

On the road to recovery

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- Learn about successful property investment at a Mark Hay seminar

After experiencing the depths of the global financial crisis, our economy was then influenced by a heart stopper of a mining tax, back stabbing in the hallways of Canberra and a lacklustre election campaign.

The subsequent hung parliament has led to a worst nightmare scenario for businesses, with the Greens and Labour jointly holding power. Put this on the back of six recent interest rate rises and it is a little wonder our economy has stalled and suffers from complete disillusionment.

Had we had a strong and steady leadership through all these times, I would suggest the total business environment and economy would be travelling far better today. The main sentiment is one of trepidation as small and big businesses alike ponder the uncertain future ahead. In the wake of such uncertainty and lack of direction, many projects (particularly the mining and resources sector) have been shelved, scaled down or moved to safer environments such as Canada, China and even Africa! Our global rating has also suffered and Australia – once regarded as one of the safest and most advanced nations/economies in which to invest – is now languishing.

This state of affairs has created a knock-on effect across all sectors of the economy, and nowhere is this more evident than in the real estate market. Recent REIWA statistics show there is now more than two and a half times the amount of property for sale than there was two years ago, and the amount of time it takes to sell the average Perth property is also approaching four times longer than two years ago.

Not only are there more properties on the market, there is a lack of genuine buyers. While inspections and website visits are generally still quite reasonable, there are few people actually making the all-important decision to purchase. Despite this, prices have generally remained firm across the board or only slipped minimally

(apart from the obvious overpriced holiday region down south). Unemployment is still decreasing at reasonable levels and the rental vacancy rate across Perth remains low for the seasonal average.

Now, we at least have some direction from Canberra and I note there are pockets where pent up demand is evident. It would be fair to assume that, subject to no double dip recessions or any other nasties occurring in a global sense, Perth property prices should begin to see modest increases as we move through the spring selling season.

The past two years have been the toughest test our economy has endured for 70 years. Across this period, there has been a lack of construction and development in terms of houses, apartments and also land. At the same time, the West's huge resources sector is ready to fire in the wake of the GFC. Thus, all roads point to a possible surge or mini boom as the combination of pent up and increasing demand from the resources and related sectors combines with a lack of stock to create a more positive real estate environment.

Understandably, it won't be fast and it won't be like the previous couple of booms. However, it seems we have now weathered the worst and most indicators point to the return of good times. Despite the antics of the crowd from Canberra, who seem to have little or no regard for the health of our economy, we should shortly see a return to more positive times in most sectors.



Mark Hay

Principal
Diploma Financial Planning
Certificate of Business (RE)

markhay

optimise your property potential

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



Attending a Mark Hay Realty Group investment seminar or workshop is a great way to

learn about all facets of property investment

Presenter, Mark Hay draws on more than 30 years of hands-on experience as a property investor to deliver information-rich seminars that provide unique insights into property investment success. Some of the tips Mark explains include pre-paying interest 12 months in advance for immediate tax deductions, claiming building depreciation on older buildings, learning how not to cross collateralize your properties and learning how to 'gear your superfund' with new instruments called warrants. All this advice and so much more is covered during a one and a half hour, jammed packed session conducted at the Mark Hay Realty Group office in East Perth.

Over the last two decades, Mark's property investment sessions have been a great starting point for new investors.

Past participants have obtained not only the tips on how and where to get started, but the all important encouragement and motivation required to take the very first step on the long

and sure journey of wealth accumulation via property investment. Another important component coming out of these sessions is contact with like minded professionals such as solicitors, accountants, financiers, trades people, settlement agents etc. Ensuring the correct entity is used in the initial purchase can, in the long term, have an immense impact on capital gains tax and ongoing negative gearing opportunities, which can add up to tens or even hundreds of thousands of dollars saved in some cases!

For existing investors, the seminars are quite often a great checkpoint to ensure their portfolio development is occurring in an effective manner. As the years progress, certain properties, areas and strategies can become obsolete and require review. Mark Hay's seminars always offer something extra, and even the most diehard property investors walk away having picked up some valuable nuggets from the evening.

At the conclusion of each seminar, Mark opens the floor to questions. Quite often, attendees relate their own individual experience, and the stories shared during this part of the evening are highly valuable to the general audience.

Finally, there is the opportunity to have a one-on-one, face-to-face workshop with Mark. It is at this meeting that personal goals and strategies are workshopped, to help bring to life realistic wealth creation plans for each individual's future.

Investment seminars are held at Mark Hay Realty Group's East Perth office and a \$20 donation to Princess Margaret Children's Hospital is a great way of ensuring your attendance also benefits the community.



Furnished, unfurnished, partly furnished, fully furnished and equipped...what does it all mean?

We are often asked about these terms by landlords and tenants alike, so let's break it down.

Unfurnished properties will be completely empty, however in an apartment situation a clothes dryer is expected to be included.

Partly furnished may include odd furniture items, for example a lounge suite and a coffee table or whitegoods such as a fridge and a washing machine.

Furnished properties generally include the basics such as a fridge, washer, dryer, television, DVD player, beds (without linen) dining table, coffee table etc.

Fully furnished and equipped includes the works! This type of property will typically feature all furnishings plus cutlery, crockery, kettle, toaster, pots and pans...everything right down to the potato peeler and pillow protectors.

Fully serviced is a fully furnished and equipped property that also includes linen, usually of very high standard. These properties are generally fully air-conditioned and are cleaned periodically as part of the service (including linen etc).

Making the decision to furnish or fully furnish and equip a property is generally something done by owners of inner city apartments. More often than not these property types attract professional tenants who have been transferred to work in Perth's CBD and arrive only with a suitcase and toothbrush.

The further away from the city you go, the less demand there is for furnishings of any kind. There are exceptions to this rule, for example in some of Perth's 'leafy' suburbs such as Applecross, Burswood and South Perth, houses and apartments may be rented to executives fully furnished. Rent for something of this calibre is generally \$900 to \$2000 weekly.

Remember that if a property is presented furnished or fully furnished and equipped, should any of the items included become faulty or break due to wear and tear, the landlord is required to replace or repair at his or her cost.

Furnished and fully furnished and equipped property will naturally lease for a higher weekly amount than the equivalent unfurnished property. The obvious down side of the higher rental returns is the higher turnover of tenants due to shorter lease periods. There is also the possibility of longer vacancy periods.

By and large our landlords seem to favour fully furnished. This generates higher returns, can be advantageous with depreciation on the furnished items and gives flexibility in tougher leasing markets. Make sure you consult with your asset manager to determine what works best for you.



Steven Hasluck

Senior Property Manager, Residential and Commercial



Senior Property Manager

Kylie Maddocks brings professionalism, expertise and a service-oriented approach to her role as Senior Property Manager within Mark Hay Asset Management.

Every week, Kylie capably handles all manner of property management functions, including rental appraisals, property inspections, tenant screening and selection, lease agreements, management renewals and more.

In everything that she does, Kylie applies dedication and thoroughness. She values open lines of communication and works hard to ensure her clients are kept informed about every aspect of their property's leasing and maintenance.

"Providing a first class service to clients is my number one priority."

A real team player, Kylie is a natural fit at Mark Hay Asset Management, where a collaborative approach underscores everything that the property management staff do.

"We are a very team-focussed office – we are a supportive group with a shared commitment to exceptional service and effective working relationships."

Meet Kylie Maddocks

Property mythbuster

Myth:

I need to reduce my principle as quickly as possible!

Reality:

In most cases this assumption is quite wrong. If the debt you are reducing is on your principle place of residence then absolutely, the quicker you reduce your home loan the better off you will be. There are no tax advantages to offsetting the interest on your own home. Any credit card debt or hire purchase loans should also be paid off asap, as debt within these categories needs to be paid out of your hard earned income and after tax dollars.

However, with your investment loans it makes sense not to pay them off while you are working. You are utilising a tax break on every

\$1 cost you have in relation to your investment properties, therefore it is wiser to save your extra cash to pay off another investment property and gain the full tax benefit while still working.

Home loans and credit card debts are termed bad debt and while I never suggest any debt is good debt, some debt categories are better than others, for the simple reasons of tax deductibility and helping you in getting ahead in the wealth creation stakes.



Property Gallery



East Perth

63/138 Adelaide Terrace

Top floor, end studio apartment complete with furniture, renovated kitchen and ample natural lighting.

\$229,000



West Perth

203/128 Carr Street

Probably the best value 1 bedroom apartment in its class. Top floor, light and bright, corner apartment in small complex.

\$255,000



Perth

41/122 Terrace Road

This top floor, trendy apartment offers the prudent thinking investor an opportunity to own some of the very best real estate in Australia.

\$259,000



Ascot

506/150 Great Eastern Highway

River views, fully furnished, assured rental income with great growth.

\$305,000



Perth

1C/811 Hay Street

Modern, one bedroom apartment nestled in the middle of the city. Located within seconds of Gucci, Louis Vuitton and the fashionable King Street cafe culture.

\$329,000



Como

3/56 Ley Street

59 square meters of internal space plus 2 car bays, use of common facilities, full fit-out, brilliant location with a very smart address.

\$399,000



East Perth

69/193 Hay Street

2 bedroom apartment in the city, fully furnished and with a strong rental history. Full club med facilities & in-house cafe.

\$415,000



Perth

4/474 Murray Street

Located in the refurbished, heritage 'Home Apartments' building, this spacious 1 bedroom apartment epitomises Inner City Chic oozing style and class!

\$469,000



Perth

46/996 Hay Street

Fully furnished and equipped this city pad is located in Perth's popular west end. Features resort style facilities such as pool, spa, gym and cafe.

\$499,000



Perth

9/82 King Street

2 bedrooms, 2 bathroom apartment spread over 100 square meters and covering two levels. Gleaming, polished floorboards and an abundance of natural light

\$579,000



East Perth

67/141-151 Adelaide Terrace

Open plan living and dining area opening onto a spacious entertainer's balcony, quality kitchen with granite bench tops and glass splash back

\$669,000



Mount Lawley

37-39 Railway Parade

Totally refurbished two storey character building. Two offices, four apartments & 8 car bays. 647m² zoned business use.

\$1,790,000

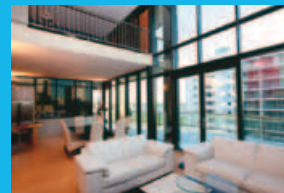


West Perth

30 Coolgardie Street

Located opposite Harbour Town, 500sqm property boasts a 2:1 plot ratio with great holding income from existing warehouse and office (approx 430sqm).

\$1,900,000



Perth

58/255 Adelaide Terrace

Luxurious penthouse spanning over 3 levels. Featuring floor to ceiling windows to capture the breathtaking views over the Swan River.

\$1,990,000



Busselton

65 Duchess Street

Dynamic growth in the heart of the South West. CES Office. 4½ star energy rating. 7 year lease, 1000sqm of land and 570sqm office space.

\$3.7 Million



FOR RENT

West Perth

1/1010 Wellington Street

2 bedroom, 2 bathroom, 1 car bay. Unfurnished with polished floor boards throughout living room and reverse cycle air conditioning. CAT bus stop close by.

\$400 per week



FOR RENT

East Perth

11/22 Eastbrook Terrace

Like new set in the superb Platinum building. This 2x2 has polished floors, a large balcony with superb views, air con and a roomy kitchen with top class appliances.

\$560 per week



FOR RENT

Burswood

1305/96 Bow River

Enjoy the luxury of this stunning sub-penthouse, it will take your breath away! 4 Bedrooms, 3 Bathroom, 2 car bays, pool & gym.

\$1600 per week



FOR LEASE

High Wycombe

3/1120 Abernethy Road

231sqm of brand new area, 61sqm courtyard, 2 car bays, toilets and basic kitchen setup and quality finishings. Open plan to add large mezzanine floor. Plenty of visitors parking.

\$86.58psm + GST & Outgoings



FOR LEASE

Perth

Shop 2/996 Hay Street

41sqm retail/office space will impress. A Stone's throw from West Perth and the CBD. 2 secure car bays plus use of in house facilities.

\$575sqm + GST & Outgoings