

## RESIDENTIAL MARKET STABILISING

Despite recording negative year-on-year results, Perth’s monthly capital values and rental growth have recorded positive results. Recording the strongest growth across all capital cities, building approvals for the quarter have also improved slightly compared to the prior month. Many pre-sold apartment towers are now being developed and key government infrastructure projects are underway.

### Key facts June 2015

**Capital growth** for houses in the last month was up 1.3% (down 1.0% year-on-year); while apartments witnessed a rebound of 1.9% (down 2.0% year-on-year)

**Sales volume** was down 3.4% for houses and down 7.5% for apartments year-on-year to April

Annual **rental growth** was recorded at -4.2% for houses and -5.6% for apartments over the year to April

Gross **rental yields** currently average 4.53% for houses and 4.90% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low. The standard variable rate currently stands at circa 5.45% and the 3-year fixed mortgage rate at circa 4.80%.
- 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 April totalled 4,545 houses and 1,539 apartments approved in the Perth metropolitan area. This is trending 3.7% lower for houses and 1.0% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to April tallied 28,462 houses (down 3.4% on previous year) and 12,291 apartments (down 7.5% on prior year).
- House values were recorded at a median \$531,000, rising 1.3% in the month of April and an overall fall of 1.0% over the last year. Apartments recorded strong growth, increasing 1.9% over the month, although falling 2.0% over the year, to record a median of \$455,000. Ten year annual average growth for Perth has been 5.0% for houses and 6.0% for apartments.
- Over the year to April rental growth was recorded at -4.2% for houses and -5.6% for apartments. Weekly median rents are currently achieving \$460 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 on the prior month to stand at 4.53% for houses and 4.90% for apartments, driven by rising capital values.

FIGURE 1  
Perth Capital Value Growth  
12-month rolling

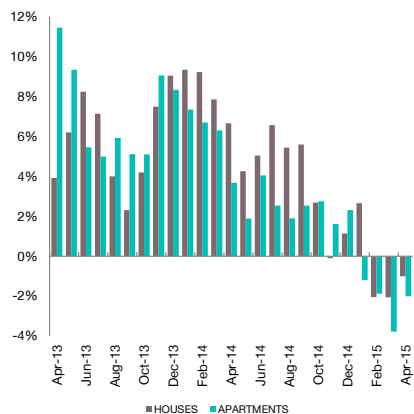
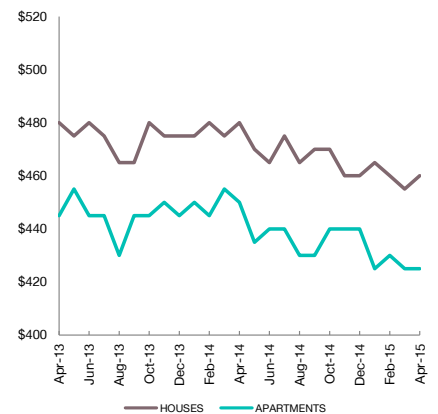


FIGURE 2  
Perth Rents  
Median, weekly



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



## 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
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%
Apr-15	<b>335</b>	<b>-1.0%</b>	<b>-0.7%</b>	<b>-1.8%</b>	<b>1.3%</b>

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
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%
Apr-15	<b>335</b>	<b>-2.0%</b>	<b>-2.3%</b>	<b>0.1%</b>	<b>1.9%</b>

Source: Knight Frank Residential Research, Residex

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