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Urban Intelligence

Monthly economic and WA property market analysis
October 2023

UDIA WA Principal Research Partners



Key Trends

Economy	Current M/Q	Current Figure	M/Q Change	YoY Change
Official Cash Rate Target (RBA)	Oct	4.10	0%	0.3 bps
Owner Occupier Variable Mortgage Rate (RBA)	Sep	8.52	0%	0 bps
Retail Turnover - WA, total industry (ABS, seasonally adjusted)	Aug	\$3.99b	0.5%	4.0%
Unemployment Rate - WA (ABS, seasonally adjusted)	Sep	3.3%	-0.5%	-0.1%
Underemployment Rate - WA* (ABS, seasonally adjusted)	Sep	5.9%	-0.2%	-0.4%
Estimated Resident Population - WA (ABS)	Mar Qtr	2,829,589	0.7%	2.4%
WA State Final Demand (ABS)	Jun Qtr	\$61.15b	0.4%	3.7%
Consumer Price Index - Greater Perth (ABS)	Sep Qtr	132	0.5	7.2
Consumer Price Index - Greater Perth Housing (ABS)	Sep Qtr	132.8	-3.3	12.8
Wage Price Index - WA (ABS)	Jun Qtr	144.5	1.2	5.8

Residential Land Development	Current M	Current Figure	M/Q Change	YoY Change
Average weekly sales for the month (UDIA Land Snapshot)	Oct	145	-7.7%	50.8%

Residential Construction	Current M/Q	Current Figure	M/Q Change	YoY Change
Total Number of Dwelling Unit Approvals - WA (total residential)* (ABS)	Aug	1,376	32.4%	-12.3%
Number of House Approvals - WA* (ABS)	Aug	1,252	26.8%	-5.0%
Number of Semi-detached Approvals - WA* (ABS)	Aug	112	166.7%	33.3%
Number of Multi-res. Approvals, all sectors - WA* (ABS)	Aug	12	20.0%	-92.8%
Dwelling Commencements - WA, New Houses* (ABS)	Jun Qtr	3,056	9.0%	-34.2%
Dwelling Completions - WA, New Houses* (ABS)	Jun Qtr	3,528	15.3%	6.6%

Data is correct as of 27 October 2023

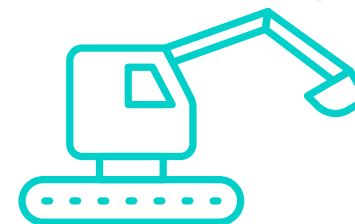
*Original numbers

^ Finance Commitments, excluding refinancing



Monthly house approvals -
Greater Perth

-9.2% Long Run Average



Quarterly dwelling commencements
New Houses - WA

-34.2% YoY



Average Weekly Land Sales

-7.7% MoM

Key Trends

Property Finance	Current M/Q	Current Figure	M/Q Change	YoY Change
Construction of New Owner Occupier Dwellings – WA*^ (ABS)	Aug	509	25.4%	-21.7%
Purchase of New Build Owner Occupier Dwellings – WA*^ (ABS)	Aug	176	11.4%	10.0%
Purchase of Owner Occupier Residential Land – WA*^ (ABS)	Aug	226	46.8%	-5.0%
FHOG Applications – WA* (WA Treasury)	Sep	360	8.1%	7.8%
FHOG Paid – WA* (WA Treasury)	Sep	280	-12.8%	-34.3%

Residential Property Market	Current M/Q	Current Figure	M/Q Change	YOY Change
Total for Sale Property Listings – Perth: 1 month count (CoreLogic)	Sep	5,688	-8.3%	15.3%
Average Selling Days – Houses: Perth (CoreLogic)	May	14	0.0%	0.0%
Median House Price – Perth (CoreLogic) (\$)	Jul	565,000	0.9%	5.6%
House Sales (last 12 months) Perth (CoreLogic)	Jul	38,871	-0.6%	-6.0%
Median Unit Price – Perth (CoreLogic) (\$)	Jul	400,000	0.0%	-1.2%
Unit Sales (last 12 months) Perth (CoreLogic)	Jul	11,336	1.3%	1.8%
Median Land Price – Perth (UDIA) (\$)	Sep Qtr	257,533	5.7%	10.5%
Land Sales – Perth (UDIA)	Sep Qtr	2,203	14.1%	69.5%

Residential Rental Market	Current M/Q	Current Figure	M/Q Change	YOY Change
Median House Rent (per week) – Perth (CoreLogic)	Sep	\$613	1.29%	15.31%
Median Unit Rent (per week) – Perth (CoreLogic)	Sep	\$538	0.65%	19.07%
Vacancy Rate – Houses – Perth (CoreLogic)	Sep	0.5%	-28.01%	-38.24%
Vacancy Rate – Units – Perth (CoreLogic)	Sep	0.6%	-14.18%	-48.89%

Data is correct as of 27 October 2023

*Original numbers

^ Finance Commitments, excluding refinancing



Median House Price – Perth

\$565,000



First Home Owner Grant Paid – WA

-34.3% YoY



Rental vacancy rate – Perth

0.5%

Record Low Apartment Supply Weighing Negatively on Aggregate Dwelling Pipeline

A 'perfect storm' of factors have collided to drive Western Australia's new build multi-unit and apartment sector to the lowest levels of completed annual supply recorded over the last twenty years.

Soaring construction costs, a lack of skilled construction workers and weak consumer sentiment (and therefore a challenging pre-sale environment) has severely impacted on apartment project viability and accordingly there has been an upswell in project deferrals and abandonments.

According to UDIA WA analysis of Cordell multi-unit construction projects, there were 34 projects abandoned in CY21 across Greater Perth, followed by 27 projects in CY22 and in the six months to June 2023 a further 12 projects were abandoned. This equates to in excess of 5,000 potential multi-units which will not be realised¹.

In the twelve months to June 2023, just 1,036 apartments (in buildings of four stories or higher) were completed across the entire State, which is 26% lower than the long run average and 62% lower than the peak of supply recorded in FY17. Higher density apartment projects are currently only viable in a handful of Central City sub-region locations such as Perth CBD, Subiaco, Nedlands, Burswood, South Perth & Applecross.

While the higher rise apartment sector is in the doldrums, there has been an even bigger decline in medium density/low rise apartment supply with just 827 completions in FY23 reflecting a 70% decrease on the long-run average and an

86% decrease on supply achieved in FY16. Similar head-winds which are impacting the 4+ story apartment segment have significantly reduced developer appetite to deliver stock for this important dwelling supply typology segment.

Cumulatively 4+ story apartments and medium density stock historically comprise around 20% of new dwelling completions across the State. However, for the past two financial years there has been a reduction to around 12% of completions for multi-units with detached housing accounting for 88% of new supply.

While multi-unit supply has continued to dry-up, the greenfield land market has demonstrated resilience with detached house completions increasing 11% year-on-year with a total of 13,100 in FY23. Collectively, a total of almost 15,000 dwelling were completed across WA in FY23, which is 26% below the long-run average and an alarming 42% below the 'stretch' target set in the National Housing Accord for the build of 1.2 million homes across the nation between 2024 and 2029 (based on WA's proportional population share).

It is clear that for Western Australia to deliver 25,000+ dwellings per annum for five consecutive years (a supply delivery quantum never before achieved) a whole raft of policy reform levers and industry capacity building initiatives will need to be enacted. With population growth to the State hitting record highs, WA's housing crisis is set to deepen considerably over the coming two+ years resulting in inevitable on-going upward pressure on rental price growth and median dwelling pricing.

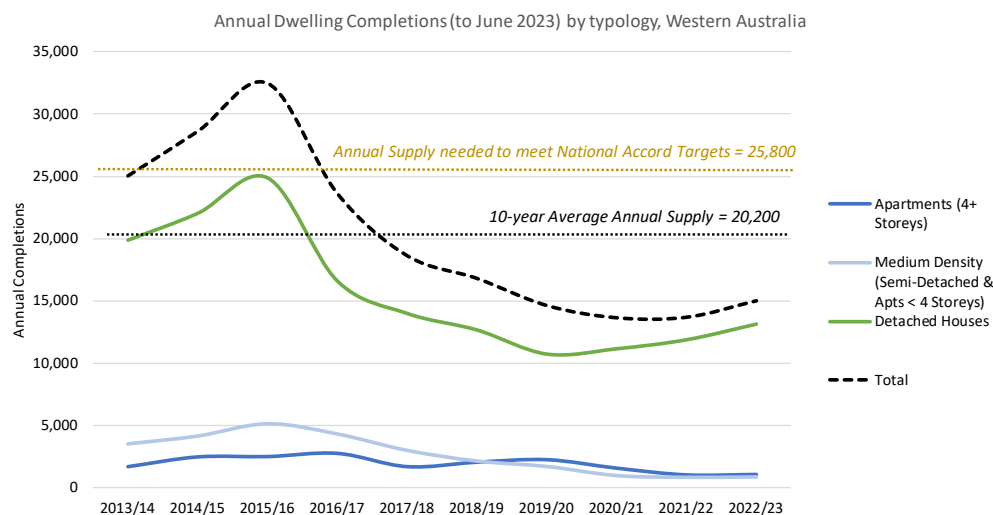
Accordingly, the recent announcement of the formation of a new Housing Supply Unit within the Western Australian Treasury is a welcome development which is warmly welcomed by UDIA WA, and we will be engaging closely with this new unit to provide a raft of recommendations from industry to contribute to the wicked problem of under-weight housing supply pipelines.

We trust you find this month's edition of Urban Intelligence of interest and value, and we are always keen to hear Member ideas for additional economic/property market reporting for future inclusion.

Toby Adams

Executive Manager Research (National & WA)

For publication queries and feedback please email tadams@udiawa.com.au



Source: UDIA WA; ABS

UDIA WA Urban Intelligence

Residential Land Development

UDIA WA Land Snapshot – October 23

145

Average lot sales per week

-7.7% MoM

+50.8% YoY

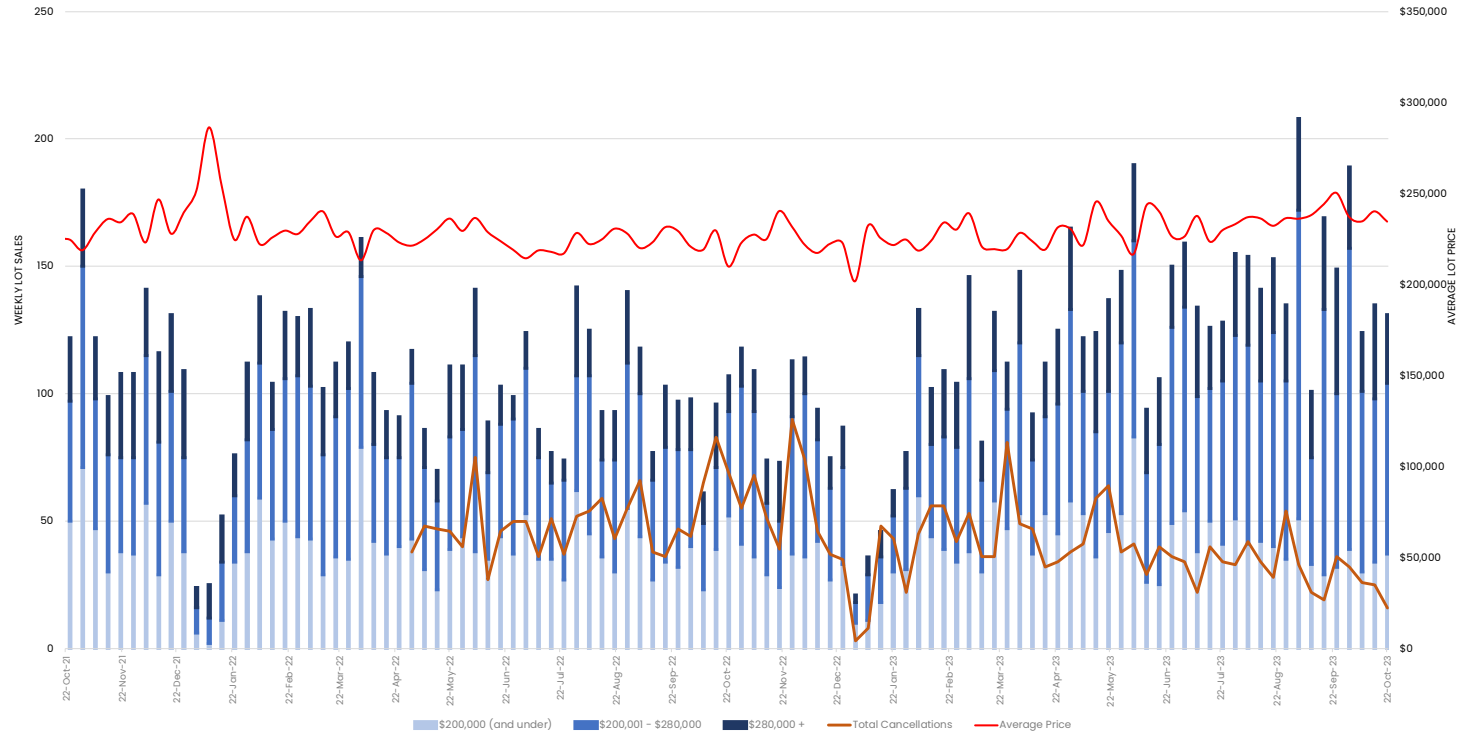
\$236,727

Average lot price

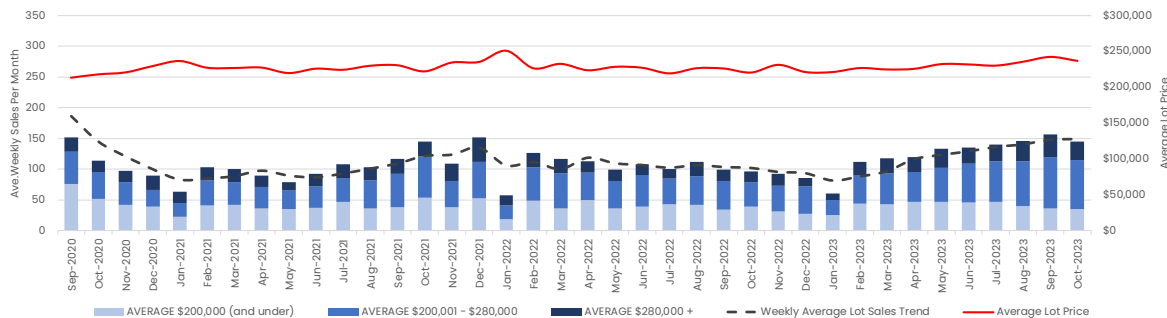
-2.3% MoM

+7.3% YoY

UDIA WA Weekly Land Snapshot Sales Data



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



35

Average weekly
lot sales priced
\$200,000 & under

-3.4% MoM
-10.3% YoY

30

Average weekly
lot sales priced
\$280,000 & over

-19.0% MoM
+73.0% YoY

99

Total monthly
cancellations

-10.0% MoM
-68.7% YoY

Residential Property Market

Residential Property Transactions (CoreLogic)

Perth New Build Median
Unit Price (Jul 23)

\$430,000

-2.3% YoY

27.2% lower than combined
Capital City ave

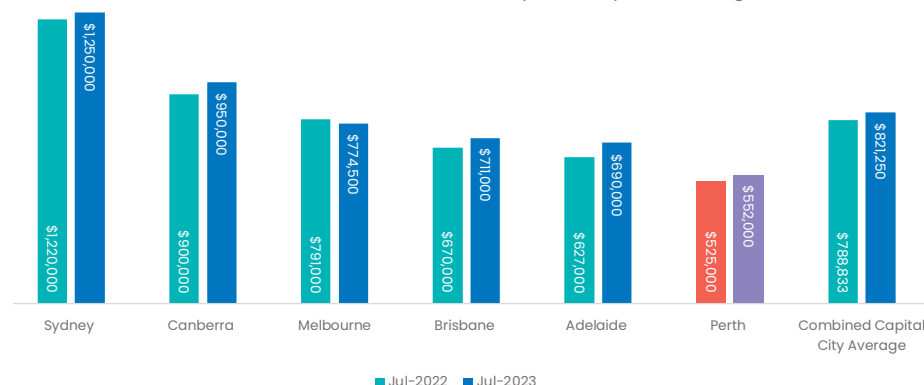
Perth New Build Median
House Price (Jul 23)

\$552,000

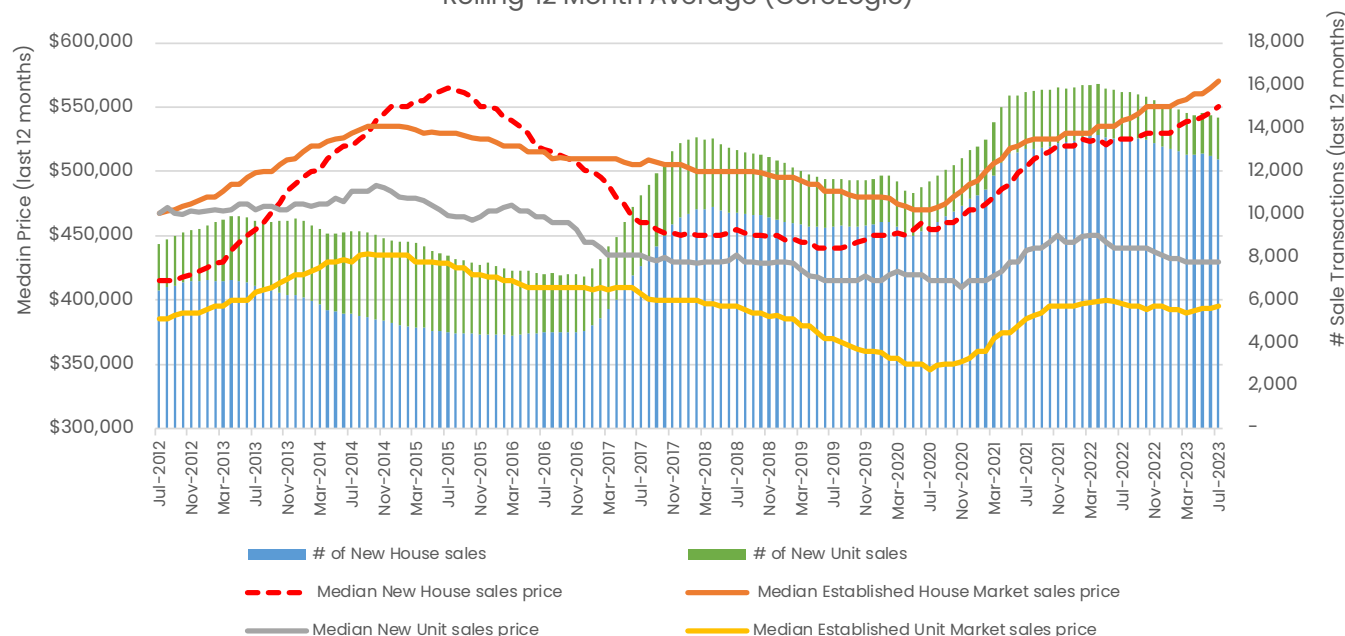
+5.1% YoY

32.8% lower than combined
Capital City ave

Median New Build House Price, July '22 & July '23 (CoreLogic)



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



12,575

Annual volume of new
house sales in Perth across
12 months to Jul 23

-7.2% YoY

1,913

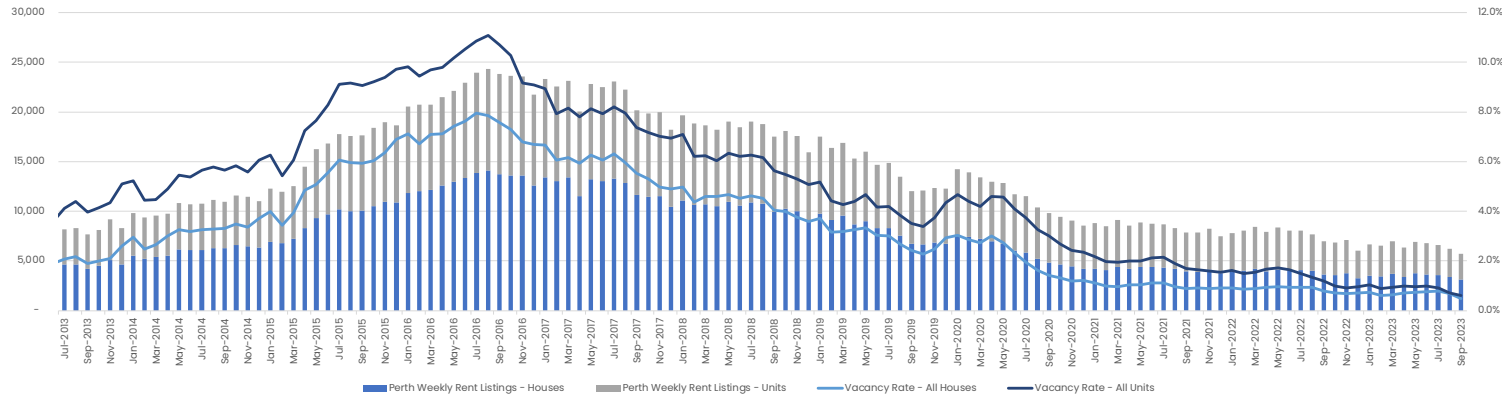
Annual volume of new unit
sales in Perth across 12
months to Jul 23

-11.3% YoY

Residential Property Market

Weekly Rental Listings (CoreLogic)

Perth Weekly Rent Listings & Vacancy Rate



0.5%

Rental vacancy rate in Perth

3,128

Average monthly rental listings for houses in Perth (Sep 23)

-8.0% MoM

-13.7% YoY

2,560

Average monthly rental listings for units in Perth (Sep 23)

-8.5% MoM

-23.0% YoY

\$613 pw

Median weekly rent for houses in Perth (Sep 23)

+1.3% MoM

+15.3% YoY

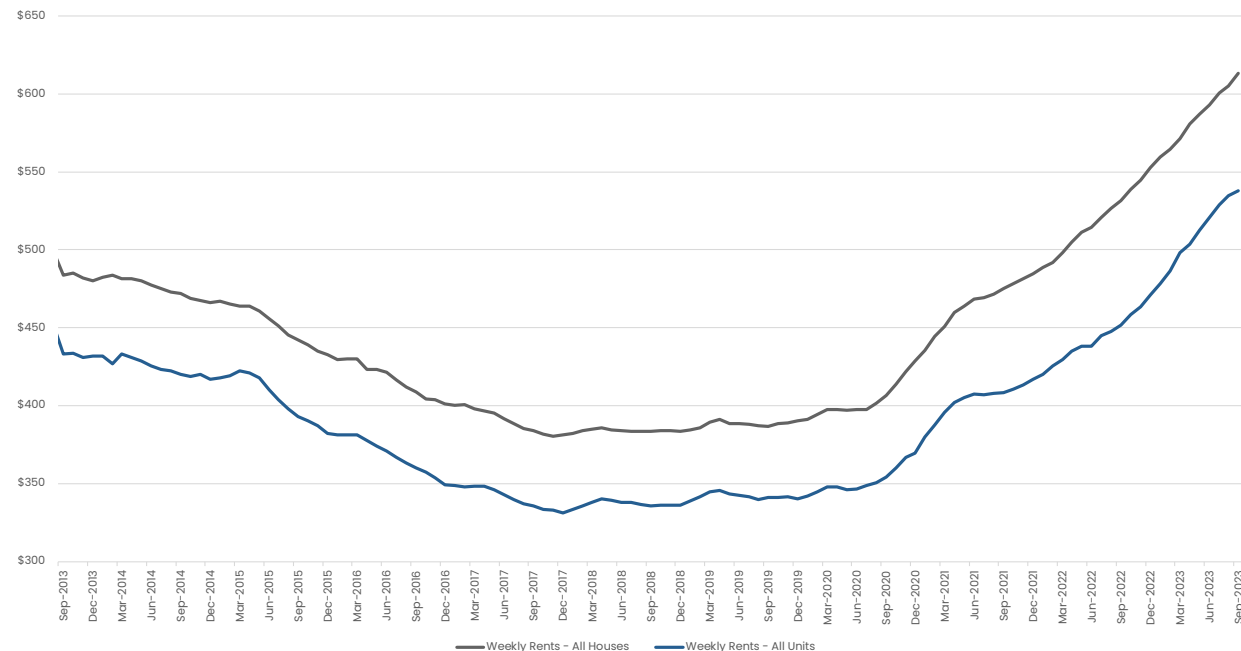
\$538 pw

Median weekly rent for units in Perth (Sep 23)

+0.6% MoM

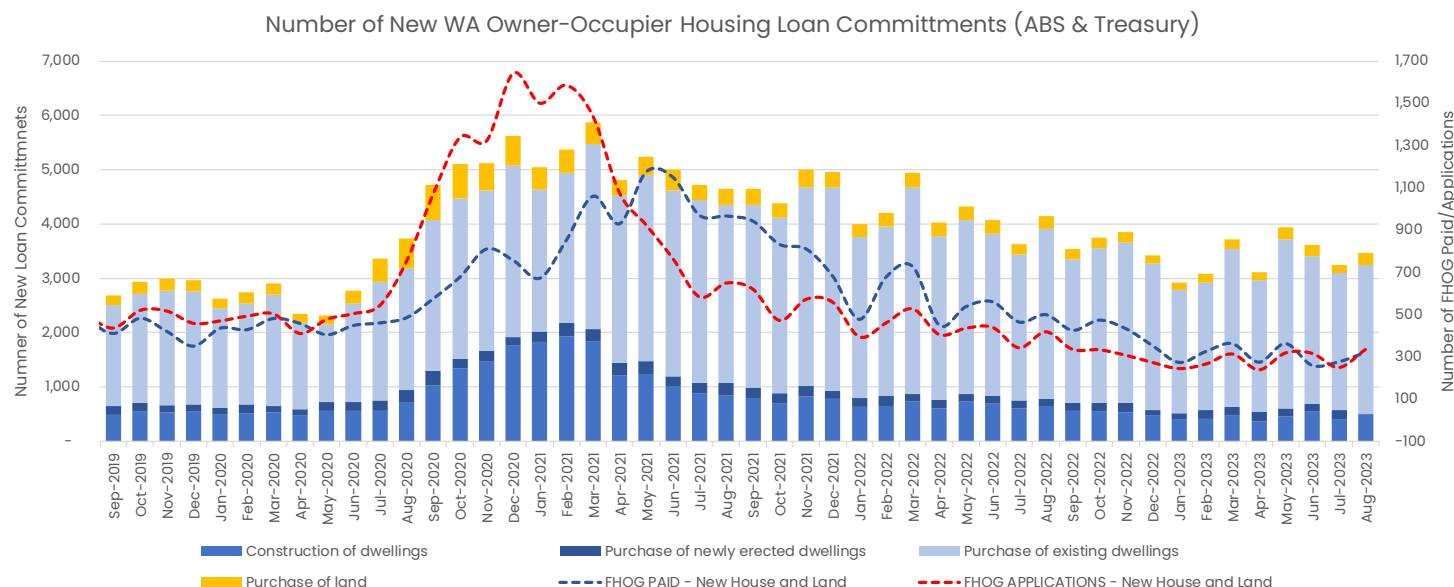
+19.1% YoY

Weekly Asking Rent, Perth



Residential Property Market

Owner Occupier Lending Activity



August owner occupier lending volumes for established market properties was

11.5% down

on rolling 12 month average

3,877

Total new housing loan commitments - WA

+13.1% MoM

-12.4% YoY

509

New dwelling construction loan commitments - WA

+25.4% MoM

-21.7% YoY

226

Purchase of residential land loan commitments - WA

+46.8% MoM

-5.0% YoY

321

First Home Buyer Grants paid for new house and land packages

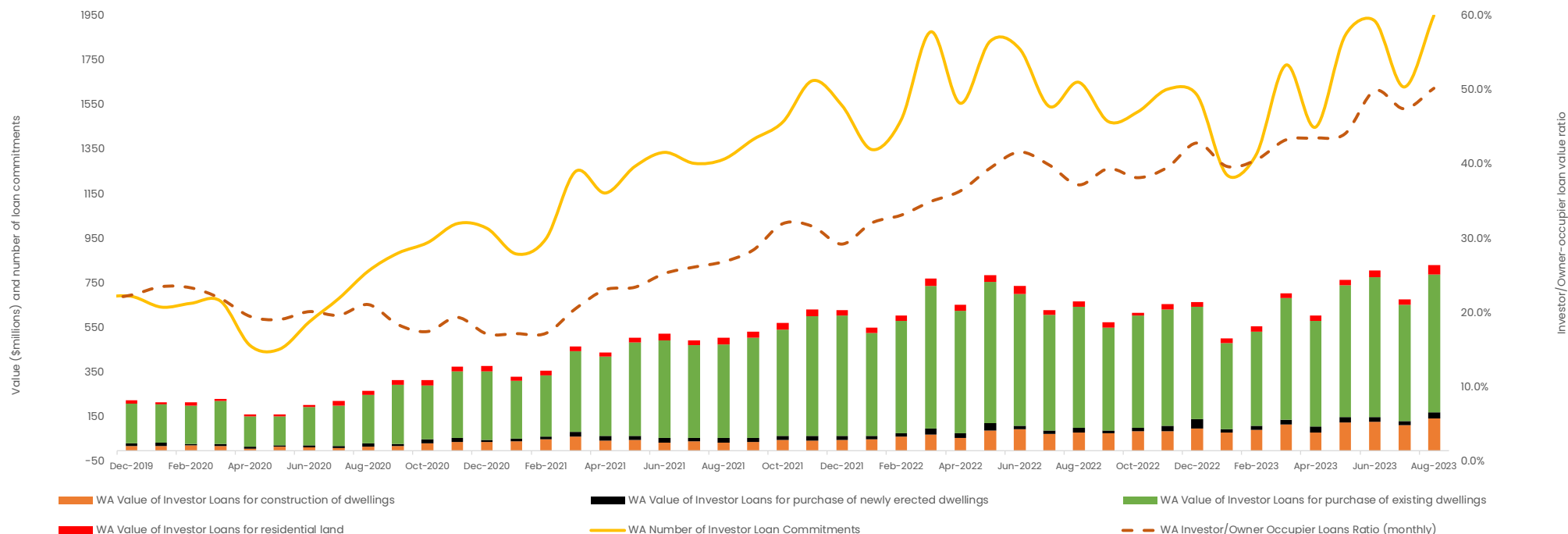
+15.9% MoM

-35.8% YoY

Residential Property Market

Investor Lending Activity

WA Investor Activity (ABS)



16,072

Number of investor new
loan commitments -
National

+6.7% MoM
-7.3% YoY

\$9.02b

Value of new investor
loan commitments -
National

+4.9% MoM
-4.7% YoY

1,951

Number of Investor new
loan commitments -
WA

+19.6% MoM
+18.1% YoY

\$843.6m

Value of new investor
loan commitments -
WA

+22.7% MoM
+23.2% YoY

Residential Property Settlements

June 2023: Monthly Settlements by Metropolitan Corridor

	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
North-West Metro	495	464	\$560,000

Detached House	327	605	\$640,000
Medium Density	103	205	\$445,000
Vacant Land	65	357	\$280,000

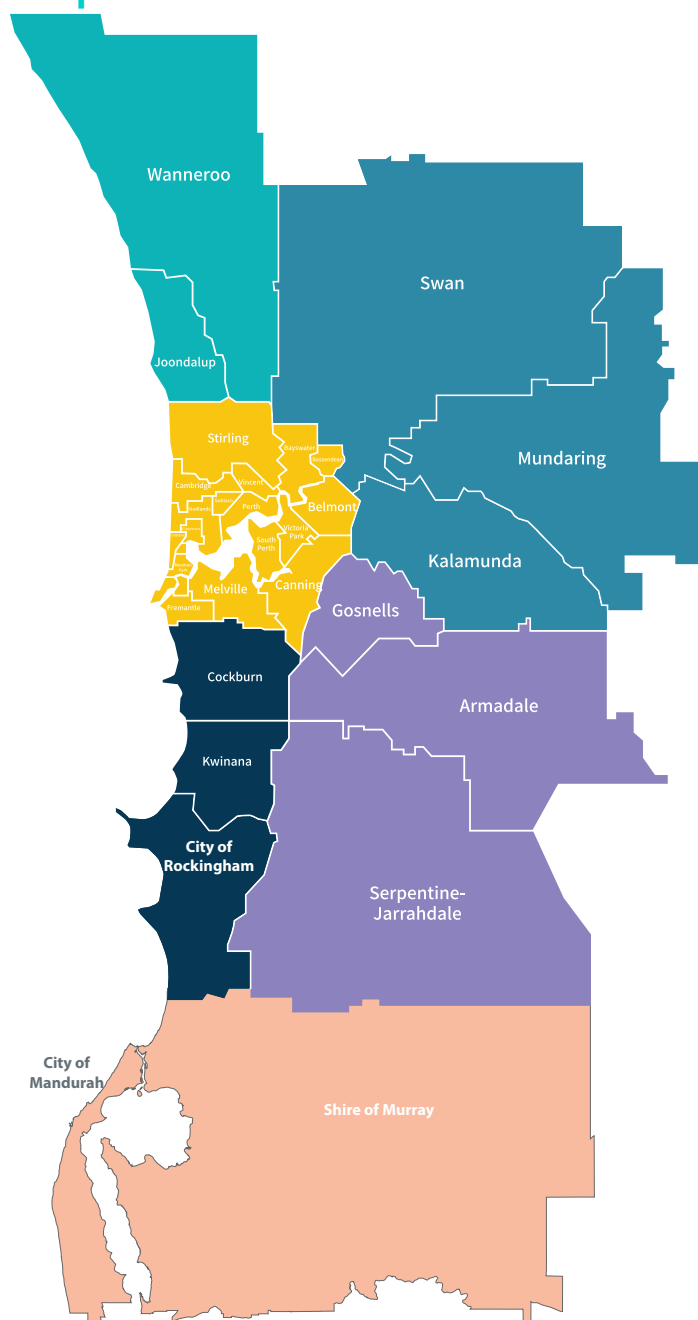
	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
Central Metro	1220	229	\$564,000

Detached House	298	715	\$920,000
Medium Density	872	158	\$494,000
Vacant Land	50	308	\$515,000

	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
South-West Metro	496	482	\$510,000

Detached House	332	600	\$547,000
Medium Density	120	126	\$379,500
Vacant Land	44	373	\$277,500

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.



	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
North-East Metro	310	446	\$494,000

Detached House	197	574	\$550,000
Medium Density	77	221	\$375,000
Vacant Land	36	375	\$277,000

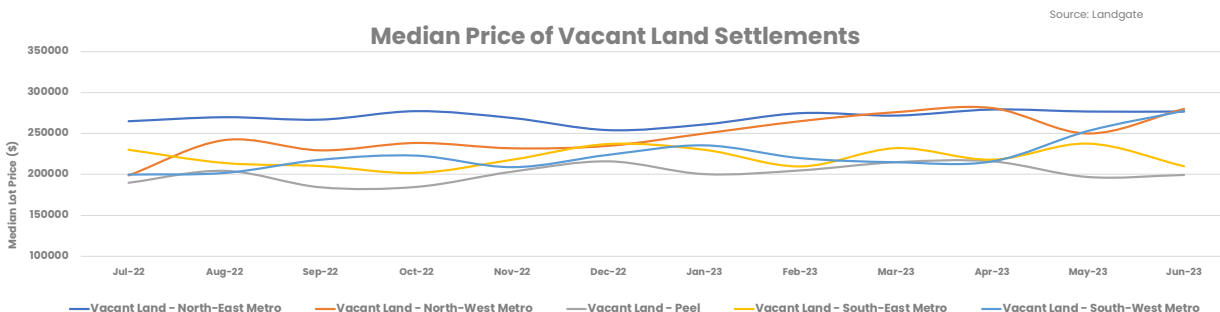
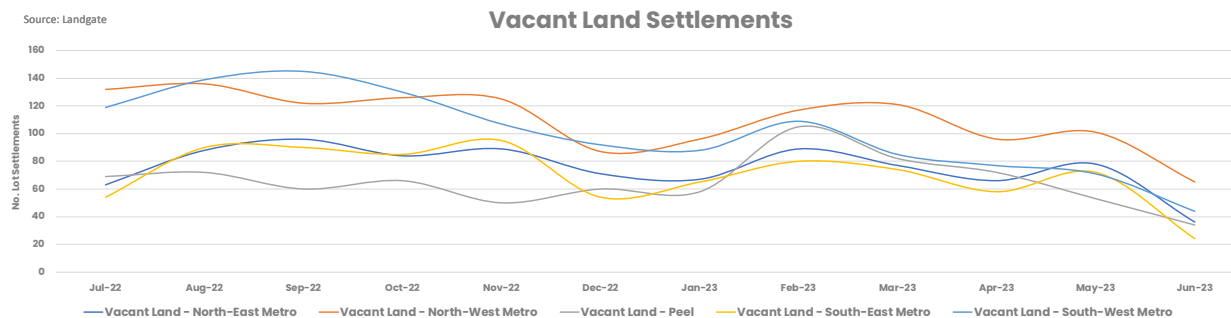
	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
South-East Metro	327	525	\$460,000

Detached House	233	680	\$510,000
Medium Density	70	239	\$355,050
Vacant Land	24	339	\$210,000

	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
Peel	230	555	\$452,500

Detached House	134	682	\$510,000
Medium Density	62	212	\$385,000
Vacant Land	34	517	\$199,500

Vacant Land Settlements



5,056

Vacant land settlements
across Greater Perth and
Peel in 12 months to June
2023

**-36.6% 12 month
change**

\$265,000

Median price in vacant
land settlements across
Greater Perth and Peel in
June 2023

**+18.8% 12 month
change**

Three Months to June 2023: WA Regional Property Settlements"

	Settlements (#)	Median Land Area (sqm)	Median Price (\$)
Gascoyne	41	794	\$330,000
Detached House	21	877	\$522,000
Medium Density	5	271	\$250,000
Vacant Land	15	726	\$101,850
Goldfields Esperance	309	736	\$310,000
Detached House	175	830	\$365,000
Medium Density	114	423	\$299,000
Vacant Land	20	914	\$166,000
Great Southern	303	727	\$415,000
Detached House	208	797	\$482,500
Medium Density	54	294	\$355,000
Vacant Land	41	657	\$145,000
Kimberley	38	641	\$360,000
Detached House	25	761	\$400,000
Medium Density	7	285	\$331,000
Vacant Land	6	456	\$87,300
Mid West	395	809	\$300,000
Detached House	249	812	\$340,000
Medium Density	55	316	\$242,000
Vacant Land	91	905	\$127,000
Pilbara	220	648	\$475,085
Detached House	149	710	\$565,000
Medium Density	59	254	\$395,000
Vacant Land	12	609	\$202,500
South West	957	696	\$450,000
Detached House	648	747	\$483,750
Medium Density	193	302	\$410,000
Vacant Land	116	685	\$250,000
Wheatbelt	231	1,012	\$190,000
Detached House	170	1,012	\$210,000
Medium Density	18	834	\$322,500
Vacant Land	43	1,009	\$97,000

(Landgate)

Corridor Snapshot

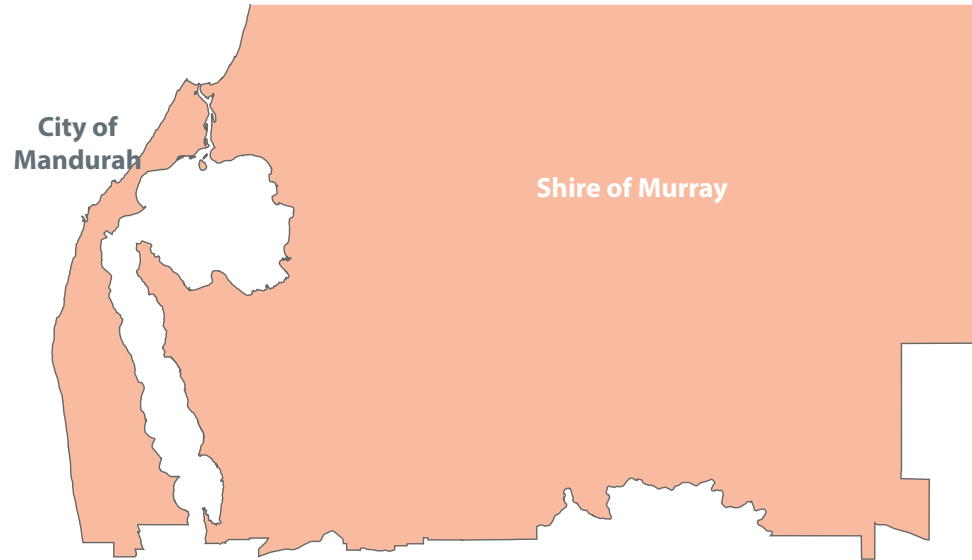
Peel Region, WA

12 months to June 2023 & YoY Change						
	Settlements (#)		Median Land Area (sqm)		Median Price (\$)	
Peel	4,417	-12.4%	576	-3.4%	\$430,000	10.3%
Detached House	2,216	-32.5%	701	0.1%	\$490,000	11.4%
Medium Density	1,024	18.9%	246	2.5%	\$355,000	12.7%
Vacant Land	551	-38.6%	451	-6.0%	\$204,000	5.7%

12 months to June 2023 & YoY Change						
	Settlements (#)		Median Land Area (sqm)		Median Price (\$)	
Mandurah LGA	3,777	-13.8%	565	-2.1%	\$435,000	11.3%
Detached House	1,752	-37.1%	601	-13.2%	\$485,000	10.2%
Medium Density	986	20.1%	184	-23.7%	\$355,000	11.3%
Vacant Land	413	-46.8%	375	-21.7%	\$198,000	-0.5%

12 months to June 2023 & YoY Change						
	Settlements (#)		Median Land Area (sqm)		Median Price (\$)	
Murray LGA	640	-3.0%	645	-6.4%	\$420,000	11.0%
Detached House	464	-6.8%	762	-4.8%	\$487,500	13.4%
Medium Density	38	-5.0%	237	58.0%	\$290,000	31.8%
Vacant Land	138	13.1%	480	-7.4%	\$165,000	3.8%

(Landgate)



4,417

Total settlements recorded for the Peel Region in 12 months to June 2023

-12.4% YoY

\$430,000

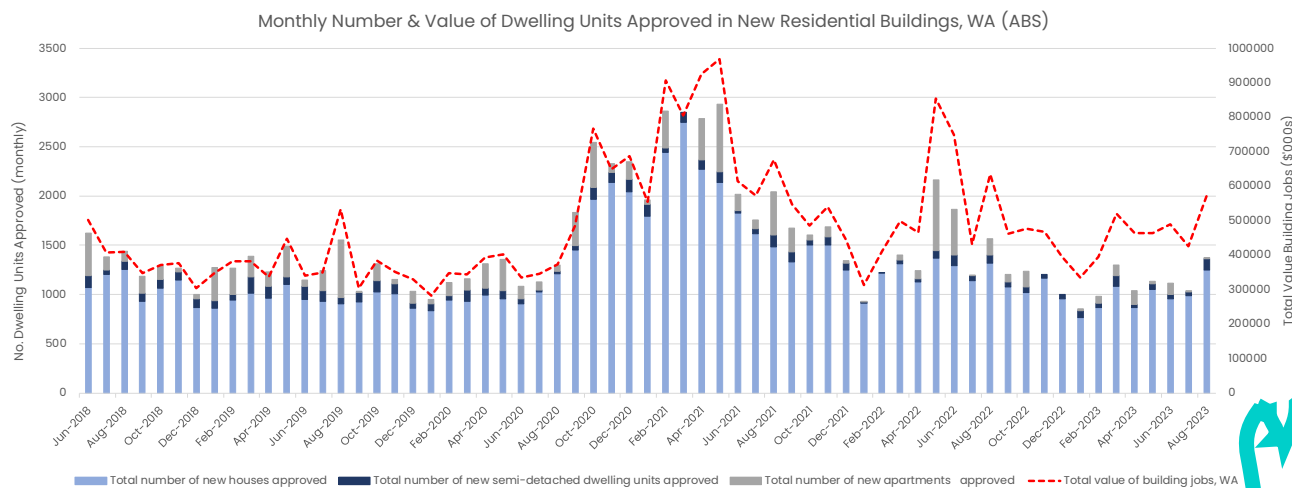
Median price of vacant land settlements in the Peel Region in 12 months to June 2023

+10.3% YoY

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

Building Approvals (ABS)



1,376

Total WA dwelling approvals in August

+32.4% MoM

-12.3% YoY



Houses

1,252

+26.8% MoM

-5.0% YoY

14,112

National dwelling approval numbers in August

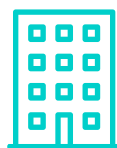
-23.4% YoY



Houses

9,447

-15.3% YoY

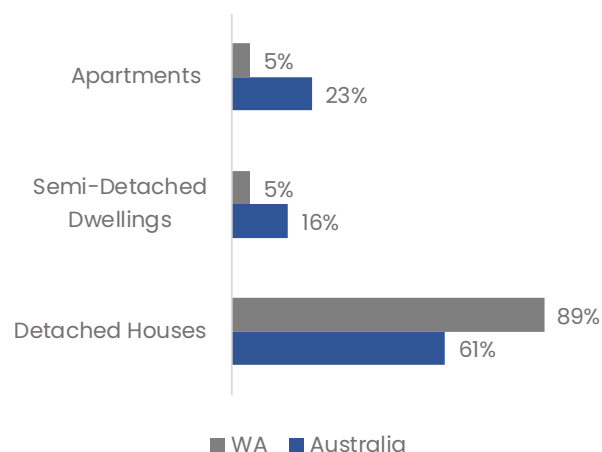


Excluding houses

4,665

-36.0% YoY

Proportion of Dwelling Approvals by Type, Rolling 12 Month Average WA v Australia (to August 2023)

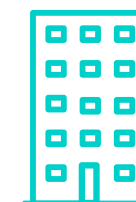


Semi-detached/row or terrace/townhouse

112

+166.7% MoM

+33.3% YoY



Apartments

12

+20.0% MoM

-92.8% YoY

Residential Construction

Building Activity (ABS)

3,628

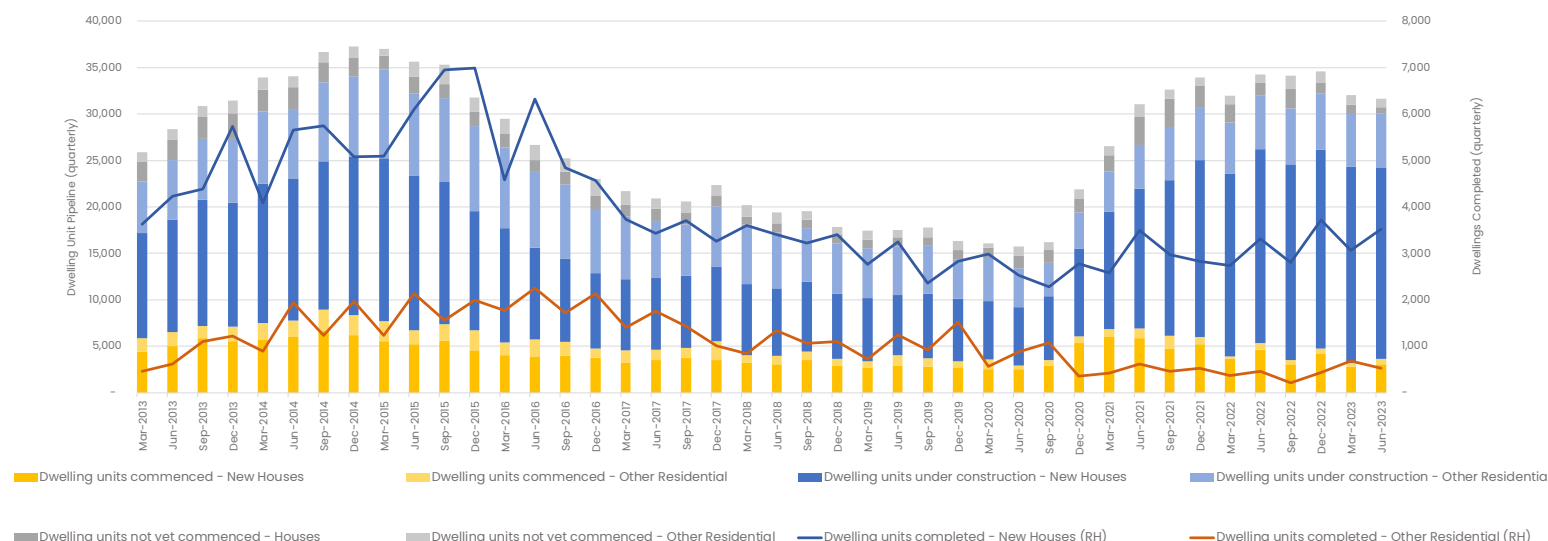
Volume of WA's new dwelling commencements in June 2023 quarter

+15.0% QoQ

-32.5% YoY

-32.6% Long run ave

WA Residential Building Activity & Pipeline (ABS)



3,056

Separate house commencements in June 2023 quarter

+9.0% QoQ

-34.2% YoY

-28.6% Long run ave

565

Other residential typology commencements in June 2023 quarter

+62.4% QoQ

-21.7% YoY

-47.6% Long run ave

20,655

Detached houses under construction across WA in June 2023 quarter

-2.3% QoQ

-1.0% YoY

+76.1% Long run ave

Economy

Labour Force (ABS)



3.4%

Australia's unemployment rate in September

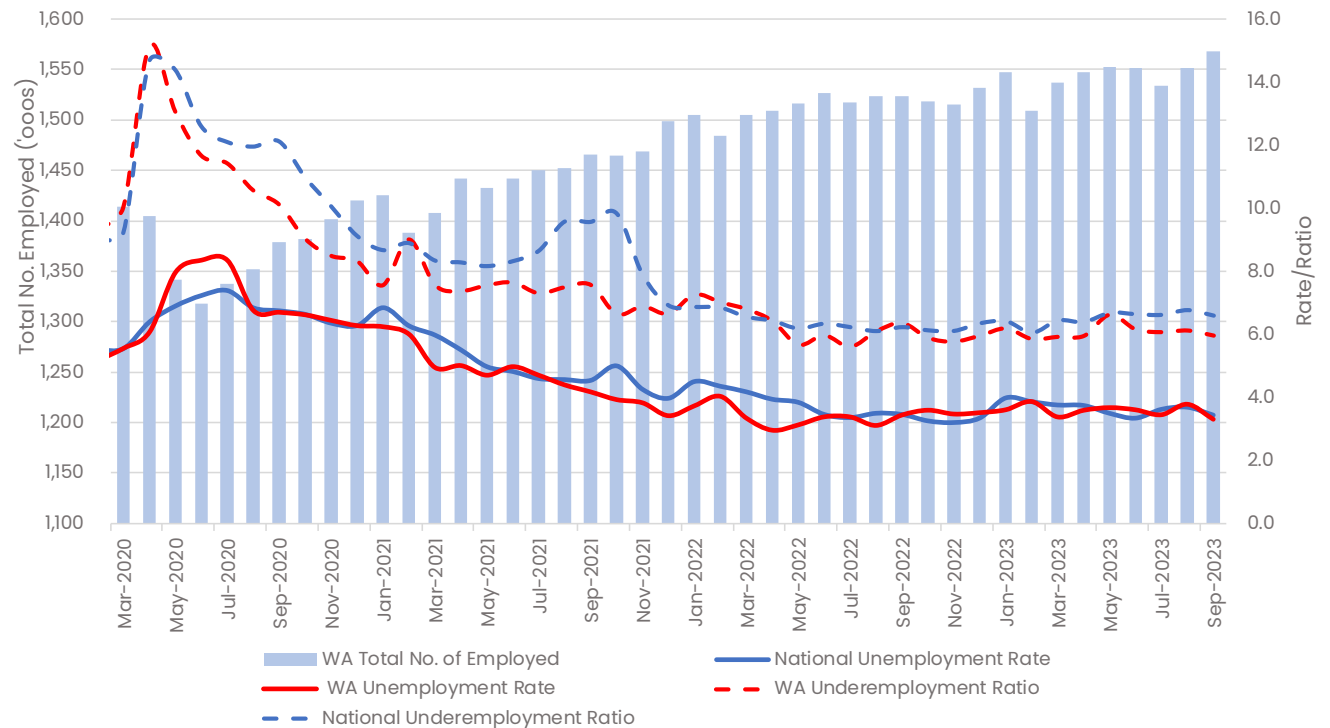


3.3%

WA's unemployment rate in September



WA & National Labour Force Snapshot (ABS)



Participation rate

National

66.7%

WA

68.7%

-0.34% MoM

-1.00% MoM

Underemployment rate

National

6.60%

WA

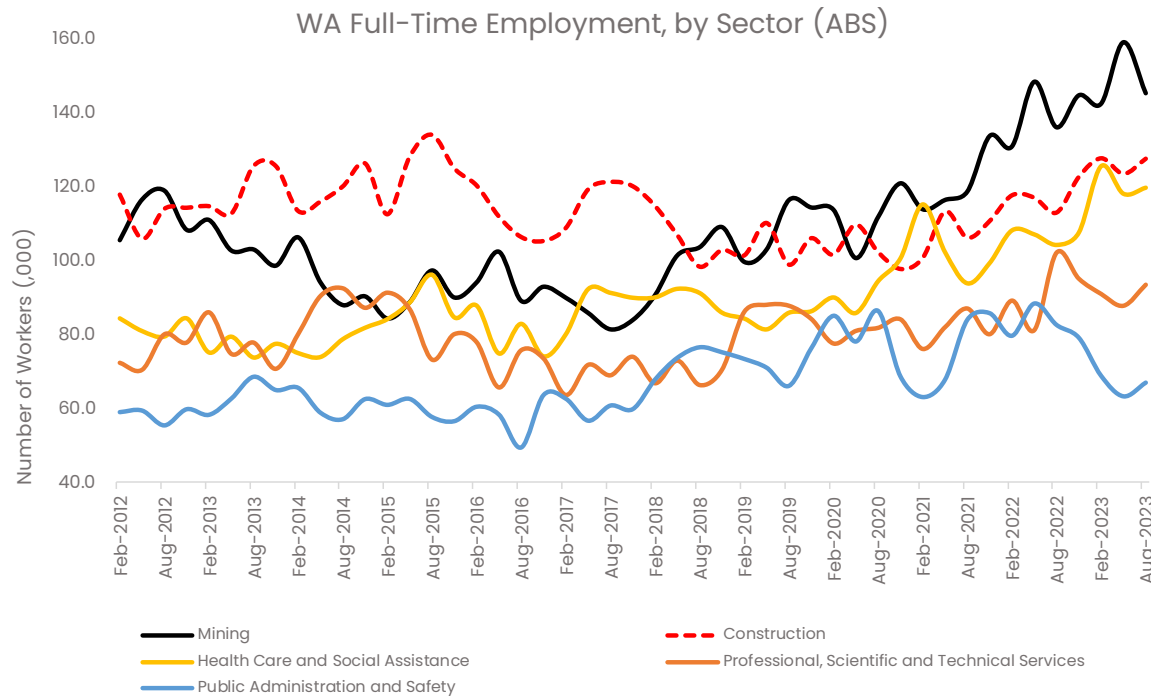
5.95%

-2.59% MoM

-2.64% MoM

Economy

Labour Force Detailed (ABS)



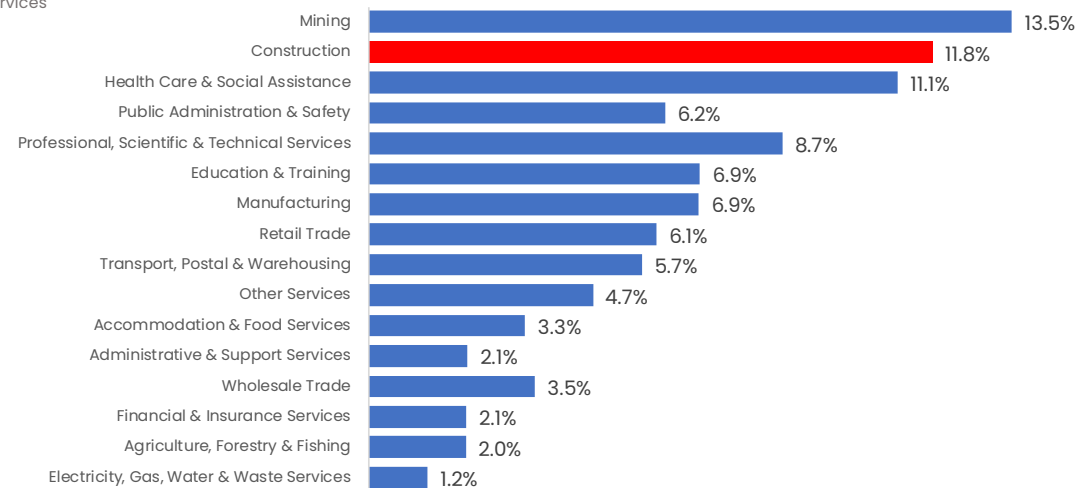
127,585

Total number of workers in the WA construction industry in the three months as at August 2023

+3.3% QoQ

+12.9% YoY

WA Full-Time Employment Industry Composition (Aug 2023) (ABS)



Proportion of Total Labour Force

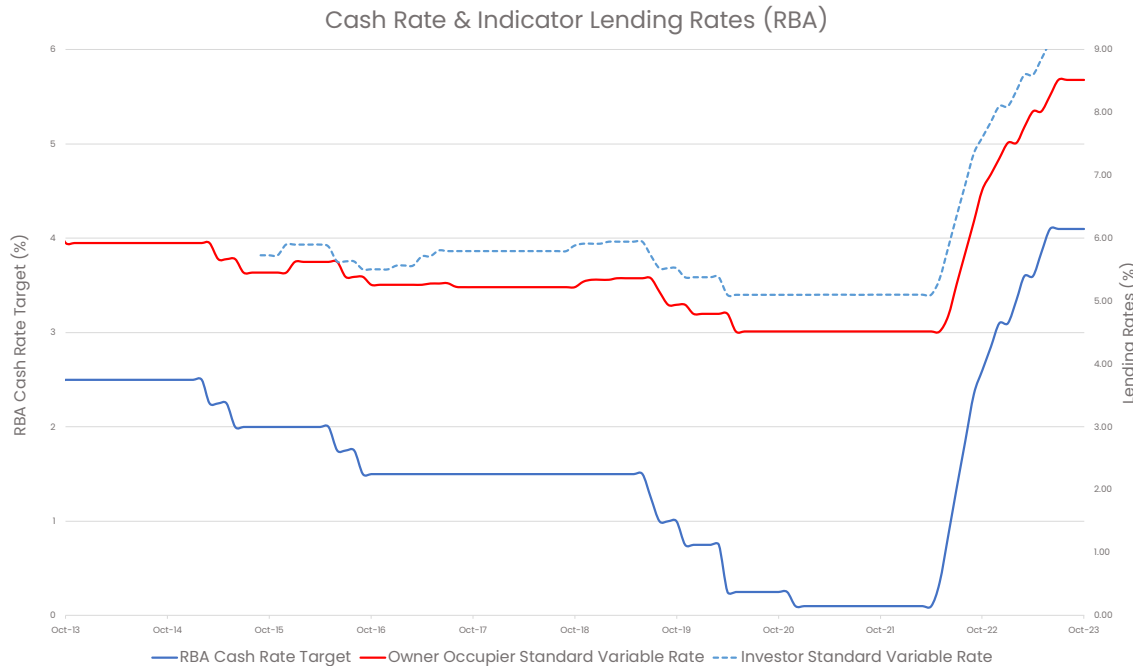


11.8%

Proportion of full-time employees working in construction, second highest industry for WA

Economy

Housing Rates & Cash Rate



4.10%

Cash rate target
following RBA
October Monetary
Policy Meeting
+/-0% MoM
+1.5% YoY

8.5%

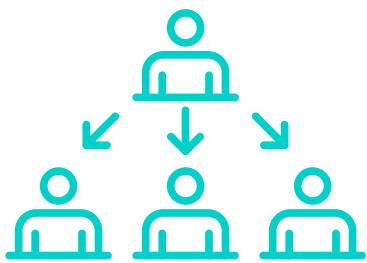
Owner-occupier
variable interest rate
+/-0% MoM

**Highest level
since Sep 2008**

9.10%

Investor standard
variable lending rate
+/-0% MoM

**Highest level
since Sep 2008**



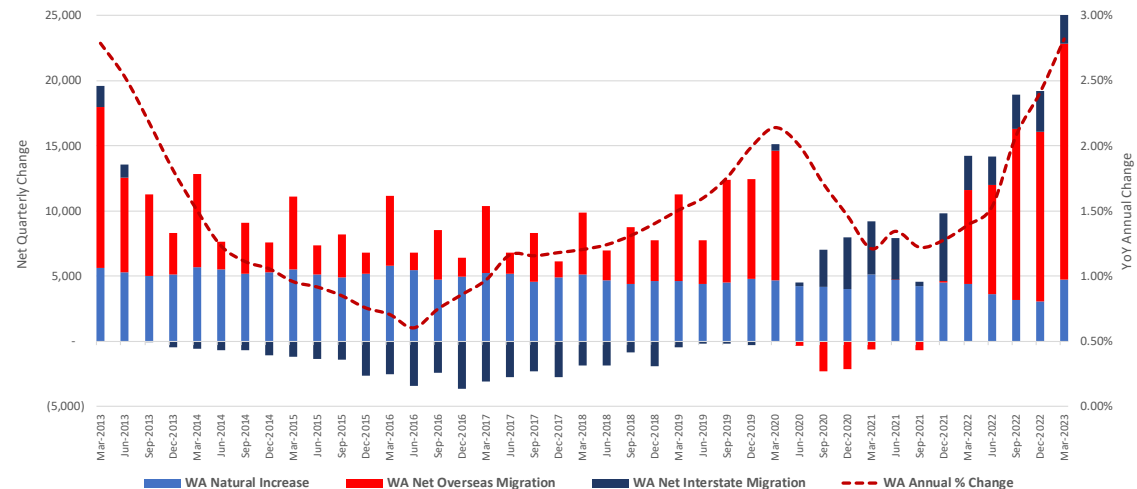
26,005

WA net population
growth

+35.5% QoQ

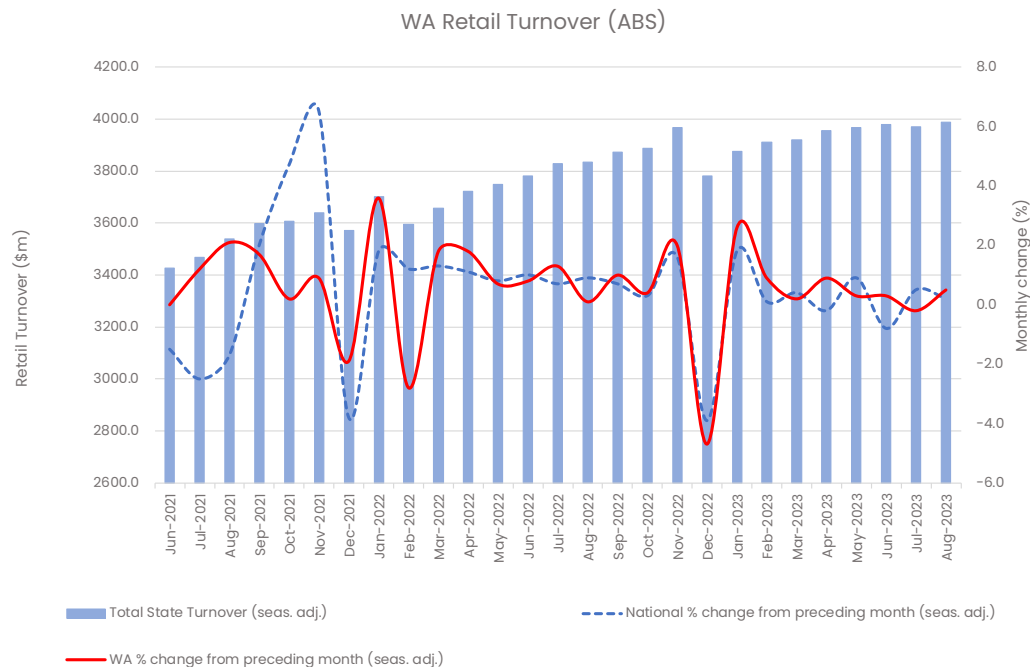
**Largest quantity
growth in 40 years**

WA Population Quarterly Growth by Component (ABS 3101)



Economy

Retail Trade (ABS 8501)



\$35.43 b

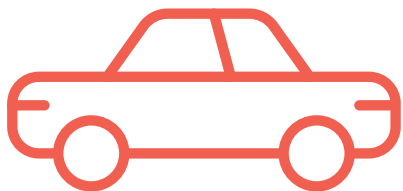
National retail turnover in August

+0.2% MoM
+1.5% YoY

\$3.98 b

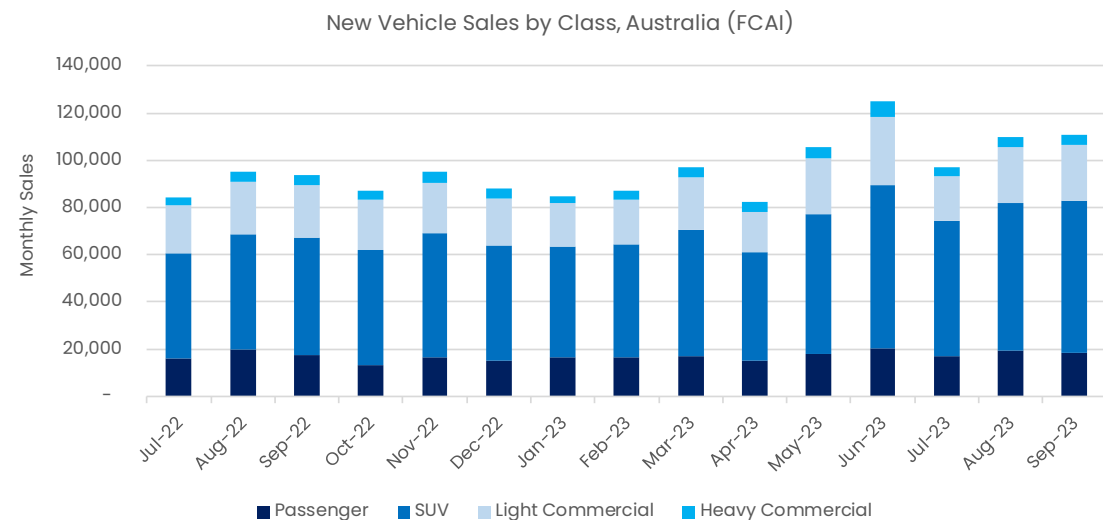
WA retail turnover in August

+0.5% MoM
+4.0% YoY



110,702

New Vehicle Sales sold in Australia in September 2023





50 years
For the
community
creators

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