



Welcome to the monthly Tim Dwyer Real Estate newsletter!

As part of our commitment to you, our clients and local community, we electronically publish this newsletter to inform and excite readers about the property market. Included are articles, facts and figures on industry news and helpful property-related hints and tips.

As always, we value your feedback, so please be in touch with any ideas and suggestions.

Enjoy!

Tim Dwyer › Director

Stamp Duty Debate Continues

The debate over stamp duty is an ongoing one, with opinions divided and the likelihood of change still seemingly a long way off. In a recent online article, the Real Estate Institute of Victoria (REIV) reviewed where the tax actually comes from, in a broad geographical sense.

The REIV figures used in the blog were based on transactions in 2006. They showed that the average stamp duty bill for a home within 10km of the CBD was \$36,060 compared to \$23,038 for the middle ring of suburbs between 10 and 20km from the CBD. For homes greater than 20km from the CBD the average was \$14,269.

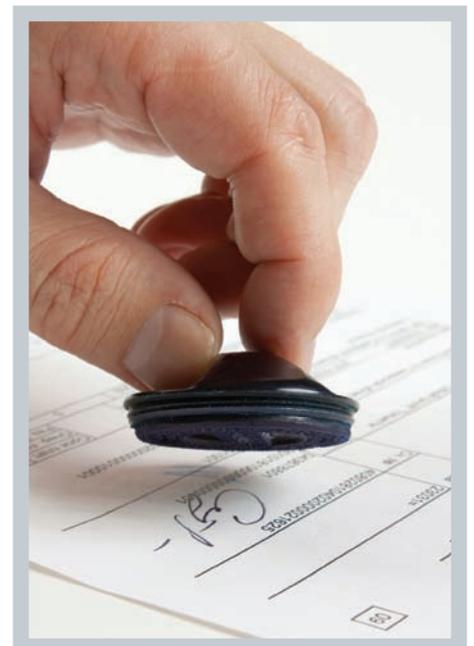
However, due to the higher number of dwellings in the outer suburbs, they contributed a greater share of the total revenue – 39% – than the middle suburbs with 32% and the inner city at 29%.

There were 174,000 residential land plots in the inner city, 348,000 in the middle suburbs and 512,000 in the outer suburbs.

These numbers reflect the fact that the underlying land value of the homes in the inner city is higher than for those in the outer suburbs and, as stamp duty increases in line with the sale prices, higher valued land pays more.

The REIV, like most industry experts, as well as the average home buyer, are keen to see tax reform in this area. It would assist first home buyers and help to promote investment in Victoria.

REIV CEO Enzo Raimondo believes that it is a pertinent time to reform the structure and level of property taxes to improve equity, remove double taxation and promote investment. "The current structure of property taxes in Victoria is inefficient and discourages the necessary investment in housing and commercial property," he says. "Residential home buyers are subject to bracket creep when prices rise, leading to an increasingly high level of taxation. This not only results in a higher level of stamp duty for every dollar spent on a home but also discourages some people from relocating."



Stability Continues Across Melbourne's Property Market

The Real Estate Institute of Victoria (REIV) has just released their March quarter median house price figures. Whilst there are no big surprises, the numbers do indicate that our property market remains in a period of stability.

The median house price in Metropolitan Melbourne sits at \$535,000, up from \$530,000 in the December quarter. The latest unit and apartment median price figures also signify stability with a minor correction of 1.1% from \$450,000 in the December quarter to \$445,000.

In his most recent statement REIV CEO Enzo Raimondo echoed popular belief when he said that the demand for residential property over the past 12 months reflected the broader state of the economy. He also said he believed buyers would continue to find prices at their current levels for the next few months, at least.

Over the median term both homes and apartments have provided similar returns - the median house price has increased by 43.4% over the past five years and it has increased by 39.1% for units and apartments. Both sets of figures represent excellent capital growth.



REIV data also shows that the demand in regional Victoria has more or less mirrored metropolitan Melbourne, with the median house price increasing by 1.3% to \$314,000 from a December quarter median of \$310,000. Of the three main regional cities demand was strongest in Bendigo, where a 5.2% improvement has caused the median house price to reach a new high of \$305,000. In Geelong demand is also stable, with a 2.1% increase to \$385,000, and in Ballarat there was a minor reduction of 0.3% to \$288,000.



Property Title Meanings

There are at least five different property titles available under Australian law. Each one holds a different meaning for a purchaser or owner.

The most common forms of title or "freehold" are Torrens and strata. These titles include any 'encumbrances' such as easements or outstanding debt held over the property by other parties such as a bank.

A **Torrens** title is the government-guaranteed ownership of land, recorded in the land titles office of the state or territory where the property is located. This record is updated each time a property changes hands.

A **Strata** title is comparable to the Torrens but only covers the internal space of an apartment, townhouse, shop or office. Commonly shared areas, such as entrances, swimming pools and gardens are not included. Owners pay a fee for their maintenance and they are controlled by a committee of residents usually referred to as the Body Corporate or Owners Corporation.

Old System titles, also known as common law or general law titles were in place before the Torrens title. Under this type of freehold there is no government guarantee. The buyer's solicitor must therefore meticulously research the chain of ownership since the original grant, making sure each transaction was sound. Old System titles can and should be converted to a Torrens title.

Company titles are another older form of title for home units where owners are usually shareholders in a private company. Shareholders do not own the real estate, but they do have exclusive possession of their unit. The approval of the majority of shareholders is required, if the individual shareholder wants to lease, sell or transfer their shareholding.

A **leasehold** title grants the usual rights of property ownership but only for a finite term, up to 99 years. If you sell the property, you pass on the remainder of the term to the new owner. This is the standard form of ownership for Melbourne's iconic bayside beach boxes as well as numerous apartment buildings around Sydney Harbour for example, where land is Crown owned.

Thinking of buying or selling? Contact Tim Dwyer today.

timdwyer.com.au > 259 High St, Ashburton > 9885 6688