

PERTH GROWTH STEADY

Cranes now span the city skyline, with many pre-sold apartment towers under construction and key government infrastructure projects underway. Building approvals have again declined this quarter, reining in the longer term fear of oversupply for the apartment market. Some pockets of the inner city markets are bucking the trend and achieving better than expected capital growth.

Key facts May 2015

Capital growth for houses in the last month was down 0.7% (-2.1% year on year); while apartments witnessed growth of 0.2% (-3.8% year on year)

Sales volume was down 8.1% for houses and down 13.4% for apartments year on year to March

Annual **rental growth** was recorded at -4.2% for houses and -6.6% for apartments over the year to March

Gross **rental yields** currently average 4.56% for houses and 5.00% for apartments

- The cash rate fell 25 basis points in May to 2.00% - a new historic low. The standard variable rate currently stands at circa 5.40% and the 3-year fixed mortgage rate at circa 4.50%.
- Population growth is set to continue for the Perth metropolitan area, with an annual rate of 1.9% projected out to 2021. This will continue to be led by net overseas migration.
- The unemployment rate as at April 2015 stands at 6.8% for the metropolitan region (SA4), trending higher than the 5.2% rate of April 2014.
- Building approvals in the three months to March 2015, totalled 5,125 houses and 1,536 apartments approved in the Perth metropolitan area. This is trending 9.9% lower for houses and 5.9% lower for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to March tallied 27,542 houses (down 8.1% on previous year) and 11,711 apartments (down 13.4% over the prior year).
- House values were recorded at a median \$524,000, declining 0.7% in the month of March and an overall fall of 2.1% over the last year. Apartments saw a slight uptick, increasing 0.2% over the month, although falling 3.8% in the year, to record a median of \$446,500. Ten year annual average growth for Perth has been 5.1% for houses and 5.8% for apartments.
- Rental growth was recorded at -4.2% for houses and -6.6% for apartments over the year to March. Weekly median rents are currently achieving \$455 for houses and \$425 for apartments.
- Total vacancy was last recorded at 4.4% in March 2015; an increase of 0.7% from the same period of 2014.
- Gross rental yields across the metropolitan area have compressed off the back of decreased rental growth to stand at 4.56% for houses and 5.00% for apartments.

FIGURE 1
Perth Capital Value Growth
12-month rolling

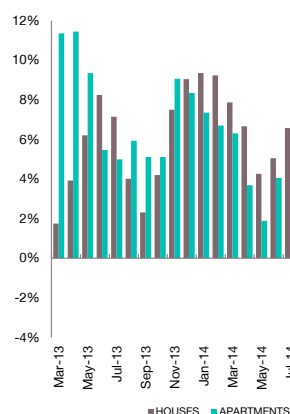
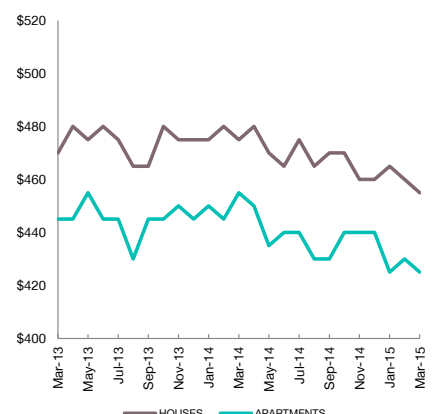


FIGURE 2
Perth Rents
Median, weekly



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



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Knight Frank House Price Index, Perth Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	338	7.9%	5.0%	2.0%	-0.6%
Apr-14	338	6.7%	3.0%	1.9%	0.3%
May-14	332	4.3%	-0.8%	-2.2%	-1.9%
Jun-14	335	5.0%	1.2%	-0.7%	0.9%
Jul-14	343	6.6%	3.2%	1.3%	2.4%
Aug-14	337	5.4%	-0.9%	1.3%	-1.8%
Sep-14	339	5.6%	0.6%	1.3%	0.8%
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%

Source: Knight Frank Residential Research, Residex

Knight Frank Apartment Price Index, Perth Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	341	6.3%	2.5%	2.1%	2.2%
Apr-14	342	3.7%	2.5%	1.0%	0.1%
May-14	338	1.9%	-1.0%	1.1%	-1.2%
Jun-14	340	4.1%	1.7%	-0.4%	0.7%
Jul-14	341	2.5%	0.8%	-0.2%	0.3%
Aug-14	335	1.9%	0.2%	-0.9%	-1.8%
Sep-14	341	2.5%	0.0%	0.4%	2.0%
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%

Source: Knight Frank Residential Research, Residex

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