



# Property Management

*news*

## CHANGES TO NEGATIVE GEARING WOULD HURT WA THE MOST

Since the mining boom ended, property prices have come off significantly. Equally, once pricey rentals have been replaced with unusually high vacancy rates. Investors are offering deals to sign up tenants.

The problem for many highly leveraged property investors in Perth is they rely on rental returns to pay the interest on the loan. When rentals are vacant, pressure builds.

Consider what might happen to the picture painted above if Labor removed negative gearing for new investor/owners of existing properties. It would make a bad situation worse.

The problem is that the changes are a necessarily blunt instrument, applied equally nationwide. It works in the Eastern States where housing markets are overheated but not here in a depressed WA market.

WA Treasurer Ben Wyatt has said he supports federal Labor's negative gearing policy but he might rethink that when he gets briefed on the potential impact it could have on the State's housing market.

One of the key drivers of higher State Government revenue is stamp duty receipts, which would be suppressed by federal Labor's policy.

And, of course, finally we have the politics of this issue. There are a number of federal Liberal MPs under the pump come the next election, judging by the polls and the recent WA result.

Once again, a major party shafts WA. Whether it's the GST, infrastructure funding or now housing affordability policy settings, Canberra seems to forget there is a State on the other side of the Nullarbor being let down.



Perhaps WA will get lucky and two years from now when (or if) Labor wins power federally, the housing market will have turned around.

Don't get me wrong, generically speaking I support negative gearing reforms. Perhaps not Labor's model but at least it is doing something.

### Written by Peter van Onselen

Peter van Onselen is The Sunday Times' political analyst and a professor at UWA



*relax . celebrate . enjoy*



## PERTH MARKET REMAINS IN A SLUMP, BUT ITS NOT ALL BAD NEWS

It's the news that surprised precisely no one: all Australian capitals have now surpassed Perth in terms of annual growth.

But the news gets a little worse, according to Michael Yardney, director of Metropole Property Strategists.

"It is likely that the Perth market has not yet bottomed out," he says.

"It remains in the slump phase of its property cycle, with high unemployment, an oversupply of properties on the market, high vacancy rates and a poorly performing local economy."

Specifically, the inner-city area of Perth is suffering from a unit oversupply, although the level of housing development is still healthy.

### AFFORDABILITY APPEALS

Perth is now one of the cheapest capital cities in Australia, which could pique the interest of investors and buyers on a budget. In fact, Charles Tarbey, chairman and owner of Century 21 Australia, sees potential in WA's current situation.

"Whilst prices are still moving downwards in many areas, this can lend itself to greater potential for investment as the year rolls on. I believe it is an area that investors should be watching as its potential to stabilise is good," Tarbey suggests.

"Vacancy rates are still very high compared to most of the Australian marketplace, however, the downwards adjustments in pricing may mean there are many good opportunities to secure property at a fair price."



### PROPERTY MANAGEMENT INDUSTRY UPDATE

**Did You Know?** We held 68 viewings in April. Our vacancy rate is 4.7% where as the industry average is sitting at 6.6% and we have leased 62 properties already in 2017!

### Disclaimer

This newsletter has been prepared by Northside Residential. Every effort has been made to ensure the contents are accurate at the time of publication. Northside Residential takes no responsibility for any subsequent action that may arise from the use of this newsletter.

**Northside Residential**  
**Joondalup**  
Unit 4, 80 Grand Boulevard  
Joondalup WA 6027  
P: 08 9300 2283  
F: 08 9300 1854

**Northside Home Loans**  
**Northern Suburbs**  
Steve Langoulant  
(Mobile Consultant)  
M: 0402 158 676  
E: lang@iinet.net.au

### FREE Suburb Reports

Want a market update for your investment property?  
SMS your suburb name to  
0417 989 045 for a FREE  
Suburb Report



### Get Social with us!



Follow Northside on  
Social Media Today!

### CS LEGAL

9301 4422

Teresa Wise

Licensed Settlement Agent

CS

LEGAL



9313 2871



**northside**  
RESIDENTIAL

0402 158 676

HOME LOANS

Steve Langoulant

Licensed Mortgage Broker

Aust Credit Lic 384993 | Auth Credit Rep 390983