

PROPERTY NEWS

Ideas to help you when you're Buying or Selling

Dowling Real Estate Mayfield - Issue 8

MAYFIELD AUCTION EARNS AN EXTRA \$50,000 BONUS

OVER 135 INSPECTIONS
LEAD TO AN EXCITING
PACKED AUCTION

44 Ingall Street, Mayfield



IN THIS ISSUE OF PROPERTY NEWS

- First home buyers Stamp Duty cuts
- What made this property sell for \$50k more?
- Becoming a landlord and property ownership

Dowling Mayfield

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Phone 02 4960 0499

Message from the Principal

Dear Readers,

Auctions are continuing to yield great prices for vendors in Mayfield. In this issue of Property News we look at the recent auction of a property in Ingall Street which resulted in some very happy vendors.

The NSW Government has recently announced some incentives for first home buyers. We review some of the detail of this announcement and the potential impacts for our local area.

For those readers who are not quite ready to purchase their own home, our page 4 story this month looks at the option of entering the property market as a landlord.

If you are considering selling, buying or leasing property, or have any questions about the impacts of the Stamp Duty cuts on our local area, please give us a call. We are happy to help.

kind regards,

Joe Di Claudio
Licensee



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Stamp duty cuts a win for first home buyers

The axing of stamp duty for first home buyers is set to boost demand for established housing and flow on to vendors in higher sale prices.

From July 1, 2017, the NSW Government will abolish stamp duty on all residential homes up to \$650,000 and give duty relief on homes up to \$800,000.

The cuts, combined with the scrapping of insurance duty on lenders' mortgage insurance, represent a saving of \$26,857 on homes up to \$650,000. After this, concessions gradually reduce to \$2896 for properties valued up to \$800,000.

The NSW Government announced the cuts in a bid to help Aussies struggling with home affordability and level the playing field with foreign investors in the housing market.

Under the package, first home buyers are exempt from stamp duty on all homes up to \$650,000, with a sliding scale of stamp duty relief for homes up to \$800,000. In addition, they will no longer have to pay the 9% duty charged on lenders' mortgage insurance. The \$10,000 grant when building a home valued up to \$750,000 or buying a newly built residence valued up to \$600,000 remains.

The plan also ensures foreign investors pay higher duties and land taxes, with the surcharges on stamp duty doubling from 4% to 8% and land taxes rising from 0.75% to 2%. Property investors cannot defer paying stamp duty on off-the-plan purchases.

What is the impact? It means more

first home buyers entering the market and possibly with more cash to spend.

The Australian Bureau of Statistics shows the number of first home buyers as a percentage of total owner-occupied housing sitting at 13.9% in April 2017, a slight increase from 13.5% in March. These numbers would be expected to rise dramatically after July 1.

The new financial incentives are also likely to boost demand for properties with a price tag under \$650,000.

To put this into context, 45.4% of residential properties sold in NSW over the past year were \$650,000 or less and 58% were under \$800,000.

For Sydney, where first home buying has been low for many years, the measures bring the city's higher housing cost within reach.

The great thing for regional first home buyers is that they're benefitting from affordability measures aimed at city buyers. Median home prices in regional NSW are well under the cap.

On the flipside, vendors could expect to benefit from more buyers in the marketplace.

Not only are the odds increased for selling homes in shorter times, it could be argued that stamp duty cuts will ultimately raise property prices due to higher competition.

The research firm Corelogic stated it was "widely accepted that policies aimed at stimulating demand tend to push prices higher".

Mayfield Auction proves that the market is strong

When Joe Di Claudio listed 44 Ingall Street, Mayfield, interest was overwhelming. The charming two-bedroom property, with enormous potential and impressive land size, was so desirable that the vendors chose not to consider offers prior to auction. The decision paid off and Joe managed to attract 135 inspections in four weeks.

While the auction price guide was set at the mid to high \$400,000s, the successful bidder knocked out most of the competition with a first bid of \$500,000. The hammer finally came down on \$520,000, an amazing result, well over the area's median price and the vendors could not have been happier,

"Joe always kept us informed and his guidance and expertise assured our property sold for higher than anticipated. We were very happy with the overall process and the end result."

Properties brimming with such possibility don't come on the market everyday, so when one does appear, people move fast. According to Dowling Real Estate Mayfield, a significant number of those inspecting Ingall Street were first home buyers, a number that will only increase after the stamp duty reforms as of July 1. First home purchasers will pay no stamp duty on homes up to the value of \$650,000 and there will be a reduction of stamp duty for homes between \$650,000 and \$800,000 – all in all, changes that could mean a remarkable saving of up to



\$24,740 on a \$650,000 home.

There's no doubt about it, Mayfield is an area of increasing popularity, attracting more and more home buyers keen to secure a good property. For Dowling Real Estate Mayfield, demand is strong, and with the recent announcement of first home buyer reforms, occurring from July 1 2017, the agency sees no possibility of the market slowing down.

The team at Dowling Real Estate Mayfield believes this will give first home buyers the opportunity to enter the market sooner, potentially spending more money and increasing competition. Prices, particularly for entry-level homes,

may increase and as there will be more first home buyers entering the market, affordability rates and median prices may also be on the rise.

If you're interested in selling your home, now more than ever, is the time to do it. The highly experienced and trustworthy agents at Dowling Real Estate Mayfield understand the market and the changes that it's going through. They're able to recognise the potential of your property and assist you in achieving the best possible price – and after July 1, that amount might be even better than you thought.

We Have The Experience And Local Market Knowledge You Need



Joe Di Claudio
Licensee & Registered Valuer
0412 25 1434



Maria Di Claudio
Sales Consultant
0413 690 105



Bradley Page
Licensed Real Estate Agent
Auctioneer
0403 496 891

Call one of our sales specialists to sell your property. You won't regret the decision

Dowling Mayfield
Sales 4960 0499 Rentals 4960 0117

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Becoming a landlord can be your entry point to property ownership



How can you get a foothold in the property market if prices keep on spiralling up the way they are?

Why are so many Australians missing out on fulfilling the Aussie dream of owning their own property and what can they do about it?

Unfortunately, in many parts of Australia the thought of buying your own property is out of reach of many young people entering the real estate market for the first time.

Even though these people have saved and given up many luxuries to put together a deposit and raise the finance to enter the property market, they are finding their dream home is out of reach as property prices keep spiralling skywards.

But buying your first property is only one approach to ownership and in this article we are going to share another alternative that will enable you to get a foothold in the market and could down the track lead to a greater chance of long-term wealth.

We would like to suggest that you change your focus and consider becoming a landlord instead.

This may mean you may have to continue living at home with relatives or renting for several years to come.

Why should you become a landlord?

11 years ago, a mate of mine – let's call him Richard for privacy reasons - decided to take his deposit for a family home and use the finance he was able to arrange to purchase two small investment properties.

The two villas he purchased, were already rented to long-term tenants and gave him an immediate source of rental income to pay off his loan with the bank.

11 years later, both of those villas have been paid off and provide him with an income stream for life.

Richard did not stop there, once he had built up enough equity in these two investment properties he borrowed more money and purchased several more investment properties.

At current count, Richard has a portfolio of investment properties covering several states. Not once has he had to put his hand in his own pocket to pay off the various loans he has acquired to build his portfolio of properties.

What about his dream family home?

To this day he is still renting a property to call home. But the return on all these investments has allowed him to rent properties out of the reach of any of his friends. Richard is living a millionaire's lifestyle thanks to shrewd investment

decisions. He has calculated that in another 10 years he will be able to buy a home of his choice with cash and no mortgage thanks to being a landlord.

How can you apply this?

It is not possible in this article for us to give you a step-by-step plan that would enable you to replicate the success of my friend Richard. Everybody's financial position is different and we would suggest you speak with your accountant or financial adviser to see if this strategy of becoming a landlord is a good fit with your situation.

However, as a starting point we would also like to suggest you also speak to our property management team and they will be able to give you an idea of the types of properties people are renting in our area. Then our sales team may be able to show you some investment properties that suit your budget and fit your plans.

We Have The Property Management Team You Have Been Looking For

Our trained, professional property managers will look after your property as though it were their own



Deanne Morrall
Senior Property Supervisor



Hunter Scott
Property Manager



Teresa Stefanoff
Property Manager



Blake Nugent
Property Manager



Franca Cannone Property
Management Administration
Assistant

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