PERTH—THE LIFESTYLE CITY

Perth’s position along the West Coast offers not only an unrivalled sunset in the modern city for evening joggers, but great potential for investment opportunities being located at the gateway to Asia.

Whilst fortunate to tap into world-class reserves of natural minerals and energy resources, Perth has evolved to grow an equally important highly educated, skilled and productive workforce strengthened by innovation and cultural diversity. This guide focuses on living, studying and buying residential property in Perth.

Liveability

Perth ranked in 12th place of the World’s Most Liveable Cities in 2018, according to the Economist Intelligence Unit, as shown in Table 1. The index is based on 30 factors spread across five areas: stability, infrastructure, education, health care and environment.

<table>
<thead>
<tr>
<th>Most Liveable Cities 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of 140 global cities based on Stability, Infrastructure, Education, Health Care &amp; Environment</td>
</tr>
<tr>
<td>1. Vienna, Austria</td>
</tr>
<tr>
<td>2. Melbourne, Australia</td>
</tr>
<tr>
<td>3. Osaka, Japan</td>
</tr>
<tr>
<td>12. Perth, Australia</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research, Economist Intelligence Unit

Perth was also 13 places higher (63rd) than Brisbane for ‘wealth’. The two elements that contributed to this category include the number of households earning US$250,000 in 2017, and the other being how fast this price bracket is expected to grow over the next five years.

‘Investment’ was the third category with double-digit ranking for Perth, at 88th place. This was based on the annual average private investment into property over the two-year period to the end of 2017 and the average number of nationalities investing. This is likely to increase in the 2018 results given the recent increased investment in WA. The ‘lifestyle’ category, ranked Perth in 142nd position. This was based on cities with the most top 100 universities, the number of five-star hotels and the highest average spend per overnight visitor. With strong future prospects, and several hotels under construction due by 2020, this will boost tourism opportunities for the city, and Perth’s global ranking in future years.

City Wealth Index

Perth ranked in the top quintile of the cities that matter to the ultra-wealthy in the Knight Frank City Wealth Index 2018, ranking in 53rd spot.

The best performing category for Perth was ‘Future’ (56th place), ranking higher than Brisbane (57th), based on the forecast of economic performance.
International Visitors

The balmy climate of Perth allows for a laid-back environment with locals soaking up the weather in the many cafes along vibrant shopping strips, down at the beach, bushwalking or riding bikes with the family amongst the native flora and fauna or relaxing in one of the local parklands. Most prominent is Kings Park adjoining the city skyline, with a high vantage point over the Swan River and Perth CBD. Watching unrivalled sunsets is very picturesque, being the only Australian capital city to enjoy the sun setting on the ocean.

Perth accommodates a vast array of restaurants, fashion brands, independent retailers, as well as shopping malls. In the Perth CBD, Hay Street Mall and Murray Street Mall both comprise pedestrian-only shopping districts, while retail strips and arcades feature a diverse range of traders.

Traditional department stores like Myer and David Jones are also found here. King Street, Perth is known as the ‘start of West End’, famed for international luxury brands. Many cafes and bars can be found at the intersection with Murray Street.

One of the largest diamond mines in the world—the Argyle Diamond Mine—is located in the far north-east of Western Australia (WA), close to the border of the Northern Territory. The mine is the largest diamond producer in the world by volume, and is also the only known significant source of the elusive pink diamonds. Due to Perth’s proximity to the mine, diamonds are often discounted and abundant in local jewellers.

The number of international visitors to WA increased by 1.1%, to reach 967,000 visitors, in the year ending March 2018.

The most number of international tourists came from the United Kingdom (15%), Malaysia (11%), Singapore (11%), United States (9%) and New Zealand (7%) as shown in Figure 1.

Looking at WA’s top 10 international markets over this time, there was strong growth in the number of additional visitors from China (8.6% or equivalent to 4,600 additional visitors), India (12.0% or +3,100), Japan (9.9% or +2,500), and the U.S (3.1% or +2,500).

### FIGURE 1
*International Visitors to Western Australia, by Country of Residence

% of total, year ending March 2018*

<table>
<thead>
<tr>
<th>Country of Residence</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K</td>
<td>15%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>11%</td>
</tr>
<tr>
<td>Singapore</td>
<td>11%</td>
</tr>
<tr>
<td>Other Asia</td>
<td>9%</td>
</tr>
<tr>
<td>Other Europe</td>
<td>7%</td>
</tr>
<tr>
<td>U.S</td>
<td>7%</td>
</tr>
<tr>
<td>Other Countries</td>
<td>7%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>6%</td>
</tr>
<tr>
<td>China</td>
<td>6%</td>
</tr>
<tr>
<td>Germany</td>
<td>5%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4%</td>
</tr>
<tr>
<td>Japan</td>
<td>3%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research, Tourism Western Australia
**Perth's Demographic Profile**

**Population**

Population has been steadily rising in Perth. Over the year to 30 June 2017, an increase in the estimated resident population was recorded at 1.0% to 2.04 million. This is slightly below the overall Australian population growth of 1.6%.

According to the Australian Bureau of Statistics (ABS), the Perth population is projected to grow annually by 2.5% to 3.6 million persons by 2036. This is based on the assumption of a strong depth of mining activity in WA.

**Age Distribution**

Age distribution in Perth is relatively comparable with the national average—however, the 20-29 age group trends higher at 14.6% against the national average at 13.8%.

**Multiculturalism**

Perth is a true multicultural city, with 42.7% of residents being born outside of Australia. The most prominent countries of birth include England (8.6%), New Zealand (3.2%), India (2.4%) South Africa (1.8%), and Malaysia (1.5%). Almost 46% of parents of the residents in Perth were born overseas, exceeding the national average of 34.4%. This wide diversity has encouraged many international restaurants, schools and cultural activities established within communities.

**Religion**

The Catholic religion was practiced by 22% of Perth residents at the time of the Census 2016, this was followed by Anglican at 13.8%, then Christian with 3.4%. No religion was the most common response in Perth with 32.1% of the population.

**Language**

Other than English, Mandarin (2.3%) was the most common language spoken in a Perth household. Other typical languages include Italian (1.4%), Vietnamese (1.0%), Cantonese (1.0%) and Arabic (0.7%).

**Education**

Perth is a skilled city. A higher proportion of people are educated at university level (22.9%) compared to the Australian average (22.0%). In Perth, 16.5% of the local student population were studying at university in the 2016 Census, compared to the national average of 16.1%.

**Work**

The most common occupation of Perth’s residents are in professional services—at 22.2%—on par with the national average. Technicians and trades workers (15.6%), clerical and administrative workers (13.6%) and managers (11.5%) were the next most common occupations.

Despite WA being known as a mining state—the city of Perth is not classified as a 'mining town'. Only 5% of Perth’s population in 2016 worked in the mining industry, with most miners living in remote towns closer to the mines and commuting each day.

Of all the employed people in Perth, 3.8% worked in hospitals. Other major industries of employment included cafés and restaurants (2.5%), primary education (2.5%) and supermarket and grocery stores (2.4%).

**Travel to Work**

In Perth at the time of the Census 2016, the most common methods of travel to work for employed people were by car, as a driver (64.1%) and car, as a passenger (46.6%). Other common responses were worked at home (39.3%), bus (3.7%) and train (2.8%).

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**PERTH ANNUAL EVENT CALENDAR**

**JANUARY**
- Perth Chinese New Year Fair
- Perth Cup, Ascot Racecourse
- Hopman Cup
- Australia Day Perth Celebrations

**FEBRUARY**
- Perth International Arts Festival
- Rottnest Channel Swim

**MARCH**
- Sculptures by the Sea, Cottesloe
- Mandurah Crab Fest

**APRIL**
- SunSmart Busselton Festival of Triathlon

**MAY**
- Jazz by the Bay
- Argyle Diamonds Ord Valley Muster

**JUNE**
- Feed Box Market Finale

**JULY**
- Good Food and Wine Show

**AUGUST**
- Mt Claremont Farmers Market
- Stirling Farmers Market

**SEPTEMBER**
- Australian Football League Grand Final

**OCTOBER**
- Oxfam Trailwalker Perth
- The Handmade Expo Market

**NOVEMBER**
- Perth International Arts Festival (Films)
- The Last Gentlemen of War

**DECEMBER**
- Christmas in the City Celebrations
- Swan River New Year’s Eve Fireworks
On the day, 10.3% of employed people used public transport (train, bus, ferry, tram/light rail) as at least one of their methods of travel to work and 71.3% used car (either as driver or as passenger).

Key Employment Hubs

The distribution of employment opportunities are wide across Perth, although there are key concentrated areas for office and industrial workers.

Commercial

Perth CBD is the largest office market in Perth. The CBD extends the length of St George’s Terrace through Adelaide Terrace to Plain Street in East Perth, bound by Wellington Street to the north, Elder Street to the west and the Swan River to the south.

The CBD is surrounded by open parklands enjoyed by workers at lunchtime including Kings Park, Langley Park, Wellington Square, Queens Gardens, Stirling Gardens, Supreme Court Gardens and the Esplanade Reserve.

The redevelopment of Elizabeth Quay accommodates further office space for the CBD and an array of restaurants and vibrant outdoor spaces overlooking the Swan River. Accessible by: train, ferry, bus and car.

West Perth accommodates the next largest office market bound by Kings Park Road to the south, Thomas Street to the west, Roe Street to the north and George Street to the east.

To the south, the precinct skirts the Parliament of Western Australia, the Old Observatory, Dumas House and Kings Park. Accessible by: bus and car.

Industrial

Industrial areas are more spread across the metropolitan area varying from distribution centres to warehouses and industrial estates.

North: Balcatta, Malaga, Osborne Park, Neerabup, Gnangara.


South: Jandakot, Canning Vale, Bibra Lake, Yangebup, Kwinana, O’Connor, Henderson, Hope Valley, Fremantle, Rockingham.

Mostly the suburbs are accessible by: bus, truck and car.

MAP 1

Perth

Major infrastructure network

Source: Knight Frank Research
STUDYING IN PERTH

Schools
Schools in Australia generally comprise a mix of local and international students. The education system is broadly divided into primary (aged 5-12) and secondary (aged 13-18). There are two main types of public and private schools:

Public Schools
Public schools are financially and administratively operated by the State Government and provide free education to domestic students. First preference is normally given to those living within a particular catchment area from the school. Student visa holders must pay a fixed fee for each year of education, dependent on the type of visa held.

Selective public schools are financially and administratively operated by the State Government. Selective public schools are regarded as more prestigious due to the academic selective nature. Students must sit academic examination and excel in order to be offered a position from the respective school. Additionally, these selective public schools do not usually limit their intake to particular catchment areas. Due to their public nature, student visa holders must pay a fee for each year of education.

Private Schools
Independent schools are financially and administratively privately operated. Independent schools therefore hold more control over the quantity and quality of teachers, classroom sizes, amenities and co-curricular activities. Fees for independent schools are usually high, but can be considered to provide an investment for superior education and amenities to students.

Religion-based schools hold faith at the core of their education—however they continue to follow the state government education curriculum. These religion-based schools are usually non-government, and thus often have higher fees than government subsidised schools.

Universities
Most universities have a main campus with several smaller campuses located across multiple states and territories; in CBD, metropolitan and regional areas. This provides a wide range of options when studying in Australia with many universities also setting up campuses based in major international cities.

International Students
Reflecting the good reputation internationally, universities in WA accommodate a large international student base. Enrolments in WA Higher Education had the largest share of international students at 21,200—an increase of 2.1%. While enrolments in Schools were up 6.7%—to represent 850 international students. Across all education sectors, the largest group of international students in Western Australia have enrolled from India (7,950), China (7,950) and Malaysia (3,600). Other high-ranking Asian countries include Taiwan (2,200), Vietnam (2,050), South Korea (2,000), Hong Kong (2,000), Singapore (1,450), Indonesia (1,200) and Japan (1,100).

The application process for international students applying to Australian universities is similar to local students. The length of the application process can often be longer than local students, as more information is required before acceptance. Most universities will require an IELTS (International English Language Testing System) examination conducted, an internationally recognised education qualification and a portfolio of previous work experience where applicable.

The Simplified Student Visa Framework (SSVF)
The Simplified Student Visa Framework (SSVF) is designed to make the process of applying for a student visa in Australia simpler to navigate via two subclasses:

Student Visa—Subclass 500 where international students can apply for a single student visa regardless of their chosen course of study and the Student Guardian Visa—Subclass 590 where student guardians can apply for the new Student Guardian Visa.

All students and student guardians will generally be required to lodge their visa application online by creating an ImmiAccount.
<table>
<thead>
<tr>
<th>Suburb</th>
<th>School</th>
<th>Religion</th>
<th>Gender</th>
<th>Year Levels</th>
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<td>Girls</td>
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<td>Christ the King School</td>
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<td>Co-ed</td>
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<tr>
<td>Bedford</td>
<td>Chisholm Catholic College</td>
<td>Catholic</td>
<td>Co-ed</td>
<td>7-12</td>
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<tr>
<td>Bull Creek</td>
<td>All Saints’ College</td>
<td>Anglican</td>
<td>Co-ed</td>
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</tr>
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<td>Perth Montessori School</td>
<td>Montessori</td>
<td>Co-ed</td>
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<td>Carmel</td>
<td>Carmel Adventist College</td>
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<td>Girls</td>
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<td>Boys</td>
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<td>Co-ed</td>
<td>K-7</td>
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</tbody>
</table>

Source: Private Schools Guide 2018

^non-CRICOS registered
### Definitions

**World Ranking** is calculated by averaging the ranking produced by QS World University Ranking, the Shanghai Academic Ranking of World Universities and Webometrics web publishing rankings.

**Australian Ranking** is calculated from the combined score for World Ranking (reputation), Graduate Satisfaction (ratings) and Adjusted Graduate Salary (results).

**Adjusted Graduate Salary** is a measure of how well students are doing in the job market some months after graduating based on graduate salaries, rates of unemployment and the proportion of students who go onto further study.

**Annual International Student Fees** are an estimate only. It is highly recommended to engage directly with the Australian university for information on the course and fees applicable.

Further information is available at universityreviews.com.au

### Source

Knight Frank Research, University Reviews (2015 & 2017)

### TABLE 4

#### Universities, Western Australia

<table>
<thead>
<tr>
<th>University Name</th>
<th>World Ranking 2017</th>
<th>Australian Ranking 2017</th>
<th>Adjusted Graduate Salary</th>
<th>Number of International Students</th>
<th>International Students % of Total Students</th>
<th>Annual Average International Student Fees</th>
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<td>University of Western Australia</td>
<td>128</td>
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<td>$58,809</td>
<td>5,207</td>
<td>20%</td>
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<tr>
<td>Curtin University</td>
<td>294</td>
<td>20</td>
<td>$48,383</td>
<td>15,205</td>
<td>31%</td>
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<tr>
<td>Murdoch University</td>
<td>601</td>
<td>32</td>
<td>$47,855</td>
<td>9,961</td>
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<td>Edith Cowan University</td>
<td>807</td>
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<td>$47,572</td>
<td>4,009</td>
<td>16%</td>
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<tr>
<td>Central Queensland University</td>
<td>861</td>
<td>26</td>
<td>$53,112</td>
<td>4,437</td>
<td>25%</td>
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<tr>
<td>University of Notre Dame</td>
<td>1,826</td>
<td>17</td>
<td>$53,662</td>
<td>320</td>
<td>3%</td>
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</table>
Across Greater Perth, the ‘Great Australian Dream’ - a house standing on a ‘quarter acre block’, is still relatively affordable and within close proximity to the city.

Although with our fast-paced lives, many are now choosing low maintenance living and opting for apartments in complexes with high amenity. This is becoming particular popular with downsizing households. This reflects the changing demand across the metropolitan area for public parklands and shared facilities.

Dwelling Types

Standalone houses (also known as landed) continue to be the most dominant dwelling type in Perth, representing 77% of all dwellings. This is trending higher than the national average of 73% given the greater volume of lower density property in Perth.

Following suit, semi-detached, row or terrace houses and townhouses, with a compact backyard, comprised a 16% share; trending above the national share of 12.7%.

Although more people are moving towards higher density living, there still remains a little under 7% of all dwellings are flats or apartments, compared to the national share of 13.1%.

Ownership

In Australia, most residential dwellings are purchased as freehold property, that is, the land and building are owned outright, in perpetuity, under the Torrens Title system.

The same exists for Strata Title, although ownership allows individual ownership of part of a property (or ‘lot’), combined with shared ownership in the remainder, or common property, through a legal entity called the owners corporation (see further information on page 19).

On the night of the Census 2016, 28% of Perth residential private properties being lived in were owned outright, whilst 42% were owned with a mortgage. The remainder (27%) were being rented from a landlord.

**Distribution of Tenure, Perth**

% of private dwellings

<table>
<thead>
<tr>
<th>Owned with Mortgage</th>
<th>Owned Outright</th>
<th>Rented</th>
<th>Not Stated</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midland</td>
<td>Armadale</td>
<td>Scarborough</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Midland</td>
<td>• Armadale</td>
<td>• Scarborough</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Wungong Urban</td>
<td>• Scarborough</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Source:** Knight Frank Research, ABS (2016) **

Growth precincts

The WA government has identified key locations across Perth suitable for rejuvenation with new homes and jobs.

The Metropolitan Redevelopment Authority (MRA) is transforming places in and around five redevelopment areas:

**Central Perth**
- Claisebrook Village
- East Perth Power Station
- Elizabeth Quay
- New Northbridge
- Perth City Link
- Perth Cultural Centre
- Riverside

**Subiaco**
- Subi Centro
- Subi East

Prime properties

Prime properties, considered the top 5% of the residential market by value, are mostly close to, or dotted around, the Swan River. Well-respected private schools located in these prestige suburbs attract many local and international families alike.

Areas in the Western Suburbs can command some of the most picturesque river or ocean views. South of the River, South Perth across to Applecross capture uninterrupted city skyline views in the one frame.

Peppermint Grove is considered the most expensive suburb by value, according to the Real Estate Institute of WA (REIWA) for those suburbs with more than 20 transactions. This is followed by Dalkeith, Cottesloe, City Beach, Applecross, Nedlands, Swanbourne, Churchlands, Claremont and Mt Claremont.
RENTING IN PERTH

The process of renting (also known as leasing or letting) a residential property can vary in each state, but generally the main factors for a tenant to consider are outlined below.

Tenancy Agreement

A tenancy agreement (property lease) is a contract where one party conveys property to another for a specified period of time, in return for a regular payment. When leasing out a property, the owner receives an income, but there are maintenance costs and responsibilities for the landlord.

Before signing a tenancy agreement, a tenancy application must be submitted to the real estate agency (property manager) with proof of identity, ability to meet rental payments and good references.

Rent

As stipulated in the tenancy agreement, the tenant agrees to regularly pay rent to the landlord (most times this is conducted via a property manager and rent can be paid weekly, fortnightly or monthly).

Any future increases will be stated within the tenancy agreement. The rent can be increased every six (6) months, even during the fixed term lease.

Term

The length of a tenancy agreement can vary, however the standard term is usually six (6) or twelve (12) months for the initial agreement although alternate periods may be negotiable dependant on the requirements of the landlord and/or tenant.

Once a tenancy agreement expires, the tenant can request a new fixed term, or alternatively the tenant can stay in the premises at the same rent and conditions until advised.

Bond

A bond is a lump sum payment paid upfront by the tenants as security before moving into the property. This lump sum—four (4) weeks rent—is held in trust by the WA Bond Administration.

At the termination of the tenancy agreement, if the property is vacated and left in a suitable condition, the bond will be repaid in full to the tenant.

Utility & Service Charges

Utility usage charges are the responsibility of the tenants and will be detailed in the lease agreement. Service charges and taxes are paid by the owner and cannot be passed onto the tenant.

Inspections & Repairs

Throughout the tenancy, the property will be inspected quarterly by the landlord or property manager. A minimum of seven (7) days notice will be given with the purpose of these inspections being to check the maintenance of the property.

Repairs to the property that are due to the normal wear and tear of the property must be paid for by the landlord. Repairs classified as ‘urgent’ must be completed as soon as possible, while ‘non-urgent’ repairs must be taken care of before the 14 days of notification.

Furniture

Generally, residential properties do not come furnished, however it is common for inner city apartments to be fully furnished and equipped. This will be clarified in the tenancy agreement.

Terminating the Tenancy

A tenancy can be terminated at the conclusion of the tenancy agreement. However, both landlord and tenant can request to end the tenancy for a variety of reasons. Certain conditions must be met before it can be terminated, including days of notice, number of notices and reason for termination.

For further information, contact WA Dept. of Mines, Industry Regulation and Safety.
BUYING IN PERTH

The Process
The process to purchase a residential property can vary widely but the most common steps are outlined below. For further information and clarity, consult with your legal representative.

Finance Representation
Before starting the journey to purchase a residential property, carry out due diligence of the subject property and surrounding area to ensure the price expectation can be achieved with the allocated budget.

The lending environment has become challenging in recent years, when seeking a loan from a financial institution. Many local banks will only lend if 20% of the purchase price has been saved and there is good evidence the property loan can be repaid regularly with the property loan based on market value. Shop around as mortgages and deposits can vary significantly between providers.

Legal Representation
Engaging a solicitor or conveyancer prior to purchasing the property is highly recommended so they can review the contract before signing, and then stay engaged throughout the process until the property settles (when the property officially changes ownership).

Buying Established Property
Search for a property priced to match requirements for location, proximity to transport, work and education and the quality, size and age of the dwelling. Staying abreast of comparable sales will assist in the negotiation process.

Inspect the property at an open house or by private appointment. Request a copy of the contract and have solicitor (or conveyancer) read over the document.

Gain pre-approval for loan from lender and confirm qualification from FIRB if required. Arrange a pest and building inspection to guarantee the quality of the building and be aware of maintenance required.

Negotiate by private treaty the highest price willing to be paid for the property with the vendors (via the selling agent) or alternatively bid at public auction.

A deposit is required for a private treaty until formal finance is approved; at this time the full deposit (say, 10%) is paid. If bid was accepted at auction, the full deposit is payable at this time (say, 10%). The deposit is generally paid by cheque or electronic transfer (private treaty only).

Contracts are signed and exchanged by both parties and it’s time the solicitor (or conveyancer) finalises the formal paperwork with the lender. Loan documents are signed.

Settlement occurs when the property officially changes ownership, following one final inspection on the day and the locks are changed.

Buying Off-The-Plan
In most cases, buying off-the-plan (OTP) is the commitment to buy a property that’s not yet built.

An OTP property can be better priced than established stock as developers are keen to secure sales in the project so lenders will provide funding and construction can commence. There is also the potential flexibility at this time to make design changes to an apartment or house prior to turning sod.

In most cases a deposit, typically 10%, is paid to the developer and the remaining is paid on settlement of the property, allowing more time to save throughout the construction period. Through this time, market forces may push market values up, at an advantage to the buyer, at the same time consideration must be made should the market slow over this time.

It’s wise for this type of investment, especially with smaller and unknown developers, that contracts are reviewed by legal representation and the ‘sunset clause’ explained, which places a deadline for the registration of Title. This ensures construction is completed within a timeframe. Should a development not proceed, deposits will be returned. But could be at (rarely) the expense of missed interest.

There can also be more tax depreciation available on new properties, meaning maximising benefits and improving after-tax cash flow for investment properties.

General Costs
When buying property in Australia, there are both federal and state taxes and a range of fees that are implemented.

Transfer Duty
Transfer duty (also known as Stamp Duty) is levied by the state government on the purchase of property.

Legal Fees
Legal fees will vary between legal firms and may be dependent on property value. Generally fees range from $1,000 to $3,000 plus GST.

Land Transfer Fee
When a property changes ownership, a document known as a Land Transfer is lodged and registered with the WA Office of State Revenue, and a fee is charged. It is this document that records the change of ownership. The cost to register the title varies in each state of Australia. A solicitor or conveyancer will perform this task on your behalf.

Mortgage Application Fee
A fee charged by the state government for the registration of a mortgage. A lender will perform this task on your behalf.
BUYING AS A FIRST HOME BUYER IN PERTH

Both the Australian and state governments provide incentives for Australian first home buyers.

Incentives for First Home Buyers in Australia

First Home Super Scheme

The Australian Government, from 1 July 2017, has allowed individuals to make voluntary concessional (before-tax) and non-concessional (after-tax) contributions into superannuation funds to fast-track the time taken to purchase a new home under the First Home Super Scheme (FHSS).

First Home Owner Grant Available

First Home Owner Grant (FHOG)

Western Australia; including Perth

<table>
<thead>
<tr>
<th>Grant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-off</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

Source: WA Office of State Revenue

Incentives for First Home Buyers in Western Australia

First Home Owner Grant

The First Home Owner Grant (FHOG) is currently available in WA once an eligibility criteria is met.

Since 1 July 2018, individuals can apply to release these voluntary contributions, along with associated earnings, to assist in purchasing their first home.

The scheme allows Australians to make voluntary contributions of up to $15,000 in any one financial year, to a maximum of $30,000 across all years. This includes undeducted (non-concessional) personal contributions, deducted (concessional) personal contributions and salary sacrifice contributions. These contributions, which are taxed at 15%, along with deemed earnings, can then be withdrawn for a deposit if the eligibility criteria is met.

Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30% offset. Contributions made under this scheme are not a new type of contribution. They are voluntary contributions made to your superannuation fund. As a result, a separate special account doesn’t need to be established nor does the fund need to be notified.

For further information, contact the Australian Taxation Office.

Table 7
First Home Owner Grant Eligibility Criteria

<table>
<thead>
<tr>
<th>Western Australia; including Perth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Located south of the 26th parallel</td>
</tr>
<tr>
<td>Located north of the 26th parallel</td>
</tr>
</tbody>
</table>

Conditions

Dwelling must be new, unless specified;

Persons must be a minimum age of 18 years;

At least one applicant is a natural person;

At least one applicant is an Australian permanent resident or citizen;

The contract date must be on or after 1 July 2017;

No persons to have held a relevant interest at any residential property in Australia prior to 1 July 2000; on or after 1 July 2000 and occupied that property as a place of residence before 1 July 2004; on or after 1 July 2004 for a continuous period of at least six months;

Must live in new home as principal place of residence continuously for at least 6 months within the first 12 months of settlement.

Source: WA Office of State Revenue

Stamp Duty Concessions

A first home owner concessional rate on transfer duty (stamp duty) is available if the first home is valued at less than $530,000 in WA.

The transfer duty will be exempt if the first home is valued below $430,000.

For vacant land in WA, if valued at less than $400,000, a concessional transfer duty is available.

Transfer duty will be exempt if the vacant land is valued below $300,000.

For further information, contact the WA Office of State Revenue.
Current regulations for foreign investors purchasing residential property in Perth

For further information:

Foreign Investment Review Board [FIRB]
firb.gov.au

Department of Immigration and Border Protection
border.gov.au

- Must apply and gain approval from the FIRB prior to purchasing property in Australia.
- Applications are generally approved if the property purchased adds to the housing stock, including new dwellings that are yet to be occupied or sold, off-the-plan properties under construction or yet to be built. This includes vacant land for residential development where ongoing construction begins within 24 months.
- Non-permanent residents are forbidden to purchase established dwellings as investment properties or as homes. Although there could be an exception if the established dwelling is being redeveloped into multiple dwellings, and as a result, there is an increase in the dwelling count. Over the development period, the house must remain unoccupied.
- Foreign buyers can purchase an off-the-plan dwelling, when another buyer has failed to reach settlement—reverting to its previous status as a new dwelling. An apartment or house that has just been built, or is still under construction and for which the title has never changed hands, is not considered an established dwelling.
- A temporary resident is a person who is residing in Australia and holds a temporary residency visa which permits them to stay in Australia for a continuous period of more than 12 months (regardless of how long remains on the visa); or has submitted an application for permanent residency and holds a bridging visa which permits them to stay in Australia until that application has been finalised.
- Are required to notify FIRB prior to purchasing property in Australia, including an established dwelling, a new dwelling that has been purchased directly from the developer and has not been previously occupied for more than 12 months in total and vacant land for residential development where ongoing construction begins with 24 months. Temporary residents are not permitted to buy established dwellings as investment properties.
- May acquire one established dwelling only and it must be used as their main residence (home) in Australia. Such proposals normally meet with no foreign investment objections subject to conditions; such as, that the temporary resident sells the property when it ceases to be their main residence.

Source: Knight Frank Research, Foreign Investment Review Board, Department of Immigration and Border Protection
The Australian Government welcomes foreign investment into Australia’s residential property market. The current rules around foreign investment in residential property aim to direct investment into new housing, increasing the housing supply and support local economic activity.

**BUYING A PERTH RESIDENTIAL PROPERTY AS A FOREIGN INVESTOR**

- **Investment migrants under this scheme are required to invest at least AUD$5 million into complying investments in Australia for a minimum of four years before becoming eligible for permanent residency.**
  - The SIV scheme is intended to target the migration of high net-worth individuals to Australia with the longer-term aim of transferring wealth of international businesses and individuals to benefit Australian businesses and the broader economy.
  - The SIV scheme was introduced on 24 November 2012 and is operated by the Department of Immigration and Border Protection.

- **Investment migrants under this scheme are required to invest at least AUD$15 million into complying investments in Australia for a minimum of 12 months before becoming eligible for permanent residency; a more expeditious pathway than the SIV.**
  - The PIV scheme is aimed at attracting applicants with business and entrepreneurial skills and capital to enhance investment into innovative Australian businesses and the commercialisation of Australian ideas, research and development.
  - The PIV scheme was introduced on 1 July 2015 and is operated by the Department of Immigration and Border Protection.

- Acquiring second-hand dwellings for the purpose of providing housing for their Australian-based staff normally meet with no objections subject to the conditions set by FIRB.
- The company must sell the property if it is expected to remain vacant for six months or more. In remote and rural locations foreign companies may rent out dwellings acquired under this category only where they are unable to sell the property.
- Whether a company is eligible, and the number of properties it may acquire under this category, will depend upon the scope of the foreign company’s operations and assets in Australia.
- Foreign companies would not be eligible under this category where the property would represent a significant proportion of its Australian assets.

**Foreign Company with Australian Business**

**Investment Migrants (High Net Worth Individuals)**

Please refer to the important notice at the end of this report.
Additional Costs for Foreign Buyers

All foreign persons — that is, temporary residents and non-residents — can apply to purchase vacant residential land for development and newly constructed dwellings in Australia.

Non-resident foreign persons are generally prohibited from purchasing established dwellings in Australia. However, temporary residents can apply to purchase one established dwelling to use as their residence while they live in Australia, although on the condition the property is sold when it ceases to be their principal place of residence.

Once a property has been identified to purchase, an application must be made to the Australian Foreign Investment Review Board (FIRB).

It is highly recommended that an application is submitted prior to the advance of any transaction — to ensure complete legality of the purchase. Additionally, approval from FIRB is property-specific — one application per property.

When the application is submitted, the government investigates to ensure that the purchase of the property will be in the country’s best interest.

A decision on the application is made within 30 days — unless complications or alterations occur, in which it may take up to 90 days.

Foreign Investor Application Fee

All foreign investors must pay a fee before their foreign investment application will be processed.

Foreign investors are required to pay $5,600 to purchase a new property if valued under $1 million, with additional fees payable per million in the value of the property.

This fee does not provide any assurance of securing the property and strict penalties are applied for those who breach the rules.
# Case Study: Cost to Buy a New Residential Property in Perth—Now or from 1 Jan 2019

## Table 10

### Estimated Property Purchase Costs, Perth

All costs represented in AUD, As at 1 October 2018

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>350,000</th>
<th>500,000</th>
<th>750,000</th>
<th>1,000,000</th>
<th>1,250,000</th>
<th>1,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer Duty</td>
<td>10,740</td>
<td>17,770</td>
<td>29,740</td>
<td>42,620</td>
<td>55,500</td>
<td>68,370</td>
</tr>
<tr>
<td>Land Transfer Fee</td>
<td>250</td>
<td>270</td>
<td>330</td>
<td>370</td>
<td>430</td>
<td>470</td>
</tr>
<tr>
<td>Legal Fee (includes GST payable)</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Mortgage Application Fee</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
</tr>
<tr>
<td><strong>General: Estimated Total Costs</strong></td>
<td><strong>12,670</strong></td>
<td><strong>19,720</strong></td>
<td><strong>31,750</strong></td>
<td><strong>45,170</strong></td>
<td><strong>71,020</strong></td>
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<tr>
<td>Foreign Investor Application Fee*</td>
<td>5,600</td>
<td>5,600</td>
<td>5,600</td>
<td>5,600</td>
<td>11,300</td>
<td>11,300</td>
</tr>
<tr>
<td>Foreign Investor Duty Surcharge @0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Foreign Investor: Estimated Total Costs</strong></td>
<td><strong>18,270</strong></td>
<td><strong>25,320</strong></td>
<td><strong>37,350</strong></td>
<td><strong>50,770</strong></td>
<td><strong>82,320</strong></td>
<td><strong>82,320</strong></td>
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*The FRB application must be made prior to the advance of any transaction to ensure complete legality of the purchase. Seeking approval from the FRB is property-specific; therefore one application per property. The fee on application does not provide any assurance of securing the property. An interactive on-line fee estimator available at www.frb.gov.au.

**Important Notice:** The above worked examples are an estimate only based on the NAB stamp duty calculator. It is highly recommended to engage a solicitor or conveyancer during the entire process of a property purchase.

Source: WA Office of State Revenue, Foreign Investment Review Board

## Table 11

### Estimated Property Purchase Costs, Perth

All costs represented in AUD, As at 1 January 2019

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<tr>
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<th>500,000</th>
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<td>5,600</td>
<td>5,600</td>
<td>5,600</td>
<td>11,300</td>
<td>11,300</td>
</tr>
<tr>
<td>Foreign Investor Duty Surcharge @7%</td>
<td>24,500</td>
<td>35,000</td>
<td>52,500</td>
<td>70,000</td>
<td>87,500</td>
<td>105,000</td>
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<tr>
<td><strong>Foreign Investor: Estimated Total Costs</strong></td>
<td><strong>42,770</strong></td>
<td><strong>60,320</strong></td>
<td><strong>89,850</strong></td>
<td><strong>120,770</strong></td>
<td><strong>156,910</strong></td>
<td><strong>187,320</strong></td>
</tr>
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**Important Notice:** The above worked examples are an estimate only based on the NAB stamp duty calculator as at 1 October 2018. It is highly recommended to engage a solicitor or conveyancer during the entire process of a property purchase.

Source: WA Office of State Revenue, Foreign Investment Review Board
OWNING IN PERTH

In Perth, costs and taxes associated with the ownership of a property can vary dependent on the services the building provides.

General Costs

Land Tax

Land tax is an annual state tax that is calculated based on the aggregated taxable value of all land owned (or jointly owned) by an individual. Land Tax is not applied if the property is your principal residence.

Council Rates

This varies across the states and local government areas. This is the tax the council charges owners for the services to the property—generally paid quarterly or annually.

Income Tax

Income tax is payable on gross rental income, less any allowable deductions incurred in earning that income. As there are a number of potential allowable deductions, it is recommended that an Australian Tax advisor is consulted.

Owners Corporation

If the purchased property is Strata Titled (a building with common areas and facilities for the use of all occupants of the building), an owners corporation will be established for the building. A regular fee (strata levy) must be paid to the Owners Corporation to maintain these common areas. This can include elevators, foyers, swimming pools and spa, gyms, plants, and foliage, lighting, staircases, fences, visitor car parks and security.

A group of elected people manage the operations and decision-making of the common area of the property.

In most states, the owners corporation comprises of an executive committee (generally individual owners of the apartments) who make decisions on the behalf of their owners.

Additional Costs as a Landlord

Property Management Fees

Letting Fees are usually equivalent to two (2) weeks rent paid to the agent as a fee for finding and securing a tenant. Management Fees cover any costs associated with managing the property, typically 8.5% plus GST.

Utility and Service Charges

The owner must pay for the use of utilities (electricity, gas, oil and water supply). Although if the owner leases the property to a tenant, some of these can be passed on but this must be stipulated within the tenancy agreement. However, the owner must pay for the actual installation and initial connection costs.

Landlord Insurance

Landlord insurance is designed specifically to cover rental properties. Depending on the insurance provider, it protects the home from damage, theft, severe weather or rent default in some cases. To decrease risk, landlord insurance is highly recommended.

Additional Costs for Foreign Owners

Foreign-Owned Vacant Residential Property Levy

The Australian government charges an annual levy for foreign-owned vacant residential property (ghost tax). The levy is equivalent to the FIRB application fee imposed at the time the property was purchased if they fail to occupy or lease for at least six (6) months of the year.

Land Tax Surcharge

A land surcharge is currently imposed on foreign owners in NSW (2%), Victoria (1.5%) and Queensland (1.5%). The WA government has not followed suit, so a foreign owner is only required to pay general land tax for their property.

WHAT IS THE ROLE OF AN OWNERS CORPORATION?

The rights and responsibilities of both the owners corporation and its members is different in each state but generally comprise:

- Maintain and repair the common property of the strata scheme;
- Manage the finances of the strata scheme;
- Maintain required insurances including public liability and building insurance where applicable;
- Keep records of all details of notices given under the relevant state strata management legislation;
- A strata register must be established and maintained, detailing the owner’s name or agent’s name and address for each lot within the strata scheme;
- Administration of any by-laws for the strata scheme;
- To provide a grievance register.
There are costs and taxes to consider when selling residential property in Australia.

**General Costs**

**Legal Fees**
Legal fees include, but are not limited to, the costs for preparing a contract for sale. The solicitor or conveyancer fee could be dependent on value of property, and may vary between state and territory as well as the particular solicitor chosen. The cost may range between $2,000 and $4,000, plus GST.

**Real Estate Agent Fees**
An agent fee is the commission paid by the owner, to the agent, for selling the property—either tiered rate or a fixed rate. Do ensure you understand the breakdown of the fee structure as commissions will vary between states, and price point. Fees often range between 2% and 3% of the value of the property sold.

**Marketing Costs**
When an agent is selected to sell the property, the fee breakdown will often stipulate the budget associated to the marketing and advertising of the property. Additionally, there may be a period allocated to marketing with multiple open house inspections over several weeks. Budgets for marketing, media, as well as length of advertising should all be discussed with the agent to ensure maximum advertising potential.

**Capital Gains Tax**
Capital gains tax (CGT) is a federal tax levied on the gain or loss upon the sale of an investment property.

The tax is implemented on the difference between the cost of acquiring the property, and the value when sold. The difference is then added to the income tax for the individual or company for that financial year, and taxed accordingly with those rates.

**Additional Costs for Foreign Owners**

**Capital Gains Tax Clearance Certificate**
Foreign and temporary tax residents are no longer entitled to access the CGT main residence exemption from 7.30PM (AEST) on 9 May 2017.

Although, existing properties held prior to this date will be grandfathered until 30 June 2019.

A CGT withholding rate for foreign investors is applicable for all contracts with a market value over $750,000 when signed on or after the 1st July 2017.

This requires 12.5% of the purchase price to be withheld by the purchaser and remitted to the Australian Taxation Office (ATO) unless a clearance certificate has been provided by the vendor. The money withheld is a portion (not in addition to) from the agreed sale price.

If a purchase price negotiated between a purchaser and vendor is on an ‘arm’s length basis’, then the purchase price may be used as a proxy for market value.

The ATO can only grant a clearance certificate to a vendor who is considered to be an Australian resident.

Do note a residency status for tax purposes is not necessarily the same as that for immigration purposes; or for the FIRB. It is recommended to seek professional legal advice to further clarify the residency definition for this legislation.

The foreign resident CGT regime for withholding tax applies to taxable Australian property including vacant land, buildings, residential and commercial property, leaseholds and strata title schemes.

For further information, contact the Australian Taxation Office.
In recent years, the federal and state governments have introduced foreign investor fees, tax surcharges and levies. Below is a summary of the current process for foreign buyers when purchasing, owning and selling Australian residential property.

**BUYING**
- **APPLY TO FIRB**
  - Must be made prior to purchase
  - Check if the Developer has an Exemption Certificate
  - Property-specific; one application per property
  - Applies to all Australian residential properties
- **PAY FIRB APPLICATION FEE**
  - Based on AUD1M value
  - Below = $5,600
  - Above = $11,300 + fees are tiered per million
  - Contact ATO if over $10M
  - If within several categories the highest fee applies
- **AWAIT FIRB APPROVAL**
  - Decision is normally made within 30 days
  - Must be in the best interest of Australia
  - Approval or fee does not secure sale
  - Strict penalties occur if in breach
- **TRANSFER DUTY SURCHARGE** on market value
  - WA (incl. Perth) = 0%\(^\wedge\)

**OWNING**
- **AUSTRALIA > VACANT RESIDENTIAL PROPERTY**
  - Annual levy
  - Applicable if vacant or not genuinely on rental market for 6 months of the year
  - Equivalent to application fee paid at time of purchase
- **WA >**
  - No additional surcharges payable

**SELLING**
- **CAPITAL GAINS TAX (CGT) on market value**
  - 12.5% of the purchase price withheld
  - Applicable to all contracts over $750,000
  - A clearance certificate must be provided by the vendor
  - Clearance certificates granted to Aus. residents

\(^\wedge\)Will be increased to 7% from 1 January 2019

Source: Knight Frank Research, Commonwealth Government, WA Office of State Revenue
High Ranking Liveability.

Perth is placed well for liveability when measured against other cities around the world. In 2018, the Economist’s Intelligence Unit ranked Perth in 12th position from 140 global cities based on stability, infrastructure, education, health care and environment. Mercer placed Perth in equal 21st position, with Montreal, from 233 cities in their Quality of Life index. At the last Census, the ABS ranked Perth’s Cottesloe and Peppermint Grove in the top five Australian advantaged local government areas according to the relative socio-economic conditions of people and households.

Government Investment.

The total value added to the WA domestic economy (GSP) is projected to grow to 2.5% in 2017-18 and 3.3% in 2018-19 according to the WA State Budget, following the first annual contraction on record (-2.7%) in 2016-17. The major short term drivers being the export of LNG, iron ore, gold and lithium; while the medium term drivers are household consumption on the back of improving consumer confidence, population growth and a strengthened labour market. The Government is spending an additional $1.1b towards Metronet rail projects, $184m on the Social and Affordable Housing and Jobs Package delivering 1,390 new homes and eight high-density Metronet orientated developments.

Business Confidence Grows.

Business confidence has rallied in WA, reaching its highest level in more than seven years in the March quarter 2018, to sustain +8pts in August 2018, according to the NAB Monthly Business Survey. In the property sector, WA was considered the most stable in Australia and the only state to record an increase in the ANZ/PCA Sentiment Survey in September 2018 quarter. This improved confidence has flowed through to the labour market with internet job advertisements reaching a three year high in 2018. In August 2018, WA saw highest increase in full-time workers across Australia securing 24,000 jobs with 2.6% growth between March 2018 and August 2018—the highest since 2015.

On the Itinerary for International Visitors.

Perth is the closest major Australian capital city to Asia, allowing easy connection to the European continent, and falls into the same time zone as capital cities such as Singapore, Hong Kong, Kuala Lumpur, Jakarta, Beijing and Shanghai. International departure capacity at Perth Airport expanded by 24.7% between 2012 and 2017 as reported by OAG Schedules Analyser. Each year since 2012, Tourism Australia has calculated international visitors to Perth has grown on average by 5.1%. This is expected to grow further now Qantas has raised the benchmark to become the first direct airline operating a regular passenger service between Perth and London Heathrow—the second longest flight in the world at 14,498km.

Growth in International Students.

The number of international students enrolled to study in higher education facilities in WA grew 2.1% in the year ending June 2018 according to the Department of Education and Training. International school-aged students grew 6.7%. The SSVF has made the process of applying for a student visa in Australia easier to navigate. While more recently, the WA Government released a new pathway for permanent residency via the Graduate Occupation List (GOL). It’s designed for students who have studied for at least two years at a WA university and have a full-time job offer for more than 12 months (from the GOL) and can prove ‘proficient English’.
Perth houses and apartments are relatively well-placed for value across the major Australian capital cities. The median value for an apartment in June 2018 was $379,000 in Perth, whilst Sydney was $737,000 and Melbourne $496,000 according to APM. This was similar for houses in Perth with the median value being $556,500; significantly lower than Sydney ($1.14m) and Melbourne ($882,000). Those now priced out of these Australian East Coast cities have Perth back on their radar.

The strongest annual capital growth was recorded for Perth apartments (1.7%) across the four major capital cities in June 2018 (APM). This is Perth’s best annual rate of growth since December 2014. Annual sales turnover picked up in September 2017, with local and interstate buyers taking advantage of the first green shoots of the recovering market. Perth has averaged 4% annual sales turnover growth since this time.

Bucking the national downward trajectory, Perth’s gross rental yields have rebounded to grow 20 bps over the year ending June 2018 to stand at 4.60% for apartments, and 4.30% for houses. Over the past five years, Perth has recorded an average rental yield of 4.77% for apartments—outstripping the national average of 4.55%. Perth houses, at 4.43%, was closer to the 4.50% national average over this time.

With less apartment projects starting construction, the Perth market is now absorbing recently added rental stock. As a result, total vacancy has lowered to 4.2% at the end of August 2018, as reported by REIWA. Over the medium term, as the population growth picks up and the economy strengthens, additional apartments will be required to meet the changing demand for low maintenance, high-density living. Lifting the share of this type of product in Perth closer to the national average, will sustain the maturing global city.

Perth saw a net inflow of 1,000 HNWIs in 2017; taking up to one-tenth of the 10,000 new Australian HNWIs each year, according to data released on the Australian market by New World Wealth. This has been evident with prime property prices in Perth (defined as the top 5% of the market, by value) growing 2.7% in the year ending June 2018. Similar to Perth’s mainstream market, the value proposition for a prime property is relatively cheaper than other cities in Australia. In Perth, US$1m can buy 129 sqm of prime property in June 2018, while only 50 sqm can be purchased in Sydney and 94 sqm in Melbourne.

Source: Knight Frank Research
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