

WA

The state capital remains stagnant as the ongoing impact of the mining downturn weighs heavy on property prices

OVER the last few years Perth has found itself in an unusual position. According to Kate Forbes, national director of property strategy at Metropole Property Strategists, household income has grown at a faster pace in the past five (3.7%) and 10 years (30.6%) than median dwelling prices, at 1.1% and 11.6% respectively, leading to a significant improvement in affordability.

However, Perth house prices keep falling due to local economic conditions, poor consumer confidence and an adverse supply-to-demand ratio. And as in all of Australia's other states, WA's population trend has a significant impact on the overall performance of its property market.

"While the Perth market may level out in the next six months, it's much too early for a countercyclical investment in the west," says Forbes. "I can't see prices rising significantly for a number of years."

This is in large part due to a significant oversupply of new

apartments. Forbes notes that there is currently little to no prospect of capital growth or rental growth in the Perth apartment market.

Philippe Brach, CEO of Multifocus Properties, echoes these sentiments, describing the market as "volatile". It's this very volatility that has made the state capital such an intriguing prospect for many, with the possibility of quick growth and big profits. Yet Brach suggests that such an approach is short-sighted, and not the way a balanced investor should look at potential investments.

"When you've got the mining boom, the market just goes nuts. When you've got the mining downturn, it goes down by 25%," says Brach. "I'm more interested in long-term growth than having a bit of a gamble."

The solution

For Forbes, the solution to solving this issue is a simple one – in



WA PRICE PERFORMANCE

Source: CoreLogic

Area	Type	Median value	Quarterly growth	12-month growth	Weekly median advertised rent	Gross rental yield
Perth	H	\$495,000	-3.9%	-1.0%	\$360	3.8%
WA Country	H	\$325,000	-4.4%	-2.9%	\$330	5.3%
Perth	U	\$380,000	-3.8%	-2.6%	\$320	4.4%
WA Country	U	\$214,000	-16.1%	-14.9%	\$290	7.0%

theory at least. "To get people back into the state more jobs will need to be created," she says.

Perth's – and the wider state's – reliance on mining as an industry has been understandable but is now yielding other consequences for investors in WA. Brach agrees that greater diversity is needed in order to secure a less volatile property market.

"While the mining industry's got a massive role to play in the foreseeable future, I don't want investments to be exposed to a one-horse economy," he says.

SPOTLIGHT ON WA'S HIGHEST-YIELD SUBURBS

Source: CoreLogic

Suburb	Type	Median price	Quarterly growth	12-month growth	Weekly median advertised rent	Gross rental yield
SOUTH HEDLAND	U	\$79,500	-1%	-1%	\$290	19%
KAMBALDA EAST	H	\$59,000	2%	-19%	\$155	14%
NEWMAN	H	\$155,000	3%	-2%	\$368	12%
KAMBALDA WEST	H	\$90,000	-16%	-36%	\$213	12%
RANGEWAY	H	\$90,000	3%	-8%	\$200	12%
NULSEN	H	\$107,500	-10%	-23%	\$220	11%
PEGS CREEK	U	\$150,000	-33%	-25%	\$300	10%
NARROGIN	H	\$165,000	-6%	-27%	\$280	9%
PORT HEDLAND	H	\$355,000	-8%	-4%	\$600	9%
SOMERVILLE	U	\$202,500	-16%	-16%	\$330	8%
DERBY	H	\$187,500	-9%	-3%	\$300	8%
SPALDING	H	\$127,500	2%	-20%	\$200	8%

“While the mining industry has a massive role to play in the foreseeable future, I don’t want investments to be exposed to a one-horse economy”



Philippe Brach
CEO of Multifocus Properties & Finance

SUBURB SPOTLIGHT

WEMBLEY

Top-ranked suburb for liveability

Prices are down in Wembley, with houses dipping 0.9% over the last 12 months and units seeing an 8.1% drop during the same period. Still, it’s not all bad news for investors. Indicative gross rental yields remain at 3.1% for houses and 3.7% for units – a respectable amount considering the wider pressures on Perth and the WA housing market. While this is unlikely to set investors on fire with enthusiasm at the moment, there is potential for growth in the future if they are willing to weather the current storm.

Ranked by CityPulse as one of the best places to live in Perth, Wembley is close to the beach and has a variety of schools, both positive features for young families.



Location

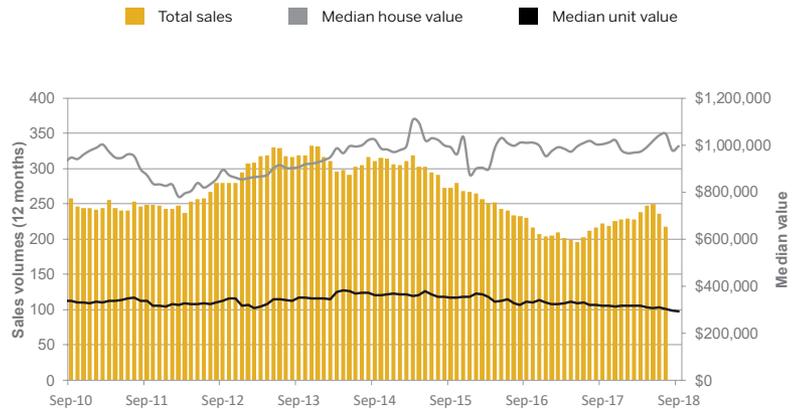
Wembley is ranked by CityPulse as one of the three best suburbs to live in Perth



Amenities

Attractions in the suburb include the popular Wembley Golf Course

Wembley market performance



Source: CoreLogic

HOUSES

Source: CoreLogic

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$994,709	-0.9%	0.5%	9.9%	3.1%

UNITS

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$291,411	-8.1%	-17.2%	-16.7%	3.7%