

THE PROPERTY SHOP PUBLICATION - ISSUE FORTY FIVE

PROPERTY NEWS

Ideas to help you when you're Buying or Selling

HOUSE OR UNITS?

Mudgee agency examines the options for property investors



See page 3 for full details >>>

In this issue of Property News:

- Town turns to country
- Antique auction
- Housing shortage

THE PROPERTY SHOP

www.thepropertyshop.com.au **6372 2222**

Letter from the Editor

Dear Reader,

The Mid Western Regional Councils Local Environmental Plan 2012 has finally been signed off after seven long years of investigation and studies by our local council and the Department of Planning.

It's a long overdue document that will permit the expansion of the residential land market in the towns within the Shire.

The next few weeks will provide Council team members with a flurry of development applications and no doubt a lot of queries.

As we enter spring we will be releasing a new residential estate in Mudgee South; "Nurroin Residential Estate". Already enquiries for new land releases are at a premium and if the sell out of "Elouera Estate" on Bellevue Road by our company in six weeks is any indication, this subdivision won't last long either.

Following on from that subdivision we will also be releasing a further estate in South Mudgee which will no doubt attract a lot of interest due to its location.

On a final note, as a new Council is about to take the reins, I wish to congratulate the previous Council for what I believe has been our most progressive Council we have had for many years. We hope you enjoy this monthly newsletter.

In the mean time, love where you live.

Regards,

Hugh Bateman
Director



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Interesting Real Estate Snippets

Australian Cricket Captain Michael Clarke has purchased "Round Hill" a Berrima Farm with fenced Cricket oval. The property was advertised for August auction

with \$3.65m hopes and Michael and his wife are understood to have secured it by private sale for \$3.25m. There'll be no excuse for lack of practice now!



ANTIQUUE AUCTION

Saturday 22nd September 10.30am

Over 500 lots including:

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Looking for a business or a trade?

Go to: mudgee.net.au - It's all on Magical Mudgee's website!

If your business isn't on there You're missing out! It's a FREE listing.

Town turns to country

From page 1 ...

What to invest in? That's the question of would-be property investors when deciding whether to buy houses or units.

Fifty eight per cent of all flats, units and apartments in Australia are owned by property investors. This contrasts with the fact that only 21% of freestanding homes (detached houses) are owned by property investors.

Across the capital cities, the statistics are even higher. Darwin tops the list, with 70.6% of all units being rented, followed by Brisbane with 70.2%. Sydney is the lowest at 60.3%, perhaps because of its higher house prices.

What is the reason for the big difference in preference for units over houses in capital cities?

"In those areas," explained Property Shop principal Hugh Bateman, "it usually gets back to an entry point price.

"The unit/flat/villa market generally offers a lower buy in price than freestanding homes. Based on median selling prices across the capital cities over the June quarter, units are 12% or \$59,000 more affordable than houses. Another valid reason is the fact that rental yields have historically been higher for units compared with houses.

"Unit yields in the cities average 4.9% compared to houses at 4.2%.

City investors show increased interest in regional areas



"Finally, the main reason investors are showing a preference for units is that they are usually located conveniently for renters and owner occupiers, situated close to transport and retail amenities."

As Hugh also points out, it is little wonder that property investors from the metropolitan areas are now looking at regional areas such as Mudgee, where yields are higher.

"The Mudgee market shows some difference in percentages of purchase of units to freestanding homes," he said. "The strength in investors purchasing three and four bedroom freestanding homes is obvious, with preference by renters for homes rather than units. However, with the

shortage of unit supply and convenience for those seeking to rent units, the market is tending to change, with the average home price in Mudgee currently sitting close to the \$390,000 mark, and rental yields close to an average of 5.5%.

"Investors are playing a big part in the real estate market. Conversely, unit sales are currently reflecting an average sale price of \$280,000. These types of properties provide a slightly lesser yield for investors, but offer a cheaper entry level."

When you're thinking about property investment, and for all real estate advice, contact the expert team at The Property Shop on 6372 2222.

View properties for sale at www.thepropertyshop.com.au



2012 Winner:



Hugh Bateman
Director



Andrew Palmer
Director



Lucas Sheppard
Sales Agent



Damian Kearns
Sales Agent



Peter Vanags
Sales Agent



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If you would like to sell your property please call our sales team on 6372 2222 and rest easy in the knowledge that our team of experts will look after you!

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Housing Shortage

ABS Census figures confirm past Property News stories detailing Australia's accommodation crisis and its effect on prices and, particularly, rents that make real estate a prime investment at the moment.

In the five years 2006-2011, rents rose nationally on average just under 50%. That's more than 30% above inflation. On the face of this, industry pundits are still predicting rent rises in the order of 10% per annum for the next few years at least.

The biggest rent rise in Australia during the survey period was fuelled by the minerals boom in WA where median rents went up more than 76%.

NSW had the smallest rise. Rents increased just 42%. However, to put that into perspective, NSW rents were already Australia's highest, outside the ACT.

The crisis, though, comes from the fact that dwelling approvals peaked in NSW in 2002 and have been falling ever since. The state is building 50% fewer dwellings than a decade ago.

The National Housing Supply Council in 2011 warned that the gap between supply and demand was increasing, nearing 200,000 units. This gap, naturally, differs from state to state.

The gap is narrowing in both Victoria and South Australia, but increasing in Queensland and is the worst in NSW.



The National Housing Supply Council has found that the housing shortfall increased by some 28,000 dwellings in the year to June 2011, taking the cumulative shortfall since 2001 to 228,000 dwellings.

It warned that without appropriate action the gap could rise to over 663,000 by 2031.

According to the Urban Development Institute of Australia, the most recent Census data underscores that we are simply not producing enough dwellings for the current and projected future number of households in Australia.

Excessive taxation and charging coupled with an unresponsive planning system are constraining the development industry's ability to produce much needed housing.

The good news is that grants to first home buyers and new stamp duty concessions have made market entry more affordable and may increase real estate activity.

From October 1, 2012 the First Home Owners Grant is \$15,000. On January 1, 2014 it will be \$10,000 for first time buyers of new properties.

The "New Home Grant" of \$5000 is payable to anyone buying a newly constructed home worth less than \$650,000.

Stamp duty on such a home is usually worth around \$25,000.

For vacant land, stamp duty exemptions are available for land valued at up to \$350,000, with the concession decreasing to \$450,000.



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