



urban intelligence

UDIA WA PROPERTY MARKET STATISTICS

FEBRUARY 2018

Principal Research Partners





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KEY TRENDS



 ECONOMY		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Official Cash Rate Target (RBA)	➔	1.5% (Feb)	0% (M)	1.5% (M)	0.00%
Discounted Variable Mortgage Rate (RBA)	➔	4.50% (Feb)	0 bps (M)	4.50% (M)	0 bps
Estimated Resident Population - WA	⬆️	2,580,354m (Jun)	0.2% (Q)	2,574,704m (Q)	0.8%
Unemployment Rate - WA (Seasonally Adj.)	⬆️	6.1 (Jan)	46 bps (M)	5.9 (M)	-67 bps
Retail Turnover - WA (Original)	⬇️	\$2.78 b (Jan)	-22.7% (M)	\$3.12b (M)	0.5%
Consumer Price Index - Greater Perth	⬆️	109.9 (Dec)	0.4% (Q)	109.5 (Q)	0.8%
Wage Price Index - WA	⬆️	128.1 (Dec)	0.3% (Q)	127.6 (Q)	1.5%

 RESIDENTIAL LAND DEVELOPMENT SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Lot Sales (UDIA Land Snapshot)	⬆️	335 (Feb 2018)	165.9% (M)	214.33 (M)	-8.2%

 RESIDENTIAL CONSTRUCTION SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Dwelling Approvals - WA (Original)	⬇️	1,385 (Jan)	-8.0% (M)	1,564 (M)	1.8%
Private Sector House Approvals - WA (Original)	⬇️	958 (Jan)	-8.2% (M)	1,022 (M)	1.9%
New Dwelling Loans Owner-Occupation - WA (Original)	⬇️	5,071 (Dec)	-9.6% (M)	5,433 (M)	-12.7%
Dwelling Construction Starts - WA (Original)	⬆️	4,714 (Sep)	1.6% (Q)	4,751 (Q)	-14.3%
House Approvals - Greater Perth (Original)	⬇️	824 (Jan)	-6.2% (M)	0,865 (M)	3.4%
Multi-Unit Approvals - Greater Perth (Original)	⬇️	348 (Jan)	-18.5% (M)	483 (M)	-8.2%

 RESIDENTIAL PROPERTY MARKET		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Median House Price - Perth (Landgate/REIWA)	⬆️	\$525,000 (Dec)	2.8% (Q)	\$515,000 (Q)	-0.5%
House Sales - Perth (Landgate/REIWA)	⬆️	4,810 (Dec)	-0.2% (Q)	5,112 (Q)	-14.5%
Unit Sales - Perth (Landgate/REIWA)	⬆️	1,142 (Dec)	5.4% (Q)	1,180 (Q)	-7.3%
House and Unit Listings - Perth (REIWA)	⬆️	13,080 (Dec)	0.3% (Q)	13,383 (Q)	-5.7%
Dwelling Loans Owner-Occupation - WA (Original)	⬆️	3,575 (Dec)	-12.7% (M)	3,915 (M)	-8.8%
Established Dwelling Loans Owner-Occupation - WA (Original)	⬆️	2,512 (Dec)	-12.1% (M)	2,727 (M)	-9.6%
FHOG Applications - WA (Original)	⬆️	489 (Jan)	-8.6% (M)	504 (M)	-3.9%
Investment Housing Loans - WA (Original)	⬆️	\$635.5m (Dec)	-3.5% (M)	\$641.2m (M)	-10.7%
REIWA Average Selling Days - Perth	⬆️	63 (Dec)	-13.7% (Q)	69.0 (Q)	-3.1%
Residential Rental Market		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
REIWA Median Rent - Perth	⬆️	355 (Dec)	1.4% (Q)	355 (Q)	-6.6%
REIWA Vacancy Rate - Perth	⬆️	5.5% (Dec)	-140 bps (Q)	6.6% (Q)	-90 bps

UDIA WA INDUSTRY UPDATE



CHRIS GREEN

Director
Policy & Research
UDIA WA

While the figures in this month's Urban Intelligence Report continue to reflect the economic downturn that has gripped WA for the last few years, there is a positive outlook forecast according to highly regarded Deloitte Access Economist and Reserve Bank Board Member Professor Ian Harper. Indeed, as can be seen in this report, monthly land snapshot figures for February reflect significant growth in sales and the median lot price has increased 2.3% month on month to \$222,985, which is also a 4.8% increase on the same time last year.

Speaking at the UDIA WA State Conference recently, Professor Harper advised the audience that **it was time for WA to 'set sails for growth' as he believes the state has turned a corner after several years of economic downturn.**

In particular, Professor Harper **predicted WA's Economic growth to sit at around 1% throughout 2018 and move upward toward 3% by 2019/20.** This is not huge growth but is sustainable moving forward.

This positive trend is reinforced by global market conditions, which are the strongest in years with growth synchronised across the major markets including Europe; the US; Japan; and China which is continuing its remarkable run of expansion.

Despite the unemployment rate rising slightly in January to 6.1% in WA, Professor Harper says that overall the labour market has shown positive signs over the last 15 months and that trend is expected to continue as broader growth strengthens.

In this month's report, we can see positive signs reflected in the Wage Price Index, up 1.5% year on year and the consumer price index up 0.8% for the year.

Professor Harper also highlighted the importance of diversification of the WA economy. With the resource construction boom well and truly over, WA must focus on alternative streams of revenue to boost growth and move away from such a strong reliance on the resources sector to hold up the economy.

Investment in infrastructure is critical to boosting the economy and attracting more people to the state, along with moving to a more knowledge based economy.

In terms of infrastructure investment, a more strategic approach to infrastructure planning and provision in WA was also reinforced by another presentation at the conference. Lance Glare, from the **Department of Premier and Cabinet, discussed the government's proposed framework for the establishment of Infrastructure WA.**

UDIA has been advocating for many years for an independent body like Infrastructure WA to be established, to ensure that there **is a proper assessment of the State's long term infrastructure requirements, and a clear plan that informs the allocation of the limited public funds that are available.**

UDIA is also supportive of more Public Private Partnerships (PPPs) to fund major infrastructure projects in the state. A position reinforced by Professor Harper, saying that alternative and more innovative means of funding infrastructure would take the pressure off State debt.

In terms of government funds and revenue, Professor Harper said that the state government is relying too heavily on sources that are linked to volatile commodity prices, with payroll tax and iron ore royalties alone accounting for 24% of general government revenue in WA.

Reliance on payroll tax, royalties and transfer duties is much lower in New South Wales, Victoria, Queensland and South Australia.

One of the primary ways that Professor Harper considered ensuring that government revenue is less volatile, is to reform property taxes. In particular, moving away from stamp duty and replacing it with a broad based land tax system as recommended in the *Re:Think Tax Discussion Paper* released in 2015.

UDIA believes this kind of system could potentially be more fair and equitable and would remove artificial barriers to those wanting to move home, such as downsizers moving to more appropriate housing, who are currently staying put due to the high cost of stamp duty.

Overall, Professor Harper's presentation provided much food for thought with regard to how WA can move forward and embrace new opportunities for future growth.

It is encouraging to see signs of positive growth in the WA economy and these green shoots are having a flow on effect to the property market.

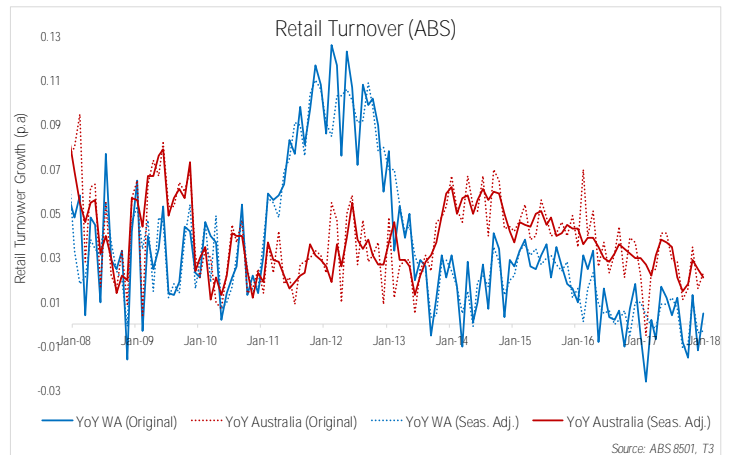
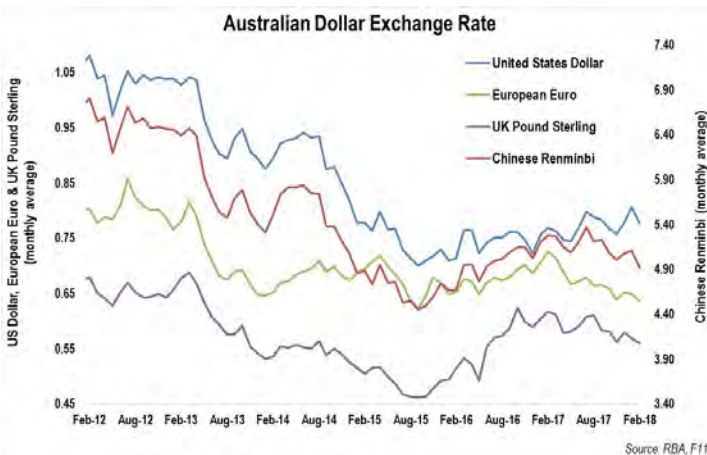
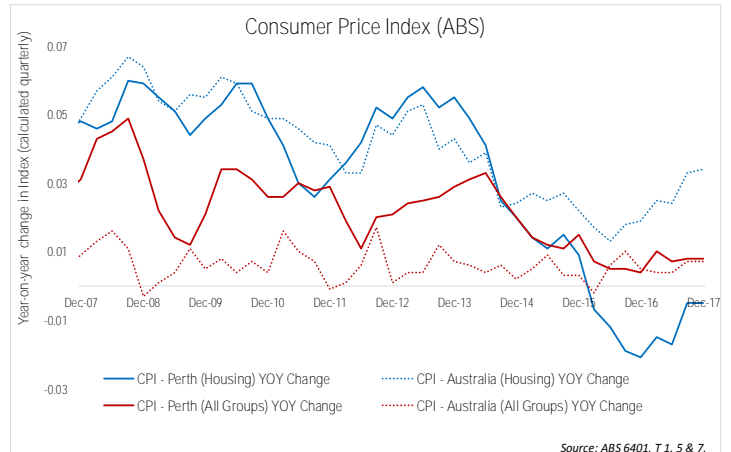
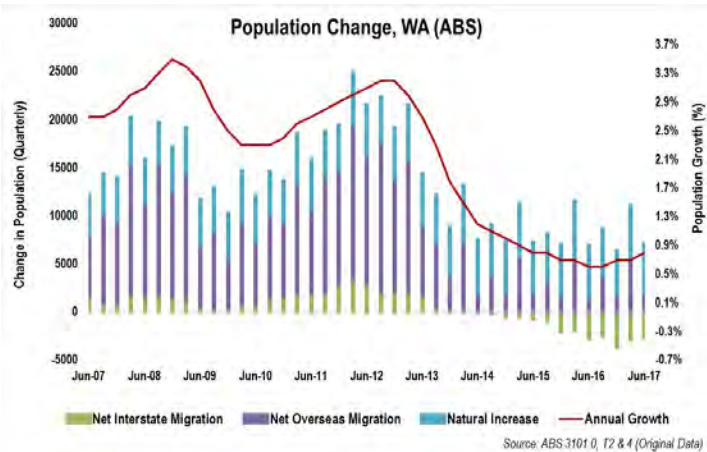
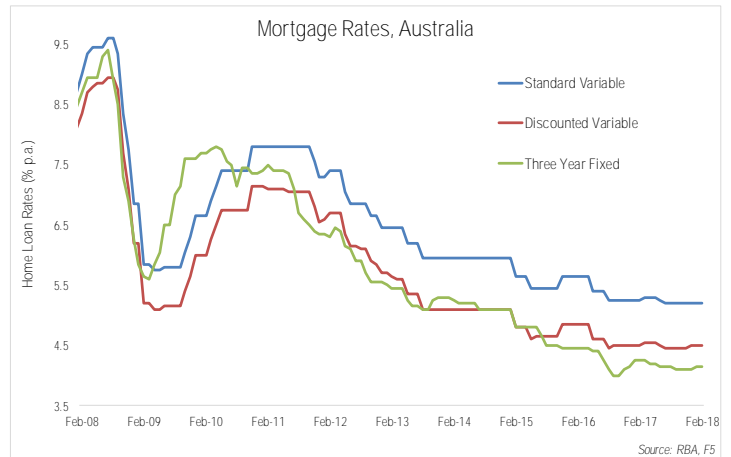
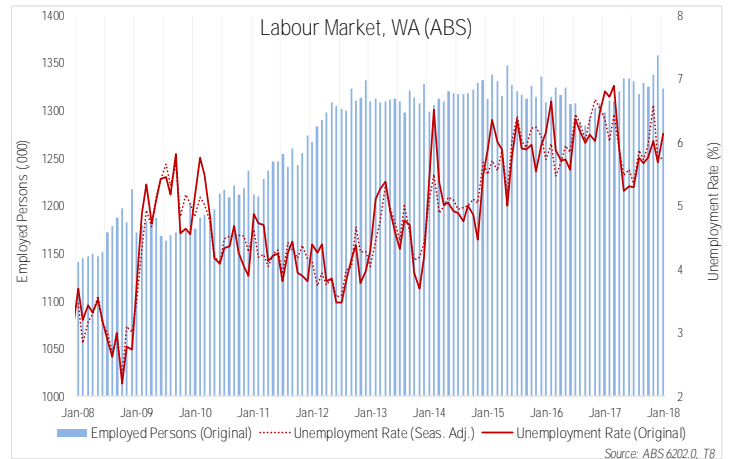
We expect that over the coming months, the Urban Intelligence Report will reflect increasing growth and positivity across the broader economy and the residential property and construction sectors.



ECONOMY

Key Points of Interest

- **Western Australia's (WA) unemployment rate for January** lifted 46 basis points (bps) from the previous month to 6.1%, 67bps down from the same time last year and slightly above the national rate of 6.0%.
- In January the number of employed persons in WA fell 2.5% over the month to 1.32 million, but remained 2.0% higher than the corresponding month in 2017. This comes off the back of a recorded high in employed persons in December 2017.
- The WA state participation rate fell 147bps in January to 67.7%, 33bps higher than at the same time last year and 2.59 percentage points above the national participation rate of 65.1%.
- In December the Wage Price Index (WPI) for WA recorded 1.5% annual growth, the highest since the Sept-16 quarter. While this remains far below the 4.8% peak annual growth in June-12, a sense of optimism can be drawn from the RBA's statement that 'the rate of wage growth appears to have troughed' ([here](#)).
- Retail turnover for WA recorded 0.5% annual growth in January, increasing to \$2.7 billion, following a 1.2% year-on-year (YoY) decline in December. This figure makes up 10.7% of national retail turnover for January (\$25.9 billion).

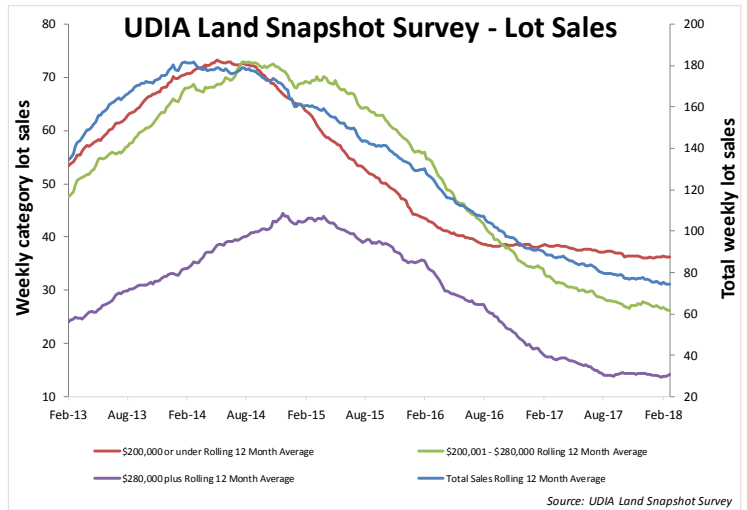




RESIDENTIAL LAND DEVELOPMENT SECTOR

Key Points of Interest

- In February, UDIA Land Snapshot survey's total lot sales were buoyant with a 165.9% month-on-month (MoM) increase, but remained 8.2% below figures from the same time last year. This follows two months of subdued figures over the Christmas and New Year period.
- The monthly lift in sales was continued throughout the price categories, which all increased from last month's numbers with: a 137.9% increase MoM for sales \$200,000 (and below); a 183.8% MoM rise for sales between \$200,001-\$280,000; and a 217.4% MoM increase for sales over \$280,000.
- The median lot price was also up 2.3% MoM to \$222,985, a 4.8% increase on the same time last year.

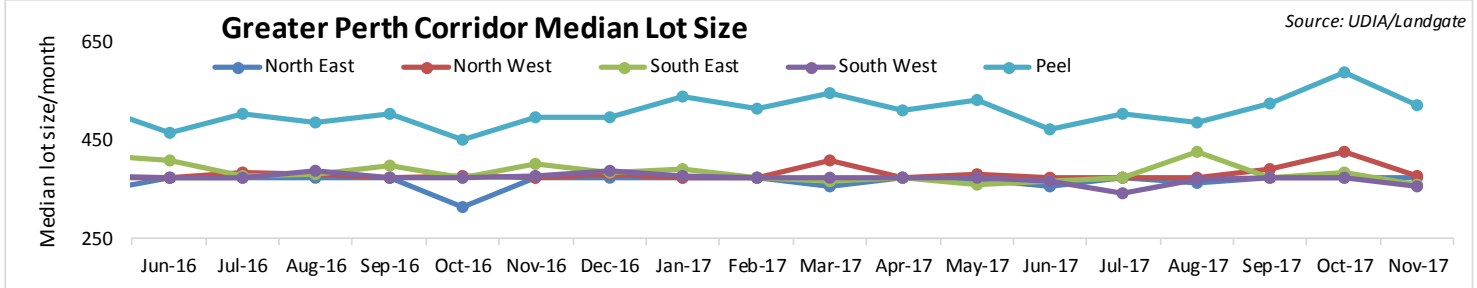
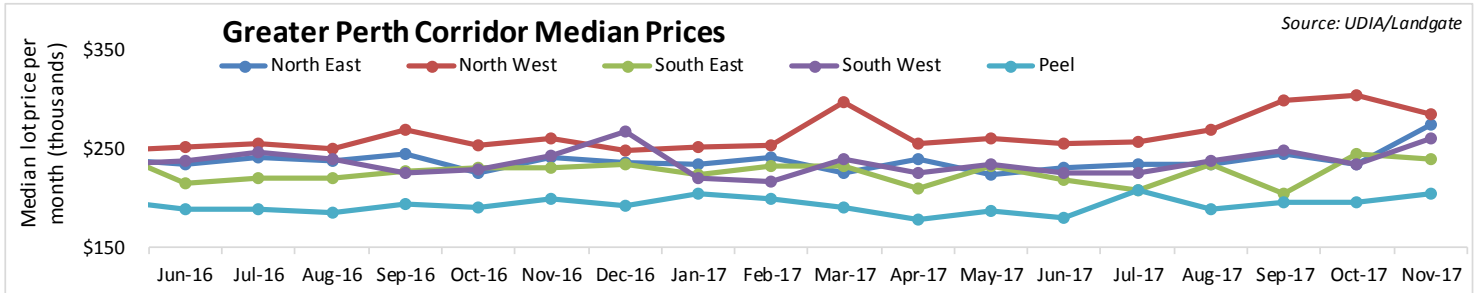
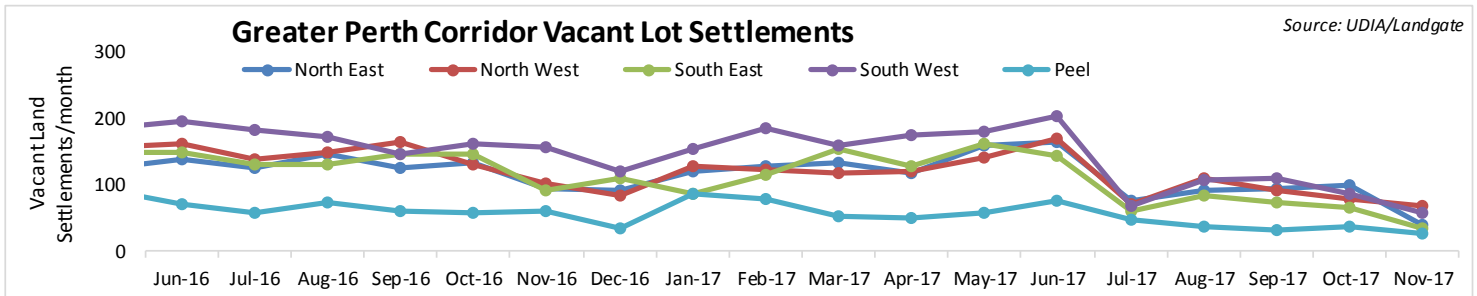


Monthly vacant land settlements by metropolitan corridor for November, 2017 (Landgate)

Monthly Vacant Land Settlements by Corridor			
Nov-17		Vacant Land	
Regions	Settlements	Median Price	Median Lot Size
North-East Metro	40	\$ 275,000	375
North-West Metro	69	\$ 285,000	377
South-East Metro	35	\$ 240,000	358
South-West Metro	58	\$ 260,000	357
Peel	27	\$ 205,000	523

Top five suburbs for vacant land settlements for the three months to November, 2017 (Landgate)

TOP SUBURBS FOR VACANT LAND SETTLEMENTS				
	Three months to 30 Nov	Settlements	Median Price	Median Size
1	BRABHAM	54	\$245,500	375.00
2	PIARA WATERS	50	\$273,000	375.00
3	AVELEY	45	\$226,800	314.00
4	BALDIVIS	34	\$187,000	450.00
5	BYFORD	29	\$190,000	384.00



Note: Settlement figures on this page are based on Landgate data available at the time of publication and may not represent all settlements during the period.

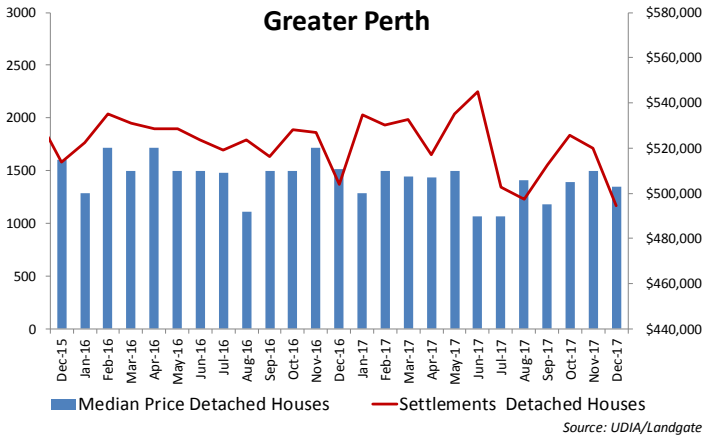




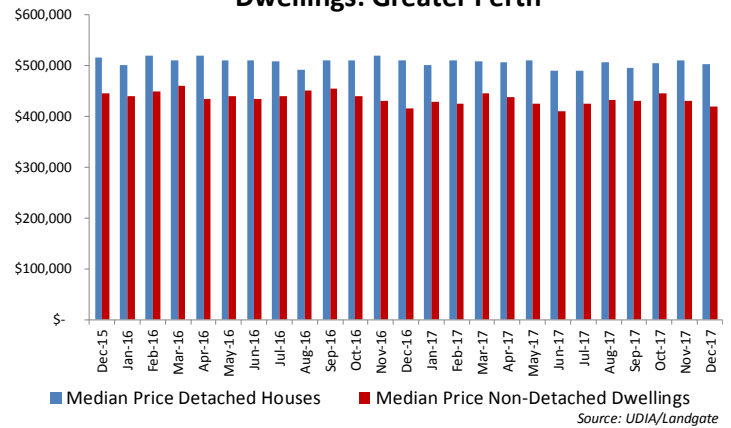
RESIDENTIAL PROPERTY SETTLEMENTS



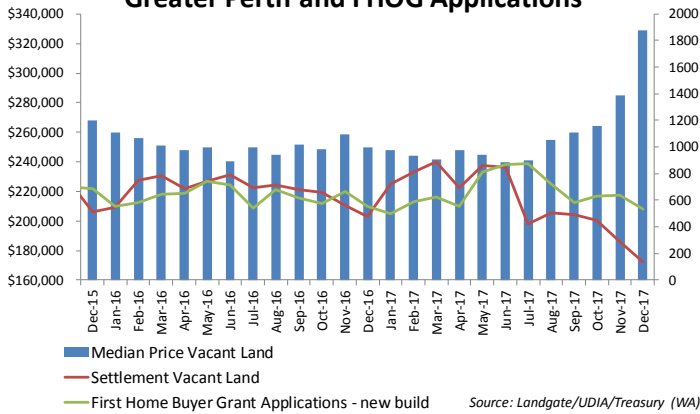
Median Price/Settlements Greater Perth



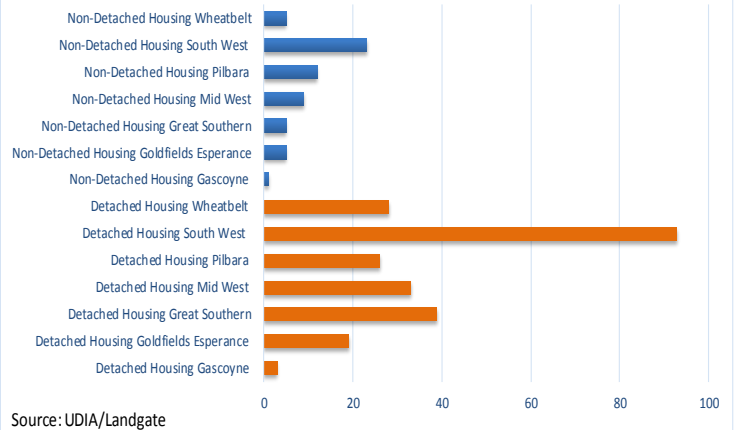
Median Price Detached and Non-Detached Dwellings: Greater Perth



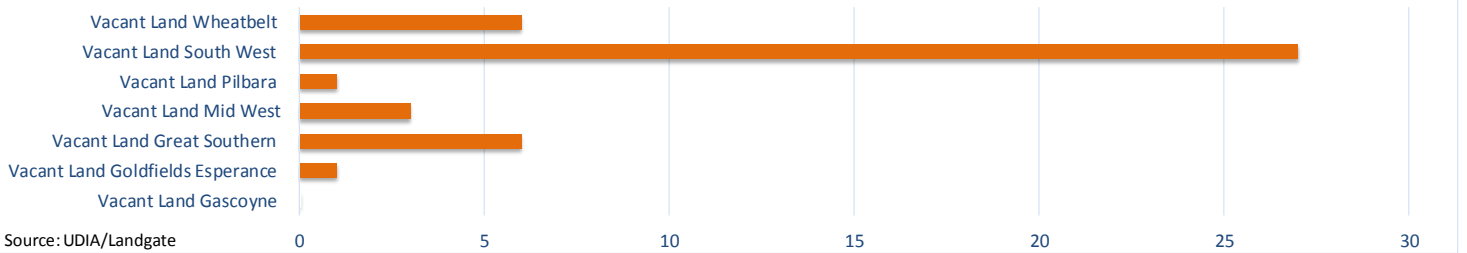
Vacant Land Settlements, Median Price: Greater Perth and FHOA Applications



Regional Dwelling Settlements December 2017



Regional Land Settlements December 2017



TOP SUBURBS FOR MEDIUM DENSITY SETTLEMENTS				
	Three months to 30 Nov	Settlements	Median Price	Median Size
1	EAST PERTH	92	\$615,500	132.50
2	INNALOO	87	\$490,000	201.00
3	SCARBOROUGH	77	\$535,000	196.00
4	COMO	65	\$510,000	113.00
5	MAYLANDS	64	\$393,750	113.00

TOP SUBURBS FOR DETACHED HOUSING SETTLEMENTS				
	Three months to 30 Nov	Settlements	Median Price	Median Size
1	CANNING VALE	89	\$545,000	609.00
2	BALDIVIS	77	\$405,000	570.00
3	THORN LIE	75	\$380,000	708.00
4	HALLS HEAD	61	\$430,000	700.00
5	ELLENBROOK	61	\$386,500	512.00

Source: Landgate/UDIA

Top suburbs for detached housing and medium density settlements over the three months to Nov 2017.

Note: Settlement figures on this page are based on Landgate data available at the time of publication and may not represent all settlements during the period.

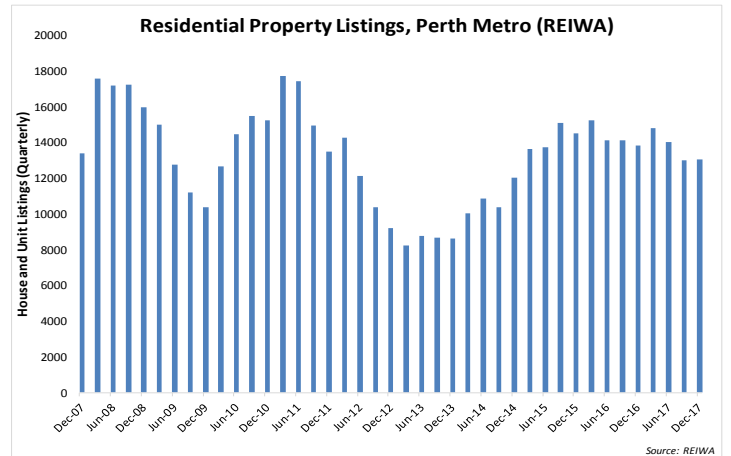
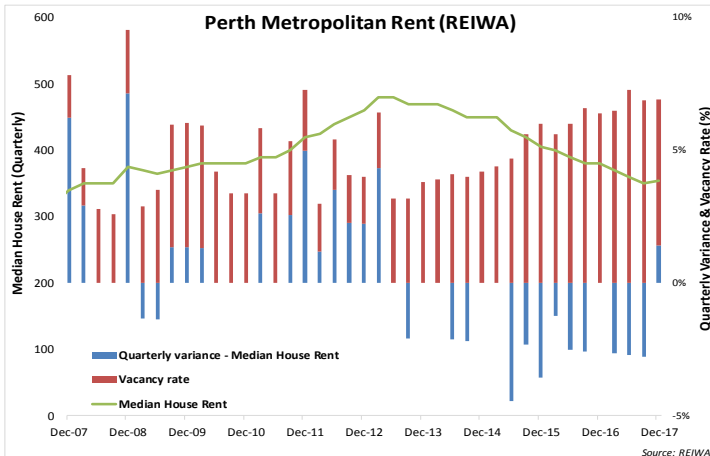
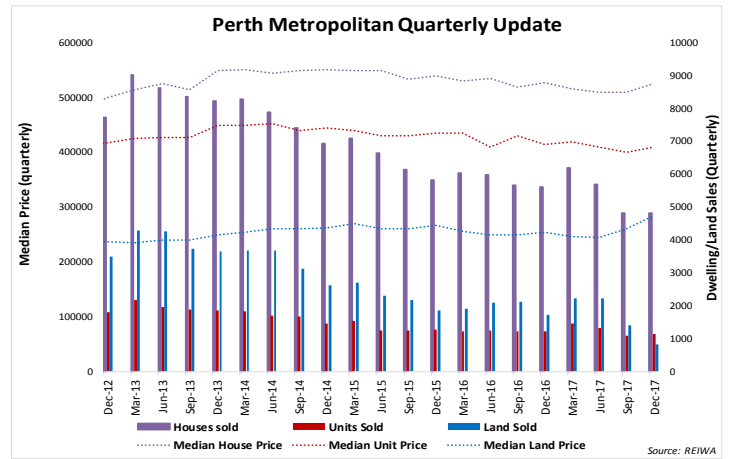
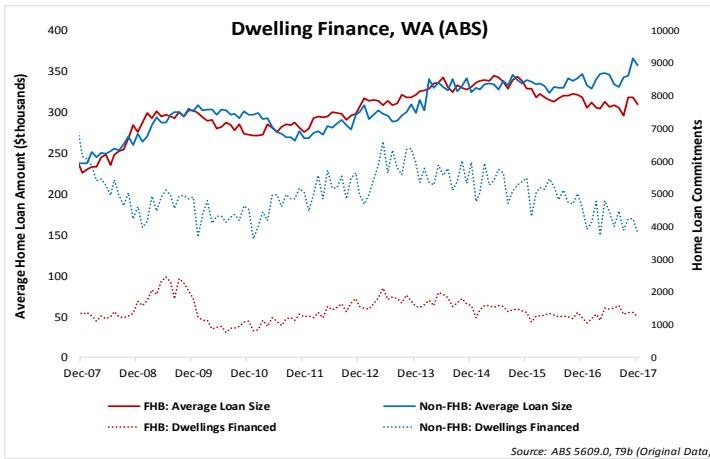
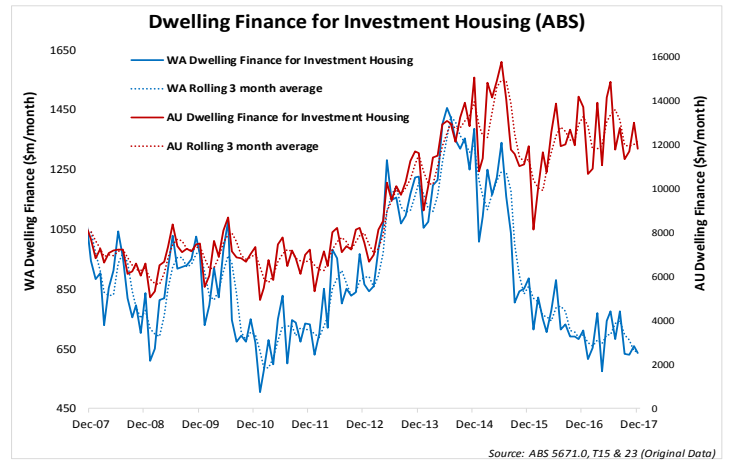
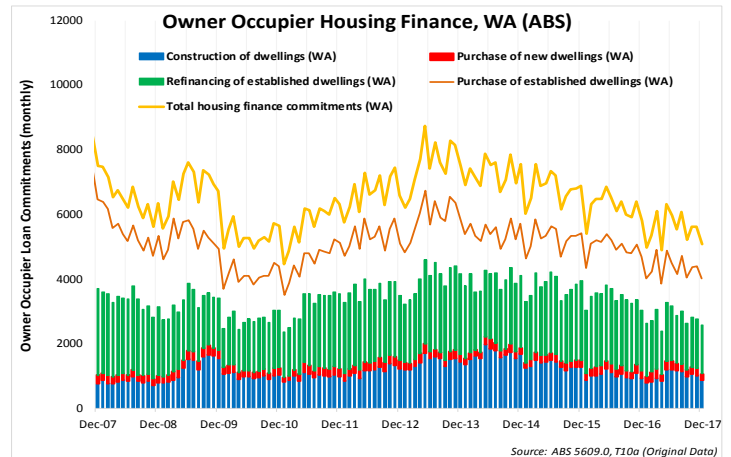




RESIDENTIAL PROPERTY MARKET

Key Points of Interest

- In December, total owner-occupier housing finance commitments for WA fell 9.6% month-on-month (MoM) to 5,071, 12.7% lower than at the same time last year.
- Included within the total December owner-occupier housing finance commitments: commitments for the construction of dwellings decreased 12.6% MoM and 5.8% year-on-year (YoY) to 872; commitments for the purchase of new dwellings were down 19.4% MoM and 11.6% YoY to 191; and commitments for the purchase of established dwellings also fell 8.4% MoM and 14.2% YoY to 4,008.
- The number of dwellings financed by first home buyers (FHB) in December fell by 9.3% MoM to 1,244, but remained 2.5% higher than in Dec-16. Meanwhile, non-FHB recorded a similar drop in the number of dwellings financed, falling 9.7% MoM to 3,827, a decrease of 16.8% YoY. Average loan sizes recorded for FHB and non-FHB in December were \$310,500 (-2.5% MoM, -2.6% YoY) and \$357,600 (-2.5% MoM, +2.8% YoY) respectively.
- WA dwelling finance for investment housing fell 3.5% MoM to \$635.6 million in December, a fall of 10.7% YoY. National figures also recorded a decrease of 9.4% MoM and 14.0% YoY to \$11.8 billion. However, this comes off the back of a three-month high for WA and a five-month high for Australia in November.

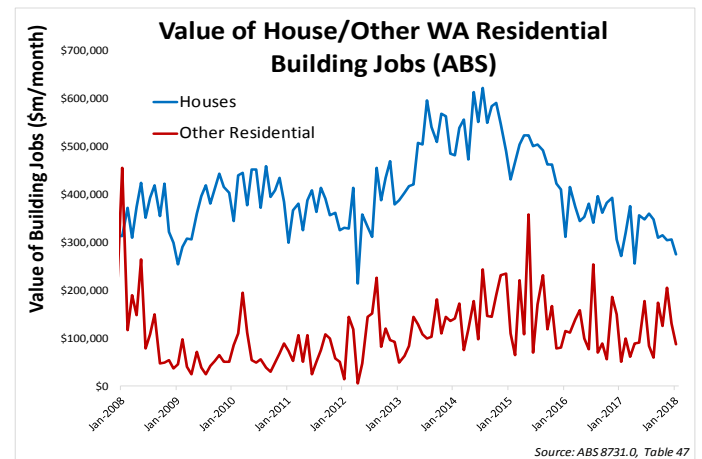
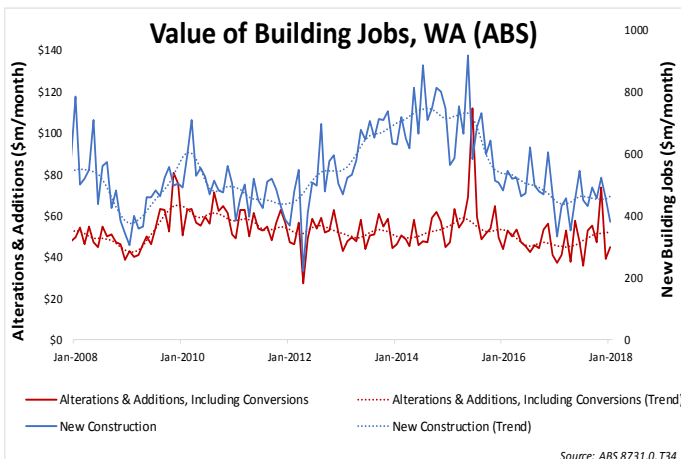
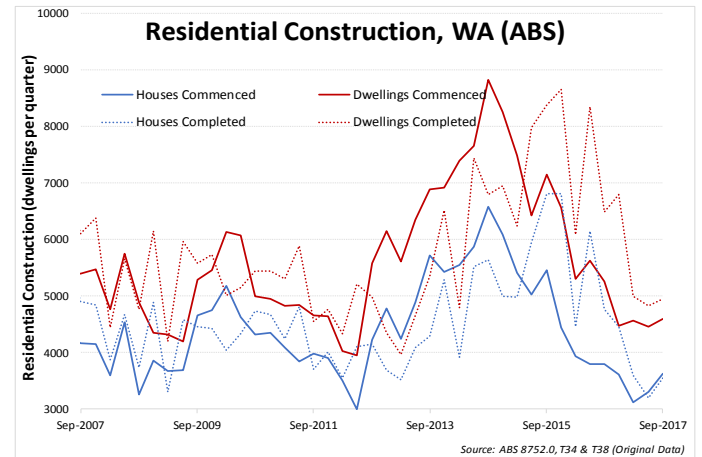
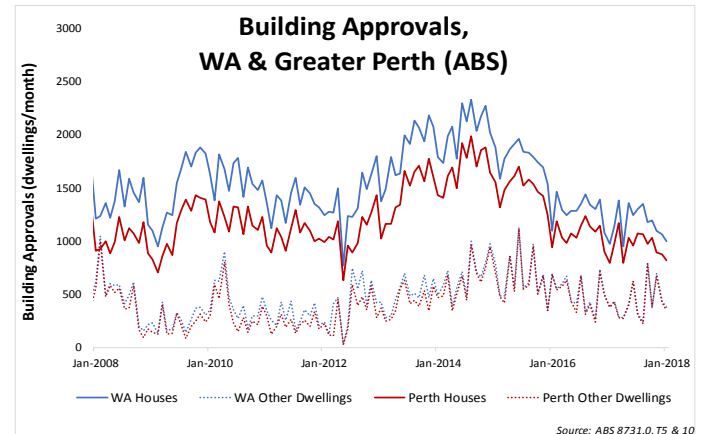
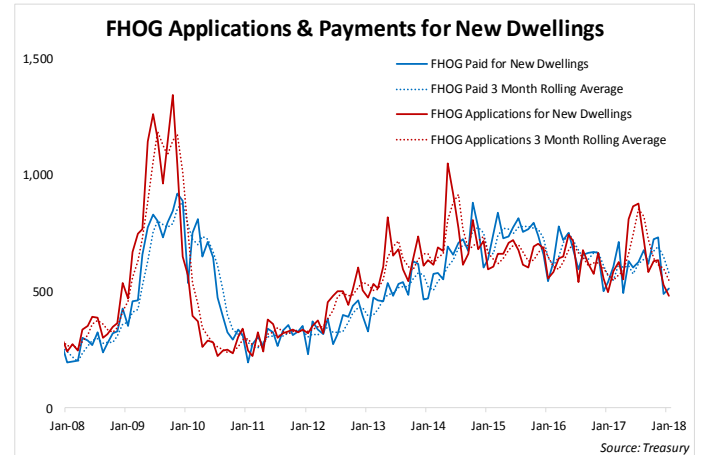




RESIDENTIAL CONSTRUCTION SECTOR

Key Points of Interest

- Building approvals for houses in WA fell 6.1% in January to 1,004, but lifted 2.7% from the same time in 2017. Of this total, 82.5% were situated within Greater Perth; which saw a similar 6.2% decrease in house building approvals over the month to sit at 824, but also increased 3.4% year-on-year (YoY).
- In January, building approvals for dwellings (exc. houses) fell 12.6% month-on-month (MoM) for WA (381) and 18.5% MoM for Greater Perth (348). However, both regions lifted moderately from the same time last year, increasing 32.8% for WA and 24.3% for Greater Perth. This continues the positive YoY rise in approvals exhibited in figures for the December quarter, which had a 1.9% YoY increase following six consecutive quarters of decline.
- The value of residential building jobs for houses fell 10.5% in January to \$274.9 million, but was 1.2% up YoY. Meanwhile, the value of building jobs for dwellings (exc. houses) was also down 33.2% MoM to \$87.1 million, 70.4% higher than in Jan-17.
- The total value of WA new residential building jobs fell 14.2% in January to \$422.9 million, but lifted 14.7% YoY.
- The monthly decrease in this total value of building jobs was contained within those for new construction, which fell 16.8% MoM to \$378.1 million, but increased 13.9% YoY. Also forming part of the total was the value of building jobs for alterations and additions (including conversions), which rose 15.2% MoM and 21.6% YoY to \$44.8 million.



Principal Research Partners

