

PRONNEWS

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IS AUSTRALIA'S PROPERTY BOOM SHOWING SIGNS OF SLOWING DOWN?

Property price growth across the country appears to be slowing down, to the relief of many buyers, but don't count on a price crash just yet because the market still has a lot of momentum left.

A number of indicators are pointing to a slightly less frenzied market moving forward compared to what we saw in March, when price growth reached a 32-year high (up 2.8%) according to CoreLogic data.

Prices continued to rise in April, albeit at a slower pace than the month before with prices up by a smaller 1.8%.

Some have speculated that April's easing of price growth was simply a blip that could be attributed to people going away over the Easter break, but there are a number of indicators that are pointing to price growth slowing down in the months ahead.

One of these is that more housing stock is coming onto the market, which may help absorb some of the high demand that the market has been experiencing of late.

A lot of people held back from selling their homes last year due to uncertainty over the pandemic, but as people regain confidence in the market we are seeing more vendors joining the fray, which is great news for buyers.

As we are seeing more vendors join the market however, we are seeing some buyers deciding to take a back seat. The unfortunate consequence of a rapidly moving market is that high prices and competition are making it a lot harder for buyers to break in.

Attractive government incentives, such as the lucrative HomeBuilder scheme, have also run out now which has resulted in reduced property demand.

Slower growth does not equal falling prices

While the market is showing signs that it may have reached its peak that certainly doesn't mean that we're going to start seeing prices go backwards.

Strong demand for property remains across the country and we are likely to continue to see prices go up, just at a slightly slower pace.

Things such as record low interest rates are still helping drive demand, as is strong consumer sentiment as the economy recovers from the pandemic.

With things such as international travel off the cards, a lot of people are also using their savings towards saving for a home deposit rather than going away on expensive holidays.

ANZ economists have predicted that property prices will soar by 17% this year, with growth to continue into 2022 too. They do however believe that if the current rate of growth doesn't slow down then banking regulators will be forced to get involved to calm down the market.



WHAT'S IN THE 2021 FEDERAL BUDGET FOR HOME BUYERS?

Property prices are rising sharply across the country, but those looking to buy a home are set to get some relief thanks to new measures that were outlined in the 2021-22 Federal Budget.

Treasurer Josh Frydenberg noted in his speech to parliament that while the federal government's HomeBuilder scheme from last year's budget had been a huge success, "in this budget, our housing measures go even further".

So, what are the new measures and how can they help you get your foot on the property ladder?

First Home Loan Deposit Scheme

The Federal Government is offering an extra 10,000 places in its First Home Loan Deposit Scheme.

Those who take up the scheme will only need a 5% deposit to purchase or build a home, with the government guaranteeing the remaining 15% that is usually required to avoid expensive lenders mortgage insurance.

The scheme has been credited with helping first home buyers enter the property market sooner and has been hugely popular in the past, with places filling up soon after being released.

Further information on the scheme can be found at www.nhfc.gov.au/what-we-do/fhlds.

Family Home Guarantee

Working in a similar fashion to the First Home Loan Deposit Scheme, the government is also now offering a Family Home Guarantee, aimed at helping single parents purchase a home.

The scheme will be available on both new and existing properties and will allow single parents with dependent children the ability to purchase a home with as little as a 2% deposit.

Those using the scheme don't need to be a first home buyer. Ten thousand places will be made available in the scheme over the next four years, with applications to open from July 1.

First Home Super Saver Scheme

The amount of voluntary super contributions that can be released under the First Home Super Saver Scheme has been increased from \$30,000 to \$50,000.

This scheme allows eligible first home owners to release their voluntary super contributions to use towards a house deposit.

The changes will come into effect from July 1.

Downsizer superannuation contribution

While not a scheme specifically for buyers, the downsizer superannuation contribution has been expanded in a bid to free up housing for young families hoping to enter the property market.

The scheme, which allows downsizers the ability to boost their superannuation when they sell their home, has had the eligibility age drop from 65 to 60.

Those taking up the scheme can make a one-off, post-tax contribution to their superannuation of up to \$300,000 per person from the proceeds of selling their home, with both members of a couple able to contribute from the same home.



WHAT HAPPENS WHEN YOUR RENTAL PROPERTY GOES UP FOR SALE?

With the property market booming there's a lot of landlords out there looking to sell up and cash in - but what happens when it's your landlord that's looking to sell?

Firstly, try not to stress. Just because your landlord is selling, doesn't mean you'll need to pack up and leave the property.

In fact, a lot of investors will want to keep a rental income coming in while the property is on the market, plus the property may actually present better with your stuff in it (providing you keep the property well-maintained) than it would if it was empty.

Your lease remains valid

While your landlord is well within their rights to sell the property, keep in mind that you are also entitled to stay at the property for as long as your lease remains valid. This remains true for your current landlord and for any potential future landlords too, if the property sells.

So you won't need to move out until your lease runs out. If your lease is due to expire, or you're on a periodic lease, then you will still need to be given an appropriate amount of notice to leave and this will differ depending on the rules in your state or territory.

You have rights as a tenant

If you find out your landlord wants to sell then one of the first things you should do is familiarise yourself with the terms on your lease, as well as the relevant tenancy laws where you live.

Your landlord will need to notify you of their intention to sell the property, as well as give you appropriate notice to

carry out inspections. Again, the amount of notice required for inspections will differ depending on the state or territory you reside in.

Keep the lines of communication open

It's well worth discussing any questions or concerns you might have about your rental going up for sale with your landlord or property manager.

A simple chat may be all that's needed to clear up any concerns, and you can also use it as a chance to come to an agreement about the best times for inspections to take place.

It's best if everybody is on the same page and can work together. Keep in mind that while the property may sell to somebody who wants to move in eventually, it may also sell to an investor who wants to keep you on as a tenant.

Where to go for information:

New South Wales - www.fairtrading.nsw.gov.au/housing-and-property/renting

Victoria - www.consumer.vic.gov.au/housing/renting

Queensland - www.rta.qld.gov.au/

Western Australia - www.commerce.wa.gov.au/consumer-protection/renting-home

South Australia - www.cbs.sa.gov.au/renting-letting-advice

Tasmania - www.cbos.tas.gov.au/topics/housing

Northern Territory - consumeraffairs.nt.gov.au/for-consumers/residential-tenancies

Australian Capital Territory - www.legalaidact.org.au/tasact



THE DOS AND DON'T OF RENOVATING A HOUSE TO SELL

If you're thinking about putting your property up for sale then you're probably also wondering whether it could do with some touch-ups first to help you maximise your returns.

There's no question that renovating a property can help add value to it, but if you go down the wrong path it can also end up costing you more money than you counted on.

Some renovations won't add significant appeal to a property, and may be best leaving to the eventual buyer.

So what are some things you do, or steer clear of, before you get out the hammer and the paintbrush?

DO research the market first

It's well worth comparing the sold price differences between renovated and unrenovated properties in your neighbourhood.

Are renovated properties selling for significantly more? Or are buyers in the area more worried about the land content than the house that's on top of it?

You may want to have a chat to local real estate agents to help get a clear idea of the potential buyers that are most likely to be interested in your property, and they can also help direct you as to whether major or minor renovations will be financially worthwhile.

DO set a clear budget

It's easy to go overboard when it comes to renovating, so once you've decided you want to make some changes it's important to decide how much you're willing to spend.

The general rule of thumb is not to spend more than 5-10% of the total value of the property on renovations. But you may want to spend less than this depending on how much available funds you have, and the existing state the property is in.

DO minor cosmetic touch-ups

For most sellers, some simple cosmetic changes will be all that's needed. This might include painting, or fixing any obvious issues such as leaking taps or broken light fittings.

A few other considerations may be minor updates in kitchens or bathrooms, or some landscaping to help make the property look neater from the street.

DON'T go overboard

When renovating to sell the main rule is not to go overboard. If the property is in need of extensive repairs then it's probably not going to be worth your while to fix them all up, especially if potential buyers are likely to want to renovate and choose their own new fixtures and fittings anyway.

Unless you're a professional property flipper, it's best to keep renovations simple so you don't end up biting off more than you can chew.

DON'T limit your potential buyers

You want to make your property as broadly appealing as possible so it attracts a wide range of buyers. For this reason you should steer clear of choosing colours or finishes that may be polarising.

Try to remember that any renovations you do will be for the eventual buyer and not for you. If you have a unique style then it may be worth getting some advice from an interior designer, or at least asking your real estate agent for another opinion.



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