

## to fix or not to fix - interest rates

There's a whisper that everybody is fixing their interest rates and you'd be mad if you didn't... you're concerned that with a steady stream of interest rate hikes along with the threat of more to come you are a sitting duck... take a breath, you need to consider very carefully whether locking in an interest rate is good for you, or are you just being a sheep.

Before you start delving into the pros and cons of 'fixing', you should know one thing... highly paid actuaries spend a considerable part of their lives devoted to estimating, projecting and deciding on what fixed interest rate is likely to attract customers and RETURN THE MOST NET REVENUE BACK TO THE BANK.

Following 8 successive day's trading falls on the sharemarket, and inflation warnings for two years from treasurer

Wayne Swan, 25% of new home borrowers took out a fixed term loan in November, while over 19,000 existing customers moved to refinance to a fixed rate loan.

Ask a bank to provide you with detailed information of how fixed term versus variable loans have performed in the last past decades, you may be surprised how similar the results are.

A few points to consider;

Fixed term pros:

- If the variable rate goes up you're a winner
- You can budget knowing what your interest will be
- Easy to account for

Fixed terms cons:

- If the variable rate drops you're a loser
- You can't plan for this expense
- There are financial penalties for ending the loan early



Winning on fixed term loans may just boil down to luck.

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## now making housecalls

Morrison Kleeman are now mobilising the web through Property OnRequest.

Internet access via mobile phone is rapidly on the rise, so Morrison Kleeman are going mobile too!

We have joined forces with OnRequest to launch an innovative new service aimed at making it easier for you to find your ideal property. You can now get property details and pictures to your mobile by simply sending an SMS with the property ID to **0428 796 786**. All you need is a picture-enabled phone and all you pay is your standard SMS rate!

Try it, SMS "mkmobi" to **0428 796 786**. Or if you have a web enabled phone, visit [www.morrisonkleeman.mobi](http://www.morrisonkleeman.mobi)



## median prices – houses

These figures offer an excellent insight into price trends and have been provided by the REIV. Only figures submitted by agents are considered, therefore some sales figures are not utilised.

# Less than 15 sales were recorded in these areas.

\* Less than 50 sales were recorded in these areas.

	Dec 2007 Median	Dec 2006 Median
Diamond Creek	\$430,000	\$405,000
Eltham	\$538,450	\$466,550
Greensborough	\$426,500	\$361,000
Montmorency	\$430,600	\$372,000
Warrandyte	\$655,500	\$565,000

# landlords take note

Landlords have a duty of care to tenants and it is prudent to know what's involved.

Under the Residential Tenancies Act 1997, section 68, in plain English, 'under common law a landlord owes a duty to a tenant and to members of a tenant's household, to take reasonable care to put and keep residential premises in a safe state of repair, to avoid injury to those persons.

However, a landlord is not liable to compensate the tenant for any loss unless it results from a defect or want of repair of which the landlord had known, or ought to have been aware', Anstat annotated VCAT notes.

This raises two very important issues. The value of the routine inspection reports to landlords and the need to ensure that safety and maintenance matters are followed up promptly.

'So, for example, if water enters

through the roof of rented premises and damages the tenant's furniture, liability of the landlord to pay compensation will depend on whether the landlord knew there was a defect in the roof or ought to have been aware that there was. Evidence of what inspections of the rented premises had occurred before the commencement of the tenancy, or during the tenancy, might be relevant in considering whether the landlord ought to have been aware of the defect.' Jones v Bartlett, Anstat.

Areas of properties that are prone to be dangerous are slippery or uneven outside steps, weakened railings and balustrades, decking with split timbers, shower screens with cracks, faulty wiring, broken soap holders with jagged edges or guttering which is in poor condition. Any matter that is noted in the condition report at the commencement of a tenancy, a routine

inspection report, by request or complaint by the tenant, or advised by your property manager, you may be deemed to know about the problem and therefore be open to liability.

Remember well maintained homes attract quality tenants. In today's litigious society can you afford not to consider safety and proper maintenance? Your Property Manager, Joy Flanagan, can advise you on these aspects at the initial listing or written reports at the routine inspections.



Joy Flanagan

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# expectations in 2008

Has the property market peaked, are we looking at a softening in 2008, can the market sustain such huge rises? From the general take from the informed, the answers are yes, yes and no.

Inflation has risen 3.6% last year thanks in part to petrol prices (up 14%), bank charges and housing costs.

Australia's 3 million home buyers have been saddled with numerous interest rate rises and still we have a December quarter median price for Melbourne houses that rocketed up by 12.8% to a staggering \$485,000.

Property and share prices can be influenced by the 'confidence' of investors and the local property market has been as cocky as a circus ringmaster, but gravity has to play its hand at some point.

Some economists believe that more nomadic investors will park their dollars in property for the next few years until the share market becomes more stable or indeed predictable. This might raise the potential that the property market could in fact grow a little more, while

others believe that the property market is too big for its boots and will cool down in the coming 18 months regardless.

The best estimates we can make is that few, if any, economists or experienced commentators are predicting a large

market drop in the next 12 months with a similar consensus for growth in the market.

Remember, blue chip or well located, quality properties do well in any market and the market is as high as it has been in the last 10 years.



Property market steady now, but what does the future hold?