



WHERE'S THE PROPERTY MARKET HEADED IN 2016?

By David Evans, Principal



Following on from our last report commenting on 2015 being an 'annus

horribilis' year for the property market, it is pleasing to report that Perth's depressed market may be bottoming out.

Although we envisage 2016 being unlikely to produce large volumes of buyers, it is encouraging to see more motivated buyers coming into the market. These in particular are second and third home buyers who are taking the opportunity to upgrade to either a larger home or one in a more expensive locality while prices are down.

It is undoubtedly an ideal time to make this type of move because upgraders are finding that upper level properties are being

discounted by considerably more than their properties have to be to achieve a quick sale. The end result is that the purchase gap is much smaller when buying now than when prices are booming.

It is also interesting to note that some localities are seeing a return of first home buyers.

REIWA analysis

And it was particularly interesting to note an analysis by REIWA of sales activity over the 55 suburbs within the City of Wanneroo during the four week period leading up to February 8.

The analysis shows a remarkable 90% lift to a total of 437 sales comprising 375 houses, 19 units and 43 land sales.

That's a most encouraging sign, but before you think I'm being overly bullish I should mention how important it is for people

who are interested in making a move in property at the moment to be astute - approach the market as if you were a buyer.

Buyers are researching prices and are doing a lot of comparisons before they make up their minds. Sellers need to do the same, because there's absolutely no point in being in a market that is not going to meet your asking price.

We are making a point of recommending to our clients that the listing price of their property be almost identical to the realistic selling price. This is because buyers are more accepting of this and less prone to making offers significantly below the asking price.

When both parties are on the same wave-length there's a greatly enhanced chance of a successful sale being achieved.

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A definite sign of first home buyers returning to the market

By Darren Kay, Sales manager, David Evans Real Estate, Warwick



There seems to be a word going around that the market is close to bottoming with the result we're seeing far more enquiry from first home buyers.

For some time, most first home buyer activity has been in new home and land packages because the First Home Buyers Grant has only been available on new homes.

There now seems to be some first home buyers returning to the established home market.

I suspect it is because many have realised that the affordable land releases are right out in the

fringe areas – localities not likely to see much in the way of price growth for some time.

The end result is that quite a few first home buyers are regarding the sacrifice of the grant as being worthwhile if it enables them to buy in better locations. Bearing in mind that the waiver of stamp duty is still available for them on established homes.

If the momentum of first home buyers entering the market continues, it will be invaluable for the market picking up. This is because first home buyers enable previous first home buyers to move up to their next home and so percolating upwards occurs, enabling many people to make their moves of upgrading to newer, bigger family homes.

Darren Kay has been our Sales Manager at the Warwick Office for the past 16 months.

He is a highly experienced Sales Manager, being an enthusiastic motivator with the philosophy that every encounter with a prospective customer should be one of giving added value to them.

Darren wears two hats – as our office Sales Manager and also in directing three finance broker agents.

A touch OF HUMOUR



How to present your home so it makes you money!

If you're thinking of selling your home in the near future, you should give consideration to its presentation.

Good presentation can make a significant difference to how buyers feel towards a property.

It's for this reason anyone who is thinking of selling should read our special report on home presentation.

It can save you from a number of easy to make, expensive mistakes.

If you would like us to send you a free copy of this report titled: "Preparing for the market: Things you can do that greatly enhance the chances of successfully selling your home" – call us and we can email a copy, or send you a printed version.



PROPERTY MANAGEMENT:

Rental market continues to suit tenants

By Erika Frances, Property Manager, David Evans Real Estate Ocean Keys



Western Australia's rental market continues to be very much suited to tenants as rental levels have dropped dramatically since the heady days of the mining construction boom.

Most investors have accepted the fact that the period of the mining boom was an extraordinary time of rental levels being artificially inflated.

Accordingly they've accepted that rental levels have subsided to the tune of about \$80 to \$100 a week which of course is leaving tenants in a much happier position.

As a consequence tenants are looking long

Footnote: Erika Frances is based at the David Evans, Ocean Keys office.

Erika is a highly experienced Property Manager having 15 years of experience – six years with David Evans Real Estate. Prior to joining us she worked in property management in South Africa.

and hard at properties to ascertain what represents best value for them and many are now taking long leases to secure what they want.

Investors have accepted the fact that for the time being the market is not in their favour and they've been amenable to lowering rent and making improvements to their property where necessary.

One item of good news for investment property owners is that there are reports of rentals stabilising in the higher priced levels of \$750/ week and higher. The very low priced properties under \$400 a week are also attracting demand so it is likely to be just a matter of time before the market becomes better balanced.

Renovate and profit???

Renovate and profit. You hear that catch phrase so often, you would think profiting must automatically flow from renovating.

The reality, however, is quite different.

Before starting any renovation project with the objective of selling for a profit at the end, it pays to obtain professional advice as to what is involved and what the likely end value will be.

This is because many a renovator has found after pouring money into a home, that its growth in value has been little more than what would have occurred with normal capital growth of the locality.

This does not mean all renovating projects are doomed for failure.

First up – think about the areas that tend to have the most effect on a property's value: the bathroom and kitchen.

Knocking out walls to enlarge an area can be an absolute positive, but they need to be considered carefully in relation to structure and what will be lost by the process.

In addition to having the right level of expertise in building, it pays to obtain real estate advice because we can give an indication as to what buyers are looking for in the area and what they may be prepared to pay when the project is completed.

At least seven times out of 10, it can be better to leave the project to someone who wants to upgrade a home for the purpose of improving their lifestyle, rather than it being a project to profit from.



SUBURB WATCH

	Median to Dec '15	Qtly change	Annual change	Median Rental
Ashby	\$495,000	-0.5%	-3.4%	\$435
Balcatta	\$550,000	0.3%	0.9%	\$405
Baldivis	\$455,000	-1.1%	-1.4%	\$390
Balga	\$409,500	-0.1%	-6.9%	\$340
Ballajura	\$471,250	-3.5%	-4.8%	\$415
Banksia Grove	\$420,000	0.0%	-1.6 %	\$400
Beldon	\$490,000	-2.0%	-4.9%	\$400
Bullsbrook	\$375,000	1.8%	4.5%	\$393
Butler	\$435,000	-0.7%	-3.1%	\$350
Carine	\$780,000	0.0%	-5.7%	\$490
Carramar	\$520,000	-1.0%	-2.8%	\$445
Clarkson	\$425,000	-1.1%	-3.8%	\$370
Connolly	\$695,000	1.5%	-0.7 %	\$540
Cooloongup	\$336,000	-1.2%	-0.3%	\$330
Craigie	\$475,000	-2.6%	-6.9%	\$400
Currambine	\$573,000	-4.1%	-2.9%	\$460
Darch	\$615,000	-0.8%	-0.6%	\$500
Duncraig	\$700,000	-1.4%	-5.4%	\$495
Edgewater	\$575,000	-1.7%	2.7 %	\$425
Girrawheen	\$411,500	-0.8%	-4.3%	\$330
Greenwood	\$563,750	0.7%	-2.7%	\$470
Hammersley	\$565,000	0.0%	-1.1%	\$395
Heathridge	\$485,000	-0.7%	-2.7%	\$470
Hillarys	\$835,000	-1.3%	-3.7%	\$600
Hocking	\$535,000	-1.8%	-1.8%	\$480
Iluka	\$847,500	1.5%	-0.4%	\$745
Joondalup	\$539,000	0.6%	-5.9%	\$435
Kallaroo	\$617,500	-6.3%	-13.2%	\$490
Kingsley	\$603,000	-1.3%	-2.7%	\$510
Kinross	\$520,000	-1.9%	-5.5%	\$430
Landsdale	\$600,000	0.5%	1.6%	\$500

	Median to Dec '15	Qtly change	Annual change	Median Rental
Leda	\$375000	9.0%	10.3%	\$323
Madeley	\$655,500	-0.4%	9.3%	\$460
Mandurah	\$325,000	-1.9%	-3.2%	\$320
Marangaroo	\$465,000	0.0%	-3.0 %	\$405
Merriwa	\$370,250	0.1%	-4.1%	\$365
Mindarie	\$695,500	-0.6%	-3.1%	\$550
Mirrabooka	\$430,000	0.0%	-4.0%	\$375
Mullaloo	\$720,000	-1.7%	-1.4%	\$510
Nollamara	\$460,000	-1.1%	-3.2%	\$380
Ocean Reef	\$765,000	0.0%	-1.3%	\$583
Padbury	\$550,000	-1.5%	-3.5%	\$430
Pearsall	\$497,450	0.5%	0.5%	\$420
Port Kennedy	\$408,000	-0.5%	-1.6%	\$380
Quinns Rocks	\$520,000	0.3%	3.7%	\$395
Ridgewood	\$430,000	0.0%	-1.1%	\$350
Rockingham	\$452,500	-2.2%	1.8%	\$350
Safety Bay	\$440,000	-1.0%	2.3 %	\$340
Shoalwater	\$490,000	0.6%	-2.5%	\$350
Secret Harbour	\$466,000	-1.9%	-4.7%	\$420
Sinagra	\$485,500	-4.3%	-4.9%	\$423
Sorrento	\$1,035,000	0.6%	6.7%	\$628
Tapping	\$535,000	0.8%	-0.9%	\$445
Two Rocks	\$405,000	-2.4%	-1.7%	\$380
Waikiki	\$398,500	-0.7%	0.5%	\$360
Wanneroo	\$460,000	-1.1%	-4.8%	\$385
Warnbro	\$379,000	0.8%	-0.3%	\$350
Warwick	\$585,000	-1.3%	-8.6%	\$420
Westminster	\$445,000	-0.6%	-3.2%	\$360
Woodvale	\$665,000	-2.9%	-3.2%	\$510
Yanchep	\$419,500	-3.6%	-10.7%	\$360

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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