

PERTH RESIDENTIAL MARKET UPDATE

MODEST MONTHLY CAPITAL GROWTH RECORDED FOR GREATER PERTH

Despite a slowdown in building approvals, the construction phase is active in Greater Perth with many cranes visible along the horizon with significant infrastructure projects well underway by the WA Government.

Key facts November 2015

Capital growth for houses in the month of September was up 0.7% (down 2.6% YoY); while apartments witnessed growth of 1.7% (down 2.6% YoY)

Sales volume was down 15.0% for houses and down 16.9% for apartments YoY to September

Annual **rental growth** was recorded at -6.4% for houses and -5.8% for apartments over the year to September

Gross **rental yields** currently average 4.39% for houses and 4.68% for apartments

- The cash rate remained at an historic low of 2.00% in November 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 rate as at September 2015 stood at 6.4% for Greater Perth (SA4), trending higher than the 5.3% recorded in September 2014.
- Building approvals in the three months to September totalled 4,354 houses and 2,039 apartments approved in Greater Perth. This is trending 20.7% lower for houses and 9.0% lower for apartment approvals compared to the same period in 2014.
- Sales transacted in the year to September tallied 24,325 houses (down 15.0% on previous year) and 10,800 apartments (down 16.9% on prior year).
- House values were recorded at a median of \$524,000, with modest growth of 0.7% in the month of September while falling 2.6% over the last year. Apartment values rose 1.7% over the month, albeit decreasing 2.6% over the year, to record a median of \$452,000.
- Over the year to September, rental growth was recorded at -6.4% for houses and -5.8% for apartments. Weekly median rents are currently \$440 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 September 2015, gross rental yields across Greater Perth compressed 16bps (to 4.39%) for houses and 16bps (to 4.68%) for apartments compared to the previous year.

FIGURE 1
Greater Perth Capital Growth
12-month rolling

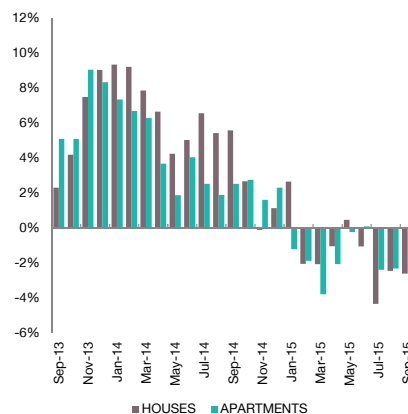
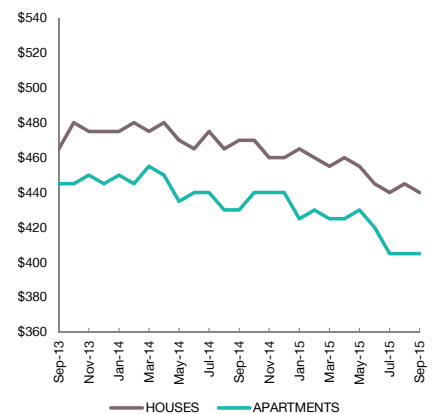


FIGURE 2
Greater Perth Rents
Median, weekly



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
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%
Sep-15	331	-2.6%	0.0%	-0.3%	0.7%

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
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%
Sep-15	332	-2.6%	1.2%	-2.3%	1.7%

Source: Knight Frank Research, Residex

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