

Up, up and away....

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Despite a very turbulent 12 months, both analysts and commentators have currently adopted an upbeat and positive outlook across most economic fronts, in particular property.

The WA economy seems destined to lead Australia out of the worst recession witnessed in over 70 years. The \$50 Billion Grogan Gas Project and other associated resource projects appear to have provided not only the punch needed to uplift the WA economy but the rest of Australia as well, and all states seem to be taking great solace from such initiatives.

The recent hikes in interest rates have also served as the catalyst for property prices to rise. As we come off an extraordinarily low interest rate environment we now find the couple of rate rises have jump started those investors and homebuyers who have been sitting on the fence, encouraging them to take action and purchase.

It's interesting to note the much discussed wind-up of the first homeowners grant scheme, which was always touted as a point in the market which would see a possible correction in prices which has never really occurred. Indeed, nothing could be further from the truth. Although the grants are being gently phased out, we have actually seen a lack of listings across the board in suburbs from Thornlie to Cottesloe and everywhere in between. Well priced properties are not lasting very long when they come onto the market. Combine the lack of listings, a promising economic outlook, rising interest rates and the biggest driver of all, lack of supply, and you have the perfect combination for substantial rises in both rents and prices within the residential market.

Forecasts such as those published by BIS Shrapnel WA indicate that Australia-wide, we are potentially heading for a shortage

of residential accommodation, which will only have an upward effect on prices. In addition, the looming take-off in resources will once again place further strain on accommodation, as more workers are required. This will in turn cause price rises, especially on newly constructed properties. Yes, it appears to be a continual cycle.

However, placing all that to one side for a moment, I would add some words of caution. While everything does seem to appear very buoyant going forward, I can't help thinking that it's all happened a little too quickly. I have a feeling there may be an element of smoke and mirrors at play out there.

Personally, I believe we will see another correction sometime in the next six to 18 months as some of the very optimistic forecasts are pulled back because they have over shot. We are so heavily reliant on China; by all reports the huge infrastructure and government spending programs that have been put into place in that nation have some question marks over them, particularly with respect to how the capital, let alone the interest component, will be repaid on these huge government-funded projects.

Yes, we do seem to have reached the bottom but I would still err on the side of caution until we have convincing fundamentals that show, over a reasonable period of time, that positive economic times are here to stay.



Mark Hay

Principal
Diploma Financial Planning
Certificate of Business (RE)

markhay

optimise your property potential

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- Investment Sales
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Choosing the right settlement agent can be the difference between a smooth transaction and a headache. At Vicki Philipoff Settlements, our team understands that purchasing or selling a property can be a stressful process. We will manage your settlement from beginning to end so this process is stress-free and easy.

Proudly setting the industry benchmark, Vicki Philipoff Settlements is the only settlement agency in WA that has achieved quality accreditation. We are recognised for our commitment to delivering superior service, ensuring our clients settle with ease.

Vicki Philipoff Settlements offers an unmatched range of services, including:

- **Webtrack** – our online tracking facility allows our clients to monitor the progress of their conveyancing transaction online, 24 hours a day, seven days a week.
- **SMS alerts** – our SMS alerts system is a powerful communication tool that informs clients of every step of their conveyancing transaction so they never miss a beat. When dealing with one of the most important transactions you are likely to make, it is essential to stay informed.
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- **Fast-track service** – once your contract is received, we can send you complete documents within three working days of you appointing us.
- **Credit card payment option** – we accept all major credit cards. Stamp duty and even the entire purchase may be paid for by credit card, if desired.

Vicki Philipoff Settlements has more than 100 years of collective team experience, plus an unmatched reputation for commitment to customer service. Take advantage of our knowledge and expertise, and have your conveyancing managed by Western Australia's most experienced settlement agency.



Is property still safer than shares?

We have just seen the greatest downturn of the stock market since the Great Depression. In a matter of months, up to 40% (more in some cases) was wiped off the value of the majority of shares. This meant that many retirees were suddenly faced with the unhappy prospect of a drastically reduced nest egg upon which to draw throughout their retirement.

At the same time, Western Australian real estate prices by and large only fell around 10%. The REIWA graph reproduced here provides concrete evidence of the stability of our property markets over time, even during turbulent global economic periods such as those experienced recently. No matter what the gyrations of the economy, property prices have hardly ever dropped dramatically, and when they do fall, after a year or two of flat growth levels, prices invariably return to an upward trend again.

Whether you are a homeowner or an investor, it is comforting to know that your wealth will not be eroded by the flippancy of the stock market.

During the ups and downs of recent decades, many investors have had their entire share portfolios wiped out. Investment companies such as Enron, Ansett, Qintex (Christopher Skase) and Alan Bond's Bell resources all

went down the gurgler and lost tens of millions of dollars of shareholders' funds. Imagine waking up one day and finding your whole investment has been erased. At best, a stab at investing in the stock market is an informed gamble. Ironically, many of the classic disasters in the stock market have been pushed by highly educated and learned financial planners who have been instrumental in investing in companies that end up being worth zero.

Yet, this never happens with property. Property is a tangible asset class and not simply a value on a piece of paper. Bricks and mortar can never be reduced to a zero value, and if you hang onto property through the invariable ups and downs of the economic cycle, you will always end up better off. The same certainly cannot be said of shares in failed companies!

Another wonderful thing about property is that it takes no great expertise to seek and purchase, no great expertise to manage or finance and best of all you control your own destiny 100%. There are no layers of fees, no layers of responsibility and most importantly, you can improve your own asset, live in it, refinance it, develop it or sell it.

Property has always been much safer than shares, and this has been particularly apparent over the last twelve months. The share market maybe more glamorous than property but the old adage 'slow and steady wins the race' is really coming into its own now, as turbulent times force us all to face financial realities.

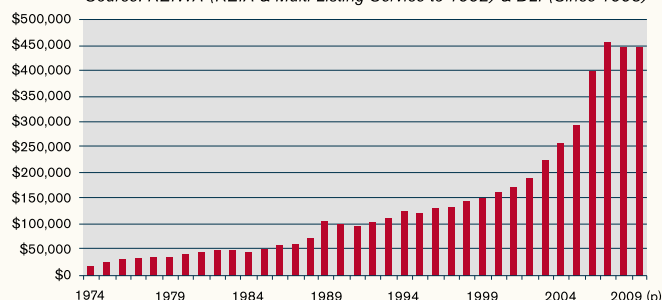
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CAPITAL GROWTH

Median price of established house sales (June qtr) – Perth

Source: REIWA (REIA & Multi Listing Service to 1992) & DLI (Since 1993)



30 year annual increase of \$15,000pa or 55.5% pa on initial investment

In more than 30 years, the Australian economy has been through stock market crashes, wars, recessions, the recent global financial crisis and more. Yet, property prices have continued to steadily rise, indicating the stability, security and financial reward of this asset class.

Attracting quality tenants

First impressions count!

In a competitive rental market, presenting a property in its best light for viewings is paramount.

Naturally, the more visually appealing the property, the more likely a prospective tenant will lodge an application for tenancy. If your property is well presented you may even find it receives a number of applications, which enables the selection of the highest quality applicant.

We recommend a thorough, professional clean, including carpets and windows prior to marketing your property for lease. Chipped walls, broken blinds, worn out fixtures and fittings etc should be repaired.

You should also factor in repainting, renewing floor coverings, fixtures and fittings from time to time, depending on the age and condition of the property. This will ensure that your investment is maintained to a good standard and provide you with the best financial return.

Just as tenants give the Property Manager a first impression when they attend a property viewing, they too gain an impression of the standards we expect from them, via the manner in which the property is presented for viewing. If a property is unclean or cluttered and untidy, tenants will assume this is the standard we expect from them – which is certainly not the case!

Ensure your rental property stands out from the crowd

Mark Hay Asset Management is delighted to announce that our ongoing association with Aperture 22 Photography now allows us to offer our clients a photographic shoot of your investment property for \$125. This allows us to market your property with the advantage of stunning, professional photographs. Do you want your property to have an edge over all the rest? Well this is it.

We urge our clients to take advantage of their Property Manager's significant expertise. As professional property experts who view many properties every week, we are best qualified to objectively advise you if your property doesn't meet the standards expected by so many prospective tenants. We will accurately advise you if it is time to repaint, if any minor repairs are required, or if a professional clean is in order.

Maximising your investment is our business.

Samantha Kelly

Manager Residential Leasing



Manager, Property Leasing

Karla Hondow is an experienced property manager with a genuine flair for asset management.

Karla has quickly moved up the property management ladder and her diligent, careful approach has been critical to her career success thus far. She works hard to ensure her clients' properties are managed to the highest possible standards at all times.

Reliable, practical and organised, Karla professionally carries out the full suite of property management services including property advertising, tenant appraisal and selection, regular property reports and inspections, as well as lease agreements, terminations and extensions.

Karla's friendly, energetic personality dovetails with the approach of the wider Mark Hay Asset Management team. Karla's clients also appreciate her intuition and superior communication skills.

"I am a firm believer in providing honest, regular and open communication. I take great pride in ensuring my clients are kept informed at all times in relation to their most valuable assets," says Karla.

When she's not working, Karla enjoys renovating and spending time with friends.

Meet Karla Hondow

Property mythbuster

Myth: Only rich people can be successful property investors.

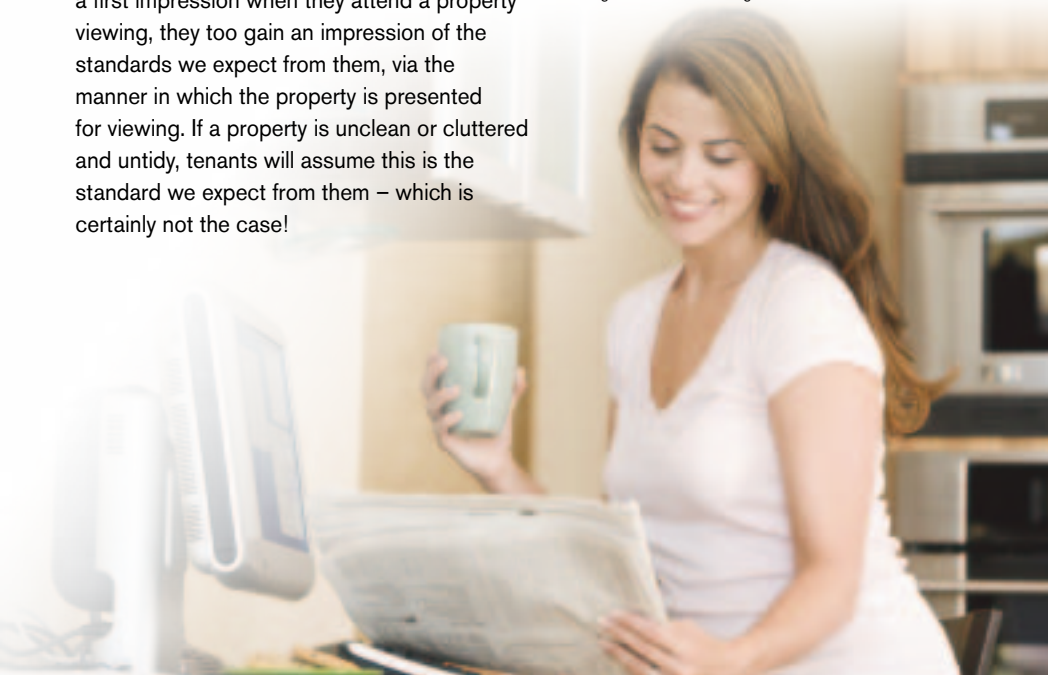
Reality: Given how inaccurate this statement is, it remains a very common misconception! Yes, real estate has been the stronghold of wealthy families for many years, but that does not mean it is exclusively the domain of the rich.

By contrast, property is a highly accessible investment class. Because property appreciates in value over time, regular homeowners who are paying off a principal residence already have a cornerstone of wealth, generally known as 'equity'. This equity may be accessed to purchase an investment

property. As the investment property also increases in value over time, further properties may be purchased...and so the cycle continues.

Wealth through property is certainly not the domain of the wealthy. Australia is awash with rags to riches type situations where single mums, young investors and ordinary 'mum and dad' investors have accumulated substantial wealth via property.

Thanks to its reliability and safety as an asset class, property is the proven, stable method of wealth creation for people from all walks of life!



Property Gallery



Ravenswood

Ravenswood River Estate

Secure your slice of land on the banks of the Murray River. Act now, lock and leave lifestyle cottage lots, packages available.

From \$139,000



West Perth

319/875 Wellington Street

Low vacancy rates, no mgmt fees, great returns and a sensational location. Lease in place until June 2015!

\$175,000



East Perth

404/112 Goderich Street

Freshly painted, furnished city pad with u/c c/bay in a superb location opposite the Perth Mint.

\$219,000



Willagee

137 Northlake Road

Affordable lifestyle in a fantastic location with this spacious 2x1 apart in small complex of 9!

\$290,000



Highgate

24/46 Smith Street

Spacious & secure 1 bed, 1 bath, 1 car bay apart in a highly sought after location, complex includes tennis court/pool.

\$299,000



East Perth

27/11 Regal Place

Premium location for this f/furn 2x1 apart on the 3rd floor with secure parking, complete with in-house restaurant 'Cream'.

\$369,000



Perth

21/130 Terrace Road

Premier waterfront location with river views!!! Freshly painted character 2brm apart with Jarrah f/boards.

\$399,000



Perth

708/2 St George's Tce

Enjoy upper class living from this magnificently appointed 1x1 fully furnished 7th floor condo.

\$399,000



Clarkson

71 Victorsen Parade

Stylish, refurbished family 5x2 home. Work and play collide in this spectacular location, close to all amenities.

\$489,000



Perth

7/996 Hay Street

Rare opportunity to purchase blue chip investment with a 3 yr lease, rock solid tenant in a near new building.

\$590,000



East Perth

7/38 Fielder Street

Work from home, huge downstairs office with a classy 2brm, 2bath apart upstairs, high ceilings, massive rooms, 2 car bays plus security.

\$795,000



East Perth

28/60 Royal Street

Amazing retail or commercial opportunity in bustling Royal Street, over 110sqm in total! Fantastic location just doors down from the the Sebal Hotel.

\$795,000 + GST if applicable.



Burswood

51 The Circus

Magnificently crafted, 3 storey executive 4x3 terrace home set in glorious surrounds in Burswood Peninsula with fantastic entertaining area.

\$1,545,000



West Perth

30 Coolgardie Street

Located opposite Harbour Town, 494m² property boasts a 2:1 plot ratio with great holding income from existing warehouse and office (approx 430m²).

\$2.2 Million



Burswood

71/80 Bow River

Luxurious Aurora!! North facing Penthouse sprawling over a massive 200sqm of internal space. 4x3x2 plus 2 balconies with breathtaking 180 degree views from the city to the hills.

\$2,650,000