

Federal budget of little concern to property market

By David Evans, Principal



Despite the negativity surrounding the Federal Government's 2014/15 Budget, the consensus of opinion from property experts is that provided consumer confidence returns as people realise the budget has not had the effect on them as first thought, the property market is likely to continue running strongly.

In fact it has been suggested there are some positives to be derived from it.

The consolation for those who feel they've been adversely affected is that the budget is believed to have delayed prospects of an interest rate rise. The record low rates have been predicted to be with us well into 2015.

With respect to property, the most contentious issues were the government's abandonment of the co-contribution to the First Home Buyers savings accounts and the elimination of the National Rental Affordability Scheme.

Their scrapping is viewed as having little effect because neither had significance. In fact, relatively few first home buyers took up the co-contribution.

The high income earners' levy may be a positive that leads to high income employees investing into geared assets where operating losses can be offset against personal income. The end result could be an increase in the level of property investment from them.



Perth Market

In the meantime the market has slowed a little but that's usual for this time of year. April/ May is a confused time because of Easter, Anzac Day and school holidays and winter is always a little slower.

The property market in the Rockingham region is running strongly. The tempo of sales in Perth's Northern suburbs has slowed though demand remains quite strong for lower priced property in particular.

Prices are stable and if the normal trend is followed, they will strengthen in early July.

Sellers can expect to enjoy the price growth of the last 12 months but they need to be aware the market could become a little sensitive.

Care needs to be given to pricing. Setting a figure ahead of the market would be a mistake.

9409 7577

www.davidevans.com.au



INSIDE

2

- Rental Market Report

3

- What should you use as a guide for property investment?

4

- Suburb Watch

RENTAL MARKET REPORT

Vacancy rates on the up – investors need to be astute

An increase in the vacancy rate of rental property is occurring across most of Perth, because of the mining boom's construction phase coming to an end and many first homebuyers leaving the rental market to buy their own property.

As a consequence the vacancy rate of rental property is running at its highest point for some years.

However, property investors need to take heed of the fact that there's an increasing emphasis on value.

One of the most significant trends underway at the moment is the preparedness of tenants to move at the end of their lease to a property they see as representing better value. In effect, it's their turn to take advantage of the change in situation.

The changing situation means rental levels have reduced and property management has to be astute in ensuring rental properties are priced correctly and well maintained.

One thing is for sure, a well-maintained property is always easier to let than one that has become run-down so we're strongly urging owners that now is the time to spend a little where needed.



Introducing: Karine O'Neill



Property Manager, Karine O'Neill, has been a member of the David Evans Real Estate team in the Wangara office for the past 12 months.

She began as an assistant property manager and is now fully fledged with a substantial number of properties under her jurisdiction that she looks after for the office's property management clients.

Karine has an interesting background, having worked as an office manager and in account collections with several debt collection agencies.

After having been in the tough environment of debt collecting she finds working with property investors and tenants an easier lifestyle. "You get to meet people in happier circumstances and most tenants are really nice people to work with," she said.

Introducing: Craig Kennedy



Craig Kennedy, Principal of our Wangara office, has been in real estate for 20 years after starting with us in the Wanneroo branch as a sales representative.

Craig's entry into the world of real estate was one of 'try it and see', as he was previously in finance/ taxation with BHP.

"I realised I was a people person and simply wasn't happy behind a desk all day. As my wife was still working with the company, I resigned my job and tried out with David Evans Real Estate – and I'm still here.

"I have to say I really enjoy real estate. You meet great people, it's important that you do your best for your clients and you play a key role in their lives. "It's rewarding," he said.

Since joining the company Craig has studied and achieved his Principal's Licence and he also holds a Diploma in Management.

What should you use as a guide for property investment?

If there's one area of the Property Market that causes confusion it is the reports you see in newspapers and the web referring to the median price rising and falling.

When you read about the median price it is important to bear in mind that the median price is not the average price – it is the middle price of the properties sold during a particular quarter.

That means prices can be skewed.

Newspaper journalists often do not understand this, sometimes reporting property values in a locality having decreased or risen as a result of the median price reducing or increasing in the quarter.

That is not necessarily the case, especially in localities where there are not a lot of properties changing hands.

For instance, if there was a strong surge of first home buyers and investors in the market buying lower priced property, the middle price could go down or at least be reduced to

reflect the predominance of properties being sold. Alternatively, the median could rise if the majority of homes sold in a quarter were higher priced properties.

Indication of trend

The median is an indication of trend which should be observed over several quarters.

Market tempo is also important to note as well as the number of properties sold in a locality over the quarter.

Many pundits suggest the best trend to follow is sales volumes if you're wanting to know which direction the residential market is headed. When the volume is increasing, prices are generally on the rise whereas when sales are decreasing more often than not prices are stabilising and possibly falling.

It is generally recommended that the safest places to buy are localities where there is demand – where there's a steady sales volume which of course means that generally cities are likely to make better investments than in the country.

SUBURB WATCH

	Median to March '14	Qtly change	Annual change	Median Rental
Ashby	\$510,000	0.0%	6.4%	\$478
Balcatta	\$544,500	0.1%	4.7%	\$420
Baldivis	\$467,000	1.5%	8.6%	\$440
Balga	\$424,000	3.4%	18.8%	\$400
Ballajura	\$470,000	2.6 %	11.1%	\$450
Banksia Grove	\$420,000	2.4%	8.8%	\$450
Beldon	\$501,000	0.4%	11.1%	\$455
Bullsbrook	\$365,000	0.0%	1.4%	\$440
Butler	\$430,000	0.8%	3.6%	\$420
Carine	\$813,750	0.5%	6.8%	\$705
Carramar	\$525,000	-0.9%	1.9%	\$525
Clarkson	\$430,000	1.2%	7.0%	\$440
Connolly	\$665,000	-1.5%	9.0%	\$540
Cooloongup	\$325,000	1.6%	8.7%	\$350
Craigie	\$490,000	2.0%	12.3%	\$430
Currabine	\$560,000	3.0%	4.0%	\$488
Darch	\$604,500	1.6%	5.7%	\$560
Duncraig	\$691,000	0.9%	3.9%	\$550
Edgewater	\$547,000	-0.1%	9.4%	\$500
Girrawheen	\$395,000	3.9%	16.2%	\$385
Greenwood	\$556,000	3.0%	6.9%	\$475
Hammersley	\$570,000	5.2%	9.6%	\$450
Heathridge	\$499,000	2.3%	10.9%	\$420
Hillarys	\$830,000	-0.1%	3.1%	\$698
Hocking	\$528,750	1.3%	6.2%	\$490
Iluka	\$866,250	-0.7%	5.0%	\$770
Joondalup	\$545,000	2.3%	8.2%	\$460
Kallaroo	\$675,500	-6.8%	-1.7%	\$503
Kingsley	\$595,000	0.8%	5.3%	\$490
Kinross	\$535,000	1.9%	6.2%	\$500
Landsdale	\$585,000	1.7%	7.6%	\$580

	Median to March '14	Qtly change	Annual change	Median Rental
Leda	\$325,000	0.0%	3.2%	\$375
Madeley	\$595,000	0.0%	3.6%	\$505
Mandurah	\$320,000	1.6%	10.3%	\$320
Marangaroo	\$460,000	1.8%	9.5%	\$435
Merriwa	\$377,250	2.1%	9.3%	\$400
Mindarie	\$650,000	-3.0%	-7.1%	\$640
Mirrabooka	\$410,000	2.5%	14.4%	\$405
Mullaloo	\$680,000	-1.2%	3.0%	\$600
Nollamara	\$465,000	3.3%	10.8%	\$420
Ocean Reef	\$797,500	1.6%	10.0%	\$650
Padbury	\$550,000	1.9%	10.0%	\$450
Pearsall	\$499,000	0.8%	4.8%	\$475
Port Kennedy	\$397,000	0.5%	4.5%	\$400
Quinns Rocks	\$505,500	1.1%	19.9%	\$450
Ridgewood	\$425,000	0.5%	3.7%	\$410
Rockingham	\$435,000	3.6%	11.5%	\$380
Safety Bay	\$424,000	2.2%	9.6%	\$380
Shoalwater	\$500,000	7.1%	16.3%	\$395
Secret Harbour	\$478,000	1.7%	5.1%	\$455
Sinagra	\$479,500	-1.3%	0.9%	\$480
Sorrento	\$989,500	0.5%	12.4%	\$750
Tapping	\$540,000	1.3%	8.0%	\$515
Two Rocks	\$395,000	-1.7%	1.3%	\$355
Waikiki	\$389,500	-0.1%	6.7%	\$390
Wanneroo	\$460,000	0.7%	7.3%	\$450
Warnbro	\$361,500	1.5%	5.1%	\$380
Warwick	\$575,000	2.7%	13.6%	\$490
Westminster	\$439,500	3.7%	9.9%	\$420
Woodvale	\$660,000	2.9%	6.5%	\$590
Yanchep	\$432,000	2.9%	5.4%	\$390

Source: REIWA

For an estimate on the likely selling price of your property in today's market call your local branch today...

Head Office
 Joondalup 9300 3933
 Ocean Keys 9407 8988
 Rockingham 9529 2033

9409 7577
 Wanneroo 9405 1999
 Warwick 9246 3777
 Whitfords 9401 4411