

# PROPERTY NEWS

*Ideas to help you when you're Buying or Selling*

# MAKE THE MOST OF YOUR INVESTMENT!



*By investigating options now,  
you can secure your future*

**SEE PAGE 3 FOR FULL DETAILS**

*In this Issue of Property News:*

- Make the most of your Investment Property
- Fixed or Variable - which home loan?
- Consider families when purchasing a rental property

**HUSKISSON & SANCTUARY POINT**



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## Letter from the Editor

Dear Readers,

As the demand for both residential and holiday rentals increases, now could well be the time to consider investing in a rental property.

In this issue, we examine the benefits and costs of considering either a residential tenancy or a holiday tenancy.

Unlike many other parts of Australia, our area is fortunate in that it offers investors several choices as to the type of rental property they would like to consider.

If you would like assistance in renting your property, please speak to our friendly Property Management department. They are highly experienced in renting both properties for either residential or holiday lettings. They are available to assess your situation and help you with your future direction.

Kind regards,

**Greg Walsh**

Principal



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# FIXED OR VARIABLE

## Which should you choose when signing for a home loan?

**Interest rates are at an all time low, even some of the CEOs of the four major banks are talking about the possibility of lowering interest rates before the reserve bank.**

Which for most people means that right now is looking the perfect time to enter the property market.

**How does this impact the financing of your purchase? Is it better to apply for a home loan with a fixed or variable rate?**

Due to the short length of this article, and the fact that the author has no knowledge of your financial situation, we will present both arguments for choosing a fixed or variable home loan.

### Variable interest rate home loans

These type of home loans come in two forms: standard variable and basic variable. Both of these variable home loans work in a similar way but the main difference is the interest rate charged and how much flexibility is available.

This type of loan is affected by economic conditions both within Australia and around the world, so you can expect your home loan repayments to rise and fall over the term of your loan.

Right now rates are falling, but back in the 80's many Australian families struggled to meet repayments as interest rates skyrocketed.

### The Pros of a Variable Loan

- Your home loan repayments will fall when interest rates fall.
- You will have the opportunity to reduce your home loan balance faster.
- Can be very flexible and will often allow unlimited additional repayments.
- The average variable interest rate is generally lower than a fixed home loan rate.

### The Cons of a Variable Loan

- If the economy changes from what it is today and interest rates rise quickly, your home loan repayments may be more than those of a fixed interest rate home loan.
- If you have borrowed at or near your repayment capacity, it is risky if interest rate do rise.

Risk averse people tend to steer away from variable lending, preferring to know exactly what their repayments will be.



### Fixed interest rate home loans

These type of home loans offers you a fixed interest rate so you have a fixed repayment amount over a set term, usually between 6 months and 10 years.

A fixed interest rate home loan is set by your lender and is then offered to you for the fixed term you are applying for.

### Fixed interest rate home loans Pros

- You will know how much your loan repayments will be for a fixed period, regardless of market interest rate changes.
- Protects you against interest rate rises.

### Fixed interest rate home loans Cons

- May be less flexible than a variable home loan rate, limiting additional repayment options and excluding the option to redraw.
- If your circumstances change and you want and/or need to exit the loan early, some exit fees will apply.
- Over the term of your loan you may end up paying more than if you had selected a variable home loan, even in a rising interest rate market.

**As with everything in life, it comes down to your individual situation and your ability to manage risk.**

Whatever you do, don't rush your decision as the four major banks and the numerous building societies are offering incentives to win your business.

If you have got stable employment, or own an established business, and can show that you are more than capable of meeting the terms of the loan then your options are looking good.

We suggest you seek professional advice before you sign with the first lender, and weigh up the pros and cons before making a decision.

# Permanent or holiday rental?

## Choosing the right option for your property is easy with the help of Oz's property team

**Buying your first investment property, or adding to your current portfolio, is a great step towards a happy financial future.**

It's a low risk investment that with careful management, can improve your lifestyle now and help fund your retirement in the future.

By carefully investigating the various options available to you in regard to the use you make of your investment property, you can increase the benefits it brings you.

When choosing a property management team to look after your investment, it is important to know that your property will be in good hands. At Oz Combined Realty they can guide you through each step offering a full service from holiday rentals to permanent rentals.

With their local knowledge enhanced by decades of sales and customer service experience, the talented Oz Combined Realty team can make it easy for you to get the most out of your investment property.

"We can provide investors with advice on all their options," said agency principal Greg Walsh.

This includes helping you to investigate whether to use your property as a residential or holiday rental, and advising you which would be your preferred option.

**Greg said these included:**

### **Residential benefits and costs**

- Steady income
- Highly regulated



***"Let us help with your investment"***

- Lower fees
- Regular Inspections
- Low set up costs

### **Holiday rental benefits and costs**

- Higher but fluctuating income
- Lower Maintenance
- Extra Tax benefits
- Option to use property
- Higher fees

With the help of this information, and by talking to the team at Oz Combined Realty, you can ascertain which option would be

better for your property and would bring you more financial benefits.

By enlisting the help of Oz Combined Realty in managing your residential or holiday rental, they will take the work and worry out of the process for you and leave you with the rewards.

**For advice on all your options in regard to your investment property, contact Oz Combined Realty on 4441 6033 or 4443 3222.**

# Rent with **Oz**

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# Consider families when you are purchasing an investment property

Many families are giving up the dream of owning their own property and are turning to rental accommodation as a long-term option. If you are about to invest in property, this article may help you in deciding the choices you make.

Due to a growing population, the demand for quality rental property has not only grown but the people lining up to rent a property has changed dramatically as the cost of living skyrockets.

There is now a large group of young families who are looking for a rental property that meets the needs of both their short term and long term living arrangements. Many of these, double income families are willing to pay extra to secure a stable environment for their children.

There is a great possibility, that if your investment property meets these families needs you may find yourself with a long-term tenant who pays the rent on time and takes care of your investment.

Some families have come to the conclusion that renting for the long term can be stressful than securing a mortgage. But at the same time they just don't want to sign up for any old property.

Often, when they find the right property, they are known to treat it as a home. Making sure the gardens are kept in good order and the property is kept in a clean and tidy state.



**In a sense, this type of tenant offers a landlord the potential of a long-term secure return.**

They are looking to move into a property that meets the following criteria:

#### **Close to transport, shops and schools**

With the price of petrol rising on a weekly basis and most parents having to provide dual incomes, renting a home close to schools, shops, etc, not only saves them time but slashes the cost of running a car.

#### **Secure grounds, safe location**

Australian kids are known for playing outdoors. Parents are keen to rent property that allows their children to play outdoors in a safe environment.

For one thing, if your property is on a busy road then you would need to consider putting in appropriate fencing and secured gating.

You may have the nicest property on the market but if families don't feel that their kids are safe from being run over, your chances of renting to parents is greatly diminished.

#### **Family friendly property**

Mums and dads, when renting for the long-term, are looking for a place to call home. They are willing to pay extra for a property in good condition. They want a layout that makes for good living. If you wish to attract tenants who will treat your investment property like their own than the property itself needs to be to a certain standard.

**If you want to target this particular market then don't expect young families on reasonable incomes to be interested in your investment property if it doesn't meet the high standards parents expect.**

**For more information, please contact our property management department.**

## Oz Combined Realty look after your property as if it were their own!



If you would like to rent your property without the fuss then call our property management team of experts and rest easy!

*We Get Results!*



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