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Peak Central

Property Report

The latest news from First National Real Estate Peak Central

A great time to buy!



Welcome to the June edition of our property market report, one in which I must stress what a good time this is to be a buyer.

If you're an intelligent buyer, you cannot go wrong in this market.

The reason I say, 'intelligent' because every now and again we encounter buyers who think that because the market has been slow, they can make ridiculous, low ball offers.

While an offer marginally below the asking price if you're open to some negotiation is acceptable, we have seen some incredibly amateurish buying attempts.

We say amateurish because with this approach these buyers will never seal a deal and will miss out because before they get their bargain, the property they were interested in will have sold and prices will have moved upwards.

This market is a very good time to buy because it has stabilised at a bottom level before it starts to gradually move upwards again.

Interest rates are still fantastically low, especially as there are some really good offers being made at the moment by financial institutions outside of the major banks.

Some finance brokers have recently been reporting that they have been receiving approaches from less recognised financial institutions, notifying them of cheap rate specials because of having a drive on a particular type of loan.

These apply to investor loans as well as home buyers.

Apparently it is possible to negotiate the locking in of a prescribed margin that will remain in existence for the entire life of a loan so that even when interest rates rise, the differential negotiated at the time will remain.

As I said, a great time to buy!

Richard Stacey, Principal

Rentvesting gaining popularity-a means of entering the market

Rentvesting, the concept of renting where you want to live, but can't afford to, and investing where you can afford to buy a property, is making massive gains in popularity.

According to a recent ING Direct Financial Wellbeing Index, 22% of 18 to 34 year olds (Generation Y) own at least one property as a Rentvestor.

This is followed by 20% of 35 to 49 year olds (Generation X) and 19% of 50 to 64 year olds (Baby Boomers).

Rentvesting, a recently evolved term, is regarded as a new, creative way of entering the property market.

It refers to people who purchase an investment property in a locality that they can afford.

Rather than living in it themselves, they rent it to a tenant - and then become tenants themselves, renting a property in a locality where they cannot afford to purchase.

Closer to work

The property they rent could, for example, be in an area closer to their work or simply be in an area that they prefer.

A survey referred to on Domain found that in 2014, 20% of investors were 'rentvestors'. By 2016 a third of investors fell into this category.

One of the attractions is that by owning a property, deemed as an 'investment



property' rentvestors are able to claim deductions for expenses relating to the property such as property management fees, interest on their loan, council rates, insurance, repairs and maintenance as well as depreciation on the property.

This strategy is now so popular in Sydney, an expo dedicated to this type of investor has been held and a specialist company, Rentvestor.com.au has been established.

This company's website makes mention of a young person who lives with his parents, buying a property in Ballarat, renting it for a 7.7% yield and 18 months later having the property revalued to discover it had appreciated in value by \$75,000.

A warning to rental property owners:

With the end of the financial year approaching, we would like to urge rental property owners to read the fine print of their insurance documents thoroughly.

Some property owners use standard insurers for insurance protection on their investment property which can be all well and good until something goes wrong that is outside their province.

We strongly recommend using landlord insurance, coverage supplied by companies that specialise in this particular area.

It is an area of specialisation - and as we're closing in on the end of the financial year, it may be a good time to review.

If you require a referral of an insurer we have found to be reliable, please feel welcome to contact us.