

DUFFY FORSYTH & CO

ESTATE AGENTS

Client Letter June 2004

What a Year it has Been!!

And how fast it flies – they say we live in the jet age and the time clock certainly seems to agree.

The wedding in January went exceptionally well and even the weather was kind – a nice cool evening which we all appreciated. I can only say that if you want to, or have to, hold a function I doubt if there is a better place than The Prince in St Kilda. Congratulations and many thanks to all the staff and behind the scenes persons who made this such a fabulous day for everyone involved. Many thanks to all of you who sent in your best wishes. They were wonderful to receive. Carly is now Carly Skinner.

After receiving an approach from an English based publisher, Matt is now about half way through writing his first book “Thirsty Work”. It will be in the shops about October of next year. Matt will be in Sydney in November to host a room at Wine Australia. If you are interested in wines why not visit Matt on the internet at “www.jamieoliver.com” and go the Food & Drink site. There are great tips on wine of all types and price ranges.

www.duffyforsyth.com.au

Why not visit us on the web! We have developed a web site so please visit us and let us know your thoughts.

No doubt you will be aware that there have been some changes to the laws governing auctions. Now only the auctioneer may bid on behalf of the vendor – there are very severe penalties for both vendor bidder and auctioneer.

When assessing a property's worth the agent must give a specific figure or a range of 10%. Any advertising must include the lowest figure that the agent places on the property. The vendor's reserve and the agents opinion do not have to be at the same financial level. During an auction the auctioneer must nominate when a vendor bid is used and must publish the fact that the property was passed in on a vendor bid in the auction results. Failure to do so attracts a fine for both the agency and the media outlet.

We are still in the early days for these changes but it is obvious that with a cooler market the number of auction being scheduled has dropped.

How cool is that market? The top end is still moving forward nicely. Executive apartments have maintained their growth factor. There have been some very sad results for the Henry Kaye clients and some of the buyers in the Docklands area. However it may be said that some of these persons were actually future trading in real estate, rather than being true real estate investors. Most of us feel that with some exceptions the market has moved back to where it was a year ago.

There is an old saying that as long as you buy and sell in the same marketplace there is no reason for concern. It may be wise to plan that “sell first, or buy first”, strategy considering both availability of stock, cost of money and stress before you venture into the market place.

We are confident that properties correctly priced and well promoted will still obtain good results. Private sales have become much more frequent and are the preferred method for many of our executive homes. We seem to moving back to the techniques used when I first entered real estate in the 1980's. It is amazing how the wheel turns!



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The rental market has seen a pretty difficult year. As the number of corporations who are prepared to support high rental budget for executives declines the vacancy rate for high end properties increases. These properties must be extremely well maintained and presented or they will be overlooked by a very lean market.

The flat market has seen a decrease in yield. In the St Kilda, East St Kilda area a two bedroom flat that was yielding \$250 per week will probably release in the \$220 range, even if it has been painted and carpeted. Other areas have probably seen a decrease slightly less than this factor. In reviewing tenancies, rent increases and vacancy factors must be considered prior to increasing the rent. Why not visit www.realestate.com.au to see the range of rental property available. There are still some classes of property that are experiencing increased demand so some of you will be receiving increased rents. A slightly slower sales market is usually associated with a firming of the rental market. As our June was a record month we believe this swing has already commenced. Lets hope we are correct.

The bottom line is that properties have to be very well presented and kept up to date. A dish washer is becoming a basic appliance and many have a split system air conditioner or gas ducted heating.

That bright, cheerful and at times delightfully cheeky voice that you now hear when you phone in is Georgia. After a brief sojourn as a cadet journalist in Bendigo, Georgia entered the world of the "inbound call center" for one of our major insurance companies. In joining us she ventures into a world where she has the pleasure of meeting the people she deals with face to face or having the opportunity of establishing an ongoing phone based relationship. She is flourishing and we are truly enjoying her sense of humour.

Dayne Kleeman is working as an assistant to both Sue and myself. With a family background in real estate, and a love of cars you will find Dayne one of the nicest, most helpful persons you could hope to meet.

Both Dayne and Georgia are studying via the apprenticeship scheme, and we wish them well with these studies.

For those you remember Lousie Smitten who left us to go to Canada; well Lousie has now returned to Melbourne with her husband Dale. Lousie is working in Body Corporate Management at Binks. Heidi is working in Frankston as the location gives her easy access from her home in Cranbourne. Linda has decided that the public service was not the place she had dreamt of and has resigned and is now working as a portfolio manager. We all remain great mates and catch up via email –w e are planning a girls night out but never seem to actually get around to doing it.

In February of this Year the Financial Services Act came into effect. We can no longer give you any recommendations regarding insurance and can only pay your premium if we have a specific written instruction relating to that particular deduction. We regret this forced removal of service. However I stress that you continue to protect your investment.

Please find attached to this letter your annual Income & Expenditure Statement. We hope that it assists you in preparing that taxation return.



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E S T A T E A G E N T S

The taxation department is announcing clearer guideline for rental deductions and once these are available we will inform you of them. However there has been significant press relating to landlords over claiming what they actually should be claiming. Make sure that you can evidence everything that you are claiming. Remember that new improvements may be capital improvements that relate to lessening the capital gains tax when you sell the property, rather than an expense deduction of this financial year. Speak to your accountant for a more detailed explanation.

Once again thank you for your ongoing custom.

Best wishes,

Anne and The Duffy Forsyth Team



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