

APARTMENT CAPITAL VALUES RECOVERING

Perth's apartment capital values recovered slightly in the month of May, despite still recording slightly negative results year-on-year. Annual rental growth softened for apartments, with many pre-sold apartment towers now under construction and key government infrastructure projects underway.

Key facts July 2015

Capital growth for houses in the last month was down 0.4% (although up 0.5% year-on-year); while apartments witnessed an increase of 0.7% (despite down 0.2% year-on-year)

Sales volume was down 8.7% for houses and down 10.6% for apartments year-on-year to May

Annual **rental growth** was recorded at -3.2% for houses and -1.1% for apartments over the year to May

Gross **rental yields** currently average 4.51% for houses and 4.89% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low.
- In the year to December 2014, Western Australia experienced the second largest population growth behind Victoria. Population growth is set to continue for the Perth metropolitan area, with an annual rate of 1.9% projected out to 2021.
- The unemployment rate as at May 2015 stands at 5.3% for the metropolitan region (SA4), trending lower than the 5.9% rate of May 2014.
- Building approvals in the three months to May totalled 4,687 houses and 2,168 apartments approved in the Perth metropolitan area. This is trending 6.3% lower for houses and 45.2% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to May tallied 26,773 houses (down 8.7% on previous year) and 11,712 apartments (down 10.6% on prior year).
- House values were recorded at a median \$529,000, falling 0.4% in the month of May with an increase of 0.5% over the last year. Apartment values increased 0.7% over the month, despite falling 0.2% over the year, to record a median of \$458,000. The average annual ten year growth was 4.9% for houses and 6.2% for apartments.
- Over the year to May rental growth was recorded at -3.2% for houses and -1.1% for apartments. Weekly median rents are currently achieving \$455 for houses and \$430 for apartments.
- Total vacancy was last recorded at 4.4% in March 2015; an increase of 0.7% from the same period of 2014.
- In May 2015, gross rental yields across the metropolitan area compressed 17bps for houses and 31bps for apartments compared to the year prior.

FIGURE 1
Perth Capital Value Growth
12-month rolling

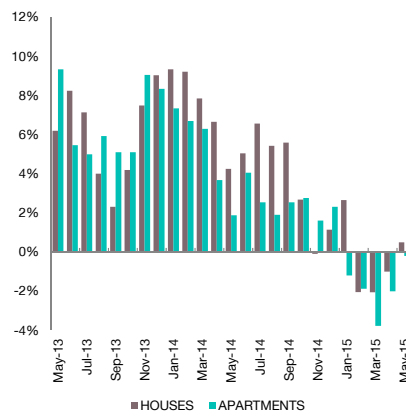
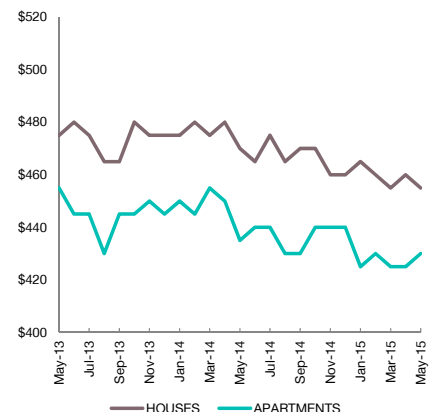


FIGURE 2
Perth Rents
Median, weekly



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



MICHELLE CIESIELSKI
Knight Frank Residential Research

Follow Michelle at @MCiesielski_AU

For the latest news, views and analysis on the world of residential property, visit knightfrank.com.au/research or Global Briefing or [@kfglobalbrief](https://twitter.com/kfglobalbrief)



Knight Frank House Price Index, Perth Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
May-14	332	4.3%	-0.8%	-2.2%	-1.9%
Jun-14	335	5.0%	1.2%	-0.7%	0.9%
Jul-14	343	6.6%	3.2%	1.3%	2.4%
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%

Source: Knight Frank Residential Research, Residex

Knight Frank Apartment Price Index, Perth Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
May-14	338	1.9%	-1.0%	1.1%	-1.2%
Jun-14	340	4.1%	1.7%	-0.4%	0.7%
Jul-14	341	2.5%	0.8%	-0.2%	0.3%
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%

Source: Knight Frank Residential Research, Residex

Knight Frank Residential Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Global House Price Index Q1 2015



Sydney Residential Market Update July 2015



Melbourne Residential Market Update July 2015



Brisbane Residential Market Update July 2015

Knight Frank Research Reports are available at KnightFrank.com.au/Research

RESIDENTIAL RESEARCH

Michelle Ciesielski

Director
+61 2 9036 6659
Michelle.Ciesielski@au.knightfrank.com

Bradley Rehn

Assistant Analyst
+61 2 9036 6656
Bradley.Rehn@au.knightfrank.com

Matt Whitby

Head of Research and Consulting
+61 2 9036 6616
Matt.Whitby@au.knightfrank.com

PROJECT MARKETING PERTH

Neil Kay

Senior Director
+61 8 6210 0112
Neil.Kay@au.knightfrank.com

INTERNATIONAL PROJECT MARKETING

Erin Van Tuil

Director
+61 2 9036 6699
Erin.VanTuil@au.knightfrank.com

PROPERTY MANAGEMENT

Linda Caines

Associate Director
+61 8 6210 0139
Linda.Caines@au.knightfrank.com

WESTERN AUSTRALIA

John Corbett

Managing Director
+61 8 9225 2561
John.Corbett@au.knightfrank.com



© Knight Frank 2015 This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not permitted without prior consent of, and proper reference to Knight Frank Research.