

Our growing regional market

Across the state, there are increasing signs that Western Australia's regional property market is set for an extremely solid period of growth.

Inside

- It's almost tax time: handy tips to help you through
- Introducing Tamara Gavrilovic
- Exciting new development in Geraldton
- Choosing where to invest in property

Many regional centres have been star performers in the last few years and the future continues to look bright. In this edition of *Property Matters*, Mark Hay examines the key factors fuelling the growth in regional areas.

1. Baby boomers

Property is the favoured investment vehicle of all generations, however it is the baby boomers whose wealth and lifestyle affords them the greatest opportunity to purchase rural properties. Generally, these purchases are either weekend getaways to be enjoyed today, or smart, negatively geared investments that become country retreats once their owners sell up the principle place of residence in Perth.

2. Resource boom

Resource sector benefits are flowing through to all corners of the state, but are being felt dramatically in towns such as Ravensthorpe, Boddington, Bunbury, Geraldton, Kalgoorlie and the northwest. All regions adjoining these towns are also enjoying unprecedented growth.

3. Transportation

Investment in transport infrastructure has improved access to regional WA. Rail links such as the Mandurah rail link and southern rail link from Geraldton, as well as new roads including the Cervantes Road and the Great Eastern Highway to the Avon, have made parts of regional WA far easier to reach.

4. Internet

Technological advances have made it possible to successfully conduct business remotely from rural and regional areas. Email and the internet mean people can combine work with their lifestyle choices by operating from a home office in their chosen location.

5. Going green

People from all walks of life increasingly want to live in a sustainable fashion, perhaps by growing their own produce and/or leaving the pollution, crime and rat race of city life behind. Smaller regional areas provide the ideal location in which to do this and we are witnessing a repopulation of several small towns and the surrounding countryside.

6. Cost squeeze

The costs associated with building, purchasing or renting properties in the metropolitan area is becoming prohibitive, resulting in many homeowners exploring more affordable options in regional areas. Not only can they enjoy the pleasures of living in the bush but also make substantial savings. Housing can often be up to fifty percent more affordable in rural areas compared to Perth. Alternatively, for a similar cost, buyers can secure acreage, which can be used to pursue further income.

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Property myth busters

Myth: A house on land will always produce higher returns than an apartment.

Reality: Remember, location is the property investor's greatest friend, not necessarily land size. Buying a house on land on the ocean or riverfront will always be a fantastic investment. However, many of us simply haven't got the budget for such a purchase. In this instance, the best option is to secure well located, strata titled apartment.

For around the same price as a four bedroom, two bathroom house in the suburbs, you can secure an apartment on the oceanfront with views to Rottnest Island, or a riverfront apartment in the heart of the city. Understanding capital growth is what all investors should focus on, and the golden rule is that well located property will always produce the greatest growth. Furthermore, if you have a substantial portfolio you may find that strata titled properties are easier to manage than a house on land.

markhay

optimise your property potential

- Residential & Commercial Sales
- Investment Sales
- Portfolio Management
- Development & Project Marketing Specialist

THE REEF

be part of WA's most exciting new development

The booming region of Geraldton is continuing to forge ahead as one of the state's most promising real estate hot spots. Rapid growth in the area – generated by the Midwest's booming mining and resource industries – has resulted in increased demand for residential, office and retail space. In response, Geraldton's tallest building has now been approved for redevelopment as the iconic centre of town.

The Reef is a mixed-use development consisting of 16 executive two bedroom apartments, a stylish penthouse, over 400 square metres of office space and a state-of-the-art retail arcade.

The development, which was approved by the City of Geraldton in February 2008, is a Grant Pitman/Property Matrix project, designed by respected architects Meyer Shircore. Property Matrix general manager, Sam Day, said *The Reef* will feature ocean views from nearly every level.

"We have seized the opportunity to revitalise the CBD's only office tower to become a spectacular focal point of the city," said Sam.

"When completed, The Reef will present as a chic and trendy meeting place for both locals and visitors."

The developer is keen to ensure that the refurbished building reflects Geraldton's unique location and features. Over \$400,000 worth of tropical reef aquariums (by Aquarium Artists Australia) will be installed throughout the arcade, providing a window to the beauty of the coral coast. There is also a magnificent saltwater aquarium forming the centrepiece of the arcade that will resonate with locals and tourists alike.

Katrina Allen-Rock, General Manager Mark Hay Realty Group, reveals that initial enquiry about *The Reef* has been very strong from both a sales and leasing perspective.

"The strength of this enquiry is indicative of the expanding infrastructure in and around this exciting Midwest city," said Katrina.

Mark Hay sees huge upside in *The Reef* development, believing it to be a timely reflection of Geraldton's economic prosperity.

"The Geraldton area is set for a major economic boom. It includes approximately 14 expanding or developing mines, as well as major investment in infrastructure including the future Oakajee Port Development, the Cervantes Coast Road and the Southern Railway link construction. In addition, there is the potential of the Square Kilometre Array (SKA) installation, possible record wheat



harvests and future tourism industry growth. This part of our state is on the cusp of a major transformation that will equate to significant capital growth. It is akin to the prospect of investing in the southwest 15 years ago, before the boom hit."

For *The Reef* sales or leasing enquiries, please contact Mark Hay Realty Group on (08) 9225 7000 or visit www.markhay.com.au

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7. Lifestyle and work choices

Many 'fly-in fly-out' resource workers are choosing to reside in regional areas. Other buyers are downsizing to small apartments in the city to stay in through the week, then escaping to their rural retreat at the weekend. Modern telecommunications and the internet are now very affordable and help to diminish the distance from family and friends.

8. Tourism

Whether it's the sun-kissed beaches, the wine region of the southwest or the magnificent north, our state is experiencing a huge surge in popularity as a tourist destination. Once again, such factors contribute to continued rural and regional growth in support of the goods and services required to sustain the tourism industry.

9. Food prices

Most WA rural regions are surrounded by farmland. With grain and meat prices increasing markedly as developing nations grow within the

world economy, traditional farm areas that have experienced a marked decline in the past are now reaping the benefits. Add to this the potential explosive growth of the carbon credit and bio fuels sectors, and the signs are good for continued growth within rural WA's farming townships.

Given the above factors, anticipated growth for our state's rural areas looks likely to be long and sustainable. Our rural and regional areas could potentially be the next 'hot spots' in the WA property market.

It is certainly no accident that our agency is involved strongly with regional centres. At Mark Hay, we recognise the combined impact of environmental awareness and the lifestyle aspirations of baby boomers (as well as generations X and Y) during both their working and retirement years, and the way this mix will continue to create upward pressure on regional areas.

This changing trend has indeed caught several



players out, from state and local government to developers and builders, bearing testimony to the fact that much of the growth in this sector has widely been overlooked. Across the board we shall continue to see property within quality regional areas bucking the trend of the last twenty years. In many ways this mirrors the reversal of the inner Perth 'depopulation' trend, which was turned on its head at the end of last century.

Mark Hay

Diploma Financial Planning, Certificate of Business (RE)

Top tax time tips

With the end of the financial year looming, now is a great time to take stock of your financial situation, particularly in relation to taxation.

Selling

If you are planning to sell a property, understand fully the capital gains tax implications. Tax is payable upon the date of signing and not the date of settlement or the contract becoming unconditional. Note that any gain can only be offset against capital losses. If you wish to sell this financial year, a 'put and call' option is a good way to ensure you secure a sale now, with the tax payable at the end of the next financial year.

Pre-payment

Provided you have structured your loan correctly, it is possible to pre-pay up to twelve months interest on your investment property and claim the tax deduction this year! This is a great one seldom used, but fully endorsed by the ATO. You can save thousands of dollars by implementing this simple strategy.

Variation forms

Did you know that by completing an ATO variation form, you can pay less tax throughout the year instead of waiting until your tax assessment has been lodged and processed before receiving a tax refund from your negative geared losses.

By filling out the Variation Form (Formally called the '221D Form'), you can receive your tax deductions within each pay packet, instead of as an end of financial year lump sum. This can make a significant difference to your cash flow.

Depreciation

Every year, property investors miss out on millions and millions of dollars that are claimable as tax deductions for depreciation. If you own a property that is seven years old or younger, you should consider having a quantity surveyor compile the value of the improvements so you can depreciate the building at 2.5% per annum. Other items, such as hot water systems, floor coverings, light fittings, furniture etc can all be depreciated at higher rates. Once again, on a standard 300K – 500K property, the tax savings can add up to several thousands of dollars over the life of the investment.

Tax planning is quite often overlooked by clients, or done in a rush and without much thought. Like everything in life, if you lay good foundations you will be rewarded in the long run. Take the time to plan effectively. Contact your accountant or tax agent now for more information.

Property how to: How to choose where to invest.

Choosing an area in which to purchase an investment property takes more than gut feeling. Thoroughly investigate the area(s) in which you plan to invest. Good starting points include:

- Population growth. Strong population growth is a good indicator of future capital growth and demand from tenants. Check out the Australian Bureau of Statistics for the latest figures (www.abs.gov.au)
- Limited supply of dwellings and/or land on which to construct more homes. Without strong demand, capital growth can be limited. Select areas of demand.
- Competition for properties – is there regularly more than one interested buyer? Talk to local agents and check recent sales data.
- Existing or proposed amenities. Quality shops, good public transport or major roadways, excellent schools and lifestyle amenities such as parks, walking tracks or water all work to secure and improve the value of your investment over time.
- Changes: R code changes, new roads, rail links, rezoning of adjoining areas, infill sewerage, all these factors can have a huge positive or negative factor on your capital growth.
- Adjoining Property – building out your views, industry outlets such as panel paint shops, dual carriage roads, alternate use etc all these factors once again can have either a positive or negative influence on your investment.

For more information about making a good investment decision, please contact Mark Hay Realty Group, on **(08) 9225 7000**.



Sales Assistant

When Tamara Gavrilovic made the switch to a real estate career, she certainly landed on her feet. Organised, confident and creative, Tamara applies the same high level of professionalism and care to everything she does, especially when it comes to meeting the needs of her clients!

Tamara is proud to assist and support Principal, Mark Hay. Working closely with Mark, Tamara ensures each of his property listings receives the attention to detail required to achieve the maximum sales result.

“Every step of the way – from listing the property through to producing a powerful marketing campaign and following up with interested parties – I am 100% committed to achieving success.”

Tamara, who is an experienced property investor herself, says that working at Mark Hay has allowed her to develop both professionally and personally.

“Having worked in residential property sales for several years now, moving to Mark Hay is an opportunity to extend my strengths,” says Tamara. “It is also great to be part of a highly professional and skilled team, where exceptional customer service is a number one priority.”

A fit and health-conscious person, when she's away from the office Tamara enjoys a range of activities including water polo, netball, basketball, walking, yoga and going to the gym.

Meet Tamara Gavrilovic

Property Gallery



Bridgetown

Lake Tranquility

Enjoy the country lifestyle with a choice of 9 lots ranging in size 2008sqm – 4274sqm. Relax in the retreat like atmosphere with views of Blackwood Valley and surrounds.

\$123,000

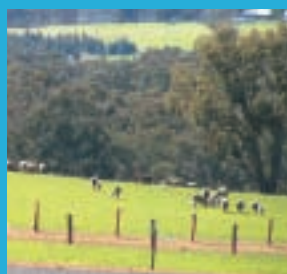


East Perth

208/112 Goderich Street

Fantastic opportunity to secure this well priced unit. Great for the investor, secure for long term capital growth!

\$184,000



Boyup Brook

Ridgeview

Choose from 9 lots, enjoy breathtaking views with rolling pastures, vineyards and trees!

Fr. \$190,000



East Perth

63/138 Adelaide Tce

Amazing inner city location for this refurbished deco studio apartment. Secure building featuring sparkling pool!

\$219,000



Perth

16/122 Terrace Road

Great opportunity to enter the market with this studio apartment on the rivers' doorstep, huge rental demand!

\$229,000



Rivervale

19A/66 Great Eastern Hwy

Located right on the river bank this second storey one bedroom apartment overlooks the river

\$259,950



Rockingham

Pickard Ave

Invest in commercial property you can't go wrong. Great returns, high growth area. Min 7% return showroom, warehouse and storage units.

Fr \$300,000



Perth

1002/12 Victoria Ave

Large one bedroom mini penthouse in the heart of the city with river views – ideal rental property.

\$398,000



Perth

151 Adelaide Tce (Saffron)

Glorious 54sqm funky apartment in dynamic location, north facing, car park, security and club med facilities.

\$499,000

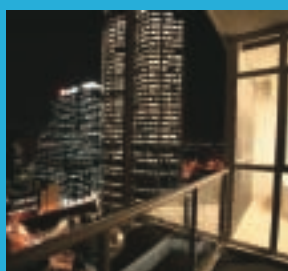


East Perth

32/123 Wellington Street

Second floor spacious, light and bright 3x2 apartment featuring a well sized balcony overlooking sparkling pool.

\$529,000



Perth

15/996 Hay Street

Quality fittings and fixtures throughout this spacious two bedroom apart featuring twin person spa.

\$550,000



East Perth

908/251 Hay Street

Fabulous brand new 2x2 two storey apartment in a superb location with stunning view across East Perth to the river.

\$650,000



Perth

23/171 St George's Tce

Rare, spacious and stylish 2x2 apartment close to King Street featuring wooden floors, granite bench top with chefs Kitchen.

\$655,000

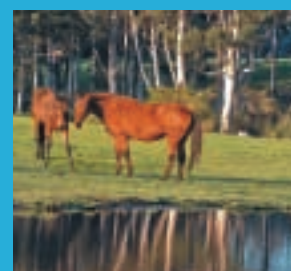


Innaloo

222 Huntriss Road

Stunning contemporary brand new 4x2 modern home near completion, quality fittings and fixtures t/out. Outstanding location!

\$720,000



Northcliffe

Lot 1&2 Datchet

490 ac Premium Farmland on 2 titles – mostly cleared, pockets of timber & several creeks. Includes cattle yards and shed.

\$2.85M