



first
national
REAL ESTATE

Peak Central

Property Report

The latest news from First National Real Estate Peak Central

And so a challenging month comes to an end...



There are some months that you're pleased to see the back of because they're tougher than most.

Undoubtedly April 2017 was one, because doing real estate business when a month features Easter, Anzac Day and school holidays is far from easy.

Nevertheless, our sales team managed a number of good property sales to enable their owners to move on with their intended projects.

As I have mentioned previously, we're having to work particularly hard to make sales happen because it is a challenge in the current market conditions for getting buyers and sellers to meet on price.

Our job first up is to obtain an offer on a client's property, put the offer to the client and to negotiate the buyer up as high as we can, in the hope that the price will be acceptable for what our clients are wishing to do.

Sometimes it works but sometimes it can end badly.

One such instance was a property offered via auction.

The final bid was \$5,000 short of what the client was prepared to accept.

Despite efforts, we could not entice a drop more from the buyers. There was an absolute impasse.

Since then the top bidder has bought another property and the other has gone cold on purchasing for the time being, so the property remains on sale in the hope of attracting a more willing buyer.

While we always accept the client's decision as final, one has to ask if holding out for that \$5,000 was a good decision as the client, while waiting for another buyer, is continuing to pay the mortgage.

It may not be long before the mortgage payments equate to the price differential.

Richard Stacey, Principal

First home buyers continue to make their appearance felt

We mentioned last edition that first home buyers had made a re-appearance and were becoming an active force in the property market once again.

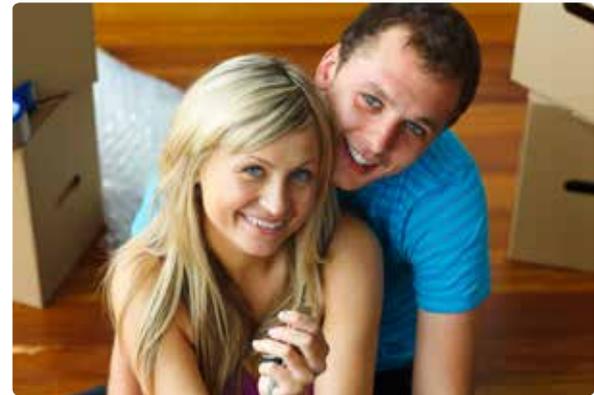
That has continued to be the case in April. There were definitely more first home buyers not just looking but purchasing.

We expect this trend to gain tempo as there seems to be an awakening to the fact that current market affordability when combined with the low interest rates, really is too good an opportunity to miss - if a deposit can be raked up.

This increase is a good sign for those people further up the property ladder because on many occasions in today's market, the buyer is one who is upgrading.

That's not always the case - there are people who are simply relocating and you do get the occasional one who is down-sizing, but there is no doubt that the word has got around: this is a great market for first home buyers and those wanting to upgrade!

It was interesting to note that as April headed to its conclusion, REIWA reported



that in the week ending April 25, sales activity in Perth increased by 19% with 469 transactions being recorded. This was due to an 8% increase in house sales and 82 land sales (up from the 26 in the previous week).

The total number of properties for sale in Perth was 15,056 of which there were 9,272 houses, 3,114 units and 2,670 lots of land for sale.

Units are generally taking longer to sell at present, and in fact according to CoreLogic the fastest selling suburb for houses in WA at present is Daglish with an average of 14 days. The fastest selling suburb for home units has been North Beach at 29 days.

Rental Market Report

April appeared to be a relatively quiet month for property rentals although our property management team kept active by handling 24 new leases.

An additional six new properties were added to our books, quite a lot short of the 20 we're expecting to be added in May.

That makes May a certainty to be busy for this department.

We're frequently asked why it is that we seem to be adding new properties to our property management portfolio and yet have a vacancy rate of about 5% - well below the Perth average.

As we have said before, most come in via referrals, property owners recommending us to others, many of whom are unhappy

with their past property managers because they're either not solving the problem of a vacancy or they have been taking virtually anyone as a tenant.

We remain extremely cautious about accepting just anyone as a tenant. It is not unknown for property owners to advertise their vacancies on Gumtree to receive tenant applicants with terrible track records.

We think those people who have a track record of damaging property, leaving with major rent arrears, or turning a property into a drug den are to be avoided at all costs as the eventual outcome can be disastrous.

There are people who make fabulous, responsible tenants. They're the people we're seeking - it just takes a little longer to find them in the current market.