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YSP Podcast Transcript: Episode 111. What if people could sample apartment living for a month?

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this Your Strata Property.

Sam Reece is a director of PropertyESP, operating from Perth. PropertyESP is a group of property experts – analysts, marketers, PR people, sales experts – who understand Australia's obsession with property and love to share that knowledge, getting behind the trends to see what people are buying and selling at the local level.

PropertyESP shares knowledge with clients so they can make informed decisions when developing, buying and selling property, believing that better understanding leads to better decision-making.

Sam is also the director of WA Apartment Advocacy - a group giving voice to people who choose apartments - originally started in WA and recently expanded nationally and known as Australian Apartment Advocacy.

Today, I'm delighted to welcome Sam Reece of PropertyESP. Welcome, Sam

Sam Reece: Thanks, Amanda.

Amanda Farmer: Great to have you on the show, Sam. A mutual strata manager colleague of ours connected us and I'm really excited to talk to you not just about the current property trends in Perth, but I really want to learn more about Australian Apartment Advocacy. I might actually jump in and start with that. You've been doing something really interesting with trials in apartments. Can I ask you to share that with our audience?

Sam Reece: Sure. Last November, we actually hosted a pop-up apartment in the CBD of Perth and over 600 people registered with us with the opportunity to actually trial living in a Blackburne apartment in the CBD for a month each time. Out of that 600, we actually then sent out another survey and about 150 people completed that survey and from there, we actually chose 12 occupants, a month each month from January this year until December this year. We've got a mixture of families. We've got a mixture of young couples. Also, we have baby boomers, but we also then have people in their 70s who are going to be trying out this lifestyle for a month.

Amanda Farmer: Wow, that is fascinating. You said pop-up apartment building. What building are you using for this trial?

Sam Reece: It's the Oracle apartments in Sterling Street in Perth, but we actually brought in a pop-up apartment as a promotional purpose to actually get people to call by and actually register and Ikea actually decorated that for us, which was awesome.

Amanda Farmer: Good on you. Where did you get this idea from? It's incredibly creative. I love it.

Sam Reece: I came up with it. I was thinking about the Big Brother kind of situation where they actually did do a trial kind of like pop-up apartment in the CBD, which people lived in for the week and were observed and that kind of thing, and I thought we need to try something like this. It did take a lot of effort, there's no doubt about it. I went to seven developers before I actually got one to agree to actually allow me to run the trial in their apartment building. Once I had that, I knew I was right to go.

It's been so impressionable here in WA that now Mirvac has asked us to look at doing something similar in Claremont at the end of this year. It's really taken off. It's really great because we've documented the people as they move in and then as they move out to see their changes in behavior and we've been putting that onto our website and through our social media, and it really has given people a chance to look at people and their experiences and say, "That could be me and look how much they're loving this apartment now. Maybe we need to give this a go as well."



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Amanda Farmer: Yes, excellent. Now when you say you're documenting it, are you doing video, interviews? What will people see if they go on your website and check out these results and resources?

Sam Reece: Yes. We are videoing it with a professional team and the idea is that we'd love to actually do a documentary to go nationally at the end of the year.

Amanda Farmer: Great. Yes, really exciting. And not being a Perth resident, the Oracle apartments, is that completed and you got longterm residency in there or is that something that's still the developer is still in there? What kind of building is that?

Sam Reece: Oh, no. It's finished and it's 22 storeys high, right smack in the middle of the CBD and we've actually got access to a two-bedroom, two bathroom apartment and they've actually got a lot of really great amenities in their building. They've got a pool and a gymnasium on level 4 and then, on this rooftop terrace, they've got a TV room. They've got pool tables. They've got entertaining areas. We're finding that people are really enjoying. If they're not used to the idea of living in a small space within an apartment, they're really loving the idea of breaking out so to speak into these public spaces and they're meeting their neighbors. It's been much more sociable than they thought it would be and they really enjoyed the experience.

Our last residents, in fact, have now decided to sell their house and buy an apartment and they're actively looking. I think sometimes people don't know what to expect. The fear factor takes over and what I want to do is remove their fear factor and demonstrate that in fact, apartments are becoming people's preferred choice. It's not a secondary choice.

Amanda Farmer: Yes, and I think one demographic in particular, perhaps the older generation shall I say, without offending any of my listeners, who perhaps might be empty-nesters and kids have gone off and bought properties of their own or at least moved out and they're thinking they might want to downsize. I know my parents are certainly in that bracket and it seems to be such a daunting decision to look at apartments and think about living in what can be perceived as a smaller space, closer neighbors. I know my parents come to my apartment and say that they love it and they love the location and it's lovely to have space and light and views, but they're not sure that it's for them. I love this concept of being able to trial it for a month. It's great.

Sam Reece: I think what was interesting was the previous occupants who took over, Debbie and Carl, they were baby boomers. Their kids were about to leave home. Debbie loved to garden. She loved this peace and quiet. She wasn't sure about living up high. She wasn't sure about living in a small space. She wasn't sure about dark spaces being the bathroom. She's a light sleeper. The first week, she was like, "Oh, I don't know." I was saying to myself, "This may be my 1 out of 12 who are not convinced." Went back and saw her at the end of the month and she gave it a 10 out of 10.

Amanda Farmer: Wow.

Sam Reece: She said it's minimalist living and not having all that clutter. I just walk out the door and then, for them in the CBD, just go and explore the CBD. There she had one day where that she shopped the entire day and it was because they could. You know what I mean? They could actually pop back to the apartment, have some lunch, drop off their bags and head back out again.

Whereas previously when they came to the city, it was usually a two-hour rushed job because they were worried about parking and they're worried about cost of parking and they were on a timeline. I think there's an economic benefit to actually having residents in an area in an apartment building because we tend to find from our research that people who move into apartments are usually of a professional standing that have a higher income, have some extra income to spend and they want to spend it in the locality which they're living.

Amanda Farmer: Yes, absolutely. I certainly know my own personal experience. My family's living in an apartment in a relatively well-serviced built up area in Sydney's eastern suburbs and we just love it. We spend whole weekends where we don't even get in the car. We walk everywhere. Our shopping is just out the door and to think about changing that, going to a free-standing home in suburbia I might call it, just not for us. The conveniences of apartment living and being able to live in the middle of everything is amazing and you don't really know it 'til you try it. You don't realize what a wonderful lifestyle it is. Fabulous idea. It's April when

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we're recording this so you're in about month 4 of your 12-month trial?

Sam Reece: That's right. We just had another family move in, so Amanda with her two kids who are 9 and 11 and it's great because Amanda's actually in the Metronet team. You might've heard about Metronet here in WA. It's a \$2.6 billion train line that's being installed across Perth and she's in charge of planning these precincts around these train stations and she's like, "How can I plan for families in apartments if I'm not actually physically living in one and knowing what they need?"

Amanda Farmer: Love it.

Sam Reece: She's moved in to do the trial with us. She went through the whole process like everybody else did, registered herself and did the whole ridgy-didge and I think it's great. I think that kind of learning and insight at a government level, at a local level is really important.

Amanda Farmer: Yes, definitely. Good on her for doing that and what a great example to set for other decision-makers in the same position to make sure that they know intimately who they're serving and what they can provide to improve the standard of living for all of us apartment dwellers.

Sam Reece: Correct, correct.

Amanda Farmer: All right, so your website, Sam, let us know what that is and I'll make sure that that is in the show notes for this episode so our listeners can head over there and find out more about this program.

Sam Reece: Sure. It's www.waaa.net.au.

Amanda Farmer: Okay, waaa.net.au and you'll head over to yourstrataproperty.com.au and click on podcast and you'll see Sam's gorgeous face there and you'll get the show notes for this episode and be able to head over to that website. Really excited to see how that pans out for the rest of the year. I'd love to have some of your subjects. Shall I call them subjects? Trial residents on the show to have a chat about their experience.

Sam Reece: That'd be great. Yes, that'd be awesome. We'd love that. Yes.

Amanda Farmer: Great. Now let's have a chat about Property ESP and what you've been doing there and maybe some current property trends in WA and in Perth. We do have a lot of WA listeners and often, they reach out to me and they love the content when I have guests on from WA. Share with us what's been happening over there when it comes to the Perth property market.

Sam Reece: I'm delighted to say that the Perth property market, six months ago I had said it had finally turned the corner and now everybody else is kind of like joining in with that chime, which is great. What we're seeing, we had a 30% increase in iron ore revenue in the last financial year, \$93 billion. When we're talking about that kind of kickstart happening within WA, we are a resource-driven country in terms of our revenue, especially here in WA as a state. We like to look at trying to actually diversify, but at the end of the day, what comes out of the ground is what then goes into our pockets. We've had this iron ore boost. We've had gold hit the 200 mark for the first time since 2001. We're actually seeing land prices going up by 3.9%. Yesterday, we actually had for the first time rental returns are actually increasing for the last five years. Everybody's seeing some buoyancy.

We've had \$17 billion worth of infrastructure committed to WA or being delivered as we speak, obviously, the \$1.6 billion Optus Stadium, the 2.6 billion Metronet, the 65 million Yagan Square just opened up recently, of course, the Elizabeth Quay, which was like a 4.4 billion private investment, which also included the Ritz Carlton. We're actually seeing infrastructure we've not seen for 20 odd years.

Amanda Farmer: Wow. Isn't that fascinating?



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Sam Reece: That's also including the shopping centers. We've got Garden City, Karrinyup, Innaloo, they're all expanding. Karrinyup and Garden City are also putting apartments into the mix within their shopping precincts. Perth is actually going through a revolutionary stage and I don't think WA people have realized just yet that that means ka-ching, ka-ching when it comes to buying property.

In fact, my husband and I went to Manly with our kids for New Year's Eve just last year and loved being on the beachfront in an apartment there. Came back and I said to my husband, *"this is it. We've got to buy a beachfront apartment because by the time we retire, we won't be able to afford one."* We actually did buy a two-bedroom in [Port Coogee 00:12:25] just recently. I've got marina views, of course, the ocean, won't be built out. We got it for an incredible price, plus also, with committed 5% rental return for the first 12 months.

I've been saying to all my clients and to the population in general, now is the time to buy and I've put my money where my mouth is and as the WA Apartment Advocacy director, I now also own an apartment so I killed two birds with one stone so to speak with that situation.

Amanda Farmer: Good on you. I was going to ask you, Sam, what your hot tip was for property investors and it sounds like you've just given it to us, a beachfront or a waterfront apartment in WA is the way to go.

Sam Reece: Wherever there is a crane. That is what I'm telling people, *"If you see a crane, that's where you want to buy,"* so next to the Optus Stadium. If you could've bought next to MCG 10 years ago, would you have done so? [Correct 00:13:18]? It's not about a quick win. These are longer term investments. Obviously, property is a 7- to 10-year turnaround in terms of profit. But if I were someone now, I would be buying either in Fremantle, by the King's Square redevelopment, there's a \$250 million redevelopment occurring there. I would buy in the Murdoch medical precinct because that's becoming a very large hub with the Fiona Stanley Hospital plus lots of research around there. I would buy on the beach or near [Inner City 00:13:50] because Inner City is really becoming very vibrant with all these new amenities that are occurring in that location.

There's some really hotspots in Perth at the moment, which you can get into at a really great price. I actually bought this apartment, it was a fallover so that it had previously been sold off the plan. When it came to settle, the owners couldn't settle. We took up that opportunity. There's some really great buys out there and be bold with what you want to offer 'cause developers are taking that at the moment.

Amanda Farmer: Yes. Now Sam, some of our listeners might say, "Well, it's all right for you. You're in the thick of it. This is what you do for your bread and butter. This is your living and you know the property sector intimately so, of course, you can jump on these opportunities." Do you think it's only for property professionals like you or I who know property, know strata, in particular, to benefit from this upswing or how does the everyday punter make sure that they can invest their money in the right place to achieve the best property result for them?

Sam Reece: Listen, I think it's really important at the moment that you actually listen because a lot of people are saying, even the Reserve Bank has now said that WA has turned around the corner. The fear of missing out tends to become what drives demand. If you actually are hearing people saying, *"Now is the time to buy, is at the bottom of the market,"* do not wait. When people are saying, *"Oh, the market's hot, hot, hot,"* do not buy. This is just a very simple rule. A lot of people wait and then when they everybody saying, *"Oh, the market's hot,"* that's when they buy and then their property might drop 100 grand when the market derails. It's a cyclical market. Every market is cyclical. Look at Sydney and Melbourne at the moment, it's all cyclical.

Now a lot of the times, it's obviously employment driven and when we had the boom, we had a 1-in-100 year boom back in 2011 when everybody else was having a GFC, and we never had a GFC. We were the quietest boom you ever knew about in the nation. No one was actually saying, "It's a boom," until it was over and they were saying, *"The boom's over."* I'm like, *"Oh, come on now. I wish you'd been saying the boom was here."* We had this 50,000 people coming into the state every year for about four years and then they migrated out again once the jobs went.



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But now we're moving back into a mini boom. We'll never see anything like we saw back in 2011, but it will be very close. The fact is that you need to look at listening to experts. You're hearing people like REIWA, you're hearing people like CoreLogic, you're hearing people Property ESP saying, "*Now is the time to buy.*" They're not saying that for any other reason, the fact that it is now time to buy. If you'll wait, you are the person who you should blame. That's the end of it.

Amanda Farmer: Yes. Keep your ears open. Make sure you're connected to and consulting those sources. Get on the right mailing lists and don't hesitate.

Sam Reece: We actually do research what's happening with properties and when you hear other companies talking about units, units will include apartments, flats, duplexes, triplexes, townhouses. We actually don't just analyze units. We actually pull the apartments out and look at apartments separate to the rest of the market because they're a very different kind of beast. Now what we actually are seeing is that we're having massive upswing in areas like Applecross, Mount Pleasant because of the \$235 million Canning Highway redevelopment that's occurring there, plus also in [Burswood 00:17:21] 'cause of its proximity to East Perth.

We're seeing these locations already picking up and it's very easy to follow us on our propertyesp.com.au and see the results that we're publicly issuing. Scarborough, the same, Scarborough's just finished \$100 million redevelopment. There's a lot of infrastructure going on within Perth and it just means that when you buy a new infrastructure, it's the infrastructure that picks up your property values and that's the easiest way to invest.

Amanda Farmer: Definitely. It's funny that we're having this conversation now because I was at a conference a couple of months ago now and there was a WA lawyer there. Of course, we always say, "*How's business?*" He said, "*Business is great.*" He said, "*I think Perth is great. You just have to go to the airport, jump on a plane and just see the number of people who are there at the airport coming and going and, of course, the number of [inaudible 00:18:12],*" the amount of [inaudible 00:18:14] that's out there.

That's how you know when WA is doing well. Just look around the airport and see the [inaudible 00:18:19] is back and it's back in force.

Sam Reece: It's back in force, correct.

Amanda Farmer: Really, really great news. All right, now Sam, everybody who comes on the podcast gets the book question. What books have had the greatest impact on you and why?

Sam Reece: The Power of Now, Eckhart Tolle. I read that when I was in mid-20s. A colleague of mine, a mentor, she gave me that book and I guess that is even now, nearly 25 years on, that book still has relevance. I actually give that book to other young women that I mentor.

Amanda Farmer: Good on you.

Sam Reece: The reason for that was I grew up in a household where my mum had a lot of mental illness issues so control was a major factor. I was always trying to control things. When the universe decides to do what it does, there's no control factor. Because I was always trying to control things, I was always looking ahead, I was always trying to manipulate something. Then when those things didn't happen, it invariably made me feel bitter, unhappy, whatever. I've now learned that I live in the moment, and what's happening now is happening now and what's happening next minute is happening the next minutes, and I don't really think about that until I'm actually in that position.

Yes, I still plan ahead, hence buying this apartment, which I bought actually for my retirement, which is 15 years away and I do think you have to forward plan, but I think at the same time, if you are always thinking about the future, you don't actually enjoy the moment and there's a lot of great moments to be having and I get a lot of passion out of my life and that's why I get up in the morning and do what I do. I've got two young children and every minute with those young children can change as well. I think you just got to roll with life and just know that when the tough gets tough, the good times are coming and just have that faith and that



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confidence. That's a book that really did change my life considerably and one that still holds true.

Amanda Farmer: Yes, thank you for sharing that. We'll make sure there's a link to that one in the show notes so our listeners can check it out, too. I never cease to be amazed by how many seemingly very successful, very busy businesses people explain how committed they are to living in the moment and not succumbing to the distractions and not thinking about what's coming up next, but thinking precisely about what they're doing now. I think that's excellent advice and it is the pathway to a happier, more peaceful, more meaningful life. Definitely, check out that one.

All right, Sam, before we wrap up, is there anything else that you wanted to add and please do let our listeners know how they can find out some more about you?

Sam Reece: Listen, I do think property is the best way to actually invest. I have done shares and I have done [inaudible 00:20:57] property and property every time has delivered for me a financial return. I'm a big advocate of property. I think if you buy at the right time in the right location ... Perth property still is doubling every 7 to 10 years and that's great. There's no way quicker to actually pay off your mortgage and to make some super than through property. Have faith. Trust your gut instinct. Ask around for advice. Check out the web pages like ours and then, you can always drop us an email and ask us for our advice and just go to those seminars that you see advertised and just gather information.

But don't let that information actually stall you from making a decision. At the end of the day, you can be the most wisest person, but if you don't take action, then you could also be the poorest person. At the end of the day, you want to retire, you want to have some cash. They're saying \$1 million is what you need to basically have in the bank. I know it's daunting, isn't it? I'm only 15 years away and I'm thinking to myself, "*How am I going to do this?*" But at the end of the day, you are responsible for your life, [inaudible 00:21:59] for your life so take charge and make the most of it.

Amanda Farmer: Fabulous. Thank you so much for sharing that. I'll make sure that both of your websites, Property ESP and Australian Apartment Advocacy are in our show notes. Thank you so much for taking the time out to chat with us today, Sam. I'm really excited to see what's on the horizon for you.

Sam Reece: Amanda, it was a delight. Thank you so much.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?



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