

property news

MARCH 2010



Welcome to the monthly Morrison Kleeman newsletter!

As part of our commitment to you, our clients and local community, we publish this newsletter to inform and excite readers about the property market. Included are articles, facts and figures on industry news and helpful property-related hints and tips. As always, we value your feedback, so please be in touch with any ideas and suggestions.

Enjoy!

PETER KLEEMAN ■ DIRECTOR

Increase in demand underpins strong growth

2009 will certainly be remembered as a remarkable year in real estate. No one could have predicted such strong upward movement of property prices, especially in the midst of uncertain economic times.

The Real Estate Institute of Victoria (REIV)

December quarter Property Update has revealed a new record high median house price for Melbourne of \$540,500. This represents an increase of 15 per cent from \$470,000 in the September quarter. And, according to REIV CEO Enzo Raimondo, it was the largest increase in the median house price since the REIV started keeping quarterly records in 1966.

Better than expected economic conditions and strong population growth has resulted in this exceptional level of pressure on housing costs in Melbourne. The city's population is increasing by more than 1,500 people per week and housing construction has not responded as quickly as would be necessary to ease the pressure.

Particularly strong growth has taken place in the middle section of the market. The largest increases in median prices have occurred for homes priced between \$500,000 and \$900,000. Prices paid for units and apartments have also increased considerably, with a 7.6 per cent increase in the median from \$410,000 in the September quarter to \$441,000 in the December quarter.

In addition to the last few years, Melbourne has recorded yearly growth in house prices of more than 10 per cent between 1972–1974, 1984–1985, 1987–1990 and between 1997 and 2002. The highest growth was recorded between 1973 and 1975 when the median house price grew from \$14,500 to \$25,800 - a 78 per cent increase! If that were applied over the past two years, the median would have increased from \$472,000 to \$847,800!

The REIV says we are currently in another period of strong price growth. The key difference between now and the other periods is that in 2008 the median house price fell by \$66,500 or 14 per cent, due to the global financial crisis. That was the most significant reduction since the REIV started recording median prices. This means that when assessing current strong price increases, the fact that most of the growth last year was recovering lost ground should be taken into account.



The Section 32 explained...

The Section 32 Vendors Statement is a document provided by the vendor (seller) of real estate to a potential purchaser. Its name comes from Section 32 of the Sale of Land Act, which requires a vendor to provide certain information to a purchaser before a contract of sale is signed.



The following is a list of the general information found in a Section 32. Further information may be required — it depends on the property being sold.

- Statutory warnings to the purchaser
- Vendor's details
- Title details
- Information regarding building permits issued in the past 7 years
- Particulars of owner-builder warranty insurance
- If the vendor is the owner-builder who completed building works there should be a written inspection report (which lists any defects) in the Section 32
- Particulars of any mortgages or "charges" over the land (i.e. debts charged against the land)
- Information regarding covenants, easements and any other restrictions on title
- Planning information, particularly where zoning restricts land use
- Information regarding outgoing payments payable by the owner of the property
- Disclosure of any notices or orders issued by the authorities, regarding fencing, road-widening, sewerage etc.
- If there is access to the property by road
- Information on services connected to the property

The Section 32 is usually prepared by a qualified lawyer. It is a legal document meaning the vendor should seek competent legal advice by a qualified lawyer in order to understand the responsibilities associated with the preparation of the Section 32.

Once compiled, the Section 32 is given to the real estate agent who makes the Section 32 available to purchasers for review.

Renovating? Think Green!

Undertaking an environmentally friendly renovation is not only a responsible approach; it also looks good, feels good and makes excellent financial sense. Many current home buyers are putting energy efficiency at the top of their wish list when choosing a property.



So before proceeding with a renovation it's a sensible idea to talk to a professional. A qualified architect can not only provide you with excellent design ideas to suit your home style, they can also substitute energy efficient ideas where possible, reducing your home's overall emissions and output and adding long-term value.

A truly green building or renovation will harness the environment – the sun, wind and elements in the surrounding landscape – to improve sustainability and design. The positioning of doors and windows for instance is the key to ensuring that the final result looks great, as well as reducing the need for carbon-emitting energy solutions to heat and cool your home.

Double glazing and extra insulation in the roof, walls and floor can also have a big impact on energy output. Window and glazing technology has moved ahead in leaps and bounds in the past decade, with endless varieties of advanced coatings and low-conductivity frames that ensure windows don't overheat or overcool a room. The latest products do not sacrifice style and good looks either. In fact many add to the pleasing aesthetics of a home.

Creating an energy – and water – efficient home is also financially prudent, particularly since energy-efficiency ratings could become compulsory throughout Australia when you buy or sell a home after 2011. Installing solar hot water systems and rain water tanks are a couple of the ways a renovation can be friendlier to the environment.

The conditions for solar energy in Australia are some of the best in the world. Government rebates are available for many "green" home improvements so it is worth doing your research. Using household appliances with low water and energy usage and installing appropriate low energy lighting are other ways to further reduce your carbon footprint and cut your energy bill.

Thinking of buying or selling? Think Morrison Kleeman.

968 Main Road, **ELTHAM** VIC 3095
Phone 03 9431 2444 **Fax** 03 9431 2650
Email sales@morrisonkleeman.com.au

2/86 Grimshaw Street, **GREENSBOROUGH** VIC 3088
Phone 03 9435 7666 **Fax** 03 9435 7677
Email sales@morrisonkleeman.com.au

www.morrisonkleeman.com.au