

open house – benefits outweigh risks

There are many scaremongers who would frighten vendors away from Open for Inspection as a means of exposing their property for sale by talking up the risk of theft. In fact, theft from Open Homes is extremely rare; if it were common, Open for Inspection would not be such a popular method of exposing a house for sale to the widest number of buyers in the shortest time. Like many other useful practices that life offers us (getting into a car and driving it on public roads where it may come into contact with other vehicles, for example) the benefits far outweigh the risks.

Uncommon though Open Home theft may be, it pays for vendors to be aware of the steps they can take to minimise their risk of becoming a target

- 1 Ensure the agent and one other person are present at the Open House at all times.
- 2 Check insurance policies to make sure they are up to date. While the risk of theft is small, it is better to be prepared.
- 3 Remove all items of special value such as jewellery to a safe place.

4 Confirm with the agent that a register is being kept of attendees and remind them they are entitled to ask attendees to show photo ID on your behalf before letting them view the property.

5 Draw your agent's attention to any items/areas that might be delicate or sensitive to touch or movement (antique furniture, for example).

6 Check that your agent has an OPEN HOME EXIT RESEARCH document and that they will require every inspecting party to complete the document before their departure.

Don't

- 1 Leave more than one door (the front door) unlocked.
- 2 Leave any small valuable items such as rings or cash lying on mantle pieces or ledges.
- 3 Allow any prospective purchaser to enter your home without the agent being present.

rendering – an emerging trend

Although once frowned upon as it was believed to make houses more vulnerable to cracking, fading and water stains, rendering has become a popular outdoor option for new and old homes alike.

Homeowners these days are swaying toward easy-to-maintain surfaces that are cost effective and environmentally friendly. In response to this, changes have been made to cement render, making it a widely used method of saving money when building a new home, and a quick, easy and affordable way to renovate an old one.

Unlike in the past where cement render was just a layer of cement on a brick surface to then be painted, most renders are now thicker and flexible enough to withstand extreme outdoor conditions over time.

Cement render is made up of three components – lime, sand and cement. A newer form has acrylic in the mix, and is purportedly much more resistant to cracking than other types of render. It is also fast drying, taking only a few days to cure while traditional renders can take up to 28 days.

A wide range of pre-mixed colours offers even more flexibility, whether you are covering exterior walls on the house, an ugly old brick fence or creating a feature wall in the garden or courtyard.

Unless the render is being applied on a new house, surfaces need to be prepared carefully before you start. Dust and dirt should be hosed off and any mould removed using a fungicidal wash. Existing paint or render on the wall also needs to be removed, as render will not stick to paint.

BRISBANE MARKET DATA

- Capital city of Queensland.
- Fast growing population.
- Undersupplied residential market.
- Vibrant local economy.

Brisbane, the capital city of Queensland. The inner-city, metropolitan Brisbane is surrounded by leafy, hilly, suburbs. Nearby Moreton Bay and its islands provide an abundance of water sports and Australia's famous Gold Coast is around one hour's drive away.

Market update – December quarter 2006*

BRISBANE	Dec quarter median	Sept 06 – Dec 06	% change Dec 05 – Dec 06
House Price	\$339,500	+2.9	+6.1
House Rent (3b/r)	\$270 pw	+3.8	+8.0
Unit Price	\$280,000	0.0	+5.3
Unit Rent (2 b/r)	\$260 pw	0.0	+13.0
Vacancy Rate	1.5	-0.2	-0.6

This is the most up to date available – property data is released 3 months after the end of each quarter.

Source: Real Estate Institute of Australia and REIQ.

Comment:

They are simply not building enough property to meet demand in Brisbane. The market remains well and truly undersupplied which has fuelled consistent rental and price growth over recent years. The outlook remains positive with strong underlying fundamentals.

The rental vacancy rate has been trending down for 14 years and building approvals have also been falling away over the past 3 years (from levels that were not meeting annual demand). The only conclusion to draw is that the market will remain undersupplied for the next 3 to 4 years which will place the market under continued pressure albeit at more subdued levels or growth over the period ahead.

some offers not worth the price

The Stress Scale cites the four major stress factors in an individual's life as death, divorce, moving houses and changing jobs. Many people who move house are also changing jobs, and/or going through divorce or bereavement. So its no wonder vendors and buyers feel anxious about the buying/selling process. After all, the family home is the single greatest asset for 97% of people, and most move, on average, only four or five times in their lifetime.

One of the greatest causes of vendor stress in sale by private treaty is an offer falling through before contracts are exchanged. While agents are bound by law to submit all offers presented, experienced agents minimise vendor disappointment and loss of marketing time by advising clients not to accept offers they know are unlikely to proceed.

Sometimes offers are made by intending buyers who have not yet placed their property on the market for sale and who need the finance from the sale of that property before they can complete their next

real estate purchase. Buyers in this category are most often (not always of course!) just beginning to assess the market. They have found a house they really like almost at once and before they are ready to act. Often they have not done enough homework to know market values and their offers are not based on a genuine understanding of the current market. Some continue to look around while waiting for their own home to sell, even though they have agreed in principle to buy another property. Such purchasers are not deliberately trying to deceive or inconvenience property sellers when they pull out of a sale. They were simply too inexperienced and eager when they made their offer. Some purchasers offer to get bridging finance so they can proceed immediately; however, vendors should realise that in most (not all of course!) cases, the cost of bridging finance and the "what if" factor not knowing what their own home will ultimately sell for, end up working against the sale.

Since professional real estate agents will advise against taking a property off the

market upon the receipt of offers from unqualified purchasers, no loss of time or money is incurred. The harm done by uninformed purchasers who retract high offers is more insidious. Often the offers made by purchasers who have not really researched the market are higher than the property's ultimate market value; in other words, the price is above what the vendor can realistically expect to achieve. Unfortunately, the effect on the vendor's expectations is lasting. Most vendors continue to measure all subsequent offers against the high one, even though it fell through.

In the anxiety of understanding their biggest ever financial transaction, it is easy for vendors to forget that no mere offer in itself actually represents market value, let alone a firm sale price until a qualified purchaser backs it up with cash. If vendors could dismiss unrealistically high offers with the same incredulousness that they dismiss unrealistically low offers they would sell faster and for a higher price in the long run.

helping the kids into property?

Quartile is currently seeing a wave of parents seeking to help their offspring into the property market. Surely a noble gesture but is it in fact worthwhile? Giving the kids a start in life by laying a foundation of bricks and mortar can't be a bad thing...or can it?

Not so long ago a major Australian Bank announced they would lend 100% (or more) of the purchase price of property to kids whose parents offered equity in other property as additional security.

With widespread acceptance that some of our major housing markets have passed their peak it is common at this phase to the property cycle to hear the parental lament, "...but our kids will never be able to afford property".

We have heard this many times before and could go on to demonstrate with pages of

statistics that history does in fact repeat, normal markets will return and kids will in fact find their way into the market by themselves...when they apply themselves.

But attitudes, expectations and indeed life cycle patterns have also changed. Kids are leaving the nest later, settling down later and having kids later. So what does a well meaning parent do?

If, as parents, we choose to assist our kids to get a foot in the property door, there are numerous ways to set about it. They range from no strings attached generosity to hard-nosed "you'll pay back every cent" teach-them-a-lesson arrangements. And those two ends of the spectrum highlight the conundrum which is helping them without damaging what is essentially a worthwhile learning process and part of the road to independence. We can make it too easy... or too hard.

Perhaps just as importantly, we could expose ourselves to undue risk at a stage of life where risk is not necessarily the order of the day.

The solution lies in the middle ground. This is the place where the best possible combination of promoting the kids self reliance, whilst allowing them to get started without being impossibly (and suddenly) burdened with commitment, or putting ourselves under needless pressure, can be found.

The different strokes theory very much applies to this situation, so we won't attempt to map out a game plan here other than to suggest it may be possible to help the next generation without overly compromising their or our lot in life.

