RESIDENTIAL RESEARCH

PERTH RESIDENTIAL MARKET UPDATE

GREATER PERTH WITNESSES EASING OF NEW BUILDING APPROVALS AND SALES VOLUME

The construction phase is active in Greater Perth, despite a slowdown in building approvals, with many apartment projects kicking-off earlier than scheduled due to the majority of apartments selling off-the-plan.

October 2015

Key facts

Capital growth for houses in the last month was up 0.1% (down 2.4% YoY); while apartments witnessed a fall of 1.8% (down 2.3% YoY)

Sales volume was down 13.3% for houses and down 17.1% for apartments YoY to August

Annual **rental growth** was recorded at –4.3% for houses and –5.8% for apartments over the year to August

Gross **rental yields** currently average 4.44% for houses and 4.78% for apartments

- The cash rate remained stable at 2.00% in October after falling 25 basis points in May, to an all-time historic low.
- 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 rate as at August 2015 stood at 6.5% for Greater Perth (SA4), trending higher than the 4.9% recorded in August 2014.
- Building approvals in the three months to August totalled 4,445 houses and 2,081 apartments approved in Greater Perth. This is trending 17.9% lower for houses and 1.3% lower for apartment approvals compared to the same period in 2014.
- Sales transacted in the year to August tallied 25,060 houses (down 13.3% on previous year) and 10,913 apartments (down 17.1% on prior year).
- House values were recorded at a median of $520,500, with modest growth of 0.1% in the month of August while falling 2.4% over the last year. Apartment values fell 1.8% over the month, while also decreasing 2.3% over the year, to record a median of $444,500.
- Over the year to August, rental growth was recorded at –4.3% for houses and –5.8% for apartments. Weekly median rents are currently $445 for houses and $405 for apartments.
- Total vacancy was recorded at 4.7% in June 2015; an increase of 60bps from the same period in 2014.
- In August 2015, gross rental yields across Greater Perth compressed 13bps (to 4.44%) for houses and 18bps (to 4.78%) for apartments compared to the previous year.

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FIGURE 1

Greater Perth Capital Growth

12-month rolling

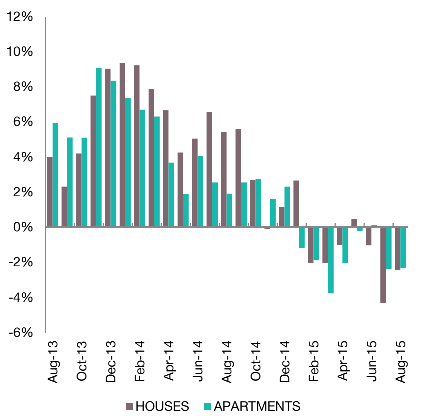
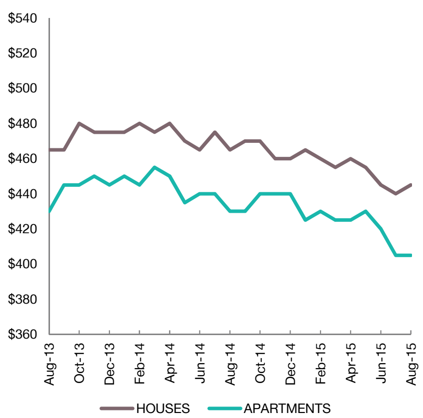


FIGURE 2

Greater Perth Rents

Median, weekly



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

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
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	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%**

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
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	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%**

Source: Knight Frank Research, Residex

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