



Property Focus

Autumn 2005

4 Walcott St, Mt Lawley WA 6050

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Welcome to our first issue...

Property Focus is an informative quarterly newsletter proudly published by Stuart Weston Real Estate in Mt Lawley.

This newsletter aims to improve your profit potential in the real estate investment market of Perth's inner northern suburbs.

Every three months we'll bring you articles crammed with up-to-date statistics on market trends influencing sales in Inglewood, Bedford, Highgate, Maylands, Mt Lawley, Bayswater and other great suburbs just north of the city.

If you're a buyer scouring the inner northern market for opportunities, you'll find the information you need in *Property Focus*.

If you're a seller trying to attract buyers at the right price, you'll get the tips you need in *Property Focus*.



Agency Principal
Stuart Weston

If you're a landlord wondering if the time's right to increase your rent, you'll read what you need in *Property Focus*.

The topics might sometimes be complex but we'll make sure they're written in a simple style which is easy to understand.

If you want to subscribe to *Property Focus* so you're kept up-to-date with trends in Perth's inner northern real estate market, please contact our office on 9272 3777 and we'll put you on our mailing list.

Stuart Weston Real Estate handles all facets of real estate sales and property management. Give us a call if you need help with your property decisions.

I hope you enjoy this first issue of *Property Focus*. I hope it provides the information and tips you need to understand and successfully profit from Perth's inner northern real estate market.

Inner northern market set for stronger growth

The March interest rate rise of .25% has had only a small impact on Perth's inner northern real estate market.

Some people were discouraged but just as many have been prompted to buy because they feel confident that further significant rate rises are unlikely. They believe the worst is over.

Buyer demand

There is a notable buyer demand for modern apartments within the \$250-300,000 price range, many of which are being sold off-the-plan prior to development.

Our district has until recently had a dearth of recently-built villas and townhouses, most local units built during the '60s and '70s with comparatively bland designs.

However, a lot more owner-occupiers are now competing for these small old units and many of them are undervalued as a result.

Character apartments with features such a fireplace and timber floors are keenly sought in the \$250-350,000 price bracket. Investors are pushing up values for modern villas and townhouses (see p4) and these new units are

selling even quicker than the old.

The most prominent buyer types in Perth's inner northern property market are investors and young families. Expensive properties are still a little slow to sell.

Industry figures show that in the year to December, Perth's median house price grew by 8.1% while median values for units and apartments rose by 11.1%.

Tenancy demand

Investors and owner-occupiers are now driving buyer demand in the unit market.

WA's resource boom is helping fuel tenancy demand with Perth's overall vacancy rate at 2.7% in the December quarter.

The vacancy rate for all properties managed by Stuart Weston Real Estate is around 0%.

Landlords can feel confident their units will attract plenty of interest from tenants even if rent levels are increased.

Perth's real estate market peaked more than 18 months ago and should begin an upward trend in sales activity later this year with significant growth in prices thereafter.

Strongest growth

Perth property values haven't risen as fast as in the eastern states over the past three years but this has ensured we also haven't suffered their nasty downturn, and Perth's real estate market now has the strongest price growth in Australia.

Inner northern property values have enjoyed moderate gains over the past couple of years but not as strong as in outer suburbs driven by government incentives for first home buyers.

However, past property cycles in Perth suggest price growth will accelerate in more expensive areas over the next two to three years, a notable increase in buyer demand expected late in 2005.

Stuart Weston Real Estate

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Property Focus is produced by Stuart Weston Real Estate as a service for real estate buyers and sellers to make informed decisions based upon market knowledge. For further information on any real estate topic, please feel free to contact us.

Changes in property management

Changes are happening in our property management department.



Donna McFarland

Kate Davies has progressed from our reception desk to gain her license as a qualified property manager and is always available to look after your real estate assets.

Kate joins **Donna McFarland**, who has run the Stuart Weston property management division for the past 18 months and who is also a qualified real estate agent.

Another change we're introducing should make your paperwork easier to understand.

Stuart Weston Real Estate is introducing a new property management software system aimed at improving our service to landlords.



Kate Davies

Our new GeeDee Realty System is a cutting-edge software package that provides more comprehensive information in a format that is easier to read than that delivered by our reliable but ancient Retas software program.

Landlords will find their monthly rental income statements more user-friendly.

We'll post out a demonstration of the new statements during April and we welcome your feedback.

Property values go up when power lines come down

Real estate values can grow like leaves on trees when power poles in a street are removed and the lines are buried underground.

The character of streets with underground power inevitably changes for the better as trees are finally given a chance to fully mature, their canopies providing shade and improving the appearance of the surrounding neighbourhood.

Streets with underground power are also safer for children.

Western Power expects to begin laying underground power in 2006 in the east of Highgate and in a small area of Mt Lawley abutting the Swan River.

Power poles will be removed and lines sunk underground in an area roughly bounded by Summers St, Bulwer St, Beaufort St, Walcott St, Guildford Rd, Stanley St, Mitchell St and the Swan River.

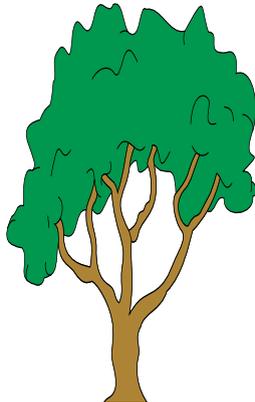
Although ratepayers must contribute to the project cost, usually around \$2000, this investment reaps significant lifestyle and financial rewards.

Homes in the affected streets attract more buyer interest with resultant capital appreciation.

The City of Perth has installed underground power through about 95% of the municipality but some streets still have power poles in older parts of East Perth and West Perth.

However, the council - which doesn't charge ratepayers for the work - says it plans to have underground power through 100% of its streets within five years.

No further underground power project are scheduled in the Stirling municipality suburbs of Mt Lawley, Inglewood, Coolbinia, Menora or Maylands, although applications are expected to be put to Western Power in 2006/07 for underground power in Coolbinia and Menora.



Inner unit opportunities

Old inner suburban townhouses and villas are likely to enjoy strong capital gains in coming years due to the population drift back into the city and the increasing number of single person households.

Many of these units were built in the 1960s, 70s and 80s on comparatively large lots and it's fairly easy to find listings that are below their replacement cost.

These units have been ignored by many buyers who have instead been lured by the flood of new inner-suburban housing and apartments offering better quality fittings.

Relatively inexpensive cosmetic improvements can be made to improve rental returns and, because such villas and townhouses can be purchased for less than \$250,000 in suburbs like Highgate and Mt Lawley, investors are able to achieve strong and at times positively geared returns.

Structural faults?

According to a survey by the Bureau of Statistics, 80% of established homes in Australia have no structural problems.

Among the 20% of properties that failed structural tests, the problems were:

- Cracks in walls or floors (7%)
- Sinking or moving foundations (5%)
- Rising damp, sagging floors, plumbing problems and roof defects (4%)
- Wood rot or termite damage (3%)
- Significant electrical problems (1%)

Did you know?

Glenroyd St, Longroyd St, Woodroyd St, Learoyd St, Highroyd St... why do so many Mt Lawley streets share the suffix "royd"? Because Royd was the maiden name of the wife of an early land developer, Samuel Copley.

Property pointers...



The Gallop Government's pledge to sink the railway line under Northbridge will have subtle lifestyle benefits and infrastructure spinoffs that boost real estate values as far north as Mt Lawley.

The \$190 million Northbridge Link project will see the railway buried from William St to Lake St with the surface redeveloped for homes and shops, as well as construction of a modern busport.

Under the plan, the Horseshoe Bridge will be transformed into a piazza while King St will be extended to connect with Lake St. Almost 2500 residential units are expected to be built and about 10ha will be redeveloped.

There is no timetable for the project but real estate owners, buyers, sellers and investors should recognise it is a future infrastructure change that will improve the appearance and reputation of both the immediate area and the broader region.

The construction of new units may create short-term competition for values in neighbouring suburbs such as Highgate and North Perth but the long-term impact of the project is expected to be positive for real estate values throughout the district.



Expect capital gain spinoffs from a planned multi-million dollar redevelopment of 10 kilometres of Swan River foreshore by the Bayswater City Council.

The council project includes the creation of cafes, restaurants, boardwalks, boating facilities, an amphitheatre, playgrounds, tearooms, picnic areas and bike trails in three main areas surrounded by large areas of grass and natural bush.

Work is underway on the first stage near Riverside Gardens and the Garratt Road Bridge, and it's expected the other two areas near Tranby House and the Maylands Yacht Club will be finished within five years.

Refurbishment of this long stretch of previously neglected river foreshore will increase the appeal of neighbouring areas with resultant gains in market demand.



If your property is on the market and you've organised a home open, there are a few simple steps that should be observed to ensure your possessions are safe:

- remove all items that are of value and store them in a safe place
- put a register at the front door and make sure everybody signs it before they walk into the home
- be sure you have an insurance policy covering the property, and that it's up-to-date



An Australian Bureau of Statistics survey has revealed there are more than 100,000 people in WA who now work from home.

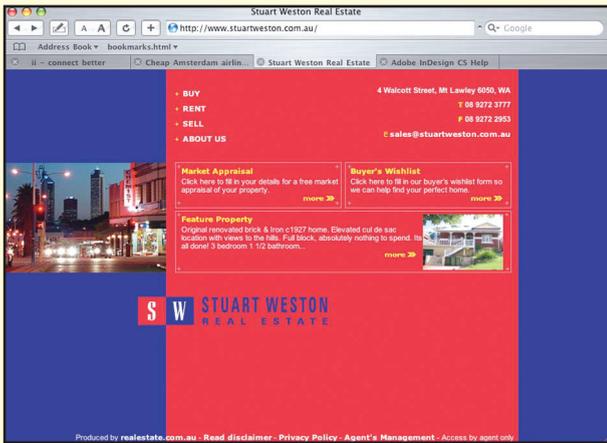
This reflects a growing trend that should be kept in mind when either renovating an existing home or designing a new home.

Buyer demand is growing for a separate or integrated work area with facilities and wiring allowing broadband telecommunication.

The work-at-home phenomenon will inevitably grow in coming years and is becoming a key component for financial success when planning both what and where to build or buy.

Obstacles are those frightful things you see when you take your eyes off your goal

Henry Ford (1863-1947)



Weave a web at

www.stuartweston.com.au

Over the past two years there has been a marked increase in demand from interstate and international investors looking for investment properties amid WA's strong economy and healthy rental market.

The internet is having a profound impact on both the sales and rental markets.

In January, the Stuart Weston website was seen by 11,000 visitors and has been enjoying a rapid growth in turnover since the new year.

Snapped up

A whopping 61% of rental properties leased through Stuart Weston Real Estate were located through the internet. Many properties were found by tenants browsing the web before there was even time to publish an ad in the newspaper rental columns.

It's worth noting that a majority of tenants in January had seen five properties before choosing their preferred dwelling. Their main criteria was the location of a property within the boundaries of their preferred suburb, and the second most appealing feature of a property was the size of its rooms.

Landlords should take note of this tenancy preference for spacious dwellings and consider aspects such as high ceilings, large rooms, window placement and even bright paints when planning a rental property purchase or renovation.

Buyer demand

A notable increase in overseas and interstate buyer demand is partly due to the advent of internet marketing which allows potential buyers to browse listings from afar.

Many property investors in the eastern states are liquidating their strong capital gains of recent years and searching WA's real estate through the web, ready to cash in on our comparatively cheap real estate prices and strong property market forecasts.

Web-fuelled buyers from the east include both investors and owner occupiers attracted to our superior lifestyle. The most popular rental dwellings are inner or near city apartments, most investors budgeting for properties asking less than \$400,000.

Take advantage of our listings for buyers, sellers, landlords and tenants at www.stuartweston.com.au, and use the web to effectively market your property.

www.stuartweston.com.au



MAYLANDS
\$175,000

VILLA VALUE
Outstanding two bed villa, large living room, in excellent location. 2 courtyards and more.

Ph: 9272 3777



BEDFORD
\$249,000

CHARMING COTTAGE
Original character, fully renovated 2 bedroom home on easy-care block. Huge aircon workshop. Nothing to spend in great location.

Ph: 9272 3777



INGLEWOOD
\$249,000

MUST SEE VILLA!
1 bed plus large study villa in excellent location. 2 bedrooms, airconditioned plus GARAGE!

Ph: 9272 3777



DIANELLA
\$395,000

IT'S ALL DONE!
Recently renovated, new bath, spa. Brand new kitchen, polished boards, 3 beds with party sized pergola and garden. Garage and more!

Ph: 9272 3777



HIGHGATE
\$650,000

IMPRESSIVE HOME
Modern, substantial 3 level home in the inner city. 3 beds, 2 bath, study plus attic and city views.

Ph: 9272 3777



TUART HILL
\$280-290,000

MODERN TOWNHOUSE
Large 3 bedroom home in excellent condition in small group of only 3. Extra large courtyard.

Ph: 9272 3777



HIGHGATE
\$389-399,000

circa 1935 SEMI-DETACHED
Appealing and fully renovated 2 bedroom home in the centre of the cafe scene. All done and nothing to spend. Just move in.

Ph: 9272 3777



MAYLANDS
\$420,000

CLASSIC CHARACTER
Elevated location. Fully renovated 3 bedroom home on full block.

Ph: 9272 3777



MT LAWLEY
\$859,000

FEDERATION FAMILY HOME
Simply all done! 4 bed 2 bath character plus first class extension, family room, etc. Full size block.

Ph: 9272 3777

THINKING OF BUYING, SELLING OR LEASING A PROPERTY IN PERTH'S INNER NORTHERN SUBURBS?
CONTACT US FOR RELIABLE, UP-TO-DATE ADVICE WITH NO HASSLES ATTACHED

Unit gains better than houses

Property investors in Perth's inner northern suburbs are enjoying stronger capital gains from units and apartments than from houses.

REIWA figures consistently show better gains in the median sale price of units and apartments throughout 2004 and for the past five years (see table to the right).

Strengthening market demand for units and apartments reflects a dramatic increase in the number of people who live alone.

Data from the Australian Bureau of Statistics shows that within six years, a majority of households will be occupied by childless couples and empty nesters.

Because of higher divorce rates, fewer marriages and increased longevity, the proportion of people living alone in Australia will grow from 9% in 2001 to 13% in 2026.

According to the ABS, the proportion of one-person households will increase faster than any other market segment, women will account for 57% of people living alone, and the trend will be apparent among both young and old.

House price movement

	Median price Dec Qtr 2004	% change past 12 months	% change past 5 years
Bedford	\$290,000	16.2%	12.4%
Coolbinia	\$750,000	8.9%	8.9%
Highgate	\$454,000	2.5%	8.7%
Inglewood	\$404,000	11.4%	10.6%
Maylands	\$310,000	18.2%	12.7%
Menora	\$423,000	12%	13.2%
Mt Lawley	\$510,000	17.9%	10.4%
North Perth	\$424,000	10.8%	10.4%

Established unit and apartment price movement

	Median price Dec Qtr 2004	% change past 12 months	% average past 5 years
Highgate	\$196,500	18.9%	14.2%
Inglewood	\$166,500	4.2%	11.2%
Maylands	\$165,000	17.3%	16.8%
Mt Lawley	\$188,750	18.1%	13.7%
North Perth	\$216,000	15.6%	21.4%

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