

Perth Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream residential sales and rental markets across Greater Perth

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Perth's residential market at boiling point for sales and rentals

▲ In the past year, Greater Perth's housing was highlighted against other Australian cities for the strongest rental change with sub 1% vacancy, whilst holding the lowest average days on market for sales and highest price growth.

SALES PERFORMANCE

Across Greater Perth, mainstream sales volume trended down 26.7% in the September 2023 quarter with 47,444 residential homes (houses and apartments) sold, after annual sales volume recorded -14.9%.

On average, the days on market for a home was 46 days in September 2023. This was 60 days three months earlier, and 55 days one year ago.

The auction clearance rate at the end of the September 2023 quarter was 31.6% from 19 scheduled actions. This was higher than the prior quarter at 0.0% (from 9 auctions held). By comparison, the same quarter last year was 0.0% (out of 8 auctions) sold (CoreLogic).

PRICE PERFORMANCE

Residential property prices increased 9.6% in the year to September 2023, while rising 3.1% in the last quarter to stand at a median value of \$640,500.

Looking forward, average prices are forecast to rise 12% at the end of 2023, with 7% in 2024 and 6% in 2025, according to Knight Frank Research.

RENTAL PERFORMANCE

The total residential rental vacancy was recorded at 0.7% in September 2023, rising 10 bps over the past year across Greater Perth (REIA). Generally, 3% vacancy is considered a balanced rental market between supply and demand.

Gross rental yields rose 21 bps in the year ending September 2023, as residential property averaged 5.58%.

Residential rents increased 3.6% in the September 2023 quarter, while increasing by 20.8% annually, to stand at \$580 per week.

Knight Frank Research forecast rents to rise 22% at the end of 2023, with 11% likely in 2024, and 8% in 2025.

NEW BUILDS

Annual building approvals in September 2023 fell by 25.0% to total 11,131 additional dwellings in Greater Perth, compared to a fall of 38.1% a year ago. In this time, 9,807 houses and 1,324 apartments were approved. This was trending 21.8% lower for house approvals, and 42.4% lower for apartment approvals, compared to the year earlier.

5.4%

Western Australia annual economic growth in 2022 with forecast of 3.6% in 2025

3.1%

Greater Perth unemployment rate in September 2023

4.35%

Official cash rate target in December 2023 with forecast of 3.9% in 2025

-11%

The annual change in WA new household loan commitments in September 2023

-19.3%

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

1.5%

Greater Perth annual population change in 2022 to an estimated 2.2 million persons, with 1.4% forecast in 2025

\$640,500

Greater Perth residential median value at the end of September 2023

9.6%

The change in Greater Perth's median residential values recorded between September 2022 and September 2023

0.7%

Total residential rental vacancy in September 2023 across Greater Perth

Greater Perth Established Houses

- House rents in Greater Perth grew the fastest across Australian cities over the past year and continued to rise in the last quarter, in turn, raising gross rental yields.

\$714,000

Greater Perth median house value at end of September 2023

10.4%

The change in Greater Perth's median house values in the year to September 2023

20.0%

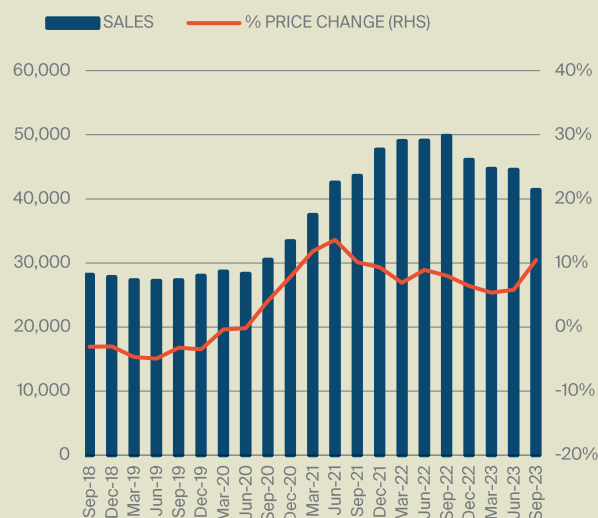
Annual median weekly rental growth in September 2023 across Greater Perth houses

SALES & PRICE PERFORMANCE

- Greater Perth sales volume fell by 28.0% in the September 2023 quarter to total 41,403 houses, whilst annual sales volume was 16.9% lower than a year ago.
- The average days on market for a house was 41 days in September 2023. This was 55 days three months earlier, and 47 days one year ago.
- Median house values rose 10.4% in the year to September 2023, while rising by 3.0% over the last quarter to \$714,000 (APM).

Perth Houses Sales Market

No. annual sales & % annual price growth



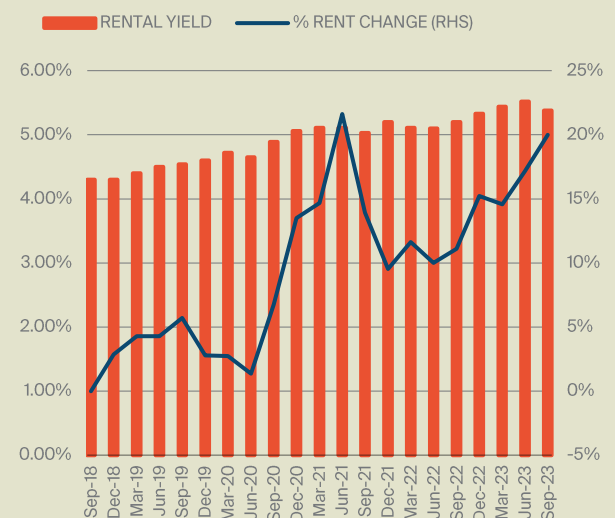
Source: Knight Frank Research, APM

RENTAL MARKET

- Gross rental yields increased 18 bps in the past year, with Greater Perth houses averaging 5.38% in September 2023.
- House rents rose 3.4% in the September 2023 quarter, while being up 20.0% annually, to stand at \$600 per week (APM).

Perth Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Perth Established Apartments

- Greater Perth apartments saw the best improvement in the growth of annual sales transactions across Australia's cities, as prices rose and time on market for sales sharpened considerably in the last quarter.

\$379,500

Greater Perth median apartment value at the end of September 2023

4.3%

The change in Greater Perth median apartment values in the year to September 2023

19.0%

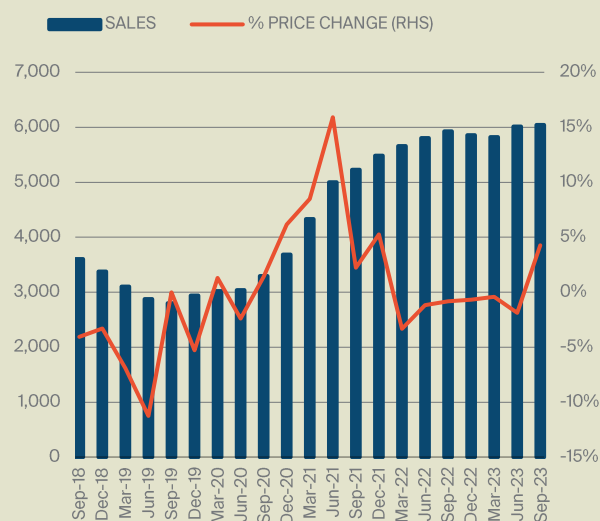
Annual median weekly rental growth in September 2023 across Greater Perth apartments

SALES & PRICE PERFORMANCE

- Greater Perth apartment sales volume decreased by 18% in the September 2023 quarter to count 6,041 apartments in the past year, as annual sales volume was 1.9% higher than a year ago.
- The average time on market for an apartment was 66 days in September 2023. This was 77 days one quarter earlier, and 83 days one year ago.
- Median apartment values grew by 4.3% in the year to September 2023, while rising 3.3% in the last quarter to stand at \$379,500 (APM).

Perth Apartments Sales Market

No. annual sales & % annual price change



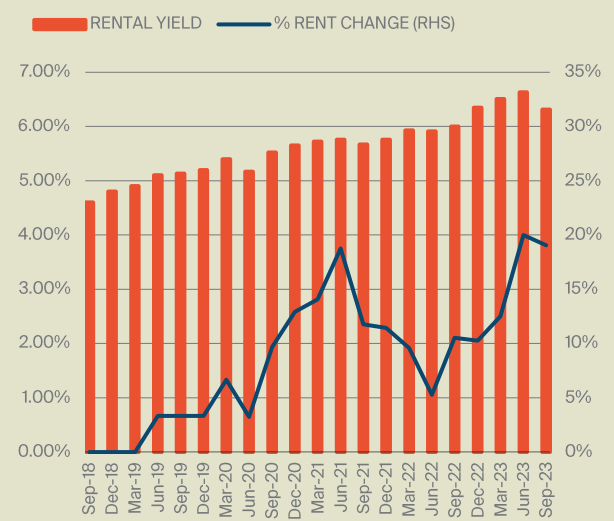
Source: Knight Frank Research, APM

RENTAL MARKET

- In the year to September 2023, Greater Perth apartment gross rental yields increased 31 bps to 6.31%.
- Apartment rents rose 4.2% in the September 2023 quarter, while rising 19.0% annually to \$500 per week (APM).

Perth Apartments Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Perth Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
WA Economic Growth	5.4%	5.4%	2.1%	2.5%	3.6%	2.8%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

Perth Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	9%	5%	12%	7%	6%	8%
Rental Market	10%	15%	22%	11%	8%	14%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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