



Brisbane Property

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# CBD Property Newsletter



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## Brisbane CBD Market: What people are asking

The number and type of CBD property queries I am asked is truly endless, so in this in edition I'm addressing two key questions that people are asking me right now about Brisbane CBD property ...

**Q: "Why buy in the CBD when there are so many buildings going up in other inner-city suburbs"**

**A:** The key is 'Location, Location, Location'. Near the city centre is not the same as in the city centre. If you have tenants then they want to be near where they work or study, and get to work/study within a few minutes by foot.

**Floorplan, size & price:** New is always nice and fresh but after a year or two, either living as owner or tenant, that 'new and fresh' feel often changes to a sobering 'practicality, size and floorplan' feel. A well-maintained established property with good track-record, larger size and room to move and live, is often a more attractive long-term option. Compare the price per m<sup>2</sup> and you may get a real surprise - a new unit outside the CBD doesn't mean it's cheaper.

**Rental return:** Do your homework very thoroughly! Check the rental history of the suburb, building and surrounding similar buildings, and also occupancy rates. For new buildings in an inner-city suburb, ask: what happens after the 2 year rental guarantee period finishes? The rents usually return to what the market is prepared to pay, which may be quite different to what you were getting up until then, or the occupancy rates may drop.

...and last, but definitely not least ...

**Brisbane CBD is Australia's most-wanted living address:** Latest figures (realestate.com.au) show that, over the last 6 months, more people were searching for units to rent in Brisbane's CBD than anywhere else in Australia!

**Q: "Would my CBD unit sell at a better price if it is in a short term letting pool or with long-term tenants?"**

**A:** It's not a simple 'yes' or 'no' answer, but has many aspects to consider:

- Is the current long-term **tenant tidy** and the unit presents well? The first impression is often the most important, so if your property is well cared-for then this speaks highly of the tenant and also of the condition of the unit.

- How **long is the lease**? A property with a long-term lease is best placed on the market approx. 2-2.5 months before the existing lease expires. This way the unit can be marketed to both owner occupiers and investors.

- **Lending:** Banks tend to prefer long-term tenants and owner occupiers, so any potential investor may find it easier to obtain finance with a long-term lease in place.

- Having said all that, **short-term leases do have their advantages**. If it is leased through a building/property manager such as the Oaks Group, then, generally speaking, there may be more opportunities to show the property to prospective clients.

- **Furniture Packages** put in by the building/property management may become an issue if a buyer wants to move in and not use that furniture. The residual value may have to paid back to the property manager if it falls within the first 2 years of the lease period, and therefore affects the price.

... **In a nut shell** ... if the rental return per annum is similar for both, the long term tenant is tidy, and either the Furniture Package is owned by the seller or there is no pay out (i.e. first 2 year lease period is over), then either option should achieve an optimal sales price.

**YOUR questions?** What's on your mind? Feel free to ask me your Brisbane CBD questions and I look forward to getting back to you. My 18 years of CBD property expertise provide a exceptional background and scope of information that I'm really happy to share with you - just ask!

## Celebrating 10 years of HS Brisbane Property



I'm very proud and excited to be celebrating my 10 years of HS Brisbane Property this year. Share this milestone with me, specially those of you who list with me before **May 31, 2014** :

- ✓ **Premium Marketing Package** Valued at \$2,000 this covers our comprehensive marketing & advertising campaign with many additional extras.
- ✓ **\$1,000 'thank you' giftcard\*** to enjoy at: Myer, Target, Kmart, Coles, Bi-Lo, Officeworks, LiquorLand, Vintage Cellars and 1st Choice Liquor Superstore; on successful property settlement. \* \$1,000 giftcard for \$500K+ sale; \$500 giftcard for up to \$500K
- ✓ **Low fixed commission** Our low 2.5% flat commission rate (excl. GST) ensures all sellers enjoy our very best service & support at the lowest possible commission rate.
- ✓ **"No sale, No cost to seller"** Test the market at no cost to you ... if your property doesn't sell then we don't charge a cent.