



Property prices firming – returning to pre GFC days

By David Evans, Principal

As everyone is aware property values over the five years following the Global Financial Crisis were hit pretty hard and it's been a drawn out process for them to recover. The great news is that demand for property priced to about \$600,000 has been strong resulting in prices rebounding.

Thanks to a desperate shortage of properties it's a really good time to be a property seller because buyers are keen.

There are some pockets in particular where buyers are keen – Craigie and Beldon being good examples. It's hard to believe that in the first week of May this year there were just 8,708 properties for sale of which 5,742 were houses, 1,587 units and 1,379 vacant lots. A year ago to the very week, there were 13,759 properties for sale.



This Joondalup property bought almost four years ago for \$395,000 was sold after two days on the market for \$515,000, giving the owners a tidy profit.

The availability of property hasn't improved much since then so demand is exceeding supply. Demand has primarily been driven by first home buyers and investors chasing lower priced property. The momentum is percolating upwards as the sellers buy their next property and so on.

We recently sold a property in Connolly valued at over \$1.7 million in just a few days so there's no doubt that interest in higher level properties is improving.

Median House Prices	Median to March '13	Qtlly change to Median	Annual change 1 yr	Ave annual change for 5 yrs	Ave annual change for 10 yrs
Clarkson	\$400,000	2.6%	5.3%	0.3%	10.6%
Hillarys	\$805,000	3.9%	9.5%	0.6%	8.7%
Joondalup	\$497,500	-0.9%	4.6%	0.7%	8.7%
Ocean Reef	\$723,875	1.2%	3.4%	0.9%	8.2%
Rockingham	\$387,500	2.6%	3.1%	-0.6%	10.2%
Wanneroo	\$410,000	1.2%	2.5%	1.1%	10.6%
Warwick	\$505,000	3.1%	0.3%	2.2%	9.9%
Safety Bay	\$389,500	1.2%	5.3%	-0.3%	8.6%

Source: REIWA

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Rental market eases a little

The demand for rental property is generally strong, despite an indication that the market in the Perth metropolitan area has softened a little.

The Perth vacancy rate has risen to 2.4% - still below 3% considered to be equilibrium.

We're finding the showings in lower priced brackets are attracting multiple applicants, but nevertheless the tempo is not as frenetic as last year. This is possibly due to the

fact that winter is a quieter time of year.

Higher priced property is definitely more difficult to rent than just six months ago.

This is possibly due to a trend, in many instances, of tenants moving to lower priced property as they become available.

Availability has improved as a result of many tenants realising the low interest rates have improved their capacity to purchase rather than rent.



Meet Belynda Graham,

Belynda Graham, a property manager for the past nine years with our Ocean Keys office, is finding demand for rental property in the Clarkson region continuing to run strongly.

She reports that she recently let a three bedroom two bathroom home for \$450 a week and four bedroom homes are often fetching \$520 to \$550 a week.

"We're receiving applications from good quality prospective tenants, so owners can be assured that strong rentals in this area are likely to continue," she said.



Investors – don't forget your deductions

With the end of the financial year closing in, property investors are reminded of the following pointers for tax time.

Rental income is 100% assessable for income tax purpose, however you can claim deductions for expenses incurred in the period for which the property has been available for rent.

Among the expenses claimable are management fees, insurance, land tax, advertising for tenants, borrowing expenses,

interest on the loan for purchasing, council rates, repairs and maintenance, pest control and so on. It is important to be aware that a deduction is allowed for properties built after July 17, 1985 at a rate of 4% per annum if built before 14/9 1987 or 2.5% if built after that date. The deduction is based on the construction cost.

It's always worth speaking to your accountant about tax allowable deductions because they're wide ranging and every last one goes towards the profitability of your investment.

Meet Len Dymock, Branch Manager Ocean Keys

Len entered the real estate industry in 1986 from a farming background. It's been a spectacular journey as in his first year he was awarded 'Rookie of the Year' to join the Master Sales Persons Club and has been placed on the Honour Board of the Real Estate Institute.

Since then he has been consistently placed among the top achievers in the industry. Some 80% of his business is now repeat and referrals which is great testimony to his skills and the relationships that he builds with his clients.



New Residential Tenancy Act brings changes that will put pressure on self-managing property owners

Investment property owners need to be aware of changes brought about by the new Residential Tenancy Act coming into force on July 1.

Among the changes coming into force is the requirement for bond money to be deposited with the Bond Administrator within the Department of Commerce.

In the past, many people who self-managed their rental properties have not secured the bond money at all, so this is an essential item for them to follow.

Another requirement is for 'prescribed forms'.

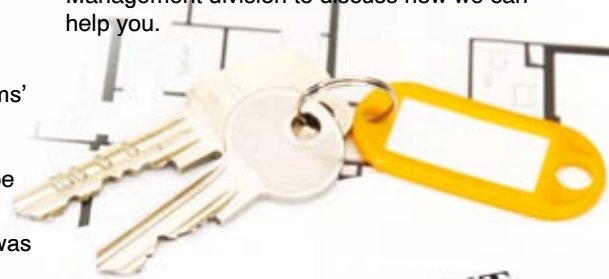
It is believed the need for 'prescribed forms' will mean that from 1 July 2013 any lease agreement and property condition report completed on non-prescribed forms could be unenforceable.

Previously, a Property Condition Report was not compulsory, though David Evans Real Estate has always had them as part of our tenancy management system.

Furthermore, the report contents must meet minimum standards and be supplied within seven days of a tenant taking occupation and a final copy provided on them leaving the premises.

Other changes to the Act include: time frame for rent increases, minimum property security standards, urgent repairs by tenant and more.

If you're a property owner who self manages, you're welcome to call our Property Management division to discuss how we can help you.



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