

2007 – a solid year for property



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Managing Director

Last year saw varied levels of growth in property values throughout Victoria. Changes in Melbourne property values continue to be underpinned by the general rule that the closer a property is to the CBD or the Bay, the greater its level of growth.

REIV sales data revealed that the 2006 residential property market continued its trend from 2005, providing continued steady growth in property values combined with an increased number of properties being placed in the market.

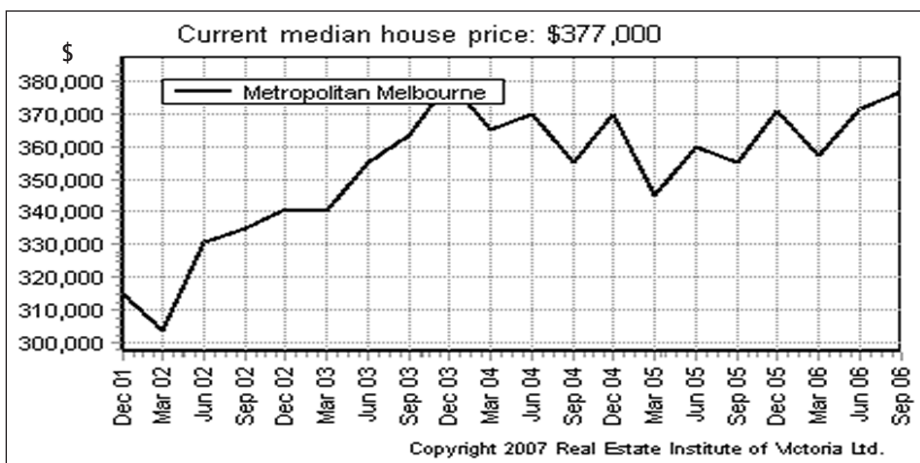
There were 23,244 auctions in 2006, compared with 21,224 in 2005 and the market saw a 71 per cent clearance rate compared with 65.8 per cent in 2005. The total value of all residential property sales was approximately \$44 billion, up from approximately \$42 billion in 2005.

The September quarter revealed that

the overall median house price in Melbourne was close to the peak of late 2003. However, unlike late 2003, the growth in value has been steady and consistent.

Despite the overall positive result there are areas of concern, particularly in the outer suburbs. The three interest rate rises, fluctuating fuel prices and drought related price increases added stress to family budgets. This budgetary stress affects demand and therefore has contributed to a slowdown in the growth of property values in the outer metropolitan area.

Overall, last year was characterised as a year of steady growth and has provided a solid base for the property market in 2007. However, the future effect of the drought, interest rate movements and international factors such as fluctuating oil prices and the strength of the economy, will continue to influence the housing market in Victoria.



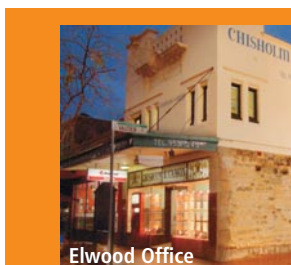
some simple tips for saving water in the home

Saving water has now gained a profile in Australian homes whereby most home owners are aware of the need to reduce consumption....here are some ways to achieve this...you'll be amazed how easily and how much you can save.

Install a rainwater tank.... this water can be used to flush the toilet or water the garden....about \$1,000 for a 3,000 litre installed.

Install a grey water recovery system (shower and washing water) this water can be used to flush the toilet or water the garden.... depending on your plumbing layout this can be as cheap as \$100 to connect up.

- Ensure no taps leak
- 2 minute showers
- Install low flow shower heads
- Install low water usage toilet cisterns.
- Choose plants for the garden that require only minimal water.
- Limit or eliminate lawns; if not, choose a hardy drought tolerant species.
- Do not leave tap running while cleaning teeth.
- Do not rinse plates etc before putting into dishwasher... wipe into bin with cloth.
- Wash full loads in the washing machine and be a little more discerning about what needs to be washed.... kids are known for throwing clothes in the wash rather than putting them away.



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Port Melbourne Office



landlords – as happy as birds

Australia is in the grip of a private rental crises according to the Housing Industry Association recently. Many areas within 8 kilometres of the Melbourne CBD have little or no vacancies for rental properties.

Average rents across Australia last year have risen by 3.7 per cent; their fastest annual rate hike for 16 years. For the December quarter alone, Melbourne average rents rose by 0.8 percent.

Agents across Melbourne are witnessing good numbers at open for inspections

for rental property providing excellent opportunities for a wide choice of applicants.

Rising interest rates and growth in property prices have made tenants less willing or able to take the step to property ownership thus swaying the balance of supply and demand to property shortages and higher rents.

Brett Gamon, our General Manager, says, "it has been many years since I have witnessed demand outstripping supply like this.

This strong period is also rewarding owners that make the effort to update their properties with new carpet, painting, bathroom and kitchen overhauls, enabling significant rental increases to be achieved with good lease periods.

If you would like some advice on these capital works programs, or would like to rent your property, please call our team at either Elwood on 9531 1245 or Port Melbourne on 9646 4444.

how we estimate the price for your property

Vendors can establish a fairly general idea of what their property may be worth in a market based on recent sales in the area, but the process of evaluating a property's worth draws on much more than attributes and information.

When we provide an appraisal, we draw on our years of experience in your area, the most current statistical information from government and industry sources. Other aspects that are included in the appraisal include the location of the property, the style of the house or unit or land, median prices of the city and your suburb, the condition of the premises, the amenity and appointment of the dwelling, the potential of the property and the current trends and attitudes to your type of property. We then compare all these attributes against current prices actually achieved in the area. Items such as water saving

devices, home cinemas and planning overlays all add or detract from the potential worth of the property and can not be overlooked.

A valuation from us will consist of a

price range. We maintain that a quality, hard-hitting marketing and sales campaign will push the result towards the top end or even over the range estimation.

There will always be the 'runaway' results that blow everybody's expectations... for these, we don't mind being inaccurate.



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Experience and good investigation is required to price property accurately.