



## THE REAL ESTATE MARKET: What an interesting time it is!

By David Evans, Principal



**W**elcome to our mid-year Property Market Report, one that has seen Perth's property market cycle turn another notch to the point where we now appear to be entering the

**traditional buyer's market part of the cycle.**

What makes this period so interesting is that we don't have all the negatives lined up against the market that usually happens at this time of the cycle.

Normally when the market goes through this phase, interest rates have increased, banks have toughened their lending policies, the home building industry slows, confidence goes through a downer, the number of properties for sale rises dramatically, the time taken to achieve a sale lengthens and prices go into an adjustment phase.

Some aspects of the cycle are different this

year: interest rates are at their most attractive ever, the banks are keen to lend and new home building is running strongly.

### SO WHAT'S THE PROBLEM?

It seems to be confidence which theoretically should pick up if the trend following last year's budget is followed. Confidence took a hammering last year after the budget – but recovered somewhat, 4-6 months later. It will be interesting to see what follows this year's comparatively mild budget.

Whatever, if you're thinking about making a move in the property market in the near future, but are hesitating because you may have heard some negativity about it, may I remind you of that old adage: 'Buy in gloom - sell in glee'.

What better 'gloomy period' could there be than one when interest rates are where they are and the banks are lending?

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# A fabulous market for the 'upgraders'



**H**arking back to the adage – ‘Buy in gloom – sell in glee’ which is what the savvy buyers do, you would have to say the current state of the property market represents a fabulous time for those people interested in upgrading to a more expensive property.

Why is it such a good market for the market strategists?

The following is their approach:

- First and foremost they're aware that timing is everything in taking advantage of a market.
- When they go to sell, they'll be realistic with their asking price. They'll be aware they're going to achieve a reasonable price but not top dollar. To them, this is not crucially important because the reductions they encounter in their selling price will be well offset by the savings they make in their buying price.

- After 4 weeks of being on the market the asking price of properties is gradually reduced. They take advantage of the fact that the higher up levels have larger reductions and take longer to sell. This means upgraders can pick up a better buy in this market than at any other time.

Be assured that when the market is bearish - it is the best time to make a move - if your circumstances are conducive to this. With interest rates incredibly low, those who upgrade in this market are going to buy well and pay record low repayments on their mortgage. It's a great time for some!

## SO WHERE TO NOW?

Though prices have come back as you will see in our suburb watch panel, the market is definitely not bereft of buyers.

Properties are selling when prices are adjusted to the market conditions.

## Introducing: Rochelle Armstrong

**W**ith property vacancies at a 14 year high across Perth, you would think Property Manager, Rochelle Armstrong's spirits would be down in the doldrums.

Happily not, because out of 110 properties under her management she currently doesn't have a single vacancy.

"I have three, maybe four properties becoming vacant next month so I'm working on finding tenants for these now," she said.

Rochelle says she's fortunate in being responsible for managing properties in the Wanneroo, Hocking and Pearsall areas, all of which are relatively popular localities with tenants and buyers.

Despite this, she says rents have had to be reduced in the area since the peak of the

mining construction phase.

"We were able to get about \$420/ week for a three bedroom, one bathroom home, now it's about \$380/ week because demand has dropped off quite badly.

"Fortunately my clients are astute and have been prepared to adjust the rents according to the realities of the market," she said.

Rochelle has been with David Evans Real Estate as a Property Manager for six years. Before joining us, she was based in Christchurch, New Zealand where she worked as a regional manager for a retail chain.



# Introducing: Len Dymock

Principal Ocean Keys office

**If anyone knows real estate in the Ocean Keys region, it is Ocean Keys Principal, Len Dymock.**

Len opened the office for David Evans Real Estate some 14 years ago. He has been with the company for 25 years and in the real estate industry for 30 years.

Len sees the current market as being excellent for the strategists who wish to upgrade as it has so many aspects that suit them.

He said there are plenty of prospective buyers looking at property. But because the market is slow with a good number of properties available, they're in no hurry to buy and are looking for value. Hence some price adjusting has been necessary to achieve a sale.

By contrast, he's finding that buyer numbers are particularly strong in the Clarkson area.

"We've had a lot of enquiries for properties up to the \$500,000 mark.

"Unfortunately there's a shortage of them so in this instance buyer demand is exceeding supply".

Len has seen the property market go through highs and lows on many previous occasions.

He believes the current slow period is going to continue for a while longer so those people who are interested in taking advantage of a brilliant market for upgrading should put their property on the market soon as it will take a while to achieve a sale - and by the time they're ready to buy, there will be bargains available.



## RENTAL MARKET:

### Tough going but successes are happening

**As property investors are aware it's tough going in the rental market at the moment. Perth's current vacancy rate is at a 14 year high of 4.8%.**

However, we're pleased to report that our Property Management team has been notching up successes.

The team has been hard at work assessing market trends, rating vacant properties as

to their likely achievable rent in the current market, promoting strongly especially on the web and showing properties. As a result, successes have been coming their way.

Fortunately the owners have been astute in taking recommendations that it is better to adjust rental levels for the time being - or put some effort into maintenance, rather than having a property sit vacant.

### This wrong decision could cost you dearly

**If there's one key factor that sellers need to be aware of in this market it is that the first offer is often the best offer.**

In fact, we would go so far as to say that the first offer is the best offer at least 95% of the time. Invariably when an offer is received very soon after a property is put to the market, sellers will feel that as a result of the offer coming in so fast, the property must be too

cheap. We have seen disappointment many times for sellers deciding to hang on for that little bit extra.

When you decide to sell it might not happen, but if it does, be cautious - if the first offer comes in close to the asking price don't fall for 'it's gotta be too cheap trap'.

We would never advise you of a likely selling price that's below current market value.

# SUBURB WATCH

	Median to Mar '15	Qtly change	Annual change	Median Rental
Ashby	\$510,000	-0.6%	-1.0%	\$420
Balcatta	\$547,000	0.4%	0.4%	\$420
Baldivis	\$460,000	0.0%	-2.1%	\$420
Balga	\$428,000	-1.6%	0.7%	\$380
Ballajura	\$490,000	0.0%	4.3%	\$450
Banksia Grove	\$415,000	-2.4%	-1.2 %	\$430
Beldon	\$515,000	0.0%	-1.2%	\$420
Bullsbrook	\$360,000	0.3%	-0.7%	\$450
Butler	\$439,000	-1.1%	2.1%	\$390
Carine	\$840,000	1.5%	5.0%	\$563
Carramar	\$534,250	0.8%	1.8%	\$485
Clarkson	\$437,500	-0.7%	1.7%	\$400
Connolly	\$685,000	-2.1%	-2.1 %	\$480
Cooloongup	\$337,000	0.1%	3.3%	\$360
Craigie	\$500,000	-2.0%	2.0%	\$395
Currabine	\$575,000	-2.5%	2.1%	\$480
Darch	\$619,500	0.4%	2.6%	\$550
Duncraig	\$735,000	-0.7%	5.8%	\$530
Edgewater	\$562,100	0.4%	2.7%	\$498
Girrawheen	\$425,000	-1.2%	7.6%	\$370
Greenwood	\$572,000	-1.1%	2.8%	\$450
Hammersley	\$548,000	-3.9%	-5.1%	\$430
Heathridge	\$500,000	-2.0%	0.0%	\$415
Hillarys	\$862,500	0.3%	3.9%	\$575
Hocking	\$540,000	-0.9%	1.9%	\$480
Iluka	\$850,000	0.0%	-1.9%	\$650
Joondalup	\$549,000	-3.7%	-0.2%	\$480
Kallaroo	\$674,500	-5.1%	-8.5%	\$480
Kingsley	\$620,000	0.2%	4.2%	\$500
Kinross	\$548,000	-0.4%	1.7%	\$450
Landsdale	\$585,000	-0.8%	0.0%	\$540

	Median to Mar '15	Qtly change	Annual change	Median Rental
Leda	\$339,500	-0.1%	3.2%	\$350
Madeley	\$600,000	0.0%	0.8%	\$480
Mandurah	\$335,000	0.0%	4.7%	\$320
Marangaroo	\$479,500	0.7%	4.2%	\$443
Merriwa	\$384,000	-0.5%	1.6%	\$380
Mindarie	\$730,000	1.7%	12.3%	\$565
Mirrabooka	\$447,000	1.6%	9.0%	\$410
Mullaloo	\$730,000	0.0%	5.0%	\$490
Nollamara	\$471,000	-0.8%	1.3%	\$420
Ocean Reef	\$770,000	-0.6%	-2.8%	\$650
Padbury	\$570,000	0.4%	3.6%	\$443
Pearsall	\$492,500	-0.5%	-1.4%	\$445
Port Kennedy	\$417,000	1.7%	4.3%	\$400
Quinns Rocks	\$499,000	0.8%	-1.8%	\$430
Ridgewood	\$435,000	0.0%	2.4%	\$395
Rockingham	\$440,000	-0.9%	1.1%	\$360
Safety Bay	\$440,000	2.3%	3.8%	\$370
Shoalwater	\$493,500	-1.3%	-3.6%	\$430
Secret Harbour	\$479,995	-1.6%	0.3%	\$435
Sinagra	\$512,500	1.5%	6.8%	\$450
Sorrento	\$978,750	0.9%	-1.4%	\$670
Tapping	\$535,000	-0.9%	-0.9%	\$493
Two Rocks	\$412,000	0.2%	3.8%	\$350
Waikiki	\$405,000	1.8%	3.8%	\$390
Wanneroo	\$470,000	-1.9%	2.2%	\$410
Warnbro	\$375,000	-1.3%	2.7%	\$360
Warwick	\$640,000	0.8%	11.2 %	\$505
Westminster	\$448,000	-2.4%	0.7%	\$373
Woodvale	\$685,500	-0.2%	3.9%	\$530
Yanchep	\$456,000	-1.9%	4.8%	\$400

Source: REIWA

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

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