



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.



Melbourne's rental market remains tight

Great news for investors, not so great for tenants — the average vacancy rate across Melbourne for residential properties has stayed below three per cent for six years.

The Real Estate Institute of Victoria reported a metropolitan vacancy rate of 2 per cent at the end of January 2011. In 2010, the rate consistently hovered between 1-2 per cent with small variations depending on distance from the CBD. And with economic conditions unlikely to change in a hurry, we can expect the same sorts of figures in the short to medium term.

REIV CEO Enzo Raimondo said that the last time the Melbourne rental market was in balance was in January 2005, when a vacancy rate of 3.3 per cent was recorded. A rate between 3–4 per cent represents an ideal ratio between supply and demand.

“In the past five years, according to the Victorian Government’s Office of Housing, the median rent for a three-bedroom house has increased by 43.5 per cent, compared to 21.1 per cent between 2000 and 2005,” said Mr Raimondo. “The median rent for a two-bedroom unit has increased by 54.5 per cent, compared to 25.7 per cent between 2000 and 2005.”

For the rental market, the only solution is to build more homes which investors can then make available for tenancy. Although there has been a recent increase in the number of new homes starting construction, it is not enough to address the undersupply between 2005 and 2009.

“The area with the fewest vacancies in Melbourne during January was the outer suburbs, where the vacancy rate was 1.4 per cent. The inner suburbs — those within 10km of the CBD — recorded 1.9 per cent, with most vacancies found in the suburbs within 4km. The middle suburbs recorded a vacancy rate of 2.3 per cent, down from the 3.1 per cent recorded in December 2010.”

Key rental statistics 2000-2010

- Average rental vacancy rate 2000–2005 3.4%
- Average rental vacancy rate 2005–2010 1.4%
- Increase in median rent for 3-bedroom house 2000–2005..... 21.1%
- Increase in median rent for 3-bedroom house 2005–2010..... 43.5%



Creating a Home Office

A good home office space is in more demand than ever. A well designed and functional home office can add significant value to a property whilst also serving its main purpose.

Not everyone has a big budget for outfitting a home office and few people can pay to have a professional planner come into their home to design an efficient home office area. There are, however, many ways to create a good space for working at home without spending a fortune. [To page 2](#)

From page 1 The key to a good home office is to make use of whatever space you have, whether it's a spare room or an unused corner of the living room. To do this, plan ahead by measuring the area before you buy any new furniture, making sure it will comfortably fit in its intended position.

When purchasing office furniture it's also desirable to invest in furniture that fits the decor of your home. Whether you want a simple writing desk with a lap drawer for supplies, or a large contemporary desk with dual work stations, determine whether the piece is functional, and whether it matches your existing decor. It's also important the furniture you purchase is ergonomically correct. Many ongoing neck and back problems stem from inexpensive and poorly designed office furniture.

When it comes to storage furniture and other office accessories, try to be creative. Instead of using a grey metal filing cabinet for example, find other alternatives. You could store files inside a decorative wooden trunk or storage ottoman with a lid that doubles as a seat. Invest in a vibrant rug and some inspiring prints for the walls if space permits. And wherever your home office space is located, adequate lighting is paramount. Desk lamps have come along way so why not make a statement with yours.

Finally, save space within your home office by using multifunction or "all in one" equipment that faxes, prints, copies and scans documents in color. The smaller footprint (and often low price) of these machines makes them ideal for most space-challenged home offices.

Auction or Private Sale?

Before placing your property on the market you will need to decide which method of sale will best suit your property. The two most common methods for residential property are auction or private sale.

In making a choice between an auction and private sale you should consider a number of factors, namely location, style of property, level of interest, timing of the sale and the advice of your real estate agent. The Real Estate Institute of Victoria figures indicate that in Melbourne about 30% of residential sales are conducted by auction. The proportion of private sales is higher in outer suburban and regional Victoria.

Private sale is when you set the price at which your house will be sold to the public. Your agent will negotiate the sale price with the prospective buyer in private. Positives for private sale are:

- Most common way to sell your home
- Time to consider offers by potential purchasers
- The ability to extend the time for which your home is for sale
- Potential purchasers must make offers for your property 'blind', without knowing what other buyers think it is worth



- Savings on the expenses of an auction
- Can often take a longer time to sell your home compared to an auction

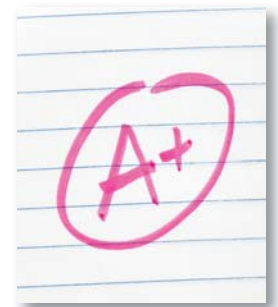
Auction is when prospective buyers come together to bid on your property with the highest bidder buying the property (subject to the reserve price being met). Positives for auction are:

- More public way of selling your home
- Competitive bidding, which means there is no price barrier. This makes an auction especially good for unusual or desirable properties, which are difficult to put a price on
- A definite sale is made (assuming the reserve price is reached)
- Controlled open house inspections
- Maximum exposure for maximum market impact
- A set date of sale encourages potential buyers to act quickly
- Identifies most likely buyer to negotiate with, if not sold on fall of the hammer

When considering your sale options be sure to draw on your real estate agents experience, training and local knowledge to help you make the best decision.

Top marks for Condition Report!

Whenever a landlord or tenant enters into a rental agreement whereby a bond has been paid, a condition report must also be completed. The report is used to describe the condition of the property being rented at the start of the tenancy and again at the end.



Initially the landlord or real estate agent will complete the report and then give the tenant two copies.

This must be done before the tenant occupies the premises. Failure to do so can result in a substantial fine. The tenant then needs to indicate on the report if they agree or disagree with the description/condition of the house and its contents. Taking photos is another good way of documenting the condition of the property.

If the tenant does not agree with any sections then they must mention this on the report and give a reason. The report is not a request for maintenance, a common misunderstanding by tenants. Tenants should submit any maintenance request separately to the owner if maintenance is required after moving into a property.

Once completed a copy of the report is kept by the tenant whilst the other copy must be returned to the agent or landlord within three business days.

The condition report is an extremely important document. It may be used as evidence if there is a dispute sometime in the future about who should pay for cleaning, damage, or replacement of missing items. Both landlords and tenants should therefore keep their copy of the condition report until the end of the tenancy.