

BEWARE OF PROPERTY BOOM

PROPEX NEWS
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By Nina Siljanovic

It's no wonder that pending investment opportunities dominate dinner party debate across the nation. The ABS indicates that the private rental market is Australia's second largest source of housing after home ownership. Yet even the most seasoned investor can be duped by a skillfully marketed investment property which never quite lives up to expectations and brokers should be equally be aware of the latest property figures.

As Australians, we love to speculate. The investment opportunities forged by the property market provide us with golden opportunities for boastful banter. We delight in picking the next hot spot and divulge in mockery of Bob's second cousin's son-in-law who foolishly bought *that* apartment in *that* neighbourhood.

It's fair to say that as the property market rises and falls that property speculation is rife across all states. Generalisations are thrown around and quickly become 'run of the mill'. Comments like 'The sun has set on Sydney, or 'now's the time for Queensland are often heard. Occasionally a spanner is thrown into the works, setting the chins 'a wagging'. 'This time it's for real,' they will whisper.



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CURRENT PRODUCTS

SHORT TERM BRIDGING LOAN: Rapid loans settled for those who needed the money yesterday. Secured loans available for 1-3 months. Funds are settled in 3 working days.

SECOND MORTGAGES: Provides extra funds without affecting the first mortgage. 85% LVR in Sydney, Melbourne, Brisbane. Secured loan from 6-24 months.

NON CONFORMING LOANS: Credit impairment doesn't affect your ability to access funds for debt consolidation, refinancing or purchasing a new property. 105% LVR full doc or 95% LVR Lo doc.

COMMERCIAL LEASING ON ALL ASSETS: Maximum preferred term is 24 months. Asset purchase or lease back for working capital requirements. Lease back software or clothes. If you can't get a personal loan, do a leaseback

PERSONAL LOANS: Provides access to funds for a new holiday, car or renovation. Three paid credit defaults are fine with borrowings up to \$15,000.

VENTURE CAPITAL: Raise another \$15,000 + on a new/old franchise. We will go behind a bank on any business.

Note: Fees and conditions apply to all our products.

Well, ladies and gentlemen, pull out your diaries, that very moment is now. And while you're at it, you may be tempted to cash in your frequent flyer points; the word on the street is that Western Australia and the Northern Territory are the places for serious investors. But keep your wits about you, a sound investment grows out of caution and brokers must also be aware of their client's decision so as to achieve the ideal, a holistic approach to broking.

Western Australia

While median house prices in Perth increased by 3.6% in the June quarter, regional WA is looking the most promising. In the same timeframe, Bunbury showed the State's largest increase in median house prices, rising 9.7% to \$260,000. The annual growth rate for Bunbury was a dramatic 39.8% (figures from REIWA). Geraldton, Augusta / Margaret River and Port Hedland showed similar increases. And the trend is set to continue, with the WA real estate market benefiting from a booming State economy helped out by an increasing population of interstate and international migrants. Clearly people are beginning to realise the potential of a Western Australian lifestyle, and the idea of investing in a geographic extremity of Australia is whetting multiple appetites.

Northern Territory

The Northern Territory currently boasts an extensive portfolio of multi-billion dollar infrastructure developments. Already established is the \$3 billion Darwin LNG Gas Plant, incorporating the Australian/Timor gas fields, the \$2 billion expansion of the Gove refinery, and the \$1.7 billion railway project. The \$1 billion Darwin Waterfront development is looking promising with the completion of the \$2.5 million Cruise Ship terminal at Fort Hill Wharf.

To top it off, tourism is booming, with the State Government committing \$60 million to tourism infrastructure and an additional \$27.5 million to the international marketing of 'Destination Darwin'. If you aren't already sold, recent statistics point to Darwin as the strongest growing property* sector and the fastest growing economy in Australia (*Source BIS Shrapnel Property Prospects Update December 2004). Figures released by the Real Estate Institute of the Northern Territory also show a dramatic increase in median unit prices. Units in the city of Palmerston have increased by 32.3%, Alice Springs by 19.3% and Darwin by 6.6%.

Yet caveat and second mortgage specialist Ms Anne Thanudchang, Founding Director of Propex Pty Ltd, warns against jumping into investment opportunities without considering all the options. Based on the available data, Ms Thanudchang admits, "Regional Western Australia and the Northern Territory do appear to be showing signs of great investment opportunity. But when the market floods, as it most likely will, the hype will be all too easily transformed into dismay. We've seen a similar boom in Sydney, and look at it now. People must take the necessary due diligence when it comes



Propex offers 15K Cash Bonus for Franchisees

Propex, a successful Australia-wide private lender, are now able to offer capital funds of up to \$15K for franchisees along with other value added services to support their new business.

The money will be secured against a property which can be 100% encumbered and Propex will then to go behind a bank and take 2nd ranking charge on the franchise.

The franchisee cash bonus is particularly aimed at those who need extra funds to make their business successful/expand and the main conditions are that the borrower must use our Company accountant and there must be a perceived value.

Other value added services include use of the Propex board room in York Street, Sydney for meetings as well as some use of fax, photocopying and internet facilities. The franchisee can also use our office computer and Propex will help them set up the business if it is not already registered.

The Director of Propex who has established Propex, runs her own successful business, is currently setting up a second venture, Success Seminars, a not for profit organisation which supports research into skin disease, believes that this extra money and use of facilities offer a simple way for individuals to make the move to open up a franchise.

"The success of Propex can be attributed to a strong business plan and we can provide them with a ready to use template,"

"The fact that all businesses usually operate at a loss for at least the first two years also makes this cash bonus an extra incentive," she says.

For further information, please call 1300 854 030 or email finance@propex.com.au.

FREE CHRISTMAS BBQ



Propex are sponsoring a Christmas BBQ at Coogee Beach on the Sunday December 4. This is a family event with free food and entertainment. All money from the raffle and auction at this event will go toward the PCYC, a Lions Club project. Email sales@propex.com.au to reserve your place.

to making investment purchases. When the market takes a downturn, the investor is left on their own to deal with the catastrophic domino effect. This also has a flow on effect to the broker and funder as they still both must always meet quotas and downturns in the property market equate to loss in real dollars," she says.

Another consideration is the trend for Australians trend to live more than an arm's length away or in an area suitable to transient lifestyle. According to the ABS, Australians have applied this logic: in 1997, 48% of investors in the rental market lived within the same statistical sub-division, and 88% shared the same State or Territory. Local knowledge is priceless, with even the most unlikely of investors given a sporting chance of success in their natural habitat.

Brave investors who step outside of their comfort zone are also at risk of being subjected to effects of two-tier marketing. Fraudsters pitch properties to unwitting 'out of towners' at hugely inflated prices, leading to a two-tiered property market. This happened in QLD in 1999 when thousands of investors were ripped off. As a result, the Property Agents and Motor Dealers Act in 2001 were amended to eradicate two-tier marketing from the industry. Unfortunately, this was not enough to solve the problem in Queensland, let alone the rest of Australia.

Marketing hype is also dangerously effective. Many investors say the opportunity is missed before they even have the time to get on the 'band wagon'.

Also be aware of legislation changes, such as the recent abolition of the vendor tax in NSW, and the increase of stamp duty taxes in Queensland.

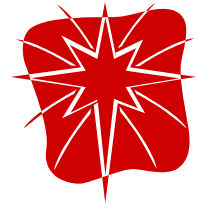
The larger capital cities are filling the brim, so should we really cash in those hard owned frequent flyer points and move loose a couple of hours a look around regional Western Australia or event the NT?

If you are serious about investing, make sure you consider not just the figures in your investment decisions. You may be able to afford an impulse buy at the grocery store, but when it comes to the property market, it is a different ball game.

And how about Brokers? Can their specialised local knowledge aid the investor? And what about their knowledge of the appropriate legislation? How about their knowledge of the market? But is it is there role to give advice? And will they be asked?

FEATURED SITE: www.dsa.org.au:

Support the UN's International Day for People With a Disability this December by taking on a worker with a disability. Disability Services Australia offer programs whereby people with disabilities work for your company. Take a look at the advantages of one of their programs today.



MORTGAGE INDUSTRY INVITED TO ATTEND FREE LIONS CLUB EVENT

Mortgage Industry Professionals are invited to attend Propex's 9th annual BBQ at Coogee Beach on the 4th December from 12 noon with all proceeds going towards the valuable community work of the local City of Sydney Lions Club and the Leo Club.

There will be free food and drinks, face painters, cultural entertainment and an array of prizes that can be won from the auction and raffle in aid of the Lions Club.

The Director of Propex, Anne Thanudchang is happy that Propex can be the main sponsor the event as a gesture of goodwill towards the industry as well as the Lions Club and Leo Club.

"Our annual Christmas BBQ provides us the opportunity to thank our clients, family and friends for their support over the last year coupled with the opportunity to support an extremely worthy cause,"

"The Lions Clubs main project is the PCYC, which helps take youth of the street and channel their energy into sport, a much better past-time than partaking in street crime or drugs," she says.

"The Lions Club has supports various local activities as well as exchange programs, medical research programs and international assistance grants, she says.

Thank you to our other sponsors which include Sam the Butcher, Bondi, Fitness First, Maroubra, My Island Home, Le Coco, Footy Fit, The Christmas Cave, China Alliance, Asian Media, Maroubra Physiotherapy, Rebecca Mull (Artist), Kit Wong, Fey Coombs, Patricia, and the Australian China Alliance.

To RSVP or for further information on the event, please contact Christian on 1300 854030 or email sales@propex.com.au All mortgage professionals and their families are welcome to attend.