



Australian real estate leads the way

Property market, safe as houses?

Australia enjoys and will continue to enjoy one of the world's most stable market based housing environments.

Notwithstanding the usual cyclical ebbs and flows of market activity, long-term real growth in the aggregated market value of Australian housing is assured.

The resilience of the intrinsic value of Australian housing is undeniable, as are its drivers.

The principal drivers of stability and growth are:

1. Optimised macroeconomic environment;
2. Continued strong growth in household numbers;
3. Significant supply constraints for new housing;
4. Record growth in full-time employment;
5. Real incomes growth through increasing shortage of labour;
6. Low vacancy rates in the rental market;
7. Endemic home ownership culture;
8. Controlled entry level access to market through stable affordability barriers to first home buyers;
9. Regulated and prudential financial sector and housing mitigation model;
10. Proactive government policy environment;
11. Manageable taxation incentives for owners and investors;
12. Increasingly divergent and independent housing markets.

Capital city markets are also

increasingly divergent in activity levels, according to the impact of the various supply and demand dynamics on different price strata – entry level, mid level, prestige level.

A generalised collapse in Australian housing market value remains a fanciful and hopefully eventually, a non-newsworthy concept.

Beware of some of the practices conducted during a property transaction.

With so much money changing hands in a single transaction, vendors and buyers alike, have much to lose if there's not open and honest dealing by all parties. And a real estate agent who fails in their duty to their client, puts their reputation and business at stake.

Here's an example and it works like this: a young couple negotiates the purchase of their first home and makes an offer. In good faith, the agent puts it forward. In good faith the vendor, a little disappointed, agrees to a lower than expected offer to get the business done.

They make a time to sign the contract but between the offer and the signing, some allegedly more knowledgeable third party comes along and says to the young couple, 'You've paid far too much,' and they withdraw the offer. The owner is devastated but then the buyer comes back and says they're still interested if the vendor's prepared to sell at \$20,000 to \$50,000 less than the original offer.

Some house-seekers employ a buyer's advocate to facilitate the process and protect their interests.

Any agent can act on the buyer's behalf and the advantage is the value of independent research conducted.

Other common complaints include agents making false or misleading representations to buyers about the price, location, features, land size or development potential of a property; agents exaggerating interest in a property to the vendor; or agents advising buyers that their offer has been successful when the vendor has not countersigned the contract. Some vendors hide faults by painting over dry rot, others tell their agent the property's equipment is fully operational when it isn't. And some vendors replace expensive appliances such as dishwashers, with a lesser known brand before settlement.

While the agent is responsible for the accuracy in the property's advertising, they are reliant on the vendor to tell the truth about their property. A good practice is for the agent to give the vendor a checklist to complete, detailing the condition of the property, the items that are remaining at settlement and the working order of equipment or appliances.

A residential property purchase is a private contract between two or more individuals. If a new owner believes the vendor misrepresented the features of the property or hid defects, they should seek legal advice. It is also a good idea for a buyer to get a pest and building inspection. The main message is to make sure you're well armed with information.

Steve Jackson



Glory Gallery

