



# Urban Intelligence

*Monthly economic and WA property market analysis*

**September 2019**

UDIA WA Principal Research Partners



# Key Trends

Economy		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Official Cash Rate Target (RBA)	▼	0.75% (Oct)	-25 bps (M)	0.92% (M)	-75 bps (M)
Discounted Variable Mortgage Rate (RBA)	▲	4.94% (Sep)	4 bps (M)	4.25% (M)	0 bps (M)
Estimated Resident Population - WA	▲	2,615,794m (Mar)	0.4% (Q)	2,607,667m (Q)	1.0%
Unemployment Rate - WA (Original)	▲	5.8 (Aug)	11 bps (M)	5.6 (M)	-61 bps
Retail Turnover - WA (Original)	▲	\$2.86 b (Aug)	1.1% (M)	\$2.81b (M)	3.0%
Consumer Price Index - Greater Perth	▲	112.0 (Jun)	0.7% (Q)	111.5 (Q)	1.6%
Wage Price Index - WA	▲	130.9 (Jun)	0.3% (Q)	130.5 (Q)	1.6%

Residential Land Development		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Lot Sales (UDIA Land Snapshot )	▲	897 (Sep)	15.4% (Q)	893 (Q)	13.8%

Residential Property Market		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Median House Price - Perth (Landgate/REIWA)	▼	\$485,000 (Jun)	-2.0% (Q)	\$493,333 (Q)	-4.0%
House Sales - Perth (Landgate/REIWA)	▼	5,077 (Jun)	-9.1% (Q)	5,369 (Q)	-6.9%
Unit Sales - Perth (Landgate/REIWA)	▼	1,074 (Jun)	-13.7% (Q)	1,167 (Q)	-12.8%
House and Unit Listings - Perth (REIWA)	▼	14,847 (Jun)	-12.6% (Q)	15,962 (Q)	-6.9%
WA Owner-occupier Dwelling Finance Commitments (exc. refin; Original)	▲	3,520 (Jul)	14.7% (M)	3,372 (M)	0.3%
Established Dwelling Loans Owner-Occupation - WA (Original)	▲	2,508 (Jul)	19.0% (M)	2,347 (M)	2.9%
FHOG Applications - WA (Original)	▼	483 (Aug)	-0.8% (M)	482 (M)	-6.4%
Value of Investment Housing Loans - WA (Original)	▲	\$229.54m (Jul)	14.1% (M)	\$219.57m (M)	-13.8%
REIWA Average Selling Days - Perth	▬	79 (Jun)	0.0% (Q)	75 (Q)	11.3%

Residential Rental Market		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
REIWA Median House Rent - Perth	▬	360 (Jun)	0.0% (Q)	360 (Q)	2.9%
REIWA Vacancy Rate - Perth	▲	2.9% (Jun)	40 bps (Q)	2.8% (Q)	-190 bps

Residential Construction		Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Dwelling Approvals - WA (Original)	▲	1,555 (Aug)	14.8% (M)	1,350 (M)	-11.1%
Private Sector House Approvals - WA (Original)	▼	867 (Aug)	-4.7% (M)	897 (M)	-28.5%
Finance Commitments for Construction of New Owner-Occupier Dwellings (Original)	▲	856 (Jul)	5.4% (M)	869 (M)	-6.8%
Dwelling Construction Starts - WA All Sectors (Original)	▼	3,297 (Mar)	-10.0% (Q)	3,802 (Q)	-18.5%
House Approvals - Greater Perth (Original)	▼	759 (Aug)	-5.2% (M)	777 (M)	-29.0%
Multi-Unit Approvals - Greater Perth (Original)	▲	650 (Aug)	72.0% (M)	407 (M)	39.2%

# UDIA WA Industry Update

Chris Green - Director of Policy & Research, UDIA WA

The past month has seen yet another drop in the official cash rate from the Reserve Bank of Australia (RBA) in a bid to boost employment rates, wage growth and kick-start a stuttering property market. Despite this move highlighting Australia is doing it tough at the moment and will continue to do so for a while, this edition of the Urban Intelligence provides evidence there is cause for encouragement, especially here in Western Australia.

This month's data includes figures from the March quarter that found WA's resident population and annual growth rate increased to 1.0%, a rise from the 0.9% registered in the December quarter, to sit at 2.62 million. This represents an increase of 25,978 persons in the 12 months to March 2019 which is WA's highest net population increase since December 2014.

One of the factors supporting the uplift in WA's resident population was the rise in net overseas migration, which doubled from the previous quarter to sit at 6,335, 33.8% up YoY. This was combined with a slowing rate of decline in WA net interstate migration, which fell with 1,142 persons migrating interstate from WA in March 2019. This figure represented the lowest quarterly number of persons leaving WA since December 2014 and less than half the same number leaving the state at the same time last year.

Among the possible reasons for this decline in net interstate migration was the rise in job vacancies in WA. Total vacancies lifted 47.7% over the past two years to sit at 28,500 in August 2019, completed a 12th consecutive quarter of positive year-on-year growth in the number of job vacancies available, and had a 3.3% annual growth rate as at August 2019.

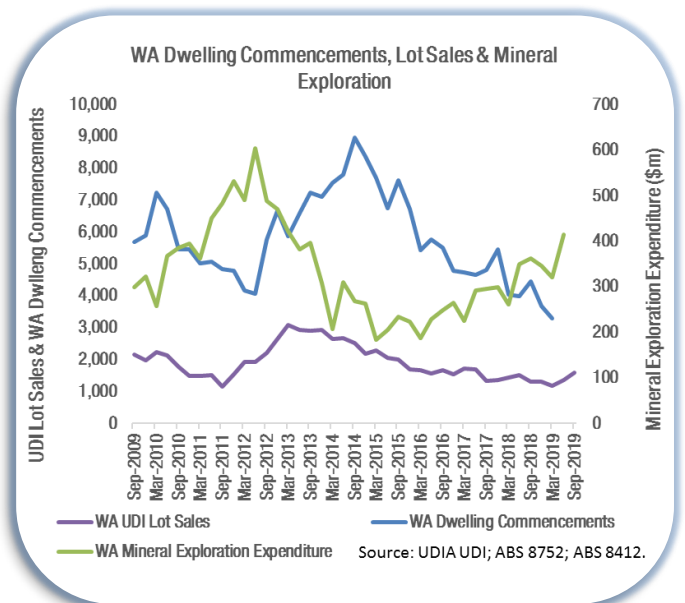
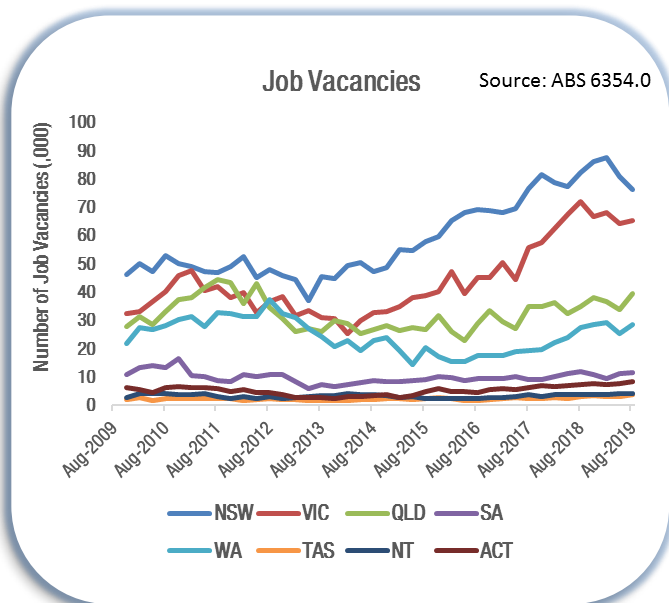
This continual rate of growth in job vacancies is even more successful when placed against the outcomes from New South Wales and Victoria which have both recorded a decline in job vacancies in the past 12 months.

The rise in job vacancies in WA is, in part, thanks to a lift in employment in WA's mining sector, which has continued to grow on a YoY basis since May 2018. In August 2019 employment in the mining sector increased 9.9% YoY to sit at 116,000 employees. Encouragingly, almost all of this increase was seen in the number of full-time jobs on offer (113,300).

The rise in employment figures for the mining industry has come off the back of a wave of strong mineral exploration expenditure in the State, with the announcement of the construction of a number of major iron ore projects in the Pilbara, along with other key resources projects across the State.

Previous UDIA WA research has established an approximate two-year lag between a rise in mineral exploration expenditure and a rise in dwelling commencement figures. Given the rise in and close correlation between WA job vacancies, interstate migration to WA and WA mineral exploration expenditure, it appears the previously conducted research is proving to be accurate.

UDIA WA will be watching this area closely but we are cautiously optimistic a rise in the fortunes of the WA property and development industries is not too far off.



# Economy

## Key Points of Interest

### The Labour Market

- WA's unemployment rate increased 11bps MoM to 5.8% in August (also 5.8% seasonally adjusted), and was down 61bps YoY.
- Total employed persons in WA fell 0.4% MoM in August to 1.352 million, but remained 1.4% above levels at the same time last year.

### Retail Turnover

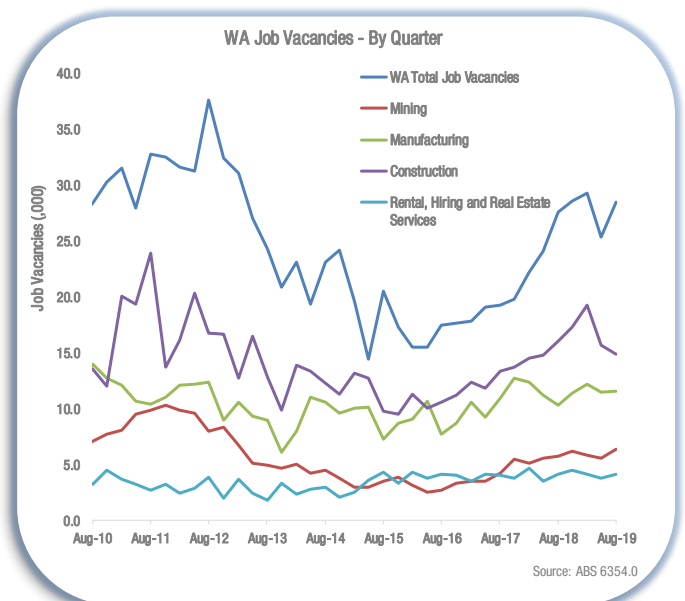
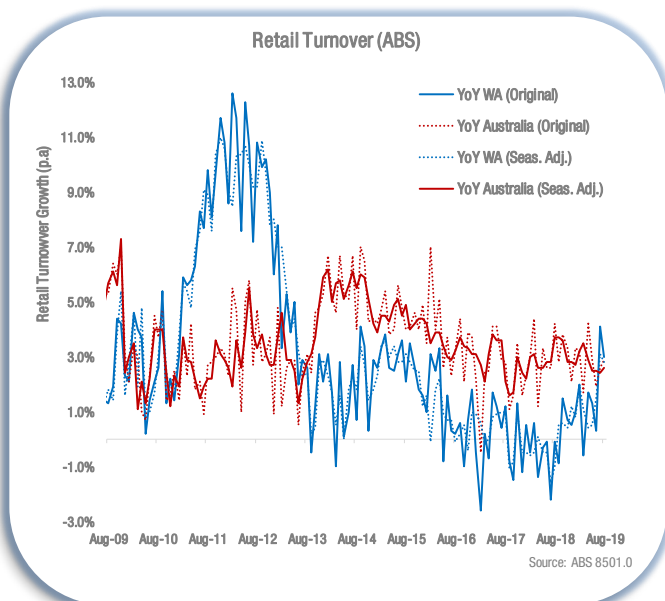
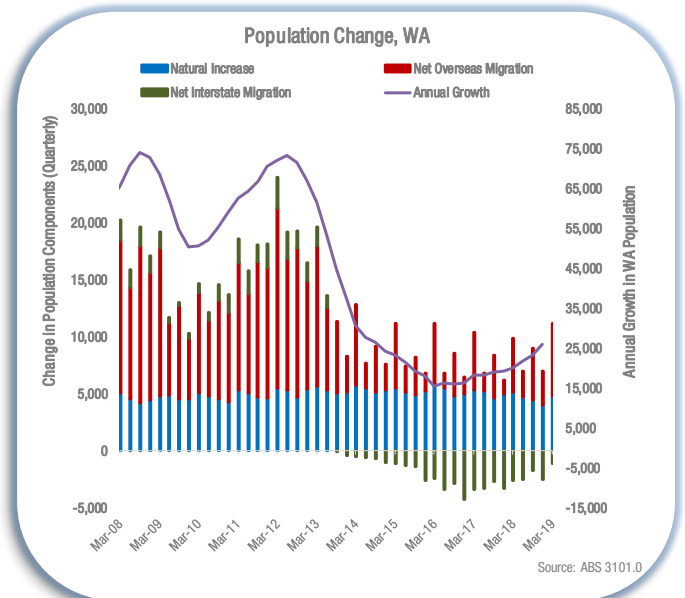
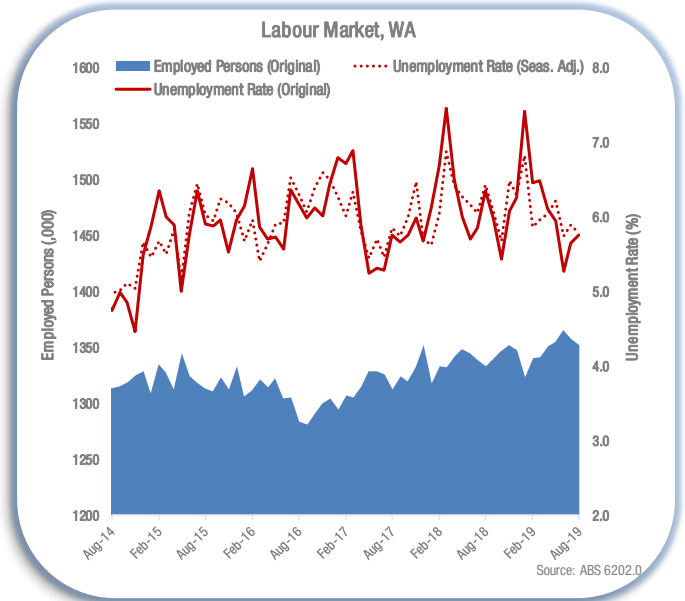
- In August, WA retail turnover increased 3.0% YoY to \$2.857 billion, forming 10.5% of the national total (\$27.1 billion).

### Population

- In the March quarter, WA's resident population annual growth rate increased to 1.0%, after rising to 0.9% in the December quarter, to sit at 2.62 million.

### Migration

- In March, net overseas migration doubled from the previous quarter to 6,335, 33.8% up YoY and the highest number of persons incoming seen for any quarter since March 2014 (7,143).
- Net interstate migration fell to just 1,142 persons migrating interstate from WA, the lowest quarterly number of persons leaving WA since December 2014 (-1,058) and less than half the number seen leaving WA at the same time last year.

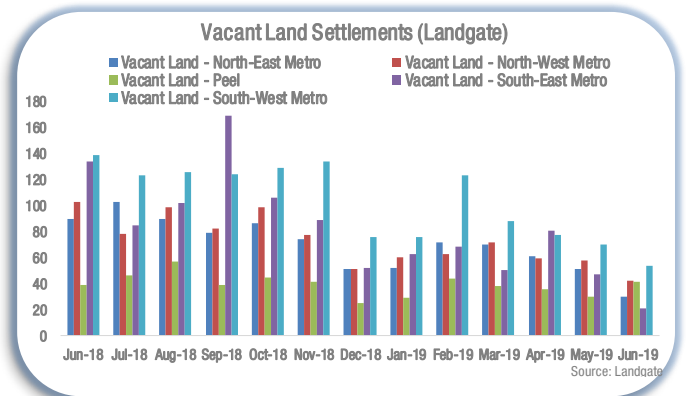
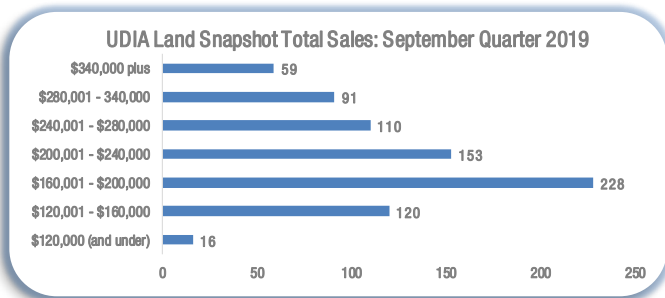
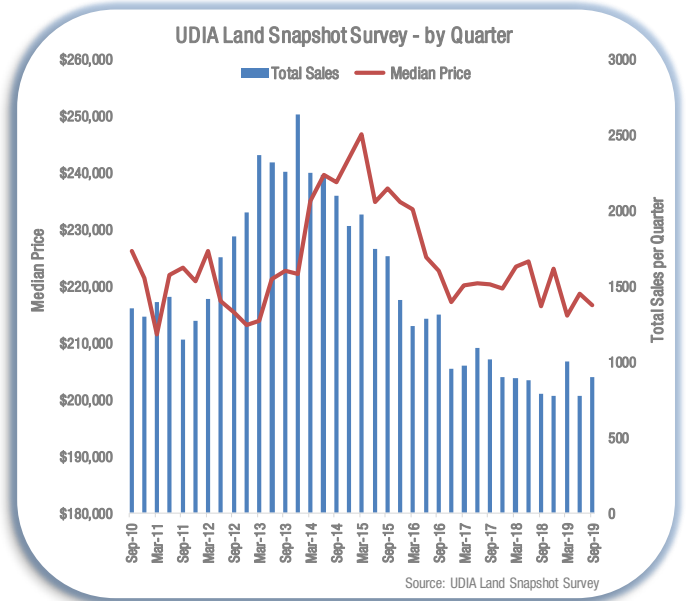


# Residential Land Development

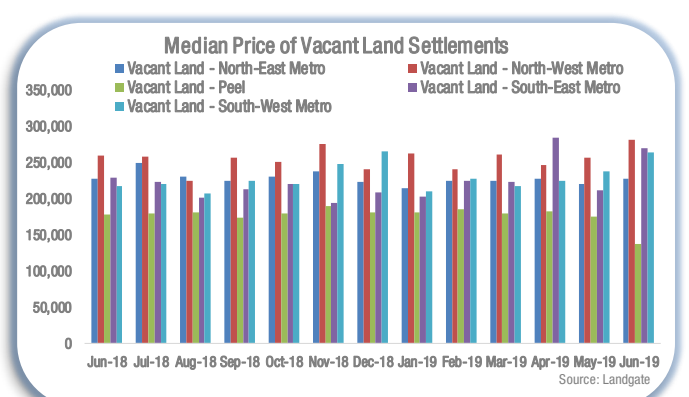
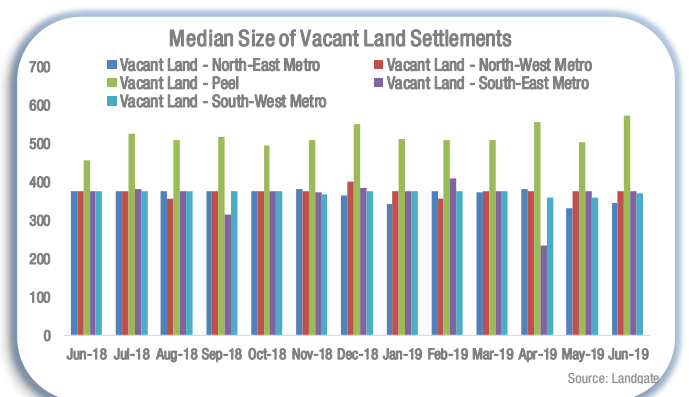
## Key Points of Interest

### UDIA Land Snapshot

- In the September quarter, total lot sales recorded for UDIA's Land Snapshot survey increased 15.4% QoQ and 13.8% YoY.
- Lot sales priced \$200,000 (and under) increased 13.7% QoQ and 7.3% YoY; those priced between \$200,001-\$280,000 rose 25.9% QoQ and 29.8% YoY; and numbers for sales priced over \$280,000 were up 1.3% QoQ and 3.4% YoY.
- The median lot price fell 1.0% QoQ and remained steady from the same time last year to sit at \$216,622.

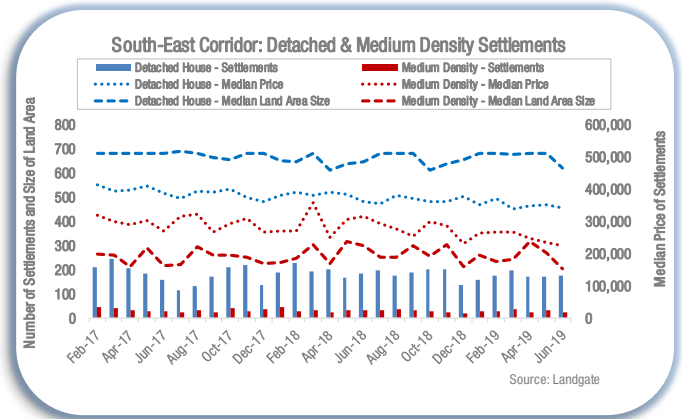
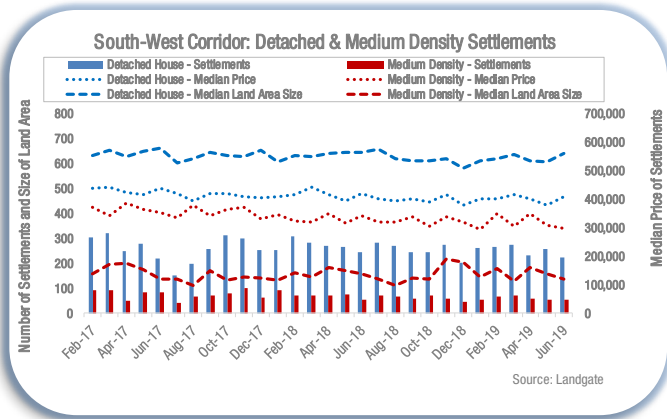
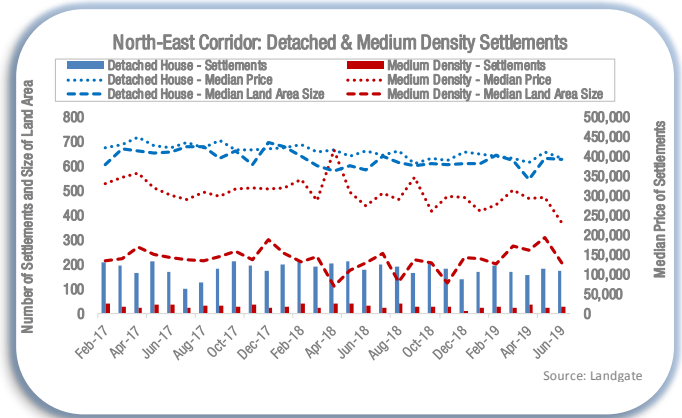
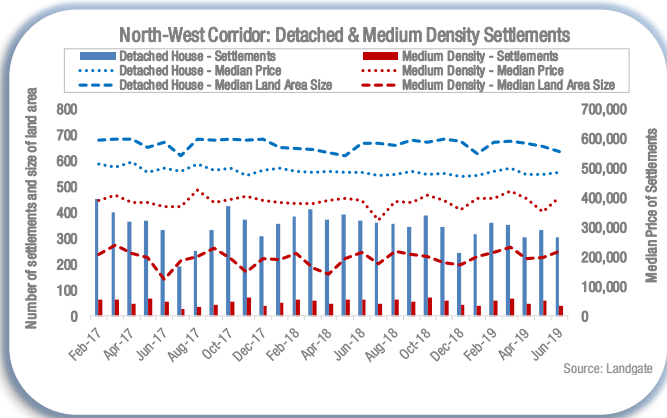


Three Months to June 2019: WA Regional Property Settlements (Source: Landgate)			
	Settlements	Median Land Area Size	Median Price
<b>Gascoyne</b>	<b>19</b>	<b>722</b>	<b>\$ 160,000</b>
Detached House	12	835	\$ 300,000
Medium Density	4	341	\$ 85,000
Vacant Land	3	700	\$ 55,000
<b>Goldfields Esperance</b>	<b>152</b>	<b>788</b>	<b>\$ 262,500</b>
Detached House	113	809	\$ 270,000
Medium Density	28	330	\$ 267,500
Vacant Land	11	898	\$ 77,000
<b>Great Southern</b>	<b>169</b>	<b>776</b>	<b>\$ 315,000</b>
Detached House	118	825	\$ 362,500
Medium Density	27	327	\$ 245,000
Vacant Land	24	796	\$ 115,000
<b>Kimberley</b>	<b>6</b>	<b>915</b>	<b>\$ 136,000</b>
Detached House	5	1,009	\$ 150,000
Medium Density	1	242	\$ 122,000
<b>Mid West</b>	<b>227</b>	<b>794</b>	<b>\$ 200,000</b>
Detached House	145	812	\$ 200,000
Medium Density	20	131	\$ 159,750
Vacant Land	62	583	\$ 596,757
<b>Pilbara</b>	<b>158</b>	<b>643</b>	<b>\$ 235,500</b>
Detached House	98	707	\$ 302,500
Medium Density	57	212	\$ 170,000
Vacant Land	3	813	\$ 55,000
<b>South West</b>	<b>543</b>	<b>683</b>	<b>\$ 323,000</b>
Detached House	367	755	\$ 345,000
Medium Density	90	299	\$ 310,000
Vacant Land	86	541	\$ 194,000
<b>Wheatbelt</b>	<b>132</b>	<b>1,012</b>	<b>\$ 126,250</b>
Detached House	108	1,012	\$ 151,250
Medium Density	4	1,088	\$ 110,000
Vacant Land	20	1,012	\$ 38,250

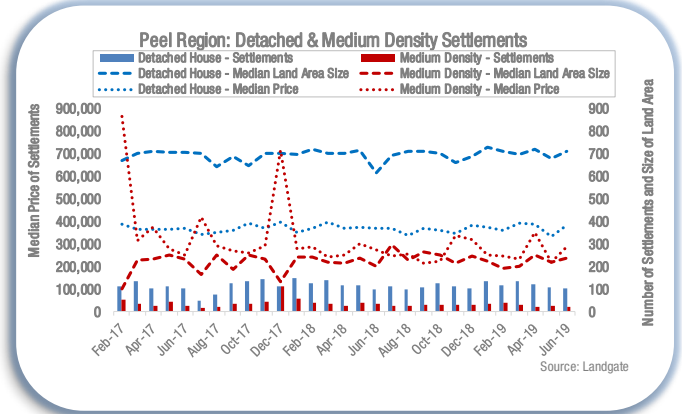
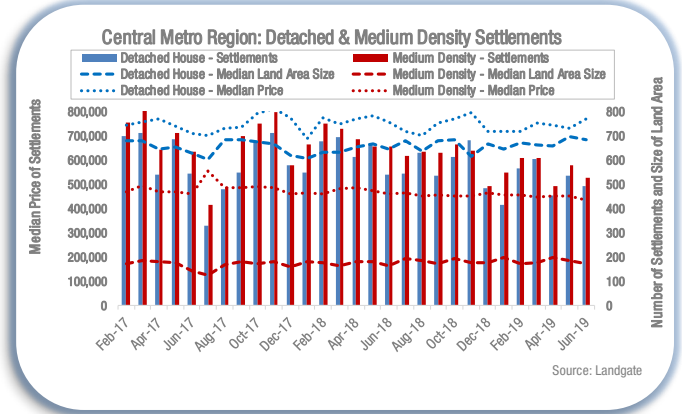


# Residential Property Settlements

## Perth and Peel Region



June 2019: Monthly Settlements by Metropolitan Corridor (Source: Landgate)			
	Settlements	Median Land Area Size	Median Price
<b>Central Metro</b>	<b>1067</b>	<b>360</b>	<b>\$ 550,000</b>
Detached House	491	684	\$ 770,000
Medium Density	529	170	\$ 435,000
Vacant Land	47	415	\$ 472,500
<b>North-East Metro</b>	<b>226</b>	<b>538</b>	<b>\$ 360,000</b>
Detached House	171	628	\$ 395,000
Medium Density	25	206	\$ 230,000
Vacant Land	30	345	\$ 228,000
<b>North-West Metro</b>	<b>383</b>	<b>597</b>	<b>\$ 457,500</b>
Detached House	304	636	\$ 486,000
Medium Density	37	248	\$ 400,000
Vacant Land	42	377	\$ 281,500
<b>Peel</b>	<b>164</b>	<b>646</b>	<b>\$ 330,000</b>
Detached House	101	711	\$ 380,000
Medium Density	22	238	\$ 288,500
Vacant Land	41	572	\$ 137,000
<b>South-East Metro</b>	<b>219</b>	<b>563</b>	<b>\$ 320,000</b>
Detached House	175	619	\$ 340,000
Medium Density	23	204	\$ 225,500
Vacant Land	21	375	\$ 270,000
<b>South-West Metro</b>	<b>332</b>	<b>514</b>	<b>\$ 372,500</b>
Detached House	224	640	\$ 409,000
Medium Density	54	137	\$ 296,500
Vacant Land	54	371	\$ 264,000



Note: Settlement figures page 5, 6 & 9 are based on Landgate data available at the time of publication and may not represent all settlements during the period. Data is based on settlements with a land area of 2,000sqm and under.

# Residential Property Market

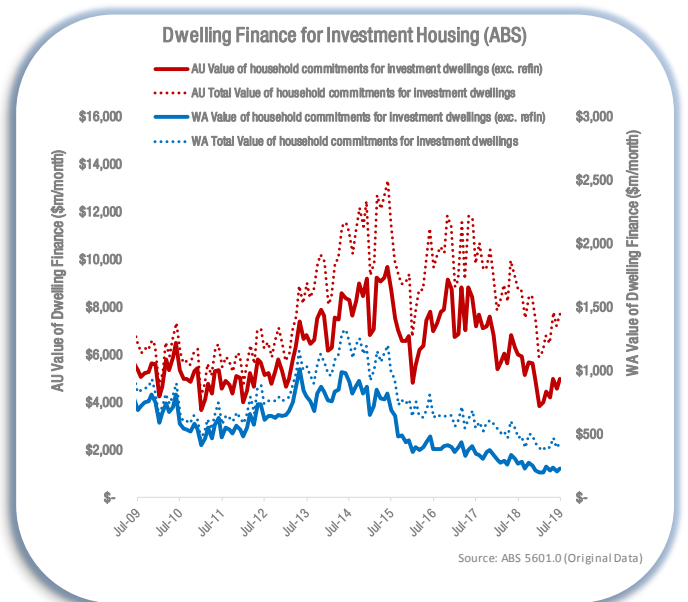
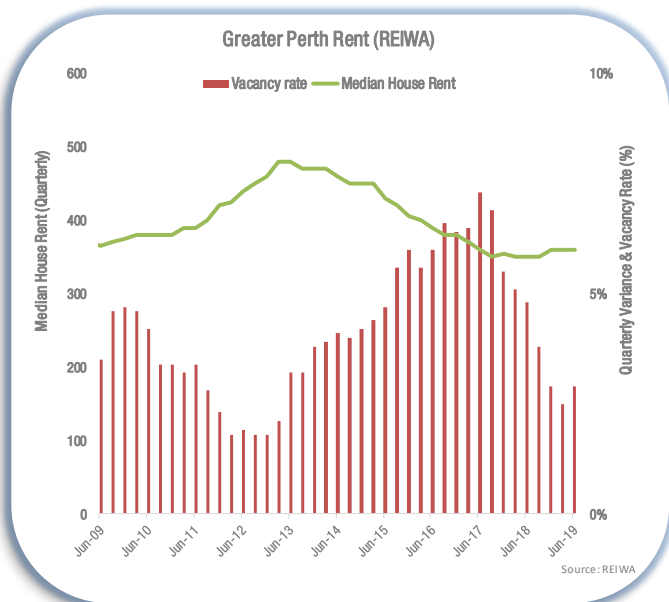
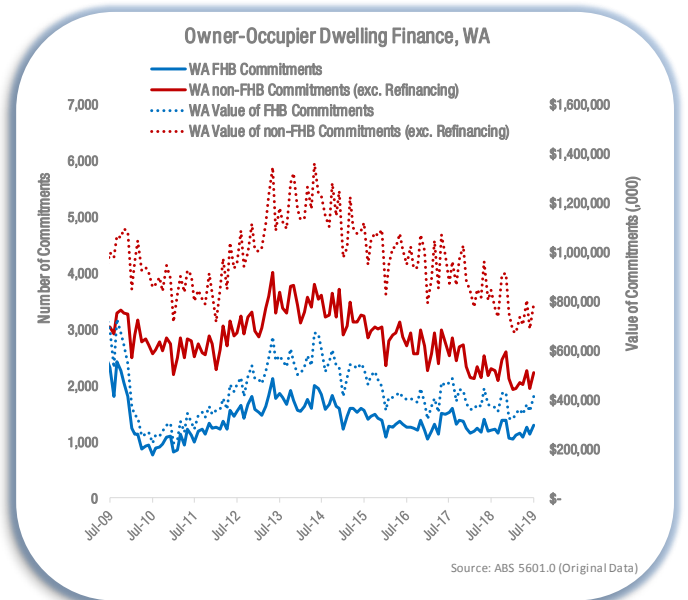
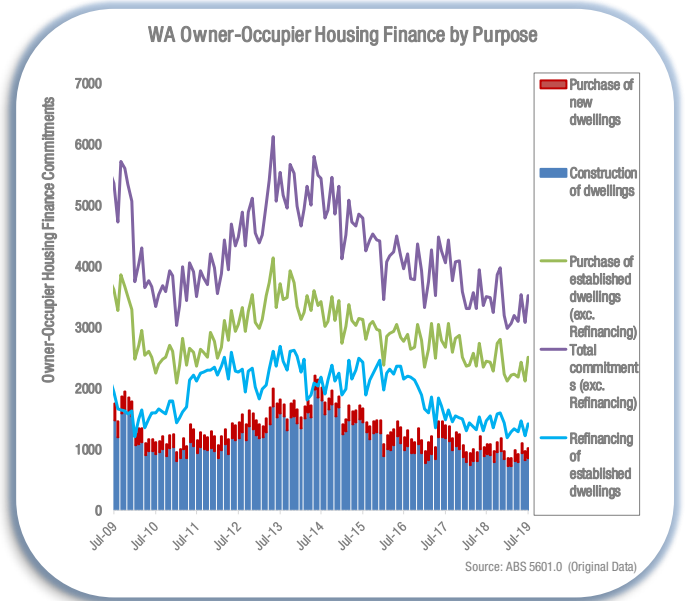
## Key Points of Interest

### Housing Finance by Buyer Type

- In July, the number of first home buyer (FHB) housing finance commitments lifted 14.2% MoM and 6.3% YoY to 1,291.
- The value of FHB commitments increased 17.4% MoM and 11.2% YoY to \$414.67 million.
- Non-FHB housing finance commitment numbers (exc. refinancing) rose 15% MoM to 2,229, but fell 2.8% YoY.
- The value of non-FHB housing finance commitments (exc. refinancing) increased 14.1% MoM and fell 7.0% YoY to \$786.3 million.

### Housing Finance by Purpose

- The value of dwelling finance for investment dwellings (exc. refinancing) increased 14.1% in July to \$226.4 million, but fell 13.8% YoY, the 28th consecutive YoY decline.
- WA owner-occupier housing finance commitment numbers (exc. refinancing) increased 14.7% MoM and 0.3% YoY to 3,520.
- This total consisted of: 2,508 commitments for the purchase of established dwellings (+19.0% MoM; +2.9% YoY); 856 for the construction of dwellings (+5.4% MoM; -6.8% YoY); and 156 for the purchase of new dwellings (+4.7% MoM; +2.0% YoY).
- The value of WA owner-occupier housing finance commitments (exc. refinancing) increased 15.2% MoM and fell 1.5% YoY to total \$1.2 billion for July.



# Residential Construction

## Key Points of Interest

### Building Approvals by Number

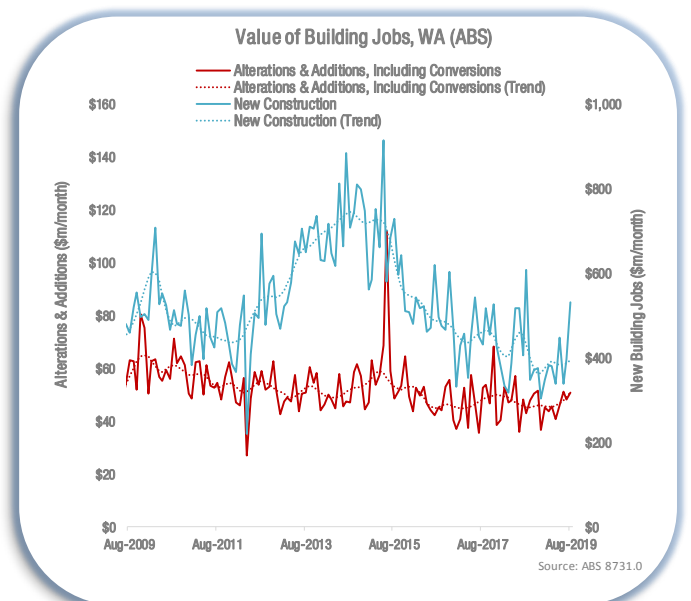
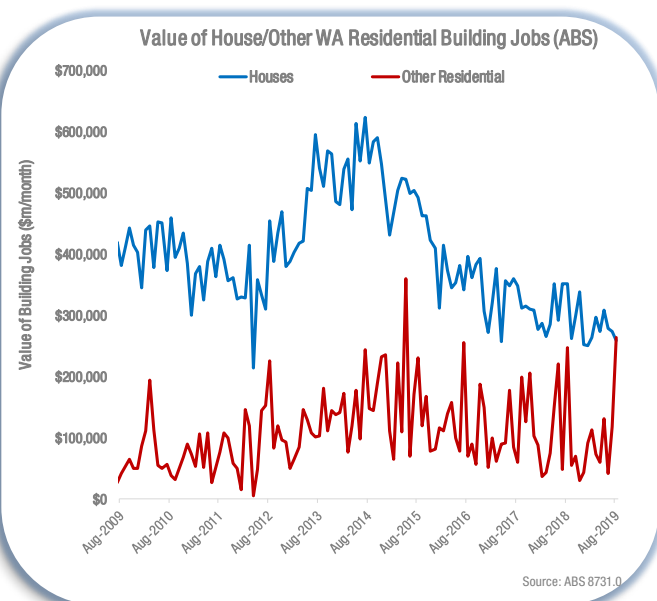
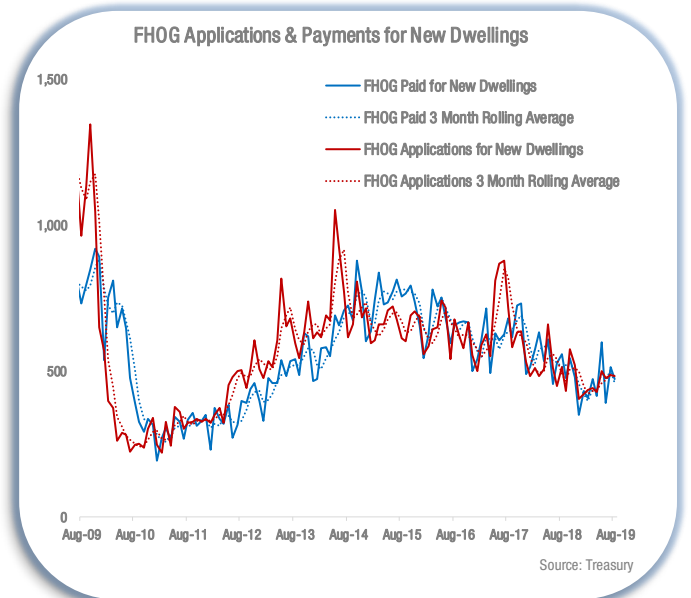
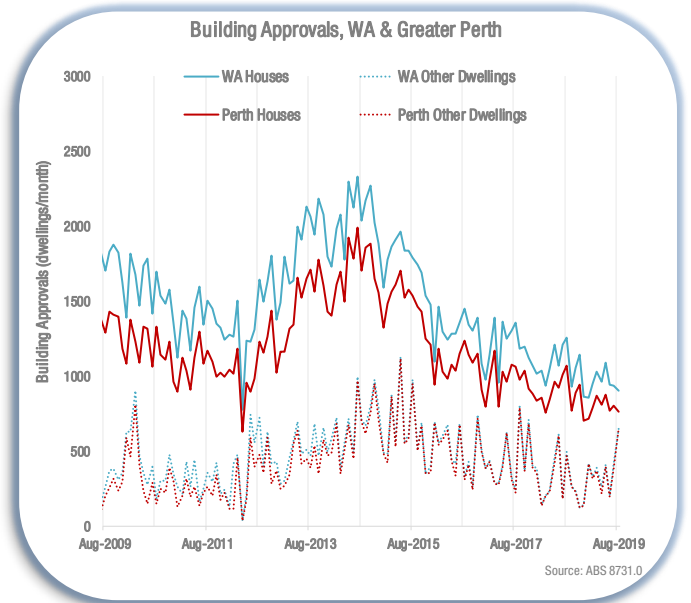
- In August, the number of WA building approvals for houses fell 3.4% MoM and 28.1% YoY to 905.
- The number of building approvals for WA dwellings (excluding houses) increased 55.9% MoM and 32.1% YoY to 650.\*

### Building Approvals by Value

- In August, the value of residential building jobs for new houses fell 5.2% MoM to \$259.24 million, 26.4% down YoY.
- The value of building jobs for dwellings (excluding houses) lifted 124.1% MoM to \$264.36 million, 7.0% higher YoY.\*
- The total value of residential building jobs in WA increased 30.8% MoM to \$583 million, the highest value since August 2018 (\$651.96 million).
- This total consisted of: \$532.05 million for new construction building jobs (+33.9% MoM; -12.6% YoY); and \$50.99 million for alterations and additions (including conversions) (+5.7% MoM; +18.3% YoY).

### First Home Owners' Grant

- The number of First Home Owners' Grants (FHOG) paid in August for new house and land fell 8.0% MoM and 15.6% YoY to 472.



\*Note: generally smaller figures make the non-house category variable



# Corridor Snapshot

## A year in the life of the North-East Corridor

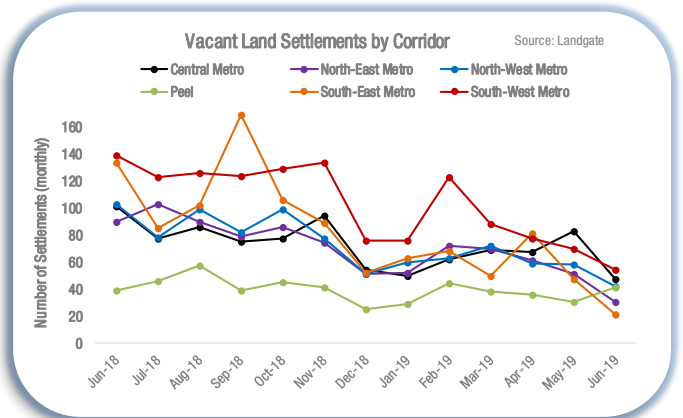
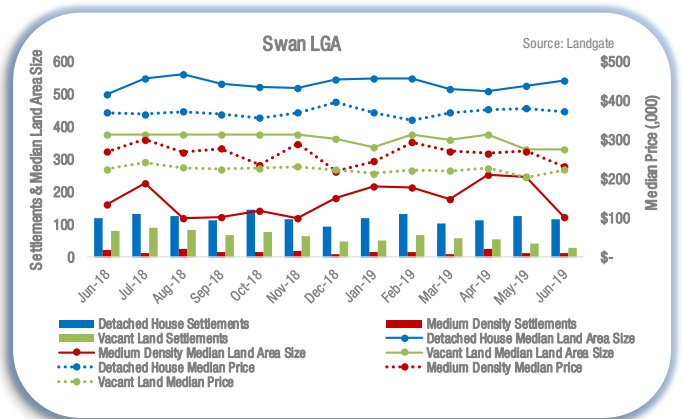
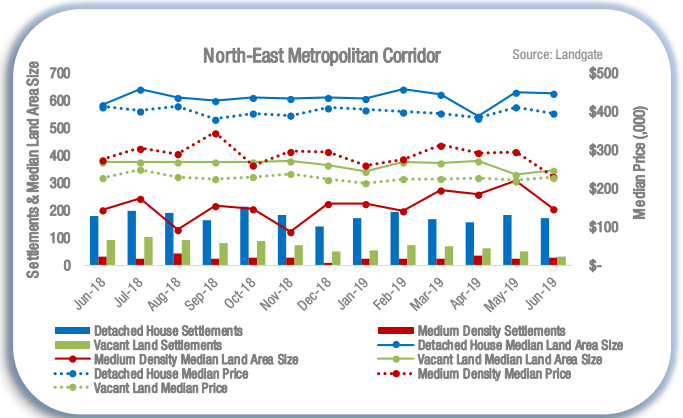
### Key Points of Interest

#### North-East Metropolitan Corridor

- In the 12 months to June 2019, 9.6% of the settlements made in the Greater Perth (GP) region were located in the North-East corridor (NEC).
- Of the total NEC settlements made over this timeframe: 65.5% were for detached housing; 25.3% were for vacant land; and 9.2% were for medium density product.
- The NEC median price for this timeframe was \$340,000, the third highest for any metropolitan corridor behind Central Metro (\$555,000); the North-West corridor (\$436,750); and in line with that of the South West corridor (\$340,000). The NEC median price is 19% below that for the GP area (\$420,000).
- GP vacant land settlements had a median price of \$240,000, while those for the NEC had a median price of \$229,000.

#### Swan

- The City of Swan contained 72.1% of property settlements made in the NEC in the 12 months to June 2019.
- Of the total settlements made in Swan over this timeframe: 61.1% were for detached housing; 7.8% for medium density product; and 31.0% for vacant land.
- The majority of Swan vacant land settlements were sized between 201-300sqm (16.6%); 301-400sqm (37.7%); and 401-500sqm (21.5%).
- Swan recorded the lowest median price of all local governments in the NEC at \$310,000, below the City of Kalamunda (\$420,000) and Shire of Mundaring (\$386,000).



North-West Corridor: 12 months to June 2019 (Source: Landgate)					
	Settlements	Median Land Area Size	Median Price	Average Number of Bedrooms	Average Number of Bathrooms
<b>North-East Metro</b>	<b>3235</b>	<b>497</b>	<b>\$340,000</b>		
<b>KALAMUNDA</b>	<b>637</b>	<b>700</b>	<b>\$420,000</b>		
Detached House	499	709	\$ 433,000	3.6	1.6
Medium Density	78	290	\$ 382,500	2.9	1.6
Vacant Land	60	375	\$ 272,500	0.0	0.0
<b>MUNDARING</b>	<b>265</b>	<b>869</b>	<b>\$386,000</b>		
Detached House	193	1,009	\$ 445,000	3.4	1.5
Medium Density	37	226	\$ 281,000	2.6	1.3
Vacant Land	35	600	\$ 280,000	0.0	0.0
<b>SWAN</b>	<b>2333</b>	<b>450</b>	<b>\$310,000</b>		
Detached House	1426	534	\$ 370,000	3.1	1.6
Medium Density	183	181	\$ 267,000	2.5	1.5
Vacant Land	724	375	\$ 226,000	0.0	0.0

Note: Settlement figures page 5, 6 & 9 are based on Landgate data available at the time of publication and may not represent all settlements during the period. Data is based on settlements with a land area of 2,000sqm and under.



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