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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.



Melbourne Market Solid

The Melbourne property market remains solid this week despite some forecasts of a winter downturn. A Fitzroy North property fetched the highest house price at auction of \$1.7 million over the weekend whilst a York Street, Prahran apartment sold for just under \$2.5 million.

Supply/demand ratios are favouring buyers at present however, well presented homes, marketed correctly and with realistic reserve prices, are still generating plenty of interest and delivering strong results at auction. The year to date auction clearance rate sits at 61% with an average of between around 700 auctions each weekend in May according to Real Estate Institute of Victoria figures.

Astute investors are seizing every opportunity to grow their property portfolios snapping up well located houses and apartments close to infrastructure and within easy reach of the CBD. First home buyers are slower to take the plunge, most likely due to decreasing government grants and bonuses and the persistent media talk of further interest rate rises. But this may change with a 20 per cent decrease in stamp duty fees for eligible first home buyers starting July 1, 2011.

The metropolitan rental market continues its six-year trend of low vacancy rates. The most figures from March were 1.7 per cent, down from 2.3 per cent in December 2010. The last time the rental market recorded the ideal "supply/demand" balance was in January 2005, when the vacancy rate was 3.3 per cent.



Preparing to Sell Fast

What makes a house go on the market, have a number of open for inspections in the first week and a contract in place shortly thereafter? Luck and/or price may have something to do with it but there's a good chance that the vendor was fully prepared to sell the property.

When gearing up to sell it's important to do your best to see the house, no longer as your home, but as a product to be marketed. This can be difficult, especially if you have been in the home for a number of years and it holds so many memories, but it is necessary to maximise your potential. [To page 2](#)

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Also, stand back and look at your house as objectively as possible. Would you buy this home? Ask friends and neighbors to do the same, asking them to be totally honest. Overlooking flaws could cost you money. Get any defects fixed before you put the house on the market.

Next, do what is necessary to make your house stand out from the competition. Make certain that your house is fresher, cleaner, and better maintained. Familiarise yourself with effective marketing and advertising techniques and listen to the experts.

Finally, remove most of the "imprint" that you have made on the house. Having a few family pictures around is fine, but you should take some steps to depersonalise it. Buyers must be able to envision themselves in the house, which is easier to do when the home is clear of clutter and private knick-knacks.



Stamp duty cuts for some property buyers

First home buyers, eligible pensioners and farmers are set to start receiving the 50% reduction in the stamp duty they pay when purchasing a home. The cuts are part of the state government's election promise made last November and are due to take effect from July 1.

Real Estate Institute of Victoria figures show that house prices have more than doubled since the First Home Owners Grant was introduced back in 2000. However, for most buyers of a first home the financial assistance is still only \$7,000. Victorians pay the highest levels of stamp duty in the country, with the average \$565,000 Melbourne home attracting stamp duty of almost \$29,000.

The new stamp duty savings will be worth around \$5,794 on a home valued at \$565,000. The additional \$5,794 benefit, when added to the continuing grant of \$7000, will lift overall assistance on an average home to around \$12,794. People

buying a new home will also benefit, as the bonus of \$13,000 in the metropolitan area and \$19,500 in regional areas will continue and now be boosted by the stamp duty cuts.

Most experts welcome these changes but many are concerned that these cuts do not go far enough. It remains to be seen if any further reductions in stamp duty costs are introduced for all property buyers.

Getting the right home and contents insurance

Insurance premiums are expensive — until you need to make a claim. And knowing precisely what your insurance covers can save much heartache down the track. Just ask those people devastated by the recent weather events across the country.

When reviewing or taking out a policy for the first time, assessing your risk is the very first step to ensuring the correct cover. For example, if you live next to a forest or river, home and contents insurance should include protection from bushfire and flood.

The flood crisis has highlighted the need to not only understand what your insurance policy includes but also how the cover is defined. For instance, there is no common definition of a flood and the definitions can change between insurance companies. Hence it's so important to read the product leaflets, be comfortable with what they are offering and ask questions before paying for the policy.

Another important step in the insurance process is being realistic about the value of the items you are covering. As many as 80% of Australians are underinsured according to experts. Be realistic, even if it means a slightly higher premium, and review your assets every 12 months.

Other insurance tips include: pay monthly to spread the cost over 12 months, keep a logbook of valuables in your home that are covered under your contents policy and finally, if you do have issues with your insurance company when making a claim, the insurance ombudsmen might be the next step.

