

ISSUE

AUG – SEP

2024

THE INVESTOR

DEBT CONSOLIDATION AN OPTION TO CONSIDER?

Keeping up with monthly bills and payments can be challenging for many due to the rise in interest rates, cost of living, and overall economic status. For some, this can lead to financial pressures resulting in redraws against home loans, setting up lines of credit, applying for additional credit cards, or increasing credit card limits.

When faced with financial pressures, making intelligent, informed choices can be overlooked, resulting in further debt to pay interest charges.

Creating a list of all your credit cards and loans and the applicable interest rates can be a smart investment of your time. It can help you become more aware of where your money is going and spark a thought about debt consolidation.

The concept of debt consolidation involves combining all existing debts into one loan, offering greater control over your finances.

Taking out one new personal loan to cover the total sum of your debts can provide peace of mind regarding when and how much your regular repayments will be.

Before making changes to your debt structure, be aware of additional fees and penalty charges and evaluate the pros and cons of short-term loans compared to long-term loans that will impact your repayments and interest.

Research, seeking financial advice, and understanding the terms of any offer or agreement are vital to reducing debt and interest payable.



THE COST METHOD

CALCULATING THE VALUE OF A PROPERTY

Price is generally the main focus of discussions and negotiations when buying or selling a property.

In real estate terms, there is a 'Market Price' determined by the open market and a 'Market Value' defined by the asset's worth or value.

When buying or selling a property, it is important to know that there are different approaches to determining its price.

In recent newsletters, we have touched on the topic of appraisals vs valuations and how these differ from each other. However, to take this one step further, we want to share that there are three ways to determine the market value of a property:

- Comparable sales method
- Income method
- Cost method

The comparable sales method is exactly as it is labelled. It involves comparing the features of similar property sales that have occurred within a three-to-six-month period.

The income method is a calculation for property investors who want to generate a return on their investment. This method uses the income the property generates to determine its value.

The cost method is a transparent and 'empty value' that can be compared in some ways to a property valuation.

It calculates the cost of the land (empty) with no property and then factors in the building costs of a dwelling while considering depreciable values.

THE COST METHOD

CALCULATING THE VALUE OF A PROPERTY CONTINUED...

It also factors in a 'common term', often discussed on American reality TV property shows (which will eventually become the new norm of selling in Australia), where the focus of selling a property is simply on price per square foot. For example, 'Recent sales have shown an average cost of \$1,200 per square foot', or as we say here square meter.

The value of your land can be determined by accessing your governing State's annual land valuation report. The average value of a property's construction in your area can be found by an online search, entering 'What is the average cost per square meter to build a new house in X?'.

The construction value of a property will also fluctuate greatly, depending on the building materials, fixtures, fittings and other factors.

How you choose to value a property is up to you. Our role as a managing estate agent is to educate and inform. Everyone buys and sells property for different reasons.

MOULD IN RENTAL PROPERTIES – WHO IS RESPONSIBLE?

IT IS A REAL HEALTH CONCERN

Mould in rental properties is becoming a growing concern due to fluctuations in humid/hot days and increased wet weather.

It is important to remove mould from a rental property as soon as possible. Untreated mould can have serious health consequences for those who are regularly exposed to its fine particles, which can cause inflamed airways, nasal congestion, throat irritation, coughing, and, in extreme cases, reduced lung functionality.

Legislation states that the landlord is responsible for maintaining the property in good condition that is fit for the tenant to reside in; the tenant is responsible for looking after the property and keeping it clean and free from damage.

Understanding and applying what legislation states can be challenging, as many grey areas are open to interpretation.

Deciding who is responsible for cleaning the mould and repairing any damage depends on how the mould appeared.

Generally, if the mould results from a problem with the property, such as a leaking roof, pipe or shower, it is the landlord's responsibility to clean the mould and make any necessary repairs.

Some properties may also be more prone to mould due to age, structural issues, location, or inadequate ventilation or extractor fans. In these circumstances, the landlord is more likely to be responsible for mould.

For a tenant to be responsible for cleaning mould, you must prove that they failed to use the extractor fan in the bathroom or did not ventilate or clean the property correctly.

If the person responsible for removing the mould does not do so within a reasonable timeframe, they can seek mediation, or pursue the matter through the tribunal courts.

When mould is detected at a property, it is important to act quickly to mitigate the risk of potential health issues for the tenants.

PROPERTY MARKET

Rented in August

1 Wilde St
Kingston
3 Bed, 2 Bath, 1 Car
\$495

Unit 1/575 Sherwood Rd
Sherwood
3 Bed, 2 Bath, 1 Car
\$460

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