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Welcome to the monthly Property Profile Group newsletter!

As Australia's strongest and most dynamic collection of independent real estate agencies, we publish this newsletter to inform and excite readers about the property market. Included are articles, facts and figures on industry news and helpful property-related hints and tips. As always, we value your feedback, so please be in touch with any ideas and suggestions.



Make the most of your home equity

Have you heard about home equity loans, but aren't sure what they are?

Most people's biggest asset is the family home. As the years pass, your mortgage is paid down and the value of your home increases. This increased value, minus your loan balance, is called your home equity.

Banks are able to lend you money using your home equity as collateral for the loan so that you can access that value to do other things. You might decide to renovate your home or update the kitchen. Some people use the equity in their homes to fund wealth building ventures, for example, they might purchase an investment property or to invest in the share market. The idea behind a home equity loan is that you are able to redraw your own money out of your equity to use however you choose.

Home equity loans are also called a "line of credit". The bank will assess the value of your home and they'll look at what you already owe to determine how much equity you have in your home. You're allowed to borrow a certain percentage of that equity value to use however you please.

The loan portion is set up as a revolving line of credit, which means if you choose not to spend the money available in your home equity loan, you will pay no repayments. This is because your repayments are calculated as being interest only on the amount you've spent. The more you spend, the higher the interest payments will be at the end of each month.

Your home equity loan repayments cover only the interest that's being charged. If you never make any extra repayments, you'll quickly see that your loan balance isn't reducing at all. By making any extra payments off your home equity loan, you're not only reducing your debt, but you'll also be reducing your monthly interest payments at the same time.

A financial advisor is the right person to speak to regarding a home equity loan.



Shining lights

With Hollywood glamour making an ardent return to the decorating stage, spot globes or down lights are giving way to a range of eye-catching lighting options from opulent chandeliers to modern industrial-look pendants and shades. Long gone is the old "oyster" light shade with a fluorescent tube; now we embrace a wide range of intricate structures that add a premiere touch to all areas of the home — from a bold bedroom to a stunning dining setting.

Specialist lighting stores stock traditional styles of lighting for understated glamour, through dramatic, chrome structures with crystal-look glass, and mother-of-pearl [To page 2](#)

From page 1 pendant shades. To really get dinner guests talking, try a huge woven cane ball in black or white hung over the dining room table — just above eye height. For the contemporary warehouse or apartment, there are a great range of shapes and sizes in chrome or try a multi-pendant “crystal” concept. Price depends largely on materials and naturally, the sky is the limit. Yet, non-Hollywood homemakers are far from priced out of the market. Contemporary pendant designs start from around \$200 while chandeliers can cost anywhere from \$300–\$3000.

Which bulb should you use? Sustainable options include low-energy globes which last longer and use less energy, but traditionalists will most likely opt for regular incandescent globes that emit a softer, gentler light.

The purpose of a Property Valuation

Independent property valuations are useful for many different purposes. The main reason a valuation is requested is for mortgage finance security. Money lenders — mainly banks, will request a valuation on a property before settlement is finalised.

Other important reasons why property valuations are requested are listed below:

- In order for vendors to set the reserve price at auction (being informed about the true market value of your property is critical for a positive outcome)
- For site identification and negotiation for property buyers
- To determine replacement value for insurance purposes
- Rental assessments, reviews and determinations for all commercial/industrial property types
- Advice on lease terms and conditions
- Deceased estates
- Family law issues including matrimonial settlement and litigation matters
- Meeting Taxation Department requirements i.e. capital gains tax, margin scheme, stamp duty and replacement cost valuations for accounting depreciation purposes.
- For accounting/balance sheet requirements
- When objecting to rating and taxation valuations
- For assessment of compensation for compulsory acquisition
- Development feasibility analysis.

A Certified Practising Valuer typically conducts a full inspection of the nominated property, carries out research and analysis into the local market and provides a detailed report including information and commentary on issues affecting the current market value of the property.



The cost of a property valuation can vary depending on how in-depth the valuation is and what kind of property is being valued. However, a residential valuation is unlikely to cost more than \$400–\$500 and should not take more than five working days to complete.

For more information regarding property valuations visit: www.vic.gov.au/property-planning/real-estate-property/property-valuations.html

Maximising your property's value

Adding value to a property does not necessarily mean a major renovation. There are many economical and clever ways to improve the overall appearance and add value at the same time.

Emphasising the front door and entrance is a fast and smart way to add appeal and value to a property.

This particularly applies to property owners planning to sell their home. By simply updating doorway furniture and the entrance mat, owners send a message that their home is up-to-date and well maintained before anyone even crosses the threshold.

Painting the inside of a house or apartment can immediately lift the mood of a room and freshen up the entire place. It's also relatively inexpensive. Updating floors is another way to quickly revive the interior. Polishing floor boards creates instant appeal even if it's only in the entrance and hallways. Professionally cleaning or replacing well worn carpets in other areas of the house or apartment is also a sensible idea. Landlords who spend money updating walls and floors will always recoup their expenses in healthy rental income and all improvements are tax deductible. It's a good idea to paint the rooms of an investment property every time it is re-let.

Making over the kitchen and bathroom/s can be a bigger job but definitely money well spent. New cupboards and a shiny new benchtop can modernise a kitchen whilst a new toilet, sink and taps will make an old bathroom sparkle. Sticking to neutral colours and designs that appeal to many tastes and that won't date too quickly is the level-headed approach. Vendors, investors and all home owners will benefit from this kind of renovation if the current kitchen and bathrooms are tired and outdated.

Other ways to add immediate value to a home or investment property includes landscaping the garden, installing energy saving appliances such as a solar hot water system or a rain water tank and updating window coverings.

