



**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.



## Property Market: Update

Melburnian's love talking about property! And there has been plenty to talk about in the past couple of months. The most recent figures for the January to March 2010 quarter released by the Real Estate Institute of Victoria (REIV) show that year on year, Melbourne's median house price has rocketed from \$405,000 to \$524,500. That's an almost unprecedented 29.9% increase.

Units and apartments enjoyed a similar spike in median price lifting in March 2010 to \$450,000. This represents a 25% increase over 12 months.

REIV CEO Enzo Raimondo said that while this was the strongest March quarter since 2003, the slight drop in median house price since December last year (\$535,000) may reflect an increasing lack of affordability in the market place.

With the exception of the Easter weekend and the first weekend in May, auction clearance rates in 2010 have consistently stayed around and above 80% which further supports the strong demand for property in a market where the supply of new homes is not meeting the requirements of a rapidly increasing population.

Recent comments made by Dr Shane Oliver, head of investment strategy and chief economist at AMP Capital Investors, concluded that unless there was a sudden surge in the supply of housing or an interest rates reached new highs, a sharp fall in house prices is unlikely. In fact, he said, none of these seem likely any time soon.

"In terms of the year ahead, strong auction clearance rates but softening housing finance present a mixed picture," said Dr Oliver. "Further gains in average house prices are likely as employment is rising and while interest rates are on the way up they are still well below previous highs. For example, the standard variable rate is currently averaging around 6.9%, compared to the 2008 peak of 9.6%."

"Our assessment remains that average house price gains will slow to around 5% over the year ahead. Middle to upper end housing could be a bit stronger as it is less sensitive to mortgage rates but will clearly benefit from higher employment and rising overall wealth levels. Low end housing could see prices soften given a greater sensitivity to mortgage rate increases, the ending of the first home owners boost and weakness in first home buyer demand after last year's pull forward."

Across Australia, the median house price rose 13.5% during 2009. This represents one of the strongest property markets in the world – outperforming the UK, the US and even China. With six recent interest rate rises, changes to the first home owner's grant and the foreign investment laws, 2010 is set to be another interesting year in the world of Melbourne real estate.



## Sellers take note: It's time to think about energy efficiency!

It's less than a year now until the Victorian government will phase in new legislation requiring everyone selling or renting out a house to first obtain an energy-efficiency assessment and star rating from an accredited assessor. [To page 2](#)

**From page 1** The Government's Planning Minister Justin Madden says the government has worked together with the building and development industry to implement energy efficiency standards and that Victoria has so far led the nation on improved energy efficiency in our homes.

The idea of the new law, to be introduced in May 2011, is to provide potential buyers and tenants with a snapshot of a building's thermal performance. The thermal performance assessments, or home energy ratings, assess the thermal comfort of a dwelling on a scale of zero to 10 stars. The more efficient the house, the higher its star rating.

The energy efficient assessment will also include a list of measures that will improve the dwelling's overall star rating. These measures can include fast and inexpensive fixes such as weather sealing or adding home insulation, to more expensive options such as double glazing windows or installing solar panels to supply household energy. Eventually, the scheme will expand to include water consumption and greenhouse gas emissions and apply to all residential dwellings, including apartments.

Interestingly, existing dwellings around the country generally score between zero and two stars. The state and federal governments are eager to increase the star ratings of these homes and in turn reduce the nation's reliance on energy produced by burning fossil fuels. Other measures will be implemented too, such as the phasing out of inefficient electric hot-water systems.

If you are thinking of selling, now is the time to make improvements to increase your home's energy efficiency and add further value come auction day!

## First home buyers purchasing or building new homes get bigger bonus!

The First Home Owner Grant (Grant) scheme was introduced on 1 July 2000 to offset the effect of the GST on home ownership. It is a national scheme funded and administered by the individual states and territories. Some states, including Victoria, chose to further supplement the Grant with a First Home Bonus (Bonus) payment.



Over the past couple of years the amount first home owners were eligible to receive when purchasing their first property has fluctuated to counterbalance the global financial crisis and stimulate the housing market.

From July 1 2010, the Grant – which is not means tested – will be available to buyers in the Melbourne metropolitan area where the price of the property or construction of the new home does not exceed \$750,000. The grant will be \$7000. The Bonus

(formerly \$2000) will no longer be paid to those buying existing dwellings after June 30, 2010.

To encourage an increase in Melbourne's housing supply, first home buyers who build a new home or purchase a newly constructed home may be eligible to receive an additional Bonus of \$13,000 bringing the total government assistance to \$20,000. To be eligible to receive the Bonus, the purchase price of the property must not exceed \$600,000

There are even greater financial incentives for those building or purchasing new homes in rural Victoria – with a Grant and Bonus mix of up to \$26,500.

The current property market indicates that homes in the lower price bracket are still being snapped up where available. The gradual reduction in government grants in 2009 appears to have had little impact on the number of people wanting to buy.

## Fire romance

Whether you're looking to sell your property, or just want a cosy spot to relax with a book on chilly evenings, you can't go past a crackling fire. Above their obvious merit of bringing a room – or house – to a comfortable temperature, a fireplace is the natural centre for family gatherings and is still the focal point for many living rooms.



They also help potential buyers envision a luxuriant life in your home. However, adding this effect needn't be a major project. Savvy homemakers are turning to gas log and pebble fires that look like traditional open fires, without the maintenance and safety worries.

So important have they become that modern fireplaces are now made to look like gallery showpieces, with expressively minimalist facades and raised hearths that often travel the length of a room, providing a sophisticated seat to sit and sip an aged malt by the fire.

The most up-to-the-minute models are made from glass, steel or stone, and open out both sides to allow the flickering ambience to be viewed between rooms. Others are crafted from concrete (still an essential material in contemporary homes) or bead-blasted stainless steel (often with a waxed finish) to give them a clean-lined futurist look.

Some builders are even incorporating sleek wood-storage boxes into the wall beside them to store the winter supplies (perfectly cut and stacked, of course).

If you are willing to sacrifice some of the romance, enclosed wood heaters are a practical option and can heat your entire home. With designer versions spanning the simple yet elegant to statement pieces, they can also lift an otherwise plain lounge or dining room.