

PERTH RESIDENTIAL MARKET UPDATE

PERTH RESIDENTIAL PROPERTY BECOMES MORE AFFORDABLE FOR INVESTORS

Capital values in Greater Perth have continued a downward trajectory, with more affordable options for investors. Significant infrastructure projects are well underway in Greater Perth by the WA Government, with many cranes visible along the horizon.

Key facts December 2015

Capital growth for houses in the month of October was down 2.1% (down 4.1% YoY); while apartments also fell 1.2% (down 4.1% YoY)

Sales volume was down 12.6% for houses and down 15.6% for apartments YoY to October

Annual **rental growth** was recorded at -7.4% for houses and -8.0% for apartments over the year to October

Gross **rental yields** currently average 4.41% for houses and 4.76% for apartments

- The cash rate remained at an historic low of 2.00% in December after falling 25 basis points in May.
- Greater Perth experienced 2.5% population growth between June 2013 and June 2014, led by the Forrestdale-Harrisdale-Piara Waters SA2 (21.8%), with the largest increase in the number of people being in Baldivis (3,510 persons).
- Population growth is set to continue, with an annual rate of 1.9% projected out to 2021 for Greater Perth.
- Unemployment as at October 2015 stood at 6.7% for Greater Perth (SA4), trending 200 bps higher than the 4.7% recorded in October 2014.
- Building approvals in the three months to October totalled 4,393 houses and 2,131 apartments approved in Greater Perth. This is trending 18.5% lower for houses and 4.5% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the year to October tallied 24,746 houses (down 12.6% on previous year) and 10,767 apartments (down 15.6% on prior year).
- House values were recorded at a median of \$513,000, falling 2.1% in the month of October while falling 4.1% over the last year. Apartment values fell 1.2% over the month, while decreasing 4.1% over the year, to record a median of \$446,500.
- Over the year to October, rental growth was recorded at -7.4% for houses and -8.0% for apartments. Weekly median rents are currently \$435 for houses and \$405 for apartments.
- Total vacancy was recorded at 5.6% in September 2015; an increase of 160bps from the same period in 2014.
- In October 2015, gross rental yields across Greater Perth compressed 16bps (to 4.41%) for houses and 17bps (to 4.76%) for apartments compared to the previous year.

FIGURE 1
Greater Perth Capital Growth
12-month rolling

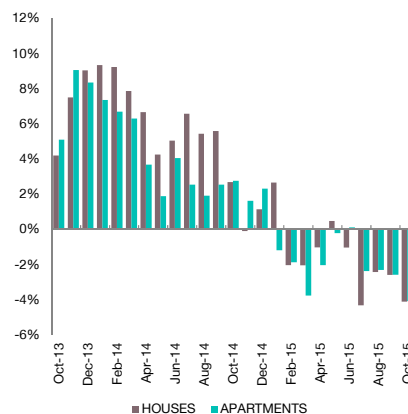
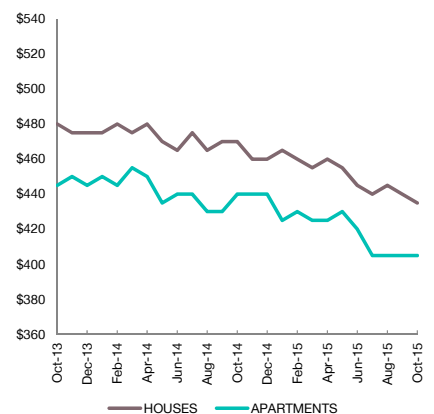


FIGURE 2
Greater Perth Rents
Median, weekly



Source: Knight Frank Research, Residex, Western Australian Planning Commission, RBA, ABS, REIWA



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Knight Frank House Price Index, Greater Perth Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Oct-14	338	2.7%	-0.3%	-1.6%	-0.6%
Nov-14	334	-0.1%	0.7%	-0.7%	-0.9%
Dec-14	335	1.1%	-0.1%	-1.4%	0.1%
Jan-15	341	2.7%	-0.6%	1.0%	1.9%
Feb-15	333	-2.0%	-1.1%	-0.5%	-2.4%
Mar-15	331	-2.1%	-2.6%	-1.2%	-0.7%
Apr-15	335	-1.0%	-0.7%	-1.8%	1.3%
May-15	334	0.5%	-0.2%	0.3%	-0.4%
Jun-15	332	-1.0%	-0.9%	0.3%	-0.7%
Jul-15	328	-4.3%	-3.8%	-2.1%	-1.0%
Aug-15	328	-2.4%	-1.3%	-1.6%	0.1%
Sep-15	331	-2.6%	0.0%	-0.3%	0.7%
Oct-15	324	-4.1%	-3.4%	-1.3%	-2.1%

Source: Knight Frank Research, Residex

Knight Frank Apartment Price Index, Greater Perth Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Oct-14	342	2.8%	0.2%	0.4%	0.3%
Nov-14	346	1.6%	2.6%	3.5%	1.2%
Dec-14	342	2.3%	0.6%	0.2%	-1.3%
Jan-15	334	-1.2%	-1.9%	-2.4%	-2.3%
Feb-15	328	-1.9%	-2.1%	-5.4%	-2.0%
Mar-15	328	-3.8%	-3.8%	-4.0%	0.2%
Apr-15	335	-2.0%	-2.3%	0.1%	1.9%
May-15	337	-0.2%	-2.8%	2.8%	0.7%
Jun-15	340	0.1%	-0.5%	3.6%	1.0%
Jul-15	333	-2.4%	-0.4%	-0.5%	-2.2%
Aug-15	327	-2.3%	-0.2%	-2.9%	-1.8%
Sep-15	332	-2.6%	1.2%	-2.3%	1.7%
Oct-15	328	-4.1%	-1.9%	-1.3%	-1.2%

Source: Knight Frank Research, Residex

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