have lots of family photographs, ornaments, souvenirs, children's drawings and such things throughout the house, take most of them away. Sporting trophies, personal hobby materials and most of your books can be stored in boxes until you set up in your new home. If you've turned the study into a craft room, clear it up and turn it back into a study while the house is on the market.

CREATE SPACE

This is another form of decluttering but relates to the interiors of drawers, cupboards and any other type of storage you have. People often look in cupboards when inspecting a home and if they find them filled to bursting they will assume there is not enough storage space. Give things away, sell them or store them elsewhere, so that you have well presented cupboards and even a few empty shelves here and there. Don't put everything in the garage either - prospective buyers need to see the space it provides.



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Sunday

8am - 12pm

Strong demand for accommodation



Low vacancy rates help investors to achieve top returns on properties

How is the current rental market affecting property investors?

It's a good question and the answer is highly encouraging.

It relates to the shortage of rental properties as highlighted in recent media articles and the fact that population growth is outstripping construction and investment.

As The Property Shop principal, Hugh Bateman agrees, this is not surprising, given that Australia's resident population is expected to top 22,608,000 this month.

While that's the big picture, Hugh is aware that investors want to know just how this situation is impacting locally in the rental market.

"It is here that the knowledge of a local Property Manager can be beneficial," he said.

Property management is a speciality of The Property Shop which has a large number of properties under management. During April alone the agency leased 15 rental properties and finished the month with only four vacant properties.

Average rent for April was \$395 per week.

"To put this into perspective," said Hugh, "in recent years the vacancy rates have varied from three to five per cent, with the higher vacancy rates occurring in the winter months. The reason for increased vacancy in the cooler months seems to

relate to lettings becoming available after a six to nine month lease.

"The lower vacancy rates are creating increased competition for homes and are helping investors achieve the best rental returns on their investment that we have seen for the past decade. It is not uncommon for investors to receive a five per cent annual return on their asset."

Hugh said some investors were achieving an even better return. For example, on a purchase price of \$400,000 the average rental return is \$450 per week.

At the same time, he reminded investors that the weekly rental return is only one consideration in assessing a property's value as an investment.

"It is not uncommon, in a strong rental market, for owners to become over-zealous with the asking price on their property, potentially causing extended vacancy periods," he said.

"For example, if the weekly rent is \$300 then the annual return is \$15,600.

If the property is vacant for four weeks in a year it reduces the annual return by \$1,200 to \$14,400. This means the landlord is averaging only \$276 a week over 12 months.

"The lesson to be learned here is that achieving a high rent price at the expense of a prolonged vacancy period can cost rather than make money in the long run.

"Thorough screening of tenants is also essential to ensure your investment property will be cared for."

For expert advice on property management contact The Property Shop's property managers, Bernice Offner and Graeme Kurtz, on 6372 2222.

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



2011 Winner:



Hugh Bateman
Principal



Lucas Sheppard
Property Consultant



Damian Kearns
Property Consultant



Peter Vanags
Property Consultant



Like us on Facebook at The Property Shop Mudgee

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!

Australasian
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www.thepropertyshop.com.au

Can you charge tenants for their water usage?



**Make sure
your property
passes the new
water efficiency test**

As a landlord, you need to be sure that you are getting the best possible financial return from your investment property.

Passing on water charges to your tenants is one way to help your finances, but first you need to be sure that all minimum criteria have been met.

These criteria include:

The rental premises must be individually metered (or have water delivered by vehicle, such as those with water tanks on rural properties)

The charges must not exceed the amount billed for water usage by the supplier.

The rental premises must meet required 'water efficiency' standards.

If you are entering a new tenancy agreement from January 31 2011, you must ensure your rented property is water efficient in order to pass on the charges. For all tenancies in place before this date, you have 12 months to make the premises water efficient. You will be able to continue to charge existing tenants for water usage during this transitional period even if the premises are not water efficient. From 31 January 2012, you will need to ensure the premises are water efficient if you wish to continue charging the tenant directly for water usage.

A rental property is considered water efficient if:

Showerheads and internal cold water taps and single mixer taps for kitchen sinks and bathroom hand basins have a maximum flow rate of nine litres per minute

There are no leaking taps anywhere on the premises at the start of the tenancy or when the other water efficiency measures are installed.

If you are not sure whether your existing taps and showerheads meet the required standards, you can carry out a simple test with a bucket and stop watch to check if the flow rate, when fully turned on, is less than nine litres a minute.

For any water fixture made from 2005 onwards, a Water Efficiency Labelling and Standards (WELS) rating of three stars or higher indicates a maximum flow rate of nine litres per minute.

When seeking reimbursement from a tenant for water charges, you must do this within three months of getting the bill and give the tenant 21 days to pay. You must also give the tenant a copy of the part of the water bill setting out the water usage charges or some other evidence showing how you calculate how much they owe you.

For more information about claiming water charges from a tenant, contact Fair Trading on 133 220 or visit the web site at www.fairtrading.nsw.gov.au



*Our award winning
Property Management team*

Want to rent your property?

**Call us today
on 6372 2222!**



June Lewis
Commercial/
Strata Manager



Graeme Kurtz
Residential Property
Management



Bernice Offner
Residential Property
Management



Ray Peters
Residential Property
Management

The Property Shop Property Management staff are committed to protecting your investment and obtaining the best possible return. Please feel most welcome to contact us for an obligation free appraisal of your rental property..

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