



## INVESTORS TO TARGET NEW HOMES IN 2012

The land market in Perth could benefit significantly from greater activity by investors during the coming year it has been predicted by a leading new home builder. Falling vacancy rates, rising rents coupled with falling interest rates will encourage more investors to build new homes during 2012.

The rental vacancy rate in Perth fell by 0.6% to just 2.8% during the past year. Normally when the rental vacancy rate falls below 3%, it follows that weekly rents start to rise, and this is now the case in many suburbs in Perth, especially in the northern coastal suburbs.

Overall, the median weekly rent for a home in Perth rose annually by 6.7% to \$395. In areas such as Southern part of the City of Joondalup, the median weekly rent jumped by 12.5% to \$450 during the past year. Rents seem set to continue to rise because of the growing shortage of homes in Perth which has been caused by financial institutions restricting lending to some property buyers.

At the same time demand for accommodation is still rising due to our continued resources boom with Western Australia enjoying the largest population growth of any State or Territory in Australia.

It is tipped that this shortage of homes will be particularly severe in the northern suburbs with

the Housing Industry Association predicting that the City of Wanneroo is projected to have a housing shortfall of around 7275 homes and City of Joondalup some 6,272 homes by 2020.

This combination of housing shortage, rising rents as well as falling interest rates will make it very attractive for investors to either buy existing properties or even start building new homes during the coming year.

The median price of a lot of land in Perth is now around \$250,000. However, in a number of areas in the northern coastal region, new lots of land can be purchased for less than this figure such as Butler (\$185,000), Banksia Grove (\$205,000) and Ridgewood (\$185,000).

At the same time, home prices are still lower with the slower sales market over the past 3 – 4 years, building costs are very competitive with many builders offering special incentives to buyers due to the recent slow-down in sales. If interest rates continue to fall during 2012, then it could be possible for investors to buy existing or build new homes in these areas with less 'out of pocket' expenses when rents and tax depreciation benefits are taken into account.

Anyone looking to buy or build for investment purposes should check with us as to the current vacancy rate in the local area and what type of rental homes that are most in demand.

*relax . celebrate . enjoy*



## NEW YEAR REGULATIONS TO MAKE HOME LOAN SHOPPING EASIER



**People looking for a home loan will find it easier to compare different banks' offers with new regulations which came into affect on January 1.**

All lenders are now required to give mortgage information on a standard one-page key facts sheet. The fact sheets will have to show the total cost of the loan, interest and fees.

The sheets break this amount down into the how much will have to be repaid for every \$1 borrowed. This means consumers can more easily compare the relative cost of a mortgage from a credit union with one from a big bank.

They also give information for variable rate loans about how much a monthly repayment would rise by if interest rates were lifted. Treasurer Wayne Swan said the fact sheets would make it easier for people to get a better deal.

"It'll mean less wading through paperwork and spending hours talking to different lenders to find out basic details families need to compare loans," he said. "We're putting the power back in the hands of consumers and the big banks are now having to earn the loyalty of their customers."

Combined with the ban on loan exit fees that started in July, these banking reforms would increase competition, Mr Swan said. "Banks should be prepared to get into the ring and fight for their customers," he said. "If they don't, then our changes mean their customers can walk down the road and get a better deal."

## IMMIGRATION GROWTH BOOSTS MARKET DEMAND

Australian Bureau of Statistics figures show that in the March 2011 quarter, WA recorded the highest number of interstate migrants among all states for the first time.

WA had net interstate immigration of 1,824, compared to 1,578 in Queensland which has traditionally had the strongest growth.

In the year to March, 2011, a net 5,000 people moved to WA from interstate and the total population increased by 51,000 people to eastern states recognition of job opportunities stemming from more than \$200 billion worth of resource projects either under way or on the drawing board.

Also in the March 2011 quarter, a record 8,233 babies were born in WA.



### Disclaimer

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