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Affordable housing in WA no risk to investors

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The injection of 1,300 new affordable homes into Western Australia is expected to be absorbed without any oversupply, according to Perth's Property Wizard's managing director Liz Sterzel.

The collaboration between the Department of Housing and the Metropolitan Redevelopment Authority (MRA) will see an increased supply of affordable housing delivered across central Perth, Midland and Armadale. This comes as a part of the state government's Affordable Housing Strategy to provide at least 20,000 new affordable dwellings by 2020.

While a concentration of affordable housing in one area can have a negative influence on local home prices, Ms Sterzel told *Smart Property Investment* that the spread of homes across the different areas means there is little risk to investors.

"So far, these homes appear to be spread throughout their large array of target areas across Perth and the regions and not concentrated in any one area, which makes sense because the Department of Housing has just spent the last decade or so reversing concentrations of state housing and spreading it through the suburbs," Ms Sterzel said.

"By all indications it also appears that the affordable housing coming on stream so far is being offered at around market prices and not being discounted, which is also great news for investors and current homeowners, because it doesn't risk pushing the prices of their homes down."

According to a statement, about 40 per cent of the 1,300 new homes are to be located in central Perth, with 60 per cent spread over redevelopment areas mainly in Midland and Armadale.

Ms Sterzel said Armadale and Midland are "inherently affordable areas" and investors should consider whether these areas would be ideal for their investment strategies.

"Investors looking to buy might consider whether a property in these locations will increase their wealth over the next five to 10 years, making it crucial to do their research thoroughly or enlist professional help," she said.



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