



Prowealth  
INVESTMENTS

NEWSLETTER 2ND QUARTER 2010

# Property prices and the housing shortage

**Property prices surged by more than 16 percent in the past year, pushing the average national house price to \$542,000, according to new research.**

A recovering economy and booming demand fuelled by population growth have offset the impact of five Reserve Bank of Australia interest rate rises pushing annual house price growth to a six-year high, Australian Property Monitors (APM) said. Sydney has the highest average house price at \$609,353 but Melbourne prices surged by 27 percent in the past 12 months. Darwin houses rose by 15.7 percent, while Canberra prices were up 13.9 percent. Perth and Brisbane were the only two state capitals to register growth below 10 percent. While house price growth slowed slightly in the first three months of this year, the national average price still rose by 3.1 percent and APM is tipping growth of 8-10 percent in the next 12 months. APM economist Matthew Bell said the high-end luxury market is experiencing stellar growth.

“As it has been for the last three quarters, price growth for houses in the most expensive half of the market was nearly double that of the more affordable sector,” he said. “Prices in the more expensive suburbs have proved to be less sensitive to interest rate rises and the removal of first home buyer stimulus.” However, a widening gap between housing supply and demand is expected to limit the impact of rising interest rates on house prices.



The Reserve Bank has raised the cash rate five times since October last year and is expected to lift rates again in the coming months. “Countering this interest rate effect on the demand side is continued strong population growth, rising incomes, falling unemployment and very strong consumer and business sentiment,” Mr Bell said. “On the supply side, new dwelling commencements are still well under levels needed to satisfy current demand, let alone begin to eat into the existing deficit of affordable properties.”

The National Housing Supply Council (NHSC) said earlier this week that the current gap between housing demand and supply has grown by 100,000 in the last 12 months and warns that Australians must build 300,000 new properties by 2014 to close the gap.

“There is a very, very substantial increase in population. It’s just simply unmatched on the production side of the housing market,” said Dr

Donald Owen, NHSC chairman. “It defies the laws of economics. It’s not what should be happening in any well-run marketplace, but it’s certainly what’s happening in Australia and we need to understand a whole lot better why.”

According to the NHSC’s research, property supply was keeping pace with demand until 2005 when Australia’s population began to increase rapidly. The yawning gap between supply and demand is expected to continue to push property prices higher. Prices rose by 12.7 percent in the 12 months to February and further gains are expected despite a series of interest rate rises.

“The bottom-line is that the Reserve Bank can’t solve the housing crisis by lifting interest rates,” said Craig James, chief economist at CommSec. “This only would serve to temporarily depress demand and reduce incentives for investors and developers to increase supply.”

Dr Owen warned that even if supply is radically increased in the coming years, many families had already been priced out of the housing market. “Even if the market responds to excess demand by increasing supply over time, it is unlikely to provide sufficient housing for people whose incomes are towards the bottom of the household income distribution,” the report says.

---

## Making money out of Henry

Courtesy of Brett Davies at [lawcentral.com.au](http://lawcentral.com.au)

**Not since the GST has something caught the imagination of the tax community like the recently published Henry Review.**

We all put Sunday aside to read the government's response. Sadly, Kevin Rudd at Christmas said he hadn't read the Henry report. Nothing seems to have changed. It is a bit rude of Rudd and an insult to Ken Henry who is trying to help make tax compliance easier and fairer. The report included 138 recommendations. Rudd adopted only 2. The rest he made up without reference to the report.

1. Company tax drops 2% from 30% to 28%. For 'small business' the reduction kicks in from 2012/13. For 'large companies' it is phased in at 29% for 2013/14 and 28% for 2014/15. ACTION: Claim all your deductions you can this year. Deductions are worth less with a lower tax rate. Trusts and partnerships miss out.

2. Currently small business can only expense assets under \$1,000. Soon it will be <\$5k you can immediately write-off (Ken Henry recommended \$10k). Further, all other assets (except buildings) are written off in a single depreciation pool at a massive rate of 30% (this

...continued on back page

# Winter Property Release Day

Take a preview of some of the new developments to be featured at Prowealth's Winter release day on July 18th at Terrigal. **Book your seats at [www.prowealth.com.au](http://www.prowealth.com.au)**

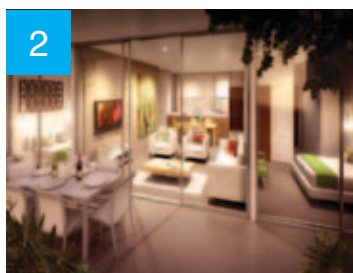


1



## 1. Rive Apartments, Albion (Brisbane)

Located 8km north of the CBD. Spectacularly designed new master-planned community just minutes from the restaurants, cafes and boutiques of Racecourse Road, Hamilton Portside, James St Markets, Brunswick St and Brisbane's CBD. Views of the city, river reaches and surrounding suburbs. Type: 95 Apartments. Price Range: \$410,000 - \$840,000. Completion Date: Early 2011



2



## 2. EKO - Newington (Sydney)

Located on the western side of Homebush Bay on the Parramatta River and 1km west of the Sydney Olympic Park. It remains in a location that is central to the employment catchment areas of the CBDs of Sydney and Parramatta as well as the Ryde catchment area. Being located along Sydney's Olympic Corridor the area has gone through a rapid period of gentrification. Newington has an excellent range of transport options with the bus routes connecting to train and ferry services. Type: 214 Apartments. Price Range: \$462,500-\$880,000. Completion Date: Stage 1: April 2010 Stage 2: July 2010



3



## 3. Ingleburn Gardens - Ingleburn (Sydney)

One of the most accessible positions in Sydney, between Campbelltown Road and the M5, close to the M7 connection. This new integrated living community will be a unique development including a early education and long day care centre, proposed Edmondson Park Anglican College and Anglicare Chesalon Aged Care Facility. Resident can enjoy security concierge entry, beautifully landscaped grounds, a lake, swimming pool, parks, cafe and convenience store. Type - House and Land Packages by McDonald Homes. Priced from late \$400,000. Limited Stock.



4

## 4. The Manhattan - Strathfield (Sydney)

North Strathfield is located in Sydney's inner-west, 15km west of the CBD or 30 mins by road and 20 mins by rail. George Street, the main commercial strip, features a wide range of contemporary restaurants and cafes as well as a Fitness First, Aldi and Harris Farm Supermarkets, AMF Bowling, and Outback Steakhouse. This area began a period of gentrification following the redevelopment of the former Arnott's Biscuit factory into the 'Bakehouse Quarter' which features a mix of office space, restaurants and shops. Type: 30 Apartments. Price Range: \$480,000- \$540,000. Completion Date: April 2011



5



## 5. VQ - Rhodes (Sydney)

Located 16km from Sydney's CBD Within close proximity to Rhodes Shopping Centre, including IKEA, Top Ryde Shopping Centre, Homebush Bay Olympic Precinct, Rhodes Railway Station, Meadowbank Ferry Wharf, Cinemas, Restaurants / Cafes. Type: 247 Apartments & Town Houses. Price Range: \$621,000-\$974,500. Completion Date: From March 2010



6



## 6. Henry St - Parramatta (Sydney)

Located at the head of the Parramatta River, 24km west of Sydney's CBD, Parramatta City is currently experiencing an exciting period of change with massive redevelopments underway. As a major transport, social service, retail and cultural hub, Parramatta is core to the development of Western Sydney. A number of sporting and recreational complexes grace the region; these include Parramatta Stadium, Rosehill Racecourse and Parramatta Raceway. The Olympic Park at Homebush Bay is also only minutes away. Type: 8 Apartments. Price Range: \$489,000 - \$510,000. Completion Date: April 2011.

7



### 7. Eagleby Rise, Eagleby (Gold Coast, QLD)

A quality townhouse development that boasts a great BBQ and entertainment area, grassed community space and gated entry. Close to the Pacific Motorway, access to both Brisbane and the Gold Coast is a breeze. Solid growth potential. Type: 12 townhouses, Price Range: from \$325,000. Completion Date: End 2010.

8



### 8. Aurora Fields Stage 2, Rutherford (Newcastle)

With access to two national highways, a 90-minute freeway drive to Sydney, 30 minutes to the vineyards, Newcastle and Port Stephens, close proximity to airports, shipping terminals and freight rail access. It has an excellent standard of health services, schools, residential housing and retail shopping centres. Huge investment in retail developments in the west of the city are creating a new shopping precinct without parallel in the Lower Hunter. Rutherford will fast become a retail destination of choice in the region. Type: Limited House and Land Packages from McDonald Jones Homes. Price Range: from \$415,000. Comencing late 2010.

9



### 9. ALT Apartments, Travancore (Melbourne, VIC)

Travancore is located around 4km north-north-west of the Melbourne CBD. It is a small suburb with few local employment zones apart from a small commercial strip on its western boundary.

Travancore's inner-suburban location allows it to be close to all the amenities afforded by the Melbourne CBD. It has excellent public transport options with trains, trams and buses direct to the CBD. Type: 396 Apartments. Price Range: \$425,000 - \$612,500. Completion Date: September 2012.

10



### 10. Elderslie Estate - Elderslie (Sydney)

Boasting natural surrounds and all within moments of the village atmosphere of historic Camden and nearby Narellan, Elderslie Estate is a new neighbourhood with unique appeal. Blessed with a recently completed central parkland, the development is distinguished by attractive streetscapes, a high standard of amenity and distinctive character. Set away from the everyday hustle and bustle, it is peaceful and picturesque yet just a short distance from the shops and amenities of Camden and the M5 to the city. A fresh new address for living you'll love. Type - House and Land Packages by McDonald Homes.

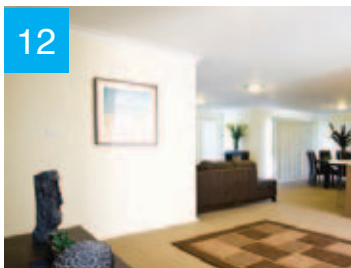
11



### 11. Merrylands - Pitt St (Sydney)

Located 26km from the Sydney CBD and just 4km southwest of the Parramatta CBD. The Parramatta region is central to a number of world-class social and cultural facilities. Westmead Hospital, only 3 kilometres from the heart of Parramatta, is the largest health care complex in the southern hemisphere. Parramatta is also the education hub for the region; it is home to the second largest TAFE campus in NSW and the fastest growing campus of the University of Western Sydney. Type: 45 Apartments. Price Range: \$340,000-\$480,000. Completion Date: June 2011

12



### 12. Big Sky Estate, Coomera (Gold Coast, QLD)

35 minutes to Brisbane, Coomera is ideally located for commuting with quick access to both the Pacific Motorway and Coomera train station. The Big Sky Estate is Coomera's newest House and Land Development, located right in the heart of the action. Big Sky is located on the doorstep to the new Coomera Town Centre with the new East Coomera State School set to open in 2011, and convenience shopping all within walking distance. Type: House and Land Package. Price Range: \$440,000+.

13

**PLUS MANY MORE**  
Book into our Winter release  
day now

### 13. Want to be a property Developer?

We have 3 duplex sites, perfect to start off your dreams of being a property developer. Full details at the Winter Release day.

## Property Management Referral Incentive

Special Offer for Current Clients

Refer another Investor Client to PMHQ between 01/05/10 and the 30/07/10 and we will give you a \$100.00 gift voucher or a \$100.00 credit to your management fees as a token of our appreciation and thanks. The referral can be any other landlord or investor that has an investment property within a 1 hour radius of the Central Coast area. It could also be another investment property that you own yourself. Either would be considered a referral if converted to a management with PMHQ. Conditions - The gift voucher will be issued once the property change over has taken place and the property is fully managed by PMHQ. We can assist in bringing a management over from another agency if required to ease the transition process. Any Questions? – Call Director of PMHQ Kelley Seaton anytime on 0400 454 531.

...Continued from front page

applies from 1 July 2012). ACTION: Again, write off everything you can while the company tax rate is still a high 30%. This improves cash flow.

3. 40% Resource Super Profits Tax (RSPT): Resource projects are taxed at a rate of 40% on their profits - not production. Mining companies are eligible for a credit for royalties paid to State and Territory Governments starting 1 July 2012. ACTION: Don't vote for Rudd again. Mining clients should see a lawyer to try and wash out this barbaric discriminatory tax.

4. Superannuation Guarantee rate increased from 9% to 12%. The employer has to pay this to the employee's superannuation fund. The increase is phased in from 1 July 2014 to 1 July 2020. ACTION: This increases the cost of labour so look at sacking all your staff and outsourcing to India (just kidding).

5. Superannuation Guarantee age limit increased to 75: The age limit is raised from 70 to 75. This starts on 1 July 2013. ACTION: Clients need to work with a financial planner about this new opportunity - another half decade of life to put money into this tax haven we call superannuation.

6. You can only put \$25k a year into super, pre-tax - concessional contribution. (You can put in \$150k per year post tax - non-concessional). This is to stop the rich moving all their assets (other than their family home) into the tax haven. For people over 50 years of age, you were allowed to put in \$50k of concessional contribution - but that stops shortly. Now, for those aged over 50, the \$50k super cap continues beyond 30 June 2012 - but only if you have a miserable \$500,000 in your super fund. ACTION: All 50+ year clients with less than \$500k in their super get the good news. Many rich people and business owners are control freaks and hate losing control of their superannuation (money) to retail and industry funds, so consider talking to us about Self Managed Super Funds.

See the full video blog on [prowealth TV](#) on our website.

### Prowealth Investments Group

Freecall 1800 13 22 64 Fax (02) 4322 2247

Head Office Gosford Central Plaza, Level 2, Suite 8/10 William St, Gosford NSW

Parramatta Level 7, 35 Smith St, Parramatta NSW

All Mail to PO Box 996 Gosford NSW 2250

Web [www.prowealth.com.au](http://www.prowealth.com.au) Email [info@prowealth.com.au](mailto:info@prowealth.com.au)

Please note: This newsletter is not financial advice. View our disclaimer at [www.prowealth.com.au](http://www.prowealth.com.au)

## Prowealth Financial Planning Launching 1st June 2010



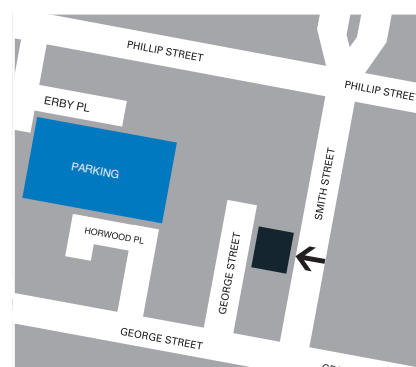
With the increasing popularity of purchasing investment property through a Self Managed Super Fund, the Prowealth Group is pleased to announce it's latest addition to the family, Prowealth Financial Planning (PWF). The new department within Prowealth will be headed by Bruce Donnelly, who brings with him over 6 years experience in the financial planning field.

"I'm thrilled to be joining the Prowealth team to provide this extremely important service to current and future clients"

PWF can provide advice on a range of investment options including shares and superannuation, self managed super funds, and a range of insurance products to help secure your financial future. Bruce can look at your personal circumstances and provide appropriate recommendations to assist you in reaching your goals.

## Prowealth Parramatta Office Opens 1st June 2010

With the Sydney property market finally turning around we've decided to open an office in the heart of Sydney at Parramatta. If you're one of our valued Sydney based clients you can now meet us at this centrally located office for all your Prowealth services during or after business hours.



The office is located at Level 7, 35 Smith St Parramatta.

## Upcoming Events

Suburb	Location	Date	Time
Newcastle	Panthers	Tue 15th June	7-9pm
Campbelltown	Campbelltown RSL	Mon 5th July	7-9pm
Liverpool	Liverpool RSL	Tue 6th July	7-9pm
Fairfield	Fairfield RSL	Wed 7th July	7-9pm
Rooty Hill	Rooty Hill RSL	Thu 8th July	7-9pm
Terrigal	Country Comfort	Mon 12th July	7-9pm
Castle Hill	Castle Hill RSL	Tue 13th July	7-9pm
East Maitland	Bowling Club	Wed 14th July	7-9pm
Parramatta	Parramatta Leagues	Thu 15th July	7-9pm
Terrigal	Winter Property Release	Sun 18th July	10am-12pm

Book your seats at [www.prowealth.com.au](http://www.prowealth.com.au) or call 1800 13 22 64