



PROPERTY MANAGEMENT NEWSLETTER

Property Marketing and Management

April 2008 No. 72

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Located opposite Eastlands
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Maintenance

End of Financial Year is fast approaching and we are already experiencing difficulty having some maintenance completed by the end of June. If you have any maintenance to your investment property that you would like done, please contact your portfolio manager as soon as possible.

Our Finance Industry

I was fortunate to have some business in Melbourne last Thursday and being a Collingwood supporter, I stayed over to watch the Anzac Day match on Friday. I could go on with football and Collingwood, but to put it all into context I was on the plane home and I struck up a conversation with the person sitting next to me who was keen to know about the current state of real estate. On the way over I read the Eureka Report from 18 April which had an interesting article about softening house prices and what to do about it. We also talked about the U.S. market and the finance industry there and compared it to the Australian market. Below is a portion from the Eureka Report April 18th 2008, it is reassuring:

“What is the risk here in Australia?”

It is important to note that there are some distinct differences between the Australian and US markets.

- In Australia, 98% of borrowers are defined as “prime”: they have a good credit history (no history of defaults, etc). Prime borrowers in the US only make up 85% of the market. Therefore, there are a lot more sub-prime borrowers in the US.
- Lenders in Australia don’t lend more than 100% of a property’s value (with the exception of one fringe lender).
- Credit policies in Australia have not been relaxed to the extent that they were in the US.
- the Australian economy is still comparatively strong and unemployment is at a historic low (which means workers are still being paid and can meet mortgage repayments).
- Only 50% of homes in Australia have a mortgage against them and the amount of home owners that have borrowed more than 80% is a very small proportion of the total property market.”

Should I Keep Building My Property Portfolio?

Home ownership in Australia is still about the 70% level by world standards this is still very high. It seems we are about to enter an era where the gap between owners and tenants is going to widen. Recent comments from the RBA, ANZ, KPMG and others from the financial system all seem to be indicating that housing affordability is unlikely to change over the next decade. A quote from Paul Braddick, from the ANZ said: “We’re looking down the barrel of a growing housing shortage, rising prices, rising rentals and a shift from ownership to rental. As a result of this shift, rents will continue to rise strongly for a long time and while that’s good news for investors, it’s not great for private renters.” Seasonal factors play a part in rent

levels and there are some fluctuations, but the overall trend is definitely up.

Recently a friend ask me how his daughter was going to enter the market and he explained how independent she was and did not want his help and that she is currently renting in the inner Hobart area. My suggestion was to buy further out where she can afford a property, rent it and gradually build equity, till she could afford something closer in a number of years time. So she would be a tenant in the place where she wants to live and an owner elsewhere.

Another option for those independent children is to form a Company/Trust or similar with two or more and gradually build in that manner. It is only going to get harder, so we are going to have to change our thinking.

So, Should I Keep Building My Property Portfolio?
The answer is obvious!

Increase Your Investment Portfolio Great Investment Opportunity



Geilston Bay

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This solid home is positioned on a level corner allotment, bathed in all day sun and within easy walking distance to all facilities.

Now Selling or by closing 5pm thursday 15th May 2008.

Buyer Inquiry Range \$250,000 - \$300,000

Contact Cindy McDonald 0409 545 779

43 Astor Drive, Geilston Bay



Berriedale

3 1 1 osp

Situated in a sunny position, this well presented home is in a great location, freshly painted, new carpets and vinyl and low maintenance gardens.

Buyer Inquiry Range \$220,000 - \$270,000

Contact Cindy McDonald 0409 545 779

14 Kilander Crescent, Berriedale