

Property Focus

Bringing you the latest news, fact and figures from the world of Australian real estate.

Going, going, gone! Why auctions



When it comes to selling your house, we know getting the very best price with the least stress is your top priority. Auctions are often the best way to achieve this, as well as offering several other benefits for sellers too. Read on to find out why going under the hammer will likely work for you.

SHORT AND SWEET

Auctions get maximum exposure for your property in a short period of time with a structured, intensive marketing campaign over a few key weeks. This approach not only creates a sense of urgency for buyers, but has the added advantage of meaning you won't have to keep your house clean for months of open homes or agent visits, and you have a defined timeline to plan around.

THE MARKET DECIDES THE PRICE

Rather than guessing at the value of your home, and potentially placing a ceiling on what people will pay for it, auctions allow buyers to decide for themselves what a property is worth. This means you get a true market value for your home if it sells at auction.

COMPETITION IS MAXIMISED

A property is worth what any one party is prepared to pay for it, so creating fair competition for your home can push buyers to truly consider their top price come auction day, and may result in you getting more than expected when the hammer finally comes down.

SIGNED, SEALED, DELIVERED

An auction sale is an unconditional sale, which means that once your home passes the reserve (set by you) and the auctioneer declares it sold, you can sign the paperwork and know the deal is done. This eliminates drawn-out contract

negotiations, and is often the best option for anyone needing quick settlement terms for another purchase.

PASSED IN, BUT NOT PASSED ON

If your home is 'passed in', meaning it doesn't sell at auction, the intense interest and buyer activity generated in the lead-up to the auction means you usually have an increased chance of selling the home at a negotiated price to interested parties. Your real estate agent will already know who is genuinely interested in the property and can deal direct with them to see if an agreement can be reached.

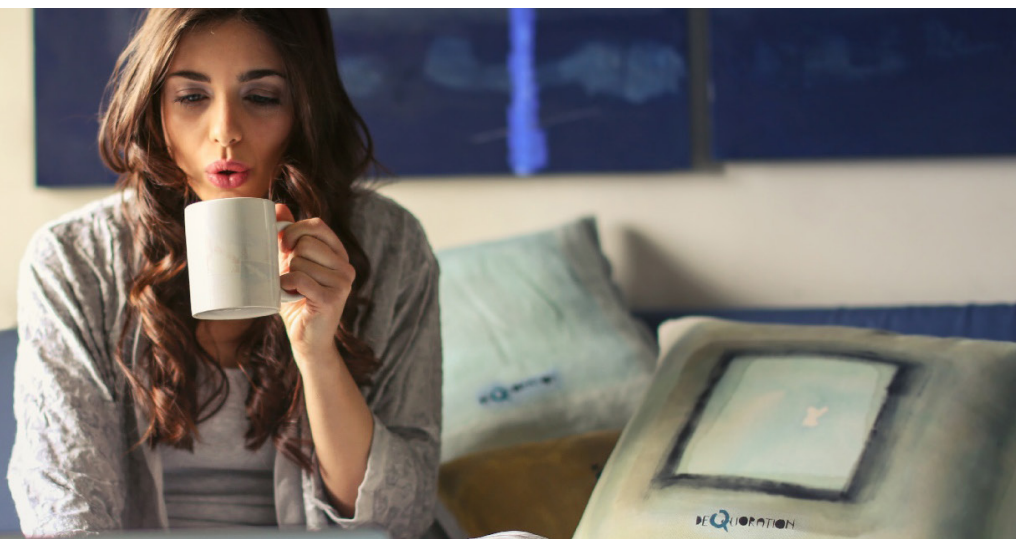
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BMT Tax Depreciation
QUANTITY SURVEYORS

Using your home to buy other assets or renovate



Should you use the equity you have built in your home when you want to buy a car, or upgrade furniture, even renovate, or is a personal loan a much better option?

Certainly, if you have a redraw capacity on your loan that is enough to do what you need (i.e. either buy a car, refurbish or renovate) that is a far easier option than filling in loads of forms to update your financial position to the lender, or even look for a new lender and compare prices.

In many redraw situations you don't even need to speak to a person at all, your internet banking system may allow the transaction to go ahead and will even advise you if an adjustment of instalment is required.

Home Loan interest rates are usually half the price or more of Personal Loan rates, so it can be a far cheaper option, consider the 3 to 5% versus 9 to 11% of Personal Loans.

There are also minimal or no fees for redraw with most lenders, but if instead you need to fully rewrite your home loan or take out a personal loan, that can be a very different picture, and those Lender forms need to be completed.

So, it seems that using redraw can be a cheaper and convenient way to get what you need, but what do you also need to consider when going down this path?

- By adding a car cost or any other cost to your existing home loan, be it by redraw or full rewrite, you can extend that part of the loan far longer than it would have been if written by personal loan which is usually between 5 and 7 years. Now that might appear to be great, as your home loan instalment has not changed or will not change much, but do you really want to pay your car out over 30 years? You will be paying far more interest off that way. Your mortgage broker can help with a strategy to combat this.
- Some people find it easier to have those debts separate so they really know what they owe and don't need to guess if the car has been paid off yet or not. Your mortgage broker has access to several personal loan options and you need to find the most suited deal for you.
- If not using redraw and considering a rewrite of your home loan, you might not have the equity in your home that you think. Usually the lender will consider revaluing your property and if values have gone down, you may not have as much to draw against? But, not all lenders are the same and not all valuers, again your mortgage broker has many different lenders and non-lenders to choose from, best seek their advice.

There are many ways to approach this situation and your mortgage broker can help with all the options available to you. This can be a great way to build your asset value, but advice is the key.

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Market Facts

Capital cities home value index - 31 July 2018

	ALL DWELLINGS		HOUSES		UNITS	
	% Change Year on Year	% Change Month on Month	% Change Year on Year	% Change Month on Month	% Change Year on Year	% Change Month on Month
Sydney	-5.39 ▼	-0.60 ▼	-7.01 ▼	-0.67 ▼	-1.61 ▼	-0.43 ▼
Melbourne	-0.51 ▼	-0.92 ▼	-1.40 ▼	-0.99 ▼	2.31 ▲	-0.67 ▼
Brisbane*	1.24 ▲	0.05 ▲	1.27 ▲	0.15 ▲	1.18 ▲	-0.12 ▼
Adelaide	0.70 ▲	-0.10 ▼	0.65 ▲	-0.11 ▼	1.06 ▲	0.02 ▲
Perth	-2.34 ▼	-0.79 ▼	-1.82 ▼	-0.81 ▼	-4.56 ▼	-0.75 ▼
Hobart	11.55 ▲	0.00	12.38 ▲	-0.22 ▼	7.37 ▲	1.12 ▲
Canberra	2.36 ▲	0.16 ▲	3.50 ▲	0.29 ▲	-1.16 ▼	-0.29 ▼

*includes Gold Coast