

# PROPERTY NEWS

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

## HOW TO SELL IN A CHANGING MARKET



**13 Audrey Ave, Basin View sold for \$480,000**

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**In this issue of Property News:**

- Auction vs private treaty?
- How did this property sell in a changing market?
- Negative gearing: A simple explanation



## LETTER FROM THE PRINCIPAL

Dear Readers,

Yes, the market is changing, but there are still plenty of opportunities to sell your property and sell it successfully. Our page 3 story considers some of the factors that are important to selling in this changing market, using the example of the recent sale of 13 Audrey Avenue, Basin View.

A question that is often asked by people wanting to sell a property, what is the best approach, selling by auction or private treaty? Our page 2 story looks at the pros and cons of each approach.

Negative gearing, what is it and how can you benefit from it? These questions are often asked by investment property owners. We have some answers in our page 4 story.

If you are considering selling or buying a property please give us a call or drop in and see us at the office.

Kind regards,

**Greg Walsh**

Principal



Shop 4 The Promenade  
74 Owen Street

**HUSKISSON** NSW 2540

phone: (02) 4441 6033

fax: (02) 4441 6264

rentals: (02) 4441 7261

Corner Paradise Beach Road &  
Macleans Point Road

**SANCTUARY POINT** NSW 2540

phone: (02) 4443 3222

fax: (02) 4443 2355

email: [info@ozcomrealty.com.au](mailto:info@ozcomrealty.com.au)

web: [www.ozcomrealty.com.au](http://www.ozcomrealty.com.au)

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Ph: 02 4954 2100 [www.propertynews.info](http://www.propertynews.info)

# Auction vs Private treaty?

## Which selling method works best for you and your property?

**When it comes to selling your property, location, market performance and the length of time available all play their part in deciding to sell a property.**

Once you have decided to sell, the next question is what method of sale do we choose? Auction or private treaty?

About 85% of all the properties sold in Australia are purchased through private treaty.

But over the past few years auctions have been gaining in popularity, especially in Sydney and Melbourne where they account for roughly one in three sales. In these capitals competition is high, particularly for homes close to the CBD.

Auctions are also proving informative for sellers going the traditional private treaty route. According to property analyst CoreLogic many potential buyers and sellers follow auction results to get a feel for current market demand.

For sellers, are you better off selling via auction or private treaty? Each method has its pros and cons.

**A private treaty sale is the traditional way of selling when a property is put for sale with an asking price and buyers make an offer to the agent. The seller can decide whether or not to accept the offer.**

Benefits of private treaty:

- Variable time your property is for sale.
- Cost savings on marketing expenses.
- No pressure to accept whatever offers come in.

On the downside:

- You need to make your property

available to prospective buyers for frequent viewings and inspections.

- If the property needs to be marketed below the property's market value, you lose money – or if it's priced above the market value, your property might sit empty for weeks or months, generating little interest.

- Some buyers try to lower the asking price through bargaining.

**For sellers looking for a fast sale at a competitive price, an auction could be your best choice. Auctions are the fastest way to sell a property, and a timeframe is put on the sale.**

Benefits of auction:

- The seller sets a reserve price prior to auction.
- Auctions create a sense of urgency, so buyers must act fast.
- Auctions encourage competitive bidding without a price barrier.

The flipside is that:

- Generally, auctions have a more expensive advertising campaign than private sales.
- There is a risk the property doesn't sell. Although many properties passed in at auction are sold within one week and most within a month.

**Whether to sell by auction or private sale is a discussion to have with the real estate agent to decide what works best for individual sellers and also suits the local market.**

# How did this property sell in a changing market?

Just because the real estate market around the Bay and Basin area has changed, doesn't mean you can't achieve success. Loren Keller, property consultant at Oz Combined Realty Huskisson, uses honest appraisal, accurate feedback, buyer follow-up, and sheer determination to get the best results for his clients, regardless of the market status.

"I can give a very accurate appraisal price on the spot with my knowledge of the current market," said Loren. "I also follow-up with all buyers, and so many of them thank me for asking for feedback. They say not many agents follow up."

The recent sale of 13 Audrey Avenue in Basin View is a prime example of Loren's tenacity and loyalty to his customers. The owners, Paul and Sue Dray, are long-time clients who have bought and sold property via Loren six times over the past five years. The four-bedroom, double-storey Audrey Avenue property spent more than four months on the market and hosted 27 inspections of the impressive property. After five offers, a final price of \$480,000 was accepted.

**To achieve such an outcome, Loren follows his proven method for selling success:**

- accurate property appraisals
- stellar marketing campaigns
- show value; accentuate the positives
- commitment to Open Homes
- pursue and follow-up potential buyers



**13 Audrey Ave, Basin View sold for \$480,000**

- give honest feedback to owners
- instil pride, patience, and positivity in his work
- effective negotiation skills
- stay on top of market trends

And it goes without saying, but Paul and Sue Dray couldn't be happier with their recent sales success and the wonderful work by Loren.

"Loren Keller of Oz Combined Realty is honest, proactive, and gives feedback with suggestions. He always gets the best results for owners in negotiations. Loren

takes pride in every property for sale and follows through with everything he says he will do," they said. "We highly recommend Loren Keller for selling property in the Bay and Basin area. We also use Oz Realty for our holiday rentals, and they are outstanding."

**Whatever your property needs and wants are, give the fantastic team at Oz Combined Realty the opportunity to get top results for you. Call their friendly office today.**

**Sell** with **Oz**

**4441-6033**

OzCombined Realty  
Huskisson - 4/74 Owen Street  
Sanctuary Pt - 114 Macleans Pt Rd

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

[info@ozcomrealty.com.au](mailto:info@ozcomrealty.com.au)

# Negative Gearing

## A Simple Explanation

**Negative gearing is a popular tax minimisation strategy for many property investors.**

For most, this is a short-term solution until an investment property can start making a positive cash flow.

However, some choose to remain negatively geared as part of a longer-term strategy.

Negative gearing allows investors to offset losses from their investment properties to reduce their taxable income, effectively 'saving' money on their tax bill.

In essence, you only reduce your tax if you reduce your income.

This is common tool for property investments, for example, where rental income is less than interest and other expenses.

It can provide a financial boost in the short-term, which is particularly beneficial in the early years of owning an investment property.

Although it reduces taxable income, a negatively geared investment property is still running at a loss. Investors should consider if they have the financial means to cover these losses each week, month and year.

You may be prepared to accept a loss if you expect to be able to offset your losses with a capital gain in the future when the value of the investment increases.

Another form of property investment,

the rent-and-invest strategy, is on the rise. This is where investors buy a rental property while living in and renting a different property. They now make up 8% of first-home buyers nationally according to a report by the Reserve Bank of Australia.

Such investors are also negatively gearing their property.

Besides the tax advantages, negative gearing has a slew of other benefits like easing mortgage pressure, the ability to target high growth areas, and the opportunity to add value almost instantly through things like renovations or subdivisions.

It also allows new investors to get on the property ladder and begin building equity.

A key advantage with having a property negatively geared is the potential for capital growth. So, while you're benefiting from lower taxes, your property should still be increasing in value.

The investment property is also made more affordable for tenants, making it easier to secure a long-term tenant.

However, investors need to be aware of the higher financial risk involved. Investors are vulnerable to fluctuations like sudden interest rate rises and falls in real estate prices.

A good cashflow is required to cover out-of-pocket expenses to maintain the property, plus budgeting for ongoing



shortfalls and capital gains tax when the property is sold for a profit.

There are some political considerations to take into account. Negative gearing can be a political hot potato.

**On both sides of the political fence, there are ongoing arguments for and against negative gearing, as well as calls for changes to legislation. Some argue that it is beneficial for investors, while others believe that it harms first homebuyers and non-investing taxpayers.**

Investors should consider how any future changes could affect their investment and financial position.

