



PERTH RENTS CONTINUE TO CLIMB

Median rents across metropolitan Perth continue to increase according to the Real Estate Institute of Western Australia.

Its latest data for the three months to August, indicates that median house rents rose by \$10 to \$450 per week, while units, apartments and villas rose by \$20 to \$430 per week.

REIWA President David Airey, said the latest rise had followed a \$10 increase in the March quarter and a \$10 increase in the June quarter.

"We have also seen the vacancy rate for available properties tighten in the three months to August, with REIWA recording a measure of just 1.8 per cent across the city," Mr Airey said.

The long-term equilibrium for Perth's rental vacancy rate is 3 per cent. Mr Airey said the pressure in the rental system was coming from a combination of strong population growth, first home buyer activity and weak investor interest.

"Our state has the highest rate of population growth in the country and this is placing increasing demand on the rental system."

"The number of properties listed for rent has fallen by 15 per cent from almost 2,700 properties in early July to 2,300 by the end of August."

"In addition to this, first home buyer activity is strong and this means that a lot of the stock for sale at the more affordable end of the price range is being snapped up by young buyers rather than investors, who remain scarce in the current market," Mr Airey said.

Mr Airey said that investors own around half of all multi-residential dwellings, but that current turnover in that sector of the market was weak.

"While sales volumes for houses in Perth have largely returned to normal, sales for units are about 30% below where they might normally be."

"Investors are not replenishing the housing system with much needed rental stock as dwellings are being removed from the market by owner-occupiers," Mr Airey said.

Mr Airey said that WA's increasing population and decreasing stock of listings for both sales and rentals would continue to put price pressure on the housing system until supply could better meet demand.



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BUYING IN A TIGHT MARKET

After several years of a quieter 'Buyer's Market', 2012 has seen decreasing levels of stock and increased buyer activity, making buying more competitive.

Many prospective buyers are now surprised to find large numbers of people at an open home viewing and even more surprised to then find out that the seller has received an offer or multiple offers.

Lots of well priced properties are moving quite quickly, particularly if they are under the Perth median price of \$475,000. First home buyers are very active in the market and this is seeing a lot of turnover with houses priced around \$350,000 to \$450,000.



When the pressure is on, it's easy to forget to check important information such as title details, strata fees or the development potential of a property.

You need to be able to decide reasonably quickly, so doing some research prior to the home open will help you act more decisively if the property is right for you.

Being open minded to new suburbs can also help. When there are a limited number of houses for sale, researching additional suburbs can give you more choice and you might be surprised at what you find. This is particularly relevant for property investors. If you are not going to be living in the property, a wider selection of suburbs could meet your other investment criteria.

One final tip for buyers: check with your lender or finance broker before you put in your offer. If you can show the seller that your finance position is secure then the seller and you can negotiate with more confidence from the start.

This also gives you the edge over buyers who may not be as organised.



David Airey
REIWA President



Disclaimer

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