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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 leads Australia in capital growth

If recent outcomes are anything to go by, the remainder of this year is shaping up to deliver positive results. Interest rates are steady, supply is solid and auction clearance rates are around 70%. This is great news for most Melbournians who have experienced the highs and lows of the financial crisis in 2008 and the recovery period of 2009.

According to the Real Estate Institute of Victoria's June 2010 data, Melbourne is outperforming all other major cities across the country in terms of capital growth. The median house price is currently \$559,000. This is up 8.5% from the March 2010 quarter and up over 26% from June 2009. See the table below for details of other capital cities.

	Mar Qtr 10 to Jun Qtr 10	Jun Qtr 09 to Jun Qtr 10
Established house prices	% change	% change
Weighted average of eight capital cities	3.1	18.4
Sydney	4.9	21.4
Melbourne	8.5	26.8
Brisbane	0.3	8.5
Adelaide	3.2	11.6
Perth	0.4	13.0
Hobart	0.1	10.8
Darwin	2.8	14.6
Canberra	2.1	19.6

Source: www.abs.gov.au and REIV

In the property management segment, the most recent release of the REIV's residential vacancy rates shows no change. In the past, a balanced market is when renters can find a rental home that meets their needs and investors are able to get a decent return on their investment. This generally occurs when the vacancy rate is around 3%, a situation not seen in Melbourne since January 2005 when it was 3.3 per cent. The vacancy rate for Melbourne in July this year was 1.7 per cent compared to 1.5 per cent in June.



The Aussie Entertainer

Australians are passionate about the great outdoors. And we are known the world over for our love of the great Australian Barbie! With summer nearly upon us, many families across the country will enjoy a good weekend BBQ with some ice cold drinks to go with it!

However, it is only recently that our architecture began to adopt a style that reflects and makes good use of our fantastic climate. Houses now tend to be cleverly orientated so that living and entertaining areas open towards the best aspect, usually the sun. [To page 2](#)

From page 1 Patios, pergolas or decks are all popular choices for creating an interesting and practical outdoor entertaining area, great for barbecues, parties, morning breakfasts or simply lazing away a Sunday afternoon. A paved or tiled courtyard is another great option for an open air space, especially if surrounded by plants and other creative decorating.

Regardless of the space and style of area you have to work with important features to consider are: lighting and heating. Guests will decline future invitations if they are forced to shiver their way through the main course or if they are unable to see exactly what it is you put in the trifle. But most importantly, make sure there is adequate shade for guests to avoid the damaging effects of the hot Australian sun and keep the Aeroguard handy!

A Cleaner, Brighter Future

Renewable energy is clean, sustainable and non-polluting. It can be relied upon for the long term and is often cost-effective and efficient. It's no wonder then that many Australian households are now considering solar power.

Here's how it works:

Whenever the sun shines, installed solar cells/panels generate electricity. The grid connect inverter converts the electricity produced by the



solar panels into 240V AC electricity, which can then be used by the household. If a grid connect system is producing more power than is being consumed, the surplus is fed into the mains power grid. Most electricity companies will meter the electricity fed into the grid by the system and provide a credit on the household bill.

When the solar cells are not producing power, for example at night, power is then supplied by the mains power grid as usual. The energy retailer charges the normal rate for the power used. If the right sized solar system is installed, the solar power output can negate the entire power bill. The set up cost for household solar power varies greatly depending on the number of panels installed. And the size of the system required depends on household consumption. It's also up to individual households to decide if they want to produce all of their electricity requirements or just supplement their current supply method. After government rebates systems start from around \$3000 and go up to over \$10,000. Most energy companies offer payment plans to minimise upfront costs and spread repayments over several years.

See the difference in your bill this summer!

Homeowners reluctant to refinance

Many Australian homeowners can't be bothered switching lenders even to save more than a thousand dollars, according to mortgage broker Loan Market.

A national survey by Loan Market found 58 per cent of respondents said they would need to save at least \$1500 a year to be motivated to refinance with another lender.



Loan Market chief

operating officer Dean Rushton said the survey results showed that lenders and brokers needed to communicate more effectively about the potential savings from moving mortgages.

"The differences between lenders and the interest rates and conditions they offer has never been wider," Rushton said.

"But our survey shows that people can't be bothered switching banks even if they were able to save \$1000 to \$1500 a year.

Rushton said homeowners were often hesitant to refinance because they believed it would be too much trouble due to the fees and paperwork involved. "The fact is people can achieve significant annual savings by shopping around and getting a better deal on a mortgage with a much more competitive package," he said.

"If you're borrowing more than \$250,000, then the savings can be even greater."

The online poll of 380 people found 42 per cent of those surveyed would need to see potential savings of more than \$2000 a year before considering switching loans.

Ten per cent said they would refinance to save \$500 a year, 14 per cent to save \$500 to \$1000, 18 per cent to save \$1001 to \$1500 and 16 per cent to save \$1501 to \$2000.

Rushton said a mortgage broker was well placed to review an existing home loan and determine whether a borrower could obtain a better deal from a rival lender.

"Mortgage holders might have to accept some exit fees from their original lender but it can be worth it if they can negotiate a significant reduction on their interest rate," he said.

Benefits of refinancing included the chance to reduce debt on credit cards, which often had interest rates triple that of an average variable home loan.

Source: Australian Property Investor