

THE REAL ESTATE REVIEW

THE JELLIS CRAIG PROPERTY REVIEW, SPRING 2004

Jellis Craig expands to inner city

JELLIS CRAIG OPENS TWO NEW OFFICES

Announcing the opening of offices in Clifton Hill and Richmond

Jellis Craig, leading the property market in the inner eastern suburbs with offices in Hawthorn, Balwyn and Glen Iris is excited about its recent growth into the inner city. Now with five strategically located offices, the company extends its first class range of services to a wider client base; recognising the geographic synergy between inner city and inner eastern living.

The Directors are pleased to announce the appointment of Craig Shearn, as Director of the Clifton Hill Office.

Craig is a well-known inner city Auctioneer who averages more than 100 auctions each year and has over twenty years experience in the industry. He is highly regarded by clients, colleagues and competitors for his honesty, ethics, and insightful knowledge of the market.

Craig is excited about the strategic appeal of the Clifton Hill office location - central to the suburbs of Collingwood, Fitzroy, Carlton, Brunswick, Northcote, Alphington and Fairfield.

Equally, the Directors are pleased to announce the appointment of Chris Burne as Director of the Richmond Office. His family connection to the area dates back to his grandfather's era and his career in the local property market spans more than twenty years.

As a founding partner of long-time agency Burne Macmillan, Chris has an established reputation as an astute auctioneer and committed real estate professional.

Together with an inspired team of motivated, highly skilled sales and property management staff, Chris has embraced this exciting merger with Jellis Craig and is



Alastair Craig

Chris Burne

Richard Earle

Craig Shearn

Scott Patterson

Richard Jellis

looking forward to providing old and new clients with a first class range of real estate services throughout the suburbs of Richmond, Abbotsford, East Melbourne, South Yarra and Prahran.

DETAILS

CLIFTON HILL

324 Queens Parade

9481 6800

Craig Shearn 0418 596 388

RICHMOND

177 Bridge Road

9428 3333

Chris Burne 0412 310 535

Market overview

The spring market has already got off to a promising start with a noticeable increase in listings in the month of August.

September through to November are looking to match last year's listings figures. Properties are looking their best as gardens begin to bloom and more buyers are venturing out.

With no interest rate rises since earlier this year, the real estate market steadied through winter with little movement in prices either up or down. Despite the quieter winter, Jellis Craig has had a healthy 2004 thus far. A reduced number of

offerings is still forcing intending purchasers to make competitive offers/bids in most cases.

The period to June 30 shows winter auction clearance rates across Melbourne averaged 53% - down nearly 29% on 2003. However at Jellis Craig we can report an "on the day" success rate so far this year of 67%, with another 26% selling within four weeks. This still provides a strong argument for auction.

Whilst the overall rate is lower than the 80% average in Summer/Autumn 2003, it is appreciably higher than Melbourne's

average. This no doubt partially due to the status of the Boroondara area which is fortunate to be less affected by fluctuations than other areas of Melbourne with its high level of infrastructure, prestige schools, access to public transport and quality of housing.

Some outstanding results achieved recently include the sale of 5 Creswick Street in Hawthorn, an historic bluestone mansion on more than half an acre of land which sold for \$3.325million. This proves the top of the market is still very strong.



Scott Patterson



All for a great cause

NATIONAL BREAST CANCER FOUNDATION



finding the cure finding the cause

Think pink on Monday, October 25 when the National Breast Cancer Foundation celebrates its 10th anniversary. To raise money for the foundation and the research conducted into this disease that

strikes thousands of Australian women every year, the traditional Pink Ribbons will be available for sale during the month of October.

Jellis Craig is promoting community awareness of the work of the NBCF by hosting a Pink

Ribbon breakfast on Friday 15th October at Fenix Restaurant in Richmond. More than 150 guests including Jellis Craig staff, clients, local business leaders and traders will enjoy a lavish gastronomic start to the day, while raising money for

breast cancer research.

Thanks to the NBCF, improvements have been made in early detection, education and treatment, which has contributed to a decline in deaths from breast cancer each year since 1995.

If you wish to host your own Pink Ribbon Breakfast on or around October 25th, please don't hesitate to contact the NBCF on 1800 000 118 or visit their website www.nbcf.org.au

A Real Estate Experience

This is the seventh year Jellis Craig has run its Threshold program, a competition aimed at providing secondary school students with an insight into how businesses work.

The Threshold program provides a bridge between school life and commercial reality, allowing students to further develop a range of skills both practical and research based.

Schools within Boroondara are invited to create project teams of four students (Years 9-12) who then track the campaign of a specific local property, against a well-researched assessment of the local market.

Based on their research as a team, they make a highly

informed prediction of the price the nominated house achieves at auction. Through the process of meeting the competition criteria; students are guaranteed to enrich their school-based knowledge by gathering some highly practical life skills.



Inside Out



Spring is not just a great time for the real estate market in Melbourne, but it also represents a gradual move from indoor hibernation to outdoor celebration.

Over the past 10 years, we have seen a distinct change in the way homeowners are organising their living areas. Whether designing a new home, or renovating a period classic, deliberate consideration is given to creating open spaces that flow seamlessly from indoor living

spaces to outdoor entertaining areas, showcasing lush landscaped gardens.

Landscape designer Julian McCarthy says the days of the backyard being a neglected patch of grass with a Hills Hoist are long gone. Instead, Melburnians are adopting a creative approach with better use of screening plants, water features and all-weather coverings for eating areas.

"There are lots of things to think about when planning your outdoor entertaining space," says Julian. "Where will the water source be

located? Where will you need a power source? And how will you keep drainage away from house? These are all things that the modern garden will require."

Julian recommends creating a focus for the entertaining area, a water feature of urn full of flowers.

Large lawn areas are not practical with Melbourne's water restrictions, says Julian, so he suggests creating clever paving - particularly natural stone - for the outdoor dining area. Screening plants create privacy and the use of stainless steel rigging wires,

instead of the traditional lattice (which is not as durable), encourage climbing plants such as wisteria.

To enable year-round enjoyment, a roof covering is recommended. Popular coverings include retractable roofs and steel Venetian blinds which can be opened or closed, depending on the weather. Sail shades can work just as well, he says. It all depends on the design of the area.

"We are doing more and more work designing courtyard spaces," says Julian. "Consider raised garden

beds and include plants with great foliage including succulents and flaxes. Raised garden beds can also include built-in bench seats therefore serving a dual purpose. In addition, a well-designed BBQ area can provide both a cooking tool as well as a heat source."

DETAILS

JULIAN McCARTHY
LANDSCAPING
0417 310 083



Investments Uncorked

Bricks and mortar may be one of the more traditional investments, but good Australian wine can offer more than just a financial return. Mix the two together and you have a winning investment combination.

Many older brick homes in Melbourne include an underground storage facility, which lends itself perfectly to the role of a cellar. After addressing the issues of controlling damp, adding insulation and providing ready access, these secret rooms can provide the perfect temperature-controlled environment that wines require when stored for long periods of time.

But as Terry Pacini of the Liquor Cabinet in Hawthorn points out, creating underground wine storage can be very expensive. Instead, in the last five years, he has seen an increasing number of customers either convert a cupboard or garage area, or purchase a wine storage cabinet to solve their cellaring problems.

"Many of our customers are experienced drinkers who have

gone to the trouble of purchasing good wine," says Terry. "They are looking for ways to safely store their collections."

Terry says some of the most cost-effective ways to create a suitable space are by converting a spare cupboard, linen press or extra car space in the garage. And the most important factor to consider when creating a cellar is to avoid extremes in temperature.

"Find somewhere within the property where the temperature is relatively stable. This is unlikely to be along a north or west facing wall."

He says you can create a steady temperature by adding insulation and removing any signs of damp. Otherwise, the new purpose-built wine storage cabinets will do all the hard work for you.

"There are stand alone units which come in all sorts of sizes and finishes," says Terry. "Some people have the small bar-fridge size ones while others use the deluxe models with double stainless steel doors. As a piece of furniture, they become a talking point!"

Now that you have created the storage space, what should you put in it?

Right now, Terry recommends buying "anything 1998." Particularly Cabernet Sauvignon from the Coonawarra region of South Australia. More recent vintages and varieties that he recommends are 2001 or 2002 Shiraz from the McLaren Vale or Borossa Valley.

Finally, Terry believes deciding which wines to cellar should not be based on financial considerations alone.

"Always invest in wines that you like to drink. Even if wine goes up in value over time, most people will end up drinking what they have cellared, so it is important to consider your own tastes."

DETAILS

TERRY PACINI THE LIQUOR CABINET

1 William Street, Hawthorn
9818 3693



Paul Keane reflects on our 27th sale in Hawthorn Grove, Hawthorn



Paul Keane (right) assists auctioneer Alastair Craig at the auction of 43 Hawthorn Grove where four bidders took the price well beyond reserve to \$2.45 million.

Well known Jellis Craig agent Paul Keane recently made his 16th sale in Hawthorn Grove since 1993. Paul's amazing success began with the sale at No. 2 (which he has since resold in 2003). His sales in the street to date equate to an impressive tally of just over \$24 million worth of real estate!

Paul recalls his most memorable sale as No. 19 and No. 23, auctioned on behalf of Vasey War Widows Homes. With an expected net result of approximately \$3.2-\$3.4 million the auction actually produced an amazing net of almost \$5.8 million. This allowed the organisation to immediately start construction of new premises, providing much needed

accommodation for the elderly residents.

What makes this street so popular? Paul says the ongoing demand can be attributed to:

- Authenticity of period architecture
- Large parcels of land
- A wide, tree-lined street
- Proximity to Glenferrie Road tram, shopping and restaurants
- Walking distance to many fine schools.

An impressive list of credentials by any measure!

Paul treasures his lengthy association with this outstanding precinct and is looking forward to achieving that inevitable 17th sale in the not too distant future! He can be contacted in the office on 9809 8905 or on mobile 0419 330 571.

On Track

Just like Jellis Craig, Melbourne's trams are a familiar and trusted Melbourne service. So when it came to promoting the opening of Jellis Craig's two new offices, the

marketing team turned to the iconic transport to get their message 'on the move.'

Covered entirely in Jellis Craig's green and gold branding, the Supertrams are on track

throughout the inner-eastern and inner northern suburbs.

It's a first for real estate, with Jellis Craig being the only Melbourne residential real estate firm to use trams to convey their message. The tram 'skins' are eye-catching and represent the latest in innovative marketing. And they may even take you straight to the door of one of our new offices in Bridge Road, Richmond and Queens Parade, Clifton Hill.





Loretta Truscott interviews... Monique Wakelin

INTERVIEW

Property adviser Monique Wakelin shares her tips on what to look for when buying an investment property.



Monique Wakelin

1. What sort of return should I expect based on property value?

Gross rental returns for quality, inner suburban investment properties purchased between \$250,000 and \$600,000, are

currently between 3.5% and 4% of current market value. As far as capital growth is concerned, over the past 30 years quality real estate has doubled in value every 7 to 10 years.

To get started as a serious investor in prime inner suburban property you need a purchasing capacity of \$250,000 or above.

2. What percentage should I put aside/budget for repairs?

As a rule of thumb, it's prudent to have \$2,000 to \$4,000 sitting in your investment property's bank account at any point in time to cover unexpected repairs and routine maintenance.

Other running costs such as property management fees,

municipal and water rates, insurances and body corporate fees may account for a further \$2,000 to \$3,000 per annum.

3. What type of property has performed well (capital value) in the last 5 years?

Scarcity value is the key to achieving consistent capital growth. Properties of a timeless classic architectural style (1930s to 1970s flats and single-fronted houses from the Victorian period to the 1930s) located in quiet side streets generally show the most consistent capital growth. More modern properties may perform well as long as they are in keeping with the surrounding streetscape.

Ensure the floor plan is conventional and that the property is well serviced by transport, schools, shops and other essential services and infrastructure.

4. If I am looking to buy a flat or apartment, what things should I look for that are likely to increase value overtime? (i.e. position in block, number in block, features).

When buying an apartment for investment purposes, it is usually advisable to go for one in a block containing no more than 12-20 apartments. Look for a flat or apartment that is elevated and light filled, and which occupies a good position in the block. Off-street parking is a particularly important feature, and a private courtyard or balcony can be a great bonus.

5. Is there anything that I should be wary of when looking to buy a flat or apartment?

It's generally best to avoid apartments in inferior positions, like the one on the ground floor alongside the driveway or the one that overlooks the parking area, bins, and washing lines!

6. New apartment vs old apartment?

Essentially, if you can afford a period style apartment, say from the 1930s to 1940s, that's a great way to go. If these are over your budget, then a quality 1950s to 1970s apartment is an excellent option as long as you choose the right block, right location, and an apartment in a good position in the

block. Whilst brand new or off-the-plan apartments may offer substantial tax savings, they are often 'artificially priced' and may not have enough scarcity value to perform well as investments. You may also find yourself liable for high body corporate fees associated with maintaining pools, gyms, elevators and security.

7. Have you seen any trends developing in the investment market? Future advice for investors – age bracket – type of investment to purchase?

We are seeing increasing numbers of women aged between 30 and 45 investing for the first time. Baby boomers are also investing very actively.

8. Many people inherit wealth in their later years. If their principal place of residence is debt free, would you recommend that they acquire investment properties to help fund their own retirement?

It doesn't matter whether you're planning for the future or you come into a windfall, it's always best to seek qualified, professional advice. As long as you choose wisely however, quality residential property can make an important and effective contribution to a diverse investment strategy.

Jellis Craig is delighted to announce the appointment of Maurice Di Marzio and Andrew Wilkie to the Jellis Craig Sales Team.



Maurice and Andrew flawlessly combine to make up a dynamic real estate team. Their commitment to offer friendly, courteous and professional service has sustained their highly regarded reputation within the real estate industry.

Having acquired a collective wealth of knowledge within the municipalities of Boroondara, Banyule and Whitehorse coupled with their extensive negotiation skills and results oriented service, they are more than qualified to advise on all your property needs.

With offices in Balwyn, Clifton Hill, Glen Iris, Hawthorn and Richmond, Jellis Craig works closely as a combined team of dedicated sales, property management and administrative professionals. The company offers a first-class range of services to clients who prefer to deal with an agency offering integrity, proven accountability and consistently outstanding results.

Maurice can be contacted on 9810 5062 or on mobile 0419 182 276 and Andrew can be contacted on 9810 5058 or on mobile 0408 441 151.