

# PROPERTY NEWS

Ideas to help you when you're Buying or Selling

# AUCTION ACTION IS HEATING UP

## Vendors Keen To Benefit From Demand

**Auctions are becoming increasingly popular and hugely successful in the Mudgee area as vendors rush to cash in on the fact that demand currently exceeds supply.**

According to The Property Shop's Hugh Bateman, private sales have traditionally been the marketing method of choice in the area but this is rapidly changing.

"With a private sale, or fixed treaty, the price is set. Although it can increase with competition, in most cases the asking price is the benchmark," Hugh said.

"Auctions on the other hand see the buyers determining the price, with results that are pleasing to the vendor. This has been the case in recent weeks with both rural and residential auctions."

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- Time for that tax valuation



## Letter from the Editor

Dear Reader,

As some business leaders came forward to state the economy can handle a large cut in interest rates to boost business sentiment, nationally few new jobs are being created apart from in the mining industry.

Questions are being asked if the Reserve Bank of Australia really understands where the economy is at the moment.

The lack of investment in non mining sectors of the economy could well affect Australia's long term growth prospects. There is no doubt the mining industry underpins the short term growth of Australia's economy.

There is simply not enough investment in other sectors of the economy to stimulate growth.

If the RBA is to really grab hold of what is happening in Australia it must start preparing for the end of the mining investment boom, which although will have a few more years to run, will indeed end.

Leaving the cash rate at 4.25% without adjustment since December is creating an air of panic among a lot of Australian business people. People are worried about a high currency, a lot are worried sick about a high carbon tax and retailers feel they are on the edge of a cliff.

Unless the RBA drops interest rates shortly, there are going to be more job losses in Australia, particularly in industries dependant on exports.

If the recent results of the Queensland election, where a Tarago has more seats than Queensland Labour are any indication, people are certainly voting with their feet, concerned with the issues I've already mentioned above. Little wonder recent state elections reveal what voters want. Perhaps destroying a government is a new sport.

In the meantime,  
Love where you live.

Regards,  
**Hugh Bateman**  
Principal



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# Getting ready for an Open House

**There's nothing like the prospect of guests to inspire a whirl of house cleaning.**

And when you're opening your home to an unknown number of people, one of whom you hope will buy it, there's even more reason to get out the vacuum, duster and household cleaners and get ready for action.

As well as cleaning your home, you will want to ensure it is inviting to purchasers. So, while you need to make it as appealing to them as possible, you should also remove some of the personal touches that have made it your home, such as family photographs, sporting trophies, holiday souvenirs, children's drawings, appointment reminders and paraphernalia on the fridge.

In addition to removing most of your personal items, it's also a good idea to declutter your home. You've probably arranged your furniture for your family's comfort and convenience, but now it's time for a change. Clear counter tops and remove some furniture to make your rooms look more spacious. Try to take at



least one piece of furniture out of every room, and rearrange what's left to provide the best effect. It's even worth considering putting some furniture into storage to improve the appearance of your home and to make it easier for people to envisage themselves living there.

As well as being fresh and clean for the inspection, your property should also smell that way. Try to keep fresh flowers throughout the house. Room fresheners can also be used, but keep them in inconspicuous areas, so that people don't wonder what you're trying to hide. If you have pets it is advisable to keep them outside or even get friends to take them for the day. Potential buyers will not necessarily love them or their fragrance as much as you do, and might even be allergic to them.

It's a lot of work but it's worth the effort to make your home clean, sparkling and ready for inspections.

By making it as attractive as possible to buyers, you're likely to sell it more quickly and also to get a better price for it.



Hugh said that apart from the opportunity to realise an unexpected price bonus, auctions appealed because buyers have to commit on the day and there is no cooling off period as there is in a private sale.

"Auctions also significantly raise the profile of the property through a carefully targeted, intensive marketing programme. It places a time limit but also still enables the vendor to sell beforehand if the opportunity arises," Hugh said.

**In summary the auction advantages are:**

- Auction is a three pronged marketing push. You are able to sell your property before auction, on the day of auction, or in the event the property is passed in, directly after auction.
- You are able to set the reserve price and a settlement date to suit you.
- Because you have not declared your reserve price it gives you a chance to test the market.
- A written marketing plan with set appointment times enables you to manage your life during the marketing.
- The auction process creates a sense of urgency, buyers have a definite time-frame in which they must act. Buyers see other purchasers rather than you, as competition. Auction creates a competitive environment.
- With sale by auction all contracts are unconditional and no cooling-off period applies.

# Auctions Perfect For Some Vendors



## No Cooling Off Period A Big Plus

### Price

You have the right to set the reserve price, below which the auctioneer is not permitted to sell. Consult with your auctioneer when setting your reserve price as he/she will be familiar with recent sales of similar property in the area. Remember to be realistic when setting the reserve price, bearing in mind supply and demand in the area as well as other general market considerations.

### Sale before the Auction

It is not uncommon for interested buyers to make offers on properties prior to auction day. In such a case the agent

will discuss the offer with the seller, and a decision is made to either consider the offer, or continue with the auction as planned.

In the event the seller wishes to sell their property prior to auction, the agent will generally, on the vendor's instructions, invite all potential buyers to also make an offer. The most appropriate offer is then accepted by the seller, and contracts are signed prior to the auction date.

**A sale by public auction is arguably one of the most exciting, effective and rewarding methods of buying and selling real property.**

View properties for sale at [www.thepropertyshop.com.au](http://www.thepropertyshop.com.au)



2012 Winner:



**Hugh Bateman**  
Principal



**Lucas Sheppard**  
Sales Agent



**Damian Kearns**  
Sales Agent



**Peter Vanags**  
Sales Agent



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[www.thepropertyshop.com.au](http://www.thepropertyshop.com.au)

Now's the time to start the ball rolling so that your property report can be completed well in time for the end of the financial year.

Whether your investment property is a residential or holiday rental, The Property Shop Mudgee has the expertise to prepare the reports that are essential if you're to keep your money rather than sharing it with the Tax Man.

Depreciation is a cost you claim on your investment property for the general 'wear and tear' of your property.

**There are two types of property depreciation allowances available:**

*Plant and Equipment* refers to items within the building like ovens, dishwashers, carpet, light fittings, blinds etc. Each item has its own rate of depreciation.

*Building Allowance* refers to construction costs of the building itself, such as concrete and brickwork. It only applies to buildings or improvements made after July 18 1985.

Both these costs can be offset against your assessable income.

#### **Plant and Equipment**

This can be quite complex to calculate. Each item has its own rate of depreciation such as blinds that could have a rate of 20% for 5 years while ovens could have 10% rate for 10 years.

But before you even go down the dollars and cents path you need to address the nuts and bolts, enlisting your agent to prepare a report on the items in your property.

The more time you allow for this the better, as the agent will need to organise access and a property inspection with the tenant at a time that suits both parties.

# TIME FOR THAT TAX VALUATION

#### **Building Allowance**

**If you know the cost of construction for the entire building or renovations, the tax rates are as follows:**

- If the building was constructed/ renovated between July 18, 1985 and September 15, 1987, depreciation is calculated as 4% of the building cost for 25 years.
- If the building was constructed after September 15, 1987, you can claim depreciation of capital works for building and landscaping at a rate of 2.5% for 40 years.

Hence, most properties constructed before 1985, cannot claim building allowance unless renovations were made.

#### **Property Depreciation Calculator**

The best way to calculate your property depreciation allowance is to obtain a Quantity Surveyor to create a schedule for you. This schedule provides you with your allowances for the next 10-20 years so you only need to obtain it once, if no internal or external changes occur.

You can also use a Tax Depreciation Calculator or call The Property Shop to access potential deductions available to you. The allowances indicated on the calculator are estimations only for properties you are about to purchase. The amount indicated would be an estimation of the amount you can deduct.

**Always check with your accountant as to what deductions you are entitled to and how depreciation will affect your investment property and particular financial situation.**



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Property Management team*

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