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ANZ Property Solutions

NT | Spring 2012

What's happening in your territory?

Property prices in the Northern Territory have a new spring in their step. It's not surprising, as after a drop in annual median price growth to May of -5.15% in Darwin, this quarter's growth to May 2012 is the exactly the opposite at 5.15%, representing good potential for future growth.¹

Along with improved results in the city, the announcement of a new \$180 million iron ore mine is set to boost the economy of the entire Roper Bar region, including Borroloola, Minyerri, Ngukurr and Numbulwar.

Also on the mining front, the confirmation of the Ichthys offshore gas project has created movement in the Darwin property market, although not the boom expected by some. House prices are 'not rocketing up,' says Braden Menzies of Ray White Central in Darwin.³

Even so, it's a good sign when coupled with the extremely tight vacancy rates in Darwin of between 0.4 and 0.5%.^{2,4}

Although things are looking up around Darwin, the best median price growth for houses is in regional areas, with investors striking gold in the gold-rush town of Tennant Creek (up 12% in the last 12 months) and in Desert Springs, a suburb of Alice Springs, where the median price sprung up 18% in last 12 months.²

Sources:

1. 'Units outperforming detached houses', *Smart Property Investment*, August 2012.
2. 'State of the markets – Northern Territory', *Smart Property Investment*, August 2012.
3. Adlam, N., 'Prices up but still a good time to buy', *NTnews.com.au*, 24 June 2012.
4. Bevege, A., 'Renters in stress', *NTnews.com.au*, 25 July 2012.

Correction:

In the previous edition of *ANZ Property Solutions* (Winter 2012), we quoted in error that the maximum agent commission on residential property sales was up to 7%. The correct figure is 2.5%. Source: O'Sullivan et al, Australian Property Research, www.anz.com, 6 October 2011.

Australian Lending Awards, Best Investor Lender 2012. The Australian Lending Awards is an independent initiative of *The Adviser* and specialist research and advisory firm RFI. *Money* magazine Bank of the Year 2012.

Fast figures for Darwin:

Median house price	\$510,000
Quarterly growth	5.15%
Annual growth	-5.15%
Average annual growth*	10.27%
Median weekly rent	\$550
Gross rental yield	5.61%
Median time on market	65 days
Median unit price	\$397,000
Quarterly growth	1.15%
Annual growth	-1.22%
Average annual growth*	10.73%
Median weekly rent	\$430
Gross rental yield	5.63%
Median time on market	70 days

RP Data/Smart Property Investment, 'Prices and Indicators (Latest Figures)', *Smart Property Investment*, August 2012.
*Over 10 years to May 2012.





The property hunter's arsenal.

For a greater chance of hitting the target when pursuing property, it's worth having a few weapons in your arsenal. Let's delve into some of the major search tools available for today's property hunter.

Online search

Today, many of us turn to real estate search websites first. There, with a few clicks, you can cast a wide or narrow net.

Hit: Set results for your defined criteria and receive alerts when properties matching your requirements come up. Many sites also have basic suburb profiles.

Miss: Wide searches can eat up hours; potential to miss properties with narrow or incorrect search criteria.

Smartphone apps

Property apps can be extremely helpful when out and about. Along with streamlining searches, you can use them to see a property's sale information when standing outside.

Hit: Great when out visiting properties; easy to shortlist, filter and track favourites.

Miss: Fiddly for long searches.

Newspaper

Property and classified sections of metro and community newspapers are still a major source of local property listings.

Hit: More conducive to browsing than websites, particularly over Saturday brunch.

Miss: Pages of unsuitable properties; listings up online before being in print; a weekly digest instead of being at your convenience.

The grapevine

Mention your search at the next barbecue and you could recruit more property spotters for your hunting party.

Hit: More chance of finding private sales; people living in an area can provide information about pros and cons.

Miss: Potential flood of unsuitable suggestions.

Real estate agents

As a professional in the property business, an agent's business is property knowledge.

Hit: Should know about pricing, local markets, demand and properties yet to be advertised; may suggest areas or properties outside your usual search.

Miss: Different agents may have different opinions, requiring you to talk to a few for a clearer picture.

Magazines

Information in property magazines ranges from general articles about promising areas to suburb-by-suburb price and sales data.

Hit: Articles can generate ideas; statistics tables provide perspective.

Miss: Not searchable; any advice is only opinion, often promotional.

Property profiles/report

Paid reports from an independent third party about a suburb, street or property. Can include data like property values and median property prices in an area, or a property's sales history or estimated value.

Hit: Detailed information on the particulars and sales history of a property, helpful for vendors and buyers.

Miss: You generally pay per report, so best used when you're closer to making a decision.

Exclusive Property Profile Reports

Your ANZ Mobile Lender can provide as many free Property Profile Reports as you need.

Ask for yours today.

Hit the road

Taking a driving or walking tour of your prospective area can be a good way to learn what the area is like and spot properties.

You can also go a step further and do a letterbox drop advising residents that you're looking.

Hit: Get a feel for a suburb and potentially uncover hidden gems.

Miss: Potentially find nothing while looking like a stalker.

Happy hunting!

Property hunter's arsenal

Weapon	Speed	Flexibility	Detail	Reliability	Insight
Apps	✓	✓		✓	
Real estate websites	✓	✓		✓	
Newspapers	✓			✓	
Magazines (articles)	✓				✓
Magazines (stats/tables)	✓			✓	
Agent (Buyer)		✓	✓		✓
Agent (Seller)			✓		✓
Property report/profile			✓	✓	✓
Friends, family, etc.					✓
Hitting the road					✓

Secrets of the experts.

We all know the real estate maxim, 'location, location, location', but how do you find locations that are set for growth? We've rounded up some insider tips for picking suburbs that are on the way up.

New infrastructure

Is the government spending money there? This could be a sign that you should. 'Infrastructure drives property prices,' says Lisa Parker, a buyers advocate from Parker Investment Properties.⁵ 'The EastLink did a lot to boost prices in areas like Seaford and Ringwood in Melbourne back in 2008, and the extension to Mornington ... is already having an impact on areas not usually favoured.'⁵

Numbers game

Another indication of a possible economy on the rise is relatively high population growth. You can find out population figures by contacting the local council⁶ or the Australian Bureau of Statistics (www.abs.gov.au).⁷

Sources:

5. 'Top 10 Tips for Choosing the Best Location', yourinvestmentpropertymag.com.au, accessed 5 July 2012.

6. Mitchell, James, 'Fast Growth: The emerging local economies set to boom!!' *Smart Property Investment* magazine, March 2012.

7. '10 Questions You Must Ask Before You Invest', yourinvestmentpropertymag.com.au, accessed 5 July 2012.

Other signs of growth are lowering unemployment and rental vacancy rates.

Look behind the stigma

Put aside preconceptions and investigate unfashionable areas, particularly if they're close to major city centres or trendy suburbs, have good transport links and amenities, or have an industrial history. Rezoning and gentrification can make an ugly duckling into an investment swan.

Broaden your horizons

If you live in a big city, don't limit yourself to suburbs you can drive to in your lunchbreak. Many regional growth areas have performed better than metropolitan ones in the past few years.⁶ Resource projects have driven some of this growth, but use caution – it can be a good idea to ensure a mining-driven boom area has 'backup' features like strong tourism, agriculture and a significant public sector for sustainable growth.



For more helpful home loan tips and links, visit anzmobilelending.com.au



All you need is love?

Your first investment property

You may love a property, but that doesn't necessarily indicate a good investment. Buying an investment property is a business relationship, not a love story. To avoid getting caught up in a whirlwind romance, here are some tips on how to approach your search for 'the one'.

It's not about you

Unlike romantic relationships, personal likes and dislikes don't matter. For example, even if you'd never live in a property without a car space it doesn't mean others wouldn't.

Do your research

Love often happens by chance, but great investment properties usually don't. Talk to agents, go to auctions, look on the web and get the latest stats before you even *think* about committing.

Kick the tyres

We accept our other half, warts and all, but when you're investing it pays to be picky. Go through the property carefully and look for every positive and negative you can.

Compare it

Checking out the price and features of similar properties is a great way to see how your potential investment stacks up, and, unlike in romantic relationships, it's not in bad taste to compare.

Stick with the crowd

Now isn't the time to show off your individuality. If every house in the street has a particular feature, like a lock-up garage, you may want to think about whether your property should too.

Don't be afraid to walk away

Fear of missing out on a property could result in you spending more than it's worth or more than you can afford. Avoid emotional attachment and you can leave at any time during negotiation – after all, there are always more fish in the sea.

Sources: 'How to assess properties like a valuer',

yourinvestmentpropertymag.com.au, accessed 5 July 2012.

Neubauer, Ian, 'My first property – part 1', *Australian Property Investor* magazine, August 2012.

'Investing in property', *afr.com*, accessed 5 July 2012.



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We come to you



On the stage.

It's almost time for the curtain to go up on opening day – but is your property a fresh-faced star, or an ageing diva past its prime?

Selling a property involves plenty of theatre, and property staging may reduce open day butterflies and generate sparkling buyer reviews. Also known as home staging or property styling, property staging is different from renovation. Staging is about using furniture and accessories to create that polished 'showroom' look for a property on open days.

A survey of real estate agents showed that 87% believed that property styling can boost the sales price of property by an estimated 7.5 to 12.5%.⁸

Professional agents

Until a few years ago, preparing for inspections usually involved stashing away rogue undies and mowing the lawn. Now, property staging services stretch from short consultations to temporarily furnishing and decorating entire vacant properties. Professional property stylists claim they know what's 'hot' with buyers and can see a property more objectively than an owner.⁹



Local production

If you're looking to style your own property, there are plenty of DIY styling tricks. Before you start, do some research using property photos and home magazines, and by visiting staged homes on open days. You could also consider these basic styling tips:

De-clutter – put inessential items into suitcases or external storage.

Clean – includes scrubbing walls and steam-cleaning carpets.

Maximise space – remove unnecessary furnishings, create the illusion of space with strategically placed mirrors, and add the appearance of storage with simple rails or shelves.

Do the garden – mow the lawn, weed garden beds, clear spiderwebs and sweep outdoor areas.

Create atmosphere – use complementary artworks and accessories.

Showtime – on open day relocate pets, turn on lamps, hang fluffy towels in the bathroom and put fresh flowers in living areas. There's a common misconception that you should bake a cake, cook a meal or brew coffee to create a welcoming smell, but staging experts advise this can potentially turn off more people than it attracts. This is due to allergies or personal food preferences, and because it reminds visitors that the house is currently being lived in.

Sources: 8. Hooker, L. Jansusz, 'Styling your house to sell', *LJHooker.com.au*, accessed 22 June 2012.

9. 'What is home staging?' *homestagingbyanne.com*, accessed 22 June 2012;
Gibson, Mari, 'Show me the money', *domain.com.au*, 11 January 2010.

Disclaimer: The information in this Guide is current as at 10 August 2012. The information is in summary form and does not purport to be complete. It is intended as a general guide only and is not a substitute for professional advice. The information does not take into account your personal needs and financial circumstances and you should consider whether it is appropriate for you.