



urban intelligence

UDIA WA PROPERTY MARKET STATISTICS

JUNE 2018

Principal Research Partners



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UDIA MEMBER SURVEY





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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% (July)	0% (M)	1.5% (M)	0.00%
Discounted Variable Mortgage Rate (RBA)	➔	4.50% (Jun)	0 bps (M)	4.50% (M)	0 bps
Estimated Resident Population - WA	⬆️	2,563,373m (Dec)	0.1% (Q)	2,560,362m (Q)	0.6%
Unemployment Rate - WA (Seasonally Adj.)	⬇️	6.5 (Apr)	-98 bps (M)	6.9 (M)	62 bps
Retail Turnover - WA (Original)	⬇️	\$2.66 b (Apr)	-5.6% (M)	\$2.65b (M)	-1.4%
Consumer Price Index - Greater Perth	⬆️	110.0 (Mar)	0.1% (Q)	109.8 (Q)	0.9%
Wage Price Index - WA	⬆️	128.5 (Mar)	0.3% (Q)	128.1 (Q)	1.5%

 RESIDENTIAL LAND DEVELOPMENT SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Lot Sales (UDIA Land Snapshot)	⬆️	396 (June 2018)	49.4% (M)	292 (M)	-0.3%

 RESIDENTIAL CONSTRUCTION SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Dwelling Approvals - WA (Original)	⬆️	1,638 (May)	28.0% (M)	1,352 (M)	-7.5%
Private Sector House Approvals - WA (Original)	⬆️	1,152 (May)	20.1% (M)	1001 (M)	-13.8%
New Dwelling Loans Owner-Occupation - WA (Original)	⬆️	4,627 (Apr)	-6.4% (M)	4,768 (M)	-5.1%
Dwelling Construction Starts - WA (Original)	⬆️	5,354 (Dec)	11.1% (Q)	4,938 (Q)	12.2%
House Approvals - Greater Perth (Original)	⬆️	959 (May)	14.2% (M)	852 (M)	-6.9%
Multi-Unit Approvals - Greater Perth (Original)	⬆️	420 (May)	85.0% (M)	283 (M)	6.1%

 RESIDENTIAL PROPERTY MARKET		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Median House Price - Perth (Landgate/REIWA)	⬆️	\$510,000 (Mar)	-1.9% (Q)	\$513,333 (Q)	-1.2%
House Sales - Perth (Landgate/REIWA)	⬆️	5,238 (Mar)	-6.6% (Q)	5,497 (Q)	-15.6%
Unit Sales - Perth (Landgate/REIWA)	⬆️	1,229 (Mar)	-6.8% (Q)	1,280 (Q)	-16.1%
House and Unit Listings - Perth (REIWA)	⬆️	14,410 (Mar)	10.2% (Q)	13,508 (Q)	-2.9%
Dwelling Loans Owner-Occupation - WA (Original)	⬆️	3,308 (Apr)	-7.4% (M)	3,395 (M)	-6.1%
Established Dwelling Loans Owner-Occupation - WA (Original)	⬆️	2,353 (Apr)	-8.7% (M)	2,436 (M)	-5.4%
FHOG Applications - WA (Original)	⬆️	662 (May)	29.3% (M)	612 (M)	-19.5%
Investment Housing Loans - WA (Original)	⬆️	\$528.3m (Apr)	-11.5% (M)	\$559.2m (M)	-8.2%
REIWA Average Selling Days - Perth	⬆️	70 (Mar)	11.1% (Q)	68.7 (Q)	-2.8%
Residential Rental Market		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
REIWA Median Rent - Perth	⬆️	360 (Mar)	1.4% (Q)	355 (Q)	-2.7%
REIWA Vacancy Rate - Perth	⬆️	5.1% (Mar)	-40 bps (Q)	5.8% (Q)	-140 bps



UDIA WA INDUSTRY UPDATE



CHRIS GREEN
 Director
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 UDIA WA

PERTH'S GREENFIELD MARKET SET FOR GROWTH

At a recent UDIA WA Industry Luncheon, Director of Research4 Colin Keane issued a challenge for the Perth market. In order to reach 'normal' market conditions and achieve positive growth in the greenfield development market in the coming few years, we need to reach a point where we are selling 700 lots per month.

According to Colin's comprehensive market research, Perth is currently averaging 462 new lot sales per month with a median lot price of \$224,000. We have reached the bottom of this market cycle and the expectation is for moderate growth in the next two to three years.

Putting this in context with other markets in Australia, Melbourne is averaging 1,450 lot sales per month with a median price of \$330,000 while Sydney is achieving 610 sales per month with a median of \$468,000. Both of these markets have experienced a decline in sales numbers over the last two to three quarters as they reached their peak in 2017.

Perth is currently the cheapest greenfield land market across the capital cities, with Colin estimating that lots are priced around \$6,000 under the fair market value of \$230,000 or 46% of the Perth median house price. This is despite our lot size being the smallest in the country at 375sqm.

The question is, how does the Perth market lift activity to reach the target of 700 lot sales per month?

Figure 1: Source: Colin Keane, Research4 presentation 29-06-2018

Research4 data suggests that we need to lift our population net gain by 1000 persons per month and create 500 extra jobs per month in order to generate enough demand for 700 lots per month.

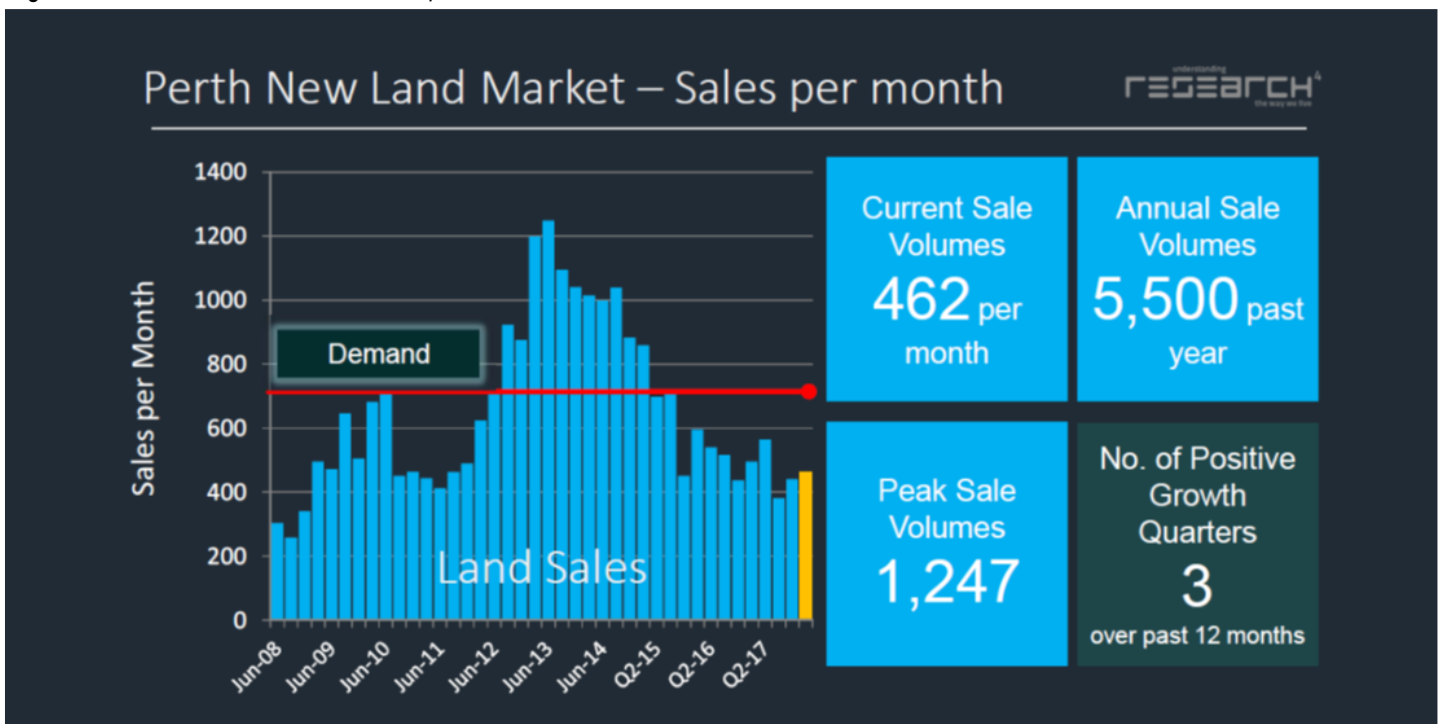
The estimate for new job creation is based on the ratio over the last ten years between actual job growth in persons and actual new land sales. In that period, for every 100 jobs created, 45 new lots were sold.

Perth's ratio of 45:100 is much higher than other cities, highlighting our reliance on jobs, particularly in the mining industry, to foster demand for property.

Moving forward, Colin recommends that Perth market the lifestyle opportunities that are available here to attract more people, loosening our reliance on jobs growth to boost demand.

In promoting a clear brand for Perth, we can work on attracting interstate and overseas migrants seeking an affordable, relaxed lifestyle while remaining connected to their global networks. We can realistically compete with the likes of Melbourne and Sydney on this front.

Overall, the message is clear for Perth. Positive growth in the property market is expected in the next two to three years and if we work on a clear identity for Perth as a global city, we can continue to grow and prosper.

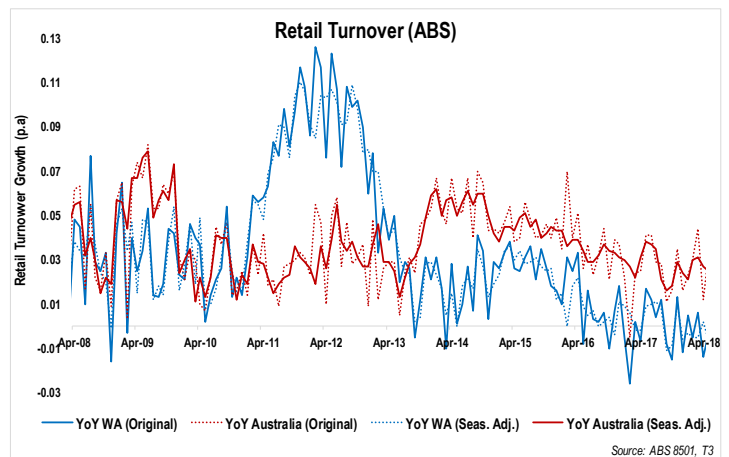
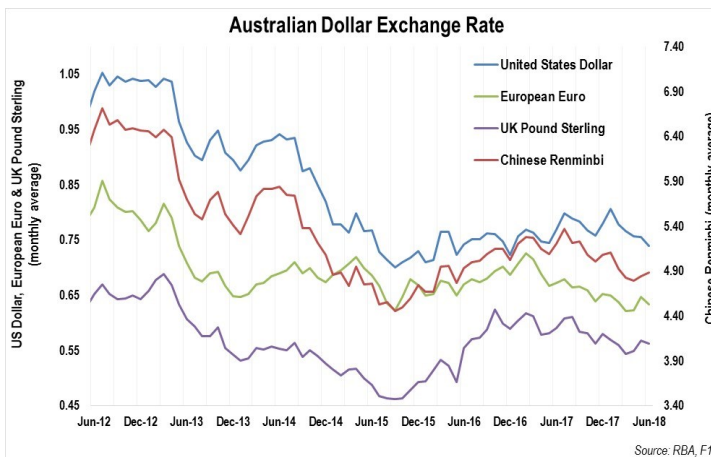
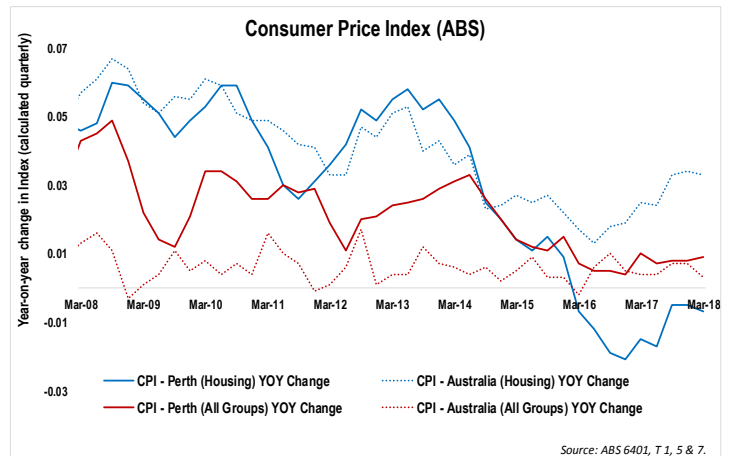
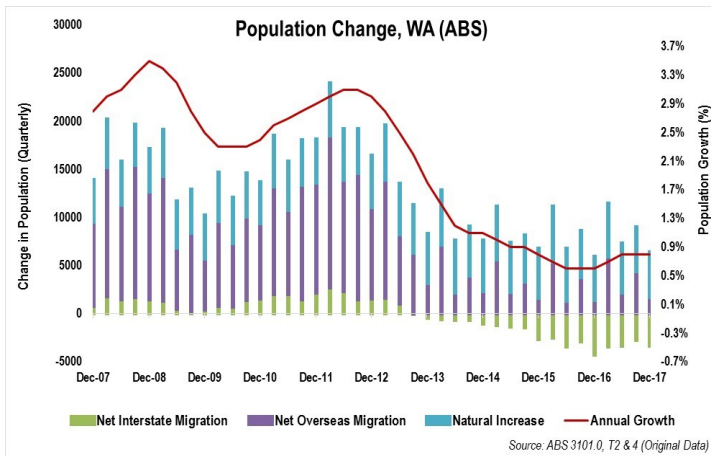
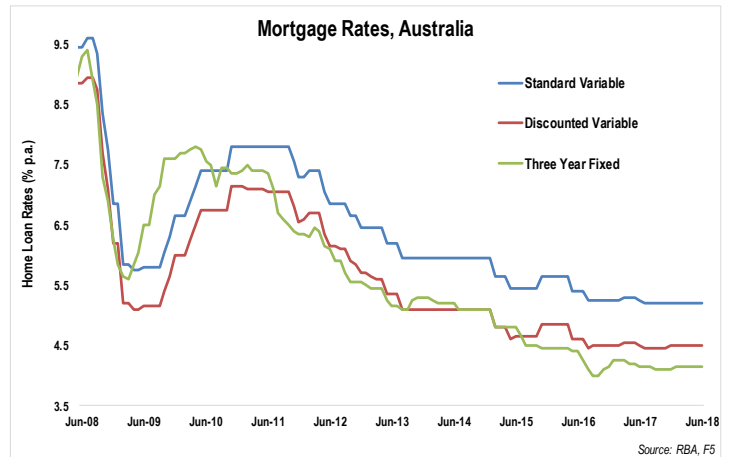
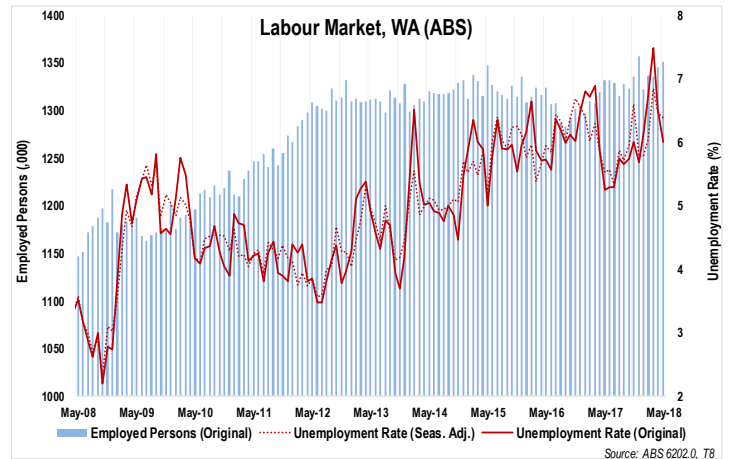




ECONOMY

Key Points of Interest

- Western Australia's unemployment rate fell 50 basis points (bps) month-on-month (MoM) in May to sit at 6.0% (in original terms, 6.4% seasonally adjusted), 76bps higher than at the same time last year and 72bps higher than the national rate of 5.3%.
- In May, the number of employed persons in WA increased 0.5% MoM to 1.35 million, 1.5% higher than at the same time last year.
- WA's state participation rate fell marginally (-7bps) in May to 68.9%, but remained 108bps up year-on-year (YoY) and was also 323bps higher than the national rate of 65.7%.
- In the December quarter, the population of Western Australia retained an annual growth rate of 0.8%, increasing to total 2.58 million people.
- Included within this increase in total WA population was: an increase of 4,700 (+4.2% YoY) additional people was due to natural increase; 1,697 (+17.7% YoY) additional people arrived in WA from overseas; and 3,343 (+22.5% YoY) people left WA to live in another state or territory.
- In February 2018, WA job vacancies increased 12.1% to 22,200, 24.7% higher than at the same time last year.

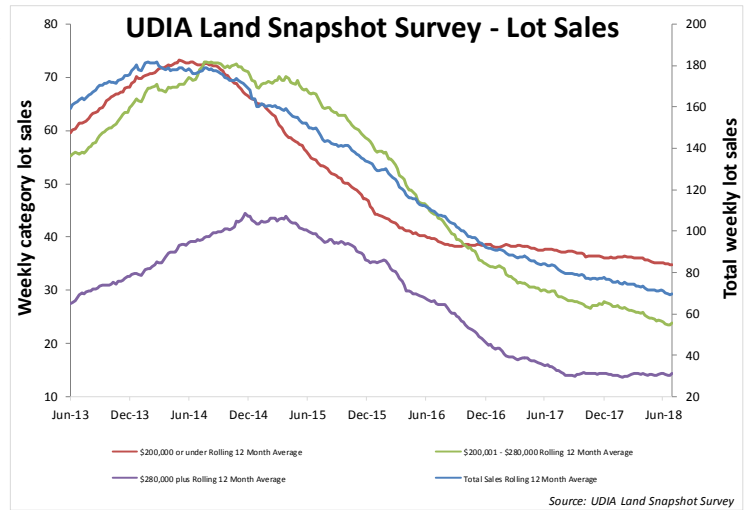




RESIDENTIAL LAND DEVELOPMENT SECTOR

Key Points of Interest

- In June, UDIA's Land Snapshot survey results for total lot sales increased 49.4% on those from May, and remained steady from the same time last year.
- Lot sales were positive across all price categories on a monthly basis: combined sales \$200,000 (and below) increased 16.5% month-on-month (MoM) and fell 15.8% year-on-year (YoY); combined sales between \$200,001-\$280,000 were 2.2 times that of those in May, and 7.6% higher than at the same time last year; and combined sales above \$280,000 lifted 39.3% MoM and 25.0% YoY.
- The median lot price for June increased 2.8% MoM to sit at \$227,071, 3.1% higher than in June 2017.

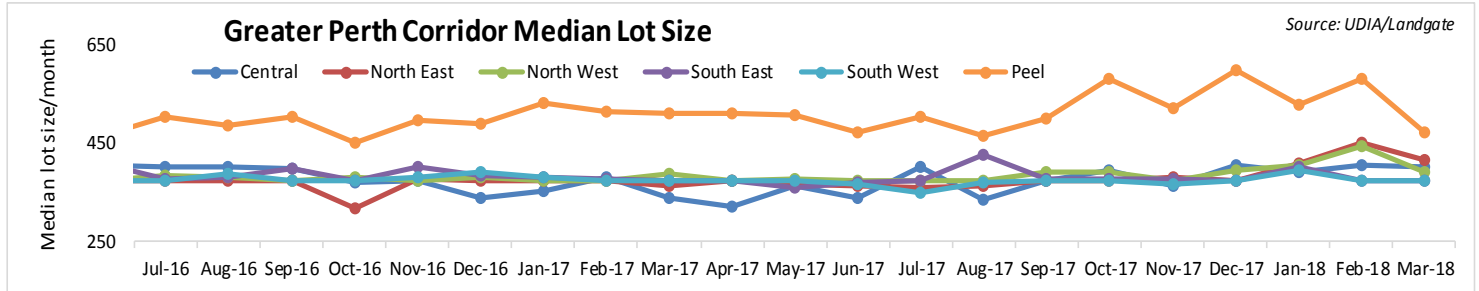
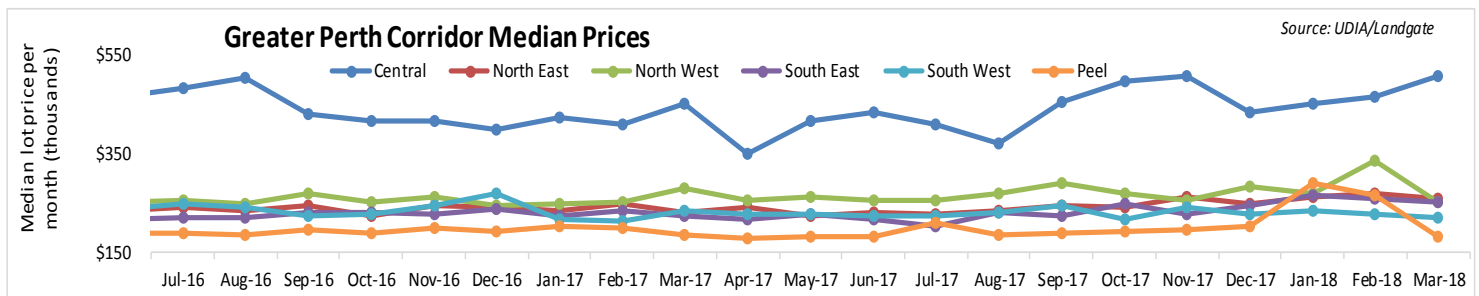
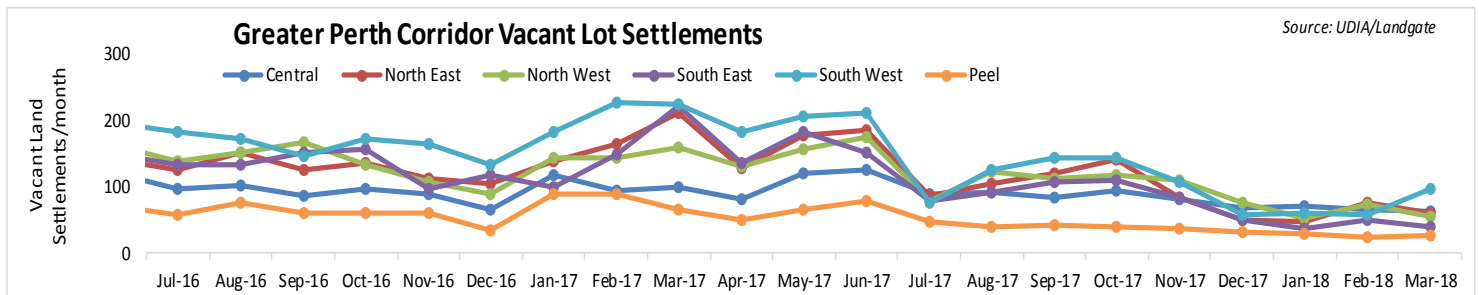


Monthly vacant land settlements by metropolitan corridor for March, 2018 (Landgate)

Monthly Vacant Land Settlements by Corridor			
Regions	Feb-18	Vacant Land	
	Settlements	Median Price	Median Lot Size
North-East Metro	61	\$ 268,000	437
North-West Metro	55	\$ 254,000	396
South-East Metro	39	\$ 254,000	375
South-West Metro	96	\$ 220,500	375
Peel	27	\$ 180,000	473
Central Metro	64	\$ 508,694	400

Top five suburbs for vacant land settlements for the three months to March, 2018 (Landgate)

TOP SUBURBS FOR VACANT LAND SETTLEMENTS				
	Three months to 31 March	Settlements	Median Price	Median Size
1	BALDIVIS	56	\$187,000	445.50
2	PIARA WATERS	55	\$270,000	375.00
3	BRABHAM	45	\$242,000	376.00
4	WELLARD	36	\$202,000	406.00
5	HAMMOND PARK	33	\$226,000	300.00



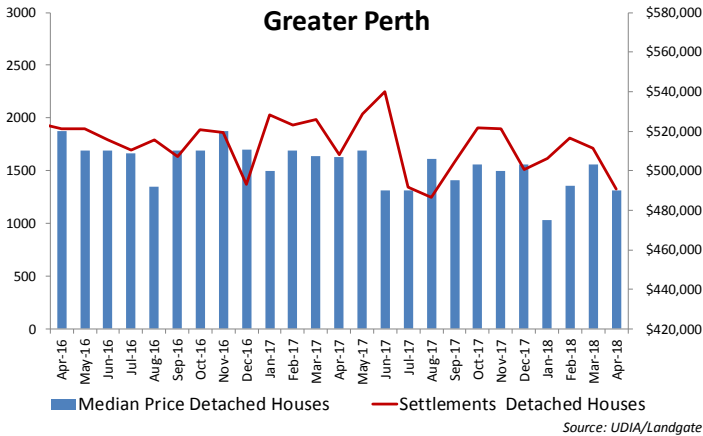
Note: Settlement figures on this page are based on Landgate data available at the time of publication and may not represent all settlements during the period.



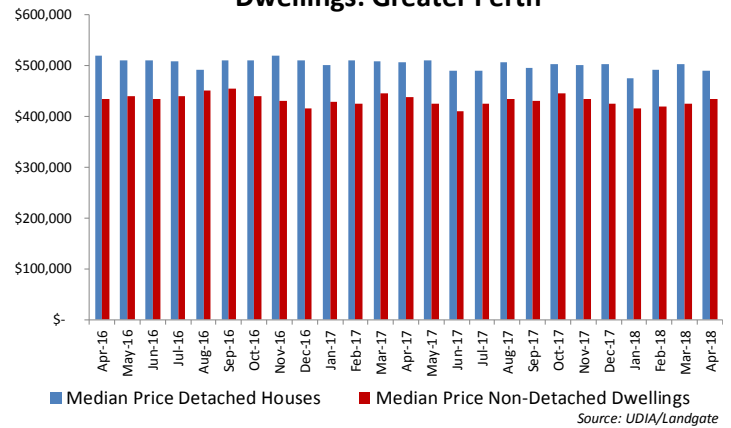
RESIDENTIAL PROPERTY SETTLEMENTS



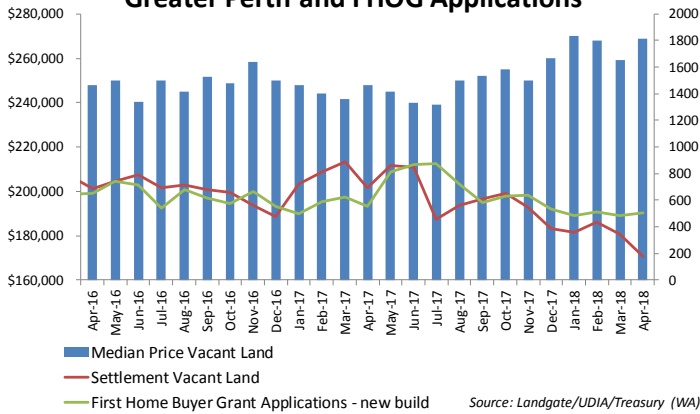
Median Price/Settlements Greater Perth



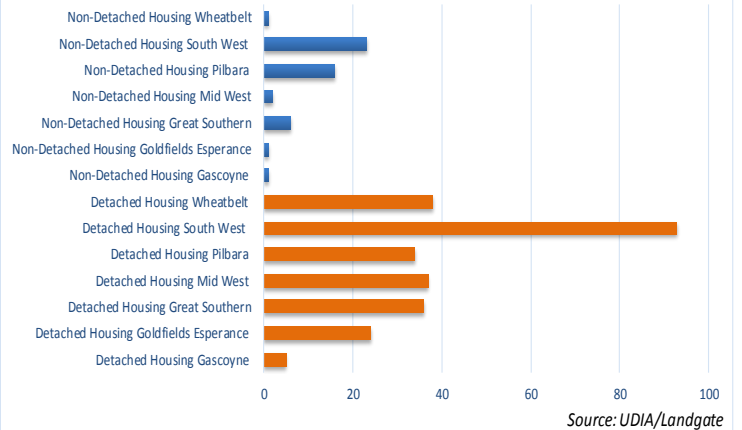
Median Price Detached and Non-Detached Dwellings: Greater Perth



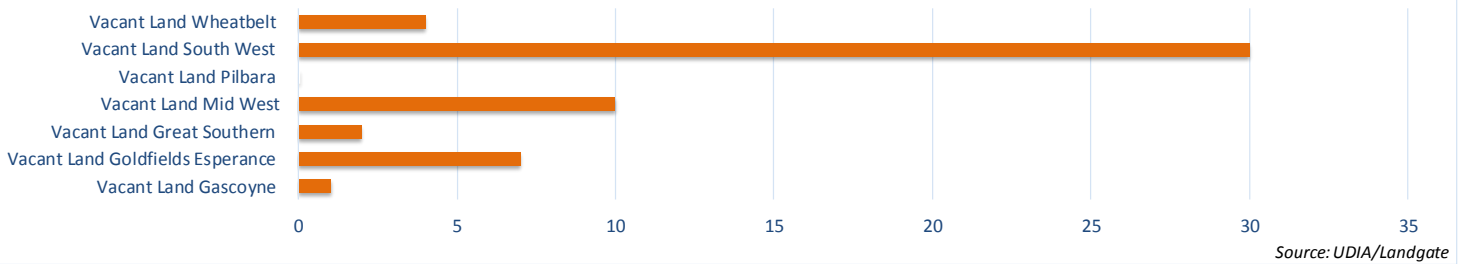
Vacant Land Settlements, Median Price: Greater Perth and FHOAG Applications



Regional Dwelling Settlements April 18



Regional Land Settlements April 18



TOP SUBURBS FOR MEDIUM DENSITY SETTLEMENTS					TOP SUBURBS FOR DETACHED HOUSING SETTLEMENTS				
	Three months to 31 March	Settlements	Median Price	Median Size		Three months to 31 March	Settlements	Median Price	Median Size
1	SCARBOROUGH	122	\$585,000	192.00	1	CANNING VALE	99	\$550,000	605.00
2	PERTH	96	\$512,000	121.50	2	BALDIVIS	88	\$400,000	542.00
3	MAYLANDS	74	\$402,500	107.50	3	BYFORD	61	\$375,000	499.00
4	COMO	69	\$480,000	115.00	4	ELLENBROOK	60	\$357,500	503.00
5	NOLLAMARA	68	\$361,500	203.50	5	THORNIE	58	\$380,500	699.50

Source: Landgate/UDIA

Top suburbs for detached housing and medium density settlements over the three months to March 2018.

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.

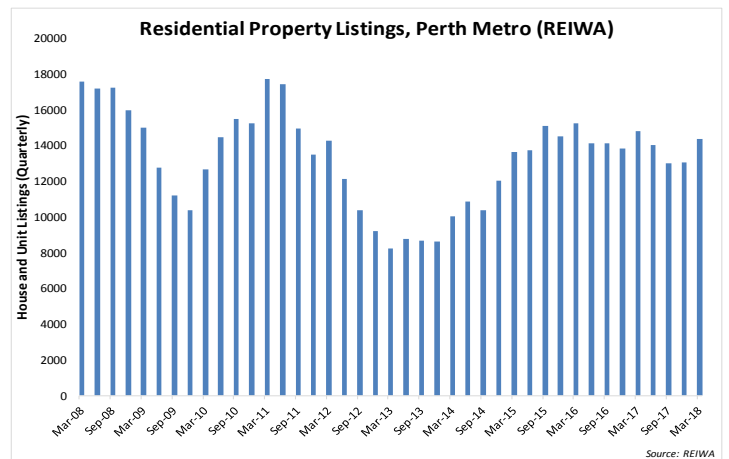
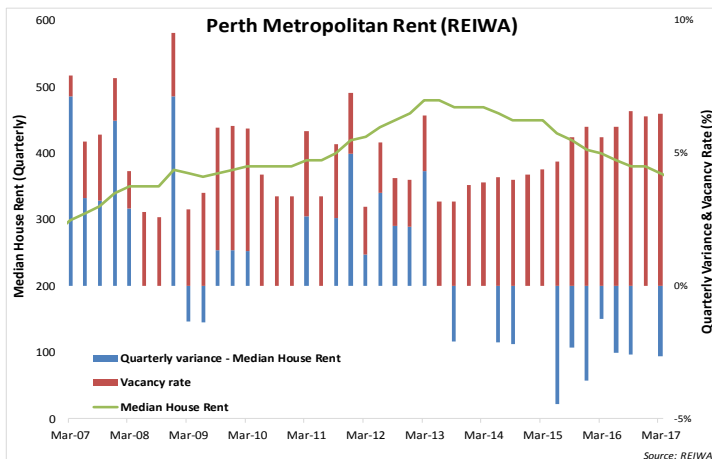
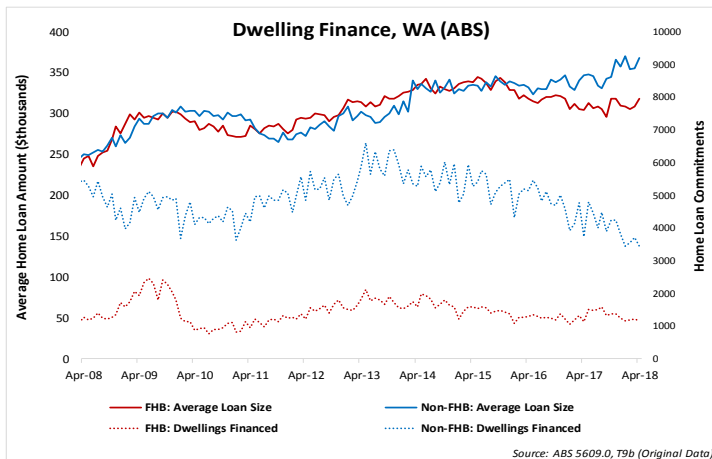
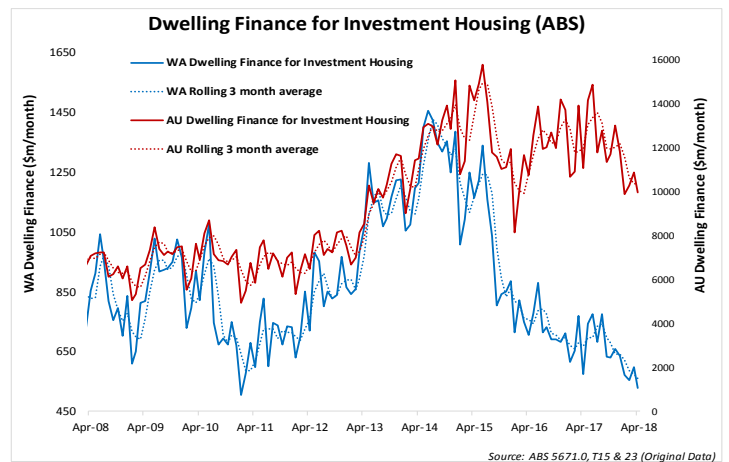
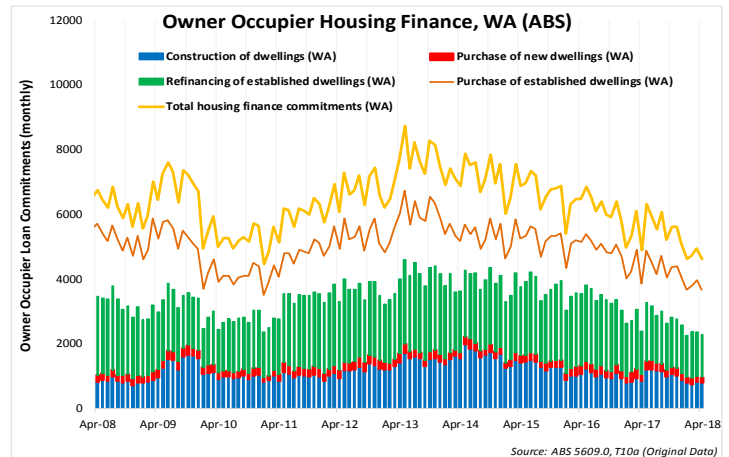




RESIDENTIAL PROPERTY MARKET

Key Points of Interest

- In April, the number of dwelling finance commitments for WA owner-occupiers fell 6.4% month-on-month (MoM) to sit at 4,627, 5.1% down on the same time last year.
- Included within total WA owner-occupier housing finance commitments: commitments for the construction of dwellings fell 1.0% MoM and 5.5% year-on-year (YoY) to 793; commitments for the purchase of new dwellings were down 16.5% MoM and 17.8% YoY to 162; and commitments for the purchase of established housing also fell 7.0% MoM and 4.4% YoY to 3,672.
- The number of dwellings financed by first home buyers (FHB) in April fell 5.6% MoM to 1,164, but was 2.4% higher than at the same time last year. The average loan size for FHBs increased 3.0% MoM and 4.3% YoY to sit at \$318,500.
- In April, dwellings financed by non-FHB fell 6.7% in number to sit at 3,463, which was 7.4% lower than in April 2017. However, the average non-FHBs loan size increased 3.7% MoM and 6.1% YoY to \$368,800.
- The mean price of WA residential dwellings for the March quarter fell by 0.9% quarter-on-quarter (QoQ) to \$533,400, 0.9% higher than at the same time last year.

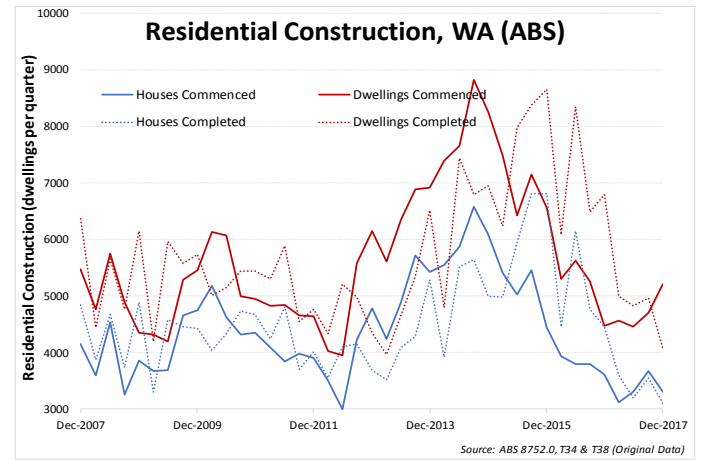
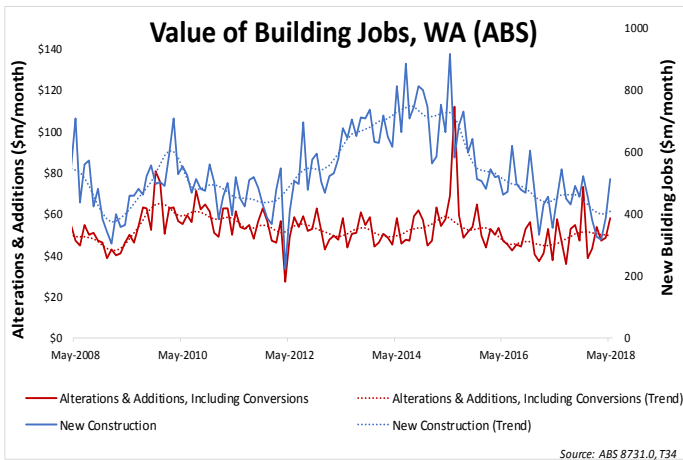
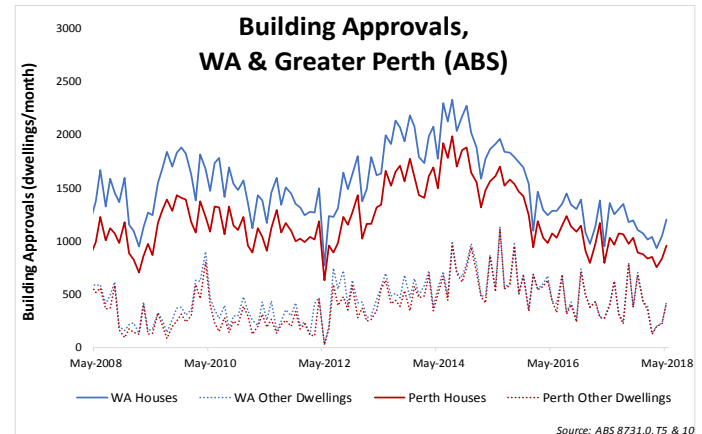
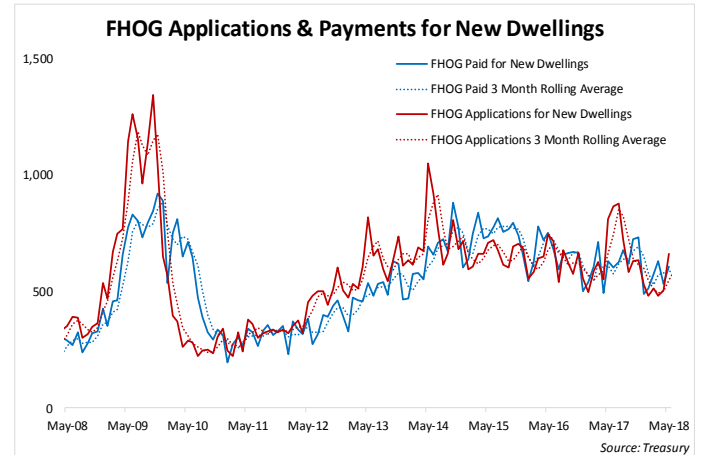




RESIDENTIAL CONSTRUCTION SECTOR

Key Points of Interest

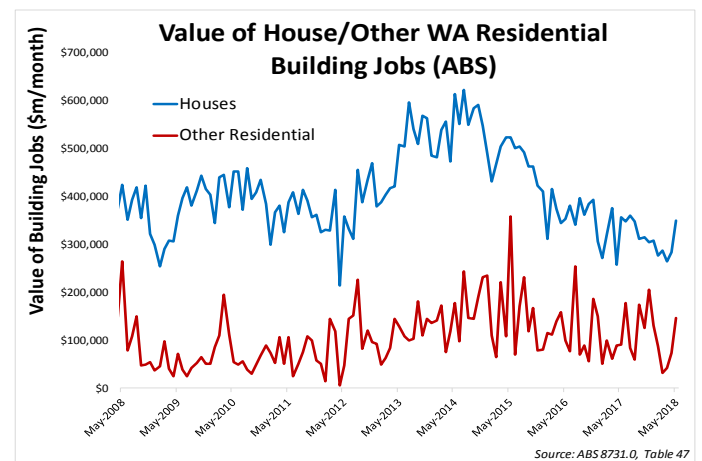
- WA building approvals for houses increased 15.3% over May to 1,206, 11.4% lower than at the same time last year. House building approvals for Greater Perth, which made up 79.5% of those for WA, also rose 14.2% month-on-month (MoM) to 959 and fell 6.9% year-on-year (YoY).
- In May, building approvals for WA dwellings increased 84.6% YoY and 32.5% MoM to 432. Those located in Greater Perth also lifted 85.0% MoM to 420, 37.7% higher than at the same time last year.
- The total value of new residential building jobs in WA lifted 31.3% MoM in May to sit at \$570.7 million, 12.0% higher than in May 2017.
- Of this total: the value of residential building jobs for alterations and additions (including conversions) rose 19.1% MoM and 0.6% YoY to \$57.8 million; and the value of residential building jobs for new construction also increased 32.8% MoM and 13.4% YoY to \$512.9 million.
- The value of private sector building jobs for WA houses increased 23.3% in May to \$350.3 million, 1.7% lower than at the same time last year. The value of jobs for other residential dwellings lifted 96.0% MoM and 60.8% YoY to \$146 million.



UDIA MEMBER SURVEY

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