

# WA

## Perth is banking on its affordability, but poor confidence is keeping its population small and demand low

**DESPITE** its affordability, Perth needs to stabilise its economy if it wants to create demand.

“If I look at the Perth market, it’s too volatile. When you’ve got the mining boom, the market just goes nuts. When you’ve got the mining downturn, it goes down by 25%. I’m more interested in long-term growth than having a bit of a gamble,” says Philippe Brach, CEO of Multifocus Properties.

“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. You want to see capital growth over a long period of time.”

Housing affordability has continued to rise since 2014 due to the heavy decline in property prices, and the market has been aiming to draw first home buyers who are on a budget. The June 2018 *Housing Affordability Report* published by the Real Estate Institute of Australia indicates that

the number of first home buyers in WA increased by 4.8% over the June quarter; these buyers also made up 35.4% of the owner-occupier market in the state.

### Affordability is not enough

However, even the affordability advantage does not attract buyers who consider Perth’s weak economy and limited prospects.

“Perth house prices keep falling due to local economic conditions, poor consumer confidence and an adverse supply and demand ratio,” says Kate Forbes, national director of property strategy at Metropole Property Strategists.

The fact that low consumer confidence is contributing to Perth’s continued decline highlights how important perception is to a buyer. Despite many assurances that the Perth market is close to bottoming out, the lack of economic push has kept expectations low for the population.

“Like the other states, WA’s



### WA PRICE PERFORMANCE

Source: CoreLogic

Area	Type	Median value	Quarterly growth	12-month growth	Weekly median advertised rent	Gross rental yield
Perth	H	\$500,000	-2.9%	-1.0%	\$360	3.7%
WA Country	H	\$325,000	-5.8%	-2.9%	\$330	5.3%
Perth	U	\$380,000	-4.0%	-3.7%	\$320	4.4%
WA Country	U	\$220,000	-13.7%	-13.3%	\$290	6.9%

population trend has a significant impact on the overall performance of its property market. To get people back into the state, more jobs will need to be created,” Forbes says.

“Due to the significant oversupply of new apartments there is little to no prospect of capital growth or rental growth in the Perth apartment market for many years. While the Perth market may level out in the next six months, it’s much too early for a countercyclical investment in the west – I can’t see prices rising significantly for a number of years.”

## 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	\$80,000	-9%	0%	\$278	18%
KAMBALDA WEST	H	\$90,000	-20%	-28%	\$213	12%
NULSEN	H	\$112,500	-10%	-13%	\$225	10%
BROOME	H	\$340,000	-12%	-26%	\$550	8%
BOULDER	H	\$200,000	-4%	-12%	\$323	8%
NARROGIN	H	\$174,500	-6%	-26%	\$275	8%
PORT HEDLAND	U	\$216,000	2%	30%	\$350	8%
CABLE BEACH	U	\$227,500	14%	19%	\$350	8%
SORRENTO	U	\$270,000	-28%	-28%	\$390	8%
COLLIE	H	\$172,500	4%	-14%	\$243	7%
SOMERVILLE	U	\$236,000	6%	3%	\$330	7%
SOUTH KALGOORLIE	H	\$237,500	8%	-16%	\$330	7%

“If I look at the Perth market, it’s too volatile. ... I’m more interested in long-term growth than having a bit of a gamble”



**Philippe Brach**  
CEO of Multifocus Properties & Finance

### SUBURB SPOTLIGHT

## CARLISLE

Values on downward slide

Situated within the Victoria Park LGA, the suburb of Carlisle has seen values plummet steadily in recent years. This negative trend shows no signs of letting up any time soon.

House prices have fallen below \$500,000 after a decline of 11% in the 12 months to August 2018 - its biggest slump since 2013.

Unit values are at a median of just \$430,842 after a 10% drop in the same period. The rental market does not have a very good outlook either, with low yields of around 3% as of June 2018.

Nonetheless, Carlisle has a reputation as a friendly community. It is home to a train station on the Perth-Armadale line and to a campus of South Metropolitan TAFE.



#### Education

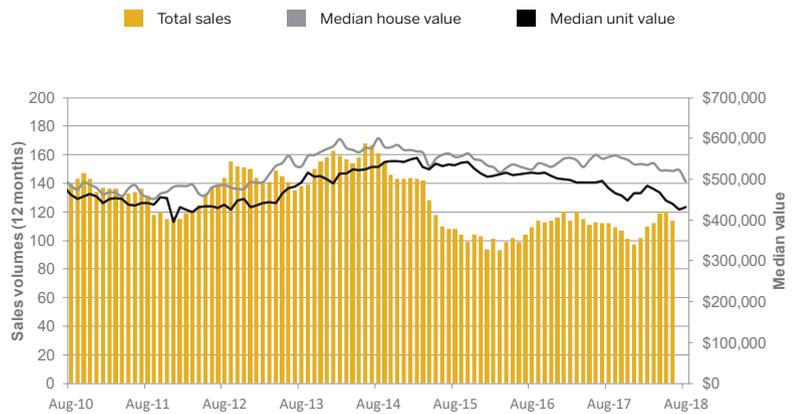
The site of a TAFE campus. Carlisle draws a student crowd



#### Accessibility

Carlisle’s train station is a stop on the Perth-Armadale rail line

### Carlisle market performance



Source: CoreLogic

### HOUSES

Source: CoreLogic

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$494,728	-11.0%	-10.9%	-7.1%	3.5%

### UNITS

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$430,842	-10.0%	-19.4%	-12.5%	3.8%