



Commercial finance ■ Get your property ready for sale ■ Bringing a heritage property to life ■ Investment property maintenance

WHAT'S HOT IN PROPERTY



The property market is dynamic, with trends changing from week to week. Here's what people are talking about right now.

International investment hits dizzy heights

International buyers continue to have strong interest in local markets, with many real estate agents actively courting overseas buyers to purchase high-end properties. According to the Foreign Investment Review Board, approvals for foreign investment in real estate increased by 57% in 2014-15¹.

There were more than triple the number of approvals than in 2013-14, driven primarily by Chinese investors. Despite government crackdowns and increased taxes in Victoria, investor appetite shows no signs of waning.

The next pitfall: Over-valuing

The dust has just settled on under-quoting regulations and a new problem has already appeared. Agents have started to promise inflated house sale prices in order to sign up scarce vendors. Raised expectations are leaving many sellers holding onto overpriced property, with auction clearance rates reaching a three-year low of 62.1% in the final quarter of 2015².

Sources:

¹ www.firb.gov.au/about/publication/annual-report-2014-2015/

² www.businessinsider.com.au/auction-clearance-rates-tumbled-to-a-3-year-low-last-quarter-2016-1

Eco-friendly properties

The term 'environmentally friendly' can mean many things. When buying your next property, look out for features that will give it a five-star eco-friendly rating:

- Solar and wind power: Look for homes using these energy-efficient ways to power your home – they can also reduce your carbon footprint.
- Insulation and glazing: Good insulation and double-glazed windows regulate the inside temperature and may save you a small fortune in heating and cooling.
- Building orientation: North-facing properties benefit from sun during the day, which naturally lights and heats the property.
- Building materials: Construction materials can directly impact a property's environmental footprint. Look for reclaimed wood, recycled and sustainable materials.
- Water-saving appliances: From dual-flush toilets to rainwater tanks, these appliances all contribute to saving water.
- Natural lighting: Skylights and well-positioned windows bring natural light into your home, reducing your reliance on electricity.

Welcome



62%

AUCTION
CLEARANCE RATE
LAST QUARTER
2015 – A THREE
YEAR LOW²

We can help you

- Get a home loan
- Reassess your current loan
- Refinance your existing loan
- Find a commercial or business loan
- Consolidate debt and free up equity

Commercial finance: What is it?

There are several types of commercial finance that may help grow your business or keep it running efficiently day-to-day. Here's an outline of some of them.

Business overdraft

An overdraft is linked to your business account. It gives you access to funds, up to an approved limit. Overdrafts can be either secured or unsecured. There are generally no regular repayments and interest is charged on the amount drawn. This may be helpful for covering short-term expenses.

Line of credit

A line of credit provides on-call access to funds that can be used to increase your working capital. These are generally secured facilities, and have a higher borrowing limit than an overdraft. There are no fixed repayments and you're charged interest on the amount drawn.

Commercial loans

A commercial loan is a medium- to long-term option. Financing is provided for a fixed period of time. Repayments are generally fixed and made at regular intervals over the term of the loan. The interest rate can be either fixed or variable and is based on market rates. The loan is generally used to purchase equipment, commercial property or make improvements to your business.

Cash flow finance

Whether it's called cash flow, debtor or invoice financing, this facility enables you to obtain financing for a proportion of your outstanding invoices. The financier purchases your invoices at a proportion of their face value, so you don't have to wait for slow debtors. It can be an effective way to manage short-term fluctuations in your cash flow.

Business equipment finance

Asset or equipment finance is a way to purchase equipment and vehicles. The assets being purchased are used as security. Repayments are fixed over the term of the loan. A balloon or residual payment is common at the end of the loan. This financing can be in the form of hire purchase (where the financier owns the asset), a novated lease (for vehicles) or chattel mortgage (where you maintain ownership of the asset).

Commercial finance can be a smart way to maintain or build your business. For more information, contact your broker.



EXPLORING YOUR FINANCE OPTIONS COULD OPEN NEW POSSIBILITIES FOR YOUR BUSINESS



WINTER OVERHAUL: GETTING YOUR PROPERTY SPRING-SALE-READY

The warmer spring weather inspires owners to put their properties on the market, which makes the season highly competitive. So that you're ready in time for spring, here are five tips you can action this winter to help you gain a market advantage.

1. The basics

At a minimum, the property should be clean and tidy. Consider hiring a professional cleaner for a detailed clean that includes skirting boards, windows and so on. It's also a good idea to make any necessary repairs – you don't want to deter buyers with a minor issue like a leaking tap.

2. Highlight your best features

To gain a competitive edge you need a unique selling proposition. Identify what gives your property its 'wow' factor and make sure it's the focus. For example, if you want to showcase the garden, do any possible planting or garden maintenance in winter so that your plants are blooming in time for spring and your garden looks its best.

3. Time it right

Aim to show your property at the time of day when it's at its best. You'll want

both good light and a good temperature. Real estate experts suggest earlier is better – August or September – before there's a glut. This means starting your preparations in winter. Consider which month would suit your property according to its features.

4. Find the right agent

Do some research to find the right agent (and auctioneer) by looking at recent sales of properties similar to yours. Real estate is highly localised – make sure the agent understands your neighbourhood and what will make your place stand out.

Remember that you want potential buyers, not just browsers. If your agent has a large list of genuine buyers looking to purchase property in your area, that puts you ahead of others who are relying on traditional marketing.

5. Be realistic

The location and condition of your property will suggest a potential sale price. However, the real estate market relies on supply and demand. If there are lots of properties compared to buyers, you may need to adjust your expectations.

HOW TO BRING A HERITAGE PROPERTY TO LIFE

Interested in a heritage-listed property? Don't be daunted. See how you can transform the past into your future home.

Why is it heritage?

Buildings become heritage-listed for many reasons including architecture, location and environment. It could be a place where notable events occurred or famous people lived. The whole neighbourhood may be deemed historic.

Knowing why your building is heritage-listed could influence your style. For example, perhaps the dwelling was once a factory – so, keeping some existing industrial elements and adding a modern twist will suit the space and give a nod to the past.

The rules

Every state has rules about what you can and can't do to a heritage-listed property. This can range from avoiding structural work to requiring permission to repaint. Many heritage home owners say it can be difficult to find replacement parts for original features, so keep that in mind.

Heritage-listed dwellings must be safe and livable, which means you can generally update areas such as the kitchen and bathroom.

Check the rules that apply to your property before you start work. You may be surprised: constraints can get the creative juices flowing.

New ideas

Character: Try keeping some historical elements for character. For example, you may be allowed to replace the bathtub but you could choose to resurface it instead.

Old and new: A modern aesthetic can showcase heritage elements of the property. A funky wall colour can accentuate decorative features such as cornices.

Accessorise: You may not be able to change the building itself but you have full control over the furniture and other items you put in it. The decor can always be updated.

Extension: Can't renovate? Consider an extension. An extension allows you to keep the original facade while increasing the property's functionality.

Heritage-listed properties can be surprisingly versatile if you know the boundaries and find solutions within them. If you love history, a heritage property could be just the challenge for you.

Winter condition: Getting your investment property in tip-top shape

Looking for a tenant for your investment property? Thinking of selling? The lead-up to spring is great time to do repairs and maintenance. Here's a short checklist.

A landlord has to provide a safe and livable property for tenants. The best time to do a thorough maintenance check is before new tenants move in: it's cheaper than several small callouts and you can do repairs without disturbing people.

Known problems

If you're in touch with the previous tenants, ask them if anything needs attention. It's good to know what might cause issues in the near future.

Unknown problems

Visit the property and thoroughly check the following:

- **Plumbing:** Turn all taps on and off, flush toilets and watch water drain down each sink. Note any leaks or dripping; slow draining sinks or toilets indicate a blockage. Ensure the hot water system has been serviced.
- **Gas and electrical:** Turn all lights on and off, and test power points. Ensure appliances such as the stove, oven, heating and air-conditioning have been serviced.
- **Structure:** Check the interior and exterior for damage such as cracks in the walls, floor or ceiling, or broken roof tiles.
- **Fixtures:** Make sure ceiling fans, blinds and other fixtures are in working order.

Mould is a symptom of bad ventilation and/or poor waterproofing – it's a health hazard that needs expert attention. Similarly, pests such as roaches, rats and wasps need professional treatment. Hire certified professionals where possible. Their work has a warranty and you may be able to claim their services as a tax deduction.

Once you've ensured the property is up to scratch, schedule regular maintenance checks at the same time as tenant inspections to ensure everything remains in good condition.



SCHEDULE REGULAR MAINTENANCE CHECKS TO KEEP YOUR INVESTMENT IN GOOD CONDITION





HIA'S 2016 REPORT: THINKING LONG-TERM ON HOUSING SUPPLY

Australia's population recently passed 24 million, and is expected to hit between 34 and 42 million by 2050.¹ The impact of this population growth on the housing market was explored in the 2016 edition of the Housing Industry Australia's (HIA) Housing Australia's Future report.

Housing the future

One of the questions arising from HIA's Housing Australia's Future report is: Where will Australia's new residents live?

Construction began on 220,000 new dwellings in 2015, a record high, but the HIA anticipates a downturn. This prediction is already proving true, with new home building approvals down 7.5% in January this year.² Only 160,100 new dwellings are estimated to be built in 2018.³

What's causing the decline?

There are several factors contributing to the anticipated decline in new housing approvals and construction. Lenders



7.5%

DECREASE IN NEW HOME BUILDING APPROVALS THIS YEAR²

have begun to respond to pressure from Australia's bank regulator, APRA, to tighten lending criteria⁴; foreign investors are being required to pay increased fees; and housing affordability continues to be an issue, driven in part by a shortfall in supply.

How many houses will we need in the future?

The question really is: how much housing will we need to support our growing population?

According to the HIA, this will depend on growth levels and living standards, but the number of new homes required each year could be up to 250,000.⁵

If the most optimistic estimates are realised, we're certain to fall short at the current rate of construction. While new dwellings built were at their highest point in 2015, these levels have only been achieved three times in 30 years. Relying solely on organic growth won't be enough.

What needs to change?

Government policy will play a key role in meeting the increased demand. Housing affordability is likely to be on the ALP's election agenda, as the Coalition did not alter current negative gearing regulations in its 2016 budget. (Negative gearing offers incentives for investor-buyers to purchase property, thereby increasing demand and driving up prices.) Taxation reform could also contribute to meeting increased demand for housing, while measures such as funding community infrastructure, strategic planning, providing access to more land, and reducing or demolishing state-imposed stamp duty could encourage an increase in future housing stock.

Sources

¹ HIA press release, 23 February 2016, bit.ly/15XLnIJ

² Property Observer, 11 March 2016, bit.ly/1UxY532

³ abc.net.au/news/2016-03-16/housing-construction-to-slow-sharply-later-this-year/7251714

⁴ abc.net.au/news/2016-03-21/home-loan-criteria-tightened-bank-regulator-apra/7264030

⁵ HIA press release, 23 February 2016.

Your business *matters.*

Whether you need a residential, commercial or asset finance loan – or all of the above – we can help.