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Buying a Beach House Back on the Agenda

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There is renewed interest in owning a holiday home, according to PRDnationwide.

Whether as a destination to vacation or as an investment property to rent out – second home purchases are set to take off again.

“Aussies, buoyed by the country’s healthy economy, are tipped to return to the holiday market,” said PRDnationwide research director Aaron Maskrey.

“The idea of having a beach shack or country cabin to get away to on weekends is enormously attractive,” he said.

“Due to the uncertainty and a loss of confidence in the market during 2009, many investors were forced to put their holiday homes on the market. Now that confidence has returned, a lot of people are feeling the lure of purchasing a holiday home again.”

“Unit sales on the Sunshine Coast increased by 11.3%, during the half year period ending September 2009. Similarly, in the Gold Coast, house sales increased by 6.9% for the half year period. The Tweed Local Government Area experienced increases in activity for both units (at 30%) and houses (31%).”

PRDnationwide Kallangur principal Gary Roden has owned several rental properties over the past twenty years.

“If you are at a retiring age I suggest that you positive gear your investment so that you can rely on the rental income,” he said.

“If you are still employed or in business - the idea would be to negative gear by taking an interest only loan where the interest paid can reduce your income and the tax you have to pay.”

Mr Roden said the most important part of buying a rental property is to purchase in a high capital gain area and be prepared to own the property for a minimum of five years.

“Income from rental properties is just the bonus, the biggest money gain is the value of holding a property and selling after several years,” he said.

Mr Roden said the rental that you achieve relates to the size and price of the property.

“When you are looking for a property, remember that the larger the home - the more it would increase in value based on the increases in building costs and materials.

“To get a good tenant paying an attractive rent, I suggest that you buy the largest home that your budget can afford and maintain.”

Nardia Guillaumier, from PRDnationwide Dapto, said buyers should look for holiday homes which have been recently built or had renovations recently completed to minimise outgoings.

“I would recommend that you only purchase a property where the repairs and improvements are within your capabilities to complete yourself to minimise costs and that you purchase in a growing area, so that capital growth can also improve your wealth should you decide to sell.”

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About PRDnationwide

PRDnationwide was founded on Queensland's Gold Coast in 1975. The company has specialised in residential project marketing for more than three decades and it has a strong commercial presence in both the Gold Coast and Brisbane markets. It has a total of 139 franchise offices and corporate offices in Melbourne, Sydney, Brisbane and the Gold Coast. For further information about PRDnationwide visit www.prdnationwide.com.au.

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