

> Affordable & Liveable Property Guide

Perth Metro 2nd Half 2020

METHODOLOGY

This affordable and liveable property guide for Perth Metro analyses all suburbs within a 20km radius of the Perth CBD. The following criteria were considered:

- Property trends criteria** – all suburbs have a minimum of 20 sales transactions for statistical reliability purposes. Based on market conditions suburbs have either positive, or as close as possible to neutral price growth between 2019 to 2020*.
- Investment criteria** – as of September 2020, 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 affordable and liveable 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 \$397,793** as of Q2 2020. Premiums of 22% for houses and -13% for units were added, which were below those required to reach Perth Metro's median prices (32% for houses and -2% for units). This places the suburbs below Perth's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- Development criteria** – suburbs identified must have a high total estimated value of future project development for the 2nd half of 2020, as well as a higher proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth, in turn positively affecting the property market.
- Liveability criteria** – all identified suburbs 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 WA average (as determined by the Department of Jobs and Small Business, June Quarter 2020 release).

RECENT TOP PERFORMERS

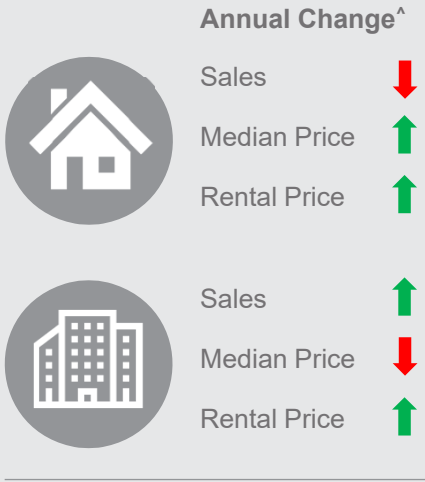
Area	Suburb	Type	Median Price 2019	Median Price 2020*	Price Growth	Projects 2020***
Inner	Shenton Park	House	\$1,125,000	\$1,210,000	7.6%	\$227.0M
	Perth	Unit	\$416,000	\$417,500	0.4%	\$505.1M
North	Maylands	House	\$550,000	\$636,250	15.7%	\$401.1M
	Bayswater	Unit	\$195,000	\$320,000	64.1%	\$257.3M
South	Cannington	House	\$330,000	\$370,000	12.1%	\$528.8M
	Success	Unit	\$255,000	\$260,000	2.0%	\$2.4M
East	Rivervale	House	\$470,500	\$499,500	6.2%	\$142.0M
	Rivervale	Unit	\$307,500	\$343,500	11.7%	\$142.0M
West	Wembley	House	\$955,000	\$1,020,000	6.8%	\$250.6M
	Claremont	Unit	\$605,000	\$690,050	14.1%	\$109.4M

OVERVIEW

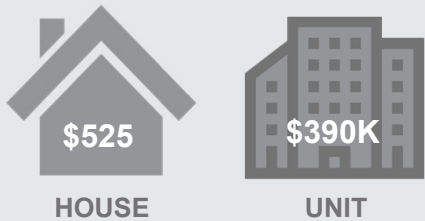
Median house prices in Perth Metro remained steady from 2019 to 2020*, sitting at \$525,000. During the same timeframe median unit prices slightly softened, by -2.5% to \$390,000. By comparison, from 2018 to 2019 medians price in Perth Metro softened by -2.8% for houses, and by -2.4% for units. Perth Metro's relative median price stability between 2019 to 2020* is reflective of a resilient market amidst COVID-19. There is a unique opportunity in Perth Metro, as the current market is more affordable than 5 years ago (median price of \$565,000 for houses and of \$432,000 for units in 2016). An estimated \$9.6B of development is planned in the 2nd half of 2020. A focus on mixed-use projects will stimulate commercial activity and add innovative housing design once completed, whilst creating local employment during construction. Residential projects take up a much smaller part of projects, which will help balance incoming supply.

*Median price quoted captures sale transactions from 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020. **Average home loan figure is derived from June Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) 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 2020 as stated by the relevant data authority. *Annual Change is reflective of median price change from Q3 2019 to Q3 2020. Figures displayed in infographics are for the period Q3 2020, except for median sale price, which is reflective of 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD Real Estate 2020.

PERTH METRO



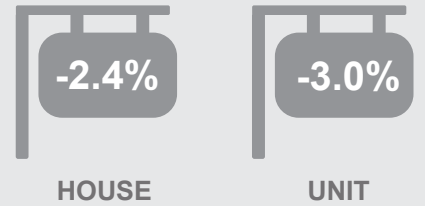
MEDIAN SALE PRICE



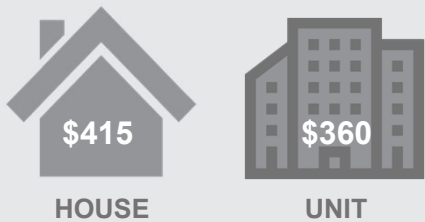
AVERAGE DAYS TO SELL



AVERAGE VENDOR DISC.



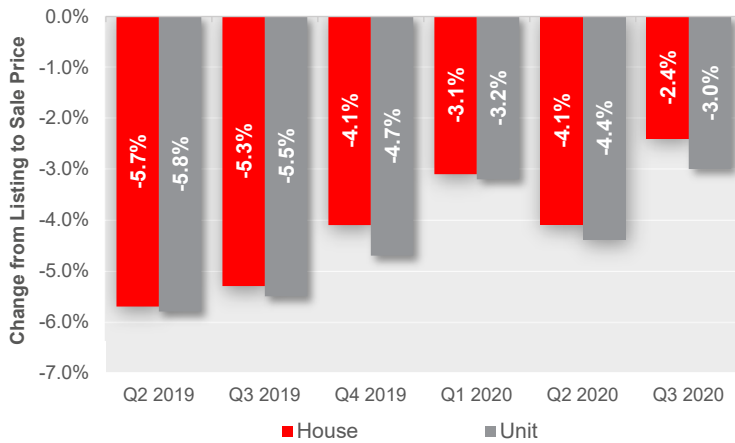
MEDIAN RENTAL PRICE



AVERAGE DAYS TO LET



AVERAGE VENDOR DISCOUNT

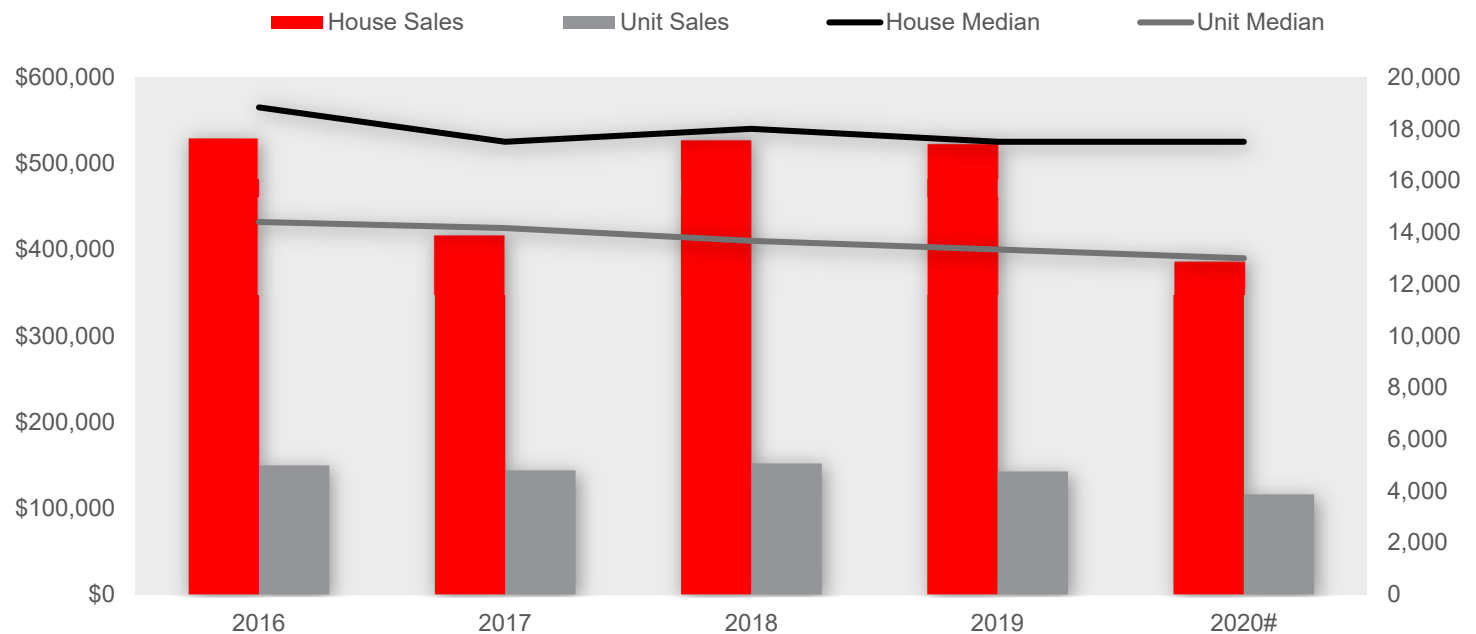


KEY COMMENTS

Average vendor discounts between Q3 2019 and Q3 2020 have notably tightened, to -2.4% for houses and to -3.0% for units. Sellers in Perth Metro can now achieve a final sale price closer to their first list price, however buyers can still capitalise on a discount – albeit smaller than in previous years. This is a unique opportunity for both buyers and sellers.

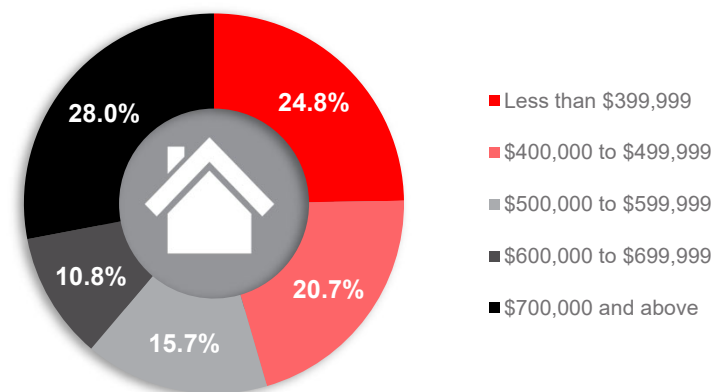
The dominant proportion of homes sold in Perth Metro across 2020# were in the premium price bracket of above \$700,000 (28.0%). Units recorded a dominant lower price bracket of less than \$300,000 (28.0%). There is a balanced spread in the percentage of sales in each price point, particularly for units, which suggest there is a property for every budget in Perth Metro.

MARKET PERFORMANCE

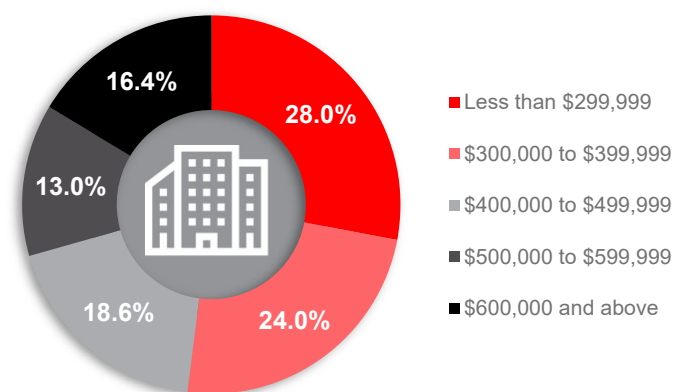


PRICE BREAKDOWN 2020#

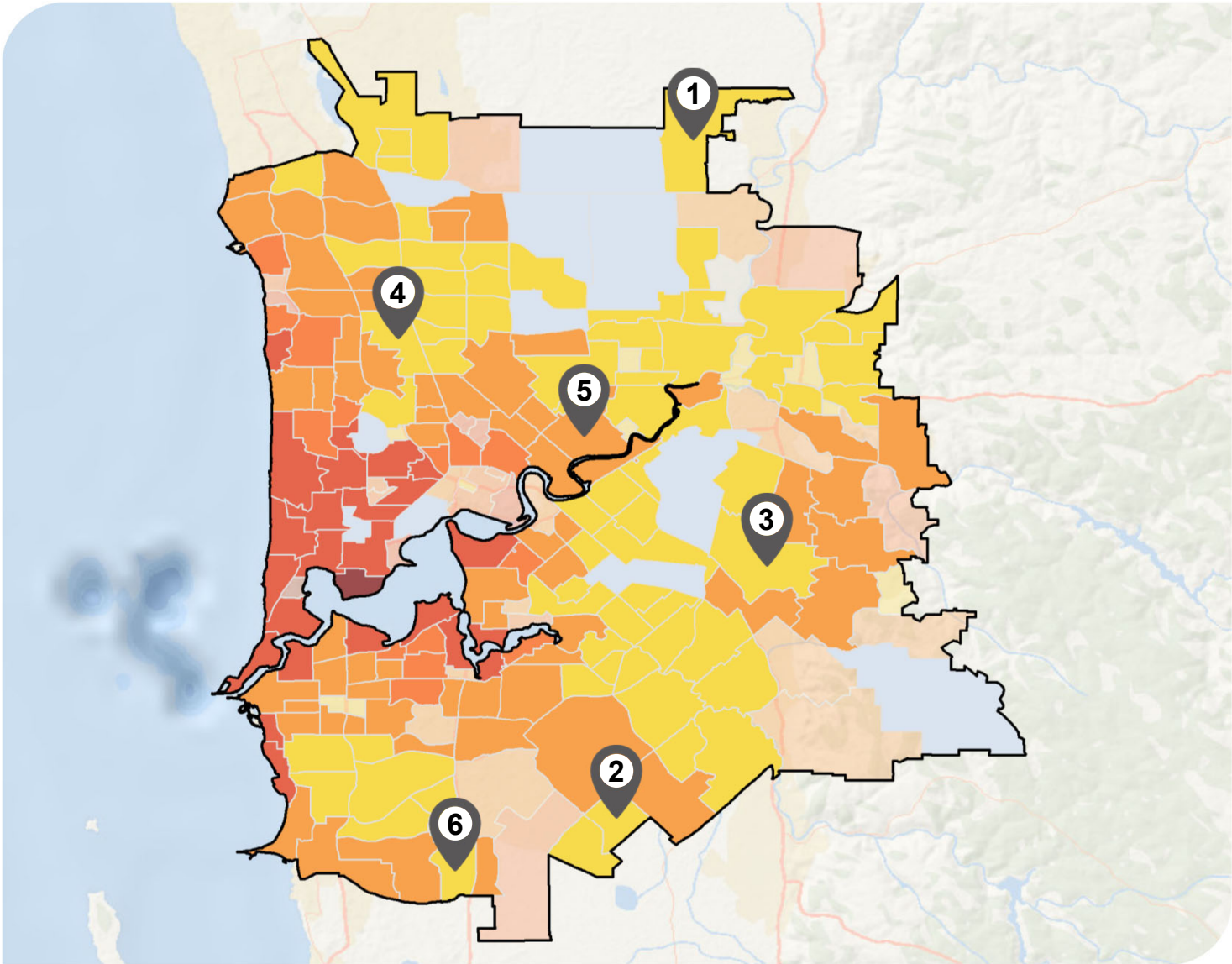
HOUSES SOLD



UNITS SOLD



PERTH METRO MEDIAN HOUSE PRICE 2020* 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		
Suburb	House		Suburb	Unit	
1	Ellenbrook	4.9%	4	Balcatta	5.0%
2	Harrisdale	4.3%	5	Bayswater	5.9%
3	Forrestfield	4.6%	6	Success	5.6%

*House median price reflected in the heat-map captures sale transactions from 1st January 2020 to 30th September 2020.
Source: APM Pricefinder, ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

RENTAL GROWTH 2020€

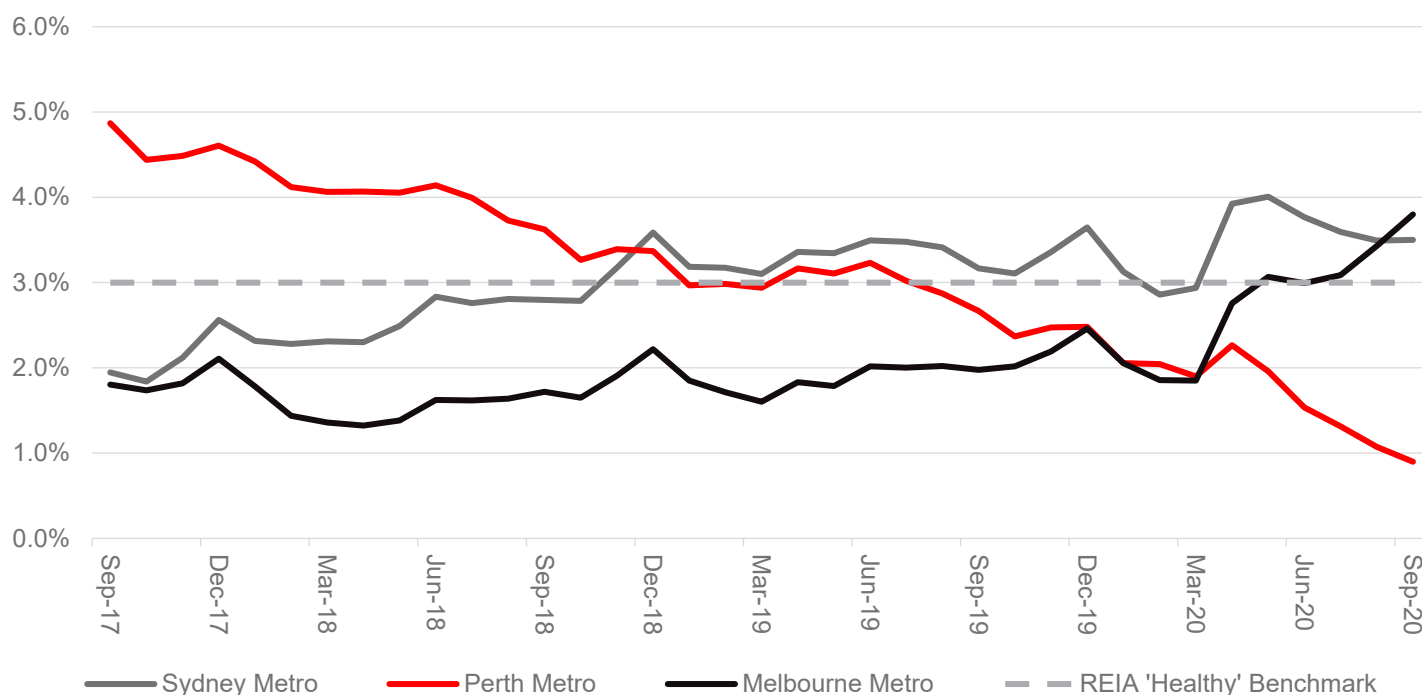
In September 2020, house rental yields in Perth Metro were recorded at 3.7%. In the 12 months to Q3 2020, the median house rental price increased by 5.1% to reach \$415 per week, while average days on the market declined by -4.4% (to 21 days). Overall, the Perth Metro rental house market has remained surprisingly resilient throughout COVID-19.

3+ bedroom units recorded the highest annual rental growth (of +6.8%) to reach \$395 per week. Remarkably, no individual property types recorded a softening in median rental prices. This is evidence of a strong rental market, which is likely due in part to the relatively affordable rental prices on offer in Perth Metro when compared to other capital cities nationally.

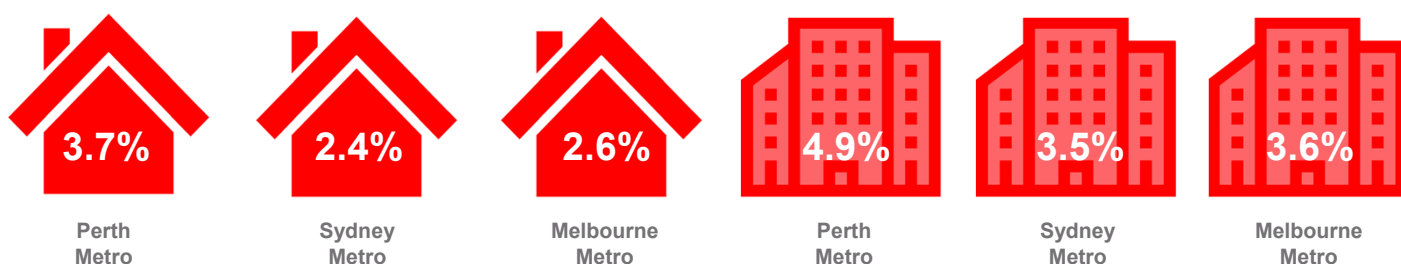
In September 2020, Perth Metro recorded a very low vacancy rate of 0.9%, far below that of Melbourne Metro (3.8%) and Sydney Metro (3.5%). Vacancy rates in Perth Metro also sit well below the Real Estate Institute of Australia's healthy benchmark of 3.0%, which was also the case prior to COVID-19. This follows a three-year trend of declining vacancy rates in Perth Metro, in what is perhaps the strongest signal that the market is primed for an investment growth phase.



RENTAL VACANCY RATES 2020



RENTAL YIELD 2020\$



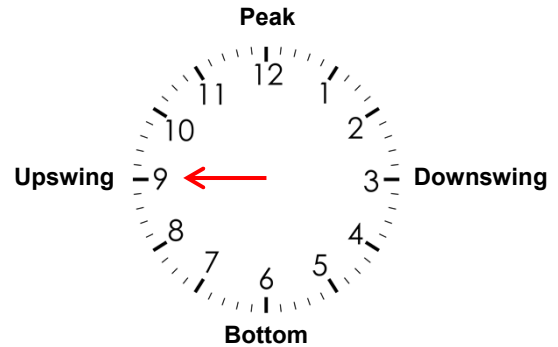
€ Annual rental growth is a comparison between 2019 and 2020 (01/01/2020 – 30/09/2020) house median rent figures.

§ Rental yields shown are as reported at September 2020.

Source: APM Pricerfinder, SQM Research. © Copyright PRD Real Estate 2020.

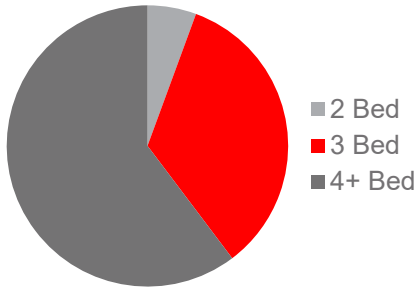


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

ELLENBROOK 6069

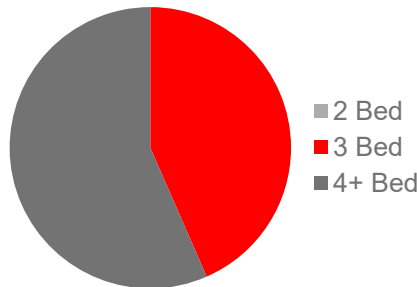


Located about **20.0km** from the Perth CBD.

Median House Price	\$365,000
• 2 Bed Median Price	\$294,500*
• 3 Bed Median Price	\$320,000
• 4+ Bed Median Price	\$410,000

Ellenbrook is not only the closest affordable and liveable suburb to the CBD, it also records the highest annual median house price growth, of 9.0%**. Investors have benefited from strong rental returns of 4.9% and a very low vacancy rate of just 0.5%. Liveability remains a positive point for Ellenbrook, with nearby amenities including bus and train stations, a range of public and private primary and secondary schools, Ellenbrook Central shopping centre, wetlands, sports ovals, playgrounds, and parks, as well as various medical centres and a low crime rate. Unemployment of just 4.9% is below WA's 6.1%, and a project development pipeline worth an estimated \$33.8M* for the 2nd half of 2020 will further contribute to new local employment in the near future.

HARRISDALE 6112

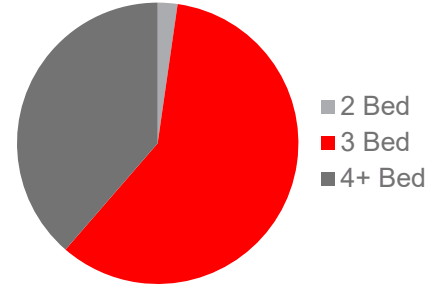


Located about **18.7km** from the Perth CBD.

Median House Price	\$485,000
• 2 Bed Median Price	N/A
• 3 Bed Median Price	\$408,500
• 4+ Bed Median Price	\$535,000

With the lowest crime rate of all the top affordable and liveable suburbs for Perth Metro, Harrisdale also boasts the lowest unemployment rate of just 2.6%. This puts the area in a strong economic position, as does its project development pipeline worth approximately \$25.0M* for the 2nd half of 2020. The suburb also shows strong performance for investors, having an extremely low vacancy rate of just 0.3% (compared to Perth Metro's already low 0.9%) and an average house rental yield of 4.3% (above Perth Metro's 3.7%). Positive median house price growth of 3.1%** is also a drawcard. 220 various dwelling types are planned in the 2nd half 2020, providing first home buyers with a unique opportunity to enter the Harrisdale growing market.

FORRESTFIELD 6058



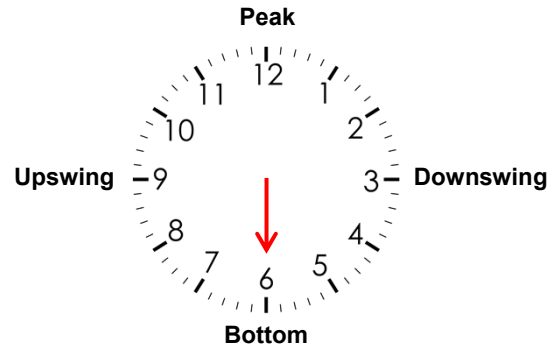
Located about **12.2km** from the Perth CBD.

Median House Price	\$389,000
• 2 Bed Median Price	\$350,000*
• 3 Bed Median Price	\$352,000
• 4+ Bed Median Price	\$438,750

Forrestfield is a top affordable and liveable suburb located to the east of the Perth CBD. The area saw solid annual median price growth of 7.8%** for houses, while also performing well for investors with a 4.6% house rental yield and a very low 0.5% vacancy rate. Projects such as the proposed \$15.0M* aged care facility is a key contributor to the project pipeline for the 2nd half of 2020, with a total of \$20.5M in projects planned within the period. This will create more local jobs, and further assist in lowering an already healthy unemployment rate of just 5.6%. Liveability is in abundance for residents, particularly benefiting from a low crime rate. Residents also have ample access to amenities that include Lesmurdie Falls National Park, medical services, and local shopping.

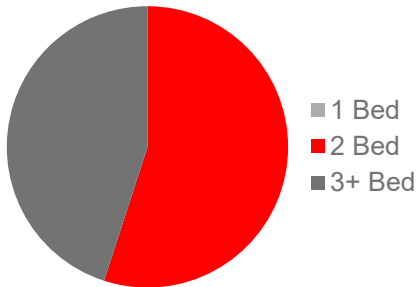


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

BALCATT 6021



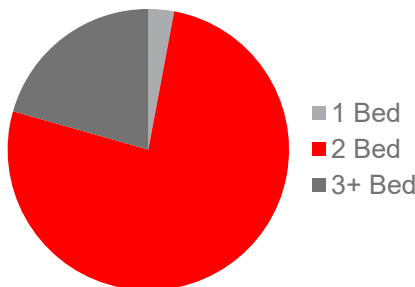
Located about **7.9km** from the Perth CBD.

Median Unit Price **\$344,000**

- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$343,000**
- 3+ Bed Median Price **\$345,000***

Located just 5km from Perth Metro's western shore beaches, Balcatta is a suburb that offers strong investment potential, with an average unit rental yields of 5.0% (above Perth Metro's 4.9%) and a very low 0.6% vacancy rate (below Perth Metro's low 0.9%). A total of \$14.4M[^] is planned for the 2nd half of 2020, which will create local employment through commercial projects as well as the construction phase of various other projects. The suburb recorded a median unit price growth of 7.5%** annually, which is a positive indicator amidst COVID-19. Unemployment rate is 6.0%, below the WA average. Liveability is a clear with many nearby amenities such as several reserve parklands, Primewest Northlands shopping mall, buses and nearby highway access, and schools.

BAYSWATER 6053



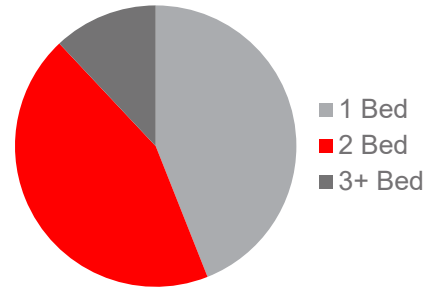
Located about **5.2km** from the Perth CBD.

Median Unit Price **\$320,000**

- 1 Bed Median Price **\$290,000***
- 2 Bed Median Price **\$266,500**
- 3+ Bed Median Price **\$432,000***

As the closest affordable and liveable suburb to the CBD, Bayswater also boasts by far the largest development pipeline for the 2nd half of 2020, at an estimated \$257.3M[^]. A large majority of this (\$252.0M[^]) is committed to the Bayswater Station & Turnback Project which will see significant investment into rail infrastructure in the area. This will allow for easier access into the suburb and draw more people into the area. The suburb recorded significant annual median price growth of 64.1%** in fantastic news for property owners. Investors benefit from an extremely low vacancy rate of 0.3% and a strong average unit rental yield of 5.9%. Liveability is also evident in the area, with a low unemployment of just 4.8% and the lowest crime rate of the top affordable and liveable suburbs

SUCCESS 6164



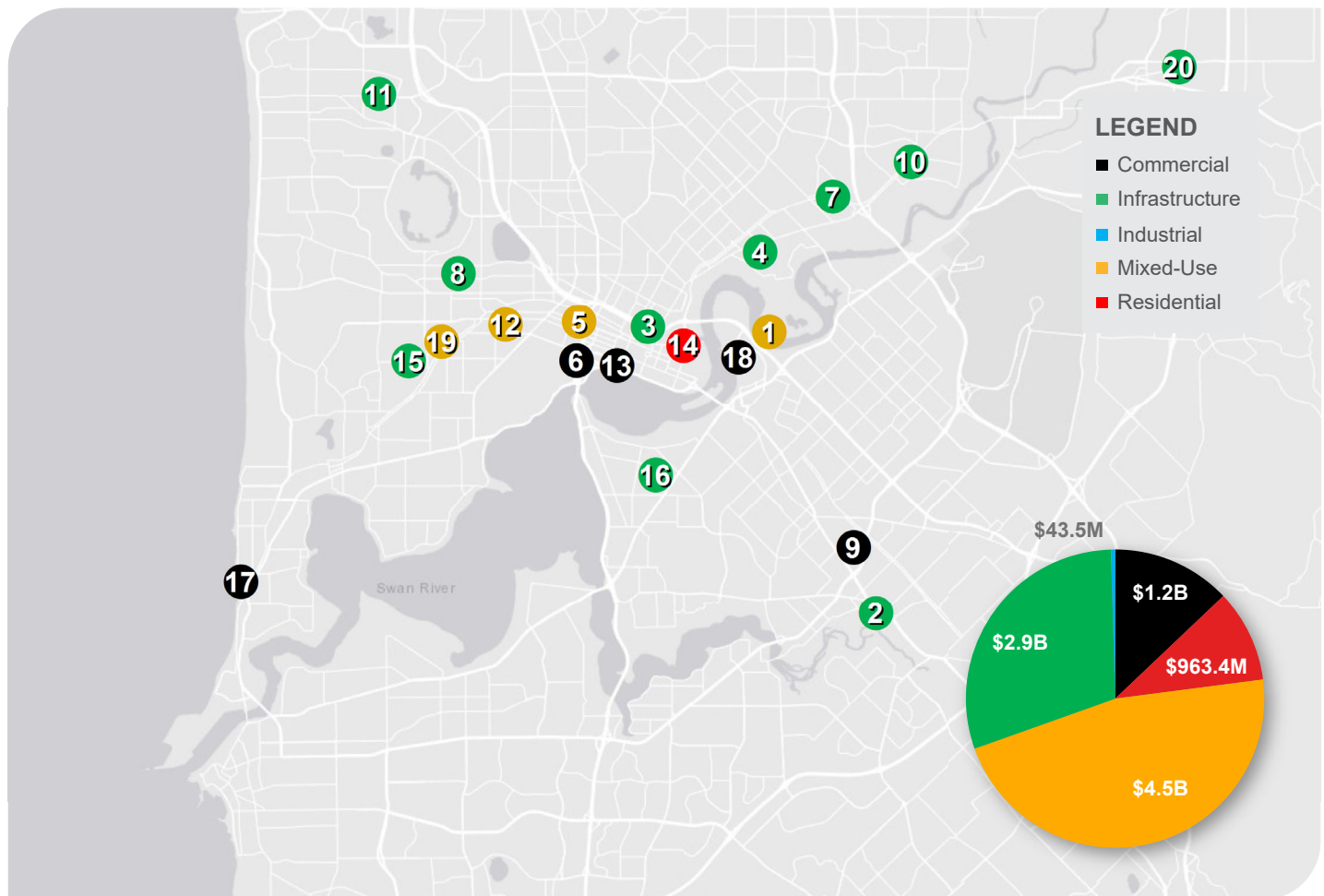
Located about **19.8km** from the Perth CBD.

Median Unit Price **\$264,500**

- 1 Bed Median Price **\$260,000***
- 2 Bed Median Price **\$269,000***
- 3+ Bed Median Price **\$230,000***

Located to the south of Perth's CBD, Success has the lowest unit median price of Perth Metro's top affordable and liveable suburbs, making it ideal for first home buyers. Furthering this opportunity is a minor softening in the median unit price annually, of -2.0%** , which has increased affordability for buyers. Ample amenities such as Cockburn Gateway Shopping City, Thompsons Lake Nature Reserve, Jandakot Primary School, and St John Medical create high liveability for residents of Success, as does a below average crime rate. Investors in Success currently benefit from an average unit rental yield of 5.6% and a low vacancy rate of 0.7%. Low unemployment of 4.6% and a project pipeline worth and estimated \$2.4M[^] are also positives for the local area.

PROJECT DEVELOPMENT MAP 2ND HALF 2020*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Belmont Park Racecourse Residential Redevelopment (4,500 Dwellings)	Mixed-Use	\$3,500,000,000	Victoria Park
2	Canning City Activity Centre Structure Plan Overall Project	Infrastructure	\$500,000,000	Canning
3	Waterbank Precinct Apartments Building B (283 Apartments)	Residential	\$500,000,000	Perth
4	Tonkin Highway Gap	Infrastructure	\$400,000,000	Stirling
5	Wellington Street Development Site (Former Perth Girls School)	Mixed-Use	\$400,000,000	Vincent
6	St Georges Terrace/Mill Street/Mounts Bay Road Office Complex Redevelopment	Commercial	\$260,000,000	Perth
7	Bayswater Station & Turnback Project	Infrastructure	\$252,000,000	Bayswater
8	Wembley Activity Centre Precincts	Infrastructure	\$250,000,000	Cambridge
9	Curtin University School Of Design & The Built Environment	Commercial	\$150,000,000	Victoria Park
10	Bassendean Town Centre	Infrastructure	\$150,000,000	Bassendean
11	Stephenson Avenue Roadworks	Infrastructure	\$150,000,000	Stirling
12	Subiaco Pavilion Markets Mixed Use Development - One Subiaco (250 Apartments)	Mixed-Use	\$138,000,000	Subiaco
13	Elizabeth Quay Busport Redevelopment	Commercial	\$122,000,000	Perth
14	Waterbank Precinct Apartments Building D	Infrastructure	\$120,000,000	Perth
15	Montario Quarter Shenton Park Remaining Stages	Infrastructure	\$120,000,000	Nedlands
16	High Street Roadworks	Infrastructure	\$118,000,000	South Perth
17	Wearne Aged Care Cottesloe	Commercial	\$94,000,000	Cottesloe
18	Burswood Lake Hotel & Serviced Apartment	Commercial	\$90,000,000	Victoria Park
19	Shenton Park (157 Apartments)	Mixed-Use	\$75,000,000	Subiaco
20	Lloyd Street Southern Extension Rail Corridor Grade Separation Remaining Stages	Infrastructure	\$70,000,000	Swan

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Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

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Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customised products.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

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