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REAL ESTATE

| Peak Central

Property Report

The latest news from First National Real Estate Peak Central

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Sales start to move



The old real estate adage – the safest bet is to sell and buy in the same market is well and truly taking off at the moment.

Property priced correctly for the market, sells. And that is exactly what's happening.

Sellers have accepted market price reality, buyers have ceased playing as hardball on prices as they were – end result, there's a lot of coming together and sales have gathered further momentum on the improved tempo shown in August.

Importantly, people have realised that if they sell and buy in the same market – while they won't achieve top prices- they won't pay top prices either so they'll come out of it OK – and very well indeed, if they're upgrading to a more expensive property or more expensive locality.

It's interesting that the number of properties on the market across Perth is about 5% less than the same time last year, so slowly but surely the surplus to market equilibrium is reducing.

I expect to see this momentum carry on – at least for the rest of the year. If you're thinking of selling, it might be a good move to take action now as it's not easy to predict what's likely to happen in 2017.

With respect to the rental market, we achieved 29 new leases in September – another good performance by our Property Management team who have adopted a procedure of presenting rental properties to prospective tenants at whatever time is convenient to them, rather than what many agencies are doing – having set opening times – often with no-one showing up.

We've been actively acquiring additional properties to manage and as a result, have added a new member to the team.



Richard Stacey, Principal

Private investor loses \$7,000 in unpaid rent Highlights need for tenant records

If you ever need a classic example of why you should use an agent to manage your rental property look no further than this article's headline.

A property owner, acting as a self-managing landlord, recently came to us to use our property management services after having the experience of tenants failing to pay rent to the tune of over \$7,000.

We're now assisting in evicting the tenant and recouping the rent.

No doubt you've heard the story about the fish that John West rejects. Well, the tenants that real estate agents reject go to the private rental market.

The reason why they go to privately managed rental properties is that they don't have to undergo a tenant record background check.

Rental records

The ability of agents to track the rental records of tenant applications is one of the most important reasons for using a property management service. Without this, they are extremely vulnerable to being saddled with tenants who fail to pay the rent, damage the property and are extremely difficult to evict.

The cost of management services is surely small beer, (especially after being a tax deductible allowance) when compared with the risk of having a bad tenant and not knowing how to manage the situation that complies with the requirements of the Residential Tenancy Act.

One of the traps that we feel many private owners fall into is that they hear of someone claiming to have managed a property without any problems. 'It's a breeze,' they say.

Maybe we just hear of the disasters that befall people – but all we can say there



Property management services offer protection to investors

are traps that many do it yourself investors fall into.

Not only is there the risk of incurring the problem of a bad tenant, but one unfortunate, self-managing property owner discovered what can happen when failing to comply with all the requirements of the Residential Tenancy Act.

She was fined a total of \$5,000 for several inadvertent breaches of the Act.

The world's most unaffordable place

If young people are finding it tough to buy a home in Australia, think about those in Hong Kong.

The Hong Kong property market average home price is currently 19 times gross annual median household income. This is despite property prices rising by just 2.4% over the past 12 months.

Apart from being the most unaffordable for residents, Hong Kong is currently the world's most expensive city for expatriates to live in.

An apartment of less than 40sqms in a quality location will cost \$127,623 HK\$/sqm (\$8,934 Au\$); 100–159 sqms \$176,934 HK\$/sqm (\$30,078 Au\$).