



**Rebecca Dunn**  
**CEO, PROPERTY PROFILE GROUP**

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.



## Rental market update

The rental market in Melbourne is one of the tightest in Australia. The most recent Real Estate Institute of Victoria (REIV) figures (September 2010) reveal the Metropolitan Melbourne rental market tightened slightly from the previous quarter, with a vacancy rate of 1.4 per cent.

Two of the three areas of Melbourne experienced the largest movement. Vacancy rates in inner-Melbourne (0–10km from the CBD) eased to 1.4 per cent in September from 0.9 per cent in June. The middle-Melbourne (10–20km from the CBD) rate tightened slightly to 1.8 per cent from 2.0 per cent, while the outer-Melbourne (>20km from CBD) rate tightened to 0.7 per cent from 0.8 per cent in June.

Overall, this represents very little change from last quarter (June 2010) but is more favourable for tenants than 12 months ago when we experienced the tightest rental market in more than 10 years.

Several interest rate rises in 2010 are yet to flow through to quarterly rental market data, but are already producing some buyer caution in the property sales market. This can often push would-be first home owners back into the rental market where supply of quality stock is already low. Demand can once again spike and vacancy rates are squeezed even tighter.

The median weekly rent across Melbourne for a two bedroom unit or apartment was recorded at \$340/week. For a three bedroom house, the median rent is \$330. These figures are up 6% and 10% respectively on median rents at the same time last year revealing steady growth well above inflation rates.

Looking at the next level of detail, not surprisingly, the highest rents are being paid for four bedroom houses in inner-Melbourne (0–10km from the CBD) with a median income of \$745 per week — this is slightly down on 12 months ago.

Investors will have taken note of the recent proposed stamp duty changes announced by the two major state government parties. Not only will a reduction to Victoria's stamp duty costs (which are the highest in Australia) help ensure home ownership is more affordable, but will also attract more investors back into the market and eventually increase the number of rental properties available.



## Finance: Big is not always better

Australia's major banks hold approximately 75–80 per cent of all mortgage customers. However, with more than 100 lenders all vying for business, there's certainly no shortage of choice.

While the big banks dominate the home loan market, the lenders who compete for the remainder of the market are not just there to make up the numbers. They provide competitive pressure to keep the interest rates low. And astute borrowers who are not afraid of going to a lesser known lender are likely to reap the financial benefits. [To page 2](#)

**From page 1** Many people are of the opinion that their finances are safer with one of the larger institutions. This is not the case when it comes to home loans, as the risk lies with the lender, not the borrower. Should a lender default or cease operating, its loan would be taken over or sold to another lender. This means that the customer would simply be transferred to another institution or manager.

Non-bank lenders charge some of the lowest interest rates in the mortgage market but it's imperative to conduct thorough research when looking at various lenders, both big and small. Comparison websites are a fantastic tool to use when conducting such research. Every borrower has their own unique needs so it's important to choose a home loan product that best fits these needs. Bear in mind however, that it doesn't necessarily have to be with a large well known bank.

## Making room for everyone

Summer holidays are a special time often spent with family and friends. And with so many social gatherings, it's not surprising that many a visit from family members or old friends can turn into an impromptu sleepover. So why not be prepared?



Providing extra accommodation doesn't have to mean building a "guest wing". Here are some smart ways to make the most of the space you have without breaking the budget:

1. Do you have children that currently sleep in a single bed? If so, would a second hand double bed fit in their room to replace it? Not only will it be an exciting addition for your child during the "off season", but will also provide valuable accommodation for out of town visitors travelling in pairs! Your child won't mind giving up their bed for the odd night and sharing with a sibling, or using the couch, if they have the benefit of a bigger bed the rest of the year. Ebay is a great place to start looking for a second hand beds at reasonable prices. And you can sell the original single bed while you are there!
2. Bunk beds in a younger child's room— not only does this mean they have room for a friend all year round, but siblings can sleep there to free up other bedrooms when friends stay.
3. Fold-out Ottomans are an invaluable piece of furniture. Not only are they practical, but can also form a centerpiece in a living or sitting room. Even better, there are a range of ottomans that fold out to become comfortable double beds. They are more discrete than a fold-out sofa and can be easily placed in an office or smaller alcove when not in overnight use.

A small investment ahead of time means everyone can sleep easy!

## Simple Home Makeovers

When we think of a home makeover we tend to think big dollars. However, it does not need to involve a large financial outlay. There are many simple ways to freshen up a bedroom, living space or bathroom, adding value to your home without needing a second mortgage. Here are a few ideas:



### 1. Coordinate color

Pick a theme and coordinate colors in your home according to that theme. Say, you like autumn. In this theme you can use earthy colors such as orange, browns, dark red and green to create a warm and autumn-like look. Try creating a feature wall in the bedroom incorporating your colour scheme and purchase a new selection of cushions, a throw rug and linen set. Changes like these can easily be reversed or changed again once they date or you feel the inspiration.

### 2. Coordinate indoor props

This involves one or two innovative show pieces that add a wow factor to your home. With the help of good lighting and items such as indoor plants, abstract paintings or an interesting ergonomic chair, your lounge room can become more appealing in an instant. Try Googling 'funky furniture' and browse some websites.

### 3. Tidy up outside

An annual working bee in the garden always does wonders for the look of a property. This might involve weeding and mowing or it could include cleaning windows, washing weatherboards or tackling some outdoor paving you have put off. The warmer weather makes this kind of work much more inviting and the physical exercise is an added bonus.

### 4. Look at the bathroom

Does it need updating? Whether you incorporate new towels and accessories or go for a complete bathroom renovation, the money invested will always be worth it. A modern bathroom adds value to a property and its one of the rooms home buyers consider carefully. And there's nothing more pleasurable than soaking in the bathtub of a freshly updated bathroom. Call in the experts if you decide to go ahead as a total bathroom makeover usually requires a qualified tradesman.

There are many more easy and inexpensive ideas that will have your house transformed from a regular home to wonderfully inviting abode. Aromatic candles to trigger your senses, updated photos in photo frames or a couple of interesting reading lamps require little effort whilst offering maximum effect. Let your imagination run wild and add value and warmth to your home without breaking the bank.