



Janet Houlihan
Principal

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R Property Report

What is happening in the property market . . .

Some buyers and sellers have been frightened into sitting on their hands over the last year with all the gloomy talk about the property market and some pundits predictions of price crashes similar to what has happened in the US market.

But that has not happened here and will not because of the strong fundamentals underpinning our market - namely a shortage of housing stock and suitable building sites left, historically low interest rates, high rents, and our regulated banking system.

The US run their banking system differently to ours so the sub prime crisis occurred where people just walk away from their houses when the prices fall below the amount they have borrowed and hand the keys back to the bank whose responsibility the property becomes again. In Australia you remain responsible for all your debts and property in good times and in bad.

Prices surged to an unrealistic level in 2007 and the market has corrected. Well priced and presented properties are still fetching good prices for sellers and in fact this week I sold a property in an estate for a record price! (It was over \$700,000.) However the Prestige market over \$1 million has suffered some big price drops due to the number of

forced sales.

With sales volumes of properties being only about half the usual number in a 12 month period there is going to be pent up demand which could well be unleashed as soon as consumer confidence gets the trigger. (See sales volume and price growth chart for Ashmore houses shown on page 2)

People move for a variety of reasons and the boost to the first home owner grant has been a big trigger for that segment, and people moving into the area still are buying. But those considering moving for lifestyle reasons have been the ones that have sat back and watched but those reasons will still be valid and acted upon when they feel the time is right.



And now the Recession word has been banished by the economic growth in the March quarter that could well be the trigger. Many will want to move and lock in a mortgage at the current low fixed rates before the interest rates begin their inevitable rise again. (See story below)

Remember if you sell then buy again in the same market conditions it really doesn't matter whether the market is going up down or sideways as what you lose on one you should make up on the other. ▲

▶▶▶ Fixing Your Home Loan Interest Rate



With interest rates the lowest they have been in over four decades, thousands of Australians are considering fixing their mortgage rate. One of the biggest fears customers have when looking at fixing their home loan rate is the potential fees and break costs. The first misunderstanding is that these costs are bank fees. The amount of money to be paid represents a cost to the lender to alter the loan funding before the term of the loan is due.

Below are some helpful tips to consider when looking at fixing your rate.

- If a lender is promoting a fixed rate, it is usually too late to lock in the best possible rate. Lenders spend a lot of time and money predicting where the rates are going and only offer as low as they need to.
- Today's rates are the lowest they have been in over 50 years, and are unlikely to fall dramatically lower.
- Consider the option of fixing only a portion of your loan to protect yourself against rate rises. This is a great way to 'hedge your bets' in uncertain times, and ensure you can continue to afford your loan should rates rise.
- Remember that rates can fall quickly, but they can also rise quickly.

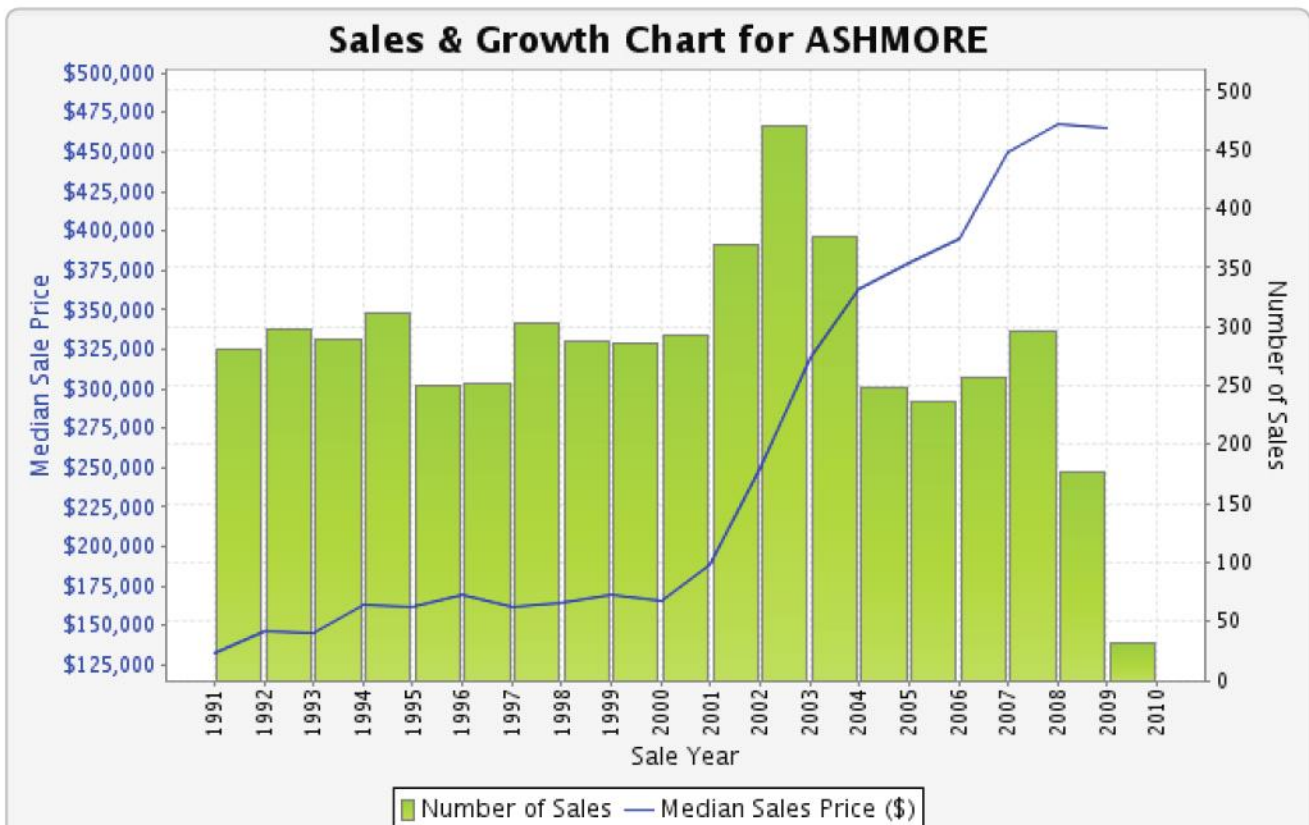
Source: Marilyn Reynolds, Refund Home Loans ph 0418 198 002





ASHMORE - Sales & Growth Chart (House)

Year	No. of Sales	Average	Moving Median	Growth	Low	High
1991	281	\$ 146,782	\$ 132,000		\$ 52,500	\$ 690,000
1992	298	\$ 160,195	\$ 146,000	10.6 %	\$ 44,000	\$ 512,500
1993	290	\$ 157,663	\$ 145,000	-0.7 %	\$ 45,000	\$ 1,045,000
1994	311	\$ 177,472	\$ 162,500	12.1 %	\$ 30,000	\$ 903,000
1995	250	\$ 188,597	\$ 162,000	-0.3 %	\$ 67,500	\$ 1,225,000
1996	251	\$ 195,711	\$ 170,000	4.9 %	\$ 65,000	\$ 850,000
1997	303	\$ 181,346	\$ 161,250	-5.1 %	\$ 6,000	\$ 575,000
1998	287	\$ 182,497	\$ 165,000	2.3 %	\$ 72,500	\$ 615,000
1999	286	\$ 190,648	\$ 170,000	3.0 %	\$ 75,000	\$ 1,100,000
2000	293	\$ 195,844	\$ 166,000	-2.4 %	\$ 16,500	\$ 660,000
2001	370	\$ 215,348	\$ 189,000	13.9 %	\$ 8,000	\$ 1,050,000
2002	470	\$ 281,141	\$ 249,900	32.2 %	\$ 120,000	\$ 2,250,000
2003	377	\$ 351,949	\$ 320,000	28.1 %	\$ 100,000	\$ 1,350,000
2004	249	\$ 406,454	\$ 363,500	13.6 %	\$ 35,000	\$ 2,460,000
2005	236	\$ 422,050	\$ 379,500	4.4 %	\$ 50,000	\$ 3,100,000
2006	257	\$ 468,554	\$ 395,000	4.1 %	\$ 145,000	\$ 2,900,000
2007	296	\$ 512,827	\$ 450,000	13.9 %	\$ 290,000	\$ 3,600,000
2008	177	\$ 547,410	\$ 468,000	4.0 %	\$ 201,342	\$ 2,950,000
2009	31	\$ 485,671	\$ 465,000	-0.6 %	\$ 290,000	\$ 905,000



This report has been compiled on 08/06/2009 by Houlihan Realty Pty Ltd. Property Data Solutions Pty Ltd 2009 - www.pdslive.com.au

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Contact the expert now for a no-obligation appraisal of your property, or for the Sales and Growth Charts for an alternative suburb or a chat about the market in general. I would love to hear from you. Ph Janet Houlihan on 0407 841 667 or 5531 1268 or email janet@houlihanrealty.com.au

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