

The Story Of Perth

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Australia's property investment story has always been about Sydney, Melbourne and Brisbane. Even the local property investment magazines, gurus and websites have always been reporting on these 3 major cities while casting Perth into the pool of so-called second-tier cities.

Truth be told, we beg to differ and think that Perth is probably one of the most underrated investment locations we think is on its way to being a possible dark horse in the Australia property market.

Perth is probably the most underrated market in Australia. Before the GFC, Perth was Australia's 2nd most expensive capital city. In 2013, Australian house prices grew almost 10% with Perth being the 2nd best performing market gaining 9.9%. But the fact was lost of course with Sydney and Melbourne taking the limelight. It is time we shed light on this hidden gem of the Australia market.

GDP & Per Capita Highest in Australia

Perth, Western Australia (WA) is the strongest engine of growth to Australia and the average Perth population people are also wealthier compared to the rest of Australia. WA contributes to 16% of Australian GDP and is solely responsible for 50% of Australia's Total Export income. Back in 2010-11, WA even contributed more than 20% to Australia's GDP.

WA residents also has Australia's highest earnings per capita at \$84,000 vs Australia's average of \$74,000. In fact, if WA is a separate country, it would be among the Top 50 economies in the world by GDP.

Projects & Investments

Little but known, there is a lot going on around Perth. Urban Sprawl has definitely taken its place and Perth has been spreading out but this has become a critical issue over the last few years.

Spending on transport are exceeding the average mortgage repayments due to inadequate public transport infrastructure. This has created strong demand for housing nearer to the city thus creating a situation of limited land supply, strong rental market and price growth. Smart investors would realise that now is a great time to get behind residential properties in and around the city.

The current government is spending major efforts as Perth is trying to accommodate another 500,000 people by 2031. This will be tough for the Perth government as its current population is more than 2 million people and its public infrastructure is already under massive stress to cope with the current situation. The recent budget 2014-15 provided another \$23.7 billion over the next 4 years for major infrastructure improvements to the city.

This includes project such as the New Perth Stadium & Transport (\$1.24 billion), a \$1 billion project to improve and expand the road leading to the new Perth Airport Precinct to support the transport and logistics businesses and adding a new MAX (Metro Area Express) light rail in the CBD.

Areas of the city is also undergoing a huge round of facelift. An ambitious \$2.6 billion has been poured to redevelop Elizabeth Quay to feature a stunning 2.7 hectare inlet surrounded by a split level promenade, new public spaces, shops, cafes, restaurants and exciting entertainment venues to rival that of Dubai's Palm Beach.

Burswood home to the famous Crown Perth Casino is also undergoing major redevelopment. The iconic golf course beside Crown has been dugged up and in its place a new Perth Stadium and Sports Precinct will be established. A budget of \$1.2 billion has been set aside just for the 60,000 seats Stadium.

Population & Jobs

Currently, Perth is the fastest growing state in Australia and Perth and its greater region is home to 2 million people. This region is expected to rise to 3 million by 2028 (14 years time) and surpass the population of Brisbane. The main bulk of this growth comes from overseas migration and interstate migration. Such a rate of growth will put immense pressure on the infrastructure of the city.

WA's unemployment has also been healthily below Australia's average of 6%. Commodities, minerals, oil and gas have been a pillar of strength for its economy, providing over 100,000 jobs. 4 of the 7 largest LNG project in Australia are based in WA. Agriculture, Dairy,

Education and Tourism are also significant contributors and the government are also committed to building future pillars such as the building of hospitals, schools and new business precincts such as the one near the airport.

Conclusion

We are excited about the market, and we expect the market to do well in the years to come. In the next series, we will explain about the Demand & Supply, House Prices and even throw light on a few suburbs and projects to look out for. This should help investors understand where to seek in a big market and where there will be growth and value.

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