



## WA PROPERTY INVESTORS STILL WARMING UP

A rising resources sector, fast-growing population, massive infrastructure investment and a tightening rental market has marked WA's residential property sector as the nation's top target for savvy investors, but West Australians aren't moving on opportunities, according to Colliers International.

While there has been an increase in inquiries from buyers in recent months, particularly about Perth's CBD apartment market, the bulk of that interest had been from interstate and overseas investors.

Colliers International Head of Department Project Residential, Land Marketing and Tourism Nick DiLello said if the trend persisted, WA buyers could be left behind.

"Once you see rental vacancies getting tighter, rents will rise and so does the return on investment," said Mr DiLello.

"The demand for residential investment grows in step with that increased return rate, and when rental values reach the point where they're more than a mortgage payment, the occupiers buy the property instead of renting it -- and capital growth kicks in at the top of that cycle.

We're at the start of that cycle in WA now. Vacancy rates are tightening and rents are on the rise, that's the starting flag, and West Australians are still warming up their engines while the rest of the market is getting on with the race."

A new economic outlook and market analysis from leading national planning, economics and property consultancy MacroPlan Australia supports the positive forecast for WA's residential property sector, finding the market was set to "tighten considerably" over the next three years.



The analysis said WA's tight labour market would increase the State's population growth, with new arrivals feeding into an already competitive market and residential vacancies falling, particularly in the inner-city apartment market, where an expected influx of office workers was set to increase demand.

As a result, CBD rental growth was tipped to average 7 per cent a year over the next four years and inner-city apartments in Perth were projected to show an average annual capital growth rate of 6 per cent a year over the same period, outpacing the broader housing market.

*relax . celebrate . enjoy*



## REIWA SLAMS LANDGATE PRICE HIKE

The Real Estate Institute of Western Australia has slammed the decision by Landgate to increase the cost of title searches on properties by 26 per cent.

REIWA President Alan Bourke said the jump of \$5 per search may seem modest, but would impact on agents who dealt with thousands of title searches every year for their clients.

"Most administrative charges usually increase by CPI, but a jump of 26 per cent is indefensible," Mr Bourke said. According to State Budget papers tabled last week, Landgate acknowledges a sharp decline in activity in the property market yet appears to have made little effort to adjust its business model in response.

"The property market has operated at 25 per cent below average levels for two of the past three years, but Landgate has not adjusted its staffing to reflect this.

"The available work for Landgate has dropped by around 25 per cent over the last year, yet it only proposes to shed nine staff, or just over 1 per cent of its total workforce," Mr Bourke said.

Recent budget papers reveal that the 2011-12 Landgate budget is more than the previous financial year due to higher salaries and superannuation costs.

"So as Landgate's expenses went up and property transactions went down, it failed to trim its excess staff accordingly and now wants to slug the users of its services to cover for this mismanagement," Mr Bourke said.

"State Treasury is anticipating that the property market will return to normal levels within three years which means Landgate will reap at least another \$375,000 a year from the property sector along with the projected \$2.1 billion which property buyers will pay to the Government in transfer duties in 2014-15.

"On the face of this, it's hard to justify a 26 per cent increase in Landgate's fees," Mr Bourke said.

Mr Bourke said Landgate had the property sector and community over a barrel because it operated as a monopoly in the area of title data.



Alan Bourke  
REIWA President



## PET BOND UPDATE TO THE RESIDENTIAL TENANCIES ACT

The Regulations made pursuant to the Residential Tenancies Act have been amended since June 1<sup>st</sup> 2011 so that the maximum 'pet bond' is \$260.

Owners, with an existing tenancy, through their property manager **cannot** automatically increase the pet bond from \$100 to \$260.

Owners entering into a new tenancy agreement commencing on or after June 1<sup>st</sup> 2011 can request the pet component of the security to be \$260.

The 'pet bond' forms part of the total security bond that the tenant can be required to pay under section 29.

**For existing tenancies the pet bond cannot be increased unless there is an increase in rent.**

Further at least 60 days notice of the increased rent must be given and there must be a 12 month period between consecutive bond increases.



### Disclaimer

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