

Westpac

Western Australia

Property Report – October 2015



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National Overview

Media headlines regularly focus on the challenges first home buyers face finding affordable property, and yes, in many state capitals residential property is expensive.

However, what is often overlooked is the growth of competitively priced new estates located in outer-ring growth corridors, where house and land prices are often below \$500,000. The popularity of these developments is frequently underpinned by state government initiatives that actively encourage first home buyers to purchase newly constructed homes or build homes on vacant land.

These initiatives are certainly having a positive impact on the residential construction industry. Figures from the Housing Industry Association confirm apartment building was a strong performer in August 2015, with construction of houses also expanding¹.

NEW ESTATES ARE BACKED BY INFRASTRUCTURE

The availability of new estates in planned suburbs is good news for first home buyers, especially in our least affordable city, Sydney. The typical first timer looking to buy in Sydney's middle-ring suburbs, for instance, is often able to afford only a 1- or 2-bedroom apartment.

By contrast, in Sydney's south-west growth region, suburbs such as Oran Park and Leppington offer house and land packages priced from around \$480,000.

Yes, these are outer suburbs. However, anyone driving through this area for the first time couldn't fail to be impressed by the extent of new infrastructure construction, which is providing improved transport links plus local employment hubs. This level of activity, coupled with the planned second airport at Badgerys Creek, suggest the first home buyer estates of the south-west will prove to be a sound investment for the future.

It's a similar story around many state capitals: first home buyers prepared to look beyond established suburbs can find value. In Brisbane, for instance, Springfield Lakes (25 kilometres from the CBD) offers 3-bedroom homes priced from \$350,000. Melbourne's Point Cook area features new developments such as Featherbrook and Kingsford estate, which offer house and land packages starting at around \$375,000.

To the east of Darwin's satellite city Palmerston, Zuccoli is home to new masterplanned estates. Vacant lots of 300 square metres are selling for as little as \$160,000, making this area an affordable option for many of the Territory's first home buyers.



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PRICES HAVE COOLED IN WA

In Western Australia, Perth values have cooled over the past 12 months, and in northern suburbs such as Butler prices have dipped 0.9%. This is giving first home buyers greater buying power, and semi-detached homes in the area are priced under \$400,000.

TASMANIA AND SOUTH AUSTRALIA OFFER AFFORDABLE PRICES

First home buyers in South Australia and Tasmania are fortunate to have an affordable property market. Tasmanians also benefit from the state government's First Home Builder Boost (FHBB), currently worth \$20,000 for new constructions. However, our experts in Tasmania are urging first home buyers to weigh up the merits of a newly built home versus an established property. Given the affordability of Tasmania's property market, first home buyers can secure excellent value with established homes in quality suburbs, even if it means forgoing the FHBB.

A final word of caution: first home buyers on very tight budgets need to be mindful that many new developments feature extremely small lots, as a way of keeping prices down. Particularly diminutive allotments, while budget friendly, may have limited buyer appeal and prove harder to sell further down the track.

Brendon Hulcombe

CEO

¹ Australian Industry Group/Housing Industry Association media release; Australian PCI@: Construction rebounds in August, 7 September 2015.

Western Australia

Perth

Residential property has become more affordable in the broader Perth area over the past 12 months.

North of the river – Butler offers greater buying power

To the north of the Swan River, the suburb of Butler, located 38 kilometres from the CBD, is worth a look by first home buyers. Median house prices in Butler have dipped 0.9% recently, giving first timers greater buying power. As a guide, semi-detached homes on lot sizes of about 375 square metres are now selling for under \$400,000.

Along with affordability, Butler also offers a location close to the ocean foreshores of Jindalee and Alkimos Beach. Butler has its own train station and there are future plans to extend the Mitchell Freeway to Hester Avenue, which will improve transport links to the Perth CBD. At present Butler boasts a number of large retail outlets including a Masters hardware store. A major shopping centre is currently under construction, and on completion residents will have access to 50 specialty stores, a Woolworths and a Big W.

Developing estates in surrounding suburbs such as Jindalee, Alkimos, Eglinton and Yanchep will attract additional residents to the northern corridors of Perth, further supporting the future retail and infrastructure prospects of the area.

South of the river – Lakelands holds appeal

To the south of the Swan River, the suburb of Lakelands appeals to first home buyers looking for affordability. Land prices start at around \$130,000, and house and land packages are priced from about \$300,000. These price points compare favourably with more established homes in the area, which start in price at around \$325,000.

As a relatively new suburb, Lakelands is expanding beyond the original housing stock, which comprises a variety of project-style dwellings dating from about 2006. The suburb is a stroll from the Madora Bay foreshore, and the nearest train station is just a 10-minute walk away.

Honeywood Estate, in Wandi, and the pocket of Aubin Grove just north of Wandi are two areas where first home buyers can enjoy value buying. Lots ranging from 250 to 450 square metres are priced from \$250,000, and home buyers can secure a new home with an overall package costing from \$425,000, which is affordable for the Perth market.

Both locations are just 20 minutes from both Perth and Fremantle. The completion of the new Aubin Grove rail station, on which work is starting this year, will bolster current transport links and help to underpin future capital growth in the area.



Byford delivers value in south-east corridor

Over the past two years, Byford has consistently stood out as an affordable suburb for first home buyers in Perth's south-east. Large subdivisions have been developed within Byford for more than four years, and the pace of development hasn't slowed at any stage, as value buying has continued to draw a growing number of first home buyers to the area.

Within Byford, construction has begun on a large shopping complex. It will include major supermarkets, something Byford has lacked to this point. Along with several primary schools and a new high school, this retail centre will help to make Byford a self-supporting suburb, which is ideal for young families.

New 3-bedroom homes on 400 square metre lots in Byford can be purchased from as low as \$360,000. This is great value in comparison to the \$600,000 price tags for larger 4-bedroom homes in what is considered to be the most desirable area of the suburb, Byford on the Scarp, a masterplanned estate. The median house price in Byford is \$450,000, which would buy a 4-bedroom, 2-bathroom home of 180 square metres on a 500 square metre lot.

When Byford's new retail complex is completed, the suburb is expected to benefit from a spike in capital growth as the township becomes more sustainable and therefore more attractive to future buyers.

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South-west WA

Population growth in the south-west

In the south-west of the state, Millbridge Estate provides a good opportunity for first home buyers to enter the market in the Bunbury region. This large, well-established development offers proximity to the recently expanded Eaton Fair Shopping Centre, yet it is still affordable for first home buyers. New homes in Millbridge start in price from \$370,000, while villa units in neighbouring Eaton sell in the low \$300,000s.

Vasse Newtown – another large, established development – is situated between Busselton and Dunsborough and is easily accessed by the Busselton Bypass. The proposed extension of the bypass through to Dunsborough will increase the prominence of this locality, which already features a light industrial area and an established high school and primary school. A retirement village is planned, and a shopping centre is proposed.

Property prices in Vasse Newtown remain affordable, with small homes on cottage blocks starting from \$360,000. Ongoing population growth and the projected \$60 million expansion of Busselton Airport is likely to promote further growth across the region.

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