



Herron
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Independent Property Advisors

Westpac

PROPERTY REPORT

Western Australia



National overview

Despite perceptions that affordability is a challenging issue in today's residential property market, a budget of \$500,000 still offers Australian investors and owner-occupiers a generous array of options even in Sydney, Melbourne, Brisbane and Perth.

What will \$500,000 buy these days?

Half a million dollars is something of a magic number in residential property as it marks the price limit for many first homebuyers, investors and downsizing retirees. With this in mind, we set out to discover just what \$500,000 buys around the nation, and in many markets, the answer is a surprisingly wide choice of quality properties.

Specifically, we asked state-based Herron Todd White teams what they would recommend buying with a budget of \$500,000 if they were:

- an investor;
- an owner occupier (single or couple) without children;
- an owner occupier with a family.

Cooler prices have improved value

We found that the slowdown impacting markets over the past 12 months has provided exciting buying opportunities. Properties that a few years ago would have been well beyond this price bracket can now be secured for \$500,000 – in some cases with change to spare. Nowhere is this more apparent than in Brisbane, the Gold Coast and Sunshine Coast where an investor with a budget of \$500,000 could pick up not one, but potentially two rental properties.

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Yields topping 17% in outback areas

Even in Sydney, one of the nation's most expensive cities, suburbs like Auburn and Parramatta offer units priced at \$370,000 with gross yields of up to 5.7% - an appealing combination of affordability and healthy returns. As our report illustrates, in some mining towns such as Queensland's Chinchilla, yields can soar to 17% - but with long term prosperity linked firmly to global demand for resources, such investments are highly speculative.

Vibrant lifestyles for owner occupiers in Melbourne

For owner occupiers, a price limit of \$500,000 offers a wealth of choice. In Melbourne's inner city suburb of Footscray, significant urban renewal is occurring and while houses are still available for around \$500,000 there is a good selection of apartments priced from around \$310,000.

Adelaide continues to offer good buying, and in suburbs like Flinders Park and Torrensville \$500,000 will secure a 3-bedroom house on a generous lot with the added appeal of nearby beaches.

Quality suburbs and high yields in Perth

In Perth, \$500,000 buys a wealth of options from inner city apartments generating yields of 6% through to 4-bedroom houses in established suburbs like Willetton, Bassendean and Ocean Reef that combine proximity to the CBD with local amenities and quality schools.

Darwin – don't miss the boat

In Darwin it is still possible to pick up apartments priced below \$500,000 in city fringe suburbs like Larrakeyah. But with an influx of workers expected once construction begins on the new Inpex LNG plant, Darwin prices look set to climb again, and investors could be the key beneficiaries.

The Apple Isle fits the bill

In Tasmania, \$500,000 will secure a quality house or unit virtually across the state, with the possible exception of more expensive prestige suburbs like Sandy Bay, Battery Point and Central Hobart, which is great news if you're considering a move to our southernmost state.

Brendon Hulcombe
CEO, Herron Todd White

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Western Australia

Today's buyers – both owner occupiers and investors, have the opportunity to buy at the bottom of the WA property market and secure strong value across a range of regions and property types. From an inner city apartment to a beachside home on the south coast, a budget of \$500,000 offers significantly more buying power in WA than it did a few years ago.

Perth

Investors

For investors with a \$500,000 spending limit it is possible to pick up a 2-bedroom inner city apartment. CBD units are showing strong rental yields of 6%, and the anticipated rise in Perth's workforce over the next few years is expected to boost rents – and demand for accommodation.

Apartments within the Joondalup City Centre are also achieving strong yields ranging from 5% to 6%, and the expansion of the northern corridor and further developments within the Joondalup Town Centre is likely to support yields over the near term. Three bedroom apartments in the area are priced between \$400,000 and \$500,000 depending on age, size and quality.

Owner occupiers – single, without children

Perth's inner eastern suburbs of Rivervale and Kewdale offer a wide choice of homes in the under-\$500,000 price bracket and they represent good buying. Both suburbs are within five kilometres of the CBD and offer easy access to the airport. The continued expansion of Burswood (now Crown) Casino and the new football stadium is likely to underpin demand in the area. In this price range it may also be possible to find renovated cottages in Victoria Park and East Victoria Park, which both offer a central location with good local facilities and healthy long term growth prospects.

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To Perth's north, subdued market conditions have reduced the asking prices of older 3- and 4-bedroom houses within the established suburbs of Duncraig and Hillarys. Many homes in these suburbs are now priced around \$500,000, and as such they represent excellent value with close proximity to the nearby marina and an easy 20 kilometre commute to the CBD.

Families

To the city's south, prices in Willetton have reduced over the past 12 months and for \$500,000 buyers can secure a 3-bedroom house on a 700sqm lot, or a more basic 4-bedroom home. A convenient location and highly sought after local schooling ensures this suburb will recover strongly once the market regains momentum.

The north eastern suburb of Bassendean offers plenty of value in the \$500,000 price bracket. It is located within 10 kilometres of the CBD, has the established town centre of Bassendean Village and close proximity to the Swan River. The suburb is on the railway line and boasts easy access to Guildford Grammar – one of Perth's premier primary and secondary schools. Many of the suburb's homes date from the 1940s and have appealing character features.

Perth's beachside suburb of Ocean Reef features houses built in the 1980s and early 1990s, and prices have now been reduced to around \$500,000 in response to weak market conditions. Ocean Reef offers families a generous selection of quality schools including Prendiville Catholic College and Currambine Catholic Primary School. The suburb is also adjacent to the expanding Currambine Shopping Centre and with future plans to expand the marina, this area is tipped to experience future capital growth.

Regional Western Australia

South West

A number of locations including South Bunbury, Bunbury and areas north of the Bussel Highway from Abbey through to West Busselton have held their value well despite cooler market conditions, and are expected to experience capital growth in the future. Housing in these locations typically comprises older stock that can be redeveloped to add value.

Other areas worth a look in the under-\$500,000 price range include Dunsborough, Dalyellup and Millbridgwith. These towns feature larger new dwellings, and as many listed properties in the South West have been on the market for some time, buyers are well-placed to negotiate a decent discount.

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Kalgoorlie

Like Perth, Kalgoorlie's property market is showing signs of recovery with increases in the enquiry rate and sales volumes. Kalgoorlie's rental market is strong and healthy yields are available for investors. As a guide, a \$475,000 conventional house in the suburb of Somerville can achieve weekly rents in the order of \$650 to \$700 – a gross yield of around 7.6%. The mining boom and strong gold prices should see property prices stabilise and move in a more positive direction however there are strong concerns in Kalgoorlie about anti-social behaviour.

Other regional Western Australia

The state's regional areas have not been immune to the downturn affecting metropolitan WA, and this has created a buyers' market.

For homebuyers wishing to escape the rat race and enjoy either a sea change or tree change, there is a generous choice of towns in Western Australia's south and south west where quality properties can be purchased for less than \$500,000. Suitable locations include Augusta and Margaret River on the coast and picturesque inland localities such as Bridgetown, Nannup, Pemberton and Manjimup. All have excellent community infrastructure with proximity to the larger regional hubs of Bunbury and Albany – albeit in some cases this can involve a drive of 30 minutes to 1.5 hours.

The scenic regional city of Albany boasts a population of 35,000 and is located 409 kilometres south-east of Perth. The climate is mild and the town offers a full complement of community facilities. A strong downturn in the local market has seen supply greatly outstrip demand leading to a decline in property values, and suburbs close to Albany's town centre as well as the beachside townships of Mira Mar, Centennial Park and Mount Melville offer high quality though dated homes on generous lots for under \$500,000. Newer suburbs on the fringe of Albany offer better quality homes but are located further from the Albany CBD.

Source: Herron Todd White

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