



UDIA WA PROPERTY MARKET STATISTICS

APRIL 2019

Principal Research Partners



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AT A GLANCE...



**WA RESIDENT
POPULATION**

↑ 2.602 million



↓ 15.9%
**APRIL LOT
SALES
YOY**

2.5%
**GREATER
PERTH
VACANCY
RATE**

**\$2.80
BILLION**

**WA MARCH
RETAIL
TURNOVER**




6.5% **WA'S
UNEMPLOYMENT
RATE (O)**


↑ 10.4% **WA HOUSE
APPROVALS
YOY**





KEY TRENDS



 ECONOMY		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Official Cash Rate Target (RBA)	📉	1.5% (May)	0 bps (M)	1.50% (M)	0 bps (M)
Discounted Variable Mortgage Rate (RBA)	📈	5.37% (Apr)	5 bps (M)	4.68% (M)	0 bps (M)
Estimated Resident Population - WA	📈	2,602,419m (Sep)	0.3% (Q)	2,596,082m (Q)	0.9%
Unemployment Rate - WA (Original)	📈	6.5 (Mar)	3 bps (M)	6.8 (M)	-98 bps
Retail Turnover - WA (Original)	📈	\$2.80 b (Mar)	9.9% (M)	\$2.72b (M)	-0.6%
Consumer Price Index - Greater Perth	📉	111.2 (Mar)	-0.1% (Q)	111.1 (Q)	1.1%
Wage Price Index - WA	📈	130.1 (Dec)	0.3% (Q)	129.6 (Q)	1.6%

 RESIDENTIAL LAND DEVELOPMENT SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Lot Sales (UDIA Land Snapshot)	📉	180 (Apr)	-51.0% (M)	313 (M)	-15.9%

 RESIDENTIAL CONSTRUCTION SECTOR		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Dwelling Approvals - WA (Original)	📈	1,391 (Mar)	9.5% (M)	1,312 (M)	22.3%
Private Sector House Approvals - WA (Original)	📈	985 (Mar)	7.5% (M)	912 (M)	10.4%
Finance Commitments for Construction of New Owner-Occupier Dwellings (Original)	📈	719 (Feb)	0.8% (M)	755 (M)	-2.3%
Dwelling Construction Starts - WA All Sectors (Original)	📉	3,611 (Dec)	-18.7% (Q)	4,014 (Q)	-33.8%
House Approvals - Greater Perth (Original)	📈	843 (Mar)	8.2% (M)	780 (M)	11.5%
Multi-Unit Approvals - Greater Perth (Original)	📈	369 (Mar)	18.6% (M)	366 (M)	83.6%

 RESIDENTIAL PROPERTY MARKET		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Median House Price - Perth (Landgate/REIWA)	📈	\$500,000 (Dec)	1.5% (Q)	\$500,833 (Q)	-2.3%
House Sales - Perth (Landgate/REIWA)	📉	5,471 (Dec)	-3.6% (Q)	5,552 (Q)	-11.2%
Unit Sales - Perth (Landgate/REIWA)	📉	1,150 (Dec)	-9.7% (Q)	1,216 (Q)	-17.7%
House and Unit Listings - Perth (REIWA)	📉	16,957 (Mar)	0.0% (Q)	0,000 (Q)	0.0%
WA Owner-occupier Dwelling Finance Commitments (exc. refin; Original)	📈	3,067 (Feb)	3.1% (M)	3,079 (M)	-7.2%
Established Dwelling Loans Owner-Occupation - WA (Original)	📈	2,212 (Feb)	4.3% (M)	2,185 (M)	-7.0%
FHOG Applications - WA (Original)	📈	446 (Mar)	1.8% (M)	433 (M)	-9.0%
Value of Investment Housing Loans - WA (Original)	📈	\$180.72m (Feb)	0.5% (M)	\$194.14m (M)	-29.7%
REIWA Average Selling Days - Perth	📉	79 (Mar)	0.0% (Q)	00 (Q)	0.0%
RESIDENTIAL RENTAL MARKET		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
REIWA Median House Rent - Perth	📉	360 (Mar)	0.0% (Q)	357 (Q)	2.9%
REIWA Vacancy Rate - Perth	📉	2.5% (Mar)	-40 bps (Q)	3.1% (Q)	-260 bps



CHRIS GREEN

Director of
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UDIA WA

The state government released a budget that was 'back in black' last week with the Treasurer widely congratulated for delivering an earlier than anticipated budget surplus.

Despite the surplus, the Treasurer has delivered another conservative budget, with forecasts for sustained economic growth at a more subdued pace than predicted in the previous year.

It is interesting to break some of these figures down to see how the government sees the market moving forward.

The forecasts in the budget are in line with the Reserve Bank of Australia's revision of economic growth projections for Australia in 2019 (to 2.75% from 3.0% for 2019

and 2020) and with the International Monetary Fund's reduced global growth projections (to 3.3% from 3.5%) for this year.

According to Treasury, wages growth remained steady at 1.75% for 2018-19, but the projected growth rate was similarly revised down for 2019-20 to 2.25%. There is then a projected 2.75% growth rate for 2020-21, 3.0% for 2021-22 and 3.25% for 2022-23.

Forward estimates for population growth have also been revised down following lower than expected growth rates in 2017-18 and 2018-19. Gradually increasing growth remains projected, rising to 1.3% in 2019-20, 1.5% in 2020-21 and up to 1.6% and 1.7% in 2021-22 and 2022-23 respectively.

The budget also shows that Perth's median house price fell further than anticipated in 2018-19 with a 2.2% decline. Forward estimates project to see just a 1.1% increase in 2019-20, before uplifts of 1.8% in 2020-21, 3.0% in 2021-20 and 3.6% in 2022-23.

Dwelling investment expenditure was also lower than anticipated in 2018-19 with a 1.75% fall in growth, with a further 2.75% decline projected for 2019-20. However, strong dwelling investment growth is forecast for 2020-21 with growth of 6.25%, followed by 7.5% in 2021-22 and 4.0% in 2022-23.

Turning to our Urban Intelligence figures for this month, the WA population growth rate now sits at 0.9%. This included a 21.8% year-on-year (YoY) increase in net overseas migration (+4,532) for the September quarter, up 812 from the same time in 2018; and the lowest number of quarterly interstate migration (-1,744) in three years.

Wage growth sat at 1.6% in the December quarter, on par with that recorded for September, and both the highest annual growth rates seen since September 2016 (1.7%).

Median house prices as reported by REIWA were slightly subdued in the December 2018 quarter at \$500,000, down from \$512,000 at the same time in 2017.

One REIWA indicator which we have been keeping a close watch on is the rental vacancy rate for Greater Perth. Over the last two quarters this statistic has taken a nose-dive to sit at 2.5% for December. This is a similar level to the vacancy rate experienced in March 2013 when the median house rent reached a peak of \$480.

This is very concerning for housing affordability more broadly, due to the current tightened finance conditions. We could see rents increase significantly due to an inability for home buyers to gain access to finance.

As a result of these constraints, the last three months (Dec-Feb) of available Australian Bureau of Statistics (ABS) data for owner-occupier household lending commitments is 18.3% lower than the 5-year average for this period.

The State Government has sought to address the retail banking sector's tightened lending criteria by temporarily increasing Keystart's maximum income limits. The Treasurer has also written to APRA outlining concerns that the lending buffer requiring new borrowers have the capacity to service loans at interest rates of 7 per cent is extremely problematic.

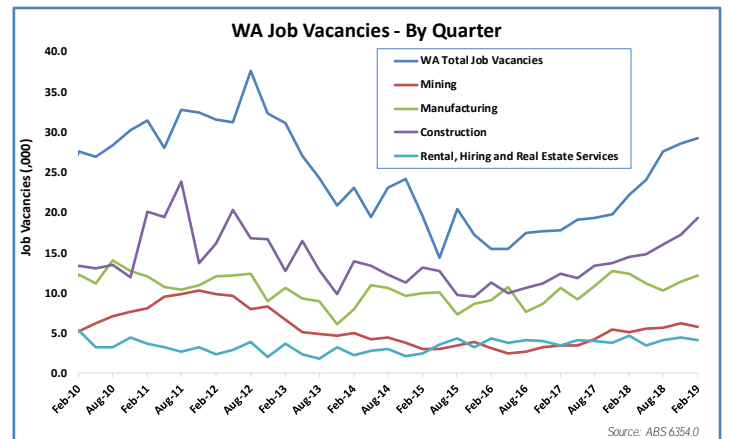
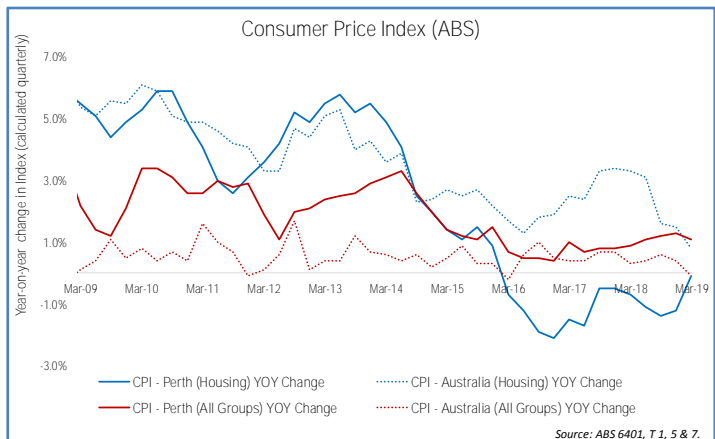
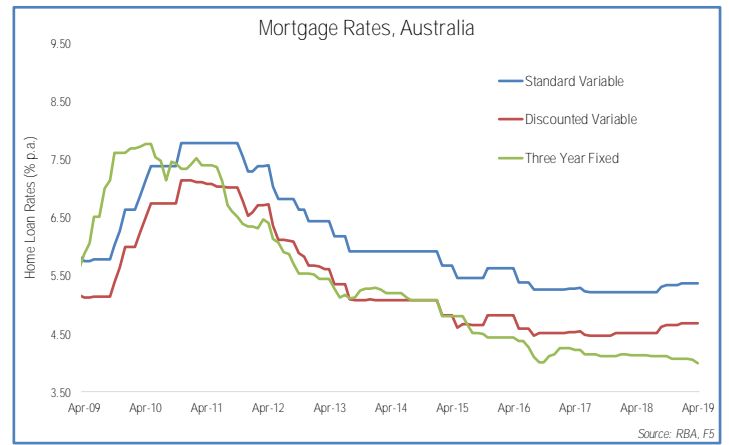
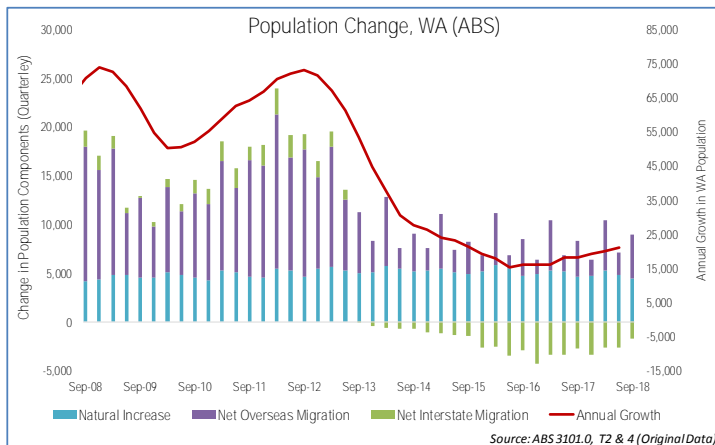
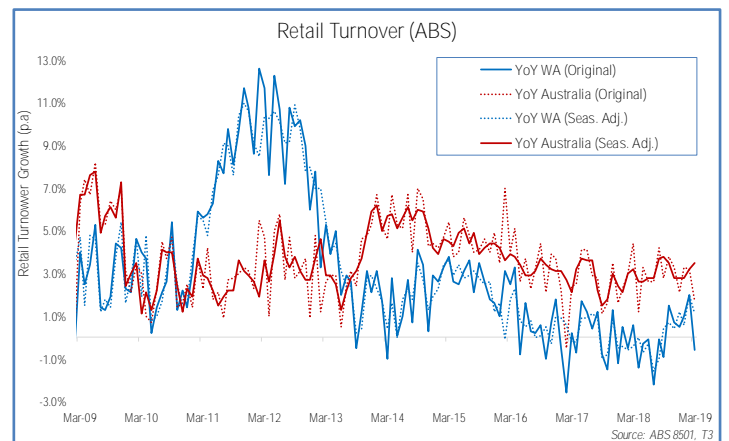
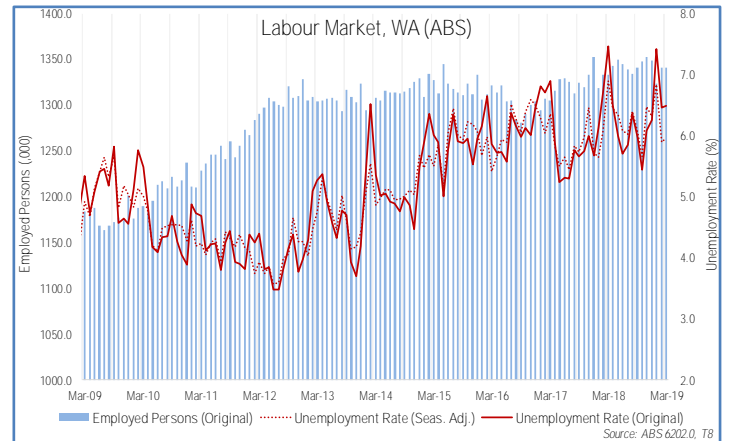
UDIA is cautiously optimistic that given the albeit conservative economic growth estimates for the next few years, the state government's recognition of current property market conditions and the importance of stimulating the market, will bode well for more positive signs ahead.



ECONOMY

Key Points of Interest

- **Western Australia's unemployment rate for March fell 3 basis points (bps) from the month prior to sit at 6.5% (in original terms; 6.0% seasonally adjusted), 98bps below levels at the same time last year and 107bps higher than the national rate of 5.4%.**
- In March the number of employed persons in WA remained steady from the previous month at 1.34 million, but lifted 0.6% year-on-year (YoY).
- The WA state participation rate fell 5bps month-on-month (MoM) in March to 68.22%, but was 99bps higher YoY and 228bps above the national rate of 65.94%.
- WA retail turnover for March fell 0.6% from the same time last year to sit at \$2.796 billion, making up 10.5% of the national total for the month (\$26.66 billion).
- In the March quarter, the Consumer Price Index (CPI) for Perth recorded an annual growth rate of 1.1%, down from 1.3% in December.
- In April, owner-occupier lending rates reported by the RBA remained steady on a monthly basis for standard variable (5.37%) and discounted variable (4.68%) housing loans, but fell 6bps MoM for three-year fixed housing loans (3.99%). From the same time in 2018: standard variable rates lifted 14bps; discounted variable rates rose 16bps; and three-year fixed rates fell 14bps.

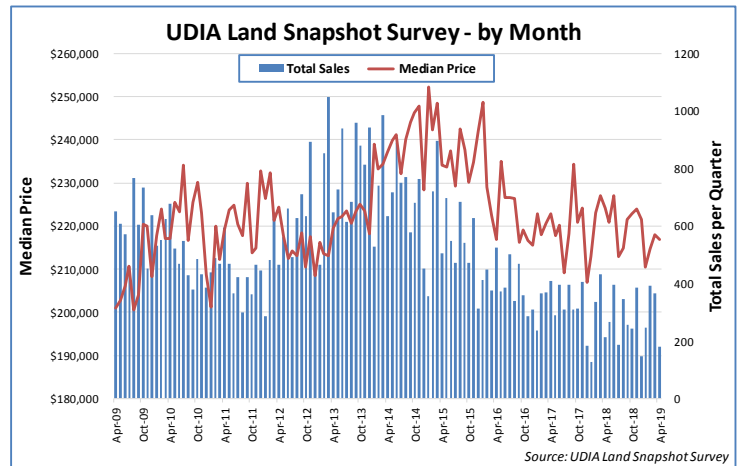
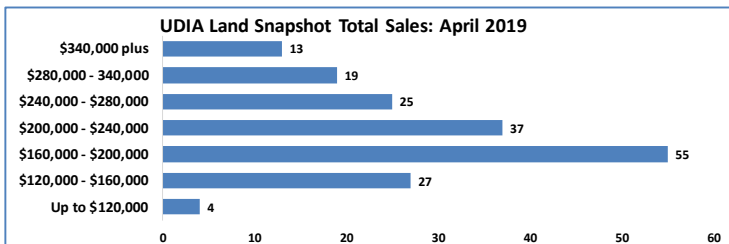




RESIDENTIAL LAND DEVELOPMENT SECTOR

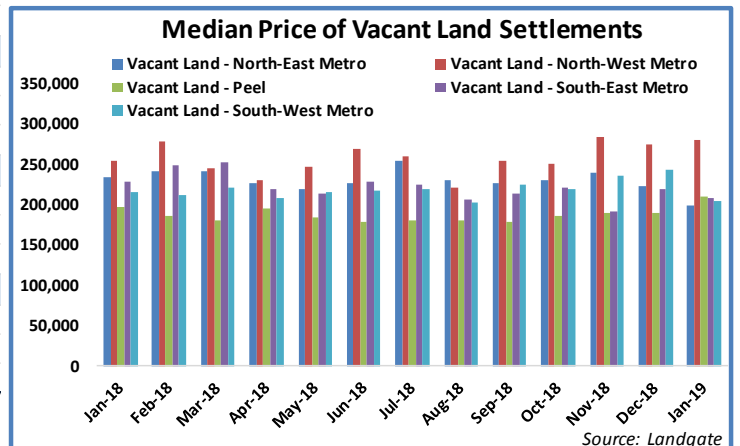
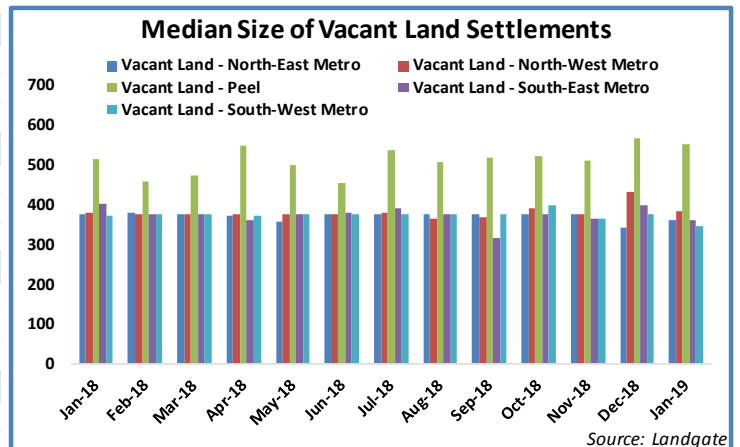
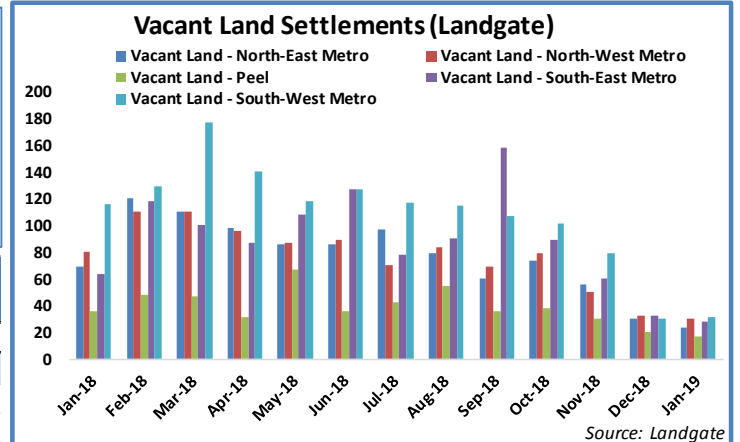
Key Points of Interest

- In April, UDIA's Land Snapshot survey results recorded a 51.0% month-on-month (MoM) decrease and 15.9% year-on-year (YoY) fall in sales, which was partially attributed to slower sales over the Easter break.
- All price categories saw decreasing figures from the previous month, with similar results when compared to the corresponding month in 2018; bar an 8.9% increase in sales priced between \$200,001-\$240,000 and a tripling of figures in sales priced \$120,000 (and under).
- The median lot price for the month decreased 0.5% MoM to sit at \$216,833, 3.2% lower than levels in April 2018.



THREE MONTHS TO JANUARY 2019: WA REGIONAL PROPERTY SETTLEMENTS (Source: Landgate)			
	Settlements	Median Land Area Size	Median Price
Gascoyne	31	823	\$ 265,000.00
Detached House	25	823	\$ 275,000.00
Medium Density	1	809	\$ 180,000.00
Vacant Land	5	906	\$ 200,000.00
Goldfields Esperance	180	803	\$ 272,500.00
Detached House	145	819	\$ 280,000.00
Medium Density	27	470	\$ 280,000.00
Vacant Land	8	1,012	\$ 30,500.00
Great Southern	224	794	\$ 319,000.00
Detached House	176	809	\$ 341,250.00
Medium Density	27	274	\$ 318,000.00
Vacant Land	21	700	\$ 149,000.00
Kimberley	10	718	\$ 255,000.00
Detached House	7	770	\$ 275,000.00
Medium Density	1	530	\$ 250,000.00
Vacant Land	2	323	\$ 100,000.00
Mid West	200	829	\$ 195,000.00
Detached House	135	875	\$ 200,000.00
Medium Density	35	211	\$ 285,000.00
Vacant Land	30	869	\$ 55,000.00
Pilbara	198	656	\$ 283,825.00
Detached House	133	706	\$ 325,000.00
Medium Density	60	180	\$ 169,500.00
Vacant Land	5	992	\$ 180,000.00
South West	619	718	\$ 330,000.00
Detached House	444	779	\$ 360,000.00
Medium Density	83	292	\$ 300,000.00
Vacant Land	92	627	\$ 189,000.00
Wheatbelt	117	1,012	\$ 150,000.00
Detached House	89	1,012	\$ 180,000.00
Medium Density	4	254	\$ 230,000.00
Vacant Land	24	992	\$ 21,250.00

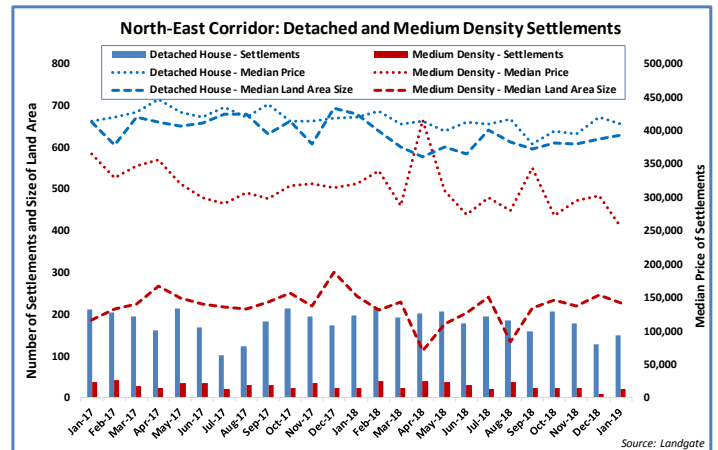
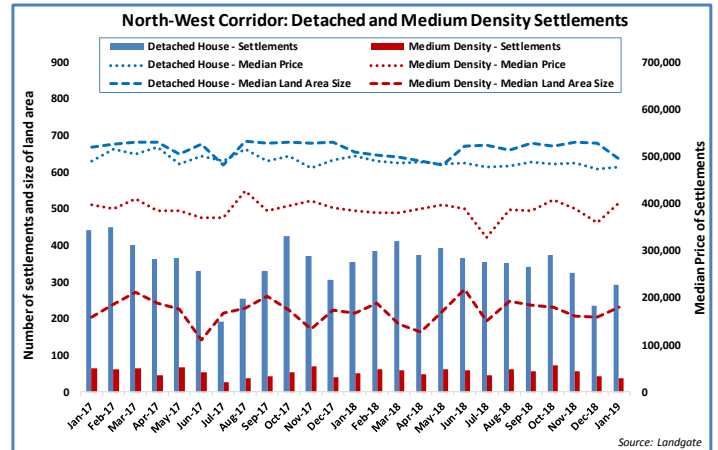
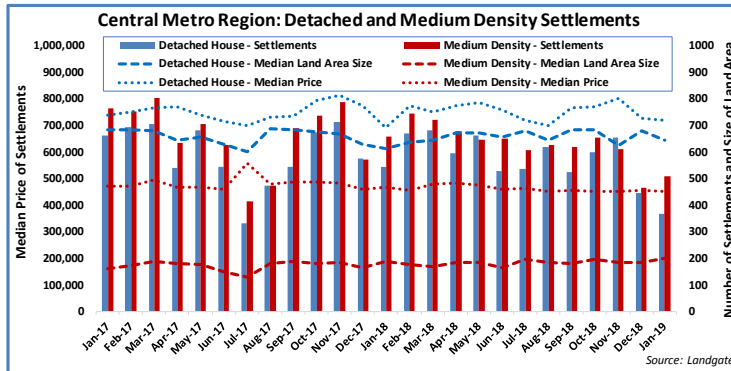
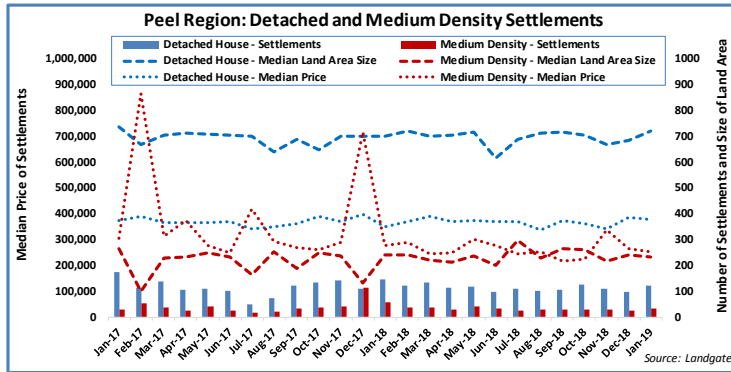
Note: Settlement figures on this page are based on Landgate data available at the time of publication and may not represent all settlements during the period.



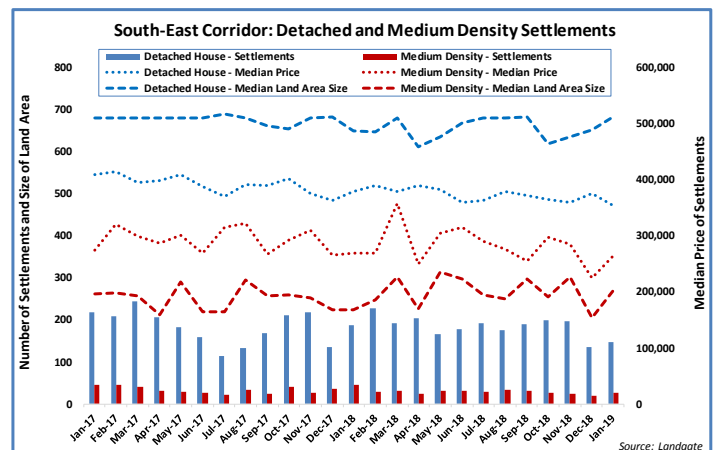
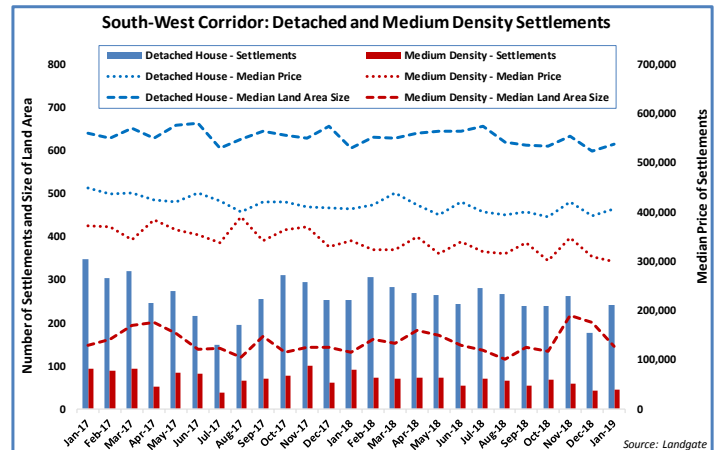


RESIDENTIAL PROPERTY SETTLEMENTS

PERTH AND PEEL REGION



JANUARY 2019: MONTHLY SETTLEMENTS BY METROPOLITAN CORRIDOR (Source: Landgate)			
	Settlements	Median Land Area Size	Median Price
Central Metro	917	339	540,000
Detached House	368	646	720,000
Medium Density	509	197	450,000
Vacant Land	40	394	450,000
North-East Metro	194	558	380,000
Detached House	150	630	410,000
Medium Density	20	227	255,000
Vacant Land	24	360	200,000
North-West Metro	361	594	460,000
Detached House	293	636	478,000
Medium Density	37	232	402,000
Vacant Land	31	383	280,000
Peel	169	650	335,000
Detached House	120	719	377,000
Medium Density	32	231	252,000
Vacant Land	17	553	210,000
South-East Metro	202	579	320,000
Detached House	148	683	355,000
Medium Density	26	270	263,750
Vacant Land	28	362	208,500
South-West Metro	319	555	380,000
Detached House	242	615	406,500
Medium Density	45	146	300,000
Vacant Land	32	348	204,950



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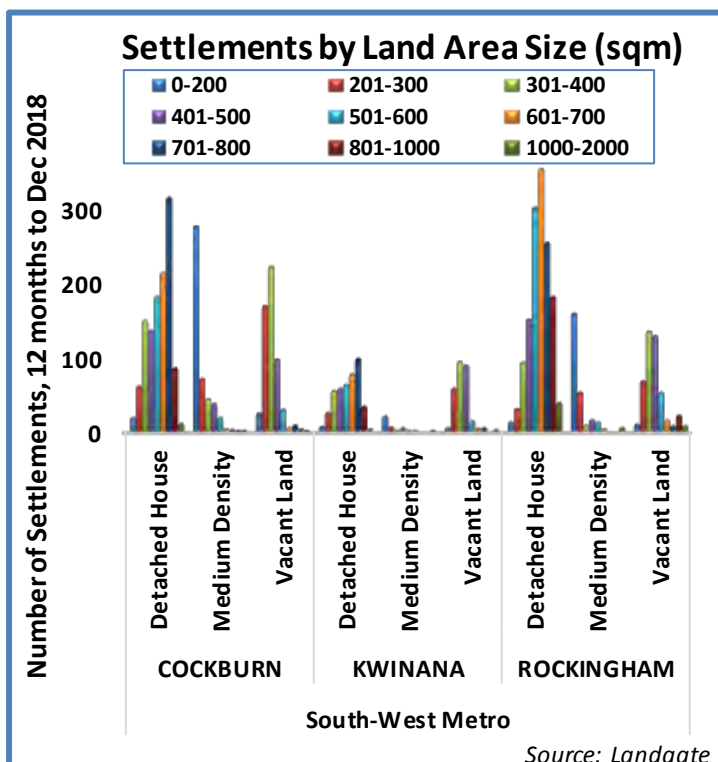
CORRIDOR SNAPSHOT

A YEAR IN THE LIFE OF THE SOUTH-WEST CORRIDOR



Key Points of Interest

- In the twelve months to January 2019, residential settlements made in the South-West corridor accounted for 14.4% of those made in the Greater Perth. Of the total settlements made in the SW corridor over this time frame: 60.3% were for detached housing; 14.6% were for medium density product; and 25.1% of them were for vacant land.
- The SW corridor contained the third highest corridor proportion of medium density housing settlements, behind the central metropolitan region (49.3%) and the Peel region (16.9%); and also had the third highest proportion of vacant land settlements, behind the South-East (29.9%) and North-East (26.8%) metropolitan corridors. Greater Perth as a whole had 28.1% medium density settlements and 15.6% vacant land settlements.
- In the twelve months to January 2019, the SW corridor recorded the third highest median settlement price at \$345,000 (behind the central metro region (\$569,000) and NW corridor (\$440,000)). For vacant land settlements the SW had a median price of \$220,000, behind the central metro, NW, and NE corridors.
- The SW corridor recorded a median land area size of 496sqm for total settlements made in the twelve months to January 2019. For medium density settlements, a median size of 157sqm was recorded, the smallest of the corridors in Greater Perth.
- The most prevalent vacant land settlement land area size range for the SW corridor was for those between 301-400sqm with 35.1% of vacant land settlements. This was followed by settlements between 401-500sqm (24.6%) and 201-300sqm (23.0%).



SOUTH-WEST CORRIDOR SUMMARY - 12 MONTHS TO JAN 19 (Source: Landgate)					
	Settlements	Median Land Area Size	Median Price	Average number of bedrooms	Average number of bathrooms
South-West Metro	5095	496	\$345,000		
COCKBURN	2174	428	\$420,000		
Detached House	1163	612	\$502,000	3.3	1.6
Medium Density	453	138	\$363,500	2.2	1.4
Vacant Land	558	346	\$280,000	0.0	0.0
KWINANA	729	450	\$235,000		
Detached House	421	603	\$300,000	3.4	1.6
Medium Density	36	185	\$180,750	2.4	1.3
Vacant Land	272	375	\$190,000	0.0	0.0
ROCKINGHAM	2192	563	\$320,000		
Detached House	1488	644	\$365,000	3.6	1.8
Medium Density	257	177	\$270,000	2.4	1.4
Vacant Land	447	420	\$180,000	0.0	0.0

SOUTH-WEST CORRIDOR SETTLEMENTS BY SIZE SUMMARY - TWELVE MONTHS TO JAN 2019 (Source: Landgate)										
Settlements	0-200	201-300	301-400	401-500	501-600	601-700	701-800	801-1000	1000-2000	Grand Total
South-West Metro	532	542	798	716	673	752	686	325	71	5095
COCKBURN	318	300	412	270	229	220	323	89	13	2174
Detached House	19	61	148	135	180	212	312	85	11	1163
Medium Density	274	71	44	38	19	3	2	1	1	453
Vacant Land	25	168	220	97	30	5	9	3	1	558
KWINANA	33	90	150	152	79	82	103	34	6	729
Detached House	7	26	55	58	63	77	98	34	3	421
Medium Density	21	6	1	5	1	1			1	36
Vacant Land	5	58	94	89	15	4	5		2	272
ROCKINGHAM	181	152	236	294	365	450	260	202	52	2192
Detached House	13	31	93	150	299	431	252	180	39	1488
Medium Density	158	53	9	16	13	3			5	257
Vacant Land	10	68	134	128	53	16	8	22	8	447

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urban intelligence

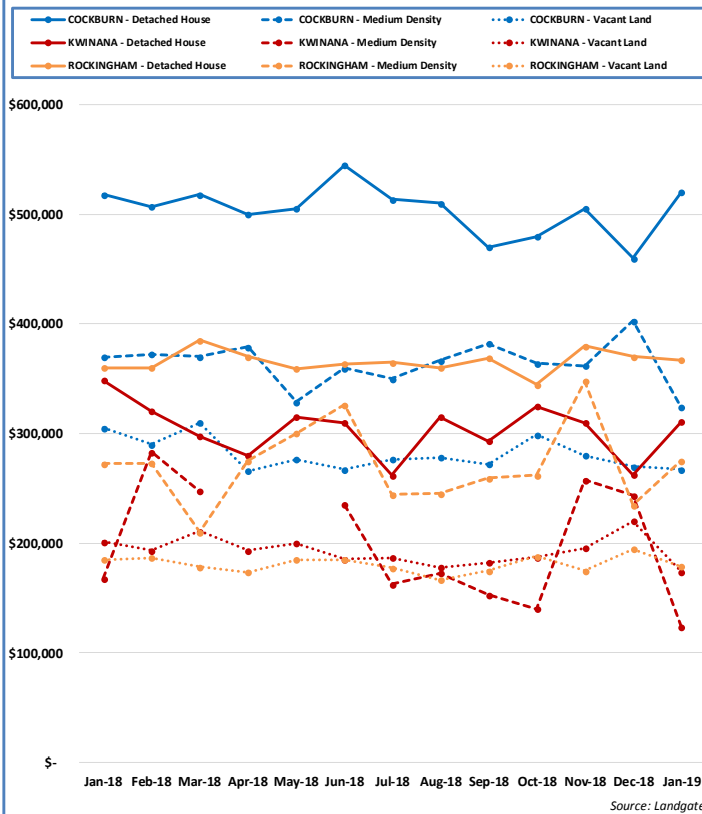


CORRIDOR SNAPSHOT

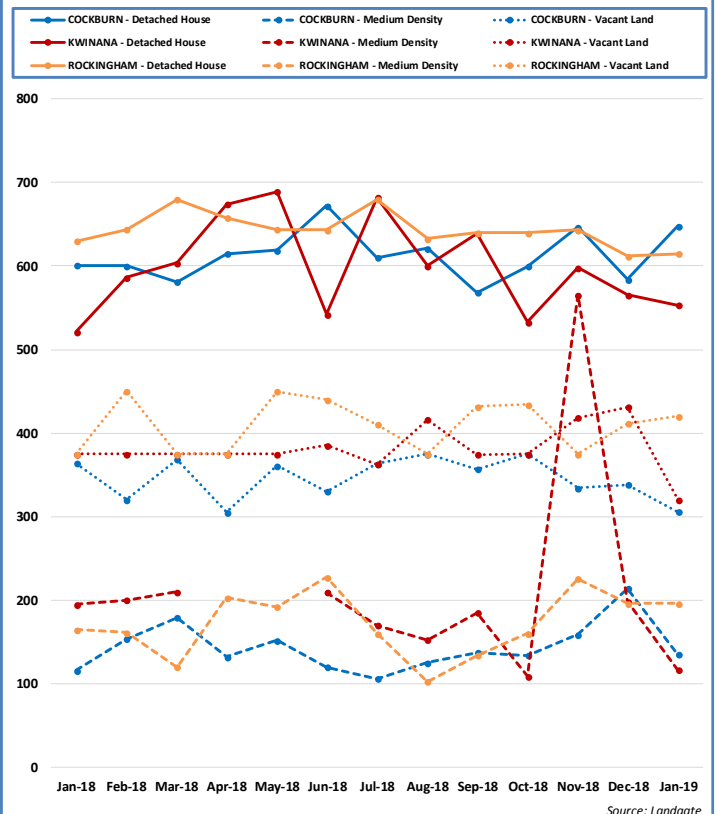
A YEAR IN THE LIFE OF THE SOUTH-WEST CORRIDOR



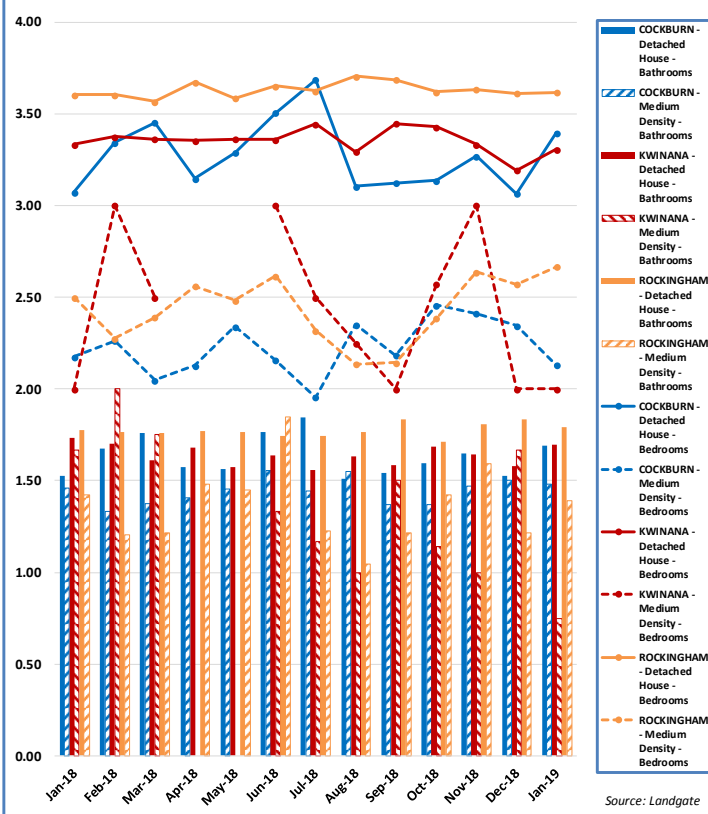
Median Price of Property Type



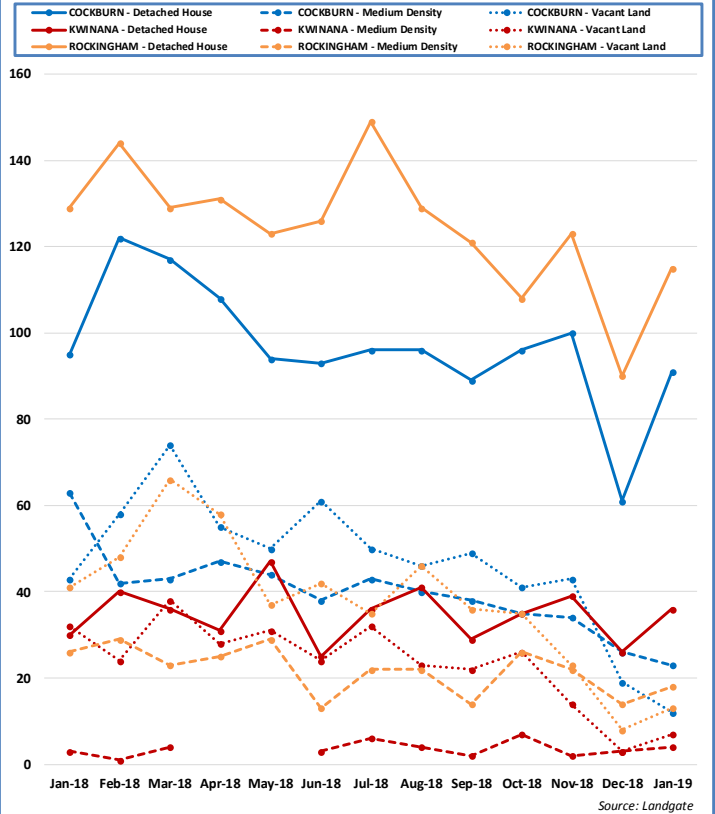
Median Land Area Size (sqm)



Average Number of Bedrooms and Bathrooms



Number of Property Settlements



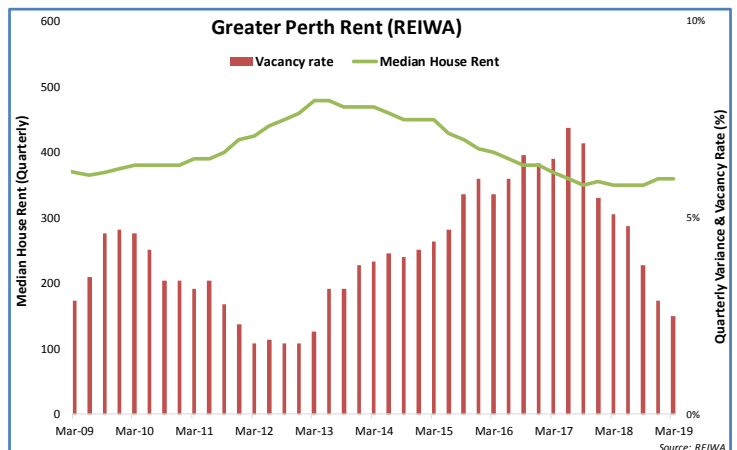
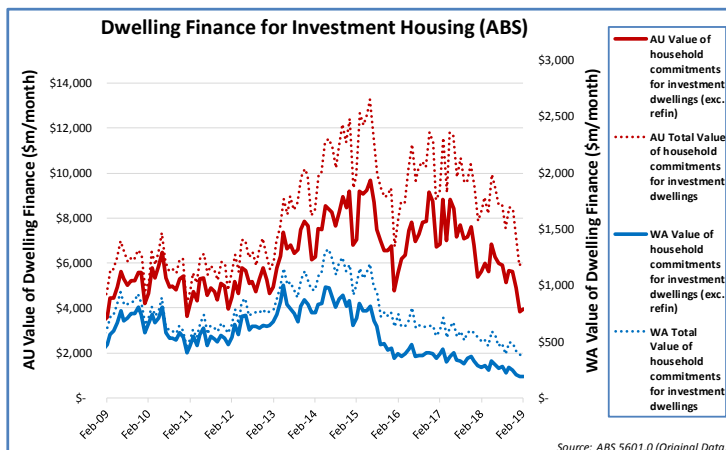
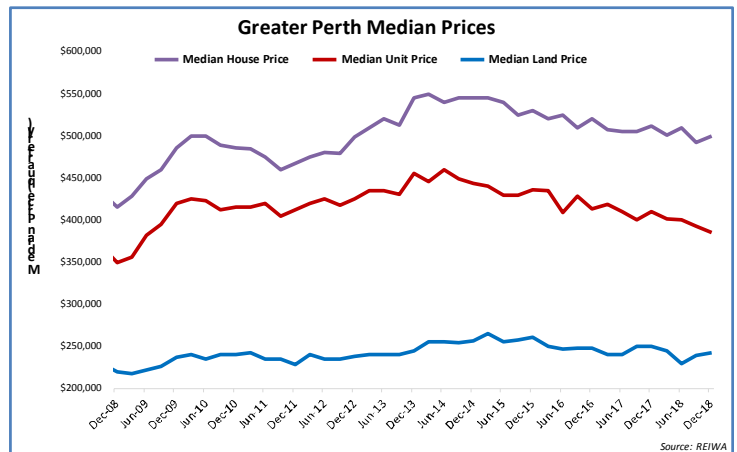
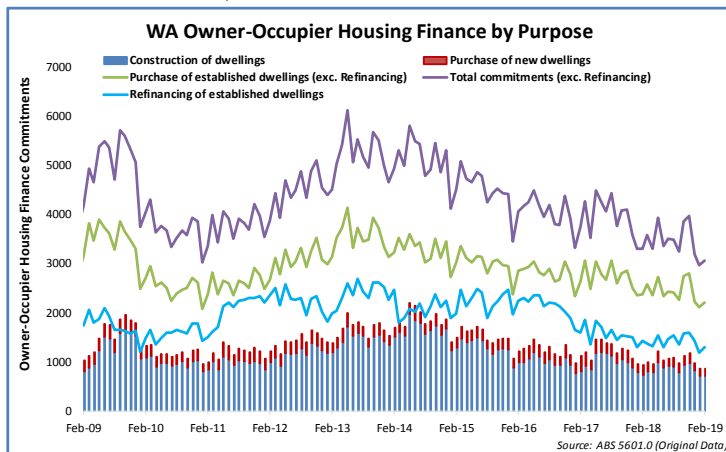
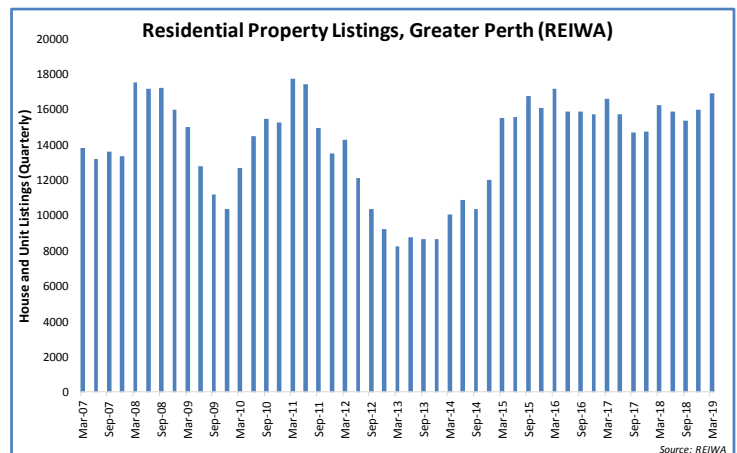
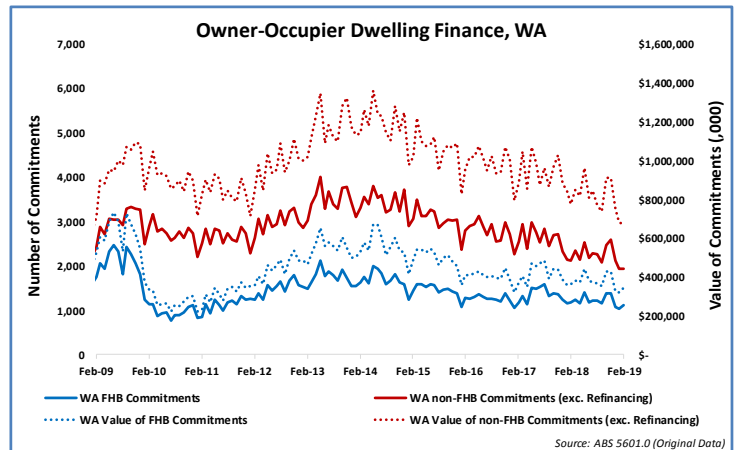
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RESIDENTIAL PROPERTY MARKET

Key Points of Interest

- The number of WA owner-occupier housing finance commitments (exc. refinancing) lifted 3.1% month-on-month (MoM) in February to sit at 3,067, but fell 7.2% from the same time in 2018.
- The above total included: commitments for the construction of dwelling rose 0.8% MoM to 719, but decreased 2.3% YoY; commitments for the purchase of new dwellings fell 4.2% MoM and 28.8% YoY to 136; and commitments for the purchase of established dwellings (exc. refinancing) lifted 4.3% MoM to 2,212, 7.0% below levels in February 2018.
- The total value of lending to households for investment dwellings (exc. refin) in WA increased a slight 0.5% in February to \$189.4 million, but was 29.7% lower YoY and recorded a decreased 4.8% share of the national total. The values recorded in January and February 2019 for this category have been the lowest on record (since July 2002).
- In February, the number of WA housing finance commitments for first home buyers (FHB) increased 8.2% MoM to 1,124, 5.1% below levels at the same time in 2018. The value of FHB finance commitments for February lifted 7.5% MoM to total \$342.5 million, a decrease of 5.4% YoY.
- Non-FHB housing finance commitments (exc. refin) remained steady in February at 1,943, 8.3% below numbers at the same time in 2018. The value of non-FHB commitments (exc. refin) decreased 1.5% MoM and 13.7% YoY to total \$670.14 million.

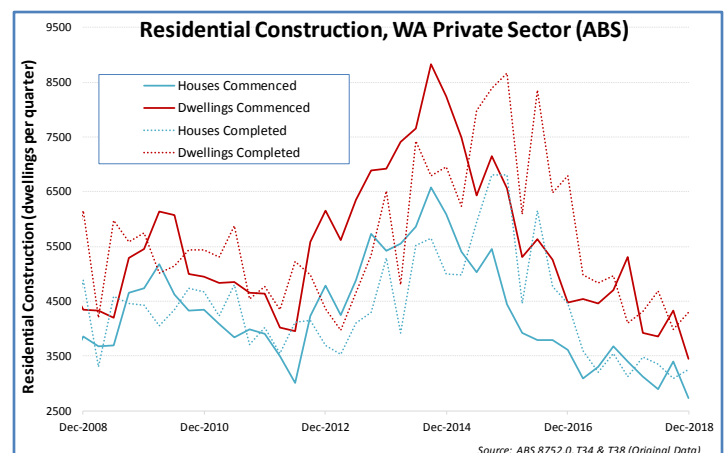
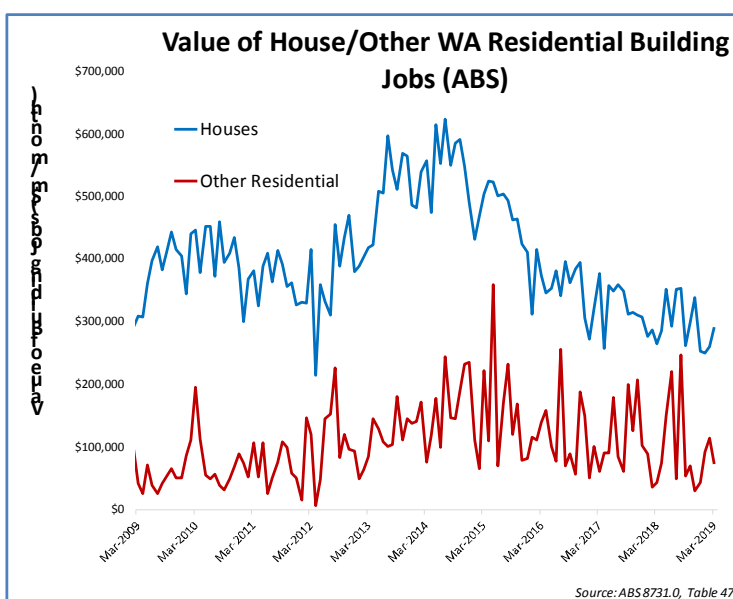
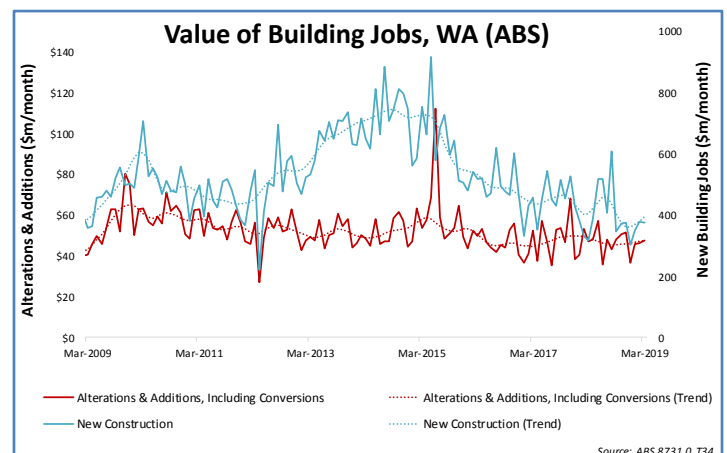
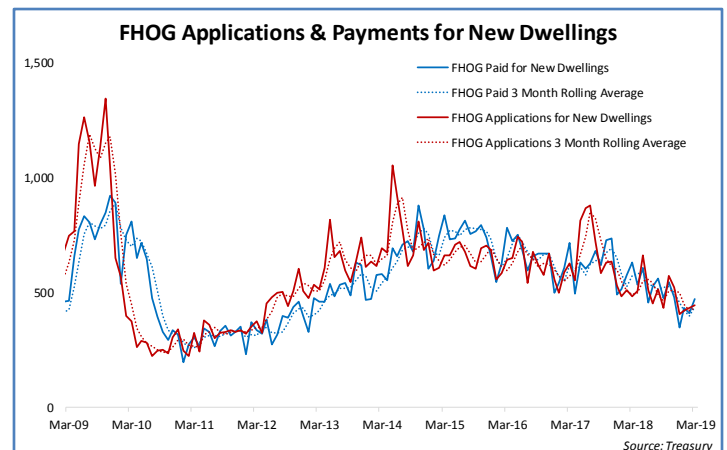
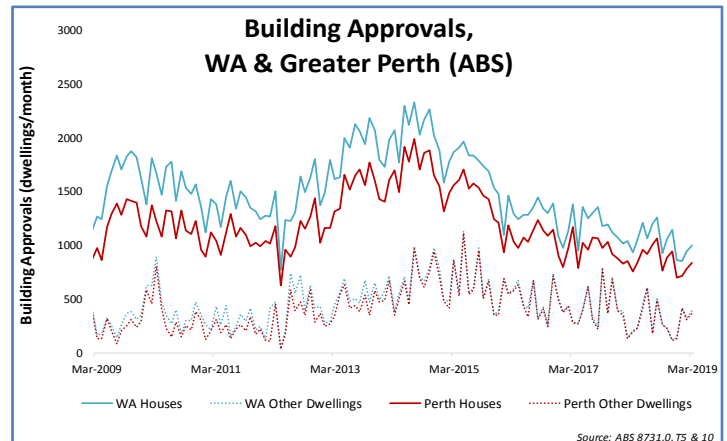




RESIDENTIAL CONSTRUCTION SECTOR

Key Points of Interest

- In the December quarter, the total number of dwelling units commenced in WA fell 20.4% quarter-on-quarter (QoQ) and 35.2% YoY to sit at 3,443, after reaching a three-quarter high of 4,323 in September. Included within this total was 2,729 new house commencements, which also recorded decreases of 19.8% QoQ and 19.6% YoY.
- The total number of WA dwelling unit completions increased 7.6% QoQ in the December quarter to 4,297, 4.8% above levels at the same time last year.
- Building approval numbers for houses in WA increased 6.4% month-on-month (MoM) in March to 1,002, and lifted 7.3% from the same time last year, following three consecutive months of YoY falling figures.
- In March, the number of building approvals for dwellings (excluding houses) rose 18.6% MoM to sit at 389, nearly double the number recorded in March 2018. *(Note: Generally smaller figures make the non-house category variable).*
- The value of new WA private sector building jobs for houses increased 11.5% MoM and 9.6% YoY in March to \$290.3 million. The value of other residential (excluding houses) building jobs fell 35.5% over the month to sit at \$73.2 million, but was 70.2% higher than at the same time in 2018. *(Note: Generally smaller figures make the non-house category variable).*
- In March, the value of total residential building jobs in WA fell slightly from the previous month, recording a decrease of 0.8% MoM, but lifted 16.0% from the same time in 2018 to \$422.7 million. This total consisted of: building jobs for new construction fell 1.2% MoM and rose 18.3% YoY to sit at \$375.1 million; and building jobs for alterations and additions (including conversions) increased 2.5% MoM and 1.0% YoY to \$47.63 million.



Principal Research Partners

