

February 2011 Issue

# STUDIO NEWS

*Urban Studio*  
PROPERTIES LIMITED

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Check out some of our listings in all price ranges...



## FIRST HOME DELIGHT

\$285,000

Three Double bedrooms  
Master with office/nursery area  
Open plan modern living  
Polished wooden floors  
Indoor outdoor flow  
Private North facing rear yard  
Single garage  
Workshop



## AFFORDABLE LIVING

\$329,000

Four bedrooms  
Open plan living/dining  
Low Maintenance  
Wood Burner & HRV  
Landscaped gardens  
Sunny deck  
Great location



## GET MOVING

\$349,000

Wonderful location  
Four spacious bedrooms  
Sunny aspect  
Large double garage with  
internal access & toilet  
Separate kitchen and dining  
Outdoor courtyards  
Safe, fully fenced section



## LOCATION, LOCATION

Interest Over \$415,000

Ornate ceilings, feature fire  
surrounds, timber accitraves  
& skirtings  
Three bedrooms plus study  
Two bathrooms & two toilets  
Double garaging  
Gas heating and open fire  
Gas hotwater



## THE TOWN HALL

Interest Over \$485,000

Converted into a substantial home  
Commercial zoning  
Five bedrooms  
Four living areas  
Two bathrooms  
Three toilets  
Woodburner / cooker



## PRICED TO SELL!

\$530,000

Four double bedrooms, master with  
en suite & walk in wardrobe  
Low maintenance  
Easy care gardens  
Large double internal garage  
Fully fenced rear section  
Situated in a quite cul-de-sac



## HEART WARMING

\$695,000

Fully landscaped section  
Two living areas  
Four double bedrooms, master with  
en suite & walk in wardrobe  
Separate laundry  
Double garage with internal access  
Central heating, alarm system  
Internal vacuum system



## SMART, SOPHISTICATED

\$725,000

New in construction  
Open plan kitchen, dining & living  
Stunning tiled entrance  
Amazing mountain views  
Four bedrooms  
Master bedroom with en suite  
Walk-through laundry  
Private sheltered outdoor patio and  
gardens



## THE PAST

Interest Over \$800,000

Three double bedrooms  
Two lounges  
Gas central heating  
Two gas Infinity units  
Four car garaging  
Heritage A category



## WATERFRONT LIVING

Offers Over \$1,295,000

Three double bedrooms, master  
with en suite and walk in wardrobe  
Quest powder room  
Bosh appliances  
Infloor heating and gas flame fire  
Rear courtyard, North facing deck  
Double garage  
Stunning sea and port views

## SETTING THE RENT

Most experienced residential property investors understand that even a few weeks' annual vacancy brought about by setting rent too high usually means a lower net income than if the property had been rented at just under current market value for the whole year.

Experienced investors know that maximising income from rental property investment comes from keeping their properties occupied rather than by setting high rents, yet there are still landlords who expect to rent their properties for 110% of market value - in spite of the risk of incurring high tenant turnover and concomitant vacancy. Dissatisfied tenants who move on when they find a better value option create a cycle of higher turnover and further weeks of vacancy.

Furthermore, investors whose properties are not good value get less enquiry and can't afford to be as selective when deciding who will rent their property. This in turn increases the risk of property damage, neglect and arrears.

Being selective means checking references (these days references are even available for pets!) but beware of taking into account irrelevant criteria such as dress style, marital arrangements and other personal choice issues. The bottom line criterion is Does their history indicate that they would be able to pay \$x per week for y weeks?

If a property stays empty because the rent is too high, owners can get desperate enough to overlook a tenant's patchy references; in the effort to get the highest income, they make themselves more likely to get less because poor references could mean greater likelihood of getting behind with the rent.

New investors can avoid a lot of common errors by making use of the expertise of their managing agent. Many novice investors don't think of employing a managing agent until something goes wrong; it seems that many people think property management is child's play until they realise they are out of their depth. Sadly, many people at this stage decide to sell their investment thinking it is 'all too hard' - and of course miss out on the investment benefits that accrue down the years.

## PLANNING YOUR INSPECTION PROGRAMME

As a buyer, have you ever bothered to look at properties that really don't sound like your cup of tea? Most people would be surprised at the very thought, but in fact, there are times when it might be worth it.

The number of properties to inspect varies from buyer to buyer. But most people need to look at quite a few before feeling comfortable to make a decision. But what do they do when there is very little for sale and almost nothing that matches their criteria? No-one feels like buying the first property that seems suitable unless they are confident the price is right, but how do they get to know prices well enough if there are so few to inspect that they feel they will be waiting forever for another 'interesting' new listing?

This dilemma often happens when there are lots of buyers and very few properties on the market. Often called a sellers' market (because it tends to favour sellers and disadvantage buyers) it is frustrating for buyers who just want to find something they like in a reasonable time frame - and before the prices go up.

At times like these it can be useful to inspect even properties that don't appear suitable. After all, they can still help buyers get to know the market and what prices properties are actually achieving.

The resulting advantage of being ready to buy sooner is that a sellers' market is also usually a rising market, and prices may rise even over the weeks it takes to be ready to make an offer. Many buyers feel pressured to buy quickly in case they miss out. Being ready to buy sooner may make a considerable dollar difference in the ultimate price paid, and looking at properties that don't appeal might pay off - not because buyers might buy them but because of the market knowledge they help them achieve

**experience.**  
**the difference in real estate**

## WITHDRAWN FROM SALE

Agents often hear home owners say: "If I don't get my price, I'm not selling." In many cases home sellers don't have the luxury of holding out for an in-your-dreams figure because they have to sell in order to buy another home to live in. But if the market simply can't deliver the price, there is often another option for those who have the flexibility to take it on.

In some cases, it is in fact worth it for vendors to hold onto a property rather than selling for less, especially if they have the borrowing power to own more than one property and turn the unsold property into a rental investment income.

Naturally, it is important that they do their sums before making a decision.

Those who are thinking of the rent-and-hold option should consult an accountant or financial planner as well as a real estate agent. They should determine whether the market is stable, climbing or falling – after all, unless prices are on the rise, there is unlikely to be a potential increase in capital gain worth holding out for further down the track. It is important to check out the rental and vacancy rates and the likely income including capital gain against the cost of any loan required to continue holding onto the property.

Many people moving interstate or across the Tasman automatically think "I'm moving so I'm putting my house on the market." But it is often wise to get to know the state of the market in their new area before letting go of the one they currently live in. Is it possible that property won't go up as fast in the new location as the old one? Or conversely, might it go up faster? Is the future sufficiently hard to predict that it could be safer to have a foot in both camps in case they want to return and not find themselves priced out of the market?

Home owners doing the figures and deciding whether it is a better financial choice to hold onto the property rather than sell, should also take into account whether the property is a good rental proposition. Often high maintenance properties (such as those with pools or large garden) have costs that have to be offset against income. Or the market may not pay the rent the owner thinks it should be worth if it is not the type of property in demand by typical tenants in the area.

Many people buy their first property with the long term strategy that they will never sell. They choose a property that will be suitable as a rental when they upgrade and go on borrowing and buying properties as a means of wealth creation. This does not require high income or great wealth – simply an understanding of the strategy and some good financial advice.

## KEEPING YOUR MARKET KNOWLEDGE CURRENT

Most people who have just bought or sold a property have a lot of specialised market knowledge they have gained over the weeks and months of being heavily involved in their local marketplace. How can they keep this market knowledge current so that they always know market trends and price movements?

Many residential property buyers and sellers keep up-to-date with what is happening in their local market in a way that places them under no obligation to become a client of the agent who provides the information. Most professional agents have an email newsletter with information about prices currently being achieved in their local area, as well as more general advice about the real estate market. There are articles with useful information for people at every stage of the buying and selling process, from first home buyers, to novice property investors, from the young couple who is struggling to get a deposit together for their first property, to the person who doesn't know how to go about buying at Auction.

If you don't already subscribe to one or several such newsletters, and you wish to do so, simply look up the website of the agent of your choice and ask to be put on their email list to receive their newsletter.

Make sure you choose an agent that allows you to retain control of the relationship by offering you an 'Unsubscribe' facility, just in case you change your mind and no longer wish to receive the information they send you.



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