

eye on the market



Peter Kleeman

Any comparison with the boom property market of 2007 would come up shy as we see Melbourne buyers more demure in their approach to securing property.

Numerous interest rate rises have taken the edge off buyer's budgets, with weekly auction clearance rates settling around the 70% mark. The balance between the number of sellers and buyers has swayed towards sellers, with a significant increase in properties on the market compared to this time last year... a ratio that tends to soften prices.

Anecdotal evidence suggests that bidder numbers at auctions have fallen, which we believe to be a legacy of the interest rate rises and the general 'wait and see' attitude of sellers and buyers.

Interestingly, house prices increased in 70% of suburbs in February (REIV). Rising interest rates and share market losses were also putting middle and upper socio-economic areas under stress. Many industry commentators believe the market is 'where it should be' and that the heady days of previous years are peaks and should be seen as such. In these circumstances the fundamentals of the Melbourne housing market will

reassert themselves. This can be seen in the weekly results where properties in areas of traditionally high demand continue to be sold at high prices.

Peter Kleeman, MD says, "The fundamentals of the Melbourne market are solid and we now see a level market with the heady days of previous years rightly seen as peaks.

A note to sellers – while some home owners may be hesitant to sell now, buyers remain in the market until they buy and most are undeterred by this easing market. High prices are being achieved now with fewer properties on the market.

The truth behind rising rents



Joy Flannagan

Last year rents in many parts of Australasia rose more than at any time since 1990 – and it seems they are still rising. This is because landlords have to pass on their rising costs to tenants, isn't it?

It's certainly true that many people find this explanation for rent increases plausible. However, this argument doesn't actually look at the deeper issues involved in rent movements.

After all, if landlords can pass their costs

on, why do they complain about them so much? The truth is that experienced landlords know they can't pass their costs on unless tenants are prepared to pay for them.

The important concept behind preparedness to pay is the real reason for rent fluctuations – up or down – and that is supply and demand.

During the recent housing boom investors put money into new apartment blocks and supply was at least keeping pace with demand and probably exceeding it, with the result that rents stayed low because competition amongst landlords to get tenants was high. In other words, the rental market belonged to the tenants. The investors who bought the apartments weren't so worried about

rental income because they could see high capital appreciation just around the corner if they decided to sell in a few years.

As the boom came to an end, many investors turned to other forms of investment, taking their money out of real estate and building fewer apartment blocks. Thus the supply of rental apartments gradually dwindled, but – you guessed it - the demand for accommodation kept growing. This growth actually increased above its normal rate because fewer first home buyers were going into the market because they couldn't cope with the high interest rates and the price of homes.

Landlords could raise rents without fear of losing tenants because finally it had turned into a landlords' market. And naturally they could afford to 'pass on' any extra 'costs' or whatever explanation they want to use to justify the rent rises that followed. But the truth is, the only reason they can ever afford to raise rents is that there are more people wanting to rent a property than properties available to rent.

Morrison Kleeman Estate Agents Pty Ltd

968 Main Rd, Eltham 3095. Phone (03) 9431 2444

2/86 Grimshaw Street, Greensborough 3088. Phone (03) 9435 7666

Email: sales@morrisonkleeman.com.au

Internet: www.morrisonkleeman.com.au

rainwater tank syndrome

A green flourishing garden may be a tank away



Water cooler talk has a new topic... rain water tanks.

No longer the domain of our country cousins, rainwater tanks in the urban home now carry status with new syndromes popping up like 'tank envy'..." I started with a 2,400 litre tank but I now have a 5,000 litre..."you know John and Mandy have installed a 20,000 litre tank and they've got it connected to their toilet".

Basic facts

- You are advised not to drink rain tank water in the urban areas due to airborne contaminants that collect on roofs during dry spells.
- Ideal for watering gardens, washing cars, flushing toilets and washing machines.

Rainwater harvesting capacity

To calculate your rainwater harvesting capacity multiply your horizontal roof

plane area (not surface area) by the average annual rainfall in mm in your area. 250 mm of rainfall over a 36 m² roof will generate approximately 9,000 litres. Melbourne's average rainfall is 650 mm and an average roof size of 150m² could yield about 97,000 litres a year. This equates to 1,500 litres for every 10mm of rainfall.

It is useful to allow 10% less for evaporation and even less for the abnormally low rainfall we are currently experiencing.

What size tank do I need?

- Utilising the usage table below, first calculate how much water you need.
- Calculate the available catchment area of your roof.
- Go to web site [www. enviro-friendly.com/melbourne-rainfall.shtml](http://www.envirofriendly.com/melbourne-rainfall.shtml) for monthly rainfall averages to calculate how much water you need per month - allow for greater usage for

gardens and lower supply in summer.

- Consider what area you have for a tank installation... check with tank suppliers for space required.

Supply and installation costs

Depending on your situation at home in regard to access, plumbing required, ground preparation, the average price of a professional installation of a plastic 3,000 litre tank will cost around \$2,000 (GST included).

Usage	
Single flush toilet	11 litres
Dual flush toilet – Full flush	6 litres
Half flush	3 litres
Front/top washing machines	100 litres
Garden hose (pump from tank)	10-20 litres /minute
Average watering of garden	400 litres/day



3,000 litre slim line – approx \$2,000 inc professionally installed.