




UDIA WA

Urban Intelligence

August 2022

Monthly economic & WA property market analysis

UDIA Principal Research Partners



Economy		Freq.	Current M/Q	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Official Cash Rate Target (RBA)	↑	M	Aug-22	2.35	50	1.85	0.3 bps
Owner Occupier Variable Mortgage Rate (RBA)	↑	M	Aug-22	6.27	50.0	5.77	0 bps
Retail Turnover - WA, total industry (ABS, seasonally adjusted)	↑	M	Jul-22	\$3.61b	0.5%	\$3.54b	10.2%
Unemployment Rate - WA (ABS, seasonally adjusted)	↓	M	Aug-22	3.1%	-0.1%	3.3%	-1.3%
Underemployment Rate - WA* (ABS, seasonally adjusted)	↑	M	Aug-22	6.1%	0.5%	5.9%	-1.5%
Estimated Resident Population - WA (ABS)	↑	Q	Mar-22	2,773,435	0.4%	2,763,273	1.2%
WA State Final Demand (ABS)	↓	Q	Jun-22	\$57.4b	-0.1%	\$57.08b	3.5%
Consumer Price Index - Greater Perth (ABS)	↑	Q	Jun-22	125.4	2.1	122.7	8.6
Consumer Price Index - Greater Perth Housing (ABS)	↑	Q	Jun-22	129.6	3.1	124.9	15.5
Wage Price Index - WA (ABS)	↑	Q	Jun-22	138.2	0.7	136.9	2.9

Residential Land Development		Freq.	Current M	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Average weekly sales for the month (UDIA Land Snapshot)	↑	M	Aug-22	112	10.8%	107	8.3%

Residential Construction		Freq.	Current M/Q	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Total Number of Dwelling Unit Approvals - WA (total residential)* (ABS)	↓	M	Jul-22	1,191	-36.0%	1,738	-32.2%
Number of House Approvals, all sectors - WA* (ABS)	↓	M	Jul-22	1,133	-12.4%	1,266	-29.8%
Number of Semi-detached Approvals, all sectors - WA* (ABS)	↓	M	Jul-22	50	-52.4%	76	-5.7%
Number of Multi-res. Approvals, all sectors - WA* (ABS)	▬	M	Jul-22	8	-98.3%	397	-91.0%
Dwelling Commencements - WA, New Houses, all sectors* (ABS)	↓	Q	Mar-22	3,458	-33.9%	4,475	-42.1%
Dwelling Completions - WA, New Houses, all sectors* (ABS)	↓	Q	Mar-22	2,658	-6.2%	2,821	2.9%

Property Finance		Freq.	Current M/Q	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Construction of New Owner Occupier Dwellings - WA*^ (ABS)	↓	M	Jul-22	599	-14.3%	678	-32.2%
Purchase of New Build Owner Occupier Dwellings - WA*^ (ABS)	↑	M	Jul-22	150	11.1%	149	-20.2%
Purchase of Owner Occupier Residential Land - WA*^ (ABS)	↓	M	Jul-22	194	-23.6%	235	-32.9%
FHOG Applications - WA* (WA Treasury)	↓	M	Jul-22	341	-22.1%	404	-41.4%
FHOG Paid - WA* (WA Treasury)	↓	M	Jul-22	461	-17.8%	520	-52.5%

Residential Property Market		Freq.	Current M/Q	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Total for Sale Property Listings - Perth: 4 week count (CoreLogic)	↓	M	Sep-22	13,945	-0.3%	14,027	-2.1%
Average Selling Days - Houses: Perth (CoreLogic)	▬	M	Sep-22	16	0.0%	16	-15.8%
Median House Price - Perth (CoreLogic) (\$)	▬	M	Jun-22	535,000	0.0%	535,000	2.9%
House Sales (last 12 months) Perth (CoreLogic)	↓	M	Jun-22	41,630	-0.5%	41,810	12.3%
Median Unit Price - Perth (CoreLogic) (\$)	↓	M	Jun-22	405,000	-0.2%	405,667	2.0%
Unit Sales (last 12 months) Perth (CoreLogic)	↑	M	Jun-22	11,149	0.2%	11,115	22.5%
Median Land Price - Perth (UDIA) (\$)	↑	Q	Jun-22	244,348	1.8%	242,885	3.5%
Land Sales - Perth (UDIA)	↓	Q	Jun-22	1,565	-16.8%	1,947	-4.6%

Residential Rental Market		Freq.	Current M/Q	Current Figure	M/Q Change	3 M/Q Rolling Av.	YOY Change
Median House Rent (per week) - Perth (SQM)	↑	M	Sep-22	\$602	0.50%	\$599	15.33%
Median Unit Rent (per week) - Perth (SQM)	↑	M	Sep-22	\$455	3.41%	\$446	14.90%
Vacancy Rate - Perth (SQM)	↓	M	Sep-22	0.6%	-0.10%	0.7%	-33.33%

NOTE: Grey shading indicates current data with no available update since previous month
 Data is correct as of 29 September 2022
 Landgate data is based on settlements with a land area of under 2,000sqm
 Landgate data is correct at the time of publication yet may not represent all settlements during the period
 *Original numbers
 ^ Finance Commitments, excluding refinancing

Further retraction in supply pipelines as rental vacancy rates hit historic lows

Welcome to this month's edition of Urban Intelligence, your one-stop-shop for monthly residential market and economic statistics for Western Australia.

Western Australia's rental vacancy rates are currently at the tightest levels recorded for over 17 years. The latest SQM data indicates a total dwelling vacancy rate in August of 0.4% for Greater Perth. This is far tighter than Sydney (1.3%) and Melbourne (1.4%) and also eclipses the national average vacancy rate of 0.9%.

The tight rental vacancy rate is underpinned by extremely low levels of listings, with weekly house listings across Perth in September totalling 1,158 (67% below the long run average of 3,531) and weekly unit listings totalling 842 (66% below the long run average 2,571).

In contrast to the modest 3% increase in Perth's median house price in the 12 months to July 2022 (to \$535,000), the median asking rental price for Perth houses escalated 20% to \$602, and unit rents grew 15% to \$455.

According to CoreLogic, 72% of Perth suburbs recorded double digit annual rental price increases in the 12 months to August 2022 with strong pricing growth recorded across the metropolitan region as evidenced by the broad geographic spread of pricing increase. Salter Point's average rental price grew +44% (to \$865) followed by Cockburn Central (+39% to \$533), Guildford (+34% to \$550), Bicton (32% to \$700) and Ascot grew 29% to \$580 to assume the top five suburbs by annual rental price increase.

The forward outlook for WA's rental stocks is not enhanced with the further moderation in building approvals, with a 36% drop month-on-month for all dwellings to July, led by the evaporation of approvals for apartments (-98%) and for semi-detached stock (-52%). Detached house approvals are down 30% from July 2021, which is 23% lower than the long run monthly average.

Rising interest rates is having a demonstrable impact on home loan financing across Western Australia, with new loans for the construction of dwellings down 14% MoM to July and down 32% YoY. The softening of the supply pipeline and worsening consumer sentiment has led to a revision of UDIA WA's dwelling commencement forecasts. We now expect commencements to total 19,000 in FY23 and 18,800 in FY24, with circa 85% of new stock to comprise of detached dwellings.

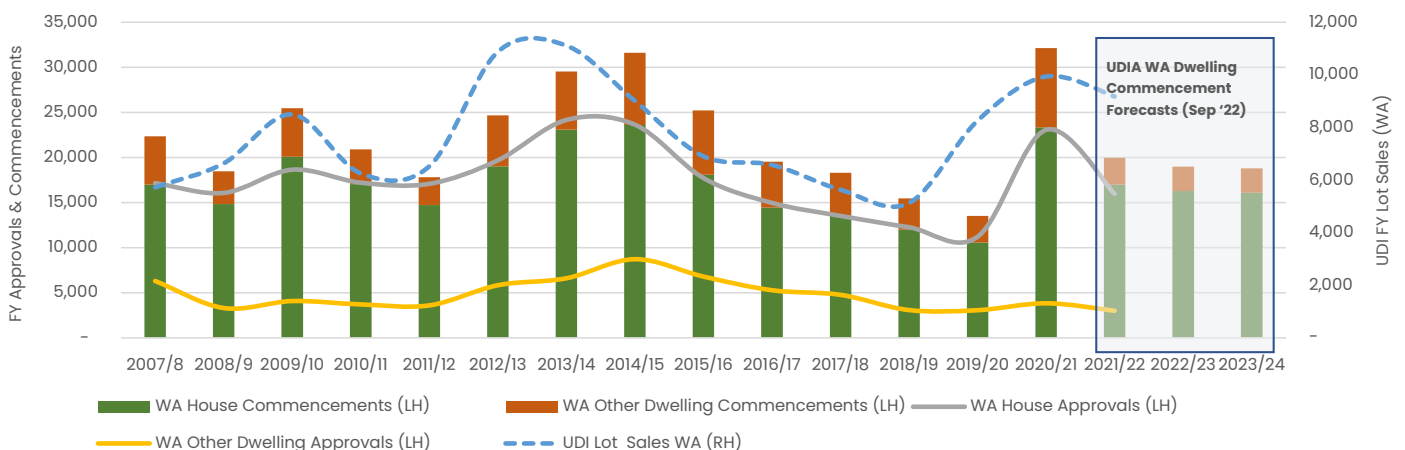
UDIA WA's Land Snapshot survey recorded a weekly average of 112 residential lot sales across August which is in line with the long run average with average lot pricing also remaining firm at \$226,500 indicating the land market is showing reliance in the face of the various headwinds impacting the broader market.

Western Australia's economy remains robust with GSP growth up 3.5% on the year to June 2022, and unemployment remaining at a nation leading low of 3.1%. WA's significant housing affordability advantages to the rest of the country is expected to help underpin strong on-going investor interest from the East Coast with overall investment activity up 20% on the year to July.

In summary, there is a solid grounds for on-going optimism for the forward prospects for Western Australia's new-build property market with the current rental market crisis providing the greatest cause for concern in the immediate term. UDIA WA will continue to vigorously advocate on behalf our members for a broad suite of supply boosting measures and innovative policy initiatives to address the current rental crisis.

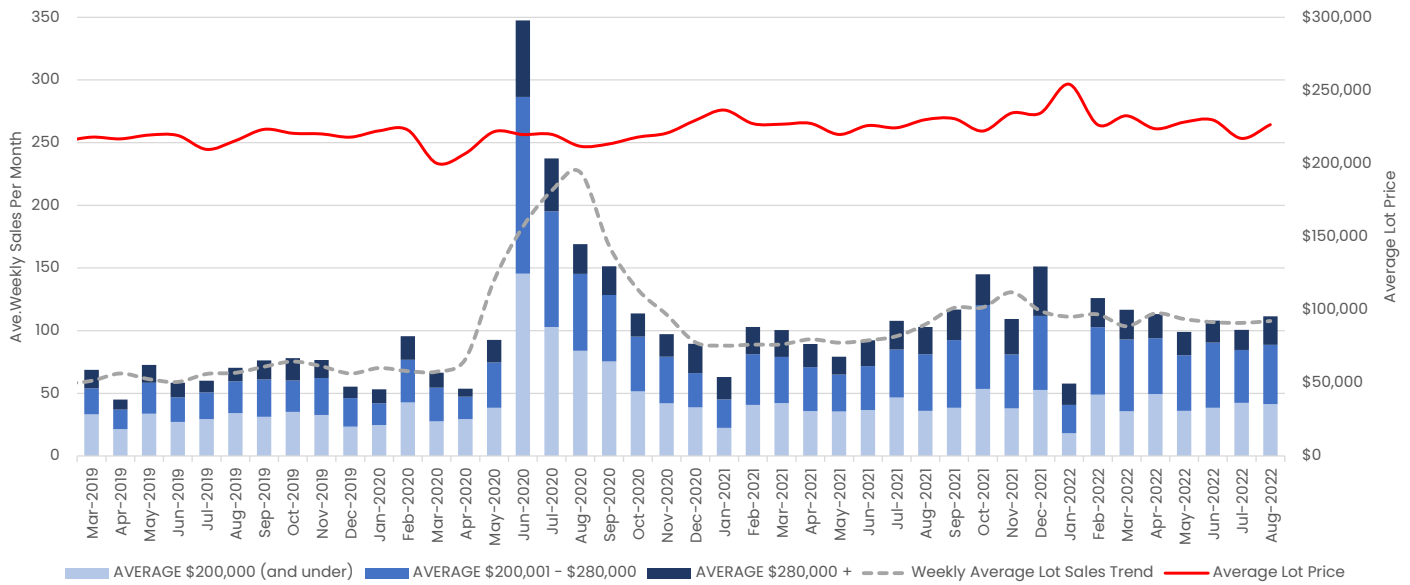
We hope you enjoy this edition of Urban Intelligence, and as always welcome your valuable feedback on publication enhancements.

WA Dwelling Commencements, Approvals & UDIA WA UDI Lot Sales

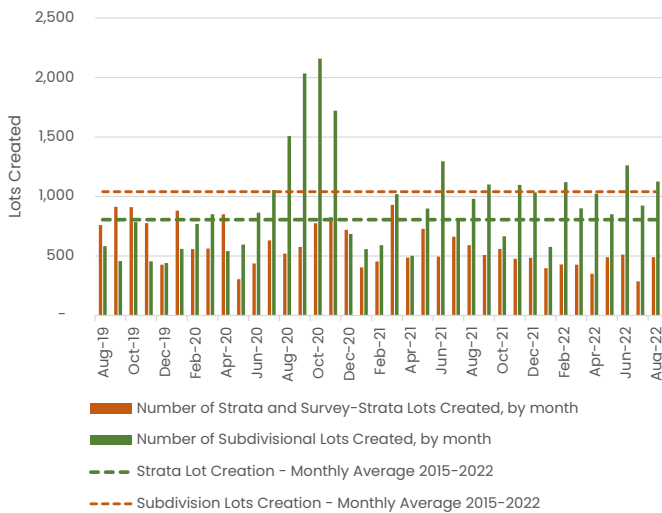


Source: UDIAWA; ABS

UDIA WA Monthly Land Snapshot Sales Data - Average Weekly Sales Per Month



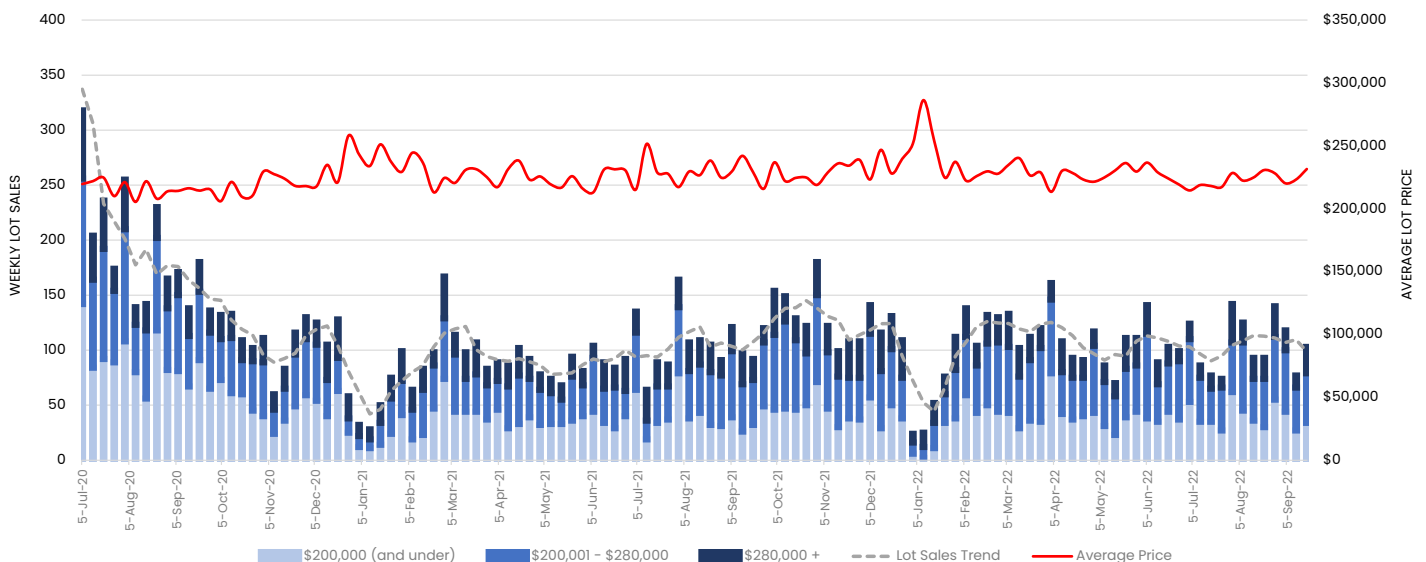
No. of Strata & Subdivisional Lot Titles Created, by Month (Landgate)



UDIA WA Land Snapshot Survey

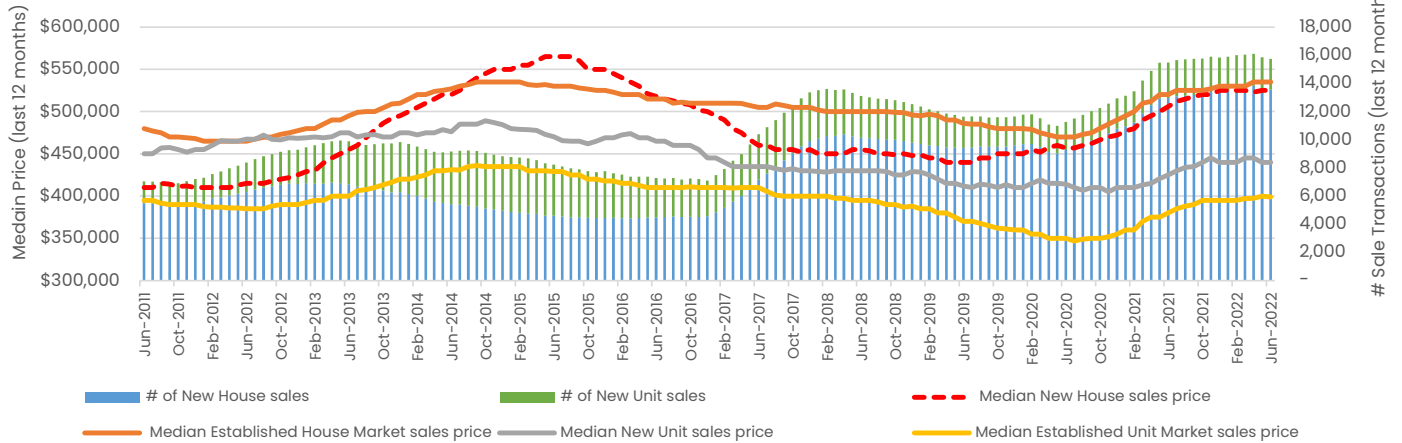
- In August, UDIA WA's Land Snapshot survey averaged 112 lot sales per week, reflecting a 11% increase in sales volumes from July, and was 8% higher than the same time the year prior.
- The average weekly number of lot sales in August priced \$200,000 (and under) decreased by 2.1% MoM (-15% YoY); average sales priced \$200,001-\$280,000 decreased 12% MoM (+4.4% YoY); while those lots priced \$280,000+ increased 42% MoM (+4.6% YoY).
- The average lot price for August increased 4.3% MoM to \$226,673 but this is still 1.5% lower than the \$229,976 recorded for August 2021.

UDIA WA Weekly Land Snapshot Sales Data



Residential Property Market

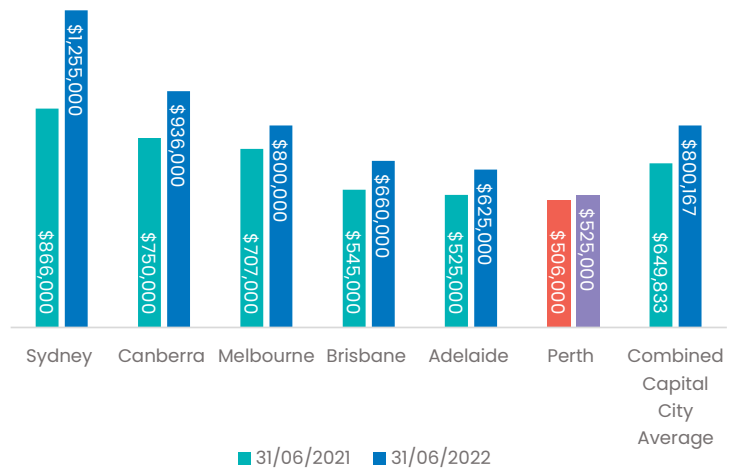
Greater Perth, New & Established Market House & Unit Sale Volumes & Median Pricing – Rolling 12 Month Average (CoreLogic)



Residential Property Transactions (CoreLogic)

- Perth's median established house price grew 3% to \$535,000 across the 12 months to the end of June 2022 which reflects a -38% discount on the weighted average of the combined capital cities of \$873,000.
- The other capital cities recorded far stronger median price growth (whole of market) across the 12 months to May led by Canberra (+24% to \$980,000), Brisbane (+24% to \$750,000), Sydney (+18% to \$1.38M) and Adelaide (+20% to \$608,000).
- Perth's median price for newly built houses in May was \$525,000, increasing by 4% since June 2021.
- The annual volume of new house sales totalled 13,561 in Perth across the 12 months to June 2022 which reflected a 5% annual uplift, while the volume of newly built unit sales was 2,182 (-14% YoY).

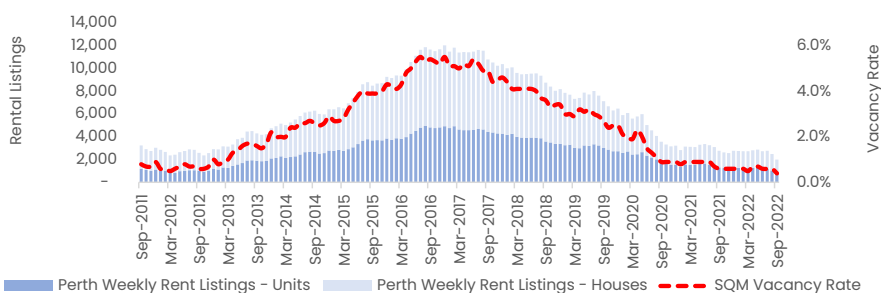
Median New Build House Price, June '21 & June '22 (CoreLogic)



Weekly Rental Listings (SQM)

- Perth's average weekly rental listings for houses in September 2022 to date decreased by 19.5% MoM to 1,158 which represented a 20.6% decrease from twelve months prior.
- Weekly unit rental listings for Perth decreased by -19.7% over the month to 842, which was 35.7% below levels from the same time the year prior.
- Median weekly rents continue to trend upward with asking prices for houses in September 2022 up 0.5% MoM to \$602pw which is up 15.3% from a year earlier. Unit rents were up 3.4% MoM and up 14.9% YoY to \$455 pw.
- SQM's residential vacancy rate for Perth plunged to at 0.4% for September – the tightest level recorded in over 17 years.

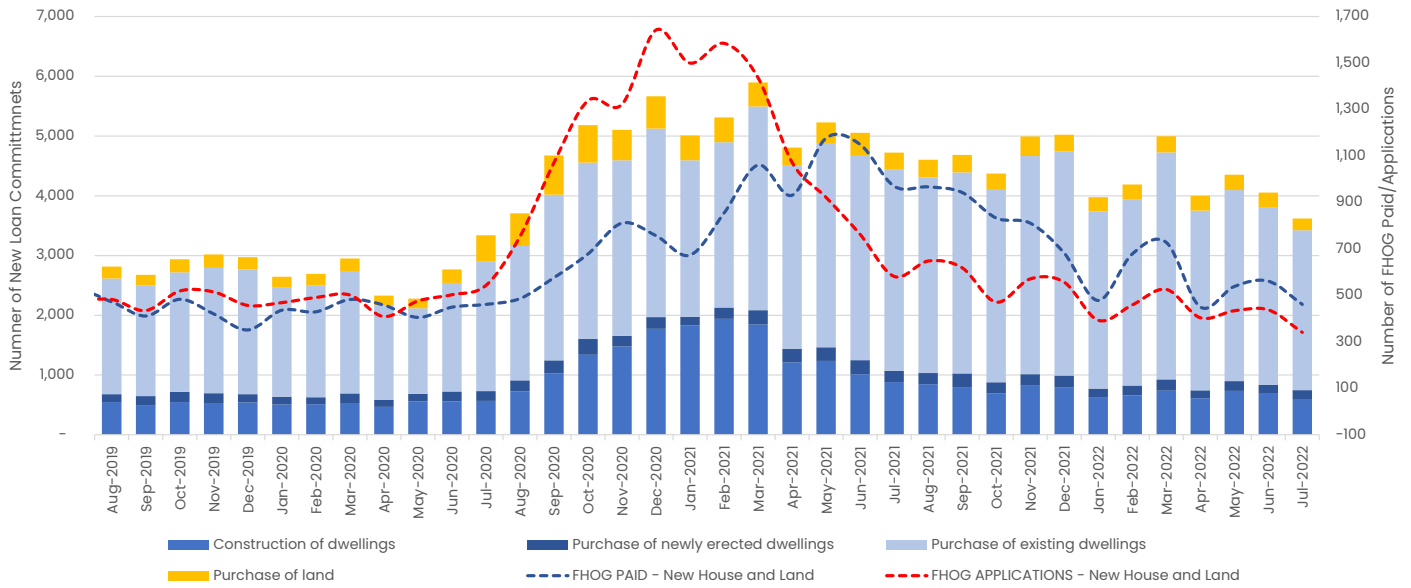
Perth Weekly Rent Listings & Vacancy Rate (SQM)



Perth Rental Listings (Aug 22)

2,000
Lowest level on record

Number of New WA Owner-Occupier Housing Loan Commitments (ABS & Treasury)



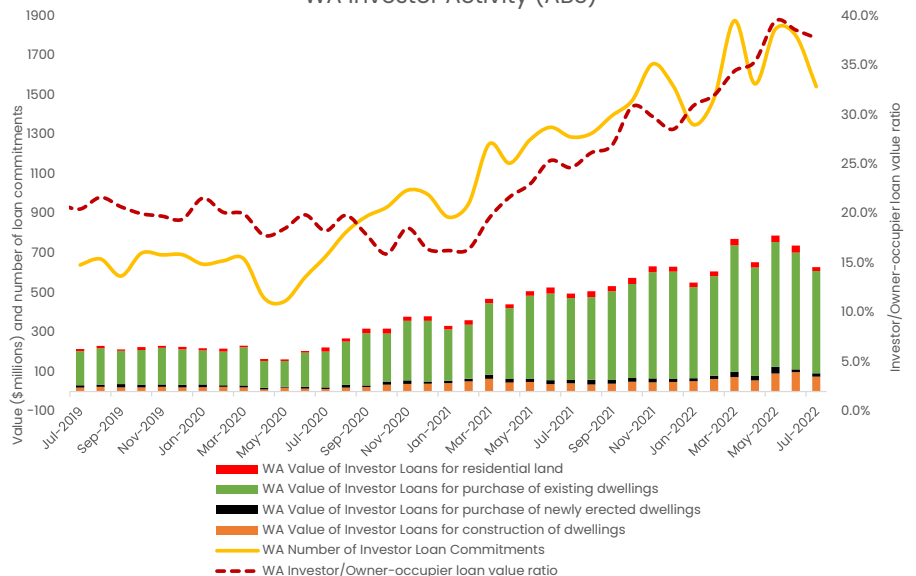
Owner Occupier Lending Activity

- Owner occupier lending for total new housing loan commitments across WA fell by 10.6% in July MoM to 3,861 which reflected a decline of 21% YoY.
- Owner occupier loans for the construction of new dwellings (-32% YoY) and the purchase of newly erected dwellings (-20% YoY) have returned to normalised levels.
- Loans for purchase of residential land lots totalled 194 for July which was down 23.6% on July and down 33% YoY.
- Monthly owner occupier lending volumes for established market properties remains circa 9% above the decadal monthly average, albeit retracted -20% YoY.
- First Home Buyer Grants paid for new house and land packages totalled 461 for July, an increase of 5.1% from the previous month.

Investor Activity

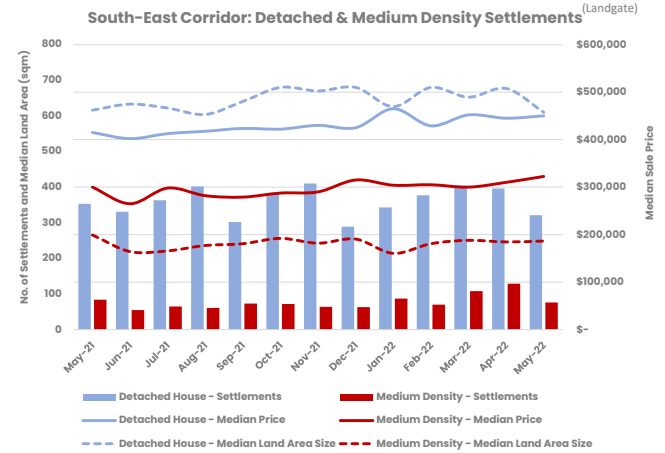
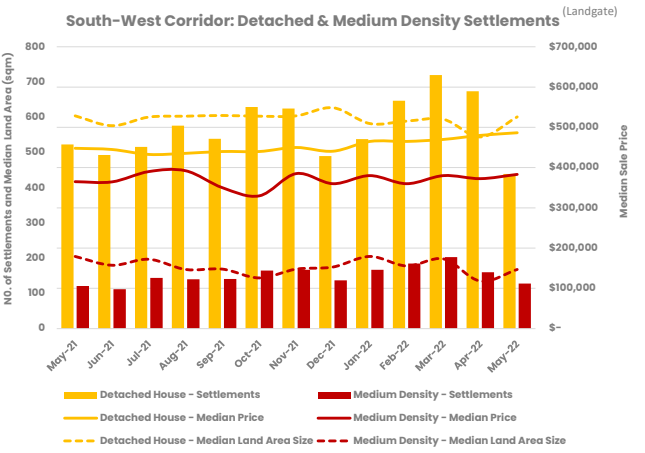
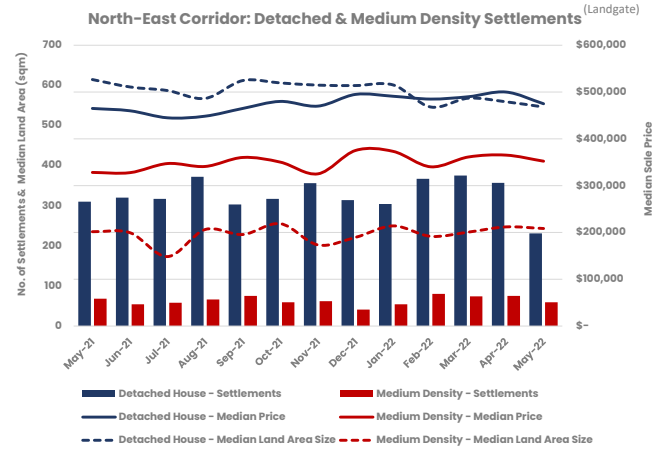
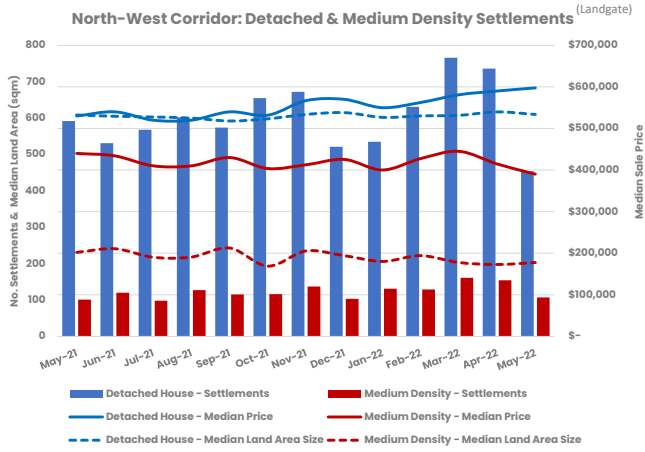
- Investor new loan commitments made nationally in July decreased 16.8% MoM to 16,890 (-7.7% YoY), the value of which totalled \$9.2 billion (-17.8% MoM).
- The number of WA investor loan commitments decreased 14% MoM to 1,544 (+19.8% YoY), the value of which was down 14% MoM to \$644 million (+27% YoY).

WA Investor Activity (ABS)



Housing Investment Activity
+20%
 in the year to July 2022

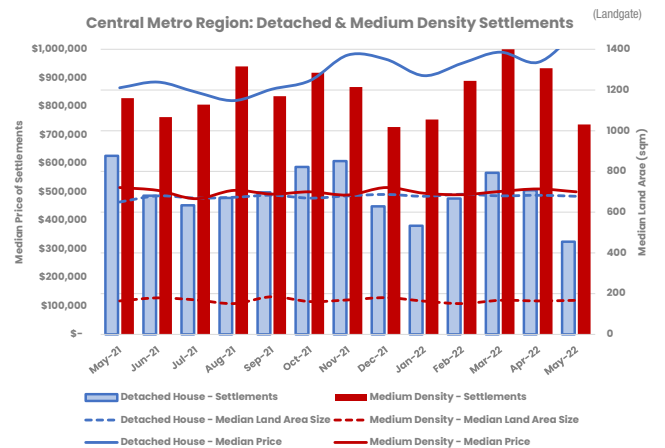
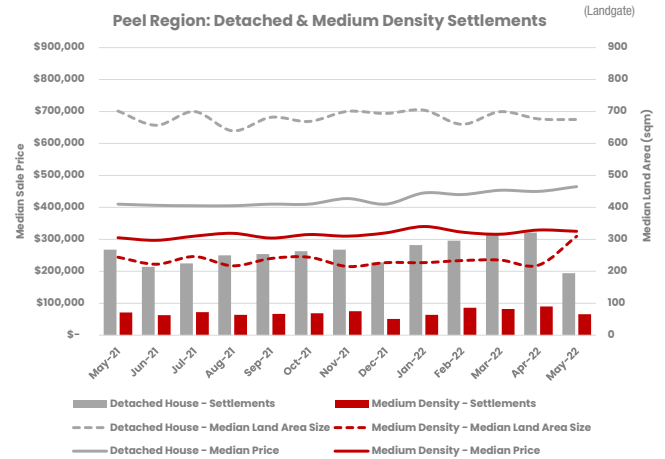
Residential Property Settlements



May 2022: Monthly Settlements by Metropolitan Corridor

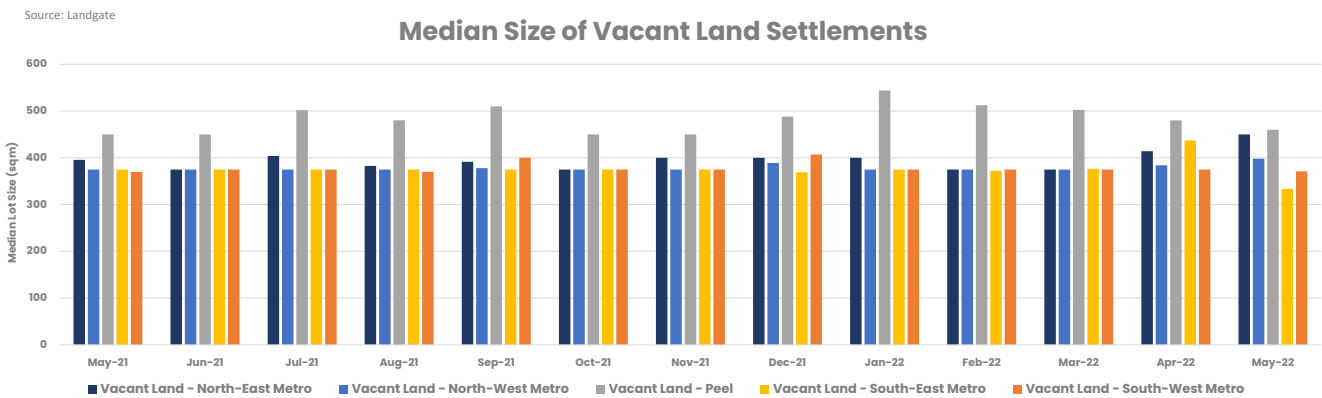
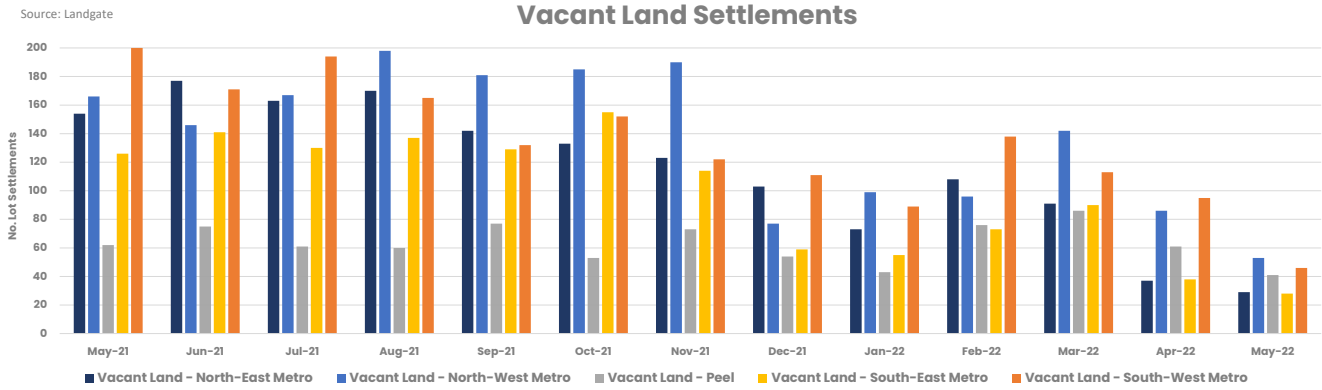
	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
Central Metro	1525	259	\$590,000
Detached House	455	678	\$1,060,000
Medium Density	1031	167	\$500,000
Vacant Land	39	395	\$630,000
North-East Metro	319	490	\$450,000
Detached House	231	546	\$475,000
Medium Density	59	243	\$352,000
Vacant Land	29	450	\$294,000
North-West Metro	614	528	\$540,000
Detached House	454	610	\$597,500
Medium Density	107	203	\$390,000
Vacant Land	53	398	\$260,000
Peel	301	576	\$424,000
Detached House	194	675	\$465,000
Medium Density	66	310	\$325,000
Vacant Land	41	460	\$210,000
South-East Metro	425	500	\$410,000
Detached House	321	610	\$450,000
Medium Density	76	249	\$322,500
Vacant Land	28	334	\$228,750
South-West Metro	613	509	\$450,000
Detached House	439	601	\$486,500
Medium Density	128	168	\$383,000
Vacant Land	46	371	\$215,000

(Landgate)



Note: Settlement figures 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.

Vacant Land Settlements

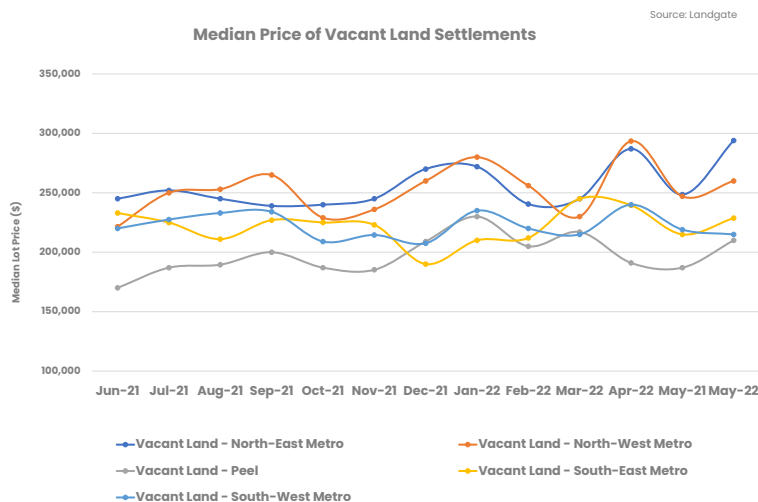


Vacant Land Settlements

- The volume of vacant land settlements across Greater Perth and Peel totalled 7,118 for the 12 months to May 2022, which reflected a halving (-55%) in total vacant land settlements recorded in the previous 12 months.
- The median price in vacant land settlements across Perth and Peel totalled \$245,000 for May reflecting a 2.1% growth on April settlements and 8% uplift on 12 months prior.

7,118

Vacant land settlements across Greater Perth and Peel in 12 months to May 2022



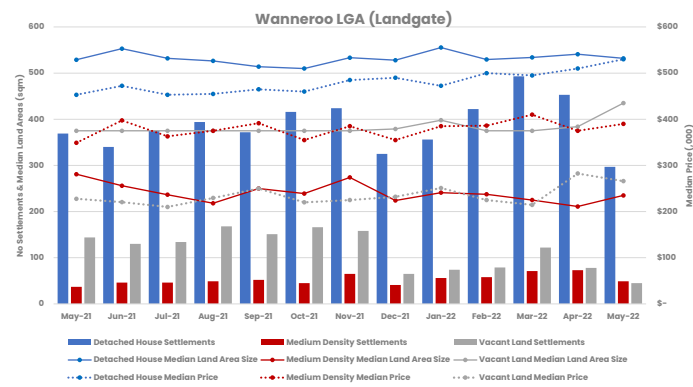
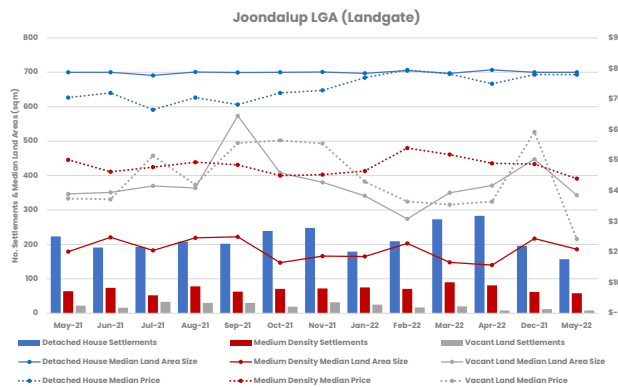
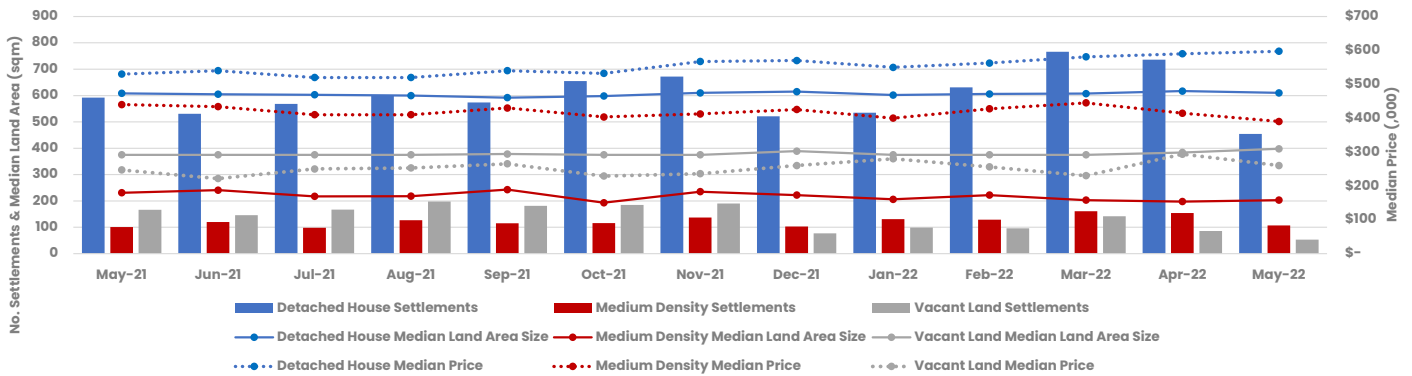
“Three Months to May 2022: WA Regional Property Settlements”

Region	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
Gascoyne	63	809	\$462,500
Detached House	41	879	\$515,000
Medium Density	12	330	\$420,000
Vacant Land	10	604	\$422,500
Goldfields Esperance	457	800	\$290,000
Detached House	309	860	\$326,020
Medium Density	112	267	\$264,000
Vacant Land	36	820	\$145,000
Great Southern	459	728	\$420,000
Detached House	340	798	\$470,000
Medium Density	77	302	\$345,000
Vacant Land	42	689	\$147,000
Kimberley	21	646	\$380,000
Detached House	9	859	\$450,000
Medium Density	10	331	\$371,000
Mid West	2	576	\$135,000
Detached House	480	800	\$290,000
Medium Density	349	803	\$330,000
Vacant Land	54	366	\$252,500
Pilbara	77	752	\$75,000
Detached House	311	654	\$452,649
Medium Density	222	711	\$530,000
Vacant Land	79	181	\$330,000
South West	10	640	\$152,750
Detached House	1403	680	\$410,000
Medium Density	993	715	\$445,000
Vacant Land	233	324	\$382,000
Wheatbelt	177	642	\$210,000
Detached House	344	999	\$205,000
Medium Density	266	1,008	\$220,000
Vacant Land	19	307	\$430,000

(Landgate)

Note: Settlement figures 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.

North West Corridor (Landgate)



North West Region

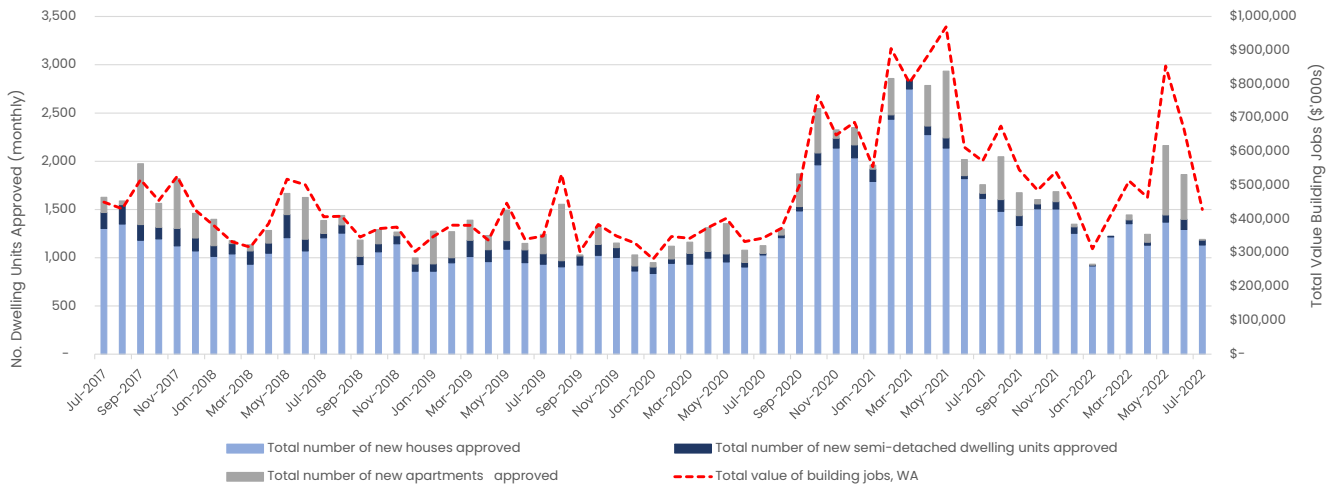
- Over the twelve months to May 2022, there was a total of 11,778 settlements recorded for the North West Region which represented an increase of 2.1% YoY with 61% of these sales located in the City of Wanneroo and 29% in the City of Joondalup.
- The median established detached house price for the Region rose 7.2% YoY to sit at \$517,500, the medium density/multi-unit median price grew 3.7% to \$405,000, while the median vacant land price increased 4.2% to \$240,000 across the last 12 months.
- Total settlements for the Region over the twelve months to May 2022 consisted of 8,199 detached house settlements (70%), 1,701 medium density settlements (14%) and 1,878 vacant land settlements (16%).

	South West Region: 12 months to May 2022			12 months to May 2021			YOY COMPARISON		
	Settlements (#)	Median Land Area (sqm)	Median Price (\$)	Settlements (#)	Median Land Area (sqm)	Median Price (\$)	Settlements	Median Land Area (sqm)	Median Price (\$)
Total North West Region	11,778	510	495,500	11,538	474	420,000	2.1%	7.6%	18.0%
Detached House	8,199	607	555,000	6,592	622	517,500	24.4%	-2.4%	7.2%
Medium Density	1,701	219	420,000	1,255	203	405,000	35.5%	7.9%	3.7%
Vacant Land	1,878	375	250,000	3,691	375	240,000	-49.1%	0.0%	4.2%
Joondalup LGA	3,984	683	655,000	4,241	650	565,000	-6.1%	5.1%	15.9%
Detached House	2,801	700	739,000	2,813	700	640,000	-0.4%	0.0%	15.5%
Medium Density	911	184	480,000	825	172	446,000	10.4%	7.0%	7.6%
Vacant Land	272	355	480,000	603	350	360,000	-54.9%	1.4%	33.3%
Wanneroo LGA	7,238	452	430,000	7,297	450	342,000	-0.8%	0.4%	25.7%
Detached House	5,036	532	480,000	3,779	550	441,000	33.3%	-3.3%	8.8%
Medium Density	688	242	385,000	430	240	220,000	60.0%	0.6%	75.0%
Vacant Land	1,514	375	228,000	3,088	375	224,000	-51.0%	0.0%	1.8%
Augusta-Margaret River LGA	568	656	525,000	782	669	345,000	-27.4%	-1.9%	52.2%
Detached House	356	729	590,000	407	702	465,000	-12.5%	3.8%	26.9%
Medium Density	103	254	455,000	94	225	363,250	9.6%	12.9%	25.3%
Vacant Land	109	706	230,000	281	701	199,000	-61.2%	0.7%	15.6%

Note: Settlement figures 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 Construction

Monthly Number & Value of Dwelling Units Approved in New Residential Buildings, WA (ABS)



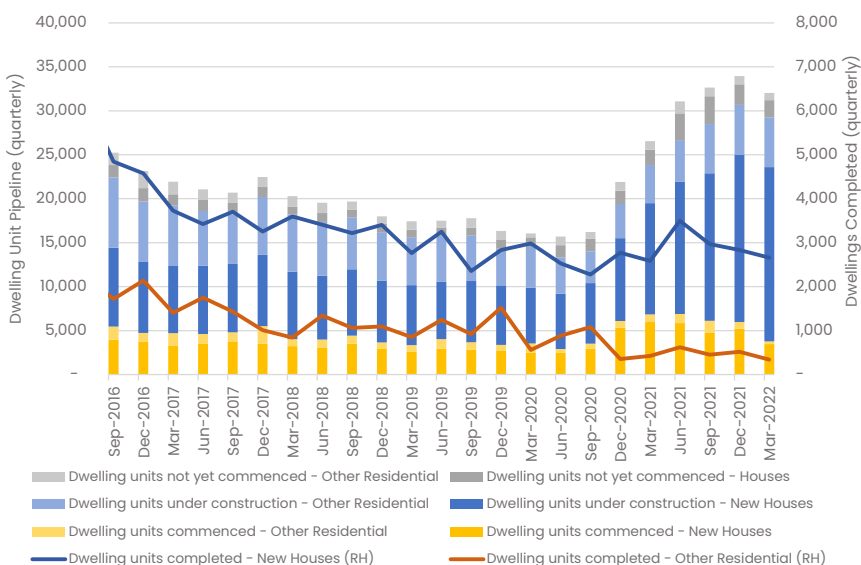
Building Approvals (ABS)

- In July, national dwelling approval numbers decreased by 18% MoM to 13,679 reflecting a -29% fall the same time in 2021. This total consisted of 10,079 approvals for houses (-3% MoM; -19% YoY) and 3,600 approvals for dwellings excluding houses (-42% MoM; -46% YoY).
- Seasonally adjusted monthly approvals figures across the country decreased by 17.2% with Western Australia leading the decline, down 36.9% followed by Victoria (-17.4%), NSW (-16.2%) with South Australia being only jurisdiction with a positive volume change (+19%).
- Monthly dwelling unit approvals in new residential buildings in WA in July consisted of 1,133 approvals for houses (-12% MoM; -30% YoY), 8 apartments approvals (-98% MoM; -91% YoY), and 50 semi-detached/row or terrace houses/townhouse (-52% MoM; -6% YoY).
- Across the 12 months to July 2022, 84% of approvals across WA were for detached dwellings which compared to 63% nationwide. Apartments comprised 12% of the national approval quantum versus 11% for WA, while semi-detached comprised 17% of approvals nationally but just 4% in WA.
- In May, the national value of new residential building jobs decreased by 13% MoM to \$5.6 billion (-15% YoY).

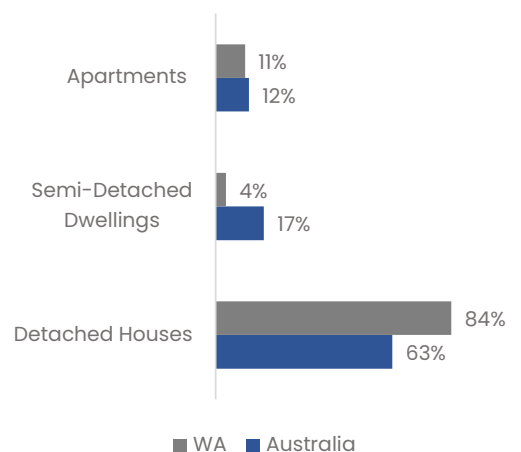
Building Activity (ABS)

- There were a record 19,821 detached houses under construction across WA in the March 2022 quarter which was +4% on the December quarter, +57% YoY and +78% on the long run average.
- The volume of WA's new dwelling commencements eased by 37% QoQ to 3,781 driven by further softening in Other Residential commencements which were down -57% QoQ and -64% YoY. Detached house commencements dropped 34% across the quarter to 3,458 this represented a 42% annual decline from March 2021 highlighting the on-going moderation in the forward construction activity pipeline.

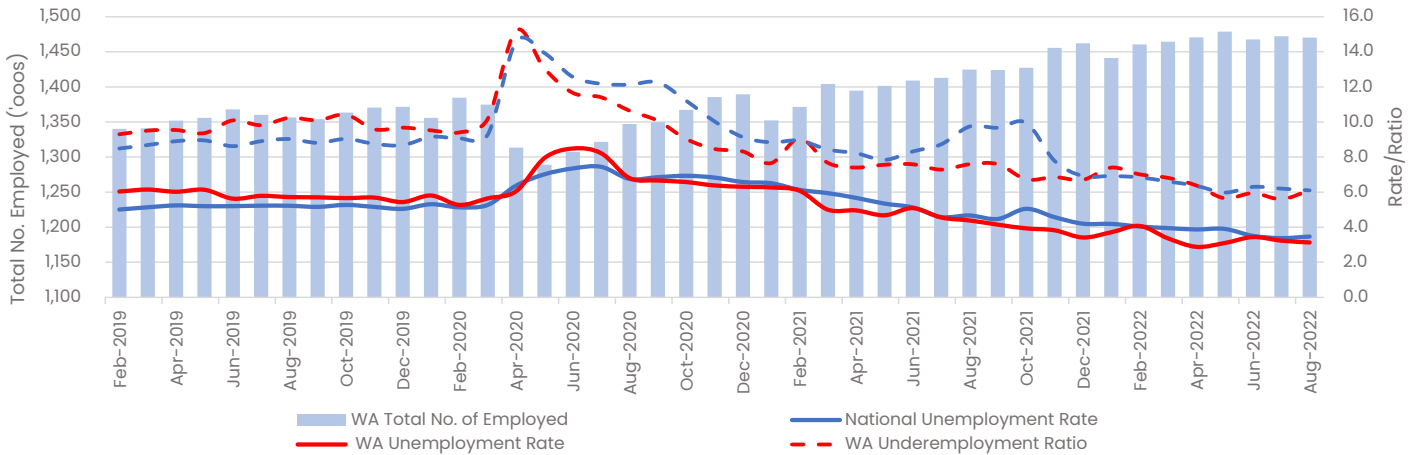
WA Residential Building Activity & Pipeline (ABS)



Proportion of Dwelling Approvals by Type, Rolling 12 Month Average WA v Australia (to July 2022)



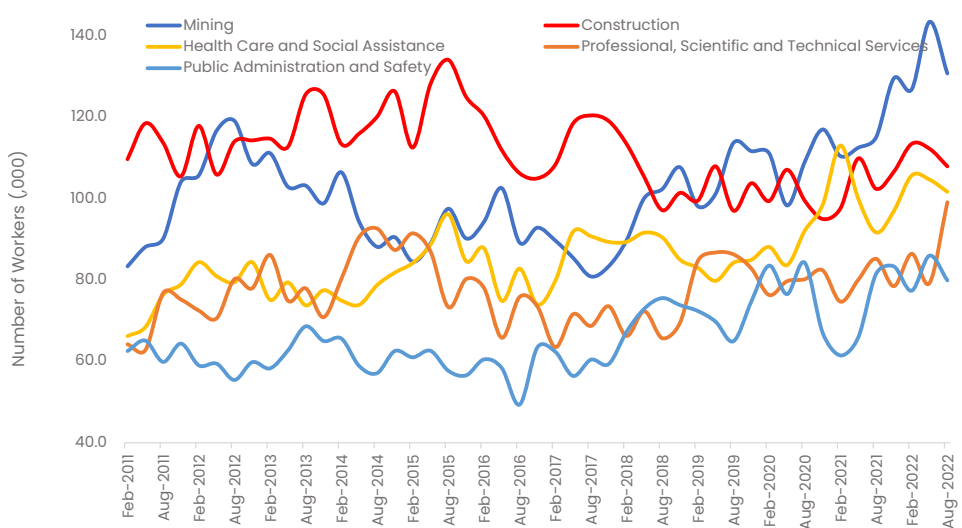
WA & National Labour Force Snapshot (ABS)



Labour Force (ABS)

- In August, Australia’s unemployment rate (seasonally adjusted) increased to 3.5% from 3.4% in July, while the unemployment rate for WA dropped to 3.1% which is -1.3 pts lower than 12 months prior.
- The national participation rate increased by 0.3% to 66.6% in August, while WA’s participation rate decreased 0.2% MoM to sit at 69.3% (+0.2 pts YoY)
- Australia’s underemployment ratio for June dropped 0.1 pts from the previous month to 6.1% (-3.6 pts YoY) with WA’s underemployment rate increasing to 6.1% reflecting a 0.5 ppt increase over the month.

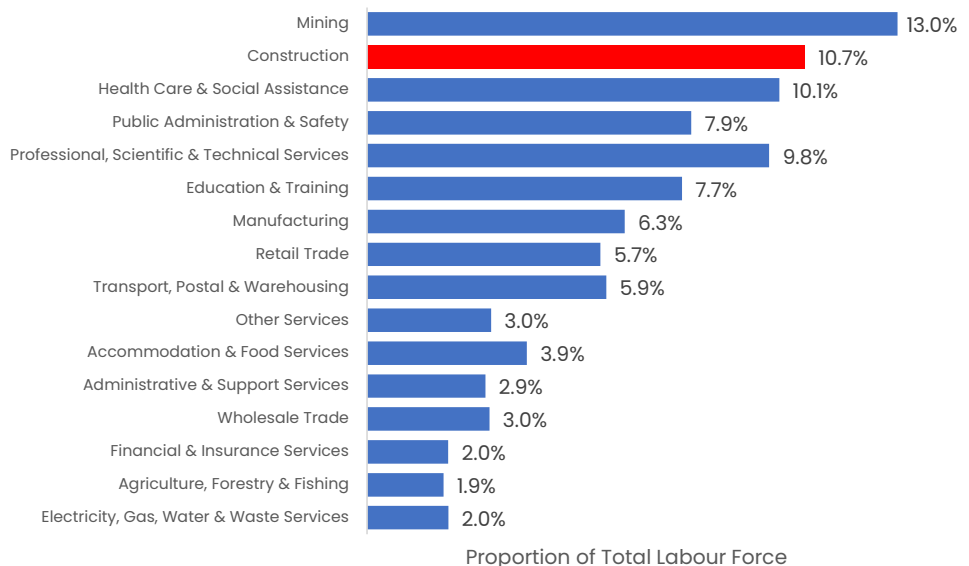
WA Full-Time Employment, by Sector (ABS)



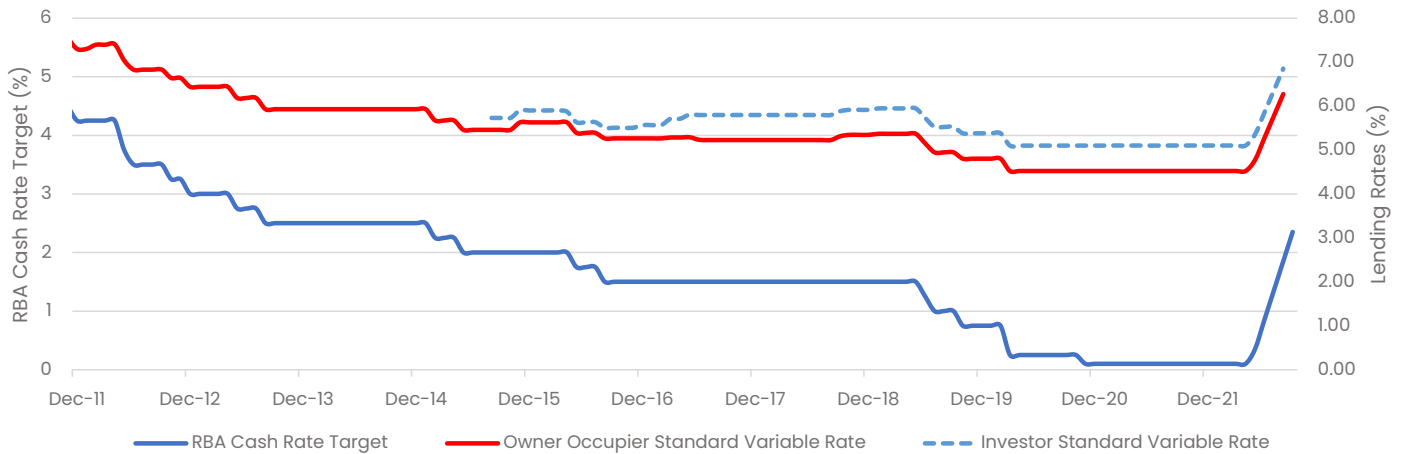
Labour Force Detailed (ABS)

- In the three months to August 2022, the number of full-time workers in the WA construction industry decreased by 3.9% QoQ to 107,900, which reflected an increase of 5.4% above levels at the same time in 2021.
- This total made up 10.7% of total WA full-time employees and remained the second highest industry total for the state after mining (13%), followed by Health Care & Social Assistance (10.1%), Professional, Scientific and Technical Services (9.8%) and by Public Administration and Safety (7.9%).

WA Full-Time Employment Industry Composition (Aug 2022) (ABS)



Cash Rate & Indicator Lending Rates (RBA)



Housing Rates & Cash Rate

- In August the owner-occupier variable interest rate lifted 0.50 ppts to 6.27% and the investor standard variable lending rate lifted to 6.85% respectively.
- The cash rate target rose 50 basis points to 2.85% at the RBA Board's September meeting. The RBA's move is underpinned by continued increased inflation. Global factors, including ongoing COVID-related disruptions to supply chains and the war in Ukraine, account for much of this increase in inflation.

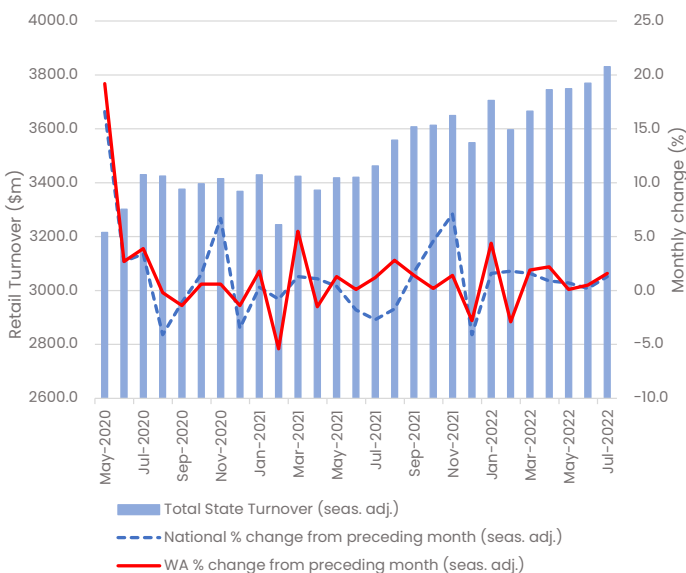
Consumer Price Index (ABS 6401)

- The Consumer Price Index (CPI) for Australia rose 1.8% QoQ in June 2022 to 126.1 and saw annual growth of 6.1% from the same time the year prior. WA's CPI similarly lifted 2.5% QoQ to 125.4 and was up 7.4% from the 112.1 recorded in April 2021.
- The aggregate growth in the headline inflation rate was driven by strong quarterly growth in new dwelling purchases by owner occupiers (+5.6%), automobile fuel (+4.2%) and furniture (+7.0%).

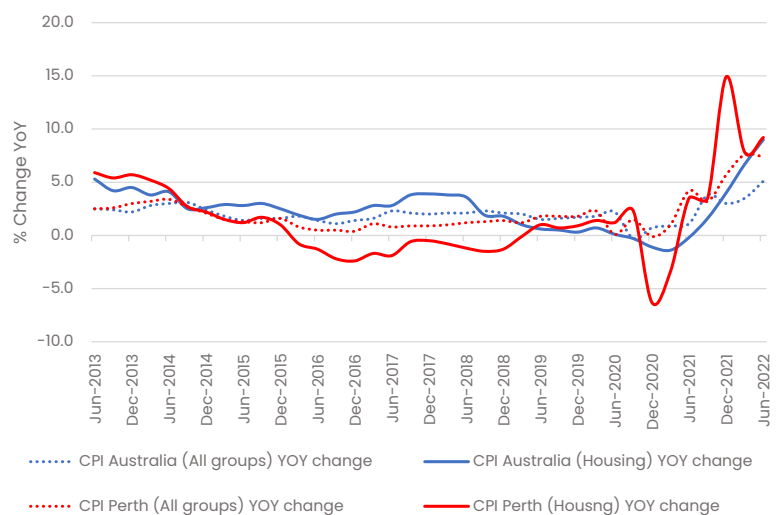
Retail Trade (ABS 8501)

- In July national retail turnover (seasonally adjusted) rose 2.3% MoM to \$33.7 billion, 15.8% higher than the same time in July 2021. WA retail turnover for June grew 3.5% MoM to sit at \$3.73 billion, a figure 9.8% higher than the same time the year prior.

WA Retail Turnover (ABS)



CPI % YoY Change (ABS)





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