September 2012

DAVID EVANS REAL ESTATE News

Profit from the property market? This is when it's done

By David Evans, Principal

If you're thinking of moving... maybe because your home is too small or maybe the location doesn't suit you anymore: you should be aware the current market offers excellent opportunities, especially if you're considering an upgrade to a better quality or larger home.

The reason for the market offering potential to profit is that the tempo of sales of lower priced property has increased markedly while the higher you go in property prices the slower it is.

Most importantly, a market of this nature minimises your funding gap whereas a boom market tends to do exactly the opposite.

Here's what we mean...

Let's assume you sell your existing home for $450,000 and buy a larger property for $650,000. The gap to fund will be $200,000.
If you hold on and decide to make your move when the market is up by 10%, you will get $495,000 for your property, and have to pay $715,000 for the new property, increasing the funding gap by $20,000 to $220,000.

Furthermore, you will pay more stamp duty.

If past experience is a guide, the higher priced property will appreciate more in a boom market than the lower priced home to further increase the gap.

If you have equity

So, if you have sufficient equity for upgrading, now's the time to be doing it, especially as interest rates appear likely to be staying where they are and the supply of property on the market is quite low.

If you would like an assessment on the likely price your home will fetch in the current market, why not call us? We're happy to help.

Median House Prices

Source: REIWA

	Yr to Jun 11	Yr to Dec 11	Yr to Mar 12	Yr to Jun 12	% change 5 years
Clarkson	$390,000	$380,000	$377,000	$378,000	-0.1%
Hillarys	$760,000	$740,000	$725,000	$740,000	-0.5%
Joondalup	$479,500	$470,000	$471,250	$479,500	-0.3%
Rockingham	$385,000	$395,000	$375,000	$378,375	-0.8%
Wanneroo	$395,000	$380,000	$395,000	$402,000	-1.8%
Warwick	$522,000	$515,000	$511,000	$490,000	1.7%

9409 7577
www.davidevans.com.au

Quality System Quality Endorsed Company

INSIDE

- It's time to be a little more careful with your rental property
- Rental property vacancy rates
- What do we expect from the market?

Property investors

It’s time to be a little more careful with your rental property

By Zally Maynard, Property Manager

Property investors need to be aware the demand for rental properties is showing some signs of slowing which means properties may start taking a little longer to let.

Where there was once a rush of prospective tenants looking at properties for lease, the desperation has definitely eased.

Whilst there’s not a glut of properties for lease and nor is it a ‘tenant’s market,’ property investors need to be mindful of the need to attend to maintenance issues when they arise in order to help retain tenants.
Furthermore, when a new lease has to be established you may need to be wary about increasing the rent because it is important to ensure your property represents reasonable value in the current market.

Tenants seem to be aware of the situation which is being shown by a growing number looking for better value as they get towards the end of their lease period.

In particular, with summer around the corner we’re finding many have air conditioning as a priority on their ‘wish list’.

With respect to maintenance it is worth bearing in mind that any expenditure is fully tax deductible so if it is required, there are benefits from doing it.

Zally Maynard, one of our property managers based at our Wangara head office is a property manager with expertise in property sales, and commercial leasing as well as residential work. She welcomes enquiries about property management and can be contacted on 0400 668 845.

Rental property vacancy rates - 3 months to June

- Perth Metro Region - 1.9%
- North Coastal - 1.6%
- Western Suburbs - 2.5%
- Rockingham-Kwinana – 2.1%
- Fremantle 1.1%
- Swan- Hills 1.9%
- Canning-Gosnells 1.3%
- South Perth –Vic Park – Belmont 1.8%
- Melville-Cockburn 1.9%

Source: REIWA

What do we expect from the market?

By Tom Vlahos, Sales Manager

At present there's a shortage in the supply of homes for sale, particularly in the lower priced areas.

We're finding most well presented, realistically priced homes under about $500,000 are selling well and that demand is currently exceeding supply.

Demand, driven primarily by first home buyers has definitely picked up in the outer metro, lower priced areas. Investors are also starting to appear again so that, too, is a good indication of the market cycle moving towards a new phase of activity.

Buyers are still fairly choosy in hunting out what they see as representing the best value so it is important for homes to be looking their best and for pricing to be realistic.

However, if the strong tempo for lower priced property continues, we may see prices starting to firm, especially as the spring/summer selling period tends to be busier than in the winter months.

If you are thinking of selling in the near future, now is a good time to sort out the garden as the last thing you want is an almighty list of chores at the moment you decide to sell.

If you would like an estimate on the likely selling price of your property in the current market, do feel welcome to call us.

Tom Vlahos, our top performing sales person last year has recently been appointed principal of the Warwick office. His appointment follows this company's policy of recruiting from within the team.

We do it better because we've been doing it longer!

www.davidevans.com.au

For your free market appraisal call your local branch today

Head Office 9409 7577

Joondalup	9300 3933	Wanneroo	9405 1999
Ocean Keys	9407 8988	Warwick	9246 3777
Rockingham	9529 2033	Whitfords	9401 4411