

The first indicators are that there seems to be less people standing in the supermarket checkout queue, now it's easier to get a beer at the pub, parking in the main street is always available but they have closed down the train line and the water tastes a little rusty because it's coming directly from that big hole in the ground where the mine use to be while that nice women at the post office says she's moving on.

Now for the big shock, the beautiful 3 bedroom, 2 bathrooms, with views rental property you bought in 2010 for \$880,000 according to the real estate agent is now only worth \$385,000 and he's not hopeful of a quick sale even at that price.

Long-time readers of the Digger may remember that back in December 2013 we ran a story entitled "Is the Western Australian Government Creating ghost towns of the future?"

In the story we featured among other examples The Pilbara Development Commission's predictions for the Pilbara's Karratha area's growth, the claim then was that 50,000 permanent residents would live in and around Port Hedland's, supporting the every growing iron ore and oil and gas industries, but now there is a slowdown in the Australian mining sector, with headlines in the Financial Review proclaiming that "\$1.3 Million home bought yesterday can't be sold for \$420.000 today".

The example used is a 1965 fibro home in Port Hedland that was in fact bought in 2011 at the height of the mining boom. House prices in the area, including South Hedland, Karratha and Newman, are now well below levels last seen five years ago in 2010.

The Pilbara Development Commission is saying that rents in the area are now just one-quarter of levels last seen in 2012. Three years ago, landlords in Newman were commanding weekly rents as high as \$2200. Today, the asking price for rent is just \$600 per week says the Financial Review.

# Ever wondered what happens when a **mining** **company** leaves town?

**So is it easier to explain simply as a down turn in mining that has caused this dramatic turnaround or is there more to the story?**

According to Terry Ryder of property research site Hotspotting.com.au, who told the Financial Review, landlords "shot themselves in both feet" by paving the way for resource companies to build their own properties. "

The mining companies have changed how they operate," Mr Ryder said.

Mining towns in the area are now suffering from the "double blow" of having companies supply their own housing as well as the slowdown in the commodity markets.

As stated in The Digger, July issue 2014, “the rise of specialist demountable building companies meant that mining companies could now have complete self-contained villages constructed on site, in some remote locations local townships have little or no extra burden placed on them regarding accommodation.

These improvised town sites go up quickly and easily and just as easily are removed.”

Elsewhere in the same article we said,

“ the fact is mining towns can be among the most perilous locations for investing, volatile markets that depend completely on the resources sector and are only sustainable while there is are high resource prices.”

In the past towns that grew up around a mine site have suffered the same fate because mining has always been cyclical. Some have simply disappeared leaving behind only a faded memory others have embraced their mining heritage and opened mining museums with faded dust covered relics of an age long gone by, the most exciting transformations are those where the towns are reinvented as holiday homes locations with regular activities built in as incentives for visitors to base themselves in town and explore the surrounding

Again quoting from the Digger, Regional towns and cities that have no connection with mining but do offer an enviable life style are still the ideal way to escape the city rat race, but caution is required if you are looking to self-fund your investment.



Please remember that The Digger does not profess to be an expert on Real estate investing and this article is purely an observation piece. When investing in Shares or Real Estate you should always get expert advice.