

Research and saving the path to housing market

BREAKING into the property market can be challenging, but with a few helpful hints and tips you may find it more achievable than you think.

Over recent months South Australia's property market has moderated slightly due to rising living costs and interest rates, making this an ideal time to purchase a property. Even though people have become more cautious, the market remains steady and will only continue to move and grow.

No matter how keen you are to break into the market, entering the housing market for the first time can be daunting.



chris
WARD
HOME LOANS

Researching the property market is the first crucial step so you know what prices houses have been selling for in the suburbs you are considering.

Saving a deposit and assessing what you can afford is the next consideration.

Automatic payments from salary into a high-interest savings

account can be a good way to kick-start the savings.

To determine just what you can afford, you will need a comprehensive budget that includes any changes in circumstances that you may be aware of in the future.

Make sure you include all your expenses from entertainment to utility payments and car loan repayments.

Also add the costs associated with your new home such as council rates, house and contents insurance, the Emergency Services Levy and consider if you will need any extra savings for work on the home or even furniture.

This puts you in a good position to talk to your financial institution about how much you can borrow and get your loan pre-approved to confirm your exact property price range.

In recent years, a range of flexible lending options has made it easier for young people to enter the housing market. Among them is the no-deposit home loan, which allows you to borrow up to 100 per cent of the purchase price.

This loan is a good option if you have the capacity to make loan repayments but have been unable to save enough for a deposit.

Some lenders now offer no-

deposit loans with interest rates at the standard variable rate.

Investigate if you are eligible for assistance such as the First Home Owners Grant or stamp duty concessions. This year's State Budget included a decision to discontinue the stamp duty concession for first home-buyers and replace it with a flat \$4000 grant for home purchase up to \$400,000, taking the total grant to \$11,000.

When you find an ideal property, make sure you spend a little extra on the appropriate reports and building inspections. It could save you a lot of money in the long run.

□ Chris Ward is BankSA's general manager.

Wrong move can be costly

ANTHONY KEANE

RENOVATE or sell? It's a question faced by many homeowners wanting to live in a higher quality house. Making the wrong decision can be costly, says Raine & Horne Glenelg proprietor Gary Pemmelaar.

"Normally you would think that if you spent \$50,000 to \$100,000 renovating a property that you would get much more in return," said Mr Pemmelaar, a civil engineer and licensed building with a background in property development.

"But in the current market, it all depends on the type of renovation you are contemplating and the type of property you have," he said. "A lot of times people are wanting to renovate a house which has a poor functional layout anyway and they're not actually adding value."

In April Mr Pemmelaar launched a service to help people decide whether renovating or selling made more financial sense.

He said clients were surprised that, as a real estate agent, he was not pushing them to sell. In fact, some were even moving into property development.

"We've put together a panel of architects, building designers and quantity surveyors that we can introduce to prospective clients who decide to go ahead with the renovating process - while looking at realistic financial options for those who don't."



ADVICE: Raine & Horne Glenelg's Gary Pemmelaar.

Peninsula a property 'rose' ready to bloom

ANTHONY KEANE

PROPERTY investors should consider Adelaide's Le Fevre Peninsula when thinking about their next investment, according to Adelaide Property Finders director Angelo Mena.

He says the region - which includes suburbs such as Semaphore, Birkenhead, Largs Bay, Taperoo, Exeter and North Haven - has many factors working in its favour. "Only approximately 10 sq km of residential property exists within this peninsula," Mr Mena said.

"The peninsula by its very nature is an area which is land locked by the sea and cannot be extended or expanded."

Other positive factors included: **THE** new Port River expressway which redirects heavy vehicle movement away from the heart of the Port.

NEWPORT Quays, about \$2 billion worth of development over the next eight years.

SHIP building contracts at the Osborne Techport site.

A PLEDGE by the State Government to revitalise transport through the western suburbs, including a tram extension.

"It could be argued that no other 10 sq km of metropolitan residential land within South Australia will have such a concentration of projects

within it over the years to come," Mr Mena said.

"It would be expected that property prices within the area should benefit greatly from these projects and the wealth that these projects are expected to bring into the area," he said.

Mr Mena said people generally invested in property for its long term capital gains, although the current



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- Angelo Mena

levels of interest rates were expected to put upward pressure on yields.

"People are still looking for yield, but in reality the best yield you will get is 4-5 per cent," he said.

"With interest rates being what they are, rents are going up."

Mr Mena said the Le Fevre Peninsula contained a "healthy blend of beachside areas along with hideous industrial sites".

"It is probably fair to say that the Le Fevre Peninsula is very much akin to a healthy rose bush which is full of beautiful flowers and nasty little thorns. However, a rose bush never the less."

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