

PROPERTY REPORT

THE LATEST NEWS FROM RWR REAL ESTATE

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Why we don't advertise on Gumtree

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PROPERTY MARKET SHOWS INCONSISTENCY

Welcome to our mid-year Property Market Report.

We have to tell you that we're not feeling quite so buoyant as we were at the beginning of the year, as buyer demand has fallen away after early indications that it was picking up.

Apartments – and home units in general, have been slow to sell again, though the same cannot be said for houses in South Perth, Como, Salter Point and Kensington if they're on reasonable sized blocks of 450- 800sqms and priced at the correct market level.

These are tightly held at present, with the result that when one does come on the market, buyer interest is generally quite strong.

The top end of the market for houses has been buoyant in areas like Applecross, Bicton and North Fremantle. Median prices in these localities last quarter rose quite spectacularly: 32.2%, 23.6% and 21.4% respectively, so a similar sort of growth should occur in South Perth / Como when supply improves.

According to the Real Estate Institute, as we entered June there were 14,614 properties for sale across Perth – roughly the same number as the same time last year. This would indicate that we still have a while to go before we can expect a return to normality.

Interestingly, the latest REIWA Curtin Buy-Rent



Index has revealed that it is currently the best time to buy property in Perth since 2013.

And that brings us to the rental market.

The beginning of June saw 8,714 properties available for rent: 4% lower than a month earlier and 24% lower than the same time last year.

This trend is good news for the property investment sector as it indicates that with the market gradually tightening, rental returns will continue to rise.

It will be interesting to see if this is reflected in buyer demand for home units as improving returns usually leads to investor demand.

Furthermore, as rents rise so buyers decide there's better value in ownership rather than renting, so maybe this is heralding better things to come for this sector of the market

Mark Robinson, Mark Wellingham, Directors

SUBURB STATISTICS

Suburb	Median house March 2018	Quarterly change	Median Unit March 2018	Quarterly change
South Perth	\$1,212,500	2.3%	\$596,000	2.8%
Como	\$882,500	-2.5%	\$477,500	-0.9%
Kensington	\$755,000	0.3%	\$515,000	10.8%
Victoria Park	\$650,000	0.0%	\$460,000	2.2%
Manning	\$810,000	-1.2%	\$640,000	22.5%
Salter Point	\$1,165,000	1.3%	N/A	N/A

Source: REIWA

WHY WE DON'T ADVERTISE ON GUMTREE...

When it has taken a while to find a new tenant for a rental property, owners sometimes suggest we should advertise on Gumtree.

From our experience, the worst tenants seek a rental property on Gumtree.

That sounds pretty discriminatory, doesn't it?

The reason for our reluctance is that many prospective tenants searching Gumtree use it because owners who manage their rental properties themselves, tend to advertise there.

They are seeking an 'owner-managed property' because their past records would have them rejected by an astute real estate agency.

We avoid people with bad records because they are often 'Trouble' with a capital 'T'.

WARNING

'Self-managing' investors are being urged by Consumer Protection and WA Police to give greater vigilance as a result of incidents of cannabis grow-houses in rentals becoming a major concern in WA.

Commissioner for Consumer Protection, David Hillyard, said crime gangs target private landlords as they're less likely to carry out checks on tenant records.

Apart from the damage and clean-up bills, affected landlords also suffer the loss of rental income while the

home is being repaired, so it can have a devastating financial impact.

The cannabis grow houses usually involve electricity being by-passed from the meter and a new electrical system installed to power hydroponics. Combined with a watering system, the danger to occupants as well as neighbours is significant, posing a major fire and electrocution hazard.

DRUG LABS

If you have the misfortune of a tenant establishing a drug lab in your property there can be huge problems.

In homes used as meth labs, or where there has been heavy use of the drug, ice, chemical residue can seep into soft furnishings, carpets and even walls and ceilings, leaving unwitting new tenants or owners exposed to serious health risks.

A case in Victoria resulted in two children testing positive for methamphetamine after their family unknowingly spent more than a year living in a former drug lab that had never been cleaned properly.

Our advice: If you're self-managing an investment property call our Property Manager, Linda Healey, for a demonstration as to why tenant records are vital and what we do to ensure safe-keeping of our Property Management client properties.

Possibility of a bank price war to woo investors



A bank price war aimed at obtaining more borrowing from investors is seen as a possibility stemming from the Australian Prudential Regulation Authority's (APRA) decision to remove the cap on investor credit growth after July 1 this year.

It is being speculated that the banks will be keen to rebuild this sector of their loan portfolios and there could be competition to attract investors.

Wayne Byres, APRA Chairman, said the temporary benchmark on investor loan growth served its purpose as the finance institutions had raised standards and increased capital resilience as required.

A cap on interest - only loans remain.

Mr Byres said limits on interest-only lending introduced in March last year - capping them to 30% of total new housing loans will remain in place.

According to APRA's figures, interest only loans fell to 15.22% of new lending compared to 36.2% in the three months to March 2017.

HOW WELL DO YOU KNOW YOUR PLANET?

Q: Where is the world's coldest place?

Ans: The high ridge of East Antarctic Plateau. -135.8 deg F. was recorded there in August 2010.

Q: Which is the world's most populated city?

Ans: Shanghai - the only city with more than 24million people.

Q: Which is the world's wealthiest city?

Ans: Tokyo with a GDP of \$1,520bn - beating New York City by \$310bn.

Q: Which is the world's poorest city?

Ans: Kinshasa, in the Democratic Republic of Congo. Many residents live on less than \$1 a day

Q: As you know the world's highest point (Mt Everest) - where is the lowest natural point?

Ans: The Challenger Deep Trench -35,797ft below sea level - at the bottom of the Mariana Trench

DO YOU KNOW THE RULES OF 72 AND 115?

The rule of 72:

Divide 72 by the rate of return on your investment to find how many years it will take to double your investment.

The rule of 115:

Divide 115 by the rate of return on your investment to find how many years it will take to triple your investment.

