

# Real Estate News

INFORMATION TO HELP YOU WHEN BUYING OR SELLING

MARCH 2011

## WHEN SHOULD I SELL?. JIM GRIGORIOU

A truly excellent question debated over many a dinner party. Some say spring, as the flowers are out and gardens sparkle in the warm sun. Others argue autumn, with cool sunny days and tree lined streets boasting the colours of autumn.

Many will say winter is a terrible time to sell and Christmas is even worse. Winter can be particularly savage with a 11 degree highs and 25 knot southerly winds with a chill factor that would cut you in half. Christmas is that time of year you are snowed under with end of year, end of school, Christmas shopping etc, etc, its crazy!

Who's right? Who's wrong? Who knows? Spring and autumn seem logical times to sell when your property looks its best. Conversely, you could be one of many more properties being offered at the same time which may reduce your chances of getting a high price. Be aware of the herd mentality, many astute investors do the opposite of what the masses do, choosing the contrarian approach.

**If we apply the same contrarian approach, winter and Christmas appear to have some merit.**

When it comes to answering the question of "When should I sell"? There is no right or wrong answer. You should focus on two relevant points.

**POINT 1.** You should sell when it suits your plans and try to present your property in the best light in the season you're in.

**POINT 2.** Residential real estate is closely linked to the cycles of life. People get married, divorced, have babies, die regardless of the time of year, hence the demand for good quality housing is there 24 hours a day, 365 days a year.

Real estate is a year round fruit that when presented well, will be picked from the vine.



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# A TALE OF HONESTY AND LEADERSHIP

A successful business man was growing old and knew it was time to choose a successor to take over the business.

Instead of choosing one of his Directors or his children, he decided to do something different. He called all the young executives in his company together.

He said, "It is time for me to step down and choose the next CEO. I have decided to choose one of you." The young executives were shocked, but the boss continued. "I am going to give each one of you a SEED today - one very special SEED. I want you to plant the seed, water it, and come back here one year from today with what you have grown from the seed I have given you. I will then judge the plants that you bring, and the one I choose will be the next CEO."

One man, named Jim, was there that day and he, like the others, received a seed. He went home and excitedly, told his wife the story. She helped him get a pot, soil and compost and he planted the seed. Everyday, he would water it and watch to see if it had grown. After about three weeks, some of the other executives began to talk about their seeds and the plants that were beginning to grow.

Jim kept checking his seed, but nothing ever grew. Three weeks, four weeks, five weeks went by, still Nothing.

By now, others were talking about their plants, But Jim didn't have a plant and he

felt like a failure.

Six months went by -- still nothing in Jim's pot. He just knew he had killed his seed. Everyone else had trees and tall plants, but he had nothing.

Jim didn't say anything to his colleagues, however, he just kept watering and fertilising the soil - He so wanted the seed to grow.

A year finally went by and all the young executives of the company brought their plants to the CEO for inspection.

Jim told his wife that he wasn't going to take an empty pot.

But she asked him to be honest about what happened. Jim felt sick to his stomach, it was going to be the most embarrassing moment of his life, but he knew his wife was right. He took his empty pot to the board room

When Jim arrived, he was amazed at the variety of plants grown by the other executives. They were beautiful - in all shapes and sizes. Jim put his empty pot on the floor and many of his colleagues laughed, a few felt sorry for him! When the CEO arrived, he surveyed the room and greeted his young executives.

Jim just tried to hide in the back. "My, what great plants, trees and flowers you have grown," said the CEO. "Today one of you will be appointed the next CEO!"

All of a sudden, the CEO spotted Jim at the back of the room with his empty pot. He ordered the Financial Director to bring him to the front. Jim was terrified. He thought, "The CEO knows I'm a failure! Maybe he will have me fired!"

When Jim got to the front, the CEO asked him what had happened to his seed , Jim told him the story.

The CEO asked everyone to sit down except Jim. He looked at Jim, and then announced to the young executives, "Behold your next Chief Executive Officer!

His name is Jim!" Jim couldn't believe it. Jim couldn't even grow his seed. "How could he be the new CEO?" the others said.

Then the CEO said, "One year ago today, I gave everyone in this room a seed. I told you to take the seed, plant it, water it, and bring it back to me today. But I gave you all boiled seeds; they were dead - it was not possible for them to grow. All of you, except Jim, have brought me trees and plants and flowers. When you found that the seed would not grow, you substituted another seed for the one I gave you. Jim was the only one with the courage and honesty to bring me a pot with my seed in it. Therefore, he is the one who will be the new Chief Executive Officer!"

## LETTER FROM EDITOR



Dear Readers

Welcome to the March Issue of Real Estate News.

Summer is officially over but that does not necessarily mean bad news for sellers. Jim Grigoriou article on page 1 dispels that myth

Page 3 provides some information for landlords.

If the team at Noel Daley Real Estate can help you with any real estate issues please feel free to call us on 02 6722 3088

## Top Agents Sell For More

How do you find the right agent to sell your property?

Choosing the best real estate agent to sell your home is a decision worth getting right.

Many experts advise sellers to first do their own research on the sales results of properties in their area in order to get an idea of what their property is worth before approaching an agent.

The research will help you establish a price on your property. With this knowledge you are less likely to be misled by a dishonest agent who promises an unrealistically high price to win your business. An overpriced property risks failing to sell (private sale or auction), and then becomes stale and no one wants to buy it.

If you do your research on prices and the agent confirms your findings, that's a start to putting some trust in that agent.

Another important factor in the selection process is the agent's commission. Whilst comparing

commissions is important, it should not be the only criteria. According to most experts it's like a double edged sword, you usually get what you pay for in an agent.

If you push the agent too far on commission, your property may not get their attention over other better paying properties. You should be looking to appoint the agent that is capable of achieving the best possible price for your property, and this may not necessarily be the agent who quotes you the lowest fee for their services. Besides, if you can easily convince them to cut their fee, don't you think buyers will just as easily get them down on your price?

The agent you choose should be well trained, knowledgeable and have excellent skill level.

The agent's negotiation skill, which can only be acquired through ongoing study and training (not just years of experience), is more important than anything else and will translate into tens of thousands of dollars extra in to your pocket.

# Landlords—*Information Overload*

Type the words 'tenants rights Australia' into Google and you get 240,000 hits. And while it's fair to say some pages might be more useful than others, this simple test highlights the vast amount of information now at tenants' fingertips.

Many tenants are now far more informed of their rights and obligations when renting a property than ever before. They benefit from a wealth of information available online and in magazines and publications that cover a wide range of topics connected with property management.

EBM Managing Director Jeff Adams believes well-informed tenants deserve well-informed landlords.

"There is no doubt that renters are now far savvier about their rights and obligations, as well as those of their landlord," Mr. Adams said. "It's important for landlords today to be just as informed as their tenants so they can maximise the productivity of their investment property and maintain happy tenants."

While warning that more information is not necessarily the same as better information, Mr. Adams says a landlord's best resource is their property manager.

"Property managers are there to assist landlords administer their properties and receive ongoing training to ensure they know the latest in matters relating to protecting landlords rights, duties and obligations," Mr Adams said.

A prime example of this is 'tenant hardship' – a relatively new clause being recognised by courts and tribunals that can affect the obligations of tenants in times of hardship. The law has found that in cases where continuing the tenancy will cause undue hardship to the tenant, the lease may be lawfully terminated immediately, without penalty.

This can obviously have severe implications for landlords and understanding exactly what constitutes hardship is important in protecting the profitability of investment rental properties.

In response to issues surrounding tenant hardship, EBM have included a tenant hardship clause in its RentCoverUltra and RentCoverPlatinum products, which compensates landlords for up to six weeks rent in these circumstances, even though it has been deemed a lawful termination.

For more information about EBM's range of insurance products, call 1300 INSURE or visit [www.rentcover.com.au](http://www.rentcover.com.au)

**Are you looking  
to lease your  
Investment property?**



**The Property Management team at Noel Daley Real Estate currently have quality tenants waiting for the right property.**

To find out if any of these prospective tenants suit your investment property contact **6722 3088**

**[www.noeldaley.com.au](http://www.noeldaley.com.au)**

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- **Stress free management**

**Left to right;** Donna (Receptionist), Jodie (Property Manager), Zoe (Property Officer)

Contact the Property Management team at  
Noel Daley Real Estate  
to discuss what we can offer you in the management of your property

**6722 3088**

# DEVELOPING PROPERTY AS AN INVESTMENT

While many people enter the investment property market by purchasing an existing, "second-hand" dwelling, another option is to build your own.

Many developers provide house and land packages, which take the hassle out of DIY building. Similarly, units are available in new developments on a "walk in" basis.

Unless you have the time and expertise to buy run down property and carry out your own renovations, there are many benefits in buying new, compared with existing property.

## The benefits of buying a new property

Some of the major benefits include:

- There are considerably greater tax benefits attached to a new property, as discussed below.
- There is greater tenant appeal in a new property, enabling you to obtain rental returns at the upper end of the market.
- A better quality of tenant can usually be secured and they are likely to stay longer – reducing your vacancy periods.
- Maintenance costs are reduced. Most building repairs are covered by the builder for seven or ten years and equipment carries a manufacturer's warranty for 2-3 years.
- Unforeseen costs such as termites and building maintenance are almost eliminated, enabling you to set a firm budget.

## Tax benefits of new property

Tax benefits fall into two groups:

- Depreciation allowances, and
- Building allowances.

Depreciation allowances are available on many items including floor and window coverings, air conditioning, light fittings and kitchen appliances. Under the Income Tax Assessment Act these allowances are generally in the range 10-20%. While they apply to both new and existing properties, the amount will generally be higher for a new property because the items are new.

Income producing buildings, where construction was commenced after June 1985, can be eligible for building allowances. These are claimable on certain parts of the building construction and will invariably be higher on a new property. As an example, a new residential property with an allowable component of \$290,000 would qualify for an allowance of \$7,250 a year – an important aspect in minimising tax on your investment.

Make sure you seek advice if you think this option suits your needs, including the availability of a beneficial finance package.



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## Get Involved!



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