

# Realestate

Where are Perth's cheapest suburbs with growth potential? These 14 areas made it to Residex's list of top suburbs with median prices under \$350,000.

We ask the experts how to bag a bargain. **Claire Bickers** reports

# BARGAIN HUNTING

**T**HERE'S no better place to hunt for affordable property than in these suburbs, according to Residex founder John Edwards.

The property data analysts put four Perth suburbs in the top four spots of its list of 200 affordable areas nationwide, with median house or unit prices under \$350,000.

But how do you determine a real bargain and how do you find one on a budget?

Mr Edwards considered the Perth entries as ideal hunting grounds because they were likely to improve over time with capital growth and rental yield potential.

To bag a bargain, property buyers and investors should first consider the growth and rental yield prospects of a suburb by checking out its long-term growth data, Mr Edwards said.

He said it was best to buy when prices were at their lowest ebb, before an upswing – and also to look at any developments planned for the area.

Mr Edwards said other tips for bargain hunters were to find out the types of people who lived in a suburb in order to see what type

of property would rent best and how easily it would rent.

However, in API magazine he warned investors to beware of low-quality dwellings as they would have high maintenance costs and could attract the "tenants from hell".

Local real estate experts also have a few tips for bargain-hunting investors and owner-occupiers.

Property Wizards managing director Liz Sterzel says to look in areas with significant developments planned or started – such as a freeway or train stations – and also suburbs in which a significant number of properties are being renovated.

"The trick with this strategy is you need to get into the market before the area's a proven winner,

or you will already be paying a higher price," Ms Sterzel said.

Niche Living marketing director Ronnie Elhaj said properties at the lower end of the market, between \$300,000-\$400,000, were ideal for finding properties with potential. He said this price range accounted for about 30 per cent of all market activity.

"There are also more tenants who can afford to rent properties valued at this level and the returns are generally higher, almost covering costs from the rent you collect," Mr Elhaj said.

"But make sure you consider all costs to hold the property are minimal, such as strata fees, for example, and maintenance costs."

Momentum Wealth managing director Damian Collins said to achieve capital growth, it was important to get a property with a good land value.

"That doesn't necessarily mean a big block it means a property where the location is in demand," Mr Collins said.

"With a low budget, that is likely to mean an older-style property on perhaps a smaller block but in a good location.

"Tenants generally don't

demand brand new homes. If the property is clean and presentable and in a good location, you will get a tenant."

Mr Collins said the quality and finishes in the under-\$350,000 price range might not be 100 per cent, but buyers could add value through renovations which would also bolster the performance of the property.

He warned bargain hunters to do their research to avoid over-capitalising.

Ms Sterzel said the key was to make sure the bones of the property were good because if the buyer spent too much on repairs and maintenance, they would be out of pocket. Both buyers and investors may be put off by perceived negative reputations of some areas however, in some instances, time had worked a great change in Perth.

Mark Hay Realty Group principal Mark Hay said a buyer could overcome an area's stigma if it had a redeeming feature.

"Fifteen years ago an area like Maylands was a no-go zone, but because it was on the river it had a redeeming feature and that lifted it," Mr Hay said.

**RECENT** bargain-hunting investors, Frankie and Olivia, who bought in Osborne Park, which came in No.4 on the Residex Top 200 list, followed this tip.

They picked up a property in Cape St for less than \$250,000 in June last year. They bought the one-bedroom, one-bathroom apartment because there would be high demand for rentals in that location. "If we bought a bigger rental property farther out, people could just buy their own place there," Olivia said. "This way it's close to the freeway, the city, supermarkets and pubs."



John Edwards

Liz Sterzel



Ronnie Elhaj

Damian Collins

Mark Hay



Main Street, Osborne Park