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REAL ESTATE

Peak Central

# Property Report

The latest news from First National Real Estate Peak Central



**W**elcome to the April edition of our property market report.

Let's talk first about property sales...

As mentioned in previous editions, property prices across the board have firmed on what they were a year ago, but I have to say that getting sales over the line was tough going in March.

We're finding that quite a few buyers haven't moved on. Just as predicted, many are now grimacing about the fact that they hadn't bought a year ago when the market was at its low point.

They're still wanting to buy at the lowest level which is resulting in some fairly hard-ball negotiations taking place before a sale is achieved.

Shorter months with public holidays doesn't help sales, and nor does the pending school holidays, however, sales are happening but not at the pace most sellers would like.

REIWA reported that as at April 3, after a slow-down in activity because of Easter, there were 14,349 properties for sale in the Perth metropolitan area.

Listings for houses had decreased by 2%, unit listings decreased by 3% and vacant land listings by 4% - the total being 3% lower than the same time last year.

Properties listed for rent totalled 8,495 - well below the 10,461 vacancies at the same time last year.

Perth's median house price increased during the March quarter by 0.5% to \$517,650. The median unit price remained unchanged at \$407,000.

With April having school holidays as somewhat of a distraction, we think the tempo of the market this month will remain much the same as March.

Despite prices edging up on what they were a year ago there are still fabulous buying opportunities. Once prospective purchasers fully appreciate this, the tempo of sales turnover will increase.

**Richard Stacey, Principal**

## Property investors: You're taking a major risk without protection insurance

**T**he shocking incident of a young girl being seriously injured by electrocution in a State Housing Commission property should be a warning to all property investors - terrible things like this can occur, and if they do happen in your property, you could very easily be bankrupted.

As a matter of policy we recommend as a small form of insurance that each rental property should be inspected annually to ensure smoke alarms and RCD safety switches in the property's meter box are working effectively.

In organising this for our property management clients we ensure inspections are undertaken by a licenced contractor with professional indemnity insurance.

### Risk of bankruptcy

This small fee is protection for the occupants - and in turn, protection for the owner. If anything did go seriously wrong, you would not only feel terrible that this happened because of your neglect, but you also leave yourself open to be sued in a big way - to the extent of possibly being bankrupted.

This leads us to strongly recommend owners have proper landlord protection insurance - not ordinary property insurance, but landlord protection insurance.

Landlord protection insurance gives far more detailed insurance such as coverage for loss of rental income if a tenant fails to make payments, or if a tenant was to damage your property or sue you in the event of incurring an injury on the property that could be deemed as being due to your neglect.

The fact is we're living in a highly litigious society and it is crucial to ensure you're well protected.



Property investment needs to be viewed as a business: There is capital expenditure, rental income, operating costs that include income protection, and finally the big one - capital growth that develops over a period of time.

If you would like more details on landlord insurance, please feel welcome to ask your property manager.

## Did you know?

**B**etween 2001 and 2016 Perth's population increased by 46.7%, the largest proportional increase of any Australian capital city.

Levels of home ownership are generally consistent with the national pattern: 62% of housing is owned outright or mortgaged, and 24% rented.

From 1999 to 2016 house prices grew at an average annual rate of 8.4%; other dwellings grew by 9%.