



“Happy New Year. We’re recharged, have a new office, and are ready for a busy 2011. We’re having a great start to the year in both sales and property management. This newsletter will fill you in on all the details.” *Alex Hart, Principal*



Welcome to the first newsletter of 2011

The market is gearing up again after a seasonally quiet January.

We’re pleased to report that Hart Estate Agents is having a busy start to the year. We are auctioning a number of outstanding properties in the next few weeks, and are working hard to maintain our very low rental vacancy rates. We have also implemented the new residential tenancy laws, with minimal disruption to our operations.

The renovation and expansion of our office is now complete. We have a new reception area and conference room and, importantly, a new coffee machine.

Skeletons in the closet? Any recent murders? Don’t keep it a secret.



It is illegal for agents and property managers to induce someone to purchase or lease a property by concealing a “material fact”.

But what is a “material fact”?

Up until now, the law has provided no guidance. It is not always clear what facts a purchaser or tenant would consider important to their decision whether to purchase or lease a property. And how relevant is the particular sensitivities of an actual purchaser or tenant, as distinct from the “average” person in the street?

What if the property was the scene of a horrific violent crime? Does this need to be disclosed?

... continued overleaf ...

The state of the market

It is early days. However, the indications are that the market will begin relatively strongly in 2011, and will continue to strengthen throughout the first quarter.

We are experiencing strong buyer interest, with many buyers considering it a good time to buy. Buyers have renewed confidence as a result of high employment, stable interest rates, and perceptions of relatively low house prices.

Auction clearance rates for January and February suggest that the New Year bounce in the market (as buyers return from the holidays with renewed enthusiasm and impatience) may not be as marked as previous years. By way of comparison, last February’s overall clearance rate was 72 per cent, having ended December 2009 at 65 per cent. At 51.2 per cent, the most recent auction clearance rate (for the period 13 to 20 February 2011) is only a modest increase on the 49 per cent rate we reported on in our final newsletter of 2010, which was the lowest since mid-2008.

However, while interesting reading, comparisons like these aren’t all that meaningful. The volume of stock on the market at the moment is very low – there were just 445 reported auctions in Sydney in the most recent period, as compared to typically over 2,000 during peak periods. We will get a better picture of the market as volume increases during the next few weeks.

The NSW state election is due to be held on 21 March. Ordinarily, the market slows down in the lead up to an election, as everyone waits to see the outcome. However, you’d have to have been living on the moon to be uncertain as to the result in this case, so it is safe to say that the election will have a negligible impact on market activity.

In current market conditions, correct pricing remains the key to achieving a good result. There is plenty of stock on the market that remained unsold at the end of last year because initial overpricing resulted in it failing to attract the right viewings before becoming stale. Despite this, good quality properties are still in high demand. If you price your property well at the outset, you can attract plenty of buyer interest, and achieve an excellent result.

Property management update

Things are difficult for would-be tenants at the moment, with a shortage of good rental accommodation in the eastern suburbs. Quality, well priced properties are renting very well, and we expect this trend to continue for some time.

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Skeletons in the closet? *continued ...*

This precise question was the subject of a 2004 decision of the Administrative Decisions Tribunal. That case concerned the sale of the Gonzales family home in North Ryde. It was in this home that Sef Gonzales had notoriously murdered three members of his family just a short time before. The agents selling the home knew that the murders had taken place in the house, but they did not tell the purchasers. The purchasers only became aware of the fact after the sale had taken place, and they immediately sought to be released from the contract. Eventually, the contract was rescinded and the purchasers had their full deposit returned.

The Tribunal hearing concerned disciplinary action brought against the agents by the Fair Trading Commissioner.

The Tribunal found that the fact of the murders was a "material fact" because it was important and relevant to the decision whether to enter the sale contract; and that the fact had been "knowingly concealed" from the purchasers by the agents. The agents were fined \$20,000.

The Gonzales home eventually sold for \$720,000, \$130,000 less than the original asking price of \$850,000, and \$80,000 less than the figure the first buyers had paid.

The new Residential Tenancies Act clears up the question of what constitutes a "material fact", at least in respect of the leasing of residential properties. It sets out precisely what constitutes a material fact for the purposes of the prohibition. Among other things, it specifically prohibits landlords and agents from knowingly concealing from a prospective tenant the fact that the property has been the scene of a "serious violent crime" in the past 5 years.

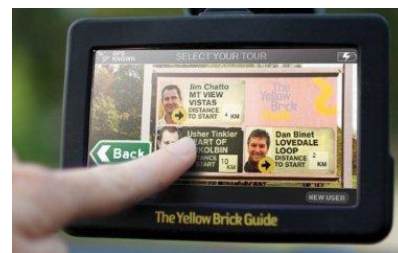
In the UK, potential tenants and purchasers are now able to do their own research. UK police have launched a website - www.police.uk - which allows you to find out what crimes have taken place in your area, down to the street level. The site has crime hotspot maps, and apps for iPhones.

Try something different and restock your wine cellar at the same time

The Yellow Brick Guide has released its GPS audio driving tour of the Hunter Valley. The tour provides independent travellers with a stress free way to explore a region using in car 'satellite narration'. It incorporates music, narration, characters and directions responding intuitively to the changing scenery as you drive.

"This is a whole new travel concept", explains Rob Margenberg, co-founder and Creative Director of The Yellow Brick Guide and a long standing client of Hart Estate Agents. "It's a whole new way to immerse yourself in a destination and discover what makes it tick, without looking at a map. It's like a travel show you travel through in your own car."

Creating a new category of independent traveller that is wholly about the experience, it incorporates the benefits of a traditional escorted tour (without the restrictions) with the independence of a do-it-yourself approach (without the maps



and research hassles). It brings local knowledge and colourful characters into the comfort of your own private driving space so you can discover things at your own pace.

The Hunter Valley is the first region to showcase The Yellow Brick Guide touring experience, with three half-day tours to be unveiled including Mount View Vistas, the Heart of Pokolbin and Lovedale Loop.

Bruce Tyrrell AM of Tyrrell's Wines is the MC, along with three charismatic young winemakers as the in car guides, including Jim Chatto, Usher Tinkler, and Dan Binet.

The Yellow Brick Guide is available for hire for \$39 for the length of your stay through tourism contact points in the Hunter Valley including the Hunter Valley Visitors Centre, Pepper Tree Wines, Poole's Rock Wines, Ballabourneen Wines, and the Sebel Kirkton Park Hotel.

A selection of our upcoming sales



AUCTION

BELLEVUE HILL
32 Kulgoa Rd
Expansive family home in blue chip location.
Auction: 8/3/2011



AUCTION

DARLINGHURST
3503/184 Forbes St
Designer apartment in iconic Horizon building.
Auction: 19/3/2011



AUCTION

ROSE BAY
518 Old South Head Road

Incredibly rare! Landmark retail/residential building in the heart of Rose Bay shopping centre.



FOR SALE

PADDINGTON
7A/8 Hampden St
Excellent investment property in great position.



FOR SALE

ROSE BAY
45-47 Spencer St
Four brand new luxurious 4 bedroom residences.
Completion June/July 2011