



firstnational
REAL ESTATE
Hedland

MARKET UPDATE

JANUARY – JUNE 17

MARKET UPDATE

There is a noticeable return of confidence in Port Hedland since the beginning of the year, with a widespread belief that we are at the bottom of the current economic cycle and the immediate future is brighter. Many of the bigger employers around town are recruiting after a number of years of budget restraints, and we are finally beginning to see an increase in the local population. Mining spending is increasing and vacancy rates in the industry have increased substantially over the last couple of months. We can gauge by the uptake figures on our residential property portfolio that significant numbers of new people have moved to town.

There is ongoing investment in the Port with a dredging program about to commence, new tugboat pens being constructed and record shipments of iron ore continuing unabated. The majority of our new leaseings in Commercial/Residential have been to either transport companies or to companies servicing this busy sector. Increased production continues to be the main strategy of the miners in riding out the fluctuations of ore market, and carting from distant mine-sites to Port by road train has created the demand.

New major industries setting up locally are always welcome and two new and sizable additions are the lithium mine being developed on the outskirts of Port Hedland and the Bella Bella mine, out from Whim Creek have a stated policy of employing the required workforce of 3000 locally in the Pilbara.

A welcomed policy decision by big business to reside their staff locally as much as possible is adding to the current levels of activity in the property market. Whilst FIFO is still a feature of the local landscape we see companies mobilising remote staff from Port Hedland residential addresses, or offering current FIFO staff the only option of residential positions.

Overall the Pilbara real estate market has been through a major downturn over the past couple of years, and although it is generally accepted that we have reached the 'bottom' it has to be acknowledged that mortgagee in possession sales can still be disruptive in establishing new market levels. The experienced, knowledgeable team at HFN are the market leaders in every aspect of real estate and are always available to share their information and offer their advice.

Morag Lowe
Principal/Licensee



Residential SALES

The sales market has been exceptionally active during 2017, and although sales prices continue to be subdued there is a belief amongst the buyers that the Port Hedland market presents "risk-proof investing". Owner occupiers continue to dominate the buyers' market with heightened activity experienced for modern, well presented homes in desirable locations or older homes with the capacity to be renovated after buyers move in. The majority of properties sold have had multiple offers, and some above the listed price indicating strong competition amongst buyers trying to source homes before prices increase. We are beginning to see the investor base re-engage as rentals returns increase and vacancy levels fall to a four-year low. The over-inflated market on the east coast also has investors sourcing low-cost properties in the Pilbara with expectations of reaping rewards in the future. Mortgagee-in-possession sales have made establishing new market levels disruptive and are predicted to continue for at least a further 12 months.

Our sales team are leading the Pilbara market by continuing to sell at least 70% of all the properties listed (by all agencies). From January to June 2017, the HFN sales team sold and settled 92 properties. Overall there are currently 185 listed for sale in Port and South Hedland (across all agencies).

Current as of July 2017

RECENT SALES INCLUDE:

49B Sutherland Street, Port Hedland



Sold for **\$330,000**
Sold on auction day



5 Finlay Street, Port Hedland



\$545,000
Settled in 21 days



16 Mystery Court, South Hedland



Sold for **\$480,000**
Highest Price for South Hedland in 12 months



30 Mauger Place, South Hedland



Sold for **\$198,000**
Sold Above Asking + One Home Open



RESIDENTIAL LEASING



The residential rental market can be described as vigorous throughout 2017, with more than 283 properties leased throughout the first half of the year. The vacancy rates reduced from 257 properties advertised for lease – across all agencies – in Port and South Hedland in January to below 200 in June with 176. Quality, well maintained homes now have a vacancy period of between 3-5 days with many re-leasing prior to the current tenants vacating. Our property management team continue to test the market and attempt higher rents where demand is strong, encouraging many companies to now offer the same rent on lease renewal where previously they sought a reduction.

TRENDS

- Rental rates remain firm on lease renewal with some owners experiencing slight increases on properties which were negotiated 12 months prior. Until the vacancy rate reduces further and strong market activity continues, we won't see any significant rent rises just yet.
- The lack of quality four bedroom, two bathroom homes in South Hedland has created competition on similar priced homes in Port. Well presented, brick three and four bedroom homes are gaining multiple applications in the \$600 to \$750 price range.
- The demand for executive properties in Port and South Hedland remains high with a waiting list created – especially in South Hedland – for modern family homes in desirable locations. Smaller or older four bedroom, two bathroom homes – built prior to 2010 – are not gaining the same interest and will require upgrades to attract tenants.
- The three-bedroom market in South Hedland is currently facing an oversupply and little market demand forcing rent prices to decrease to between \$250 and \$300 per week. Landlords will need to adjust their rental expectations if faced with a vacancy and may need to look at refurbishing to generate more interest. Most of this market saturation is driven by older mortgagee sales re-entering the market and the last of the BHP subsidy leases expiring – with employees being forced into BHP owned property. This is unlikely to change until the supply/demand ratio alters significantly.

RENTAL MARKET FACTS

- ✓ Showing signs of stabilising
- ✓ Decrease in supply
- ✓ Demand remains strong for quality, well priced homes
- ✓ Return of corporate tenants

HIGHEST PRICED LEASED (January- July 17)

PORT HEDLAND Dowding way, PORT HEDLAND



\$1400 per week 8 5 4

SOUTH HEDLAND Lapwing way, PORT HEDLAND



\$800 per week 4 2 3

RECENT LEASED PROPERTIES INCLUDE:

PORT HEDLAND:

Address	Price	Bed/Bath	Lease Term
Craig Street	\$750pw	3x1	1 year
Sutherland	\$900pw	4x1	6 months
Rogers Street	\$1,000pw	4x2	1 year
Nicholls Retreat	\$900pw	3x2	6 months
Crowe Street	\$350pw	2x2	1 year
Kingsmill Street	\$650 pw	2x1	6 months
Athol Street	\$1,100pw	4x2	1 year

SOUTH HEDLAND:

Address	Price	Bed/Bath	Lease Term
Dulverton Tc	\$400pw	4x1	6 months
Reynolds Pl	\$380pw	4x2	6 months
Mitchie Cres	\$450pw	3x1	1 year
Mystery Court	\$650pw	4x2	9 months
Carr Court	\$250pw	2x1	6 months
Steamer Ave	\$290pw	3x1	6 months
Jirripuka Court	\$350pw	3x1	6 months

COMMERCIAL SALES AND LEASING

This sector has seen an increased demand for commercial/industrial leasing's since the beginning of the year. The most active segment of the market is the transport industry with renewed confidence resulting in existing companies moving into bigger premises and new entities mobilising to town. Rents had dropped significantly from the market peak, especially for poorer properties, small blocks and/or substandard infrastructure. We are now seeing extended leases – from five to 10 years - being achieved for near new, fully equipped properties. There is an expected potential shortage of suitable developed blocks for the transport/heavy and associated small businesses.

Our team have reported renewed interest in the Kingsford Smith Business Park and some strong office leasing in Port Hedland but overall Wedgefield remains the traditional commercial and industrial hub.

WEDGEFIELD RECENT NEW LEASES:

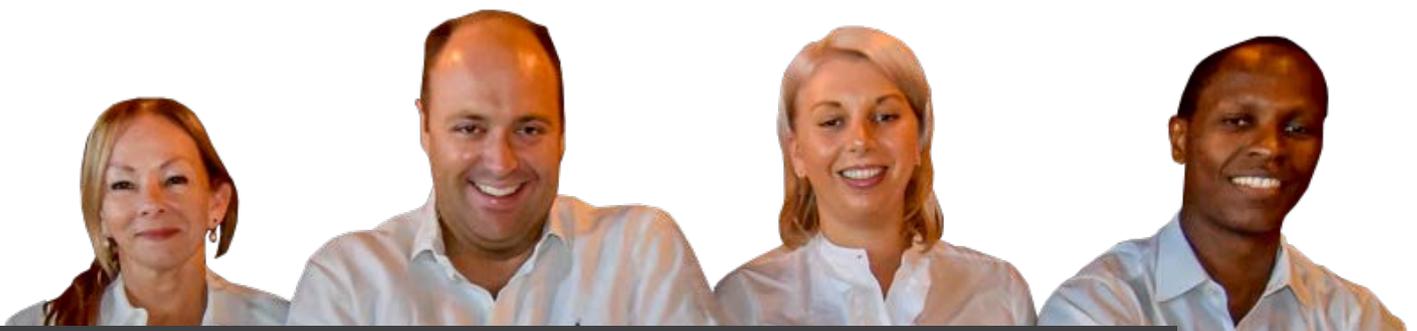
Address	Term	Size	Rent (+ VO's + GST)	Company
Manganese St	Two-year term	8,000 sqm	\$18,000 p/m	Transport
Harwell Way	Two-year term	20,000 sqm	\$23,000 p/m	Transport
Steel Loop	Five-year term	5,000 sqm	\$18,000 p/m	Engines/Parts/Trucking



Only dedicated **COMMERCIAL REAL ESTATE TEAM** in the Pilbara.

Our Team are specialized in Commercial/Industrial, well qualified, experience and highly respected.

They manage a large portfolio of properties are highly active in the market and well placed to service client needs.



Robyn Carmichael

PA to Richard Hamlin
(08) 9173 9227

Richard Hamlin

Commercial Sales/
Leasing Consultant
0417 428 667

Becky Robinson

Commercial Leasing/
Property Management
0417 997 937

Felix Irungu

Commercial PM
Assistant/Accounts
(08) 9173 9205

WELCOME TO NEWMAN



INTRODUCING SHARON WALSH

Sharon Walsh joined the Hedland First National Team as our Newman representative in 2016. Her upbringing on a dairy farm in rural NSW has made Sharon a grounded, hardworking individual who has an ability to communicate with people of all statures with ease. In 2008, Sharon moved to Newman and has lived in the Pilbara mining town ever since. Employment with the local council, charity involvement and the connections made through residing in the town long-term, made Sharon an exemplary choice as a HFN representative.

Please feel free to contact Sharon Walsh on **0488 665 939** or email newmansales@hfn.com.au

The rental market throughout Newman has been extremely strong for the past two months with just 62 vacancies listed across all agencies. Hedland First National have just six vacant properties listed for rent and are working diligently at securing tenants. Location continues to be problematic for lessor's even in a tighter market as the demand simply isn't strong enough to lure tenants into streets with social disturbances. Robust interest remains for quality four bedroom homes in new estates, or older, well maintained properties with pools in well-established, favourable areas.

Newman sales are limited to mainly mortgagee properties which have been evenly purchased by owner occupiers and investors.

TRENDS

- Corporate tenants have been securing units and low maintenance homes for local staff forcing some renewed competition in the market – for particular homes. Existing blue-chip tenants are now renewing leases at the same rate diminishing the strict reduction scenario which was evident throughout 2016.
- The new shopping centre and associated businesses including IGA and Dome show confidence in the region and their expected

success will hopefully encourage more infrastructure in the future.

- Presentation remains crucial to secure quality tenants and we continue to advise owners of the impact of ducted air conditioning – these systems in some cases are more than 20 years old and occupants simply don't want to pay the high cost of running them, or be without air conditioning when a replacement part is required.

LATEST NEWS:

BHP has begun early work on its \$US3.2 billion (\$4.2 billion) South Flank project which is expected to create several hundred construction jobs. While it has been reported that initial works will focus on the expansion of accommodation facilities, impact could be felt at full development in the next three to four years. The 80mtpa project will replace production from the mining giant's Yandi mine, which is expected to reach the end of its economic life in the early to mid-2020s. BHP have said full development of South Flank would generate several thousand jobs during construction and open new opportunities for contractors.

STRATA MANAGEMENT



HFN have the only dedicated Strata Management Department in the Pilbara. This department has been very challenged by the changing circumstances experienced by many of our strata owners over the past few years, especially the amount of areas being carried by the various strata companies we manage for. This means that budgets for essential delivery of services cannot be met in a timely manner and spending restraints have to be carried out.

Insurance

We have been making every effort over the years to get the best possible coverage at the lowest possible price. Many of the strata companies have very limited capacity to pay premiums and we make every effort to ensure compliance at all times.

Essential Maintenance

We strive to ensure value for money and that the work is done in a timely manner to prevent ongoing damage to strata-owned property.

Mortgage in possession sales have really impacted on the financial viability of strata companies to have access to funds. The outstanding levies can run into many thousands of dollars and payment is not forthcoming till the bank sells the property, which is sometimes a year after the owner goes into default.

We encourage all Strata Owners to participate in the management of their Strata, especially by attending meetings or talking to our Strata Dept about ongoing issues in their complex.



**first
national**
REAL ESTATE

Hedland

2/20 Wedge Street,
Port Hedland WA 6721
P: 08 9173 9200 | f 08 9173 2363
www.hfn.com.au