



Sales



Auctioneers



Buyers Advocacy



Rentals



Owners Corporation



Ross-Hunt
real estate

Winter 2019, Issue 17

Under One Roof



Branding Refresh

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New Buyer Advocacy Service

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Unscrupulous Overcharging

-

Market Update

Branding Refreshed | Buyers Advocacy Service

At Ross-Hunt Real Estate, the team is excited to present a total branding refresh and update to the look and feel of our company. We have bright new signage to our office with classic colours, accompanied by a modern refurbishment to our dynamic sales division.

To coincide with this branding upgrade, we are looking forward to introducing to you an additional service that we are now providing - Buyers Advocacy - provided by Anderson Property Advisors. This service is ideal for the first home buyer, time poor investor or any purchaser simply needing experienced guidance.

Our Sales Director Jeff Anderson is also the Director of Anderson Property Advisors. Jeff has over 30 years of industry experience and has conducted over 3000 successful auctions. He is also a registered and licensed buyer's advocate who, when contracted to work for a buyer (not on properties he is selling), can assist buyers wishing to make an astute investment.



Caveat Emptor Vendor Beware | *'A blight on our industry'*

As the Director of Ross-Hunt Real Estate's sales division, Jeff Anderson keeps a keen eye on the property market and is always interested in both success and war stories. He relates one of those tales that was hard to hear. "Speaking with the niece of a grandmother in Boroondara, an elderly female widow going into a retirement home, I was told that she chose a well known, high profile real estate company to sell her home, believing that would be the best course of action for her. She spent approximately \$46,000 on marketing and commission on a sale of \$310,000. This is almost 15% of the total sale price.

In my opinion, she was overcharged way too much for advertising on a property of that size - totally disproportionate to the value of the property. I understand she was also forewarned of a substantial success fee if they were to exceed the quoted price. Unfortunately there are still some unscrupulous agents out there taking advantage of the uninitiated. It's really sad and a blight on our industry".

Have you had a good or bad experience? Jeff looks forward to hearing your stories and is happy to maintain complete confidentiality. Call him on 0411 222 744.



“two-thirds of those who use negative gearing have a taxable income of under \$80,000.”

Market Update | Negative Gearing & Proposed Changes

By the time you are reading this, predictions of a Labor Federal Government may well be a reality.

Bill Shorten promised that Labor would remove Capital Gains tax concessions for investors of existing property and other investment assets when they come to power. His belief appears to be that those who negatively gear are the wealthy, dodging tax. Negative gearing tax concessions, he said, will only apply to new property investments.

Liberal Treasurer, Josh Frydenberg spoke about the impact of removing negative gearing and who it will affect. He cited figures that make interesting reading. He said: 58,000 teachers, 41,000 nurses, 20,000 police officers and emergency services personnel own property and negative gear. Hardly wealthy!

Who typically owns negative geared property? According to Frydenberg, “two-thirds of those who use negative gearing have a taxable income of under \$80,000.” So, working families in the main.

He also said that over 1.3 million

Australians use negative gearing as a wealth creation strategy, mostly, to help create wealth for retirement. If Labor brings in these changes, Frydenberg believes that all these property owners will be affected, because when they sell their property they will be selling into a buyers' market.

If this negative gearing primarily affects the rich and assists them to avoid paying tax, one idea was to keep negative gearing and introduce a tiered system. For example, if you earn over \$150,000 the benefits of the scheme are reduced.

The quality and quantity of rental stock is bound to diminish if Labor goes ahead with removing negative gearing.

In Victoria, 130 changes are being introduced into the Residential Tenancies Act - mostly biased to the tenant. Costs will go up for landlords and there is decreasing financial benefit in owning property. With stagnating market conditions due to the tightening of lending policies, increased and onerous legislation and land tax, many investors will buy other assets, not real residential property,

and homelessness will increase.

Jeff Anderson, Sales Director at Ross-Hunt Real Estate, says we could see a rush of investors pre- legislation (rumoured to be 1st Jan 2020) buying investment property to lock in the grandfather ruling. “This would break the soft market conditions currently experienced with investors, possibly stabilising prices in the very short term. Rents may reduce as more rentable properties come online as a result, again in the short term”.

Jeff warns however, that once the dust settles and negative gearing is only applicable to new properties off the plan post legislation, there may be a drastic oversupply due to buildings currently in construction phase coming onto the market and prices will continue to fall which is currently the case with apartment construction.

“Prices will reduce further as Melbourne and Sydney had the largest gains over the past three to five years, so we can expect a bit more downward pressure to come. Turnover will fall through 2020, post negative gearing, by up to 20%, then we might see three years of stabilisation. Gross rents are sure to rise after 2020, as developers withdraw from further new construction”.

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