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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.



Auction action

As we head into what is shaping up to be an active spring auction market it is important for potential purchasers to understand the laws governing auctions and become familiar with "best practice" around their conduct.

The auction process in Victoria has come under scrutiny over the past few years with the aim of improving outcomes for all parties involved and increasing transparency. And whilst debate continues over auction laws, it's important to be fully informed of the process if buying or selling a property this way.

The auction rules and the auction information statement outlining Victoria's auction laws, must be on display for at least 30 minutes before an auction starts at the listed property.

Before bidding starts, the auctioneer must tell bidders:

- the auction will be conducted according to the auction rules
- bidders will be identified on request
- it is against the law to make a false bid, hinder another bidder, or in any way intentionally disrupt an auction
- whether or not there will be vendor or co-owner bids (vendor bids are permitted as long as the auctioneer clearly states that they are)
- any additional conditions that apply to the auction.

Until 2008, bidders were able to place bids after the hammer had fallen. This law was changed in July of '08 providing clarity and ensuring fewer disputes and disappointments. As a result potential buyers who intend to bid at an auction should do so clearly and strongly during the auction to avoid missing out.

It is illegal to disrupt an auction, but it is okay to ask questions. During the auction, anyone can ask the auctioneer a reasonable number of questions about the property, the contract, or the auction itself. Bidders are also permitted to ask the auctioneer to indicate who else has made a bid.



Smoke alarm safety

Fire safety in the home begins with having up-to-date, working smoke alarms installed correctly.

As all of us know, smoke alarms are compulsory in every home. It is the legal responsibility of all owners and landlords to install working smoke alarms.

The Metropolitan Fire Brigade recently issued compelling statistics, proving the worth of these inexpensive, but life saving devices. They highlighted that you are 57% more likely to suffer property damage if you don't have a working smoke alarm installed in your home. [To page 2](#)

From page 1 A 9 volt battery powered smoke alarm is sufficient for houses constructed before 1997. However, houses built after this date must have smoke alarms connected to 240 volt mains power with a back-up battery installed in case of a power failure. As with all electrical fit out and maintenance work done in any house, the work must be completed by a qualified electrician.

It is not just the battery life of the smoke alarm that needs to be checked. Alarms can also malfunction due to excessive dust build up and by simply being out of date. Most alarms last 10 years. Checking the battery every 6 months by pressing the button with a broom handle is the easiest way to ensure alarms are functioning correctly. But the regular vacuuming of dust from around the vents and checking the manufacture date will ensure you have a working alarm.

To find out more about fire safety in the home and how to ensure your smoke alarm is fitted and working correctly, visit www.mfb.vic.gov.au.

Units Outpace House Market

Over the last few years there has been plenty of interesting statistical data regarding the Melbourne real estate market. One of the more interesting trends is the fact that unit values have outperformed houses.

Historically, houses have enjoyed a more rapid appreciation in value than the growth recorded by units. This is undoubtedly due to the greater demand for houses in general, less vacant land available for development and the higher quality of stock and design available for houses rather than units.

However, over the 12 months to June 2010, unit values have increased in Australia by 11.4% compared to growth of 10.2% for houses. And over the last five years units have recorded average annual value growth of 7.4% compared to 7.1% for houses.

The improvement in the capital growth performance of units over the past five years is most likely due to affordability concerns. Melbourne's median house price currently sits at \$559,000 whereas the unit price is \$463,215. In Sydney, Brisbane and Darwin unit values also outperformed houses in the last twelve months and by at least \$90,000.



It's reasonable to conclude that units have significant appeal for price sensitive buyers because they can purchase in a popular and convenient location at a far lesser price compared with a detached home. For investors, units are appealing because in many instances rental yield is higher than for houses. Over the past few years the market has certainly been favourable for property investors and these latest figures give a clear indication why.



Property market has a Spring in its step!

With the distraction of the federal election now firmly behind us, it's full steam ahead in the world of real estate. Historically spring is the most popular time of the year for buying and selling property and this spring is certainly shaping up to be a busy one.

Over the past three years spring has presented very different outcomes. 2007 was a very strong year with excellent price growth, 2008 was slow due to the global financial crisis and 2009 was a year of steady recovery. In 2007 and 2009 the auction clearance rate was 82 and 83.5 per cent respectively, both very positive years and distinctly different to 2008 when the clearance rate was 66 per cent with prices stalling, particularly at the top end of the market. More recently, clearance rates across Melbourne for the second weekend in September were at 70% for both house and unit sales. Melbourne is still leading all other capital cities, with the exception of Darwin, in year-on-year median price growth.

More recent sales results and analysis from the Real Estate Institute of Victoria show that different sections of the market are experiencing different levels of interest. Demand for middle market and more affordable properties is strong whilst demand in the upper end of the market has cooled somewhat.

We know that the states rapid population growth is a major factor in pushing demand upward. And although the federal and state government's assistance to first home buyers has dropped, demand still outweighs supply in this entry level of the market. Median house and unit prices in many suburbs across the cities reflect this current trend. Further government support is desirable if many young people are to avoid missing the opportunity to become home owners.