



10 REASONS TO INVEST IN PERTH, WESTERN AUSTRALIA

FEATURE: 10 REASONS TO INVEST IN PERTH



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. The Government is also proposing to restructure the GST distribution system so WA would be \$4.7 billion better off.



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'.

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RELATIVE VALUE TO OTHER MAJOR CAPITAL CITIES.

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.



APARTMENT CAPITAL VALUE GROWTH.

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.



RENTAL YIELDS REBOUNDED.

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. The average vacancy rate has fallen to 3.9% from 7.3% in June 2017 and is now at its lowest since March 2014.



LOWERED VACANCY AS LESS APARTMENTS BEING BUILT.

With less apartment projects starting construction **and more activity, the Perth market is now** absorbing recently added rental stock. As a result, **total vacancy has lowered to 3.9% in September 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.



THE RISE OF PRIME PROPERTY.

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.

PERTH

Perth's position along the west coast of Australia provides great potential for investment opportunities being located at the gateway to Asia. Located in Western Australia, Perth is Australia's fourth largest capital city, with approx. 2.04 million residents estimated living in the Greater Perth region.

- Perth has the same time zone as Singapore, Hong Kong, Kuala Lumpur, Jakarta, Beijing and Shanghai
- Perth has more sunny days than any other Australian capital city
- Reflecting the good reputation internationally, universities in Western Australia accommodate a large international student base.

Flight times from Perth to Asia:



The Australian Government welcomes foreign investment into Australia's residential property market. There are however current regulations set by the Foreign Investment Review Board (FIRB):

- The purchaser must apply and gain approval from FIRB prior to purchasing property in Australia
- Applications are generally approved if the property is brand new. Non-permanent residents are unable to purchase established dwellings as investment properties or as homes.

From 1 January 2019 an additional 7% Foreign Buyers Surcharge Tax will take effect.