

The next Subiaco?

Maylands' reputation is improving and it's tipped to become Perth's next trendy suburb.

VANESSA DE GROOT

EVEN though it's an inner-city suburb located on the northern bank of the Swan River, Maylands traditionally hasn't been a sought-after area of Perth.

It's had a stigma of being a bit rough but the reputation of Maylands is now starting to improve along with revitalisation of the suburb.

Because it hasn't been such a desirable area Maylands is considered undervalued in comparison to its expensive neighbouring suburbs, Mount Lawley and Inglewood.

Momentum Wealth managing director Damian Collins believes there are some good opportunities for investors in Maylands, which he describes as an inner-city heritage suburb.

Sitting around five kilometres northeast of the Perth CBD in the City of Bayswater, Maylands is undergoing significant development, he says.

New cafés are opening in the area, existing sites are being redeveloped, properties are being renovated and the council is also injecting money into the area as part of a massive rejuvenation.

With all the activity Maylands is fast becoming *the* suburb to live in Perth but while it has changed considerably over the past decade, there's still much more to come.

IS MAYLANDS APPEALING?

Collins notes that Maylands' close proximity

to the city, location on the river, transport and café culture make it a desirable area to live.

"Maylands enjoys steady demand from buyers and tenants," he says.

"There are a number of apartment and commercial 'cafe strip' developments under way and pending in the area which will continue to increase the suburb's popularity and corresponding property values."

Collins says Maylands also has a significant environmental landscape with parks, wildlife, walking and bike trails.

Senior property analyst Paul Sparta of Hegney Property Group identifies Maylands' proximity to the Mount Lawley business precinct and the enormous diversity of accommodation available as other appealing factors for the suburb.

"Maylands also has the enviable advantage of being within close proximity to the major entertainment venues of the Burswood Resort Complex, the Ascot and Belmont racecourses, Northbridge entertainment precinct and both the domestic and international airports," Sparta says.

Transport infrastructure is a big plus for the Maylands area, according to Collins.

Specifically the Northbridge Tunnel, which finished construction at the beginning of this decade, has made a big difference to the suburb by increasing accessibility. The tunnel is part of the Graham Farmer Freeway, which links East Perth with West Perth.

Collins says public transport is also very good with several bus routes and the Maylands train station, which is within walking distance of most parts of the suburb.

He notes there are a number of roads providing easy access to surrounding locations and the CBD and within a few minutes' drive there is also Tonkin Highway and the Freeway – accessed via the tunnel – giving wider access out of the suburb.

"The addition of the tunnel has definitely made transportation in and out of Maylands far easier and quicker," says Collins.

Maylands has adequate infrastructure including one primary school, its own public golf course on the river, a yacht club, a public library, a community centre, and is close to shopping, cafés and other facilities.

HOUSING IN MAYLANDS

There is a complete cross-section of residential housing in Maylands and with redevelopment and renovation under way it's now characterised as a mix of the old and the new.

Collins says Maylands has a good mix of character and modern homes, townhouses, villas and apartments.

"There are multi-million dollar homes backing onto the Swan River and there are affordable one-bedroom units in walking distance to many amenities."

The Peninsula Estate is where many of the multi-million dollar homes have been built.

Sparta says more and more properties in Maylands are starting to be renovated, including some unsightly high-rise flats and in general, there appears to be adequate stock of older residences ripe for renovation.

For investors renovating older properties, he recommends that the land be single residential in nature as opposed to a development site.

Otherwise you may not be utilising the property to its maximum potential.

Sparta notes that zonings vary considerably within the suburb and it's important to liaise with the local authority when carrying out renovations.

"Conversely speaking, if the older residence is situated to the front of the allotment for example, allowing further subdivision to the rear, then this could be a worthwhile exercise."

Sparta also notes that restoration of some of the character homes in Maylands could prove costly and may have state or local heritage issues.

The only negative aspect of Maylands that Collins identifies is the large percentage of ugly high-rise flats built in the 1960s and 1970s that he describes as an "eyesore".

He advises investors not to buy in areas where these are present.

"Properties close to these towers tend to have lower demand than other parts of Maylands," he says.

From a supply point of view, he advises investors to consider that being an inner-city suburb, there will always be a higher number of apartments and units in Maylands and a higher proportion of rentals.

"There are many apartments in Maylands and investors should be wary of these as they are in greater supply and don't represent the product in demand from those moving into the locality, meaning the returns will not be there," he says.

HOW IS MAYLANDS CHANGING?

While Maylands has had a stigma attached to it, Collins says it has come a long way over the years.

"The suburb is still a little rough around the edges but not dangerous."

He notes it's still home to many working-class families and individuals, migrants and students who mostly live in the apartment and unit complexes, but it's starting to experience change.

"With the Peninsula Estate and brand new upmarket apartment developments the demographic is certainly changing with more wealthy and white-collar professional groups moving into the area," he says.

Collins says plenty of money has been poured into the area starting with the redevelopment of the old brickworks clay pits

| FACT FILE | | | | |
|--------------|------------------------|------------------------|-----------------|------------------|
| | MEDIAN MAR 09 (\$,000) | MEDIAN MAR 08 (\$,000) | 12-MONTH GROWTH | MEDIAN RENT (\$) |
| Maylands (H) | 650 | 673 | -3.4% | 435 |
| Maylands (U) | 287 | 320 | -10.3% | 280 |

Source: RP Data; H = houses, U = units.



Where to buy:

■ The southern and western end of Maylands near the river and Mount Lawley border are generally the most desirable.

■ The northern end near the Inglewood border has a number of character homes that are in high demand.

Where not to buy:

■ The pocket between Guildford Road and Whatley Crescent. It's a bit rougher, it's noisier because it's closer to the railway line and it's surrounded by main roads on two sides, cutting it off from the best amenities of the area.

■ In the centre of the suburb where there are a number of high rise 1960s and 1970s buildings still in existence.

Source: Damian Collins, Momentum Wealth

to become the Peninsula Estate in the late 1990s.

"Since then the suburb's main thoroughfare of Guildford Road has been transformed with improved road safety, fresh streetscaping and a new commercial development."

In addition, Collins notes new businesses catering to the younger and wealthier demographic have moved into the area including the iconic Rifo's and Milkd cafés.

More recently, he says, developers have also seen the potential.

"A spate of small developments have happened on practically every street over the last few years, presenting beautifully restored character homes or brand new stylish homes."

Upmarket apartment complex developments are also springing up, some with mixed-use facilities.

In the past 10 years, Sparta notes, Maylands has been transformed from a predominantly

WA NEWS

HOME DESIGN CHALLENGE

West Australian home builders, designers and architects were invited by LandCorp to participate in a competition to create more affordable and climate-responsive housing in regional WA.

Called the REAL Challenge – standing for 'Regional, Environmental, Affordable Living' – the competition was aimed at developing original housing designs and construction methods in the climatically diverse regional centres of Kununurra, Karratha and Collie.

Lands Minister Brendon Grylls says the competition was designed to tackle two key problems.

"We want to minimise any increase in regional median house and land prices and we also believe many of the current houses in regional WA have been designed without fully considering local extreme climatic conditions."

Submissions closed on July 31; three designs will be shortlisted for each town and will each receive \$15,000.

Residents of each town will then vote for the design and the People's Choice design in each town will be allocated a lot in a LandCorp development to build their house as well as \$20,000 towards documentation required for development approvals.

The winners will be required to build and open the homes for public display.

BEACHSIDE VILLAGE POSSIBLE FOR PERTH

A new coastal suburb is expected to take shape 37 kilometres northwest of Perth.

Planning Minister John Day tabled the initiative for the suburb to be called Jindee, along with another amendment to the Metropolitan Region Scheme for the facilitation of a private port at James Point.

Jindee, in the City of Wanneroo, would potentially have a beach and an accompanying village of around 1000 home-sites.

"This development presents a compact, walkable, mixed-use village that will be pedestrian and cycle oriented," says Day.

"There will also be a range of residential densities allowing for a variety of housing choices and a tourist, lifestyle and entertainment focus.

younger rental market to a combination of owner-occupiers who have settled in the Peninsula Estate.

He describes the development of the Peninsula as the catalyst for the renovation of many of the surrounding residences including high-rise flats, which has in turn

vastly improved the overall appearance of the area.

“The construction of the Peninsula public golf course has also seen many empty nesters and retirees settling in the area.”

While Sparta notes Maylands has come a long way, there’s still more that can be done.

“The area would benefit from additional rejuvenation particularly to the higher-density flat and home unit developments which were originally constructed in the 1970s.

“Other aspects which would benefit from revitalisation also include the current local shopping facilities and general amenities.”

Maylands has been identified as an important activity centre in the State Government’s Network City planning strategy.

Collins notes the Department for Planning and Infrastructure and the City of Bayswater have drawn up a revitalisation plan for Maylands potentially worth tens of millions of dollars of investment into the suburb.

“The proposed plan includes development of the Main Street and Boulevard precincts, which will provide mixed-use facilities – retail, commercial and residential – as well as balancing pedestrian and vehicle accessibility.”

As well as proposals for mixed-use developments, the council has been given money to build a multi-purpose centre housing a new library, childcare and community facilities, Collins notes.

“State Government planners have indicated that they want 12-storey apartment towers built in Maylands town centre and up to five storeys in the adjacent streets surrounding the town centre,” he says.

Collins asserts that Maylands has changed substantially in the past 10 years and is shaping up to become a trendy inner-city suburb. Just like many inner-city suburbs in Melbourne, Brisbane and Sydney have changed dramatically over the years, he anticipates Maylands will continue to change.

Many commentators are forecasting that Maylands will in time become the next Subiaco, an upmarket, trendy suburb that used to be rundown.

Real estate agent John Caputo of Harcourts Integrity says Maylands is starting to shed its undesirable reputation and that’s largely due to the amount of redevelopment, which has led to its “Subiaco-style vibe”.

“It had a stigma about it, yes it did. A lot of suburbs did and do but Maylands is fast changing because of the new developments and the quality of housing getting built.”

According to Caputo there’s a house being built in Maylands that he estimates is one of the biggest in the northern suburbs.

“It’s a 1500-square-metre house on a 3000-square-metre block overlooking the river and city,” he says. “When you get a guy building that sort of house – he wouldn’t spend that sort of money in a crappy suburb.

“It’s becoming more ritzy because of the city and river views that it has to offer.”

CASE STUDY | In a good position

Jamie Lau

Lives: Murdoch, Perth
Invests: Maylands, Bentley
Properties: 2
Strategy: Buy and hold



are still blocks of flats and has bought in a nice street.

He says the property is an old character house that’s been renovated a few times and is in good condition.

The fact that it’s a character house is a drawcard and the whole street is full of the same housing, he says, with a noticeable absence of state housing in the street and the streets immediately surrounding it.

The house sits on the front of the block, which means Jamie has the opportunity to subdivide and he says he intends to do that in the future, building a townhouse at the back.

While Jamie initially hadn’t considered Maylands for an investment property, he says he was looking to buy in up and coming suburbs close to the city.

His criteria also included that the property was good value for money.

“I think there’s a lot more room for capital growth (in Maylands) considering you’ve got neighbouring suburbs like Mount Lawley and Inglewood – if you’re comparing Maylands with the surrounding suburbs it’s pretty good value.

“Townhouses in Inglewood go for \$800,000 and in Mount Lawley they go in excess of \$1.5 million.

“All it’s going to take is for that new café precinct in Maylands to develop and for the demand for city housing to go up a little bit maybe as properties close to the city get harder to come by over the next 10 years or so.”

Jamie says he’s hoping Maylands will become like Perth’s prime suburbs of Subiaco and Mount Lawley.

“Hopefully it will go towards that if they really decide to redevelop the whole suburb in the same sort of way.

“That would work really well with my plan to subdivide the land.”

JAMIE LAU only considered buying an investment property in Maylands after his buyers agent suggested it.

If it wasn’t for the advice, he says, he never would have looked at the area.

“It had several things going for it – the main reason being that it’s very close to the city, it’s only about six kilometres from the city in a direct line.”

In addition to its position, Jamie says another drawcard for Maylands is that it has started to develop a café precinct similar to that on Griffith Street in Mount Lawley as part of its overall revitalisation.

His property is situated close to the café strip but not in proximity to the river or parklands in the suburb.

But he says it’s still moderately close; close enough to probably add to the attractiveness of his property.

Jamie bought his property in Maylands, a house on a 550-square-metre block, around a year ago.

He paid \$582,000 for it and estimates it probably hasn’t gone up in value much yet but the rent has increased by \$15 since he bought it and is now \$385 per week.

According to Jamie the reputation of Maylands doesn’t bother him as much for a rental property as if he were living there himself.

But he notes that it depends on where you buy in the suburb – for example he’s stayed away from the parts where there

“I think there’s a lot more room for capital growth (in Maylands) considering you’ve got neighbouring suburbs like Mount Lawley and Inglewood.”

Caputo notes there are a lot of new townhouses being built in Maylands, especially because zoning is allowing people to build four townhouses on 1000 square metres. He says they could each sell for \$550,000 and would rent for around \$450 a week.

There are still lots of opportunities for development, says Caputo, with several big blocks of vacant land in the suburb. On some of that land, he says, there's a proposal for a shopping mall to be constructed.

In addition, Caputo says a lot of units are being renovated, both internally and externally, to spruce them up so they look good cosmetically. And some buildings, such as the Blind Institute, are being converted into apartments.

He says he's petitioning to encourage other owners to improve the remaining "slum complexes", which are rundown and populated by undesirable characters.

"I see a Subiaco definitely - it's got Eighth Avenue, Guildford Road; there's a lot happening. All in all Maylands is moving ahead."

THE PROPERTY MARKET

While property prices in Maylands have fallen over the past year, houses (15 per cent) and units (14 per cent) have both recorded double-digit annual increases in prices over the past five years.

Sparta says flats and units generally vary in price between \$185,000 and \$300,000, while villas and townhouses are generally priced between \$300,000 and \$450,000. Newer homes on smaller allotments on or around the river are priced from \$500,000 to \$900,000.

Collins believes Maylands is still an affordable area and property values will rise significantly in the future. He says there's

MANY COMMENTATORS ARE FORECASTING THAT MAYLANDS WILL IN TIME BECOME THE NEXT SUBIACO, AN UPMARKET, TRENDY SUBURB THAT USED TO BE RUNDOWN.

plenty of development yet to occur, which will really see the suburb move to rival its already established counterparts in East Perth, Mount Lawley and Leederville.

"Maylands has already shown signs of improvement over the last few years however with the revitalisation plan and current developments in the area, it's likely that demand will increase, especially from young professionals which will cause prices to rise," he says.

"It still has much more room for improvement so there's a genuine opportunity to buy at a good price before the suburb really blossoms.

"You'd be hard pressed to find another suburb that ticks as many 'investment' boxes as Maylands and yet it's not that expensive.

"Properties in the area show excellent potential for growth, being undervalued in comparison to the nearby suburbs of Mount Lawley and Inglewood.

"They share many of the same type of facilities but Maylands has the added advantage of having considerable river frontage."

According to Collins it's those properties located near the river and café strip that are likely to experience the most consistent capital growth in Maylands.

Caputo says the average one-bedroom unit would be about \$200,000 but some have paid \$225,000 for one-bedroom units, which is equivalent to what you would pay in Mosman Park, a more upmarket suburb of Perth.

"It's quite amazing people are prepared to

pay what they're paying in Mosman," he says.

According to Caputo property in Maylands still represents good value for money.

"It's surrounded by top suburbs and yet here we are, little Maylands, that is fast coming up," he says.

Not only is there good scope for capital growth in Maylands, but the rental market is also big, with the 2006 Census showing that 44.5 per cent of properties are rented compared to 27.2 per cent across Australia.

According to Collins Maylands has a high percentage of rental properties because it has a lot of units and he says investors can expect good demand for rental properties in the suburb.

RP Data research director Tim Lawless notes that over the past 12 months Maylands has recorded a relatively affordable median price of just over \$287,000 for units.

He says it's the affordability of units, combined with a strong rental market that makes the area quite attractive for investors.

"Just over half the dwellings in Maylands are rented and almost 70 per cent of units are rented.

"On average units are providing a gross rental return of 5.1 per cent - one of the highest rental returns in the Perth metro unit market."

Caputo says Maylands has a "very, very low vacancy rate", which he estimates to be less than one per cent.

He says investors could pick up a one-bedroom unit for \$200,000 and rent it for around \$200 per week. **api**

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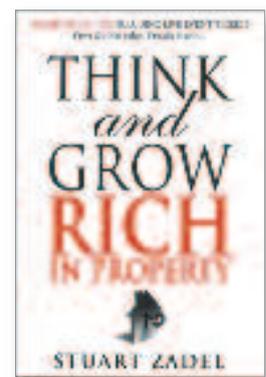
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