

## INNER PERTH RENTAL MARKET STRENGTHENS

Knight Frank's residential property management team has over 15 years' experience leasing properties across Perth. The first quarter of 2019 saw more than double the amount of rental agreements signed than the year earlier, whilst currently holding an average vacancy of 1.3% for their inner suburbs properties. Tom Berry, Director & Head of Property Management, discusses current trends shaping the rental market.

### Results Q1 2019

Across Perth, **signed residential rental agreements** in Q1 2019 increased by 131% (compared to Q1 2018) for the Knight Frank Residential Property Management team.

**More people are moving from interstate** and signing rental agreements (increasing from 14% of all leases in Q1 2018, to 19% of all leases in Q1 2019).

Tenants signing new leases **worked in two main sectors** being 'resources' (growing from a 17% share in Q1 2018 to 31% in Q1 2019) and 'finance' (up from 10% to 13% in the same period).

Greater Perth **residential rents increased 3.4%** over the year ending Q1 2019.

The Greater Perth REIWA **vacancy rate continues to fall**, recording 2.6% in January 2019.

Greater Perth **gross rental yields were up 14 bps** from Q3 2018, to 4.51% in Q1 2019.



**TOM BERRY**  
Director, Head of Residential  
Property Management WA

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### How have you noticed a difference in rental activity compared to one year ago?

There is a clear increase in leasing activity when compared with this time last year. The number of people attending property inspections has noticeably grown, and most are less complacent now the market is strengthening. We're witnessing quicker turnaround times for the submission of applications, with some starting to miss out on their first choice. The first rent increases are coming through now and a few of our tenants are considering whether now is the time they should buy their first home—all trends we haven't seen for some time now.

### Where are the tenants coming from?

The local-based market is still moving about which is great for stability but in the past quarter we have witnessed a stark increase in those moving from interstate. With business confidence building, and office vacancy tightening in the CBD there has been a noticeable increase in the number of tenants working in the finance sector who have signed tenancy agreements. There's a clear sign of activity picking up in the resources sector again, as relocation agents are very much in the market.

### What types of properties are tenants choosing?

Furnished apartments are definitely the property of choice for the inner city suburbs. However moving to the suburbs the demand changes back to family homes.

### What's the most interesting rental property you've been involved in?

That's a difficult one, as we have a number of exceptional properties all with

their unique appeal. However if I really needed to choose one it would be 23 Renwick Street in South Perth. It's a six bedroom renovated federation house, which has been beautifully restored with three bathrooms and five living areas. The home is completely individual to any other inner city properties we've leased as the pool extends onto a Bali style resort with extensive gardens, complete with a basketball court.

### How do you see the rental market performing over the next six months?

The Perth rental market continues to recover, and the vacancy rate is now greatly reduced at 2.6% in January 2019, from the height of 7.6% in July 2017, according to REIWA. Given this vacancy falls below the equilibrium of 3%, the Perth market is extremely close to being considered undersupplied for rental properties.

As the resources sector continues to gather momentum, this will once again have a positive impact on the rental market. Further increases in rents as stock levels reduce are certainly on the cards over the next six months.

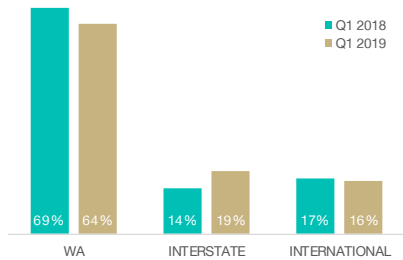
### Why choose Knight Frank?

The Perth residential property management team is very passionate about property. We all love what we do, and as property owners ourselves we truly understand the importance of strong communication. This is important with not only the owners of the property, but we also look after our tenants by anticipating issues before they arise.

We have a huge amount of not only local knowledge, but national and global data at our disposal. This is a great benefit when it comes to forecasting future market trends.

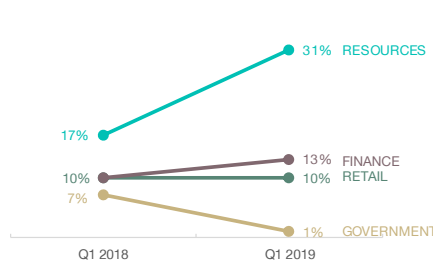
# Inner Perth Suburbs Rental Market Summary, Q1 2019

**FIGURE 1**  
Where did tenants relocate from?



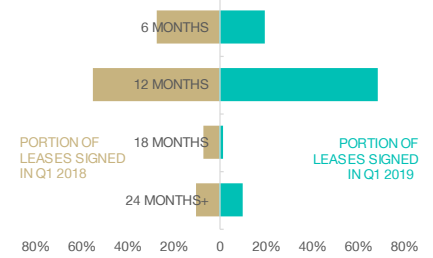
Source: Knight Frank Research

**FIGURE 2**  
What main sectors did tenants work?



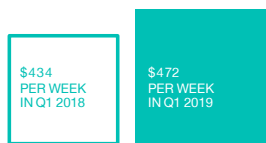
Source: Knight Frank Research

**FIGURE 3**  
How long was the average new lease?



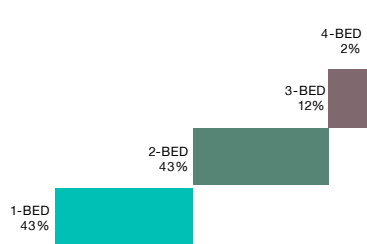
Source: Knight Frank Research (rounded up)

**FIGURE 4**  
How much was the average new lease?



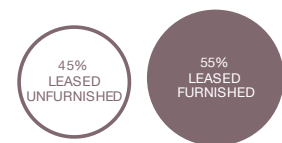
Source: Knight Frank Research

**FIGURE 5**  
What was the average number of bedrooms leased?



Source: Knight Frank Research (Q1 2018—Q1 2019)

**FIGURE 6**  
Did the tenant choose a furnished property?



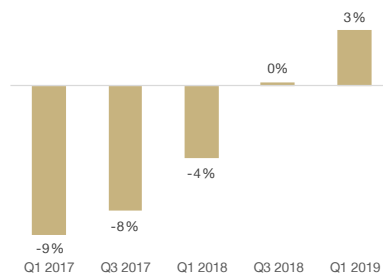
Source: Knight Frank Research (Q1 2018—Q1 2019)

**FIGURE 7**  
Greater Perth residential vacancy rate



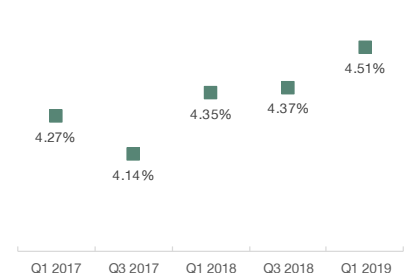
Source: Knight Frank Research, REIWA

**FIGURE 8**  
Greater Perth annual rental growth



Source: Knight Frank Research

**FIGURE 9**  
Greater Perth gross rental yields



Source: Knight Frank Research



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