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4 Reasons to be UPBEAT about the Property Market

It's been a tumultuous year for the property market so far, but after an interest rate cut and major regulatory and policy changes, the market looks set to take a turn for the better.

1) A new Government scheme

This year's federal election brought with it a lot of uncertainty around property, particularly as many potential buyers and sellers were holding out to see whether or not the Labor government's controversial changes to negative gearing would get the go-ahead.

With Scott Morrison's liberal government winning the vote, negative gearing is here to stay, and their election promise of a First Home Loan Deposit Scheme will be introduced from January 1 next year.

The new scheme will allow eligible first home buyers to purchase a house with a deposit of

as little as 5 per cent. It is set to be capped at 10,000 loans per year and will be available for single applicants earning up to \$125,000, or couples with a combined income of \$200,000.

While the scheme may not appeal to all first home buyers (after all it means there will be more to pay off long-term), it will be able to help them move into a new home faster and save them from having to use Lenders Mortgage Insurance.

2) Looser lending rules

Getting mortgage approval can be a big hurdle, however the APRA have recently announced it will relax serviceability assessments for new residential mortgage loan applications, so that home buyers will be able to borrow more.

The changes will eliminate the 'stress test' on loans where borrowers had to show they could afford repayments on a rate of 7.25 per cent. This is quite high considering most owner-occupied rates now sit closer to 4 per cent.

Scrapping the stress test means banks can assume the rate will be the rate they actually

charge on their mortgages, plus a 2.5 per cent buffer in case of future rate rises.

3) Rate cuts

In June the RBA changed the official cash rate for the first time in almost 3 years, bringing it to an all-time low of just 1.25 per cent.

Most lenders have followed suit and dropped their variable rates too, meaning many people's home loans repayments are a little cheaper.

The average mortgage holder should be saving about \$58 a month, or \$700 a year if their lender has passed on the full cut.

4) Improved sentiment

All of the above mentioned points lead to a more confident property market. With more buyers coming out of the woodwork, sellers will see better competition for correctly priced homes.

The rise in buyer activity may be subtle in the early months, but there's certainly a lot to be optimistic about for both buyers and sellers.

Do I need Insurance if I Rent?

You don't need to own a home to benefit from having insurance. In fact, you may be in a very vulnerable position if you're not covered!

If you're a tenant that is under the impression that having insurance is the sole responsibility of their landlord, you may be surprised to learn that a landlord will only have insurance to cover damage to the building - and not necessarily to cover damage to your belongings.

The damage wasn't my fault though!

Renters that don't have insurance may find themselves in financial hardship if anything were to go wrong at the property, whether it is a fire, flood or other catastrophic event. Whilst you may be able to seek compensation for goods damaged at the fault of a property defect, some cases can be difficult to prove.

These kinds of events are usually unexpected and it can be a real struggle to replace everything you own if you don't have insurance to cover the financial outlay.

But I don't own enough to warrant insurance.

Your valuables may be worth more than you think to replace. If you own a bit of furniture, a few white-goods and electronics, along with



a decent wardrobe, then you will probably find that the cost to replace all of this comes to thousands of dollars. Smart phones and electronics alone are worth upwards of a thousand dollars each.

Some types of insurance cover may also cover you for extra things you might need such as temporary accommodation, pet protection or legal liability of someone who injures themselves while at your property.

What cover should I get?

Everybody's insurance needs are different.

Shop around to find a cover that protects you and your specific needs. Use insurance comparison sites to compare what is out there and make sure you understand what each policy does and doesn't cover and what excess is payable for types of claims.

If you do have contents insurance, when was the last time you reviewed your policy? Regular updates to your policy ensure your recent purchases don't leave you out-of-pocket should you need to make a claim unexpectedly.



Pay Attention to these things on your Property Hunt (because a lot of people don't)

Looking to buy a home now or in the near future? Start your house-hunting journey with a clear plan in mind.

Think about the type of property you want, and where it should be located, along with things like bedroom sizes and finding a space for the kids to run around outside.

You'll likely end up with a long list of

property wants and needs, but make sure you don't forget to consider things a lot of people don't:

The neighbourhood

Check out things like traffic, noise and neighbours. They'll have an impact on your enjoyment of a property once you move in. If you want to be close to a good cup of coffee, check out the local cafes and shopping precincts.

If you use local public transport or prefer to commute on foot or pedal, are there ample footpaths or bike paths around? Those with kids will also want to ensure there is access to good schools and places kids can enjoy.

The floor plan

You may have been dazzled by an open home you visited on the weekend, but did you pay attention to the types of rooms that it had, what sizes they were and how they fit together?

Unlike things like paint colours and door handles, floor plans can be tricky to change, so you want to make sure a property is practical for your use.

Settling for something that doesn't quite work for your situation can result in expensive renovations, which in reality often take longer than expected to start and complete.

Where you'll park

Because a lot of people that turn up to open homes tend to park on the street, and not at the property itself, they may not pay attention to where they can park.

Whether needing a garage, a carport or if street parking is OK, check that those spaces can comfortably accommodate vehicles, bikes, boats, vans, trailers and other storage requirements.

City-dwellers may also want to check parking zone restrictions as well.

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