



ISSUE
SEP – OCT
2022

THE INVESTOR

HOW MUCH IS MY PROPERTY WORTH?

There are three ways to value a property, an online estimation, a real estate agent appraisal and a bank valuation.

An online estimation tool generally works off transactional real estate data made available through data providers via a computer algorithm. It considers basic property features, local market trends and recent sales. It does not factor in the presentation, fixtures and finishes, renovations undertaken or the property's current condition.

An appraisal is an estimate by a real estate agent who compares your property with similar ones that have sold, taking into consideration the physical condition and features. An appraisal will give you a clearer idea of how much your property is worth in the current market.

A valuation is the most formal of the three. It is completed by a professional valuer who will work in conjunction with a bank or financial institution. They look at every aspect of a property and its surrounding environment to determine the current and future value. There is a cost for a valuation, which is between \$200-\$600.

Determining how much your property is worth is one of the most important processes of selling your property.

You need to be mindful of overvalued property appraisals to get your business and undervalued property appraisals to get a quick sale.

When listing a property for sale, you want to choose the most accurate appraisal with supporting evidence.

If you are unsure about an appraisal, you may want to consider paying for a valuation. This report can also be given to potential buyers if you decide to.

Please get in touch with our agency for an obligation-free accurate property appraisal (with supporting evidence).



SOME SAY THE
BIGGEST RISK OF ALL
IS NOT TAKING ONE

FAST-TRACK GUIDE TO BUYING AND SELLING

There are many factors, different terminologies, and requirements that you need to take into consideration when buying and selling a property. To be knowledgeable and successful in the property market takes time, experience, learning and research.

In this issue, our focus is on educating our investors about the property market, a transaction's hidden costs and the terminologies often referred to.

UNDERSTANDING THE METHODS FOR BUYING AND SELLING A PROPERTY

If you are looking to buy or sell a property, then you need to understand the different terminologies or methods used.

Private Treaty or Sale – This selling method requires the seller to set a price from the outset that can be negotiated between the parties. Once an offer is accepted, there is a cooling-off period and certain conditions, such as obtaining finance approval and inspection reports for the sale to become unconditional.

Contact Agent – This selling method is designed to get the buyer to contact the agent to request the price, as the seller may not want to publicly disclose the selling price.

Auction – This selling method is where buyers publicly bid to purchase a property. The seller will set a reserve price, which is the price they are willing to sell the property. Once the reserve price is reached, the property is placed on the market for sale, with no pending conditions. When bidding at an auction, it is important to have your finance approval and conduct all searches and inspections before the auction day.

Expression of interest – This selling method is like a private treaty. However, it requires written offers from the buyers to be passed on to the seller. There will be a stipulated close date for all offers, and the property price is not always advertised.

Tender – This selling method requires the buyer to submit a formal bid in response to the seller's tender price. Buyers will compete against one another without knowing the other parties' offers. The property is usually sold to the highest bidder.

When deciding to sell your property, it is best to speak with your real estate agent to discuss the pros and cons of each selling method.

P.T.O. >

FAMILY TRIVIA | WHO CAN GUESS THE ANSWER? SNAPSHOT OF THE AVERAGE INVESTOR

Have you ever wondered what the average investor looks like and how you compare?

Following is a snapshot of relevant investor information and statistics:

- 10.9 million properties in Australia
- 70% houses, 13% townhouses and 16% units/apartments
- 1 million unoccupied properties
- 2.2 million property investors

How many properties do investors own:

- 1 investment property - 71%
- 2 investment properties - 19%
- 3 investment properties - 6%
- 4 investment properties - 2%
- 5 investment properties - 1%
- 6 or more investment properties - less than 1%
- Approximately 20% own an investment property, and 80% don't
- 90% of investors own one or two properties

- 40% of property investors are cash flow neutral or positive
- 60% of property investors are negatively geared (rental loss)

Of the occupied properties:

- 31% own the property outright
- 35% have a mortgage
- 30.6% rented
- 3.4% Other
- Average weekly earnings - \$1,679
- Average monthly mortgage - \$2,451
- Average mortgage - \$599,992
- Average variable home loan – 4.51%

Top investor age groups:

- 27.83% aged 60 years or more
- 31.67% aged between 50 & 59 years
- 24.65% aged between 40 and 49 years
- 14.22% aged between 30 and 39 years
- Just 1.63% younger than 30

Source: Corelogic, realestate.com.au, ATO & ABS Census. All figures and percentages are approximate (rounded numbers)

THE HIDDEN COSTS IN BUYING AND SELLING A PROPERTY THAT YOU MAY NOT HAVE CONSIDERED

Buying or selling a property is a major life event that is often challenging and stressful. One contributing factor to this can be the unknown, unavoidable, and seemingly hidden costs that you may not have considered. It is important to know your costs in advance to make your property journey less stressful.

Buying a property

When buying a property, you will need more than a deposit. Financiers estimate upfront costs to be an additional 6%-11% of the purchase price, with stamp duty being the most significant cost. For example, a \$1 million purchase can attract stamp duty as high as \$55,000, depending on which state the property is in.

SUMMARY OF COSTS

- \$ _____ Deposit
- \$ _____ Stamp duty
- \$ _____ Transfer fee
- \$ _____ Mortgage registration fee
- \$ _____ Loan application fee
- \$ _____ Loan mortgage insurance
- \$ _____ Inspection fees
- \$ _____ Council & water rates
- \$ _____ Legal & conveyance fees
- \$ _____ Insurance
- \$ _____ Moving costs
- \$ _____ Investment property costs
- \$ _____ Land tax (if applicable)

Selling a property

When selling a property, you want to take the time and invest the money to ensure that it is presented in the best possible way to achieve the highest possible price.

SUMMARY OF COSTS

- \$ _____ Clean-up/minor repairs
- \$ _____ Renovations
- \$ _____ Property styling
- \$ _____ Agent commission
- \$ _____ Advertising and marketing
- \$ _____ Auction fees
- \$ _____ Search costs
- \$ _____ Discharge of mortgage
- \$ _____ Inspection fees
- \$ _____ Council & water rates
- \$ _____ Legal and conveyance fees
- \$ _____ Lender fees
- \$ _____ Capital gains (if applicable)
- \$ _____ Land tax (if applicable)
- \$ _____ Moving costs

When buying or selling a property, take the time to research and know the costs.

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RENTAL UPDATE:

Now is a great opportunity to review your investment strategy to ensure you're on track to realise your long-term investment goals and ensure your portfolio is consolidated by an agency that proactively manages your assets from end to end, to ensure you get the best returns available.

Ask us about the VIP Referral Program today. A new initiative introduced for **Ristic** clients.

- Gold Class Movie Tickets – for each referral to new rental providers
- 25% of your management fees – paid back to you each 3 months, for each successful new management
- 50% for 2 new managements
- 75% for 3 new managements
- 100% of your management fees (1 property), paid back to you for the referral of 4 new managements

Ways to take advantage of the above offer:

- Refer a friend and their investment property to our Property Management department. Pass on their details and we can call them or alternatively get them to contact us. Don't forget to get them to let us know you sent them!
- Purchase another investment to increase your portfolio. If you are looking to increase your portfolio and buy another investment property, please let us know. Our investment team and proactive sales team can keep a keen eye out for you.
- Merge your investment portfolio by having us manage other properties currently with another agency. If this is something, that appeals to you, you don't need to lift a finger...We handle all communication with the current agent, the renter, collect all relevant files & keys, as well as organising an inspection to check any maintenance or outstanding items.

We look forward to discussing your investment strategies.

SUDOKU COFFEE BREAK

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