

EDITION 22.2



PERTH CAPITAL CITY REVIEW

 **PERFORMANCE**
PROPERTY RESEARCH

DISCLAIMER

The data presented in this report are sourced from 3rd party resources that we have selected due to their reliability and availability over the historical periods that we require for our research to be relevant. Due to the fact that the current year is not yet complete, data presented for the current year are estimated to represent a full year.

PERTH AT A GLANCE

Price Parameters - Adjusted for Current Interest Rate

	HOUSE AI	PRICE	UNIT AI	PRICE
AI FLOOR	17%	\$291,159	16%	\$276,354
AI CURRENT	32%	\$580,000	23%	\$408,000
AI CEILING	57%	\$1,032,516	48%	\$869,937
3 YR PRICE TARGET	\$630,000 - \$820,000 Low Conviction		\$440,000 - \$580,000 Low Conviction	

In the current stage of cycle

The Perth house market has a **Buy Value Rating** while the unit market has a **Buy Value Rating**.

If buying houses, it would be best suited to a **Medium Term Hold Strategy**. If buying units, it would be best suited to a **Medium Term Hold Strategy**.

We classify the Perth house market currently as a **Medium - High Risk Investment**, and the Perth unit market as **Medium - High Risk Investment** based on the stage of cycle.

Legend

Medium Term Strategy = **4 to 7 years**
Long Term Strategy = **10+ years**

HOUSE
YIELD **4.4%**

UNIT
YIELD **6.3%**

UNEMPLOYMENT RATE **3.6%**

POPULATION



Current: **2,205,223**
Current Growth Rate: **1.48%**
Avg 10 Yr Growth Rate: **1.63%**

CURRENT MEDIAN HOUSE

\$580,000

CURRENT MEDIAN UNIT

\$408,000

LONG TERM COMPOUNDED
GROWTH PA (1980) IS **7.07%** FOR
HOUSES & **6.14%** FOR UNITS.

Houses the last 3 years have seen 5.07%
PA growth, units 2.85%.

7.07%

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Average Days
on Market

Houses : **16**
Units : **30**



EXECUTIVE SUMMARY

KEY MARKET INDICATORS

Positive

Affordability Index HOUSE V. Price Movement.....	08
WA Monthly Housing Finance.....	09
Stock on Market V. Avg Days on Market.....	10
Vacancy Rate V. Median Rent.....	11
Job Creation Index.....	12

SUPPLY & DEMAND - Positive

Does Demand Exceed Supply?

Change in Population.....	13
State Population Movement Type.....	14
Foreign Investment.....	15
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Bedrooms V. Population Change.....	19

AFFORDABILITY - Slightly Positive

Is Property Affordable?

Affordability Index HOUSE V. Price Movement.....	08
Affordability Index UNITS V. Price Movement.....	20
Price to Income Ratio.....	21
Rent as % of Income V. Affordability Index.....	22
FHBs as % of Population.....	23

CONFIDENCE - Positive

Is There Confidence In The Market?

Retail Turnover Growth.....	24
Mortgage Arrears.....	25
Unemployment Rate	26
Underemployment Rate	27
State Job Vacancies	28
Business Investment	29
WA Mineral Exploration Expenditure.....	30

MONEY SUPPLY - Positive

Will There Be More or Less Money Into The Economy?

State Budget	31
Net Debt as % of GSP.....	32
Gross State Product V. Median Price Movement.....	33

INVESTMENT VALUE - Positive

Is This Market Showing Value?

Current Investment Value - Per Capital City.....	34
Yield V. Interest Rates	35
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RISK - Slightly Positive

Is There Potentially Downside Volatility?

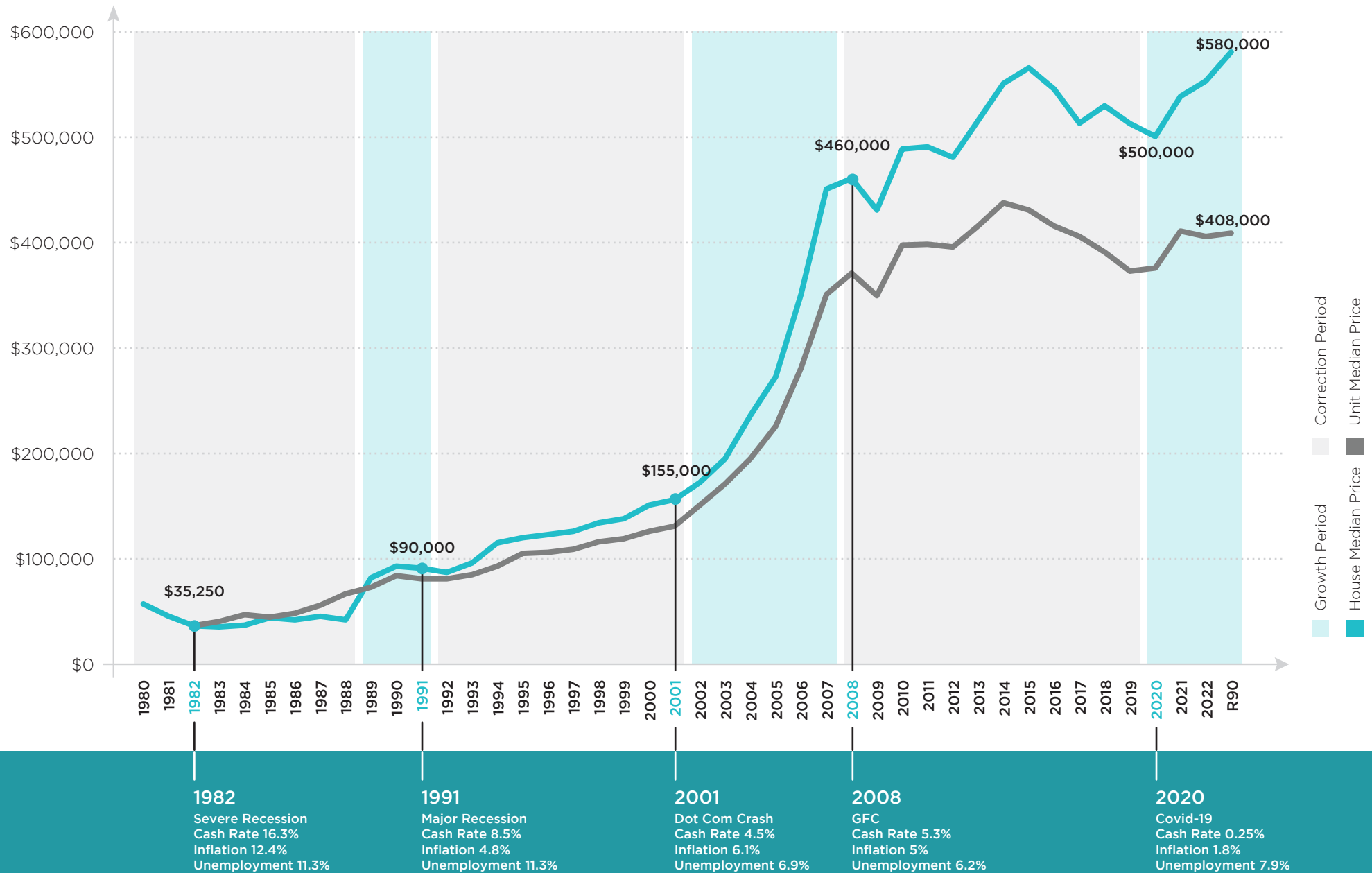
Affordability Index HOUSE V. Price Movement.....	08
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Positive
Slightly Positive
Neutral
Slightly Negative
Negative

PERTH HOUSE & UNIT PRICE MOVEMENT

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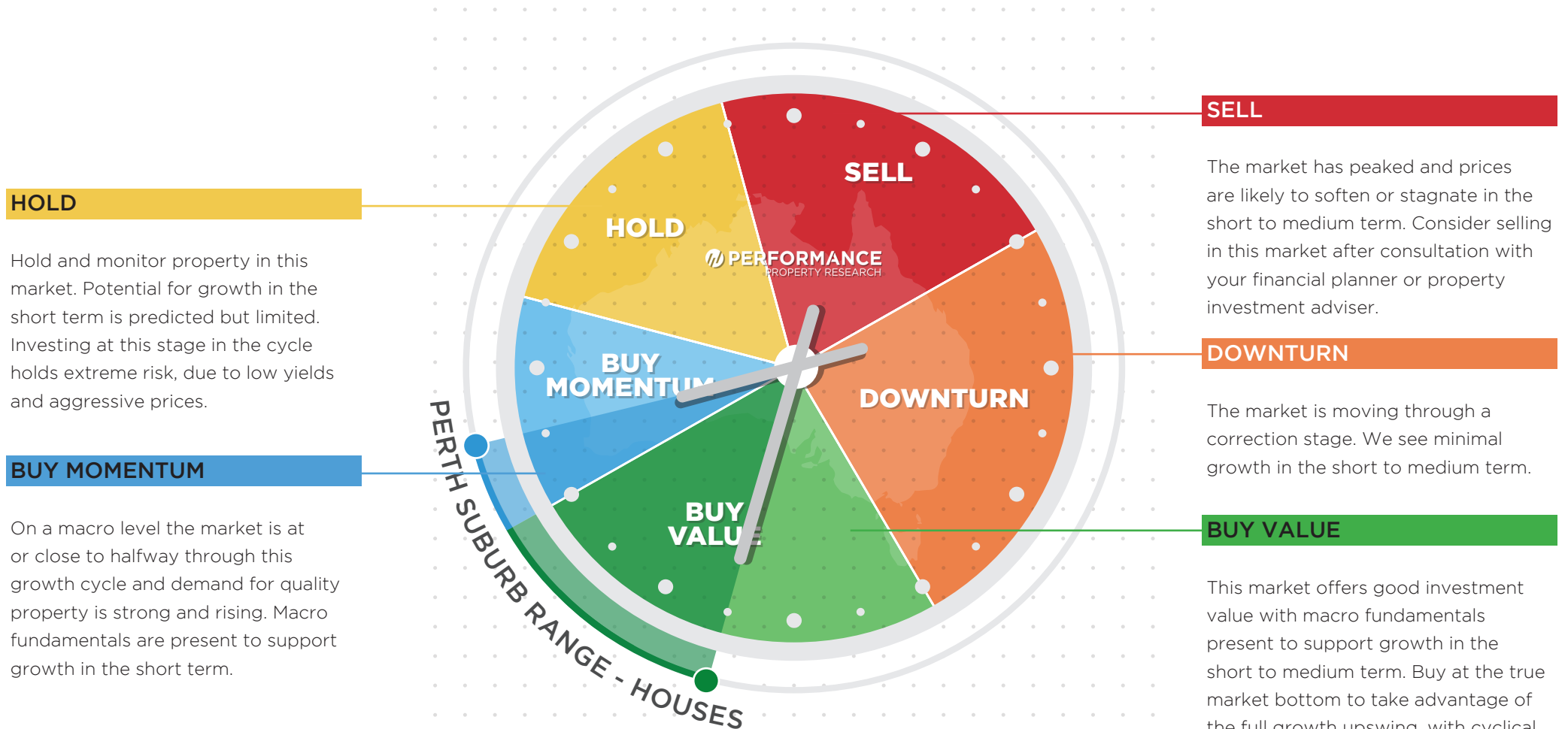
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OUR VIEW OF THE PERTH HOUSE MARKET

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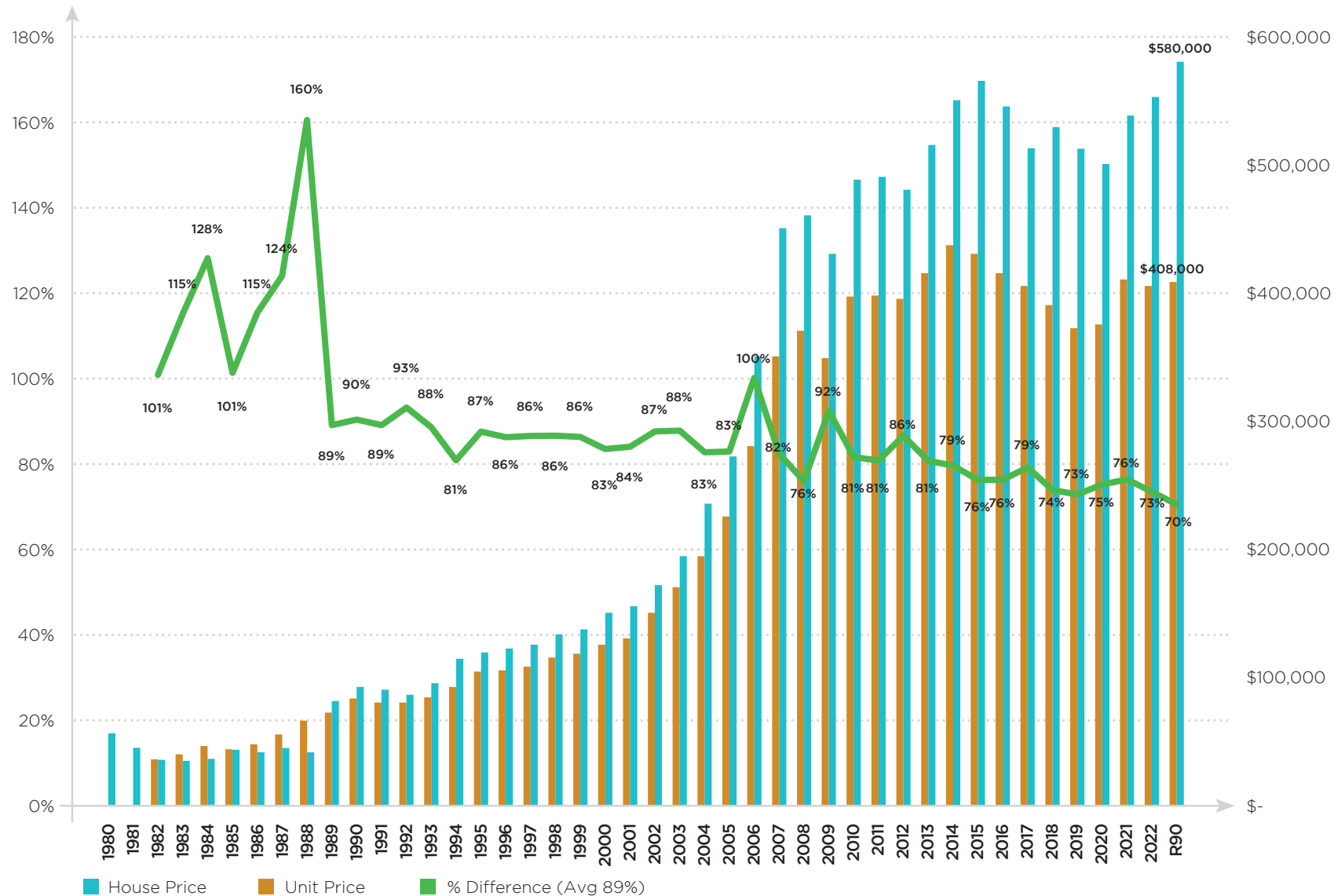
For more information on the Perth market, including individual property and suburb information, call to speak to one of our professional property advisors on (03) 8539 0300.

PERTH HOUSE V. UNIT PRICE COMPARISON

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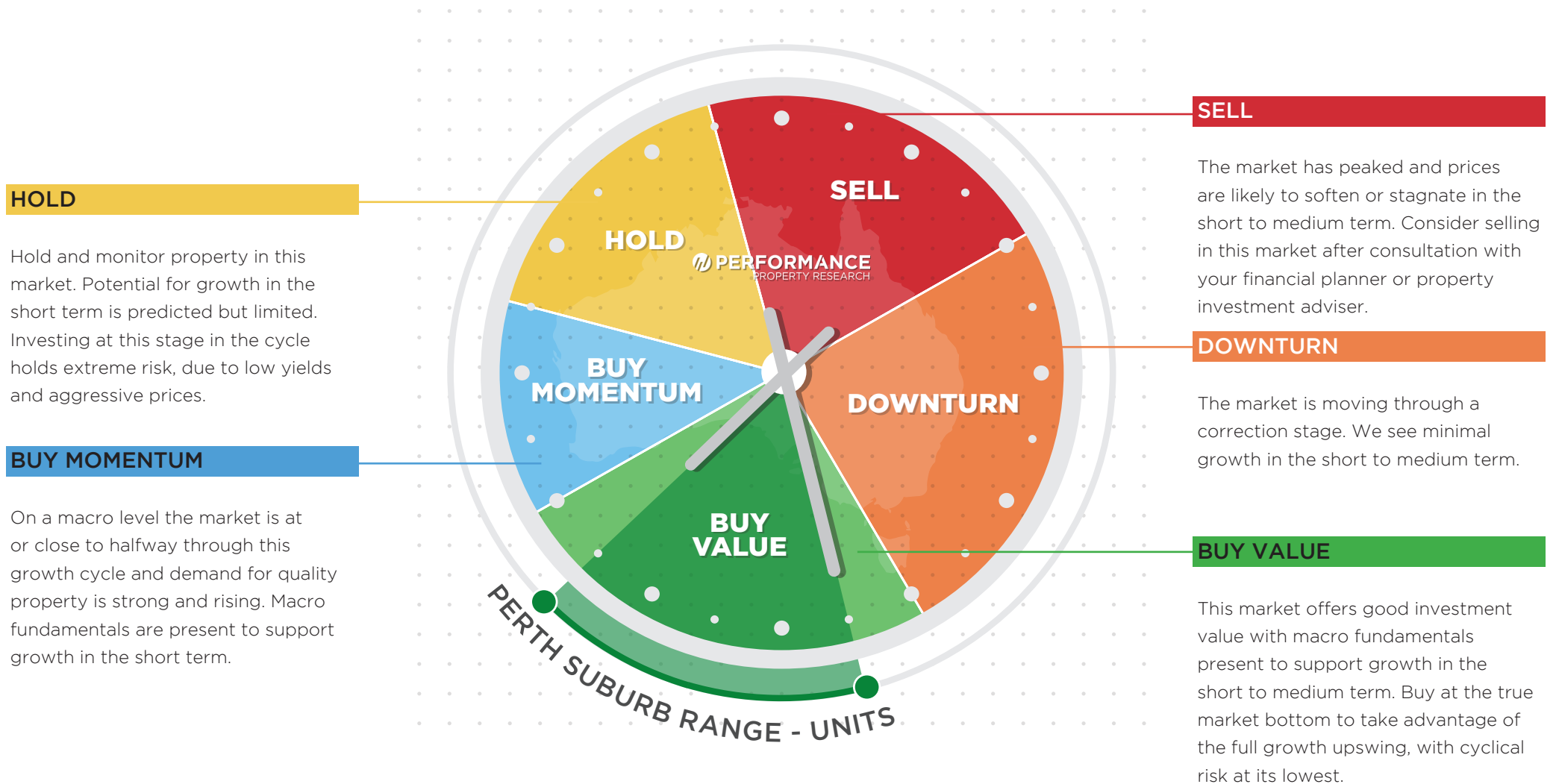
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This graph shows the comparison between house and unit price movements and the percentage difference for each year.



POSITIVE

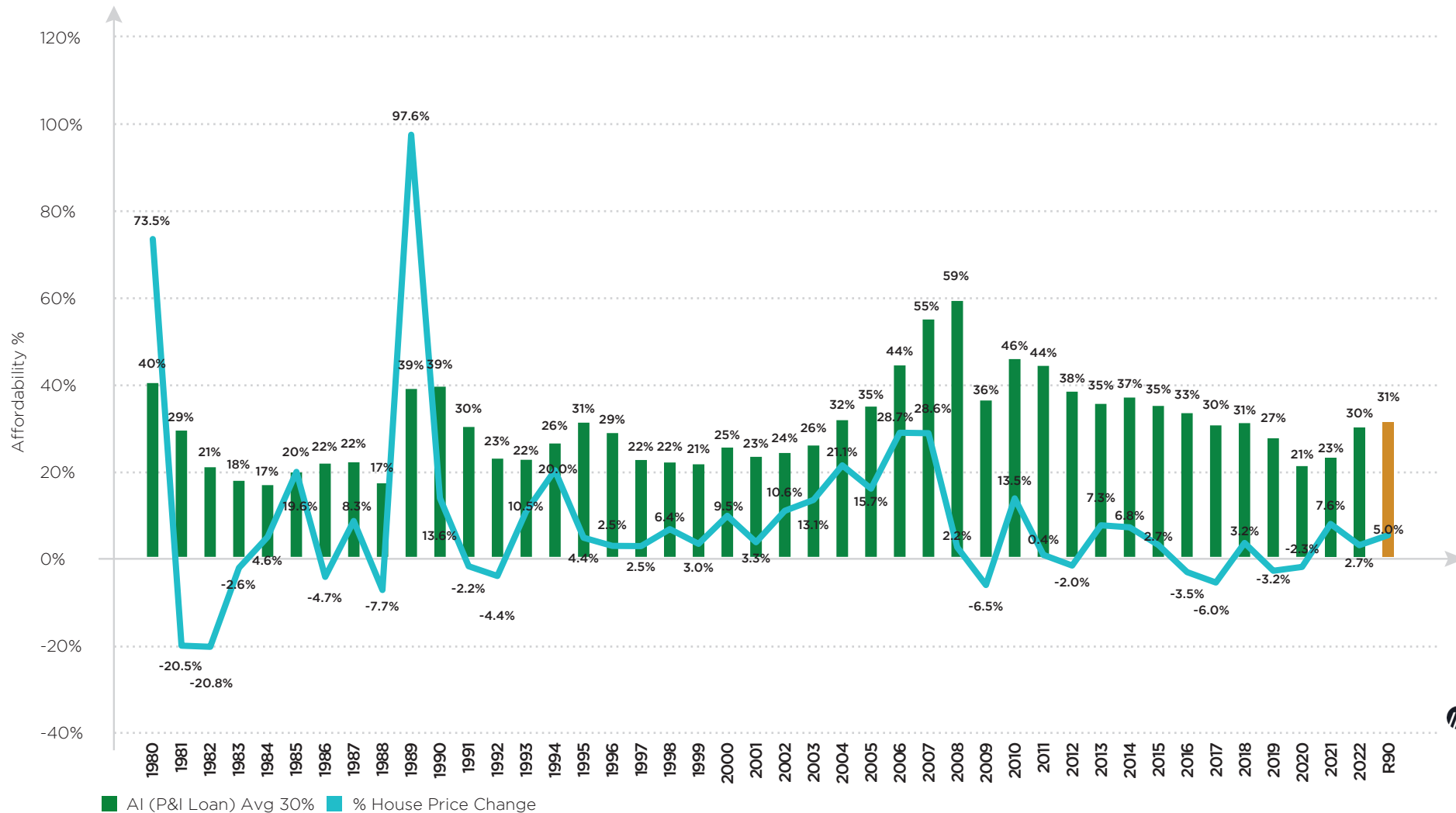
OUR VIEW OF THE PERTH UNIT MARKET



For more information on the Perth market, including individual property and suburb selections, call to speak to one of our professional property advisors on (03) 8539 0300.

AFFORDABILITY INDEX V. PRICE MOVEMENT - HOUSE

This graph displays the impact interest rates have on house price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term. For the current year, the rolling 90 days (R90) is shown to convey latest market status.

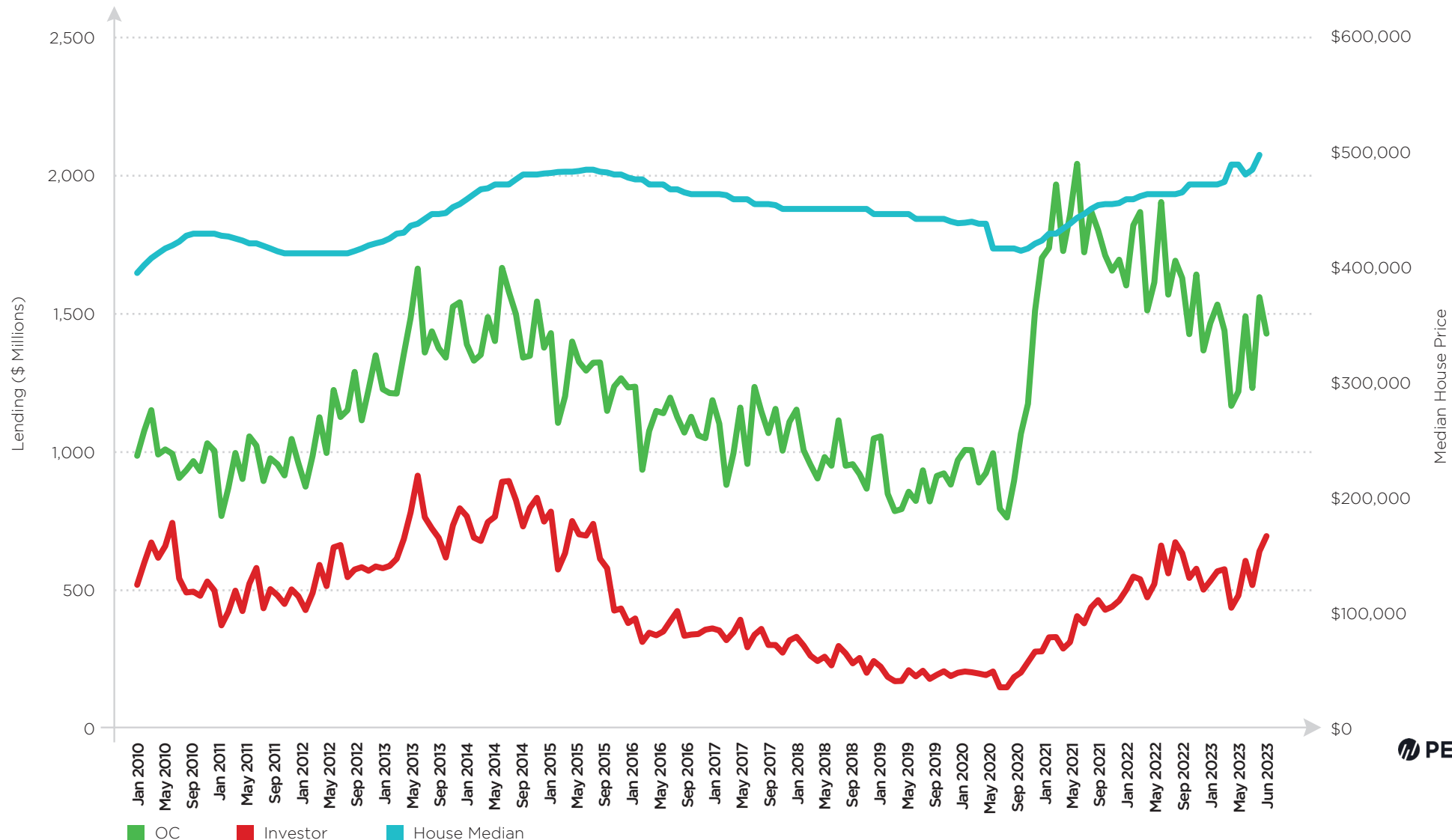


WA MONTHLY HH LENDING TO OC V. MEDIAN HOUSE PRICE

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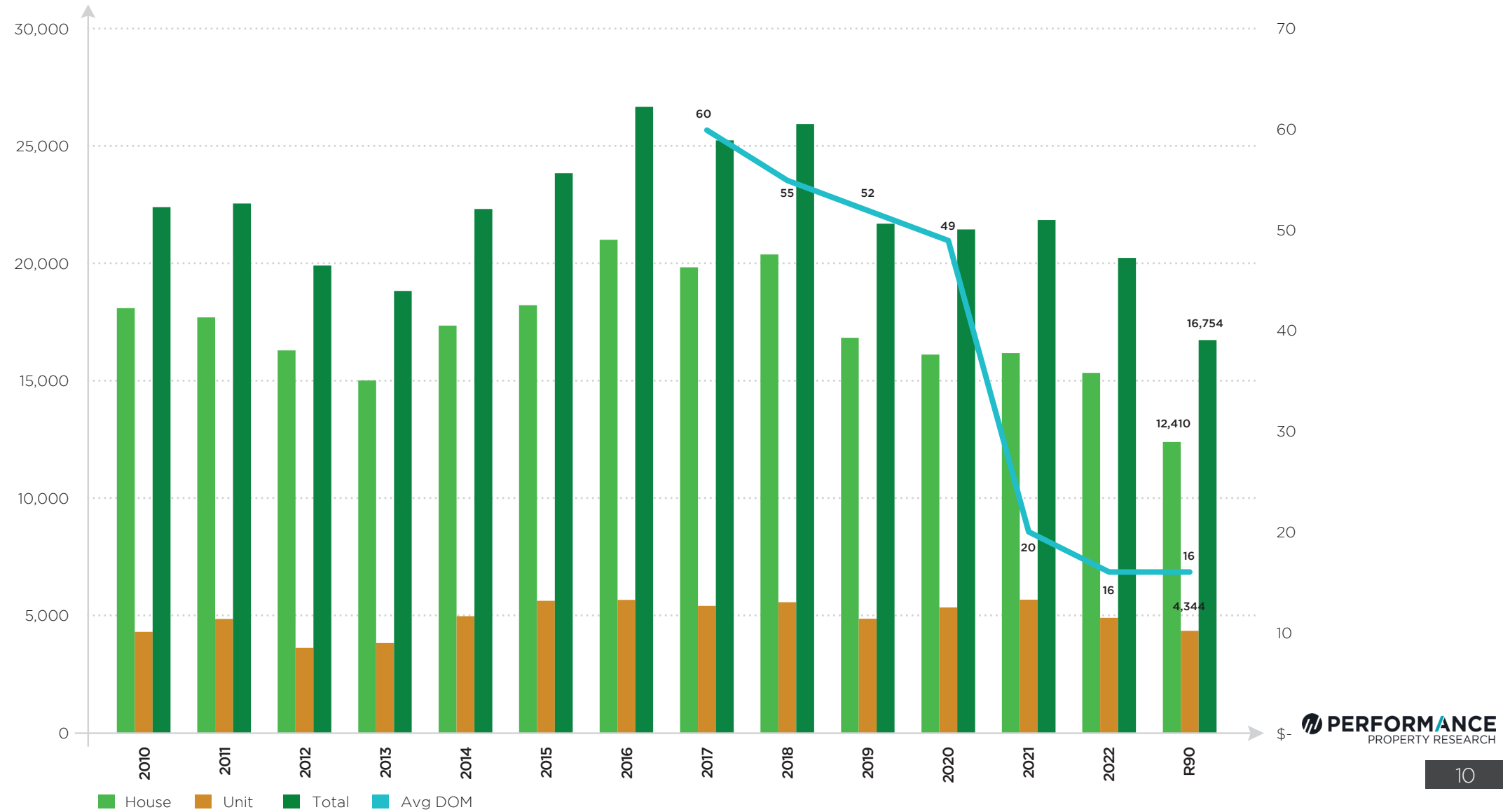
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This graph displays the value of housing finance for the state each month for owner occupiers and investors versus the median house price.



STOCK ON MARKET V. AVG DAYS ON MARKET

This graph displays the average days on market and stock on market in one month of each year.

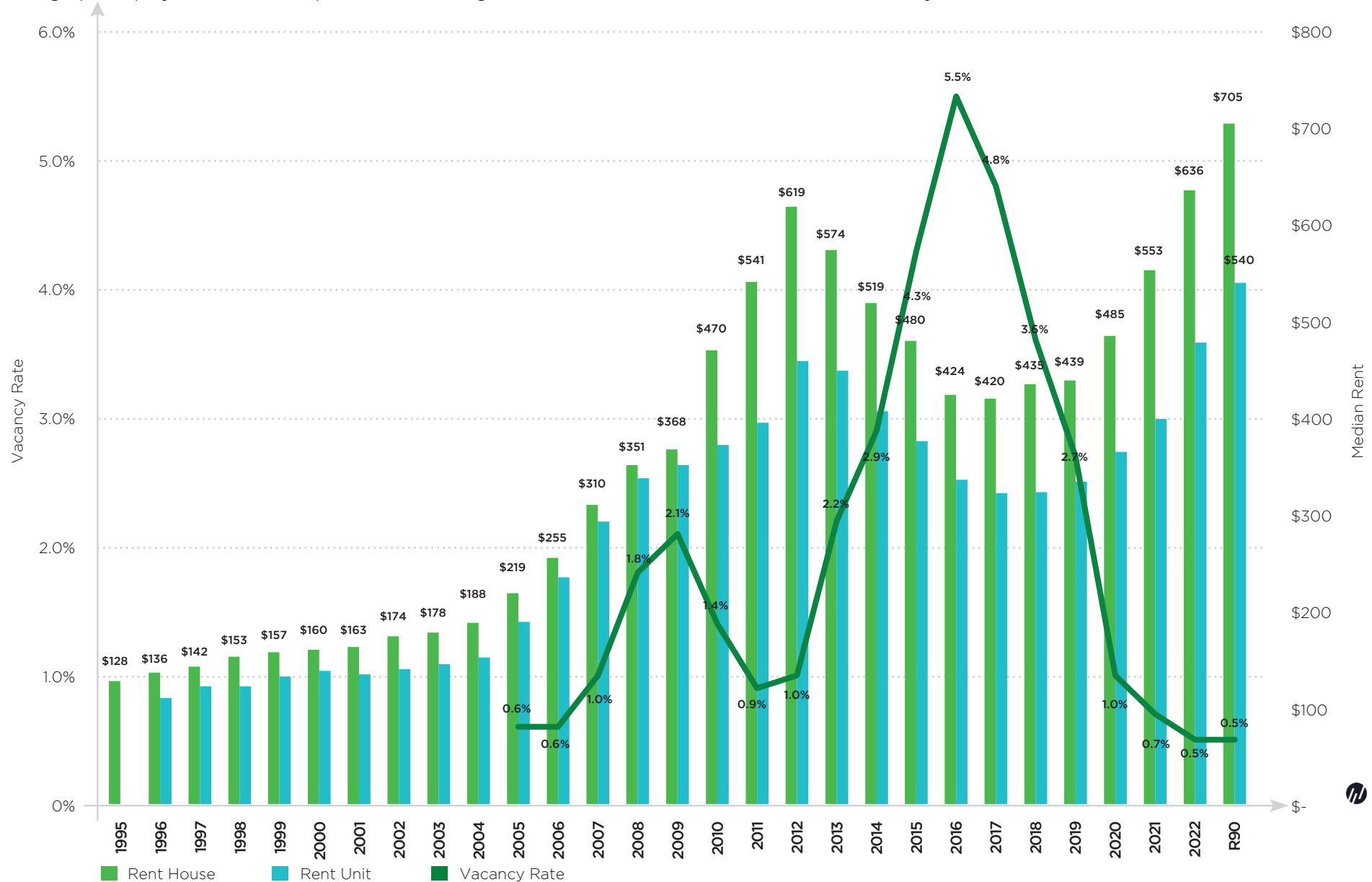


VACANCY RATE V. RENT

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This graph displays the relationship between rental growth for both houses and units and the vacancy rate.

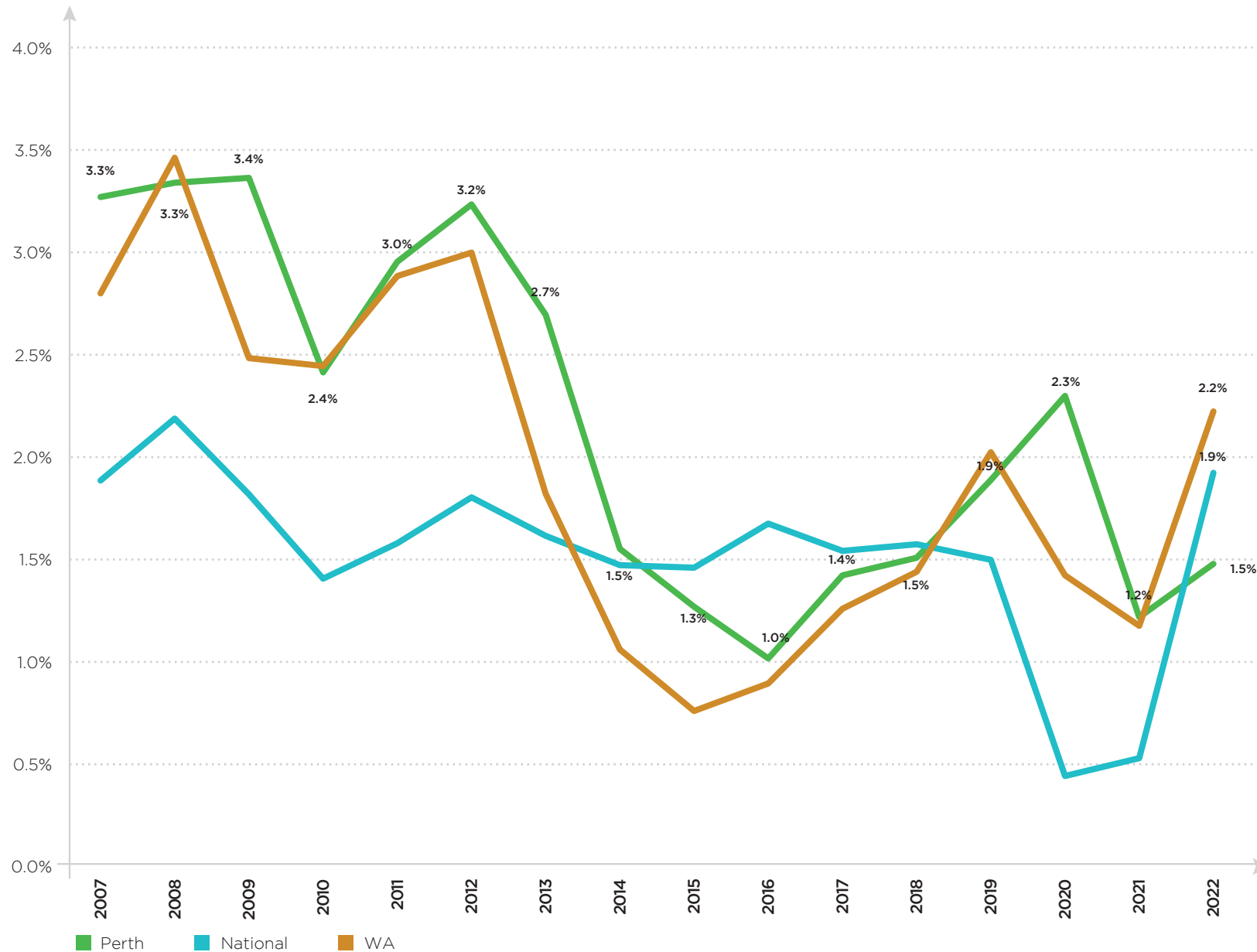


This line chart illustrates the monthly trend of new business registrations in Western Australia from January 2011 to July 2023. The Y-axis represents the number of registrations, ranging from 0 to 700 in increments of 100. The X-axis shows time in three-month intervals. Four regions are tracked: Perth (red), Pilbara (orange), Goldfields (green), and South West (teal). The chart shows a significant peak in registrations across all regions around late 2011 and early 2012, followed by a general decline. A sharp drop is visible in early 2020, likely due to the COVID-19 pandemic, after which there is a strong recovery. Pilbara consistently has the highest number of registrations, while Perth and South West have the lowest.

Month	Perth	Pilbara	Goldfields	South West
Jan 2011	115	430	280	110
Apr 2011	130	500	300	130
Jul 2011	140	550	350	140
Oct 2011	145	600	360	150
Jan 2012	135	550	350	140
Apr 2012	140	580	360	150
Jul 2012	135	600	350	120
Oct 2012	125	550	340	110
Jan 2013	90	450	250	70
Apr 2013	95	400	240	70
Jul 2013	90	320	170	60
Oct 2013	80	310	170	70
Jan 2014	85	290	180	70
Apr 2014	85	320	170	70
Jul 2014	85	280	170	70
Oct 2014	95	300	190	80
Jan 2015	80	230	160	80
Apr 2015	80	190	150	70
Jul 2015	80	220	170	70
Oct 2015	85	250	180	90
Jan 2016	70	190	170	70
Apr 2016	65	180	160	70
Jul 2016	65	190	170	70
Oct 2016	65	210	210	70
Jan 2017	60	200	200	60
Apr 2017	65	240	230	60
Jul 2017	70	250	240	60
Oct 2017	75	280	260	70
Jan 2018	70	250	250	70
Apr 2018	75	300	260	70
Jul 2018	80	310	280	70
Oct 2018	80	320	300	80
Jan 2019	75	290	270	75
Apr 2019	75	320	280	80
Jul 2019	75	310	280	80
Oct 2019	80	310	290	90
Jan 2020	75	280	270	80
Apr 2020	50	250	220	50
Jul 2020	80	350	320	140
Oct 2020	95	370	370	140
Jan 2021	90	350	350	130
Apr 2021	115	410	410	150
Jul 2021	120	380	400	150
Oct 2021	135	440	470	170
Jan 2022	130	420	440	170
Apr 2022	150	510	510	200
Jul 2022	160	470	490	180
Oct 2022	160	520	530	210
Jan 2023	135	410	450	170
Apr 2023	155	480	460	200
Jul 2023	155	470	470	210

CHANGE IN POPULATION

This graph shows the percentage change in the population growth rate for the city, state and Australia.



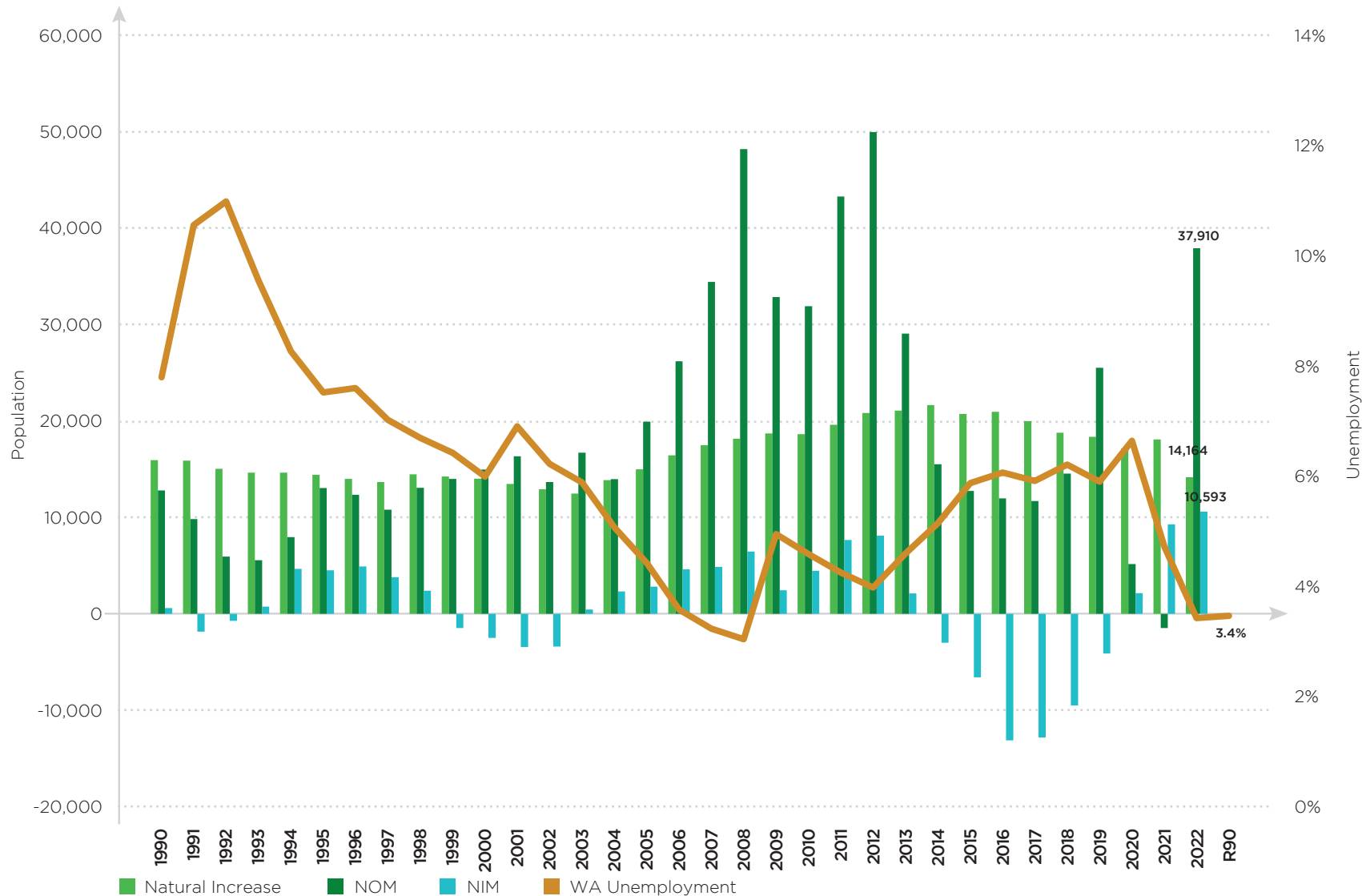
SLIGHTLY
POSITIVE

WESTERN AUSTRALIA POPULATION MOVEMENT TYPE

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This graph demonstrates the breakdown of Natural Increase, Net Overseas Migration (NOM) and Net Interstate Migration (NIM) for the state.

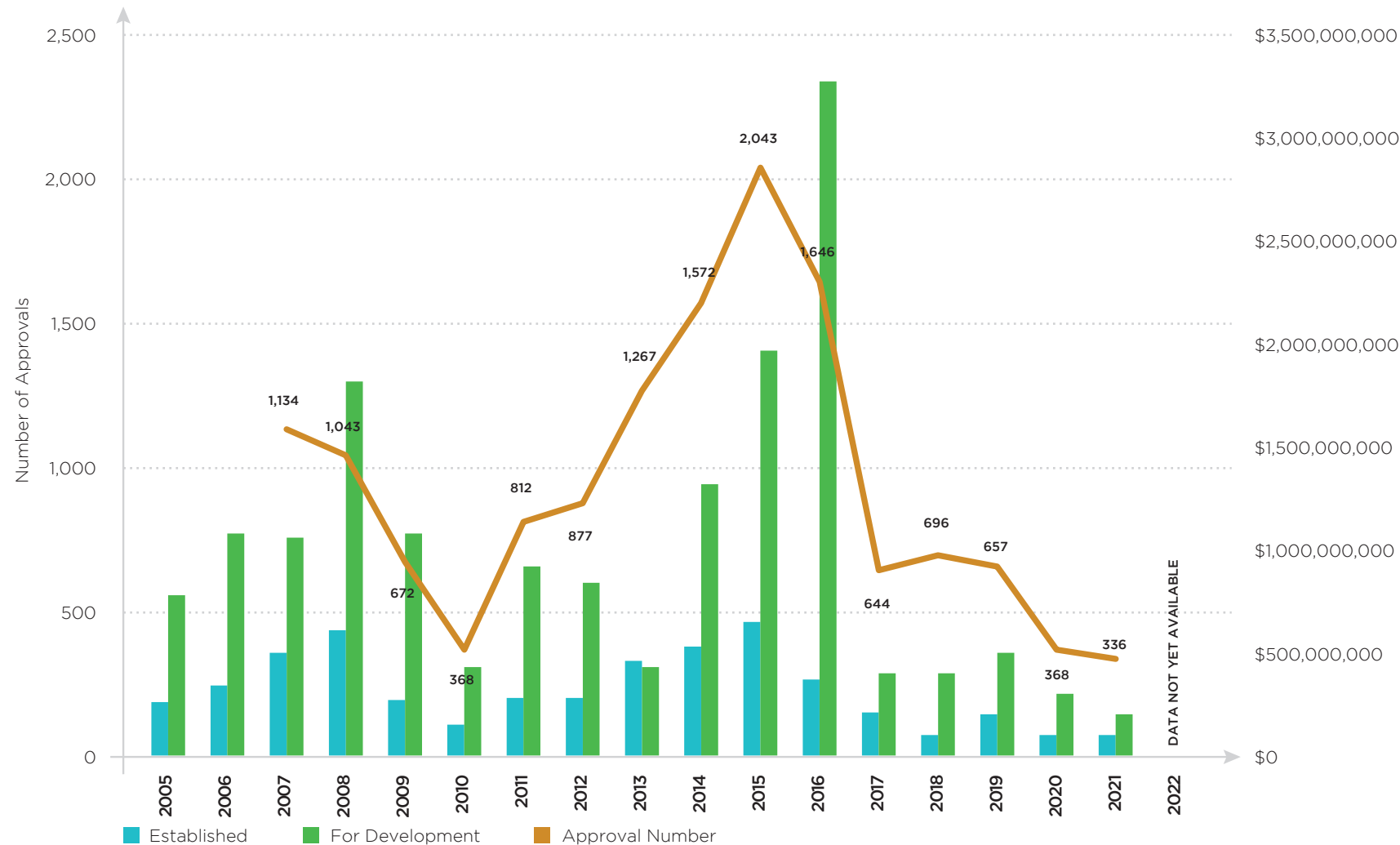


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FOREIGN INVESTMENT APPROVALS - NEW V. ESTABLISHED PROPERTY

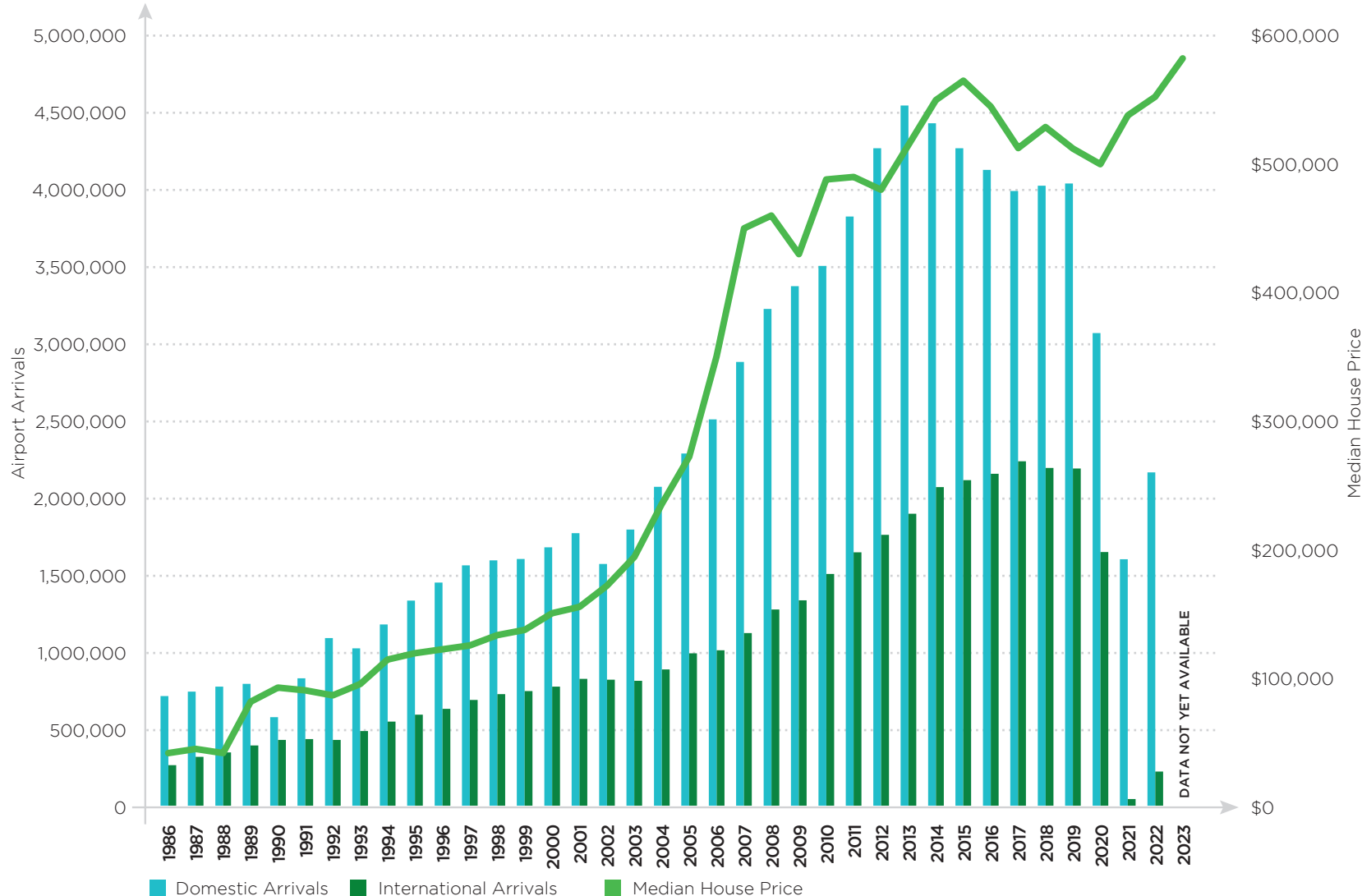
This graph shows the amount of foreign investment approvals for the state's residential market since 2005. Approvals are broken down into established property and developed/for development.



POSITIVE

AIRPORT ARRIVALS V. MEDIAN HOUSE PRICE

This graph shows the numbers for International and Domestic arrivals into the city's airport from 1986 plotted against the median house price. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on current house median movement.



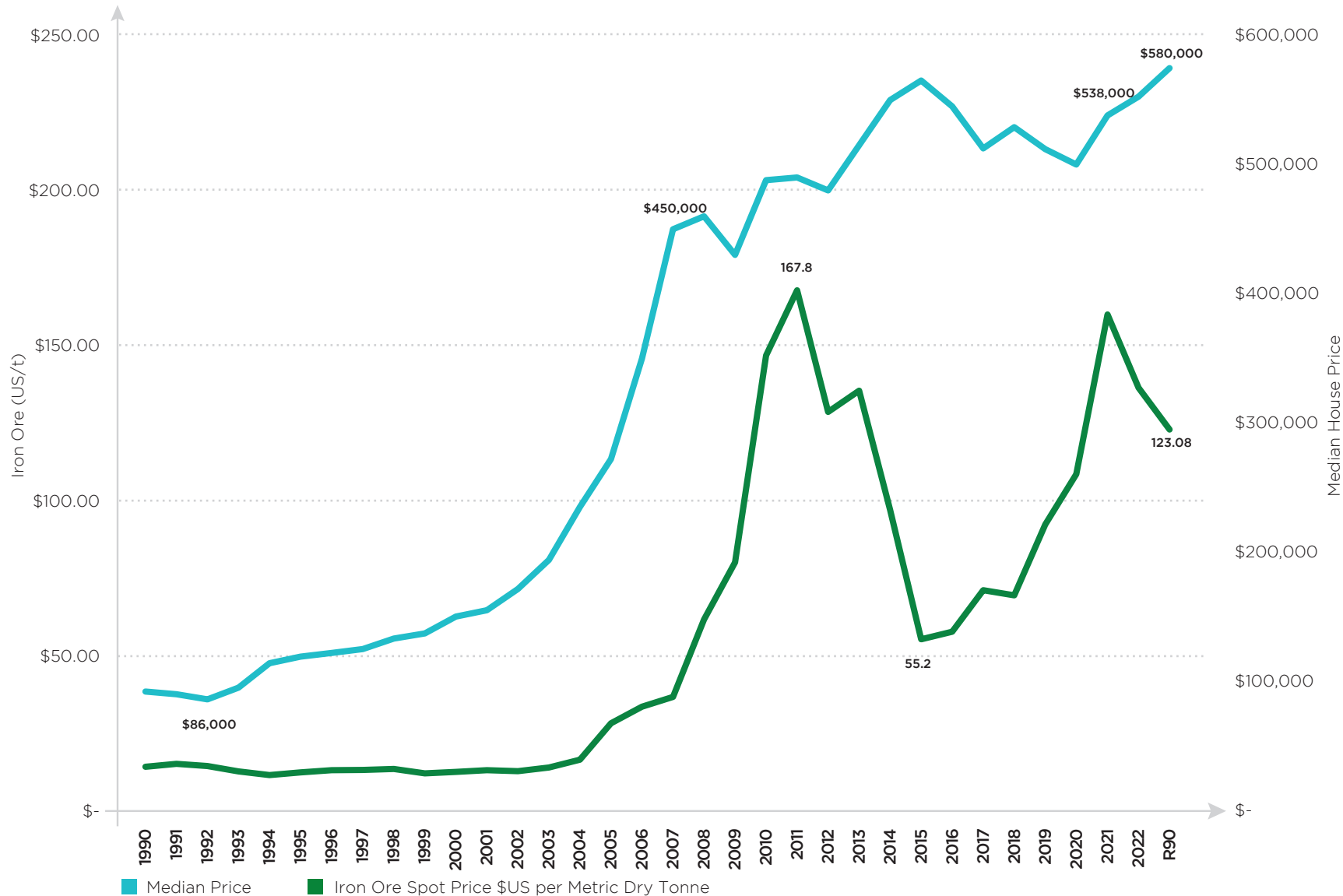
NEGATIVE

IRON ORE PRICE V. MEDIAN HOUSE PRICE

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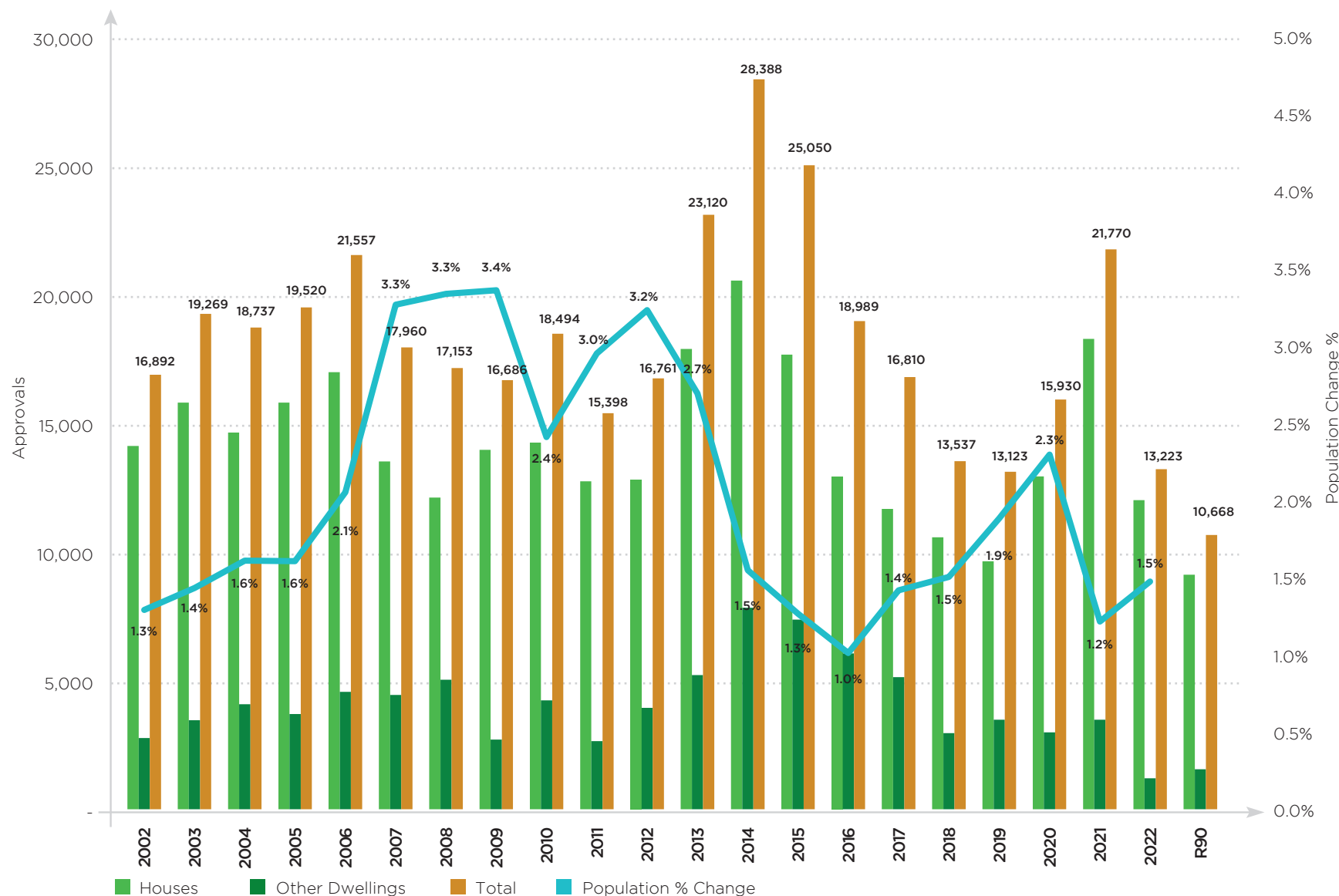
This graph displays the relationship between the iron ore price and median house price.



SLIGHTLY
NEGATIVE

DWELLING APPROVALS V. POPULATION % CHANGE

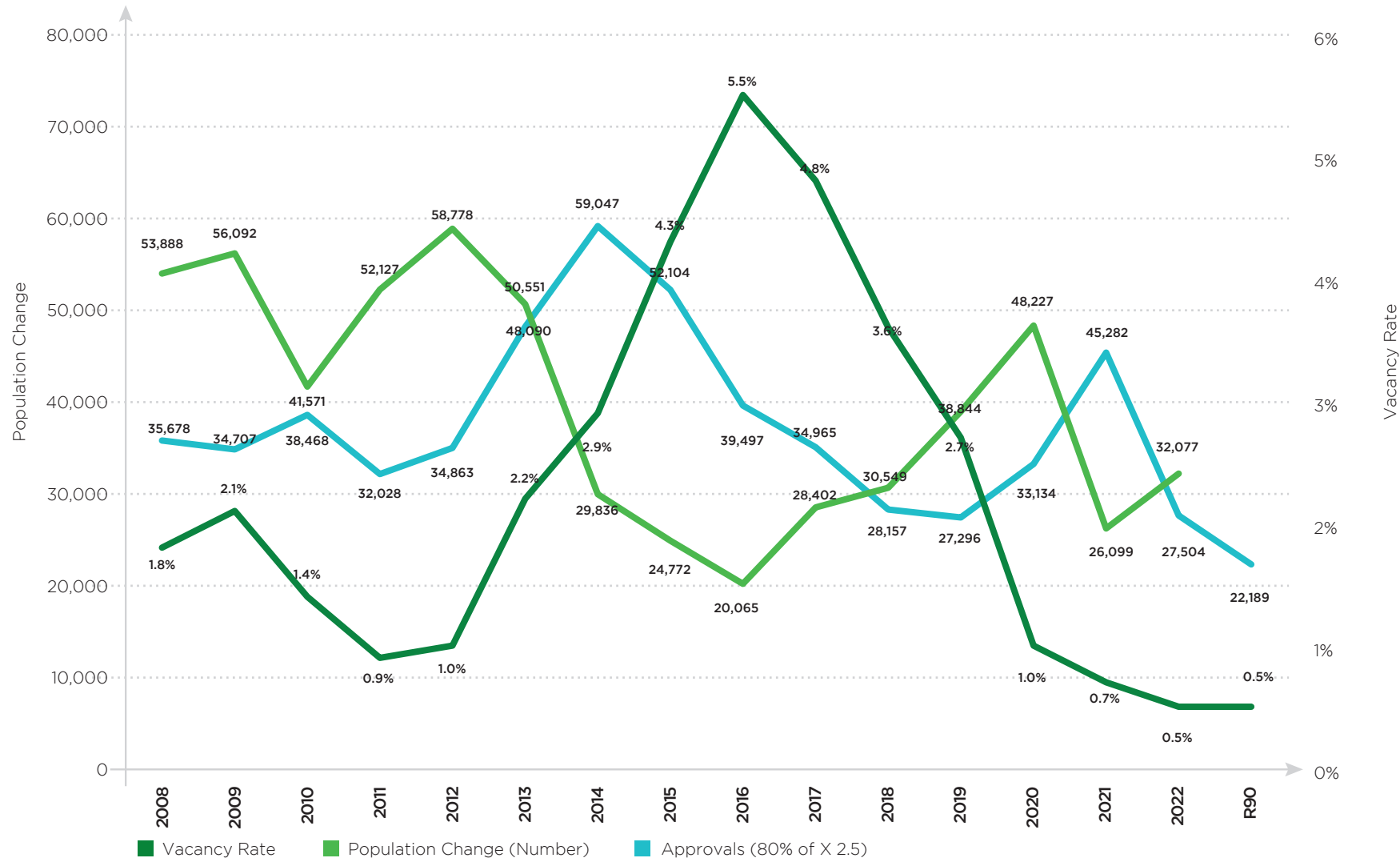
This graph shows the relationship between population growth and dwelling approvals in the Greater City region.



POSITIVE

BEDROOM APPROVALS V. POPULATION CHANGE

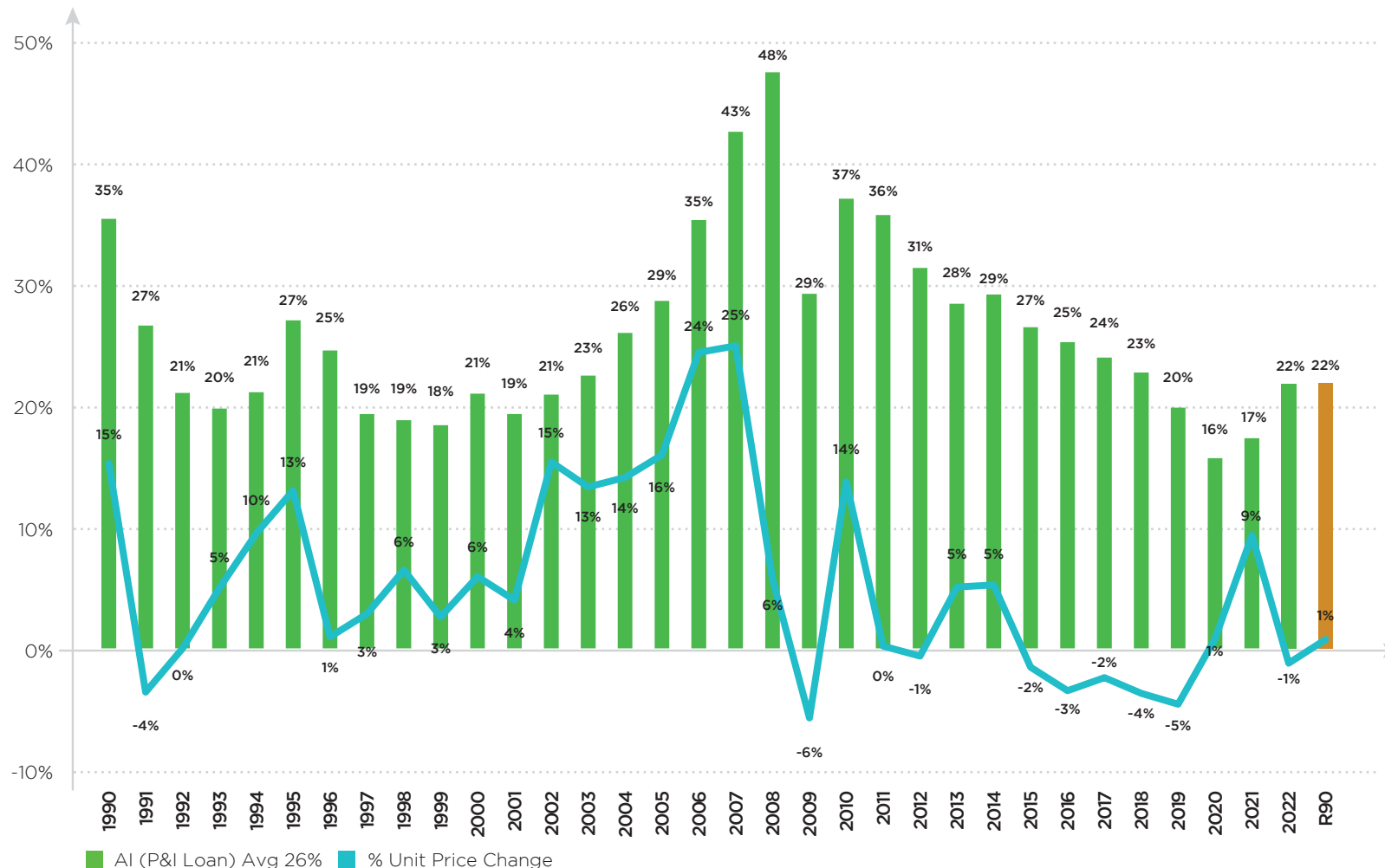
This graph shows the relationship between the assumed number of bedrooms being commenced, the change in population numbers and the vacancy rate. Performance Property calculates this assuming 80% of approvals commence, and multiplying by the average household size of the city.



POSITIVE

AFFORDABILITY INDEX V. PRICE MOVEMENT - UNIT

This graph displays the impact interest rates have on unit price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term. The current year is still incomplete thus, it is represented by the R90 axis instead which stands for "recent 90 days". This is specifically shown to give emphasis to the latest market status.



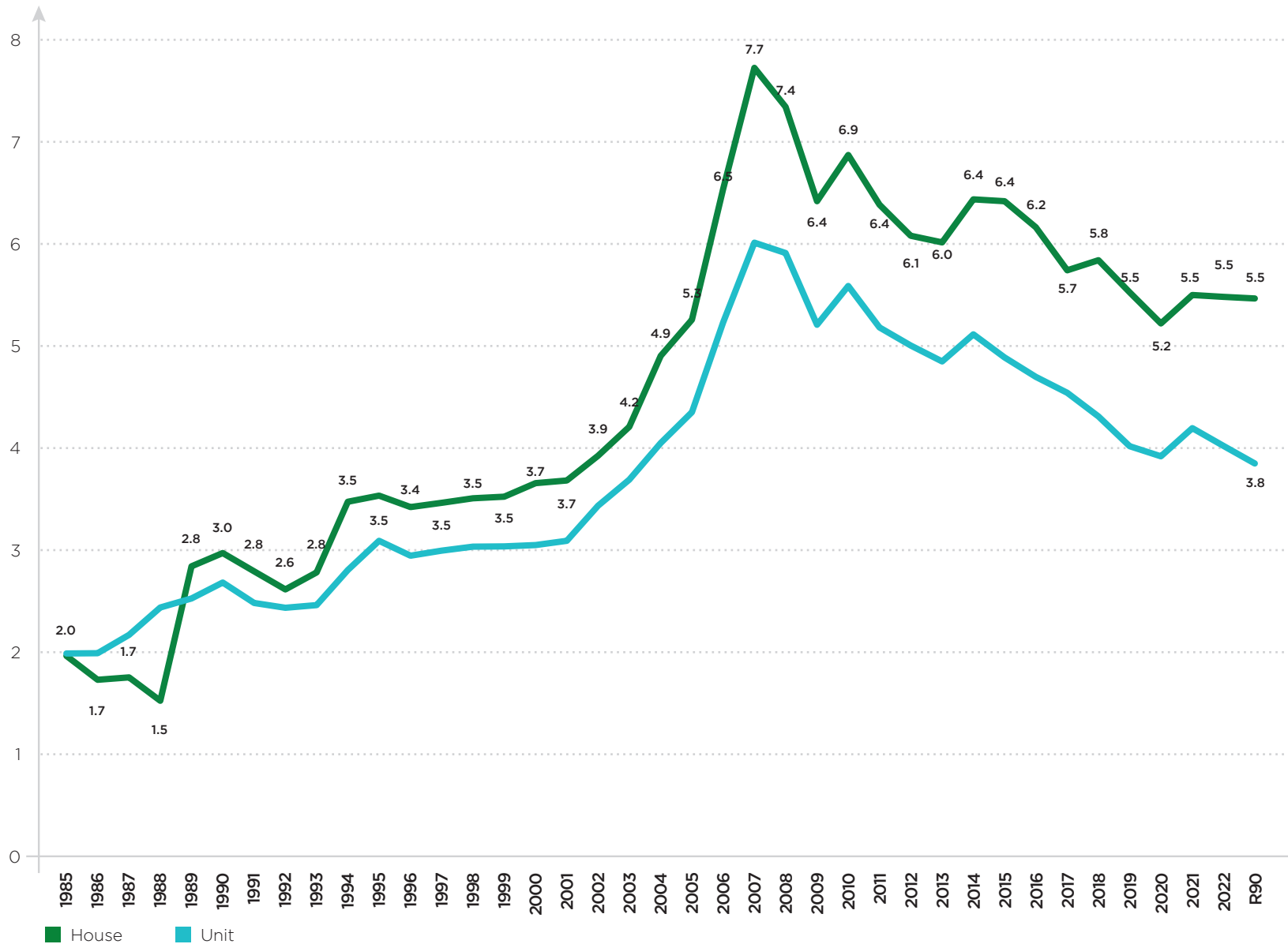
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PRICE TO INCOME RATIO

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This graph displays the price to income ratio which is the relationship between the median house price and the average annual income. This also represents the average time taken to save a 20% deposit when assuming 20% of the average wage is saved.



**SLIGHTLY
POSITIVE**

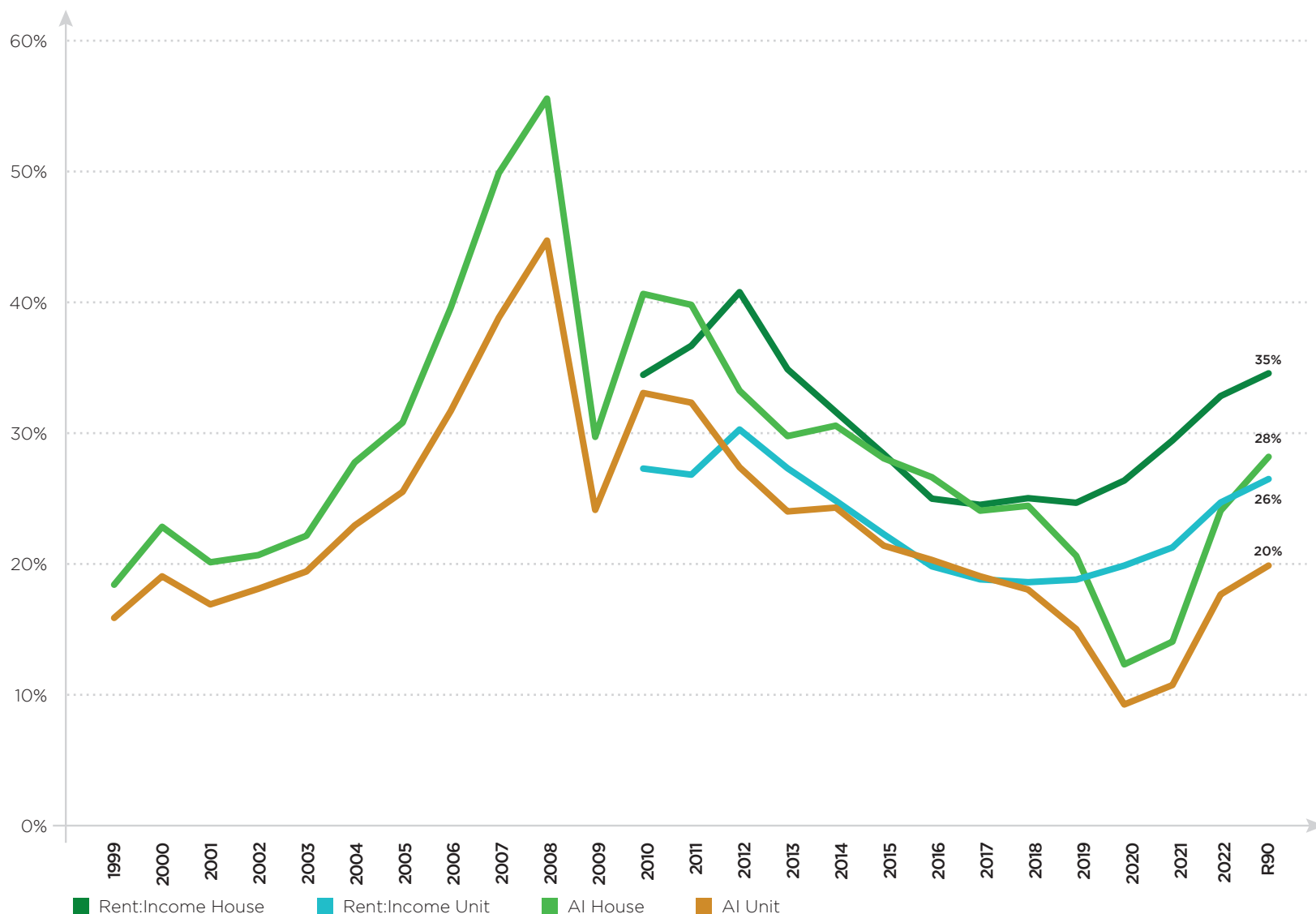
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RENT AS % OF INCOME V. AFFORDABILITY INDEX

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This graph displays the percentage of the average wage that pays the median rent versus the Performance Property Affordability Index for houses and units.

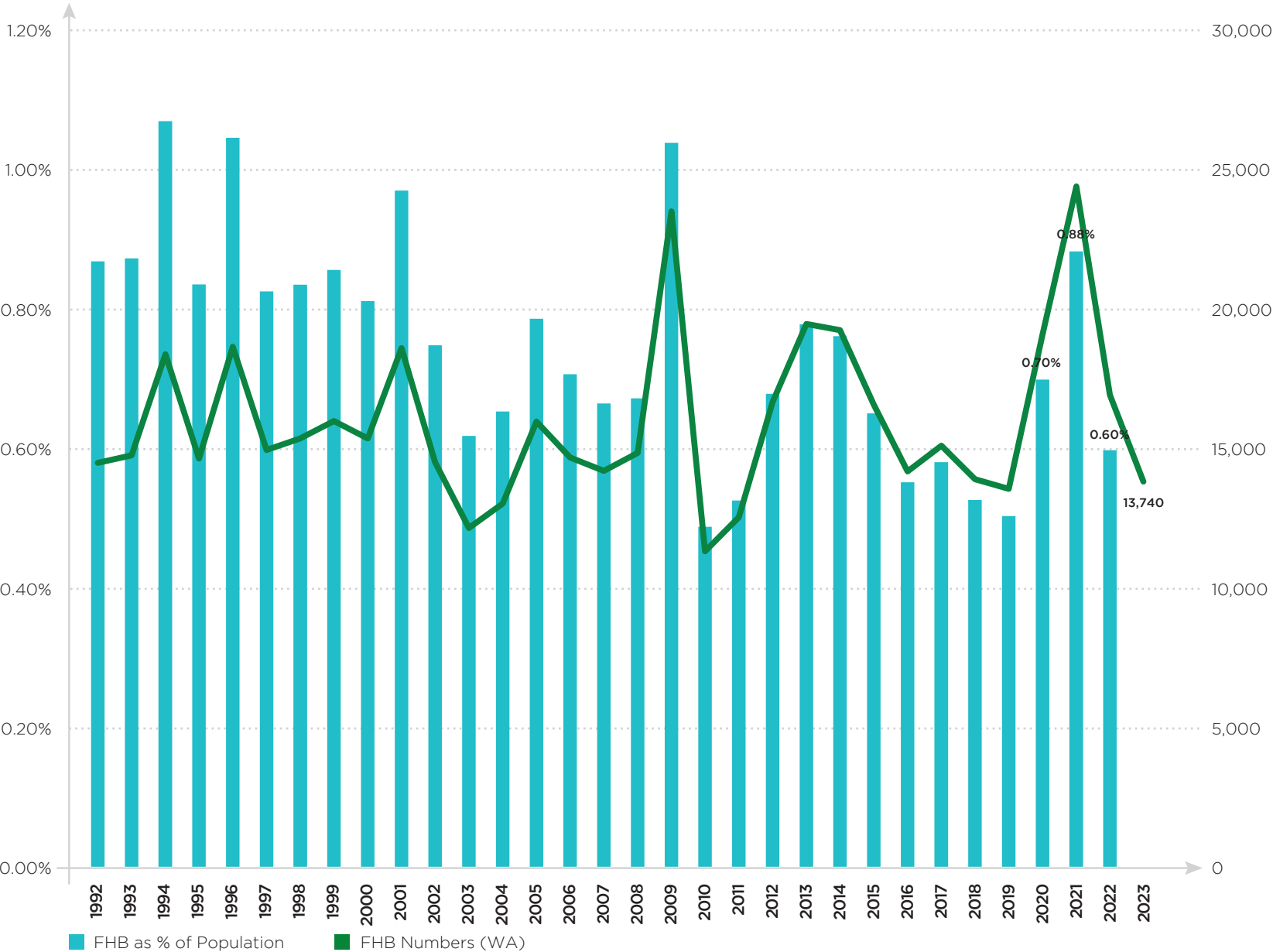


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FHBS AS A % OF POPULATION

This graph shows the percentage of first home buyers (FHB) relative to the state population.



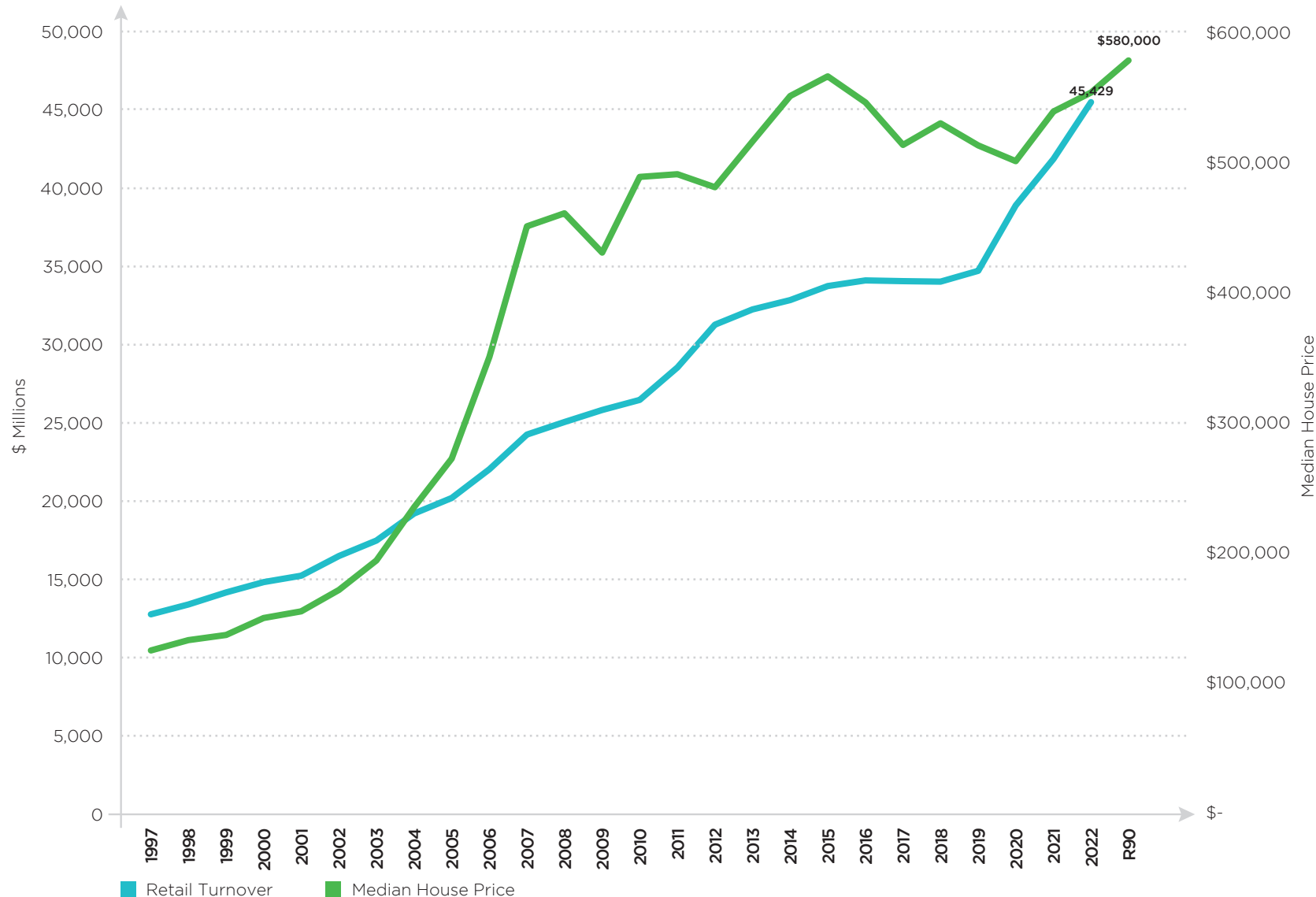
SLIGHTLY
NEGATIVE

RETAIL TURNOVER GROWTH

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This graph displays levels of retail turnover for the state charted against the median house price. The current year is still incomplete thus, it is represented by the R90 axis instead which stands for “recent 90 days”. This is specifically shown to give emphasis to the latest house price movement.



POSITIVE

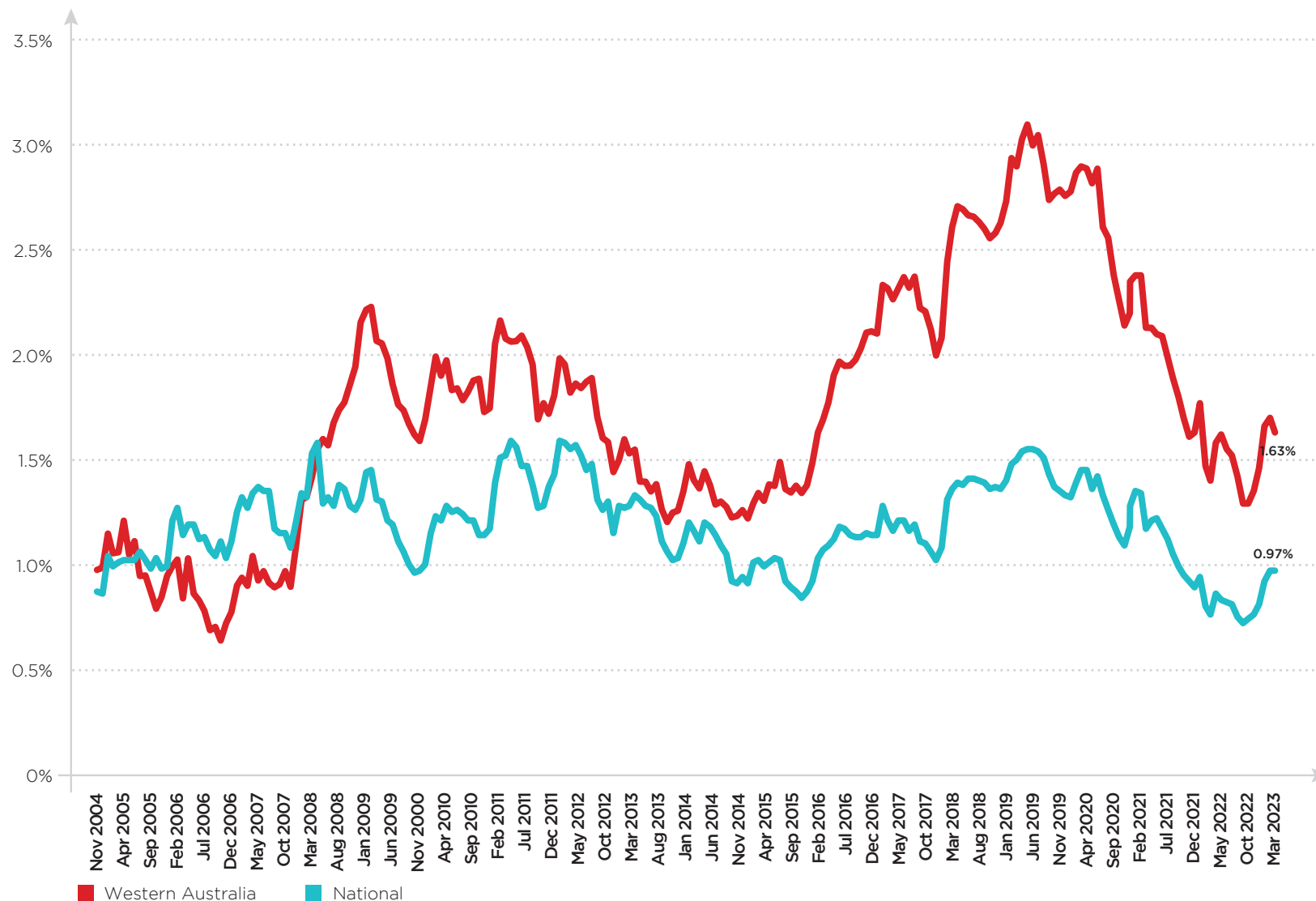
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WESTERN AUSTRALIAN MORTGAGE ARREARS

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This graph displays the percentage of mortgages that are 30+ days in arrears in the state and Nationally. Supplied by Standard and Poor's Global Ratings.



SLIGHTLY
POSITIVE

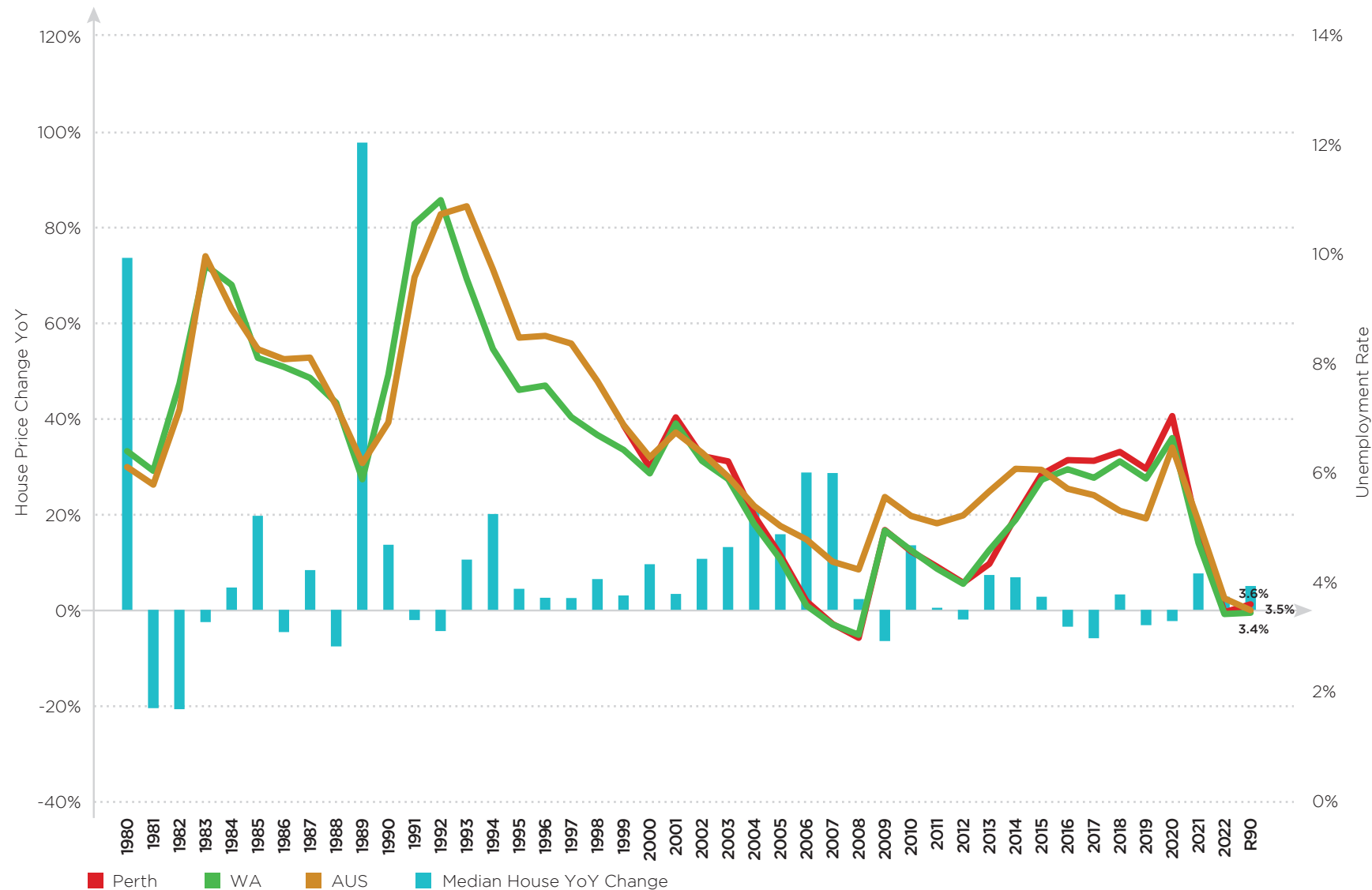
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UNEMPLOYMENT V. MEDIAN HOUSE PRICE CHANGE

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This graph shows the relationship between the state and national unemployment rate as a yearly average from 1980 and the current rate.

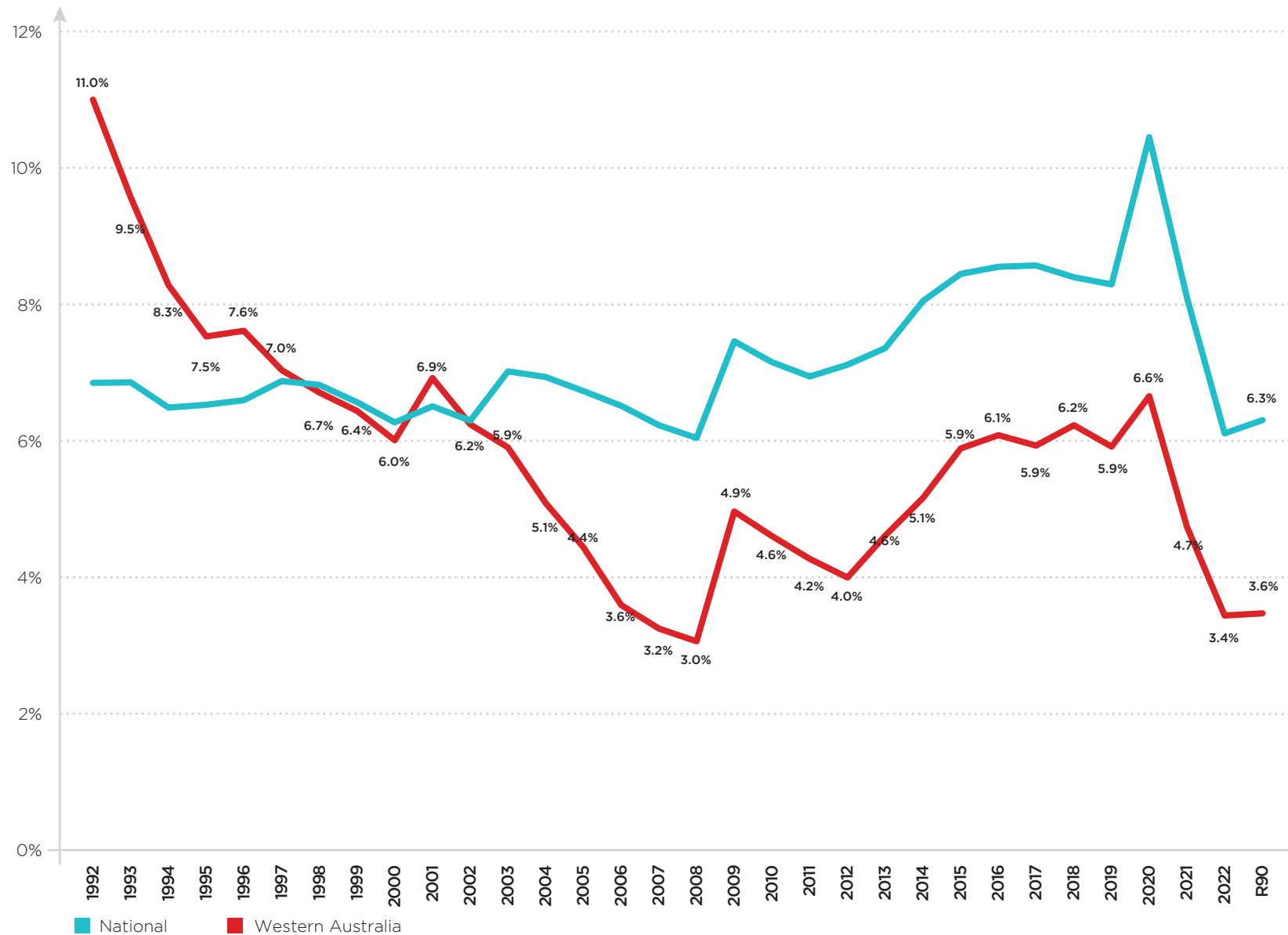


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UNDEREMPLOYMENT

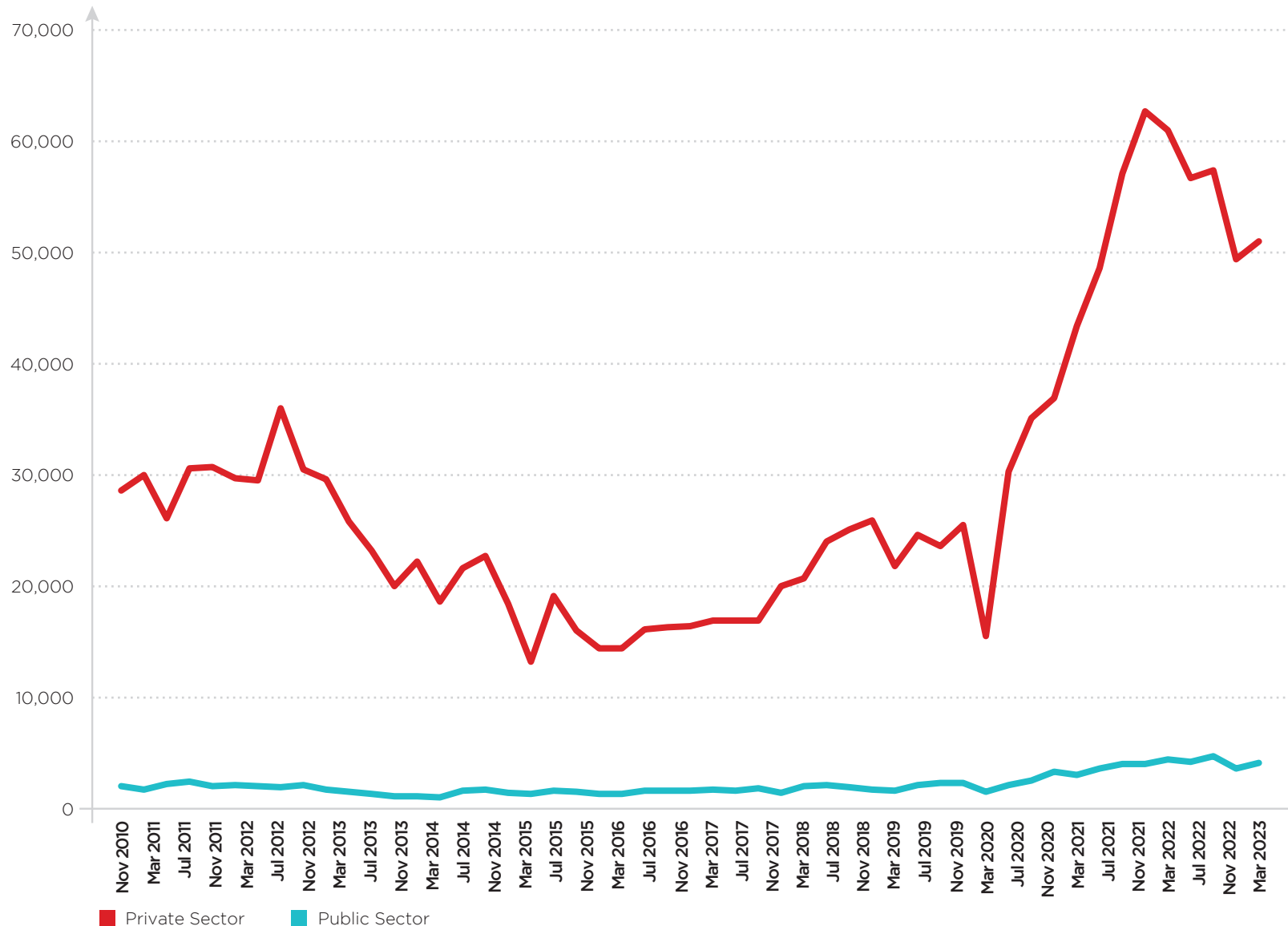
This graph shows the relationship between the state and national underemployment rate as a yearly average from 1992 and the current rate.



POSITIVE

STATE JOB VACANCIES - PRIVATE & PUBLIC

This graph displays the ABS figure for the number of jobs created in the private and public sectors state wide.



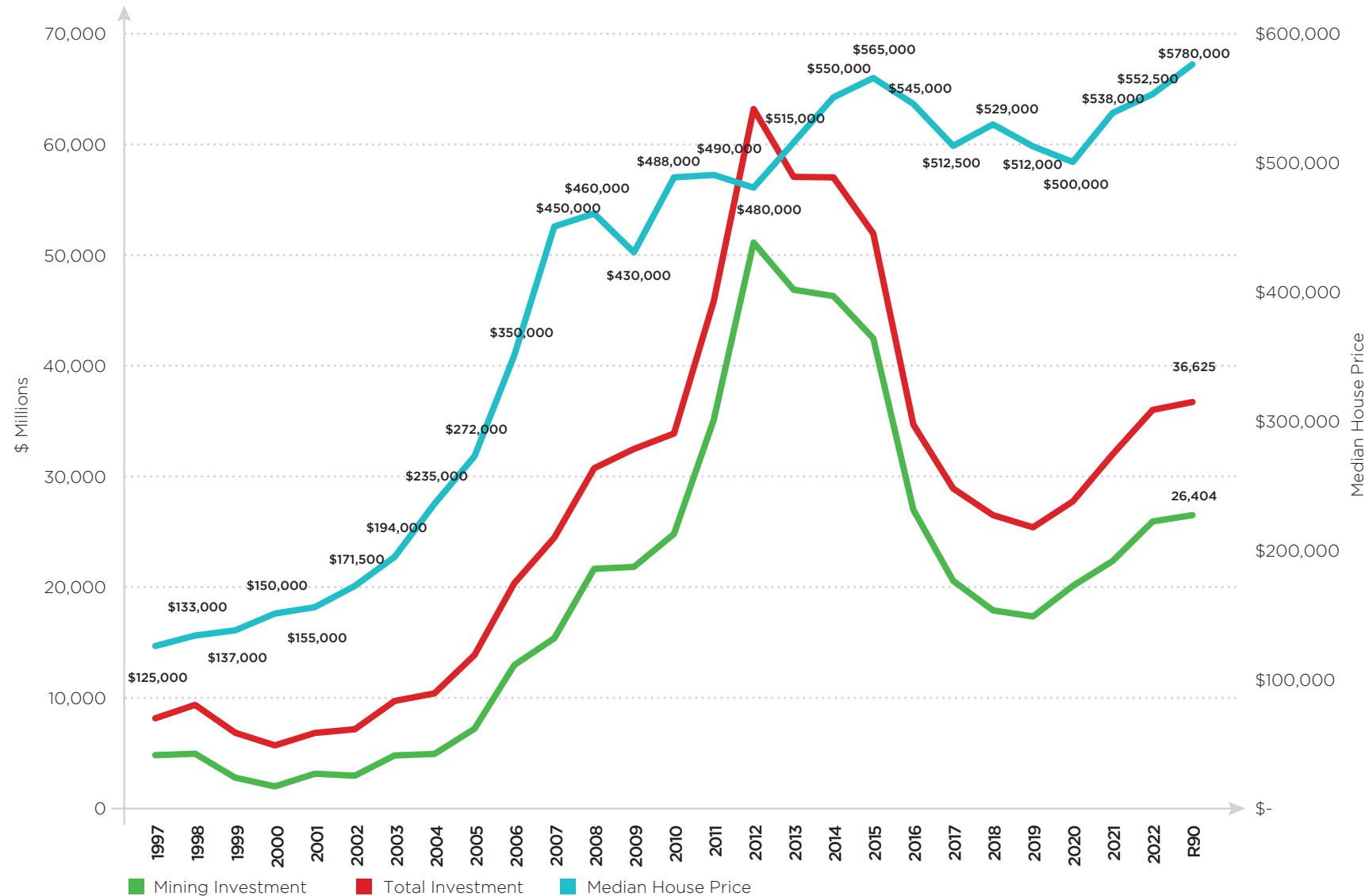
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WESTERN AUSTRALIAN PRIVATE BUSINESS INVESTMENT

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This graph displays private business investment into the state charted against the median house price. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on current median house price movement.



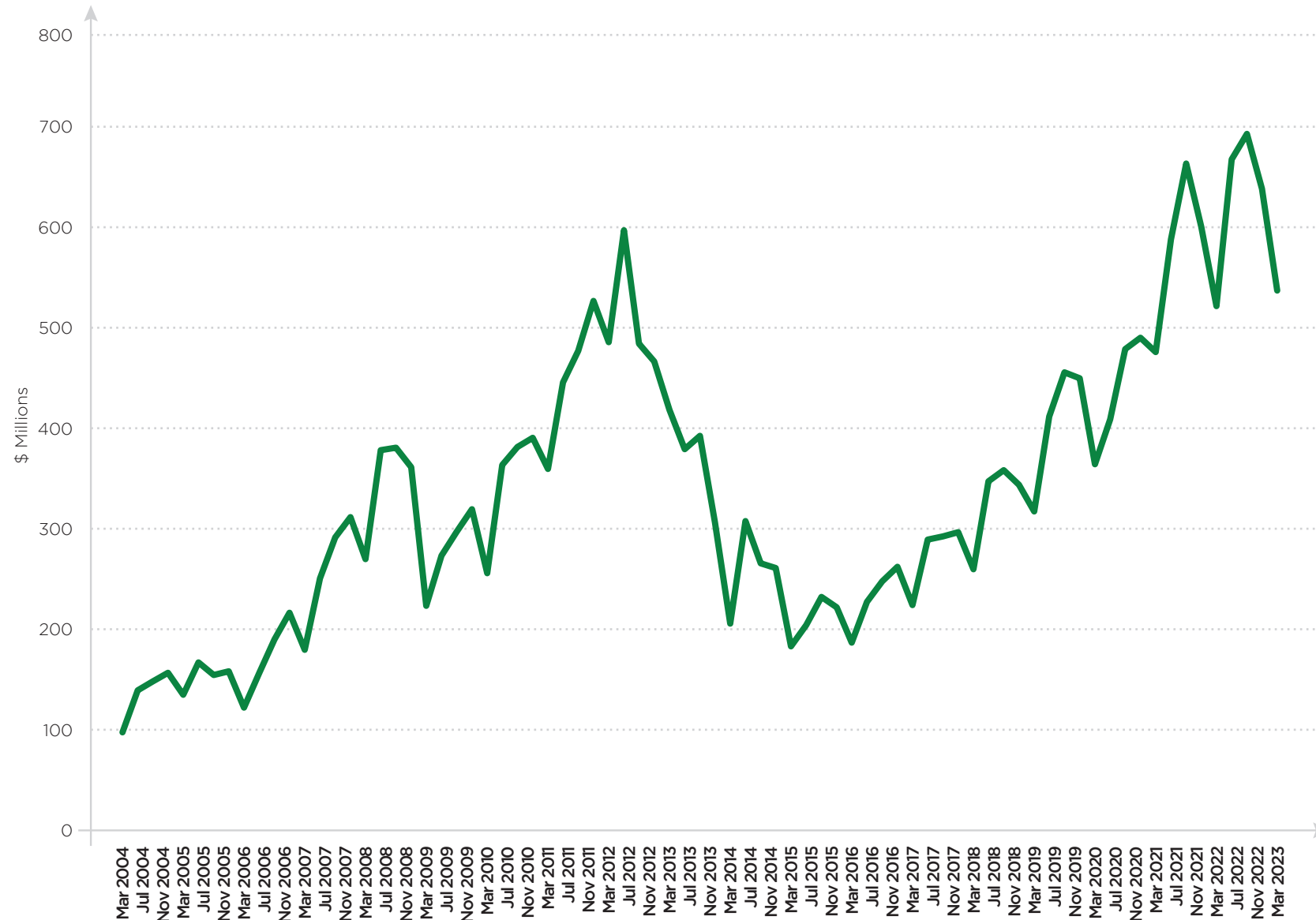
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WESTERN AUSTRALIAN MINERAL EXPLORATION EXPENDITURE

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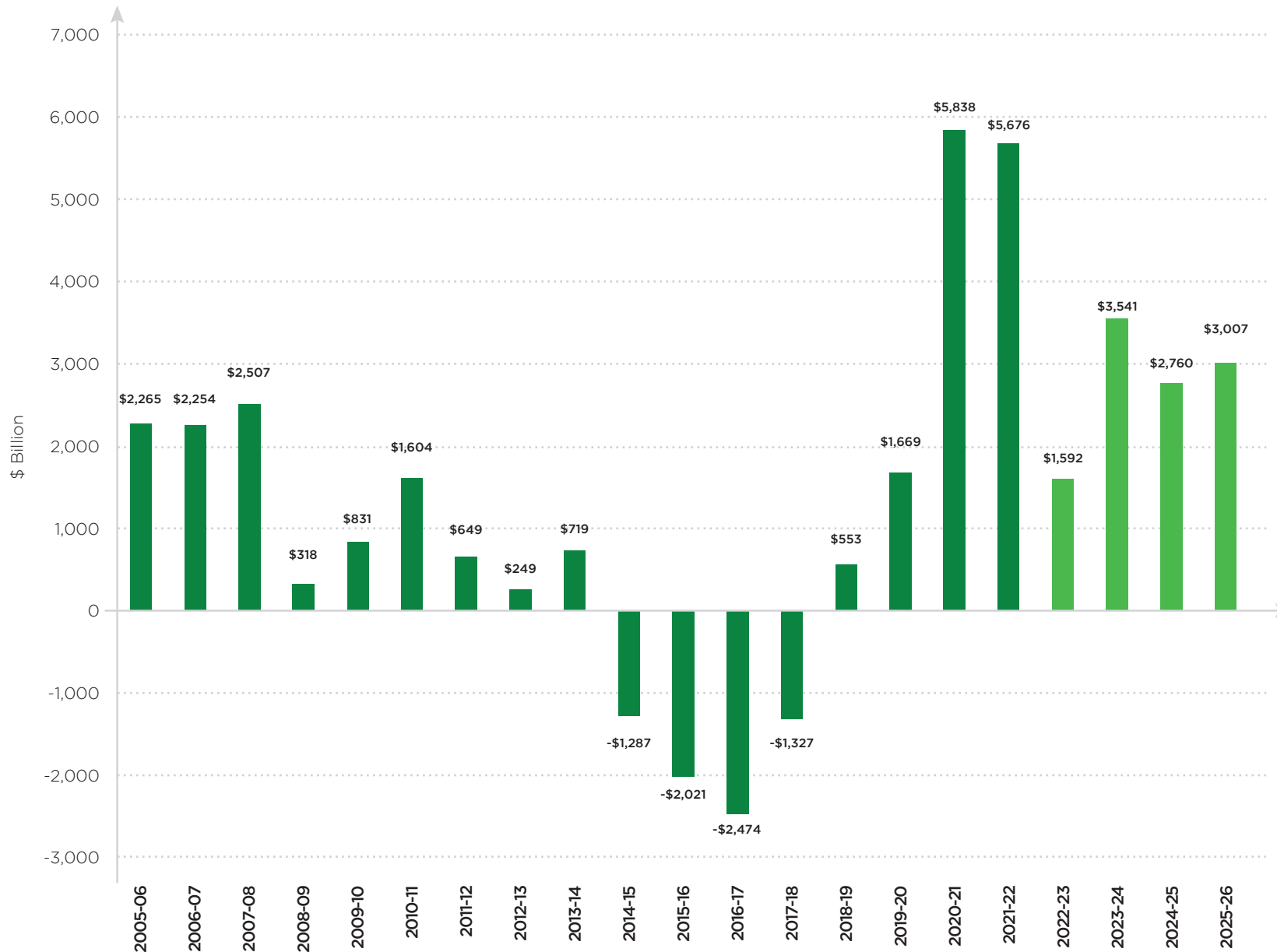
This graph displays the private sector exploration statistics compiled by the ABS for the state.



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STATE BUDGET

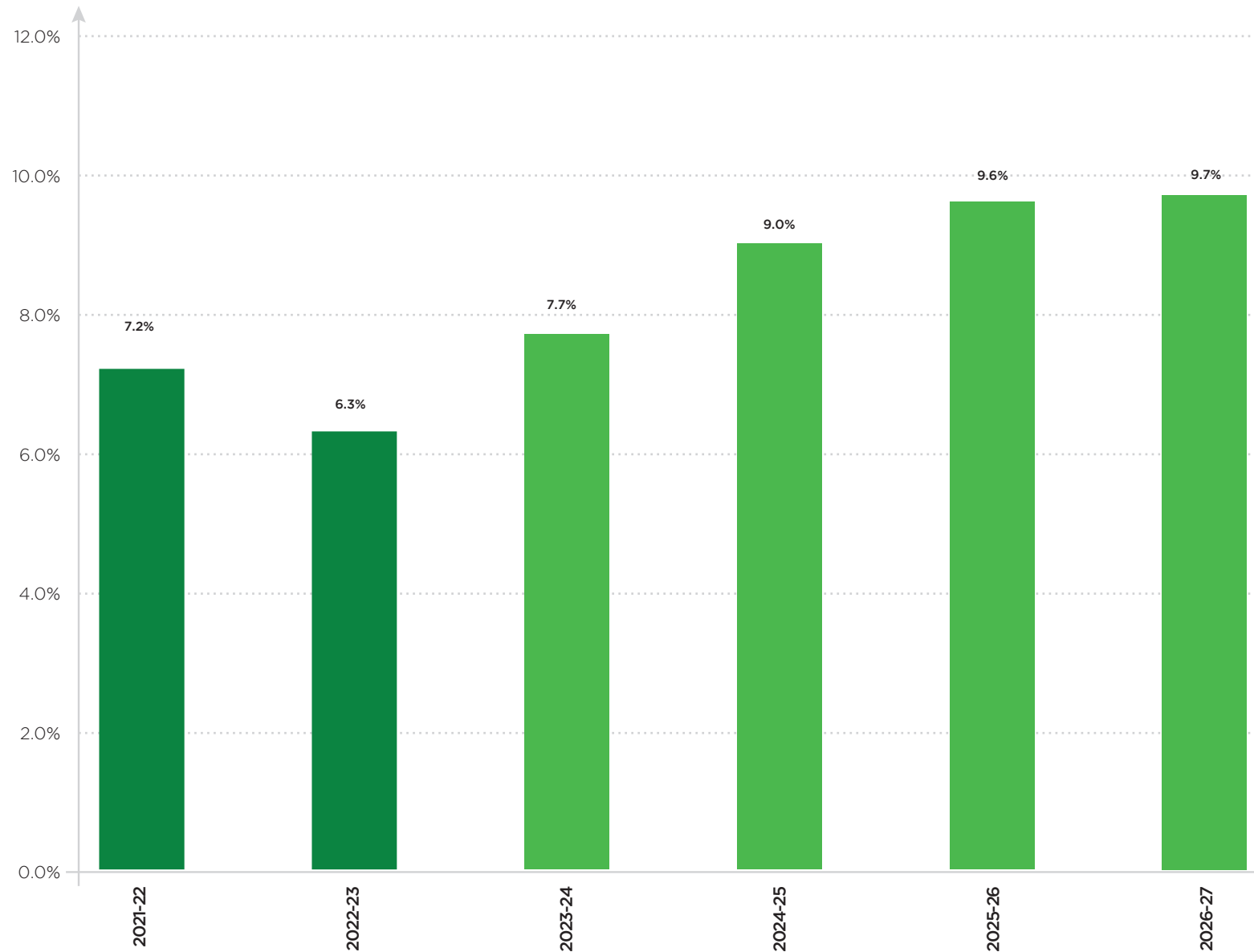
This graph displays the State Government position of either a surplus or deficit.



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NET DEBT AS % OF GSP

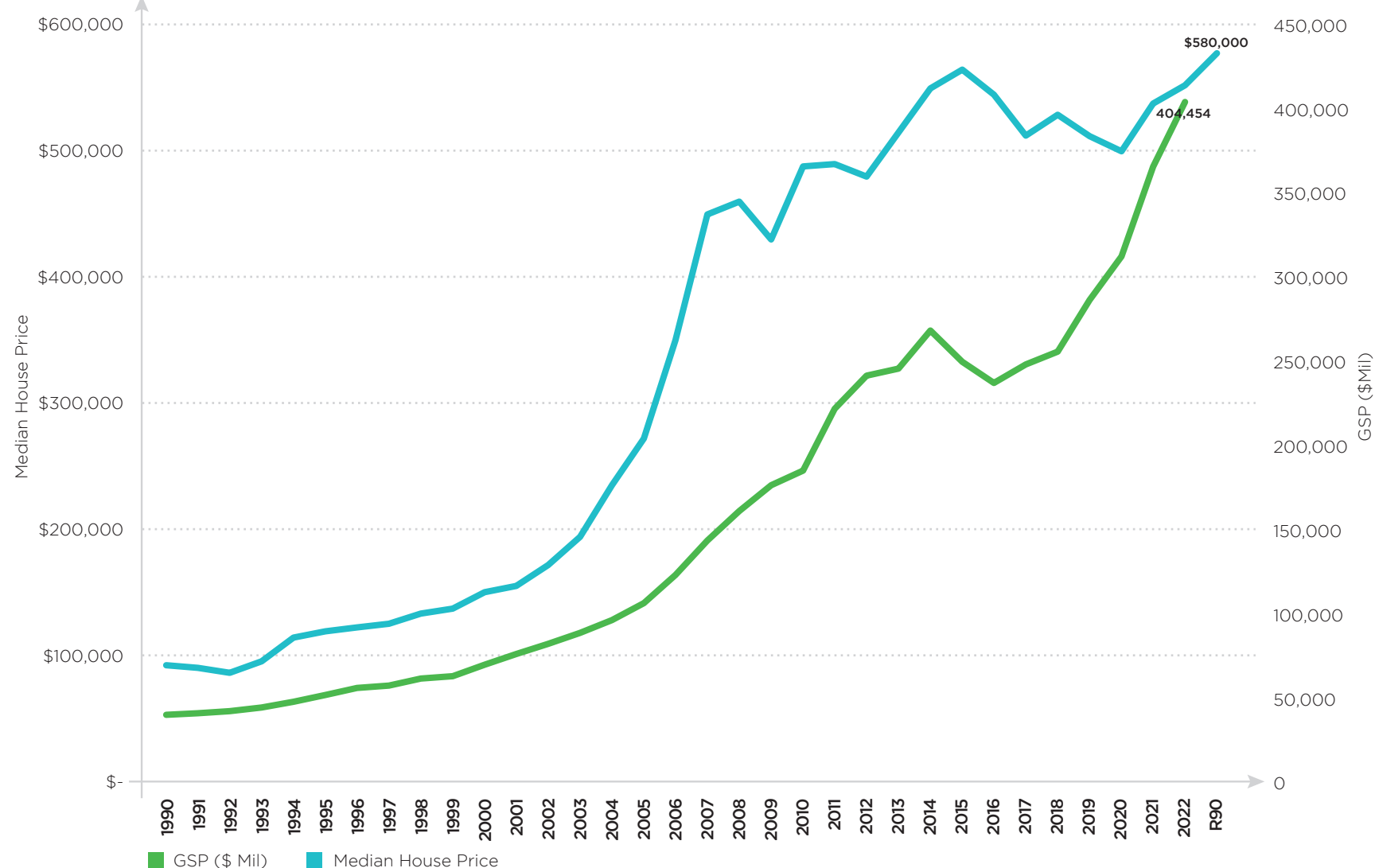
This graph displays the state's net debt as a proportion of Gross State Product.



**SLIGHTLY
POSITIVE**

GROSS STATE PRODUCT V. MEDIAN HOUSE PRICE

This graph displays Gross State Product charted against the median house price. Gross State Product is the measure of final goods and services produced in the state in a period of time. The current year is still incomplete thus, it is represented by the R90 axis instead which stands for “recent 90 days”. This is specifically shown to give emphasis to the latest house price movement.



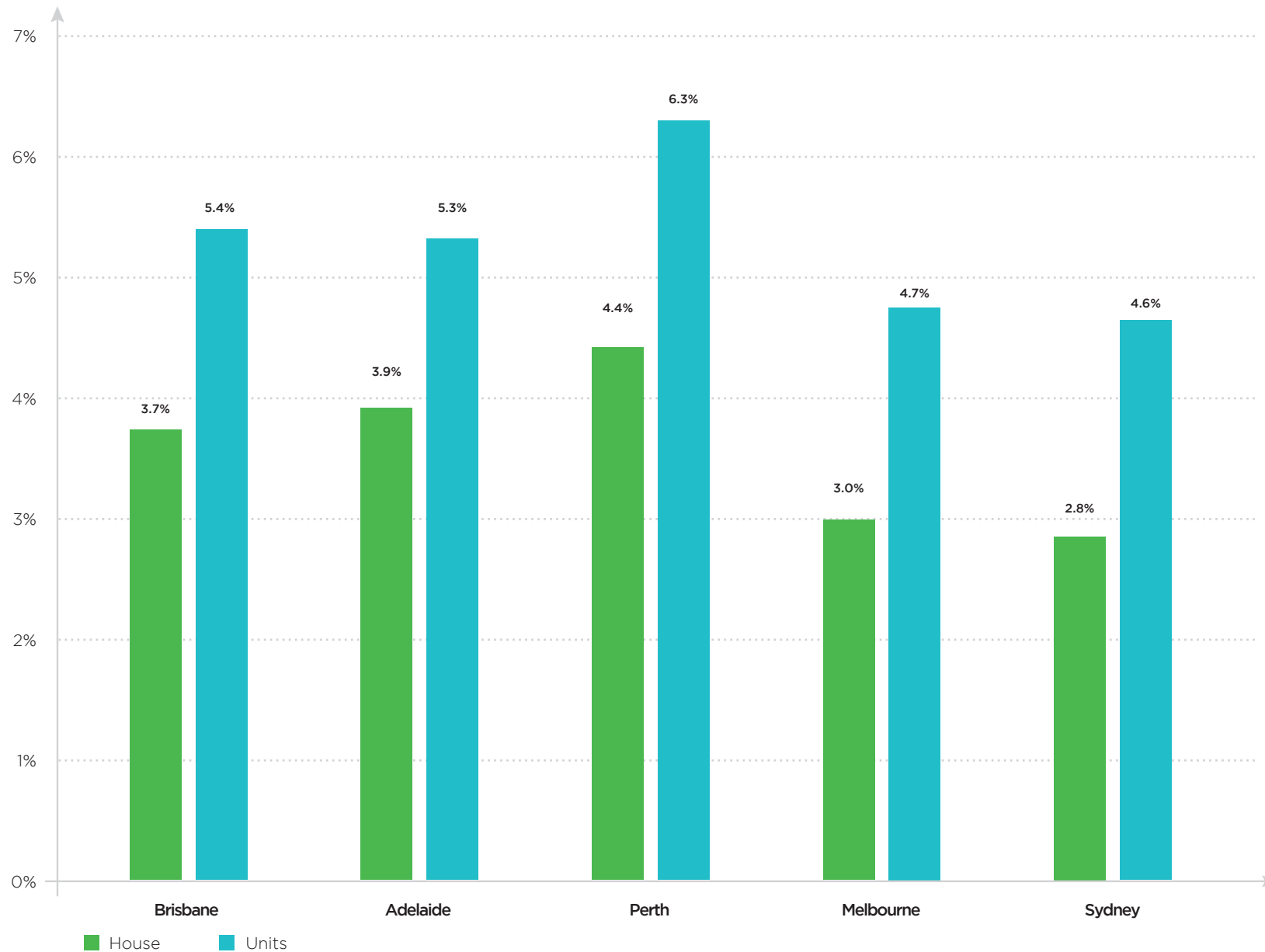
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CURRENT INVESTMENT VALUE

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This graph compares the gross yield for houses and units in each of the five major capital cities.



POSITIVE

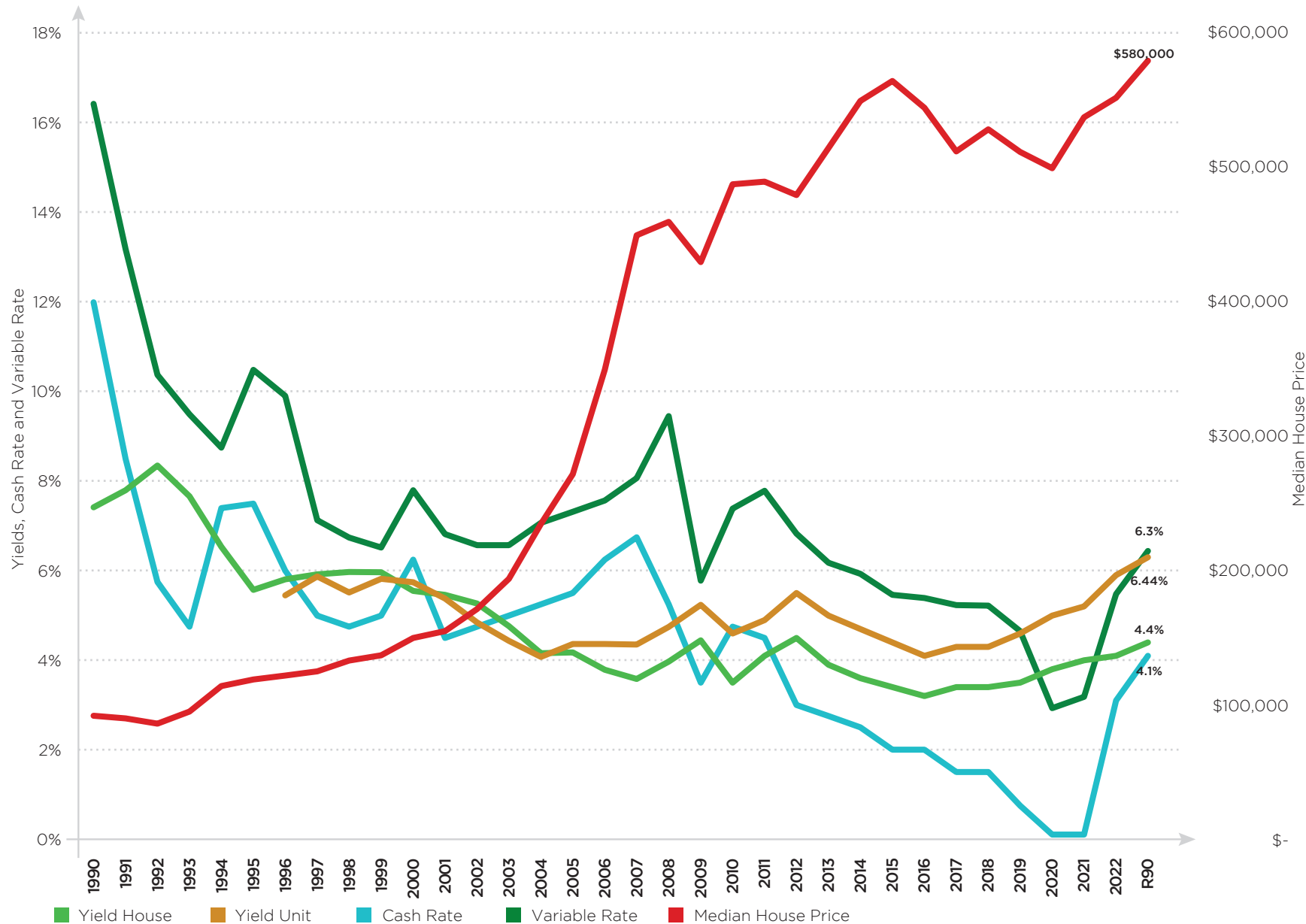
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YIELD V. INTEREST RATES

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This graph displays house and unit yields against the variable and cash rates.

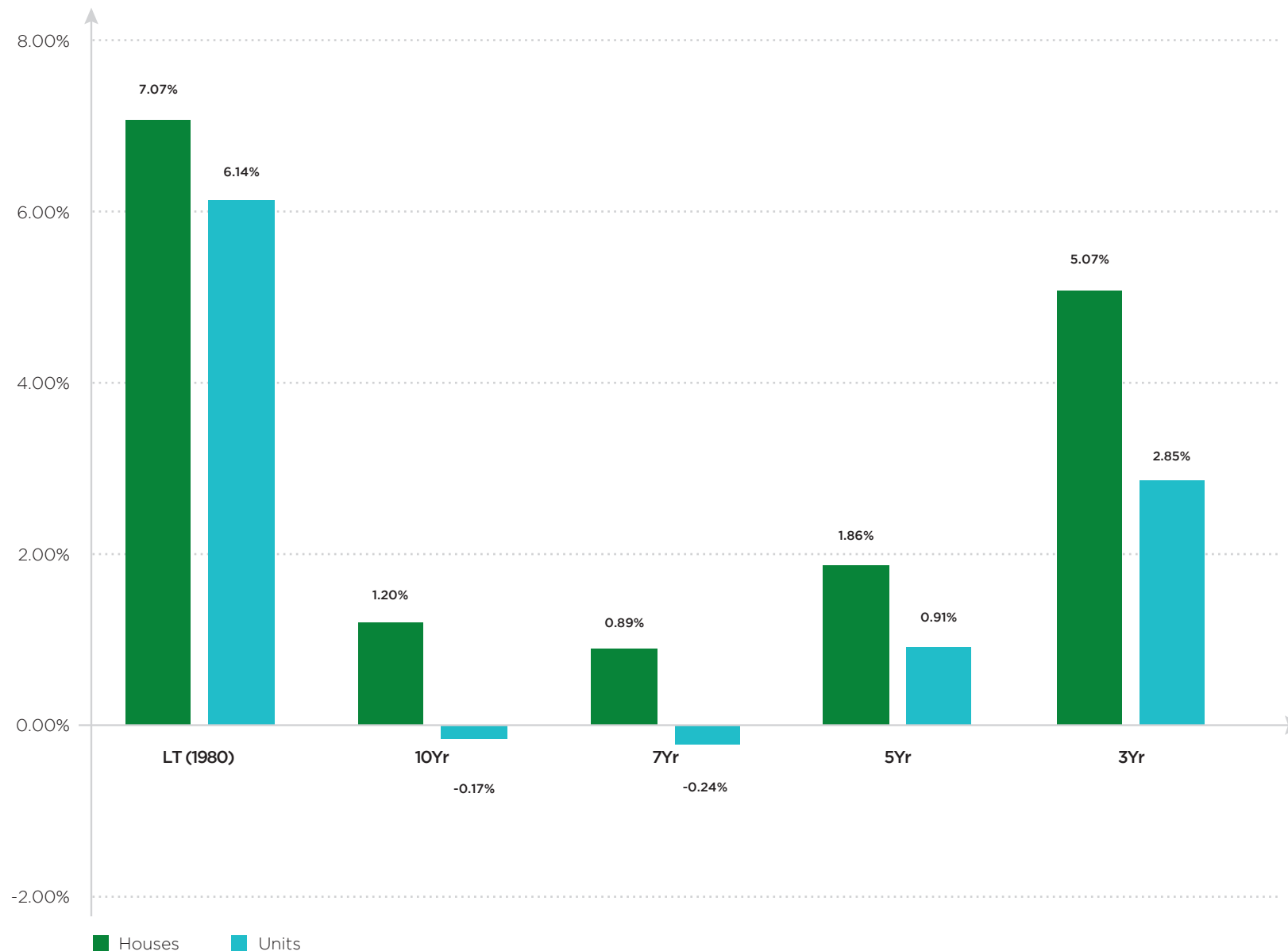


SLIGHTLY
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LONG TERM TRENDS

This graph displays the annual compounded growth rates for houses and units over the long term, and the last 10 years, 7 years, 5 years and 3 years.



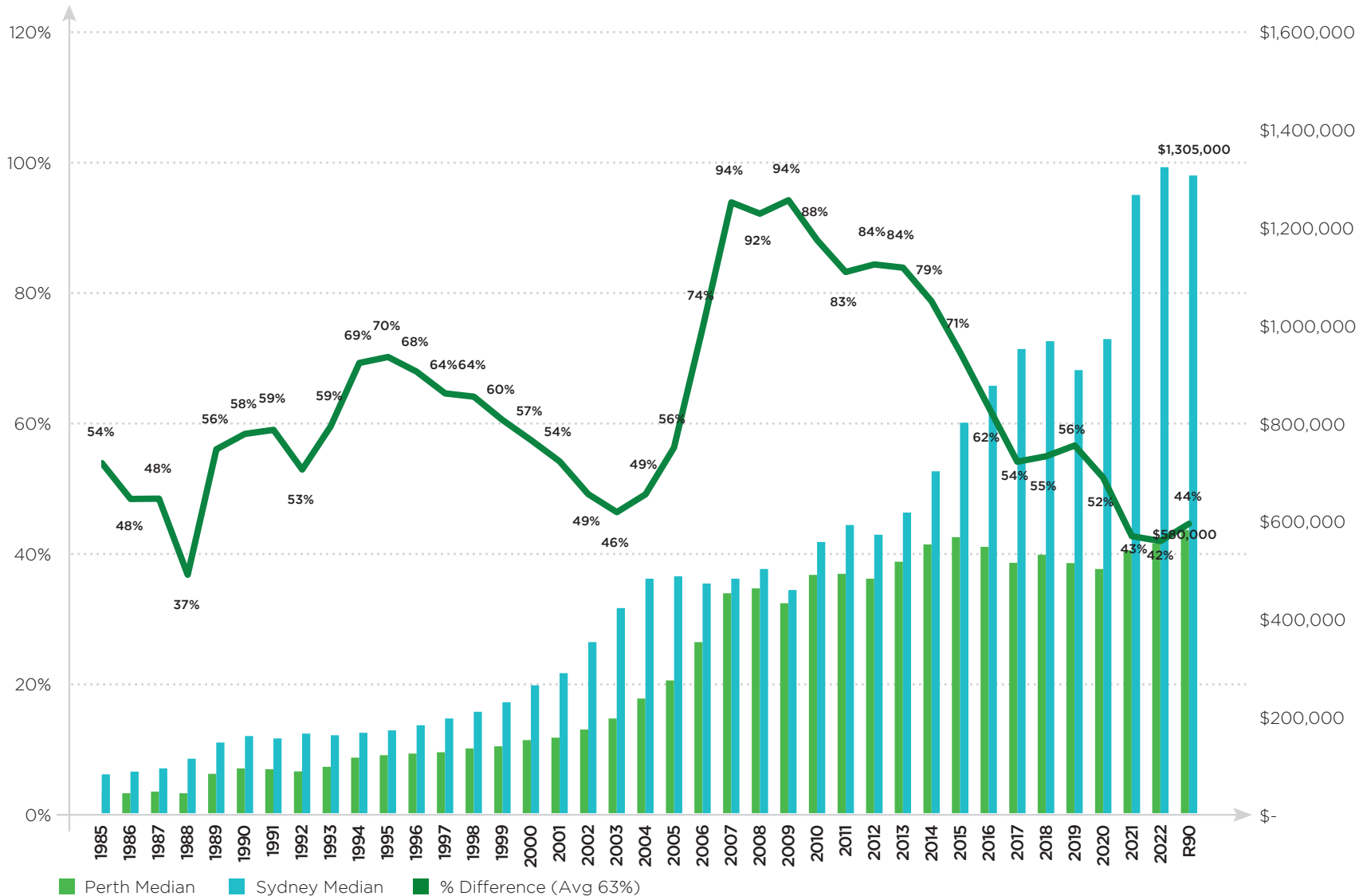
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PERTH V. SYDNEY HOUSE PRICE MOVEMENT

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This graph shows a relationship between the Perth median and the Sydney median and the percentage difference between them for each year.

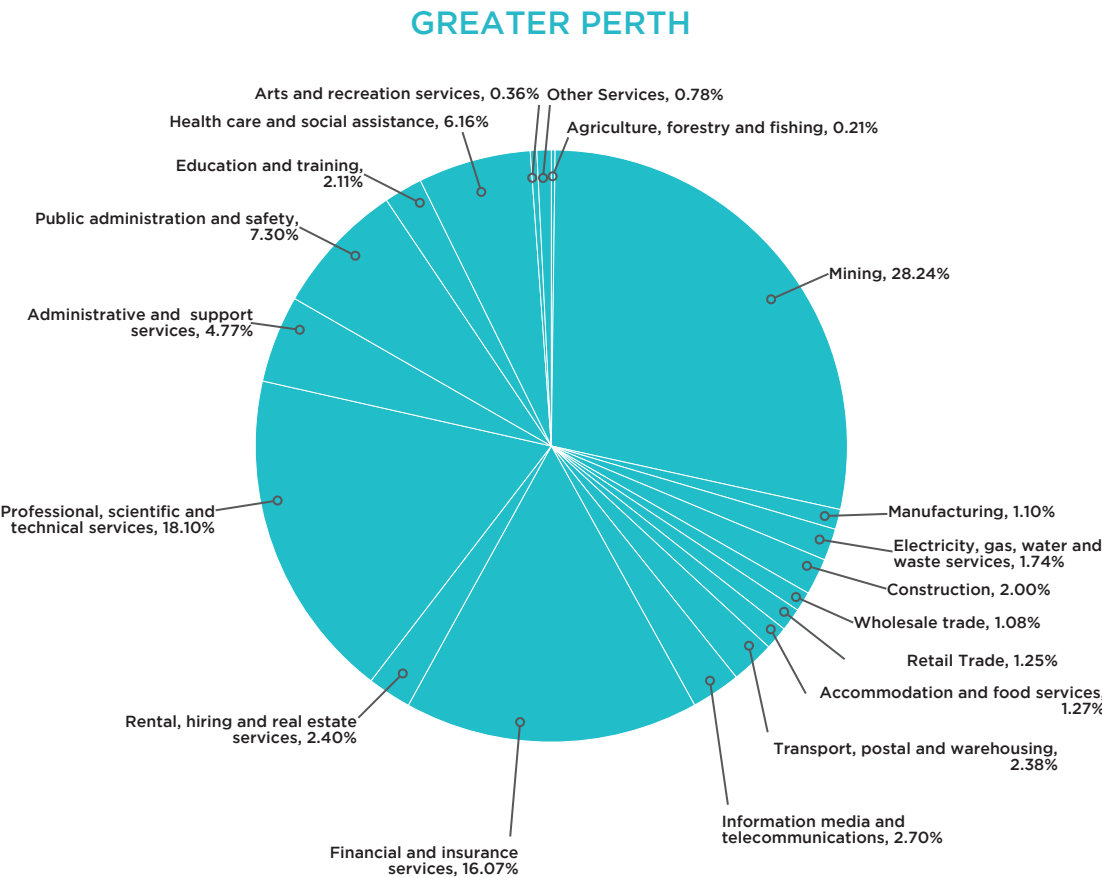


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INDUSTRY VALUE ADDED

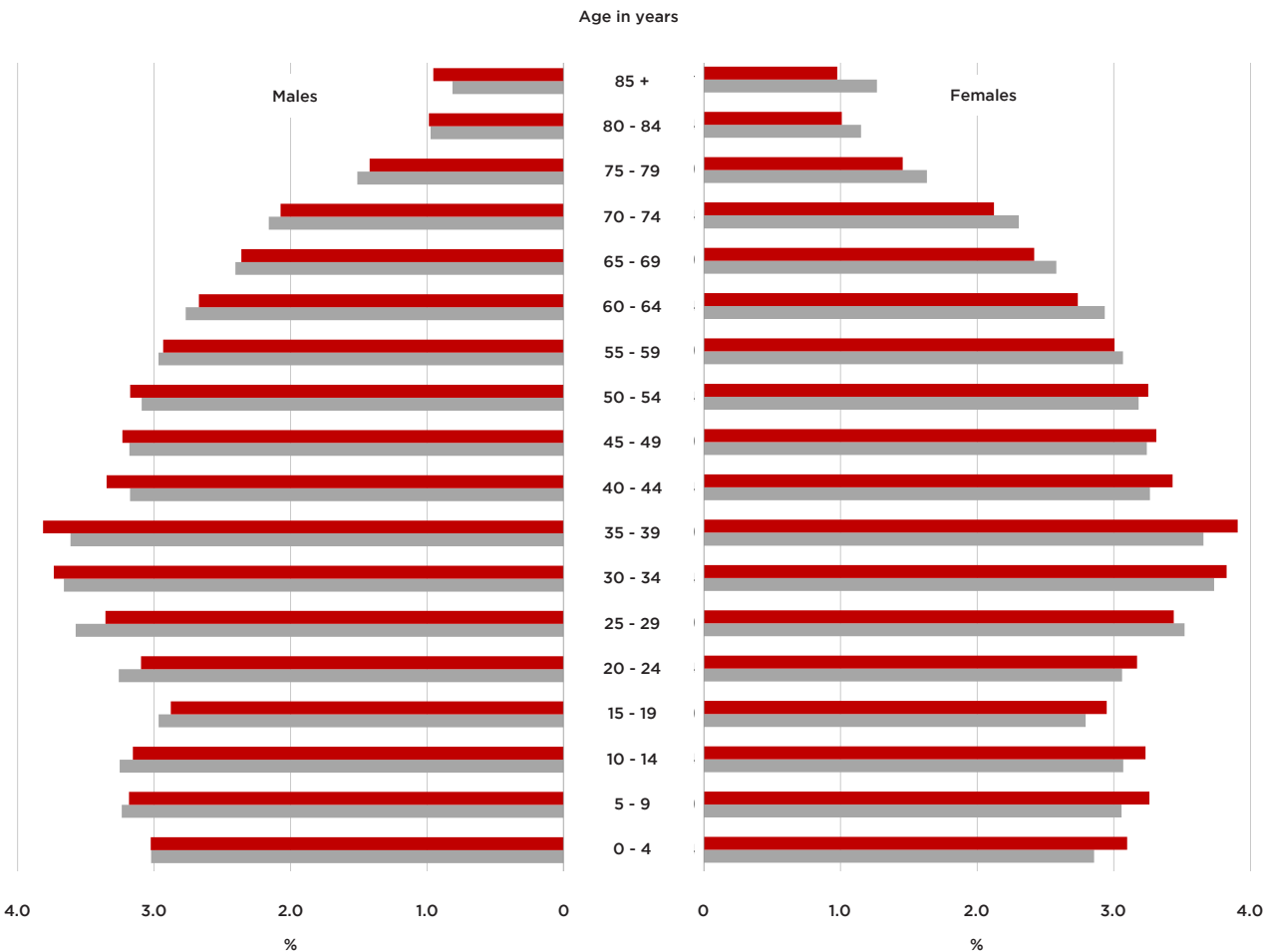
Industry Value Added is the total value of goods and services produced by an industry after deducting production costs.



NEGATIVE

POPULATION PYRAMID

The population pyramid demonstrates the breakdown of the different ages and sex percentages of the population. The dominant consumer base of a population is the 35 to 49 age brackets and ideally we like to see the preceding age brackets larger as they age to replace the existing group.



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 (Usual residence data).

■ Greater Perth ■ Australia

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INVESTMENT PHILOSOPHY

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OUR PROCESS

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Macro Micro Property

ACQUIRE

Find Assess Negotiate

MANAGE

Property Management

REVIEW

Annual Portfolio Review

ADVISE

Hold Improve Dispose

PERFORMANCE PROPERTY ADVISORY SERVICES

- Property Acquisition
- Property Management
- Portfolio Review
- Sales Advisory / Vendor Advocacy

DATA SOURCES:

- Australian Bureau of Statistics
- BIS Shrapnel
- Residex
- SQM Research
- CoreLogic RP Data
- Foreign Investment Review Board
- Australian Trade & Investment Commission

IMPORTANT INFORMATION



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Capital Cities and Regions Median House Price

