# RESEARCH





# **HIGHLIGHTS**

- The number of people living in apartments has increased over the past decade, with major influential factors being the convenience of a low maintenance home, close to workplaces and down-sizing.
- Research has shown that the rates (\$/sqm) achieved in the apartment market have ebbed and flowed with the recent economic activity. Rates have now stabilised at more realistic levels and confidence is returning to the market, reflected in the number of sales and the increase in average rates.
- With demand for the Western Australia's resources set to continue, population growth will be strong. The City of Perth has recorded the fastest growth rate in Australia with an increase of 12.8% over the previous year.
- Many local government authorities are developing revitalisation frameworks to create mixed-use communities with linkages to the commercial and employment hub of the Perth CBD.

# PERTH APARTMENTS

Residential Apartment Market Overview

Key Market Indicat	ors							
	Land Area	Estimated Population 2009	Total Estimated Population Growth from 2006 to 2009	Population Density	Average Household Size (2006)	Median Unit Price, March '10*	Median Annual Average Change Over 5 Years	Median Ren March 2010*^
	(km²)	(no.)	(%)	(ppl/km²)	(ppl)	(\$)	(%)	(\$/wk)
PERTH METRO	5,423	1,702,500	17.81	319	2.5	410,000	11.7	350
PERTH CITY								
East Perth	3.0	7,681	26.52	2,560	1.9	535,000	11.0	450
Perth	5.0	3,083	41.88	617	1.8	440,000	7.3	480
Northbridge	1.0	815	11.64	815	1.7	462,500	10.8	440
West Perth	3.0	2,620	12.79	873	1.7	540,000	10.7	463
SOUTH PERTH / VICT	TORIA PARK							
Burswood	3.4	1,403	9.70	413	2.0	811,000	6.2	498
South Perth	5.2	12,110	7.15	2,329	2.0	645,000	11.7	370
Victoria Park	2.6	7,870	9.70	3,027	1.9	395,000	13.6	340
FREMANTLE								
Fremantle	5.6	7,959	6.70	1,421	1.9	440,000	10.3	420
North Fremantle	4.0	2,758	6.70	690	2.1	632,500	7.5	-
North Coogee	1.0	-	-	-	-	716,250	-	-
South Fremantle	2.0	2,981	6.70	1,491	2.2	615,000	9.3	-
WESTERN SUBURBS								
Claremont	5.0	7,321	3.71	1,464	2.1	565,000	14.0	420
Cottesloe	4.0	7,254	2.67	1,814	2.5	750,000	6.8	445
Crawley	2.0	3,058	3.14	1,529	1.8	1,100,000	11.4	388
Nedlands	5.3	10,246	2.26	1,933	2.6	580,000	13.6	410
Scarborough	6.0	13,916	1.35	2,319	2.0	465,000	11.1	340
Subiaco	3.0	8,539	6.55	2,846	2.0	667,500	12.2	475

Source: Knight Frank/ABS/ Real Estate Institute of Western Australia (REIWA)

# MARKET OVERVIEW

The strengthening economic environment during the last decade in conjunction with the resources boom of 2006/07 saw high growth in the Australian economy. Despite the Global Financial Crisis (GFC) during 2008 and 2009, Australia remained resilient throughout this time supported by economic growth in China and the Federal Government's monetary and fiscal stimulus policies.

The Western Australian economy saw high levels of growth during the resources boom and was cushioned from the economic impacts of the GFC by the continued demand for its resources. During the resources boom high levels of growth in employment and wage levels occurred, fuelling migration, both international and interstate, to the State which placed increased demand on an undersupplied residential property market.

As a result of the demand for housing, the median price all dwellings increased significantly in the Perth metropolitan area, and combined with the availability of funds to developers many residential projects were initiated. The prices commanded by developers of residential projects were supported by the boom which covered the resultant increased labour and construction costs.

<sup>\*</sup> REIWA figures are preliminary for up to 4 months after end of quarter

<sup>^</sup> REIWA does not release figures if there are less than 20 rentals leased



Private construction levels have since decreased in the State with the onset of the GFC with banks tightening their lending criteria, thus restricting the ability of developers to obtain finance to commence new developments. Higher levels of pre-sales and lower loan-to-value ratios are now required on non-income producing property.

According to the Western Australian State Government's 'Prospect' magazine, there is more than A\$150 billion worth of resource projects either committed to or under consideration in the State over the next few years with the potential to create significant employment and growth opportunities.

### **Population**

As at December 2009, the Australian Bureau of Statistics (ABS) has estimated that Western Australia had a population of 2.27 million, a growth of 2.7% over the previous year, the fastest rate in Australia. With approximately three-quarters of the total population, it is estimated that to December 2009 the Perth metropolitan area has 1.7 million residents. A straight-line calculation of 3% growth per year should see the population in Perth rise to over 1.8 million by 2012.

Net overseas migration has been a key driver of population growth in the state and accounted for 65% of the growth in population to December 2009, being 38,100 persons. Positive net interstate migration was also recorded over this period, with 2,300 persons moving to Western Australia.

Locally, the City of Perth recorded the fastest population growth rate both in Western Australia and Australia, recording a 12.8% increase in population over the year to September 2009.

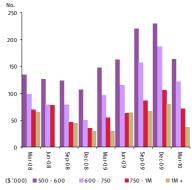
The ABS has shown that the seasonally adjusted unemployment rate in Western Australia for June 2010 is 4.0% with the Australian rate being 5.1%. Western Australia has also seen a 6.7% (seasonally adjusted) increase in wage growth for the past year.

### **Market Factors**

The First Home Owners Grant was introduced on 1st July 2000 to offset the impact of the GST on home ownership. In Western Australia, the scheme is administered by the State Government and the past 10 years have averaged 1,500 applications per month.

With the majority of first home owners purchasing dwellings in the lower price-range of the market, the grant ensured continued strength in this area. Combined with the State Government's relief on Stamp Duty on those properties sub-\$600,000 and interest rate cuts during the GFC, many buyers left the rental market to purchase property.

Figure 1
Perth Metro Sales by Price Range
No. of Apartment Sales per Quarter



Source: REIWA

The rise in property prices during 2006 and 2007 saw reduced affordability for first home buyers with the median price for dwellings increasing by approximately \$100,000 over this two-year period. To counteract this, the Federal Government introduced the First Home Owners Boost, increasing activity in the first home owner market which flowed onto other sectors. With this boost having ceased as of January 2010, it is expected that a number of the first home buyers will be removed from the market, impacting on activity.

Interest rate rises by the Reserve Bank have had a bearing upon all purchaser segments of the market, and with tightening credit conditions and lower loan-to-value ratios,

recent reports have shown that it now takes approximately 4.6 years to save for a 20% deposit on a home (based on the median house price of \$454,000). Based on the Perth metro median price for apartments, it would take approximately 4.1 years for the average couple to save a 20% deposit.

The demand for premium apartments in areas along the Swan River and Indian Ocean has been high in recent years with wage levels supporting sales prices during the resources boom. The GFC saw market activity ease for apartments priced over \$1 million with a corresponding fall in rates (\$/sqm). As confidence returned to the market during 2009 rates stabilised which has continued through the start of 2010.

Speculative buyers entered the market during the resources boom quickly pushing up prices of 'off-the-plan' apartments to premium levels above that of established apartments. The exponential growth in prices seen during this period was not sustainable and since the onset of the GFC this buyer group has reduced significantly in numbers.

Sales of 'off-the-plan' apartments to investors have always been strong, historically comprising of around 50% of this market. With the median rental rate having remained steady for apartments for the past year, investors will seek to invest in property for the longer term as the rental market strengthens due to interest rate rises and decreased owner-occupier affordability.

Table 2 Rental Statistics — March Quarter 2010	Multi Resid	dential
	March Qtr 2010	December Qtr 2009
Median Rent	\$350	\$350
Gross Rental Yield	4.4%	4.7%
Vacancy Rate (All)	4.1%	4.8%
Source: REIWA		

# PERTH APARTMENTS

Residential Apartment Market Overview

## **Development**

Perth experienced a major development and construction boom during the 1960's and 70's with low-rise and higher density flats being built over this period as a reflection of strong economic and population growth in Western Australia.

Despite the development of higher density apartment living, this style of accommodation was relatively uncommon in Australia prior to 2001, accounting for only 2% of people living in private dwellings. However, the last decade has seen changing trends in family structures, lifestyle and affordability, and combined with the proximity to employment areas, public amenities and retail areas the attractiveness of apartment living has grown.

This has led to a surge in the development of apartment buildings in the Perth metropolitan area, catering towards different markets and incorporating in many instances mixed-use development. This has occurred in areas such as Subiaco, East Perth and Burswood, creating vibrant village-style suburbs.

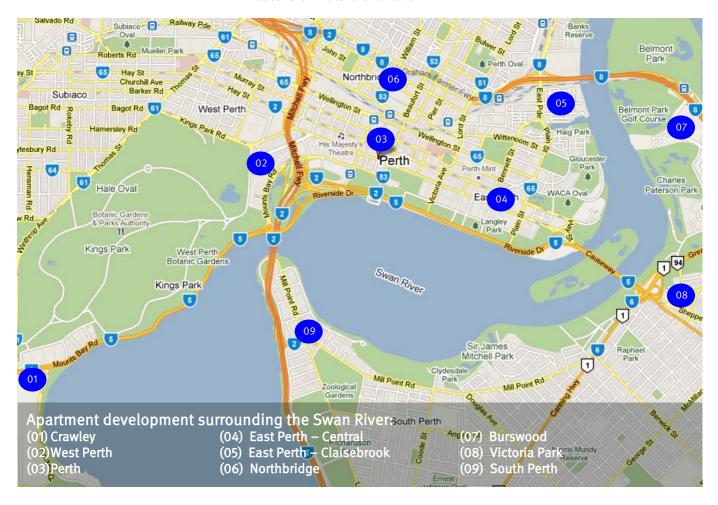
Upmarket areas along the Swan River and the Indian Ocean have continued to attract developers to construct higher density multistorey apartment buildings and smaller, boutique style developments. The suburbs of Crawley, South Perth, West Perth, East Perth and the Perth Central Business District (CBD) all have recently seen such developments constructed with premium prices achieved.

Construction costs have reduced from the highs seen prior to the GFC, but tighter financial conditions and low loan-to-value ratios have inhibited the number of

developments being constructed in the Perth metropolitan area, with many being postponed until sufficient pre-sales are made.

With lead times for developments being a major factor to consider, delays in construction will impact upon supply to the market. With population numbers estimated to grow strongly in Western Australia, high demand will increase prices where there is limited supply.

The future of apartment development in the Perth metropolitan area needs to be considered carefully by local government authorities, where incorporating high-density residential living into established suburbs requires the provision of amenities for the local residents.





# PERTH CITY

The Perth City area currently has the highest level of units as a percentage of stock when compared to the Perth metropolitan area. The City of Perth's 2009 Resident Survey stated the foremost reason for people moving to the area is due to the proximity to work, followed by the convenience of a low-maintenance home.

New apartment development's have increased the number of people living in the Perth City Centre, fuelling the development of support services, attractions and activities in the area such as bars, restaurants, retail shops and supermarket facilities, creating a social hub and more vibrant city.

With new mixed-use lifestyle development set for the eastern end of the city, this will add to the attractiveness of the City Centre as a living destination.

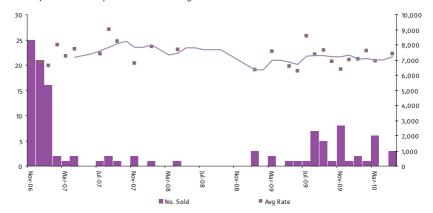
### Perth

The suburb of Perth extends from the Swan River in the south to Vincent Street in the north covering a five square kilometre area. Perth is divided by the railway line creating two distinct areas.

The Real Estate Institute of Western Australia (REIWA) has indicated that the preliminary median sales price for apartments in Perth was \$440,000 for the March 2010 quarter, with an annual median change of 4.0%. The highest sales price achieved in the last year was \$3,300,000 along Terrace Road in *Altair* at a rate of \$12,044/sqm.

There were over 700 apartments completed in the suburb of Perth during 2009, including *Code* on Milligan Street, *Ellement* 996 on Hay Street and *Eight* on Victoria Avenue. This year will see the completion of *Equus* situated on Hay Street, a mixed-use development with 138 apartments. With approximately 80% of

Figure 2
Code Apartments Trendline
No. of Apartment Sales per Month and Average Rate



Source: Knight Frank (selling agent)

apartments sold off-the-plan, recent sales prices have achieved up to \$15,000/sqm for apartments with views of the Swan River.

## Case Study: Code

Code, situated on Milligan Street, Perth, has 110 one and two-bedroom apartments over nine levels. Completed in 2009, the development is situated at the north-western end of the Perth Central Business District (CBD), with good access to transport, dining and retail areas.

Code was launched by Knight Frank in 2006 and initial sales within the development were strong. Since this time, the rates achieved for one-bedroom apartments have on average been \$8,046/sqm and an average of \$6,783/sqm for two-bedroom apartments. The highest rate achieved was in 2007 at \$9,796 per square metre for a one-bedroom apartment. The sale rate dropped during the global financial crisis, but has steadily recovered since that time from an average of \$7,000/sqm.

### **West Perth**

Due to its proximity to the Perth CBD, Kings Park and the Swan River, West Perth has been a desirable location for people to live and work.

The ten years to 2009 saw over 1,000 apartments developed in West Perth with the

REIWA preliminary median sales price for apartments for the March 2010 quarter being \$540,000, with the annual change in median price being 7.5%. The highest sale price for the past twelve-month period was \$2,300,000, a penthouse on Mount Street (\$14,375/sqm).

This year will see a further 104 apartments completed and over 200 apartments in 2011.

Varying rates (\$/sqm) have been achieved throughout the suburb, the highest being in the areas of Mount Street, Bellevue Terrace and Cliff Street. *Miami*, at 2 Bellevue Terrace, was developed in 2004 and has sweeping views of the Swan River and the Perth CBD from each apartment. Initial sales achieved approximately \$13,000/sqm at the time. One apartment is currently for sale within the complex at a rate of \$28,947/sqm.

The Bellevue at 18 Bellevue Terrace was an established apartment building currently being redeveloped into eleven full-floor residences, of which 10 have been pre-sold. The sub-penthouse is for sale at a rate of \$29,148/sqm.

### **East Perth**

East Perth can be divided into two distinct districts – Central and Claisebrook – the dividing line being Wellington Street. The suburb has seen a significant increase in

# PERTH APARTMENTS

Residential Apartment Market Overview

resident population since redevelopment of the suburb in the past two decades. The area has been targeted by developers due to its flexibility on height restrictions, proximity to the CBD and potential views of the Swan River

The REIWA preliminary median sales price for apartments is \$535,000 (March 2010), with a positive 14.2% annual change in the median price. The highest sale price achieved in the past twelve-month period was \$2,050,000 in *Reflections* on Terrace Road, at a rate of \$12,059/sqm.

Last year saw over 400 apartments completed, the majority within the Central area. This year has already seen the completion of *Rise*, *Eastbrook Waters* and *Solstice*. *Rise*, at 155 Adelaide Terrace, comprises 72 one, two and three-bedroom apartments. All of these apartments initially sold off-the-plan and are currently half-way through the process of settlement.

Times 2, at 143 Adelaide Terrace, is marketed by Knight Frank and will be the largest development completed in 2011 with 200 apartments. With a mix of studio, one, two and three-bedroom apartments over 70% of the development has been sold at an average price of \$7,136/sqm.

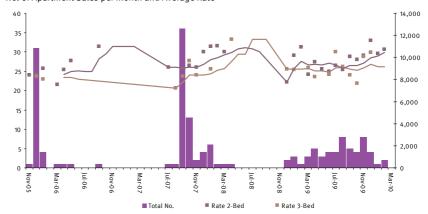
## Case Study: Reflections

Completed in 2009, Reflections is a 24-level apartment development situated on Terrace Road in East Perth and consists of 138 two and three-bedroom apartments and penthouses. Most apartments achieve views of the Swan River.

Initial sales achieved within the development for two-bedroom apartments were on average \$9,104/sqm. Three-bedroom apartments were sold at a slightly lower average rate of \$8,532/sqm. Larger apartments on levels 22 and 23 sold for an average \$13,223/sqm.

Since the launch of the development by Knight Frank in 2005, the rates achieved have been reflective of market conditions. As the Western Australian economy grew during the resources boom, rates trended upwards until 2008 when the GFC occurred. Since this time,

Figure 3
Reflections Apartments Trendline
No. of Apartment Sales per Month and Average Rate



Source: Knight Frank (selling agent)

rates have on average recovered upwards once again to over \$10,500/sqm.

## Northbridge

Northbridge was revitalised during the 1990's to create a vibrant cultural and residential area. The development of the Graham Farmer Freeway resumed land between Newcastle and Aberdeen Streets, which is currently being rejuvenated with the construction of new apartment and commercial buildings.

In addition, the first stage of the new Central TAFE facility was opened in 2008 and with further development will create a precinct for over 20,000 students.

The REIWA preliminary median apartment sale price for the March 2010 quarter was \$462,500 with the annual change in median price decreasing by 1.6%. The highest price achieved in the past twelve months was \$640,000 in the *Circle East* apartment development on Lake Street (\$6,214/sqm).

Almost 200 apartments were completed in 2009, including *Circle* and *Circle East* on Lake Street, and *Qubis* and *Tyne Square* on Newcastle Street. This year will see three smaller developments completed with around 40 apartments coming on to the market.

Recent sales of apartments in the Northbridge area have achieved rates of between \$4,000 and \$7,000 per square metre.

# SOUTH PERTH

### South Perth

South Perth is situated on the southern side of the Swan River, opposite the Perth CBD. High-density zoning in the suburb is particularly concentrated along Mill Point Road and the South Perth peninsula and premium prices have been achieved for apartments in this area.

The REIWA preliminary median sales price for apartments for the March 2010 quarter is \$645,000, with an annual increase of 3.9% in the median price. The highest price achieved in the previous twelve-month period was \$6,250,000 for a 2006-built penthouse apartment on South Perth Esplanade. This sale reflects a rate of \$25,933/sqm.

Silk at 23-25 South Perth Esplanade is a seven-apartment development completed in April 2010. The ground floor apartment sold in April this year for \$24,138/sqm. One two-level penthouse is currently for sale at \$11,500,000 (\$34,226/sqm).

Allure, 31 Mill Point Road, is a 2009-built 13apartment development one street back from the South Perth Esplanade. Recent sales of



two-bedroom apartments have averaged \$12,762/sgm.

### **Burswood Peninsula**

The Burswood Peninsula is situated to the east of the Perth CBD and currently being revitalised to create a high-density and high-activity transit-orientated urban centre focused on the casino and the Burswood and Belmont Park railway stations.

The Peninsula is a medium to high density residential neighbourhood that commenced development in 2003 in advance of other areas but is designed in such a way that it can be integrated with future development to the south. With six multi-level apartment buildings already constructed, and several single dwelling and terrace-style houses, The Peninsula is scheduled for completion by 2013 with an estimated population of 2,300.

The REIWA preliminary median sales price for the March 2010 quarter is \$811,000, but had a decrease of 1.9% in the median price over the last twelve month period. The highest price achieved in the suburb was \$4,200,000 in November 2009 for a penthouse apartment in *Aurora*. This building was completed in 2009 – the sale reflects a rate of \$11,966 per square metre.

With approximately 70% of apartments sold, two-bedroom apartments in *Aurora* on average have sold for \$8,326/sqm, three-bedroom for \$9,512/sqm, and the larger apartments for \$11,071/sqm.

	la at Burswoo	)u
Apartment Deve	lopments	
	Year Built	No. of Apartments
Allegro	2006	87
Axis	2007	116
Aqua	2008	85
The Fairway	2008	26
Aurora	2009	133
Aquarius	2010	61
Altitude	2012	93

# **FREMANTLE**

#### North Fremantle

The area north of Fremantle has seen substantial redevelopment over the past two decades to create vibrant residential areas at Northbank, Rocky Bay and Leighton Beach.

The REIWA median apartment sale price is \$632,500 for the March 2010 quarter, with an annual increase in the median price of 18.4%. The highest price in the past twelve months for North Fremantle was \$1,300,000 in *The Brighton* development (\$13,829/sgm).

## Leighton

Redevelopment has begun over the Leighton Marshalling Yards to construct a vibrant new community housing around 1,000 people. The four hectare site will incorporate a blend of residential, boutique hotel shops, cafes and public open space, with an additional 13 hectares becoming a coastal reserve. Development is expected to be completed by 2012.

Mirvac purchased two lots with plans to construct 170 apartments and terrace houses, a boutique hotel with conference facilities, restaurants, cafes and retail spaces to suit different family types and people of all ages.

The northernmost lot was sold to Multiplex which is developing *The Leighton*, a threestorey 45 apartment development.

Rockingham Park Pty Ltd purchased one lot in the south-east corner of the village for residential apartments.

### Northbank

Northbank is an area bounded by Stirling Highway to the east, Tydeman Road to the north, Queen Victoria Street to the west and the Swan River to the south. A mixture of residences can be found in the area, with four apartment developments along Doepel Street to the south totalling 92 apartments along the Swan River.

Currently under construction is *Rivershores*, a 58 apartment development due to be completed in 2011 with achieved and expected sales rates varying between \$8,000/sqm (no river views) and \$19,000/sqm (river views). To date over half of the apartments have been sold.

## **Rocky Bay**

The Rocky Bay area of North Fremantle is situated between the Swan River and Stirling Highway and is dominated by single dwelling residences.

The Moorings is a three-level, 46-apartment building completed in late 1999. With river views, access to tennis courts, gymnasium, boat pens and individual lifts to each apartment the Moorings has been able to command high prices for the area. The latest sale within this development was in May 2009 for a three-bedroom apartment at a rate of \$16,450/sqm. The highest sale price was in 2007 for \$8,250,000 for a penthouse apartment, reflecting a rate of \$21,099/sqm.

### North Coogee

North Coogee was created as a suburb in 2005 by removing industrial sites from the coastal strip adjacent to the border with Fremantle. Situated approximately four kilometres from the Fremantle CBD, this area has undergone a major transformation.

To the north of this suburb is South Beach, an area of single dwellings and apartment developments. *Vueze*, a 17-apartment development, was completed in 2009 by Cape Bouvard. With prices over \$1 million, 70% have been sold. Stockland have completed two buildings within *The Islands* development with a total of 51 apartments. A recent sale for a two-bedroom apartment on the ground floor achieved \$16,859/sqm.

To the south of this suburb is the 85 hectare Port Coogee development. Port Coogee is to have a mix of residential sites, with planning for the area allowing for up to 20 apartment developments, mostly along the south-west waterfront.

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# **WESTERN SUBURBS**

### Crawley

Crawley is situated approximately five kilometres southwest of the Perth CBD, with the University of Western Australia dominating the land use in the area. Much of Crawley is zoned for high-density use, with over 70% of dwellings being units and apartments.

The highest sales price in the previous twelve-month period was \$2,750,000 in *Cygne* (\$15,896/sqm). The REIWA median sales price for apartments for the March 2010 quarter was \$1,100,000, with a 4.5% annual change in median price recorded.

THE TREND
TOWARDS
APARTMENT
LIVING IS
INCREASING IN
PERTH WITH THE
CONVENIENCE
OF A LOWMAINTENANCE
HOME BEING A
MAJOR FACTOR

The suburb also has many low-rise older style flat developments as well as high-rise apartment developments closer to Kings Park taking advantage of the Swan River views. Since 2000, the suburb has seen fewer new developments undertaken, with developments being of a more exclusive, one apartment per level style.

*Cygne*, at 6-8 Mounts Bay Road, was completed in 2006 with 14 apartments over

seven levels. The average rate achieved in this development was \$14,762/sqm.

3 The Avenue comprises four, three-bedroom apartments which were completed in June 2010. On the western side of the street, the development has rear access to Princess Road. One apartment was sold in May; the remaining apartments are for sale at over \$17,000/sqm.

No. 10 The Avenue was built in 1979 on the river-side of the street. A recent first-floor, three-bedroom apartment sold for \$17,005/sqm.

#### Claremont

The Town of Claremont is situated approximately nine kilometres southwest of the Perth CBD and covers an approximate area of five square kilometres.

The REIWA preliminary median apartment price for the March 2010 quarter was \$565,000. Claremont also saw an annual change of 12.9% in the median price.

The Claremont Town Centre has undergone a revival in the last few years with the old Claremont Arcade, car park and Target being demolished to make way for the construction of new mixed-use commercial and residential buildings.

The first stage of the *Claremont Quarter*, developed by Multiplex and Hawaiian Group, was completed in 2009 which included 48 residential apartments over four storeys. Reports noted that all apartments sold off-the-plan on release in 2007, though figures show over 80% have settled. Prices achieved for these apartments range from \$10,648/sqm to \$20,105/sqm.

Stage two of this development is expected to be completed in mid-2011, with a further 31 apartments being developed above the commercial area.

Saint Quentin's, situated at 40 St Quentin Avenue, is a four-storey mixed-use commercial and residential development with 62 apartments above two levels of commercial space. Completed at the end of 2009, this development has sold 82% of apartments at a range of \$8,717/sqm to \$14,641/sqm (river views). Recent sales within this development have achieved rates similar to that achieved at the initial launch in 2007.

### **Nedlands**

Nedlands is situated approximately seven kilometres southwest of the Perth CBD with the majority of residences within the suburb being of single residence developments.

The REIWA median apartment price for the March 2010 quarter is \$580,000. The median price decreased by 15.5% over the past year. The highest price achieved in the past twelvemonths was \$2,200,000 in the *Esplanade Apartments* development. This sale reflected a rate of \$15,827/sqm, similar to the average rates achieved at initial launch in 2006.

Recent high-density development has been focused around the Nedlands Park Hotel site, with 10 new apartments along The Avenue, 4 apartments in the old Nedlands Park Hotel building and 37 apartments within the Esplanade Apartments development.

The Esplanade Apartments, at 35 Esplanade, sold off the plan in 2006 with all but one apartment now having sold. Prices achieved for this development were between \$11,429/sqm and \$24,444/sqm. The four resales of apartments in this development have achieved prices at a significant discount (between 4% and 42%) to their original purchase price due to the speculative interest of the initial purchases.

The original, heritage Nedlands Park Hotel building has been converted to four apartments, each with three bedrooms, three



bathrooms and river views. One apartment sold within this building in July 2009 at \$21,825/sqm.

Along The Avenue, to the rear of the heritage building is a new commercial and residential building with 10 apartments. Four apartments have been sold within this development, the most recent achieving \$14,463/sqm.

### Scarborough

Scarborough is a coastal suburb located approximately 14 kilometres west of the Perth CBD. Urban in-fill has dominated the suburb in recent decades as the desirability and value of the land has increased due to its proximity to the ocean.

The REIWA median price for apartments in Scarborough was \$465,000 for the March 2010 quarter, with a positive annual change in median price of 8.9%. The highest price achieved for the suburb in the past twelve months was \$2,400,000 for a three-bedroom apartment in the new *CeVue* development (\$16,901/sqm).

The City of Stirling has recently passed two amendments to the Town Planning Scheme. Amendment 458 aims to allow for the development of mixed-use commercial and residential properties in certain pockets of Scarborough. Amendment 457 is an approved amendment covering development in the area west of West Coast Highway, between Reserve Street and Brighton Road.

In addition to these amendments, new development planning restrictions have placed limitations on short-stay lettings in apartment developments, with expectations that it will increase the value of current and new apartments, enhancing the sense of community in the area.

Cape Bouvard Investments completed the new *CeVue* apartment development in May 2010 which includes 78 apartments, commercial space and the Quest Serviced Apartments. Of the residential apartments available, 60 sold off-the-plan, with 60% of these settling by the end of June 2010. The Quest Serviced Apartments have all sold to investors for prices ranging between \$315,000 and \$566,000.

The average sale price for two-bedroom apartments in *CeVue* is \$10,524/sqm. Sales of the three-bedroom apartments are at an average of \$14,416/sqm. Larger apartments are selling at an average of \$21,575/sqm. Approximately twenty-five percent remain for sale

### **Subiaco Centro**

Construction in the Subiaco Centro area commenced in 1997 to redevelop 80 hectares of former industrial land by the Subiaco Redevelopment Authority. Townhouses, apartments, offices and shops were built, with the construction of an underground railway line enhancing the streetscape.

The REIWA median price for the March 2010 quarter was \$667,500, slightly up on the December 2009 quarter. The highest sale price in the last twelve months was \$1,855,000 in *The Foundry* at a rate of \$10,192/sqm. The median price saw a change of 14.3% over the past twelve month period.



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# FUTURE DEVELOPMENT AREAS

Many areas are seeing redevelopment occur or have the potential to be redeveloped over the next few decades due to their proximity to the Perth CBD.

Master plans are being developed by urban planners to create mixed-used communities of retail, office and multi-density residential areas, increasing the vibrancy of local centres within the metropolitan area.

## **Perth City**

Perth: Potential redevelopment sites in the Perth CBD include the Capital Square site on Mounts Bay Road, 5 Barrack Street and 18 The Esplanade. 18 The Esplanade has DA approval for 59 apartments, but development is currently on hold. 32 St Georges Terrace recently sold to an international company who may demolish the current office building to construct an apartment complex.

Perth City Link: This will reconnect the Perth City Centre with Northbridge by sinking the railway line and redeveloping the land providing residential and commercial buildings and high quality public space. Development Horizon: 2017+

East Perth: Over 500 apartments are being released onto the market over the next three years. In addition, the former ABC site is now being developed by Finbar, and marketed by Knight Frank, into a mixed use building with approximately 300 apartments.



Riverside: A 40 hectare site along the Swan River, the project will transform the eastern gateway of the Perth CBD into a vibrant community housing up to 6,000 new residents. Redevelopment has started on the Queens Precinct, with construction completing last year on the *Sovereign Place* apartments with further development being undertaken in the near future.

The latter part of July 2010 saw the State Government calling for expressions of interest to develop the 4 hectare "Waterbank Precinct" part of the Riverside redevelopment. Further to this, the WACA have approved the development of up to six towers around the WACA ground. These significant steps will bring new heart to the CBD.

Development Horizon: 2006 - 2030+

Victoria Park: The Causeway Precinct is aimed at creating a mixed-use urban community with areas of higher-density residential development.

#### **Burswood Peninsula**

A Draft District Framework has been developed outlining the redevelopment of 285 hectares of land around Burswood and Belmont Park. When fully developed, the area has the potential to house up to 20,000 new residents.

Development Horizon: 2010 - 2030+

### **Belmont**

The Springs is a planned medium to high-density residential neighbourhood capitalising on its close proximity to the Swan River and high order public transport services. It is estimated that it will house a population of 1,500 residents. Structure planning for this area has been approved by the City of Belmont and endorsed by the WAPC.

### Western Suburbs

Floreat: Perry Lakes Stadium in Floreat is currently being demolished to make way for up to 606 new dwellings due for sale in late 2010/early 2011. Medium-density apartment development has been allowed for along the southern side of the redeveloped area.

Churchlands: Churchlands Green has been created over the old Edith Cowan University site. Allotments for medium-density apartment living have been allowed for, with the first development, *Element*, now selling off-the-plan at an average rate of \$9,333/sqm.

Leederville: The Leederville Town Centre
Master Plan outlines a framework to ensure
the sustainable development of the centre in
line with the Town of Vincent's vision over the
next two decades. Part of this vision is to
allow for higher density residential
development to occur around Carr Place and
to potentially create mixed-use icon buildings
with residential components along
Leederville Parade and Newcastle Street.

Subiaco: Redevelopment of the old Australian Fine China site has commenced, a 4.4 hectare site situated on the western side of Subiaco Centro. Approximately 37,500m<sup>2</sup> of commercial space and 300 new residences will be developed over the site, including high-density apartment buildings.

**Scarborough:** The City of Stirling has recently released a master plan, now open for public comment, to transform the beachfront of Scarborough into a bustling destination.

Areas for potential redevelopment in Scarborough include the White Sands Tavern, a 10,167sqm site with development approval to build up to 12 storeys, 22 Scarborough Beach Road, a 1,977sqm corner site which has received DA approval, and along the Esplanade where Cape Bouvard has DA approval to build a four-storey building.



# OUTLOOK

The trend towards apartment living is increasing in Perth with the convenience of a low-maintenance home, being close to work places and down-sizing being major influencing factors. Apartment living is about creating a new lifestyle for people and urban planners in Local Government are seeing the potential of the Perth Central Business District and in areas in close proximity, to create mixed-use communities over the next three decades with linkages to the commercial and employment hub of the Perth CBD.

Analysis has shown that the rates (\$/sqm) achieved for apartments have ebbed and flowed with the economic environment. Prices increased during the resources boom as demand increased from both owner-occupiers and speculative buyers, pushing up prices for off-the-plan apartments. The GFC saw this activity slow considerably and saw some speculators who had over-capitalised sell. In turn, rates per square metre reduced accordingly.

Recent transactions have shown that rates achieved for apartments appeared to have stabilised at realistic levels with confidence returning to the market in both numbers sold and prices achieved.

Demand for the Western Australia's resources is set to continue, with approximately A\$150 billion worth of resource projects either committed to or under consideration in the State over the next few years. This has the potential to create significant employment opportunities in the state, attracting international and interstate workers.

Based on the December 2009 estimated population of 1.7 million, continued growth at the current rate of 2.7% per year will see over 1.8 million people in the Perth metropolitan area by 2012, and over 2.26 million by 2026. This increase in population will create a corresponding level in demand for housing within the State.

The supply of apartments newly completed or currently under construction has to date met the demand of the market, but this supply will be limited in the next three to five years as a result of the GFC, where many projects were deferred due to tightening credit conditions and the dampened market.

With the lead time of developments being a major factor impacting on supply and the anticipation of on-going strong population growth for the Perth metropolitan region, demand could outstrip supply with the median price of dwellings increasing as a result.

The outlook should see the Perth market remaining steady in the next year with moderate growth over the subsequent 12 to 18 months. Returning confidence in the market will lead to greater purchaser demand for housing and apartments so that the market once again will be demand driven.

APARTMENT LIVING IS ABOUT CREATING A LIFESTYLE WITHIN VIBRANT LOCAL COMMUNITIES

Address	Suburb	Bed	Bath	Sale Price	Sale Date	Rate / sqr
Watermark, South Perth Esplanade	South Perth	4	3	\$ 6,250,000	May 2010	\$ 25,933
Cygne, Mounts Bay Road	Crawley	2	3	\$ 2,750,000	April 2010	\$ 15,896
Altair , Terrace Road	Perth	3	3	\$ 3,300,000	March 2010	\$ 12,044
Saint Quentins, St Quentin Avenue	Claremont	3	3	\$ 2,450,000	February 2010	\$ 12,250
The Brighton, Doepel Street	North Fremantle	2	2	\$ 1,300,000	February 2010	\$ 13,829
CeVue, The Esplanade	Scarborough	3	2	\$ 2,400,000	February 2010	\$ 16,90°
The Foundry, Roydhouse Street	Subiaco	3	2	\$ 1,855,000	February 2010	\$ 10,192
Reflections, Terrace Road	East Perth	3	3	\$ 2,050,000	December 2009	\$ 12,059
Mount Street	West Perth	3	2	\$ 2,300,000	November 2009	\$ 14,375
Aurora, Bow River Crescent	Burswood	4	3	\$ 4,200,000	November 2009	\$ 11,966
Esplanade, Esplanade	Nedlands	2	2	\$ 2,200,000	October 2009	\$ 15,827
Vueze, Enderby Close	North Coogee	3	2	\$ 1,895,000	August 2009	\$ 10,188
Circle East, Lake Street	Northbridge	3	2	\$ 640,000	July 2009	\$ 6,214
Moorings, Corkhill Street	North Fremantle	3	2	\$3,800,000	May 2009	\$ 16,450

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# RESEARCH



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