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"FREMANTLE, LIKE THE ENTIRE PERTH METROPOLITAN AREA, HAD A GREAT START TO 2014 BUT TAPERED OFF IN THE SECOND HALF OF THE YEAR"

In focus: Fremantle

● **TRAVEL 15 KILOMETRES** south west from Perth's CBD and you will find yourself in the cosmopolitan suburb of Fremantle.

This charming port city draws people from all walks of life, both to visit and to live in the bustling city. Fremantle's attractions lie in the café strip that hosts a wide range of restaurants and bars, and the heritage precinct and activity facilities that cluster around the harbour.

The leisurely lifestyle is reflected by the many older-style homes that comprise the suburb's housing stock. Properties range from Federation style to worker's cottages, converted warehouses to modern builds, and apartments designed to reflect the area's artistic sensibilities.

Fremantle has a wide appeal, hence its popularity and impressive price growth. Now is possibly one of the best times of the year to buy in Fremantle, as the market has slowed recently.

Like many suburbs at the higher end of the property market, Fremantle has underperformed in recent years, and in recent months the median price has dipped. However, the attractiveness of the suburb continues to draw both homebuyers and tenants. Local agents have reported seeing an increase in enquiries as the weather improves and the median price is now holding steady.

At a median price of \$780,000, Fremantle is on the expensive side for the average investor. However, the suburb is ideal for those with some extra capital and a willingness to spend time finding the right property.

Most investors would do well with one of the older, charming period homes which could be refurbished and held for long-term capital growth. Proper due diligence and a clear investment strategy are critical, as an investor must be willing to accept a low rental yield. I would also advise them to ensure that the property is structurally sound so that repair costs are kept to a minimum.

Investors with slightly lower budgets or who prefer a higher rental yield may achieve their goals by investing in one of the modern-style apartments which have been springing up in the port city. However, as with all apartments, the higher yield comes at the cost of land value, possibly limiting capital growth in the long term.

Fremantle, like the entire Perth metropolitan area, had a great start to 2014 but tapered off in the second half of the year. As buyers who have held back during the winter months return to the market, those with the capacity and willingness to invest will find that Fremantle is a great place to start.

FREMANTLE BY NUMBERS

Median unit price

\$525,000

Quarterly growth

0%

12-month growth

22%

Average annual growth

7.3%



Liz Storzol,
managing director
Property Wizards

Top yields

● **THE PERTH RENTAL** market has been weakened by the mining slowdown.

The city's vacancy rate is up to 2.6 per cent, according to SQM Research. While still relatively low, vacancies were below one per cent at the beginning of 2013. SQM Research director Louis Christopher warns that a shrinking mining sector is likely to push vacancies higher over coming months.

Rents have also softened in the city. In the three months to September, house rents dropped by \$10 a week and unit rents dropped by \$15, the REIWA reports.

Perth once offered investors some of the highest yields in the country - in July 2012, yields were six per cent for units and close to five per cent for houses. Now, unit yields are below five per cent and houses have dropped below four per cent, SQM Research shows.

Resource-dependent regions continue to struggle in Perth. In Port Hedland, vacancy rates are at 5.3 per cent and rents for units have fallen by 26.1 per cent in the past year, according to SQM.

The situation is similar in South Hedland. House rents have fallen by 21.5 per cent while unit rents are down by 31.5 per cent. Vacancy rates have skyrocketed in the past year, up to 6.3 per cent. By contrast, availability was at less than one per cent in August 2012.

HOUSES

Suburb	Yield
Kambalda West	9.8%
Port Hedland	9.0%
South Hedland	8.9%
Nickol	8.4%
Newman	8.3%

UNITS

Suburb	Yield
North Coogee	8.4%
South Hedland	7.8%
Piccadilly	7.2%
Orelia	7.1%
Kalgoorlie	7.0%

Source: All data provided by RP Data