



Perth

Affordable & Liveable
Property Guide
2nd Half 2019



METHODOLOGY

This report analyses all suburbs in the Greater Perth area, within a 20km radius of the Perth CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 20 transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth, between 2018 to 2019*.
- **Investment criteria** – as of June 2019, all suburbs considered will have an on-par or higher rental yield than Perth Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – identified suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the Western Australia (WA) average home loan, which was \$337,149** as of Q2 2019. Premiums of 140% for houses and 60% for units were added, which were above those required to reach Perth Metro's median prices (94% for houses and 26% for units). This places the suburbs identified in this report above Perth's median prices, meaning buyers in Perth need to sacrifice on affordability to ensure liveability and/or investment potential.
- **Development criteria** – all suburbs identified have a high total estimated value of future project developments for the 2nd half of 2019, as well as a higher proportion of commercial and infrastructure projects. This ensures suburbs chosen show signs of sustainable economic growth, which in turn has a positive effect on the property market.
- **Liveability criteria** – this included ensuring all suburbs assessed have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the state average (as determined by the Department of Jobs and Small Business, March Quarter 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019*	Price Growth	Projects 2019***
Inner	North Perth	House	\$820,000	\$837,500	2.1%	\$10.2M
	South Perth	Unit	\$465,000	\$538,000	15.7%	\$158.2M
North	Stirling	House	\$720,000	\$765,000	6.3%	\$17.4M
	Tuart Hill	Unit	\$285,000	\$388,000	36.1%	\$2.3M
South	Booragoon	House	\$825,000	\$840,000	1.8%	\$100.3M
	Mount Pleasant	Unit	\$537,500	\$799,000	48.7%	\$2.0M
East	Rivervale	House	\$485,000	\$495,000	2.1%	\$44.7M
	Rivervale	Unit	\$328,500	\$329,000	0.2%	\$44.7M
West	Woodlands	House	\$876,000	\$946,000	8.0%	\$50.6M

OVERVIEW

Median property prices in Perth softened by -5.2% for houses to \$653,500 and remained stable for units at \$425,750 from 2018 to 2019*. Sale transactions have declined over the same period, by -31.6% for both houses and for units, which is reflective of the slower market conditions. By comparison, from 2017 to 2018 the median house price in Perth increased by 0.7%, and the median unit price softened by -2.0%; while sale transactions fell -5.3% for houses and -13.4% for units. The recent, more significant, reduction in market activity is great news for first home buyers, as now there is greater opportunity to enter the market. An estimated \$1.9B worth of developments are set to commence in the 2nd half of 2019, across various project types. This will result in an increase in commercial activity whilst creating dwellings to help enable sustainable population growth. Together these factors will have a positive spill-over effect on the property market for the rest of 2019 and in early 2020.

*Median price quoted captures sale transactions from 1st January 2019 to 30th September 2019, or Q1 2019 – Q3 2019. **Average home loan figure is derived from June quarter 2019 Housing Affordability Report by Real Estate Institute of Australia and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed use and infrastructure projects scheduled to commence in the 2nd half of 2019 as stated by the relevant data authority. *Key market indicators for sales are reflective of median price change between 2018 and 2019 (2019 data being up to end of Q3 2019). Median rent is reflective of median price change between Q2 2018 and Q2 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRDnationwide 2019.

KEY MARKET INDICATORS PERTH METRO

Indicator	Market Variation [^]
House Sales	↓
House Median Price	↓
House Median Rent	↑
Unit Sales	↓
Unit Median Price	↔
Unit Median Rent	↑

KEY COMMENTS

Over the 12 months to Q2 2019, the proportion of income to meet home loan repayments decreased by 6.3% in WA. Despite this, the total number of first home buyers entering into the market softened by -7.5%, indicating first home buyer confidence is still recovering.

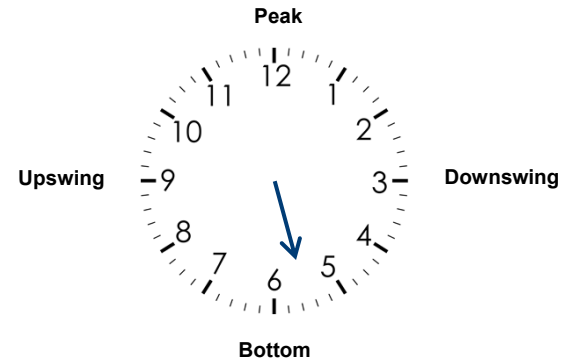
Highly affordable suburbs (those with a maximum property sale price of the average state loan, plus a standard mortgage loan 20% deposit), exist. There were 43 suburbs in this range, suggesting affordable property is available in Perth.

Despite this apparent affordability, many of these suburbs fail to meet either liveability, investment, and/or project development criteria. Premiums of 140% for houses and 60% for units needed to be added to the average WA home loan in order identify suburbs that satisfy all other methodology criteria. These premiums are also above the levels needed to reach Perth's median house and unit price (94% for houses and 26% for units). The recent market cooling has done little to improve the choices of residents who put great emphasis on liveability in Perth, despite improving affordability.

Liveability criteria was particularly difficult to satisfy for units in Perth*, and as a result the criteria had to be modified. Units with price growth as close as possible to neutral (i.e. zero) were considered, as well as suburbs with average rental yields slightly below the Perth Metro benchmark. This highlights the need to address the issue of liveability in affordable areas.

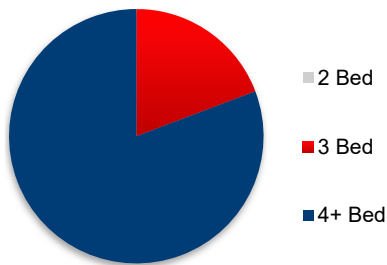


PROPERTY CLOCK – HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

CANNING VALE 6155



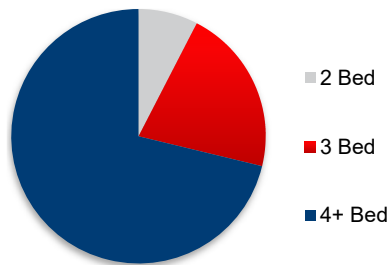
Located in an approximate radius of **13.3km** from the CBD.

Median House Price **\$542,000**

- 3 Bed Median Price **\$455,000**
- 4+ Bed Median Price **\$560,000**

Canning Vale, a suburb to the south of the CBD, was the most affordable of all the suburbs identified in this report. It is well connected with buses, and a new train station is also currently under construction. This significantly improves liveability and the local resident's access to Perth CBD. Canning Vale also has low crime rates, and a range of amenities including a golf course, a shopping centre, and several schools. Investors will benefit from average house yields of 3.6% (above Perth Metro's 3.5%) and vacancies of 2.9% (below Perth Metro's 3.2%), proving the suburb's value.

STIRLING 6021



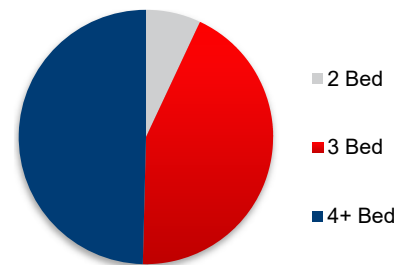
Located in an approximate radius of **7.6km** from the CBD.

Median House Price **\$765,000**

- 2 Bed Median Price **\$405,000***
- 3 Bed Median Price **\$585,000***
- 4+ Bed Median Price **\$857,500**

To the north-west of the Perth CBD, Stirling is an affordable and liveable suburb which has had a strong 6.3%** median price increase annually. A large project development pipeline of \$17.4M for the 2nd half of 2019 will help Stirling create further dwellings and business activity, in turn creating jobs in a market with an already low unemployment rate of 4.1%. The area's liveability is shown through its low crime rate, and easy access to amenities including local shops, a train station, multiple bus routes, and public parks, with schools nearby. This unassuming suburb ticks all the boxes, making it both an affordable and liveable place to live.

KARRINYUP 6018



Located in an approximate radius of **10.7km** from the CBD.

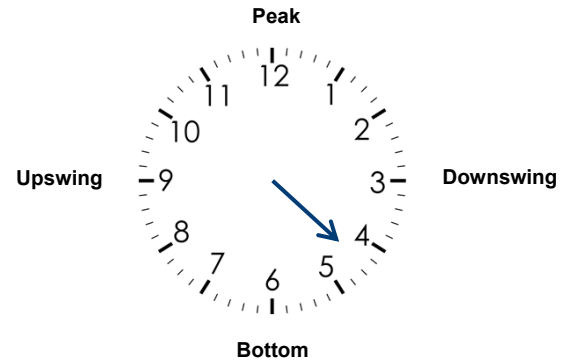
Median House Price **\$795,000**

- 2 Bed Median Price **\$700,000***
- 3 Bed Median Price **\$745,000**
- 4+ Bed Median Price **\$892,500**

The affordable and liveable suburb of Karrinyup is north-west of Perth's CBD. The suburb has an unemployment rate of just 2.4%, making it a highly economically-productive suburb. This translates into below average crime and strong rental demand, with just 2.8% of rental properties vacant. An average house rental yield of 3.5% is also on-par with the wider Perth Metro area. A project development pipeline with \$6.8M in commercial activity for the 2nd half of 2019 will stimulate further employment growth, which will have positive spill-over effects on the local property market in the near future.

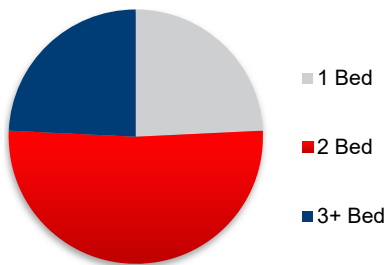


PROPERTY CLOCK – UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

MOUNT LAWLEY 6050



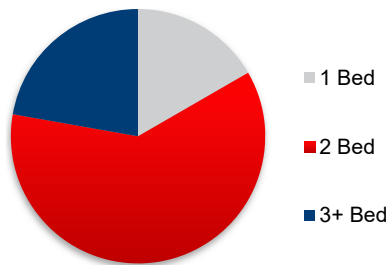
Located in an approximate radius of **2.0km** from the CBD.

Median Unit Price **\$337,000**

- 1 Bed Median Price **\$234,500***
- 2 Bed Median Price **\$351,000**
- 3+ Bed Median Price **\$645,000**

Mount Lawley is a vibrant suburb with the lowest median unit price of the identified unit suburbs, while also being the closest to Perth's CBD. With commercial projects worth \$5.3M set for the 2nd half of 2019, the area will continue to benefit from local business growth, creating new jobs to bolster an already low unemployment rate of 4.6%. Strong connectivity to other business hubs is offered by bus and train services. Mount Lawley offers access to world class education facilities including the Western Australia Academy of Performing Arts, which makes the area highly attractive to young people.

INGLEWOOD 6052



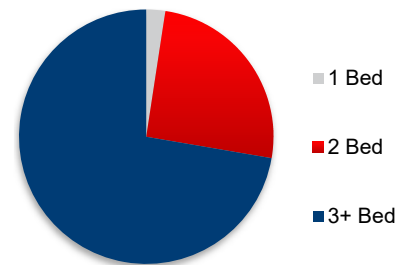
Located in an approximate radius of **3.8km** from the CBD.

Median Unit Price **\$365,000**

- 1 Bed Median Price **\$280,000***
- 2 Bed Median Price **\$365,000***
- 3+ Bed Median Price **\$602,500***

The affordable and liveable suburb of Inglewood is to the north-east of Perth's CBD. The suburb offers lifestyle benefits to residents, including a commercial strip, a golf course, public parks, medical services, public transport and multiple schools. Also attractive is its low rate of unemployment (4.6%), and low levels of crime. An estimated \$10.0M of commercial and mixed-use development is set to benefit the area in the 2nd half of 2019, which is likely to have positive spill-over effects on the property market. A vacancy rate of 3.0% is at a healthy point (below Perth Metro's 3.2%), making it an attractive option for investors as well.

COMO 6152



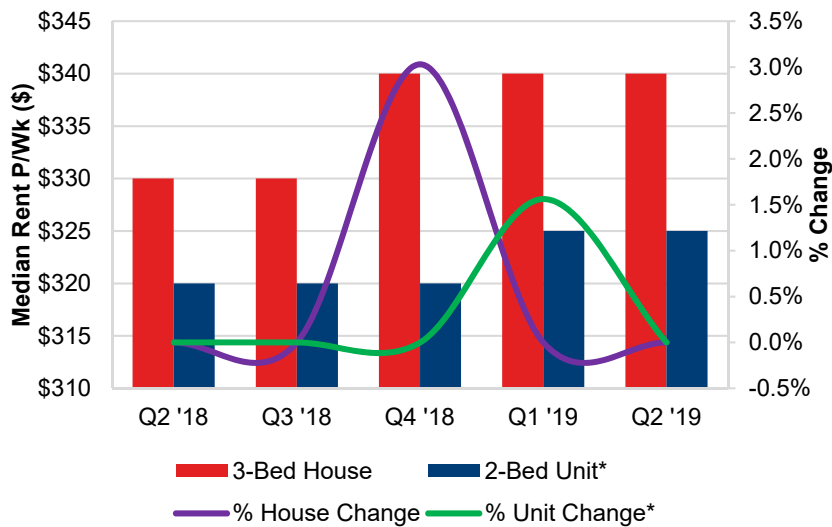
Located in an approximate radius of **4.6km** from the CBD.

Median Unit Price **\$538,000**

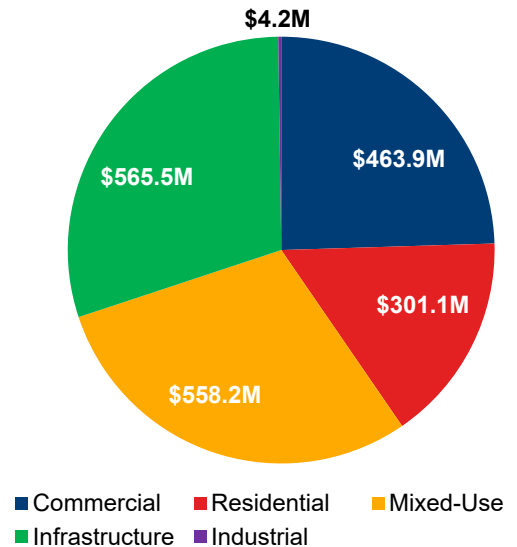
- 1 Bed Median Price **\$382,500***
- 2 Bed Median Price **\$330,000**
- 3+ Bed Median Price **\$552,000**

The riverside suburb of Como is an affordable and liveable area for units in Perth. South of the CBD, Como is very well serviced by trains, buses, and has highway access. It also offers various other amenities including a golf course, public parks, schools, shopping, and medical services. It has the lowest vacancy rate of just 2.4%, making it attractive to investors for stable returns. A large development pipeline worth \$14.9M in the 2nd half of 2019 has commercial, residential and infrastructure projects scheduled. Como also offers the lowest crime rate of all identified suburbs, which is assuring for future residents.

RENTAL MARKET ANALYSIS



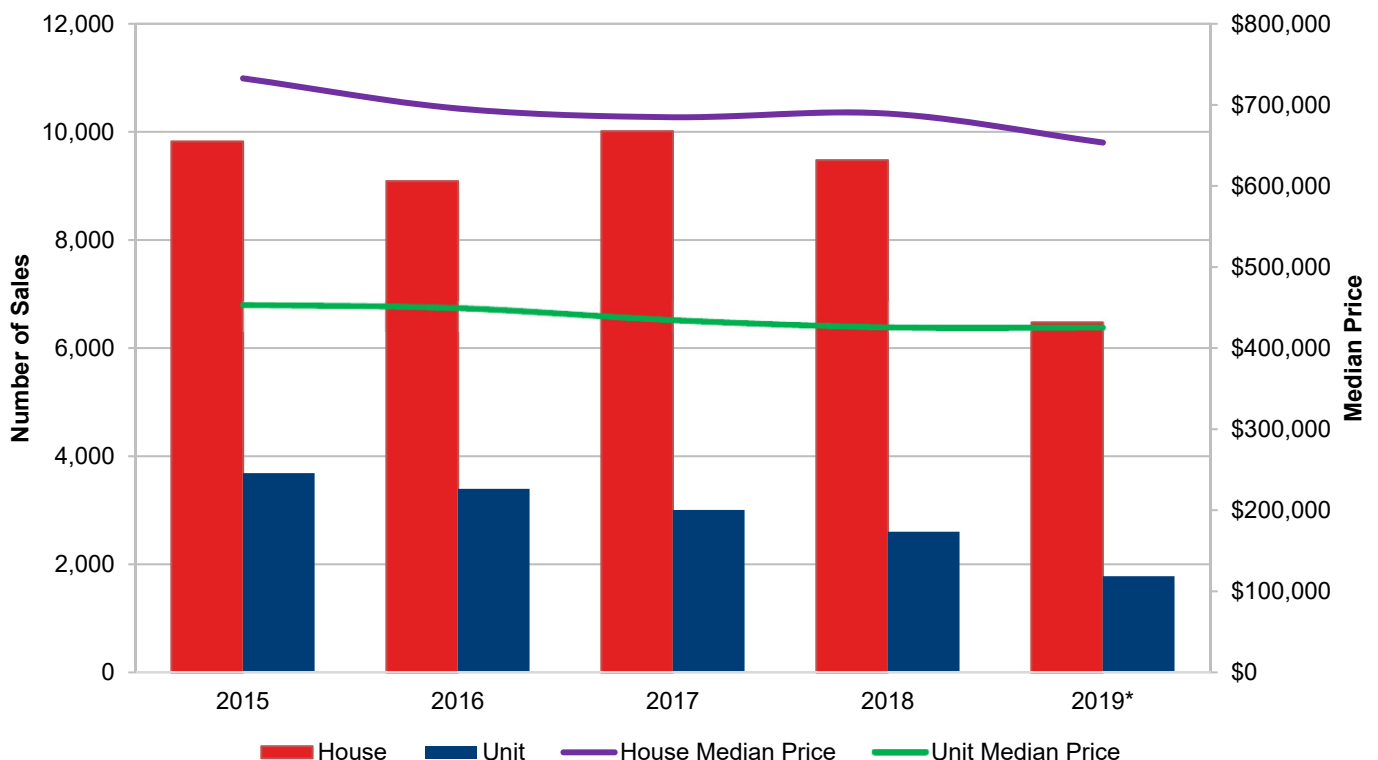
2nd HALF 2019 PROJECTS**



Over Q2 2019, the Perth rental market recorded a median rental price of \$340 per week for houses and \$325 per week for units, representing stability in median rental price growth for both property types. Stable median rental prices were alongside a 3.2% vacancy rate, which decreased from 4.1% in the 12 months to June 2019. This suggests the rental market is moving into a healthier position, as existing supply is being absorbed. Average yields of 3.5% (houses) and 4.5% (units) have both improved over the same period, which is great news for investors. The tightening in vacancy rates should provide investors with increasing confidence as properties are being occupied quicker, thus Perth's rental market is moving towards a sustainable long-term positive future that is conducive for returns.

The 2nd half of 2019 is set to see approximately \$1.9B** of projects with a well-balanced focus on infrastructure, mixed-use, commercial, and residential projects, as well as a small level of industrial activity. Key projects for the period include the \$146.0M infrastructure project Armadale Road to North Lake Bridge, the \$150.0M Curtin University School of the Built Environment, the redevelopment of the White Sands Hotel (mixed-use project set to construct 246 apartments), and the \$70.0M residential project Peninsula Tower 6 (176 apartments). These projects showcase the strength of Perth's project pipeline for the 2nd half of 2019.

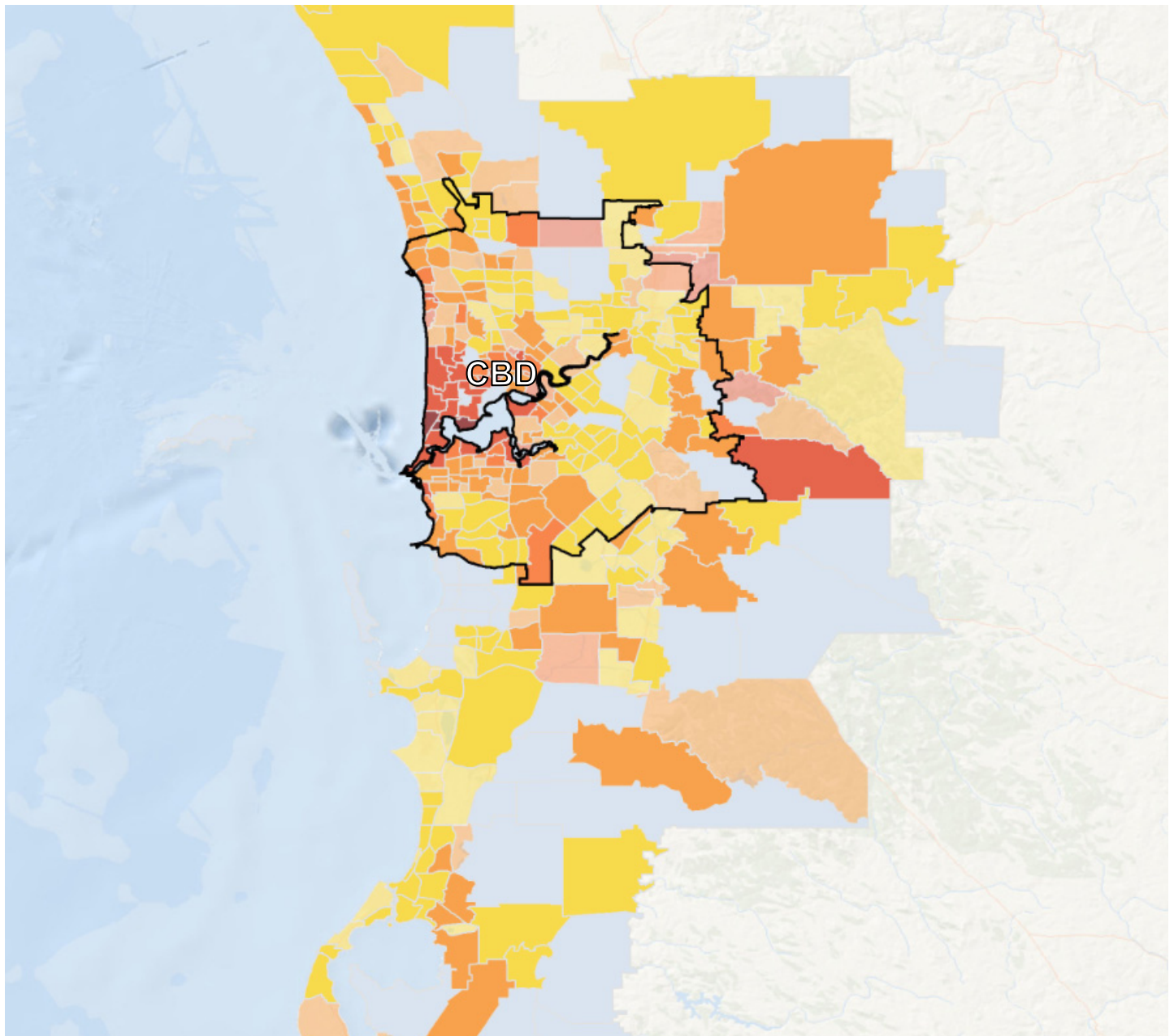
PERTH METRO SALES AND MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2019 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 2nd half of 2019. Quoted estimated value of projects are based on reported land/construction value as stated by the relevant data authority and do not signify commercial/resale value. ***Median price for 2019 captures sale transactions from 1st January 2019 to 30th September 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRDnationwide 2019.



GREATER PERTH MEDIAN HOUSE PRICE 2019*



LEGEND

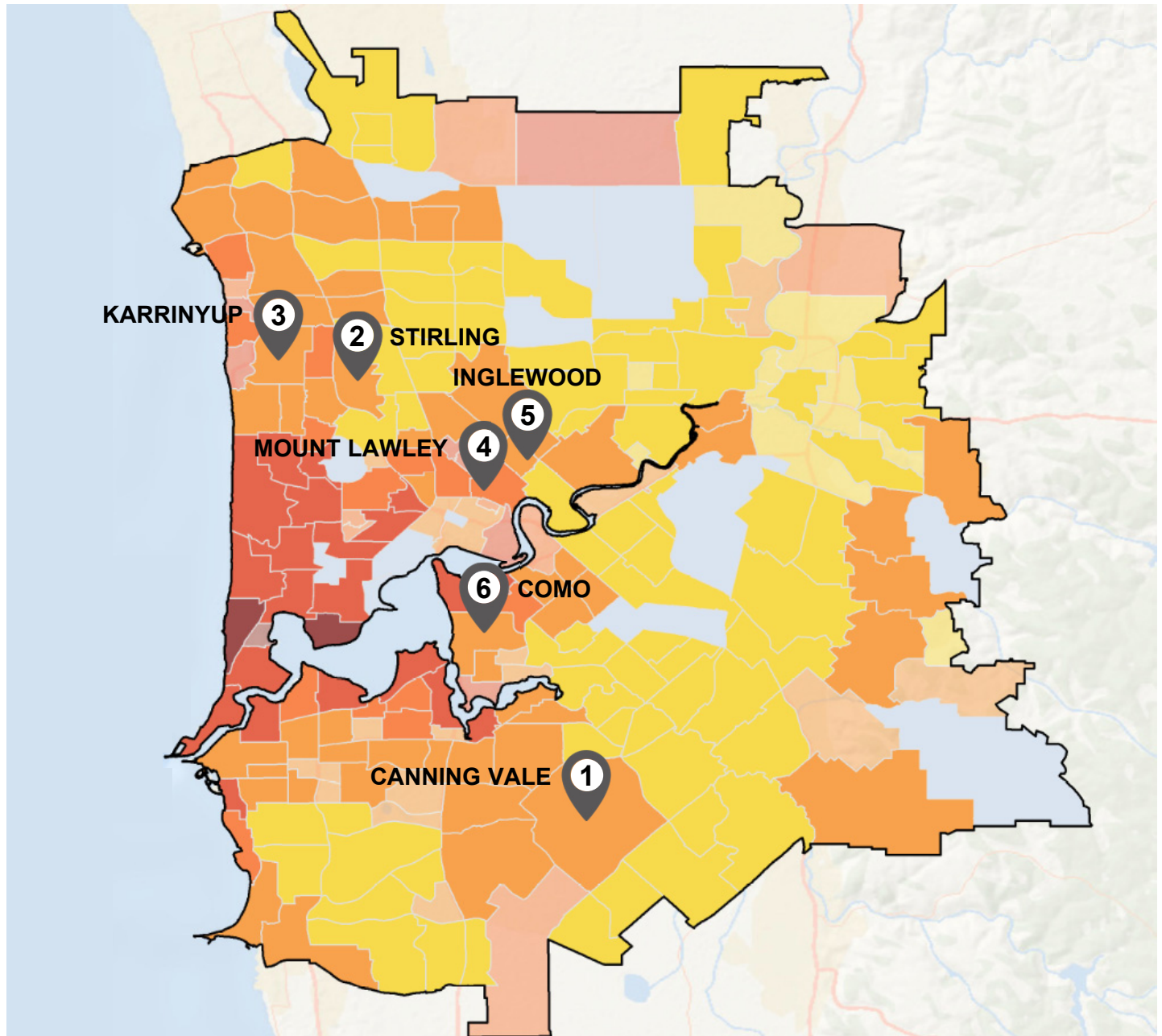
	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD

Translucent colours for <20 sales

Top 3 Lowest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Lockridge	\$243,000	-	\$280	3.9%
Koondoola	\$255,000	-	\$263	4.8%
Gosnells	\$266,000	-	\$285	4.0%
Top 3 Highest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
City Beach	\$1,600,000	\$650K	\$850	3.0%
Cottesloe	\$2,000,000	-	\$838	3.7%
Dalkeith	\$2,265,000	-	\$890	4.0%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 30th September 2019. Grey areas represent areas where no recorded sales data could be accessed or due to having less than 20 sales transactions. **Top 3 suburbs identified are located within 20 km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 30th September 2019. ***Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 2nd half of 2019; it does not reflect commercial/re-sale value. Source: APM Pricerfinder, Cordell Connect, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

PERTH MEDIAN HOUSE PRICES 2019* – 20KM FROM CBD



LEGEND

	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD
	Translucent colours for <20 sales

PERTH AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

House			Unit		
Rank	Suburb	House	Rank	Suburb	Unit
1	Canning Vale	3.6%	4	Mount Lawley	4.1%
2	Stirling	3.7%	5	Inglewood	3.5%
3	Karrinyup	3.5%	6	Como	3.9%

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