



## Age Marketing Award

Finalist & Winner – Copywriting – Best Display  
& Best Line Ad 2005/2006

# melbourne's property poised to slingshot



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Managing Director

According to figures from the Real Estate Institute of Victoria, from 1980 to 2000, Melbourne's residential property market rose by an average of 9.4 per cent per annum. To test

this over a more useful time frame (10 years, which is usually the maximum length of a property cycle) we looked at several 10-year periods between 1980 and 2006. No matter which time frame, the average annual growth was always 7 to 10 per cent. Even in the period 1985 to 1995, during the "recession we had to have", the average growth for Melbourne residential property was still 7 per cent per year. In the decade from 1996 to 2006, the market's average annual increase was 8.7 per cent.

If the residential property market is to remain true to its historical performance and retain its 7 to 10 per cent annual increase for the 10 years from 2003 to 2013 — and we don't see any reason why it wouldn't — compound growth over the next six years must beat the 10-year average by 4 to 7 per cent per year.

### Can the market deliver? We believe it can.

In historical terms, four years is a relatively long layoff time for Melbourne's residential market. We are now seeing signs the market has been held down as far as it can go, and is

beginning to rebound.

During February, auction clearance rates were more than 80 per cent; substantially higher than the 60 to 65 per cent in the same month last year. If this trend continues, it is only a matter of time before the increased competition fuels price rises.

Baby boomers downsizing from large family homes, and generation Y DINKS (double income/no kids) focusing on establishing careers and sowing the seeds of financial security before they start their families are fueling this activity.

The intriguing thing about the increased competition is that, on the demand side, the Melbourne market is still only flying at half-mast. While second and subsequent home buyers are very active, investors are yet to come back into the fray on a large scale. Once these investors begin to move, the market will return to full strength and the level of competition will move up another gear.

In this scenario, it's quite feasible that average annual growth of 5 to 10 per cent will come to pass; generating long-anticipated equity for investors and complementing other asset classes in their portfolio.

*Adapted from an article by Mark Armstrong and David Johnston, directors of Property Planning Australia.*

[www.propertyplanning.com.au](http://www.propertyplanning.com.au)

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## Local View

**SIZZLING** conditions are being experienced in our business throughout Port Phillip and beyond with demand for both rental properties and sales outstripping supply.

Chisholm and Gamon has achieved a number of notable record highs in sales and property management... here's just a few:

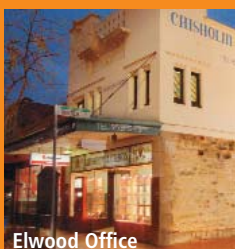
- The benchmark of \$400,000 for a two bedroom 70's apartment has been eclipsed with a flurry of record sales including the outstanding sales results achieved at Vautier, Tennyson and Spray Streets to name just a few.
- We have achieved a record house sale for a 2 bedroom and study reaching over \$1.1 million – the highest price per metre square for residential land in the City of Glen Eira.
- Multiple bench mark results in the City of Port Phillip.
- Rental vacancy rate hovering at less than 1%.
- Premium Rental market finding new levels regularly.

Call Bayside's most successful winning team for all your property needs.

*You'll enjoy the difference.*



Record sale – 58 Milton Street, Elwood.



Elwood Office

### Chisholm & Gamon Property Pty Ltd

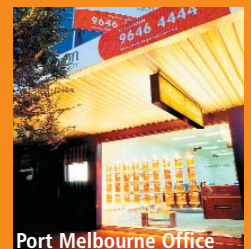
90 Ormond Road Elwood 3184

Telephone 03 9531 1245 Facsimile 03 9531 3748

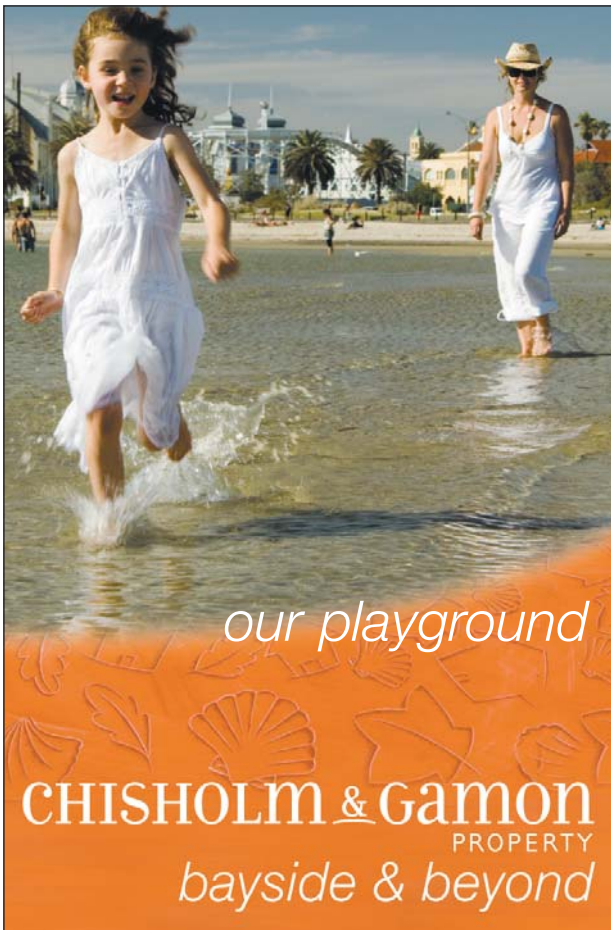
325 Bay Street Port Melbourne 3207

Telephone 9646 4444 Facsimile 9646 3311

[www.chisholmgamon.com.au](http://www.chisholmgamon.com.au)



Port Melbourne Office



our playground

**CHISHOLM & Gamon**  
PROPERTY  
bayside & beyond

## ENJOY THE DIFFERENCE!

Sell your property with Chisholm & Gamon today & enjoy Bayside's best results.



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CONTACT THE SALES TEAM AT OUR OFFICES  
IN ELWOOD AND PORT MELBOURNE  
TO DISCUSS YOUR PROPERTY NEEDS.

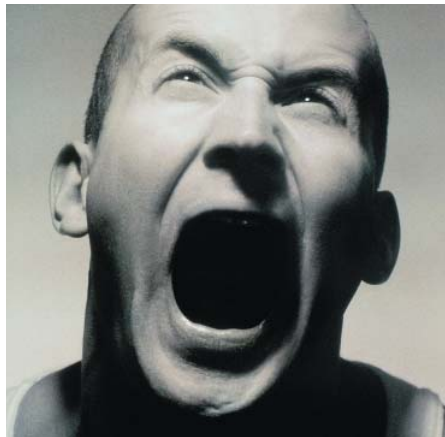
## owner builder – a license to do your head in?

On the surface, running your own building project seems to be the path to savings and personal satisfaction but there are numerous pitfalls for new players.

Finding reliable, trustworthy and skilled trades people is vital to the success of the project. Be sure to understand that to a tradesperson, your project, (while important to you), represents a one-off job for them. If you are a builder and a source of many jobs over the year, the tradesperson may have a vested interest in your project... if not, your job can be seen as a windfall project that can be slotted in between other jobs.

Unless you personally know the tradesperson, or have been given a glowing referral, the best advice is to speak to a number of the tradesperson's clients. Obtain a written quote (contract) for the work to be done and most importantly set a completion time... setting a penalty for the builder not completing the job on time is vital (liquidated damages).

**Payment** – Never agree to pay by the hour... get three quotes. Agreeing to paying by the hour is just an open invitation for the budget to blow out as



*Are you up to it?*

it doesn't allow for set payments to be levied against completion levels... It is also wise to pay to a level that is behind the completion level... as harsh as this sounds it offers some security for getting the job done well and on time.

**Insurance** – The owner builder must warranty the work for a period of 6 years. This matters little if you intend to reside in the property for that period but if you sell in that period you have to warranty the workmanship up to the remaining 6 years.

**Have you the time?** – The amount of time required to successfully manage a building project can be enormous and

overwhelming. If you are in a full time job and are thinking about allocating time during the day and weekends you should think again. Sourcing trades people, checking work, discussing problems, buying materials, planning the job and stages, watching budgets etc all takes large amounts of time. If you are not flexible in your Monday to Friday time... think carefully about becoming an owner builder.

**Do you have the experience?** – While you don't have to be a builder to manage a building project, being an owner builder requires a fairly good understanding of the building process... without it, you could be setting yourself up for a fall. Seriously, relationships have been torn apart, depression and break downs have been the result of building projects.

**Savings** – while most owner builders hope to save money on the project, the result is often to save nothing at all and in many cases, due to poor knowledge and uncaring workers, more costly.

Our advice is to think very hard about taking on major projects, as often, an experienced builder will save your sanity and sometimes your money.