

Happy New Year and welcome to the new decade



January is always a slow business month as people drift back to work after the long school holiday period. So, as we enter February, a belated Happy New Year to everyone.

The property industry in Western Australia has faced some particularly challenging times over the last decade, and more particularly since 2012, with the transition of the mining industry from construction to operational phase, and a decline in business investment and confidence levels.

However, after several false starts, and along with many industry commentators, we are *'cautiously'* expecting a turnaround in the property market this year. It is likely now that property values could start to rise, along with increased sales activity. Similarly, in the rental market, we expect an increased level of activity along with a rise in rentals. While positive, the changes are expected to be moderate.

Some areas of interest in the property market this year:

- Property owners will receive their annual rating and taxation notice in July 2020, which will be based on a value at an updated Date of Valuation (DoV). While the rate in the dollar may change every year, values are adjusted once every three years in the Perth Metro area. PVA recommends a review of Gross Rental Values (GRVs) to ensure that your property is still relevant to the market at the DoV.
- The new Strata Titles Amendment Bill 2018 and the Community Titles Act 2018 will come into effect later this year, providing a more streamlined and transparent system to those who own, work or live in a strata property. The Strata Titles (General) Regulations were gazetted on 31 December 2019 and are now with Parliament. The regulations contain detailed new requirements to regulate strata managers and improve the management of strata companies; changes to by-laws; approvals for staged subdivision; and further details on the safeguards for majority termination. The commencement date has yet to be announced.
- Results of the Royal Commission into Aged Care Quality and Safety are due to be finalised in November 2020. PVA is closely monitoring the progress for potential impact on property values.
- Stage 2 of the proposed reforms to Retirement Village legislation continue with the publishing of Consultation Regulatory Impact Statements 1 & 2 in August and December 2019. Of particular relevance to property values is the proposed compulsory buy-back of unsold units (with the time period by which buy-backs are to take place still the subject of ongoing consultation). Legislation relating to buy-backs is already in effect in most other states.

- The First Home Loan Deposit Scheme, introduced by Federal Government, came into effect on 1 January 2020, which should trigger an increase of entry level buyers. The scheme is limited to 10,000 potential buyers per annum (nationally), and this will reset in July 2020, triggering a further increase.
- Increased flights to WA, mainly from Asia, could result in around half a million more international visitors to the state. The state has also launched a \$12 million marketing campaign targeting UK, German and Swiss visitors. The State Government announced at the end of January an injection of \$2.85 million in funding to support the tourism industry and local jobs. The focus is on marketing Western Australia to interstate markets. If successful these initiatives could translate into increased economic activity for the state, including the tourist accommodation property market. However, media attention around the bushfires in the eastern states will likely impact on tourist numbers in Western Australia, as will the recent outbreak of the coronavirus in China. The Government ban on people who have visited or transited through mainland China has effectively halted the China Eastern, Shanghai to Perth, month long flight trial from 3 February 2019. The trial was expected to run through to 17 February.

Our Team of Valuers at [Property Valuation & Advisory](#) have extensive experience in the valuation of property assets. Please contact us if you would like more information, or to discuss a valuation requirement.

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