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REAL ESTATE

Peak Central

Property Report

The latest news from First National Real Estate Peak Central



Welcome to another edition of our Property Market Report, one that I have to say, sees us being absolutely flat out.

I think I'll scream if I hear another comment about how quiet real estate is at present.

Our office is extraordinarily busy fielding enquiries from people interested in buying property, in renting, in having their investment property managed while others are seeking a guideline on price expectations because they're interested in selling.

It all seems to be happening, and while it would be nice if rental levels were to rise and higher prices were to be achieved, I can tell you that activity in the property market has certainly risen.

Everyone seems to be excited – we've had enquiries from people in the Eastern States interested in investing in WA and first home buyers have definitely re-appeared.

I would love to tell you that this activity has property values zooming up. They are rising, but very slowly - such is the way of the current property market cycle.

I think it won't be until at least 2020 before price levels are back to where they were in 2015.

There's been talk of interest rates staying at current levels for the remainder of 2018. If that happens, it has to be great news for buyers because low interest gives them greater buying capacity as well as affordable repayment levels.

It's an interesting time. Exciting really, because awareness of the opportunities that the property market is currently offering has definitely caught on.

If we can help you in relation to property please feel most welcome to make contact with us – we're here because we really do enjoy being of service.

Richard Stacey, Principal

Tempo of the rental market continues to rise

After having been above 6% for a considerable amount of time in 2016-17 Perth's rental market vacancy rate is now down to 5.5%.

According to REIWA as at January 31 there were 8,842 vacant properties in Perth. This figure is 15% lower than the 10,456 vacancies at the same time last year.

Unfortunately for investors the median rent remains at \$350/ week.

We've been doing some analysing of our own figures lately.

We currently have a vacancy rate in our property management of 3.18% at an average of \$370/week.

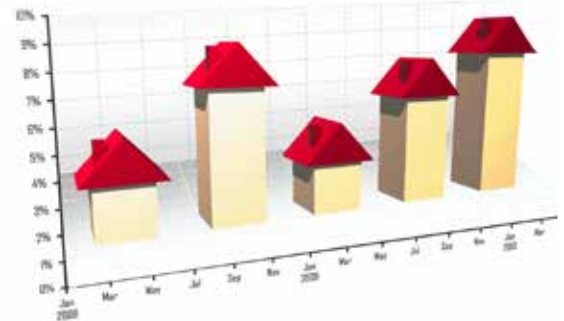
During January we arranged the leasing of 26 properties and took on 11 new managements – again mainly due to the generous referrals from clients.

The leasing activity was the second busiest this financial year and judging by the current enquiry rate February will be busy also.

With respect to tenants many are renting while having homes built which while a little frustrating because of their short term tenancy, it does give an indication of the rising pace of activity occurring in W.A at present.

Shane Garrett, Senior Economist for the Housing Industry Association recently made the observation that the pace of rental growth in 2017 across Australia was the slowest in 24 years. It was just 0.6%.

He said it was partly due to the large volume of newly built homes - many built as a result of the continuing low interest rates.



Positive trend in listings too

According to REIWA the listings of properties for sale in Perth is continuing to decrease.

There were 13,548 properties for sale at the end of January compared with 14,300 at the same time last year.

Last year there was an average of 489 properties sold each week. REIWA is predicting about 500 sales per week during the next six months.

The median house price is expected to become more stable this year.

One of the motivating forces of improvement in the sale of established homes is believed to be the fact that the building of new homes has slowed significantly. The period 2012 to 2016 was a record for new home building in WA.

Property investment tips:

It's a long term game:

The market is cyclical and even though there are a few years of falling prices every decade, well located real estate has increased in value an average of 8%/annum over the long term.

Imagine if you could buy the house your parents bought at the price they paid 30-40 years ago. How many properties would you have bought then, knowing what they would be worth in today market?

There is not one property market:

While many people generalise about "the" property market, in reality there are many submarkets.

Each state is at a different stage of its market cycle and within each state, the markets are segmented by geography, price points, the type of property and economic drivers.

For example, the top end of the market will perform differently to the new homebuyers' market or the investor segment or the median priced established property sector.