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AUSTRALIAN PROPERTY MARKET UPDATE

As the country settles into the third quarter of 2023 and the spring selling season, everyone is watching property results with interest.

The latest trends and figures from 'scorekeepers' like the Bureau of Statistics and CoreLogic may influence your decisions about buying and/or selling over the next few months.

Here's what has been happening in real estate across the nation over recent weeks:

Home values

September year on year figures from [CoreLogic](#) show that regional areas and most capital cities saw an annual rise in average values. The capitals that saw downturns were Hobart, Darwin and Canberra.

Here are the annual percentage changes for the nation's capitals to September:

- Sydney: 7.3%
- Melbourne: 1.5%
- Brisbane: 5.0%
- Adelaide: 5.0%
- Perth: 8.8%
- Hobart: -7.0%
- Darwin: -2.2%
- Canberra: -3.0%

On average, dwelling values have risen by 3.9 per cent in the last 12 months across the nation.

As CoreLogic also reported, the rolling 28-day change in the combined capitals home value index was 0.8% in the 28 days ending October 8th. Overall, the growth trajectory for capitals has slowed from a peak of 1.3 per cent in June.

In terms of time on market, the average for the September quarter remained at 30 days.

Loss-making resales on the rise

Paradoxically, while property prices continue to rise, there has also been a rise in loss-making resales, according to data collected by [CoreLogic](#). This relates to people selling for less than they bought for.

While there is no certainty as to why this is happening, it seems likely that sellers are affected by rising interest rates and are okay with offloading their property so they can move away from increased mortgage costs.

If you are looking to make a purchase at the moment, this could work in your favour as you may be able to secure a well-priced property in an area where loss-making resales are on the rise. However, figures like this are also a reminder to think carefully about where you intend to buy and to do your research thoroughly.

Vacancy rates at record lows

Meanwhile, [rental vacancies](#) remain extremely tight around the country, hitting a new record low of 1.1 per cent in September. Australian rent values increased 0.7% in September, taking the national annual increase to 8.4%.

Depending on where you are based, this means there are excellent opportunities to invest and lease a property with strong rental yield. Gross rent yields were recorded at 3.71% nationally in September, up from 3.51% a year ago.

If you are already a rental property owner, now could be a good time to connect with your property manager and review the rent you are currently charging. If your tenants' contracts are set to expire, there may be an opportunity to offset rising interest rates by updating the weekly rental fee.

Housing construction approvals and loans are down

Finally, [reports say](#) the building sector continues to struggle, with lending towards the construction or purchase of new homes down by 30.3 per cent in the August quarter of 2023 when compared to the previous year.

Things are definitely tricky in the construction sector but if you own property, the outcome of this is that prices are expected to stay strong in 2024. While the Federal and State governments have announced new home-building initiatives, it will take some time for supply to catch up with demand.

So we are still seeing sellers' markets in most parts of the country. If you're planning a sale before Christmas and you have the right help to make it happen, it's likely the outcome will be in your favour, so you can plan your next move with confidence.

Want to sell your home before the end of the year? Contact your local Professionals agent today.



BALANCING YOUR EMOTIONS DURING YOUR FIRST HOME PURCHASE

Buying your first home is one of life's most significant milestones but the process can end up becoming an emotional roller coaster.

When you are making this purchase and dealing with the decisions that come along with it, you'll need to find the balance between the practical and emotional side of things.

The following tips will help make sure you are happy with the final outcome and that it will work for you in the long term.

Head vs heart

When you let emotions be your guide, you tend to focus on the look of a home without thinking about more practical elements. It is easy to walk into a place and feel like you want to live there, but this doesn't necessarily mean it's the home for you.

Early in their journey, many home buyers make the mistake of falling in love with a place they can't afford, or which looks great but needs a lot of work. They find themselves visiting places out of their price range or trying to figure out a financial solution that doesn't exist. Meanwhile, suitable properties get snapped up by other buyers.

To side-step this, make sure you have a clear budget and search within it. Once you have found a place, request an independent building report to make sure any structural or repair issues won't break the bank once you move in.

It can also help to have a clear criteria and shop for features rather than looks. You might want a three-bedroom place that's within a certain radius of work or schools. There may be things on your list like an internal laundry or secure parking. It's easier to make cosmetic

changes than structural ones, so try not to get hooked on a home just because you love the look of it.

You also need to think long-term. Buying a cheaper home or apartment you aren't 100 per cent in love with can be a stepping stone to your dream property. Try to think like an investor and consider how the value of the house and suburb you want to buy in might change over the next few years. While it's still important that you feel comfortable and like where you live, these factors will help you make a better decision.

Overcoming nerves

It can be difficult to talk to real estate agents in the early days of your home search, but make the effort to stop and have a chat; local agents are likely to have some fantastic advice for you and may even recommend you look at a place you have previously scrolled past online.

Don't feel intimidated! Agents need buyers just as much as they need sellers. The person who sells you your home may be the one to help you sell and upgrade to your next property in the future.

Taking the step

One emotion involved with purchasing a first home is fear. It's a big step and while you may have been actively shopping for months, it can be difficult to pull the trigger and make an offer.

Some buyers become so caught up with finding the 'perfect' home that they fail to take action. Meanwhile, prices rise and they are missing out on building equity from their investment.

If you are struggling to commit, remember the following:

- Over time, your mortgage should become more affordable. Interest rates are high in 2023 but will eventually settle, which will help to reduce your repayments. As you grow your career and get promoted at work, paying the mortgage should become easier.
- You're not 100 per cent locked in for life. If owning a home doesn't work for you, you can sell it and move on.
- The best time to buy property is always 20 years ago. The sooner you make your move, the sooner you will be able to start growing your wealth with the help of this asset.
- There are plenty of people to help. Talk to your real estate agent and mortgage broker, and put a plan in place to make your big move.

The best way to balance your emotions when you are buying your first home is to do your research and be strategic. Have a plan in place and gather the people who can support you to execute it. Look for a home that matches your criteria in terms of functionality and location as well as interiors, and make your offer with confidence.

Need help to make a smart purchase? Contact your local Professionals agent today.



BEHIND THE SCENES OF A HOME SALE

With the headlines pointing to rising home values and stock shortages, it's easy to assume that real estate professionals don't have a lot of work to do when it comes to selling homes.

After all, property basically sells itself... right?

This is definitely not the case. Real estate agents are probably some of the busiest people in the country, working day and night, and on weekends to help their clients get results.

Here's a rundown of what your agent is up to behind the scenes during your property sale.

Before your campaign

Before your home is ready to be put on the market, there are a lot of things to be done. Your agent will:

- **Research recent results in the area:** Your agent will be doing their best to work out the correct value for your home. To do this, they need to see what the asking price has been for similar homes in the area, and what they have recently sold for. They will compare these results to your home and look at the ways your home is the same or different; even a few square metres in size or the level of slope your block sits on can make a difference.

Right now, results are fluctuating and real estate agents need to have their finger on the pulse. Understanding value is a critical part of the process.

- **Identify potential buyers:** Real estate agents usually have people on their radar who are on the hunt for properties and have been turning up to open homes. Your agent may decide to give these people the first chance to look at your property before it is advertised. If you are lucky, one of these preview buyers will make a strong offer.
- **Speak with their network:** Agents who work with franchise brands have extensive connections and will talk to their colleagues about the properties they have coming up. This can help to unearth more interested buyers. Your agent is also likely to keep in touch with a few buyer's agents who will also have an active database of interested parties in the area.
- **Prepare your marketing content:** The more interest your home attracts, the more competition you will have from buyers. Your agent will talk to you about the type of platforms to advertise on, whether you should do mailbox drops or request a premium listing etc, and will arrange a photographer and copywriter to make sure your home stands out online.

During your campaign

Once the marketing begins, it's time for your agent to start talking with buyers and inviting them to attend the open home. While there are always buyers out there, it can be difficult for them to make decisions and take action, especially because buying property is such a big move. Your agent's job is to get buyers excited and create a sense of urgency so they don't move on to the next listing without at least making an offer.

- **Encouraging people to attend the open home:** Once your home is on the market, your agent will touch base with interested buyers and urge them to come and check it out.
- **Calling them to follow up:** Once you have held your first open house, your agent will call everyone who visited, to find out their thoughts. Having this feedback can help you figure out if you need to make changes to the price or make some upgrades to attract more people.
- **Help buyers realise the home is right for them:** People don't always see the potential of a property right away. A quality agent often has a sixth sense about things. If they feel your home is what a buyer is looking for, they put in the work to help them come to this realisation. It can take a few conversations but the buyer is usually thrilled to find that their dream house was right under their nose.
- **Helping people figure out what to bid:** Buyers often need some help in figuring out what the right offer is to make on a property. Your agent will guide potential buyers into making an offer everyone is happy with.
- **Achieving the right price:** It can take a lot of work to reach the point where everyone is comfortable. For a real estate agent, this can mean full days and even nights going back and forth on the phone with all the relevant stakeholders.

At the end of the day, your agent wants what is best for you. Buying a home is a big decision and they play a strong role in inspiring buyers to take swift action and make strong offers.

After the offer is made

Just because the offer is in and accepted doesn't mean the work is over for your agent. There's still lots to be done.

- **Connecting you with a property law specialist:** Once the offer is in, the paperwork begins. Your agent will contact a solicitor or conveyancer if you don't already have one, so you can get this side of things underway.
- **Liaising with your legal professional:** If necessary, your agent will also act as a go-between for you and your conveyancer to ease the process along.
- **Helping you and the buyer negotiate final terms:** Before they move on to their next job, your agent will help you and your buyer negotiate the final terms of your property exchange agreement. For example, you may need your agent's help to figure out the exact settlement date. They will liaise between you, your conveyancer and the buyer to finalise this detail.

In addition to the above, your agent is there to provide support and advice, answer your questions and help you make decisions about your home sale. A reliable operator will keep in touch with all updates so you feel reassured, and will do everything they can to make sure you achieve a price you are happy with.

Ready to sell? Get in touch with a property expert from the Professionals team today.

SHORT TERM VS LONG-TERM RENTALS IN 2024

Investing in property is a smart strategy to build wealth, and you can offset the ownership costs by leasing it to tenants.

For the last ten years, many investors have relied on rental income by leasing their home on Airbnb, with visitors staying in it for a few nights or weeks at a time. The argument for this is that you can charge a higher rate and earn money without the place being occupied year-round. The strategy is especially popular in tourist destinations and big cities where hotels can be expensive.

However, Airbnb and holiday lets are believed to impact the availability of rental properties, making it hard for renters to find a place to live. Because of this, new legislation in some states and areas may make it more costly to lease your home as an Airbnb.

This article explains some of the changes that may impact your decision to go with a long-term or short-term lease arrangement in 2024.

Airbnb tax

There are developments in [Victoria](#) and [Queensland](#) that will see the owners of short-term rental properties using platforms like Airbnb and Stayz paying extra tax.

The Victorian government recently introduced a 7.5% levy on short-term rental properties with an eye to helping the struggling long-term rental market.

The plan is to use the proceeds of the levy to help fund Homes Victoria to build financially affordable housing, with a full 25 per cent of the proceeds going to regional Victoria.

While changes in Queensland have yet to come into effect, there is a proposal to implement a 1000 per cent council rates surcharge on short-term rental properties. This surcharge would only apply to entire properties used as short-term rentals and not to those who rent out individual rooms in their own homes.

Meanwhile, some councils are taking matters into their own hands. As reported in [The Guardian](#), The Byron Shire Council in NSW has been given the green light by the state government to cap some short-stay rentals at 60 days, as a way to ease the housing shortage. Mayors of other popular NSW districts on the south coast and in the Blue Mountains have implied they may try to follow suit.

If you have property on the east coast, it might be worth catching up with your accountant to see how incoming taxes and caps may affect you.

Pros and cons of short term rental investments

New legislation aside, there are still upsides and downsides to both short-term and long-term rentals.

Short term

Benefits:

- **Higher Yield:** A short-term rental has the potential to earn you more because you can charge higher rates per night than the equivalent time as a long-term rental.
- **Accessibility:** With more time unoccupied and the ability to refuse bookings when you want to, you have easy access to your property to check on the conditions and make changes.
- **Condition:** With tenants only staying for short periods, the possibility of major damage and wear and tear is less. While

you do hear stories of people hiring short-term rentals for huge parties and then trashing the place, these stories are far from the norm.

Drawbacks:

- **Time:** Running a short-term rental property takes a lot more time and effort than a long-term rental. You will either have to do this work yourself or outsource it to someone else, which can impact the money you earn.
- **Expense:** Along with the extra cost of managing your short-term rental, there is also the outlay of setting it up, fully furnishing it (which can cost thousands of dollars), and providing services like internet, tea and coffee.
- **Unpredictable income:** One risk with short-term rentals is the unreliability of tenancy. You may go long periods between guests, meaning your property is costing you money.
- **Unpredictable tenants:** Not all short term renters are reliable. You can wind up with the home being badly damaged and it is difficult to hold people accountable.

Long term

Benefits:

- **Consistent income:** By signing up long-term tenants, you know you will have regular rental income for that period.
- **Less administration:** Once your tenant is in, the paperwork is done and you can sit back and relax. You also have the option of hiring a property manager who will help manage your tenants for a reasonable price.
- **Lower costs:** Most rental properties don't need to be furnished, so preparing a long-term rental property is far less expensive.
- **Reliable residents:** Your property manager can help you choose quality tenants who will treat the home as their own. You won't constantly be dealing with new people who you don't trust.
- **Happy neighbours:** A lot of strata properties and local streets don't appreciate travellers coming and going. Leasing a home as an Airbnb can result in complaints from the people who live around it, particularly if guests cause a disturbance.

Drawbacks:

- **Less flexible:** Once your tenants are in, you're locked into a solid time frame, and you have less opportunity to visit the property yourself.
- **Less frequent inspections:** Generally, you can only inspect or have your property manager inspect your property every three months. This means you have to put faith in your tenants that they are reporting issues properly. However, your property manager will help you manage this by checking in with your tenants regularly.

If you decide to go ahead with long term tenants, now is a good time. This is because rental returns remain high thanks to current property shortages. You will get the steady income and the peace of mind that your property manager and tenants are taking good care of the place.

Want help to find tenants for your investment property? Contact your local Professionals office today.



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