



first
national
REAL ESTATE

Peak Central

Property Report

The latest news from First National Real Estate Peak Central

December 2016



Welcome to our Property Market Report - the final for year 2016.

What a year it's been:

Some people see the market slow-down and the retreat in values as being disappointing, however, those with a more positive mind-set realised that if they sold and bought in the same market, all would be well.

In fact, it turned out well for some, as those with a reasonable level of equity in their homes and keen to upgrade to a better home, sold for a quite reasonable price, albeit a tad lower than what could have been achieved two years ago.

By upgrading, they fared well by picking up a bargain elsewhere at a far better price than they would have paid two years ago.

It's interesting to note that according to the Real Estate Institute of W.A. on November 29 there were 15,775 properties for sale (including 2,660 blocks of land) compared to 16,201 on the same weekend last year. That trend is encouraging – and to my way of thinking the property market cycle may be reaching the stage where prices stabilise.

There are lots of prospective buyers in the market looking. They are very conscious of what represents value, and seem to be wary about making a commitment too soon as they're obviously trying to foresee when the market will be at its lowest, so they can buy at the best possible price.

Timing in real estate is everything when it comes to making money, so if you're thinking of making a move, might I encourage you to have a chat with me or one of our sales team. We can give an indication of the likely price your property will achieve and suggest strategies for making the most of opportunities.

Richard Stacey, Principal

In wrapping up, may I extend on behalf of the team, a very merry Christmas, a happy New Year and all the best for 2017.



State of the market: It's unpredictable, but why are we so busy?

Our office has been remarkably busy in handling both sales and rentals.

Why so, when everyone else in the Perth Metropolitan Area seems to be moaning?

All we can put it down to is the fact that we have put effort into refining our strategies. When things get tough, you really have to do more than just work harder – you have to think out how to handle the challenges.

Having said that, it's fair to say we have not experienced a more erratic market than what has occurred during this year.

We have seen well presented, well priced properties take ages to sell when we expected them to be quick to move, while others not expected to be easily sold, have gone at a surprising speed.

Over the last month or so roughly 80% of the sales have been to First Home Buyers. The remainder have been people either upgrading or down-sizing. Investors have been noticeable by their absence.

What is particularly noticeable is that there are plenty of prospective buyers. They're generally looking for houses priced under \$500,000

First Home Buyers seem to be keen on Cockburn – and our sales team reckon they could just about sell a house a day if they were priced under \$500,000.



The next quarter and into the New Year?

We're expecting prices to remain relatively low but stable. Turnover should be steady.

Rumblings of there being a prospect of an interest rate rise could put pressure on the many who have yet to make a commitment to buy and lock in a low fixed rate.

Guideline

As a guideline of where median prices are at, compared with their peak: (Bear in mind that the median is the middle point in sales prices and is only an indication of a trend).

Atwell Houses

Peaked in 2014: \$587,500 – Currently: \$540,000
-5.3% for the year, +1.7% over 5 years, + 3.0% over 10 years.

Success Houses

Peaked in 2014: \$560,000 – Currently \$525,500
-5.7% for the year, +1.2% over 5 years, +3.1% over 10 years.

Rental market report:

Well priced and well-presented properties are moving quickly.

We have a vacancy rate in our quite a substantial property management portfolio of just on 3%. That's less than half the current vacancy rate across Perth.

We have once again had a busy quarter with prospective tenant applications.

Enquiries have come from a mix of people - young couples taking up their first rental to older couples who have sold or are relocating to the area with the

aim of building in the near future.

With respect to Perth's rental property vacancy rate, we're not envisaging significant reductions for some time, so, property owners need to be conscious of the fact that rental levels are likely to remain where they are for at least another six months.

After that, it is difficult to predict. Hopefully we'll see some tightening in the market with rental levels stabilising before gradually easing upwards again.