

# NAB Residential Property Survey: Q1 2015

by NAB Group Economics

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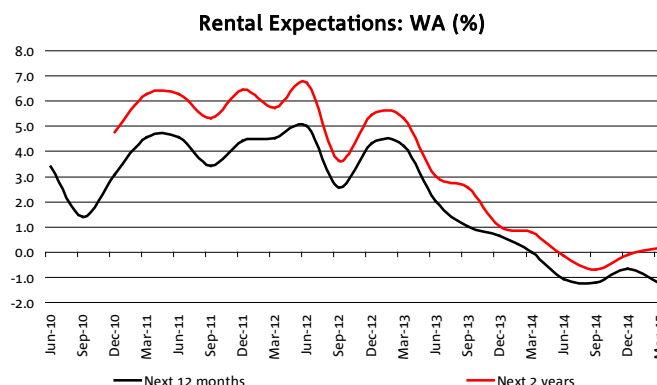
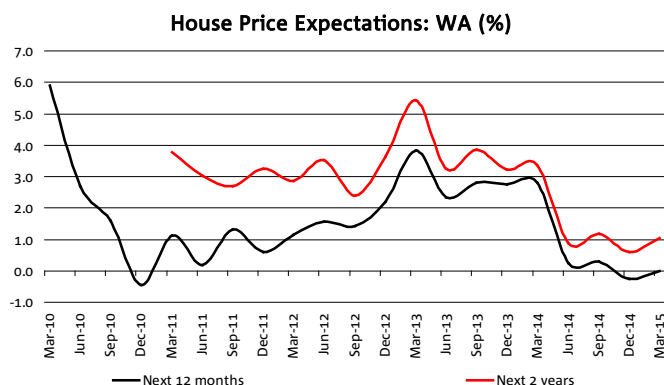


## State Report: Western Australia

### Prices & Rents

House prices expectations improve but weak. Flat next year (-0.2% in Q4) and 1% the year after (0.6% in Q4).

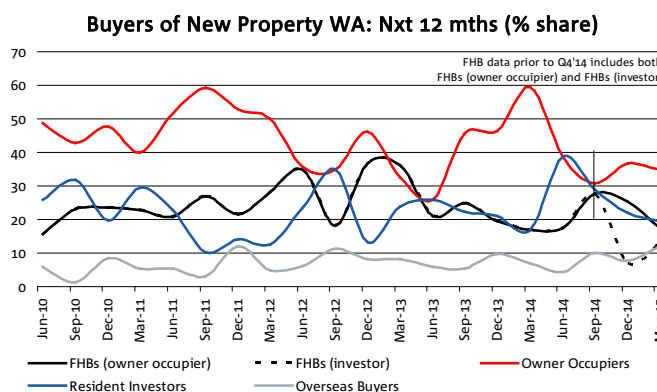
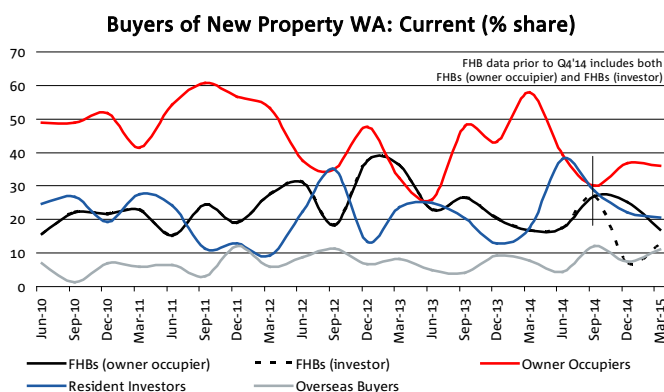
Expectations for rents next year lower at -1.2% (-0.7% in Q4) but improve in 2 yrs to 0.2% (-0.1% in Q4).



### New Property Market

Big increase in FHB investors (12.5%) and foreign buyers (11%), but owner occupiers (36%) still dominate.

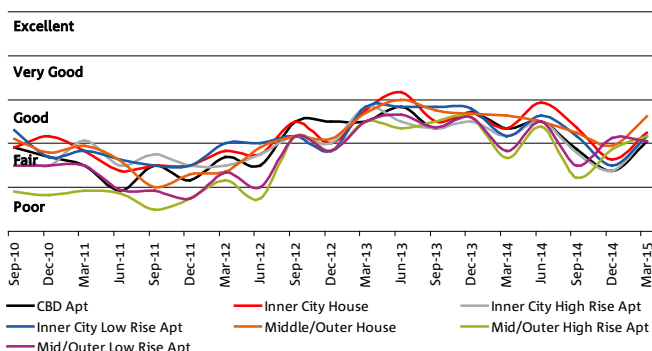
Owner occupiers to remain the main buyers of new property (35%) next year.



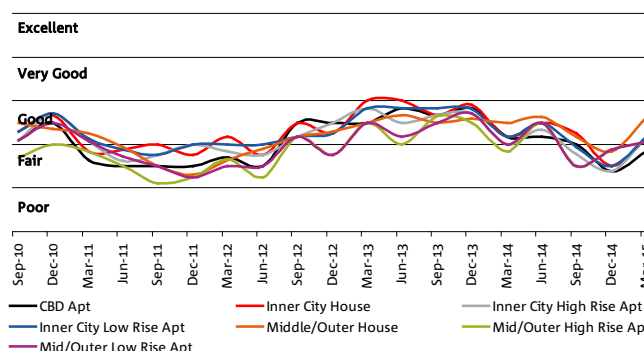
Demand for new property rises notably in all market segments (except mid/outer low rise). Demand rated "good" in all market segments.

Demand for all new property in WA to improve next year (led by mid/outer ring houses). Demand weakest for CBD apartments and rated only "fair".

Demand for New Property WA by Type: Current



Demand for New Property WA by Type: Next 12 mths

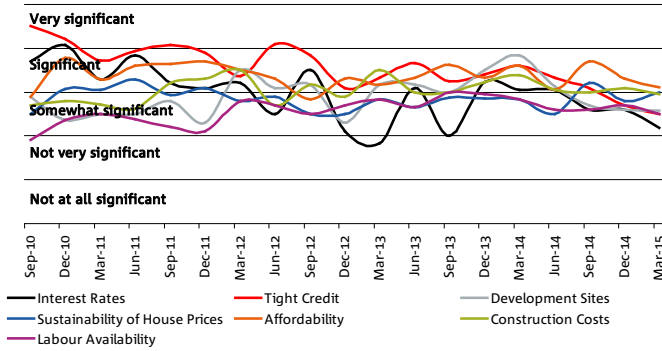


## New Property Market (cont...)

Housing affordability still the most “significant” constraint to new housing developments in WA, although level concern continues to fall as house price growth continues to weaken. Sustainability of house price gains and construction costs the next big issues.



Constraints on New Housing Developments: WA

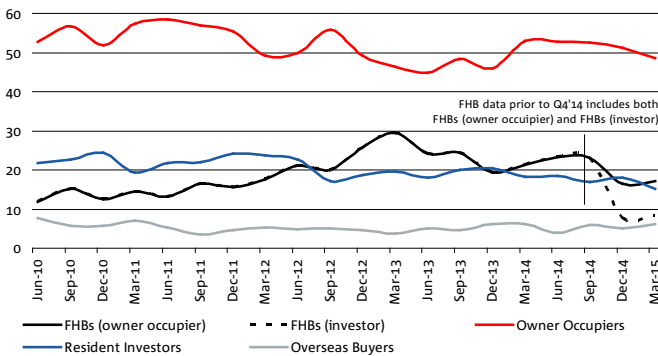


## Existing Property Market

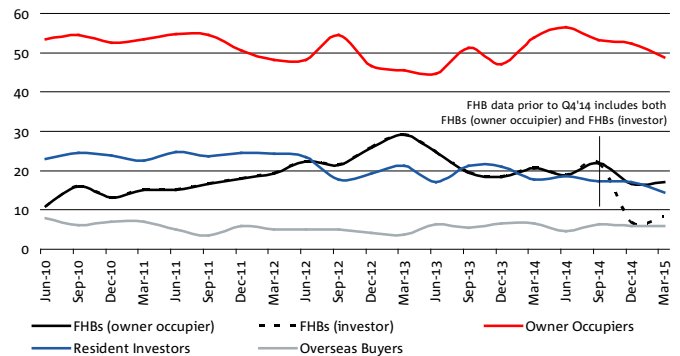
Owner occupiers (48.5%) the main buyers of existing property followed by FHBs - owner occupiers (17.1%) and investors (8.1%) - local investors (15.2%) and overseas buyers (6.1%).

Buyer profile in existing property market expected to remain broadly unchanged next year, led by owner occupiers (48.8%), FHB owner occupiers (17%) and investors (8.4%) and local investors (14.5%).

Buyers of Existing Property WA: Current (% share)



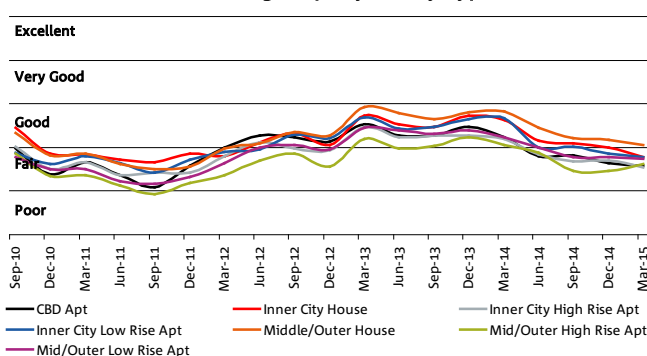
Buyers of Existing Property WA: Nxt 12mths (% share)



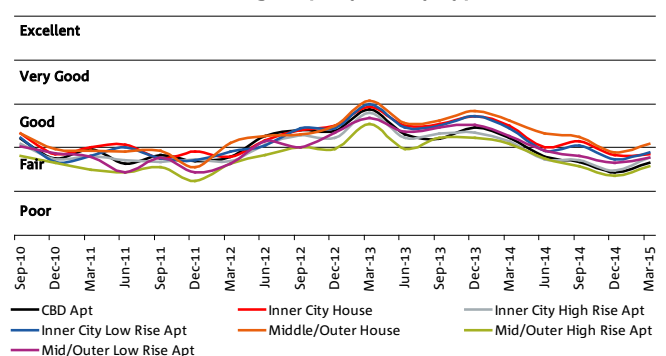
Demand weaker for all property except CBD apartments and mid/outer high rise. Demand now rated “fair” for all existing property bar mid/outer houses (“good”).

Prospects for existing property demand improve but continue to be rated as only “fair” in all market segments and locations except mid-outer houses.

Demand for Existing Property WA by Type: Current



Demand for Existing Property WA by Type: Next 12m

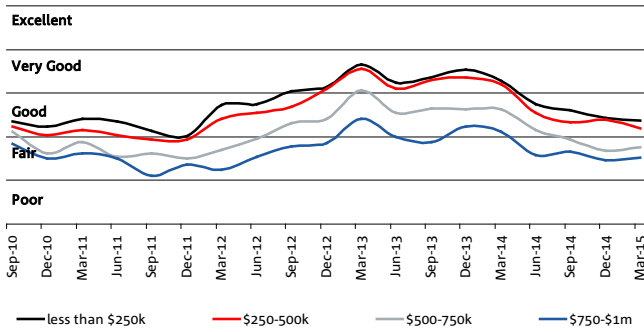


## Existing Property Market (cont...)

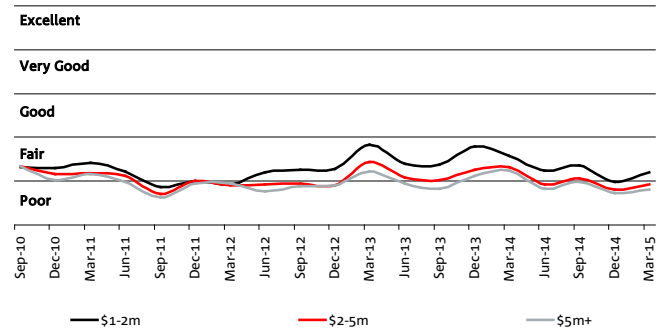
Capital growth prospects improve in all price ranges except \$250-500k. Prospects for houses <\$500k still “good”, but prospects for houses valued at between 500k-\$1m only “fair”.

Prospects for capital growth at the premium end of the WA housing market improved slightly in all price segments. Prospects in the \$1-2mn range upgraded to “fair” but are still considered “poor” above \$2mn.

Capital Growth Prospects WA: Houses <\$1m



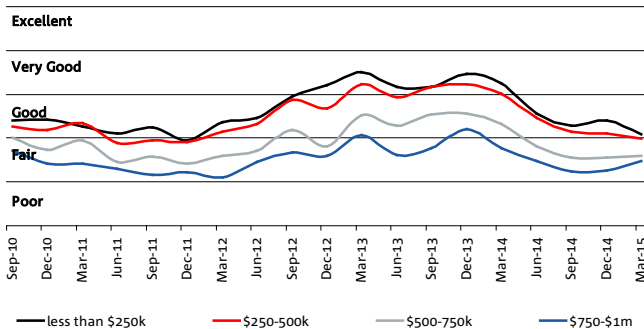
Capital Growth Prospects WA: Houses >\$1m



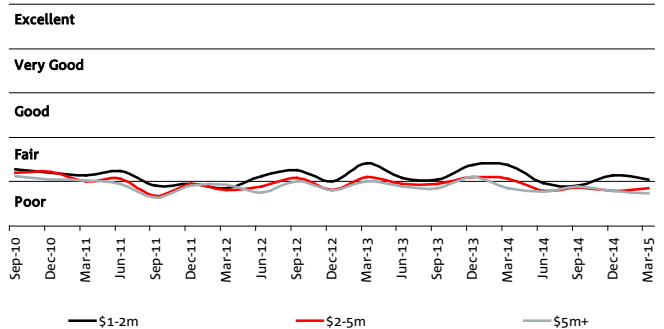
Capital growth prospects for apartments valued <\$500k were slightly weaker, but improved for properties above \$500k. Overall, prospects were rated “fair” for properties \$250k-\$1mn and “good” below \$250k.

Prospects for capital growth in the premium apartment market remain very weak. Growth prospects for apartments >\$2mn were rated “poor” while prospects for \$1-2mn apartments were rated “fair”.

Capital Growth Prospects WA: Apartments <\$1m

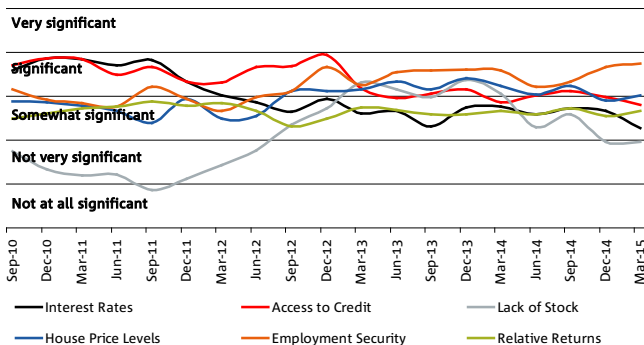


Capital Growth Prospects WA: Apartments >\$1m



As the mining investment boom continues to unwind and state economic growth slows, more property professionals in WA are citing employment security as the biggest and most “significant” constraint to buying existing property. In contrast, they are least concerned about a lack of stock and interest rates.

Major Constraints on Existing Property: WA



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