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R Property Report

October 2011

What's Happening on the Gold Coast . . .

The property market all over Australia has had a correction, and the Gold Coast has seen a correction sharper than most other places. This is mainly due to the small economic base the Gold Coast has—namely tourism and construction, neither of which are flourishing in this economic climate.

While the dollar is so high Aussies are holidaying overseas in droves. This doesn't look like changing any time soon with the mining boom propping the dollar up and causing interest rates to remain high.

New construction projects take years to get off the ground and there are no new ones started as yet. The Hilton Hotel is now open for business and Soul tower is about to settle its first stage. The new hospital construction is well underway and road works are progressing for the light rail.

From 2001—2008 it seemed that prices would spiral upwards for ever. But ultimately with the onset of the global financial crisis, the lack of affordability of properties, the poor return for investors and rising unemployment, prices came to a halt and began to pull back. This year the correction has been harsh.

Sellers who purchased in the last few years are not getting their money back. Some are withdrawing their properties from the market and intend to wait until it turns around again—which it will do but not any time soon.

No one knows exactly what is going to happen. Some "experts" say we are in for a flat decade like we had in the

1990's. Others think in another year or 2 the GFC will pass and prices will creep up again slowly. With Greece and Italy defaults hanging over Europe and USA unable to get any traction with growth we are not out of the woods.

So what does this mean for the property market today?

For Sellers: If you are thinking of selling soon, then now is the best time. Accept that prices have come down but you can buy something else for a lesser price than before too so you will be no worse off. If you want to wait and hold out for a higher price then ask yourself can you wait for 2 years? 5 years? 10 years? Who knows?



For Buyers: What great buying opportunities are out there right now. Sellers who need to sell are ready to negotiate right now.

Some buyers are worried that we might not be at the bottom and they might get it cheaper if they wait. But no-one rings a bell at the bottom of the market—in fact you won't know when the bottom is until 3—6 months after it has passed when the quarterly stats come out. Then you will be competing with all those buyers currently sitting on their hands and could well pay much more than you will right now.

An election and an interest rate cut are really what we need to get some confidence back in the market. Should the Gold Coast be awarded the 2018 Commonwealth Games, we could also expect some renewed confidence in the market. Plus spring time always brings some renewed interest in property. Fingers crossed!

▶▶▶ 2 fantastic properties must be sold



31 Riverwood Drive
Ashmore

Executive Entertainer, River Views \$565,000

- 3 bedrooms, ensuite fit for queen
- Spacious open plan living areas
- Stunning bush and water views
- Fabulous outdoor alfresco room
- 6 years old, low maintenance
- Great location, stroll to cafes, handy to M1 and train.

View photos on:
www.houlihanrealty.com.au



128/392 Marine Pde
Labrador

Divorce Necessitates Immediate Sale \$290,000—\$310,000

- Spacious modern unit in Sandcastles on the Broadwater, ground floor
- 2 bedrooms plus an ensuite
- Secure garaging
- Big balconies front and rear
- Great views of resort and over the Broadwater

View photos on:
www.houlihanrealty.com.au

Ph Janet Houlihan on 07 5531 1268 for open home times and a copy of the Sustainability Declaration.

What name or entity should we buy the property in?



It is very important to establish who the owners of the property are going to be before you sign the contract.

Most people usually use their joint names. If one of you has an occupation at risk of being sued then for asset protection purposes it might be better to make the other spouse the preferred owner.

Most people buy an investment property in their personal name so as to get the negative gearing tax deduction.

However this again could expose your personal assets to risk should you get sued or be made bankrupt. It may be more prudent to buy it in the name of your spouse or create an investment trust.

Once the contract has been signed it can't be changed with-out stamp duty consequences—you wouldn't want to pay the stamp duty twice!

Discuss your personal situation with your lawyer / accountant before you go property shopping.

Recent Sales

Treasure Island Dr, Biggera Waters \$310,000 2 bedroom home in Harbourside Gardens fantastic over 50's resort

Riverwood Dr, Ashmore \$490,000 2 storey 4 bedroom home, bush, park and some river views in Riverside.

5 Reasons Why Tenanted Properties Sell for Less

In my experience landlords can cost themselves thousands of dollars by being penny wise and pound foolish. They put their investment on the market with the tenant in place to keep a rent stream going, not realising how this can really impact on their eventual selling price—that is IF they manage to secure a sale at all. **Here's why:**

1. The tenant has nothing to gain and everything to lose—they generally don't want the property to be sold out from under them and from their point of view they are paying a lot of money in rent each week for the imposition of having an agent bring buyers through for weeks on end. After all while it is the landlords house / unit, it is the tenants home for the duration of their lease.
2. The new tenancy laws give the tenant the right to dictate what photos of the property can be shown, whether open homes are allowed, when and how often viewings can be held.
3. The tenant is not obliged to clean up, mow lawns, do the dishes, have the beds made when a viewing is scheduled. While most tenants, when treated with consideration and respect by the agent and landlord, do make an effort, the presentation and access is never going to be equal to an owner occupied or empty home.
4. Most owners go for a walk while the open home is on but tenants mostly stay—and if they are cross about the possibility of an owner occupier buying the property, they can and do

actively intimidate buyers.

5. The other point to make here about price is that if your property manager is your selling agency then that agency is more likely to try to find another investor to buy it so it remains in their rent roll. Investors only look at the numbers and generally don't get emotionally attached to a property. This is why investors will tend to pay less than an owner occupier will for a property.



So if you are an investor thinking about selling here is how I recommend getting highest possible price:

- Plan ahead and when the lease is due for renewal give the tenant with-out grounds notice to leave. Choose an agent other than your property manager's agency. Ask your selling agent to give recommendations on how to present the property best for sale. Get the property professionally cleaned inside and out.
- I like to lend my absent owners some pot plants, art work and décor items and put some fresh flowers to make the photos of an empty house look nice.
- Then have open homes every Sat / Sun at a popular time for buyers, the house always looks good, and you can have 26 photos on realestate.com.au actively promoting it 24/7!

▶▶▶ Here's what Janet's clients said . . .

TESTIMONIALS for 23 Riverwood Dr

"We have used a number of well known agents in an attempt to sell our property, none of whom have shown the dedication to detail and care that Janet has shown. Janet's personal touch, honesty and constant communication has made this process so easy.

We have had a great result because of this attention to detail and we believe we would not have had otherwise if we had not changed Agents. We would highly recommend Janet's agency as she has sold both our houses with very satisfactory results. We have no hesitation in using Janet as our first choice agent in the future."

Jon & Lilian Pittar - SELLERS

"Janet - You listened and worked hard to find me exactly what I was looking for, and once found, within a week took all the stress out of my life to make it happen!! An unconditional sale to suit both seller and buyer (in a week - amazing it is all done and dusted).

Janet you so go above and beyond working for me in a most professional and honest way. Absolutely nothing is too much trouble for you, you never stress and made me feel at ease throughout the whole process, your knowledge and expertise in your field is second to none.

You so earn every cent of your commission and I for one will be recommending you to anyone I know who is either looking to buy or sell a property.

THANK YOU! THANK YOU! THANK YOU!"
Camille Bennett—BUYER

THANKS!

DISCLAIMER: Buying or selling a property is a major decision. The information in this newsletter is for background information only, and you should always consult your advisors before signing contracts or making any major financial commitments.

If you no longer wish to receive communication from us, please let us know (see contact details above).