

WESTERN AUSTRALIA MARKET OUTLOOK

The Western Australia is Australia's western gateway to the world .
It offers stunning natural beauty, a robust economy and diverse community.

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Prepared exclusively for

Finbar

May 2022

WESTERN AUSTRALIA OVERVIEW

PERTH'S WESTERN AUSTRALIA (WA) IS THE LARGEST AUSTRALIAN STATE BY AREA WITH THE CAPITAL CITY, PERTH BEING AUSTRALIA'S WESTERN GATEWAY TO THE WORLD'S STRONGEST ECONOMIC GROWTH REGIONS.

- The state accounts for 10 per cent of the national population (2.67 million people) and has seen the third highest level of population growth over the past 10 years compared to other states.
- WA's Gross State Product (GSP) was \$320.653 billion as at June 2021. GSP per capita was \$120,084 in the same period, making it the highest of all the Australian states.
- Additionally, this was 53% higher than the national equivalent of \$78,245 in the same period and accounted for 16% of the national GDP.
- WA has much to offer for residents and visitors alike, from diverse natural landscapes to a strong economy.

STRONG ECONOMY

WA has a strong local economy that has seen continued strong growth through the Covid-19 pandemic. In the 12 months to June 2021, WA recorded higher growth in GSP than the Australian average, as well as the major eastern states. The WA State Budget 2021-22 expects that growth will continue to accelerate in 2021-22.

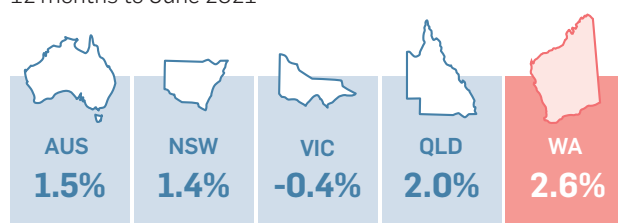
The annual adult full-time total earnings in WA averaged \$102,458 in WA in 2021. WA adults earned, on average more annually than the Australian average of \$93,860, as reported by the WA Government.

The strength of the job market in WA is another positive indicator of WA's economic success. Job vacancies in WA are at a ten-year peak, as recorded by the ABS to November 2021.

This economic indicator characterises the strong economic recovery seen in WA since the onset of the Covid-19 pandemic saw job vacancies fall steeply in 2020.

ECONOMIC GROWTH (GSP) BY STATE

12 months to June 2021



Source: ABS

LIVEABILITY

The Economist Intelligence Unit (EIU) ranks the most liveable cities in the world. EIU scores cities on over 30 factors within five broad categories: stability, healthcare, culture, education and infrastructure.

The 2021 EIU global liveability report saw Perth ranked as the 6th most liveable city in the world. The city recorded perfect scores in education, healthcare and infrastructure.

LIVEABILITY RATING

	Culture and Environment	88.7
	Education	100
	Healthcare	100
	Infrastructure	100
	Stability	95

Source: Economist Intelligence Unit 2021

WEATHER

Western Australia is the sunniest Australian capital city, according to the Bureau of Meteorology. Residents and visitors can enjoy a Mediterranean climate, with average daily sunshine of 8 hours a day and sunny (or partly sunny) weather for close to three out of every four days of the year.

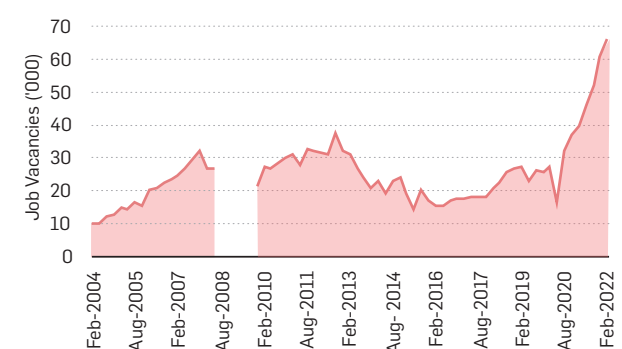
MEDITERRANEAN CLIMATE

	Average daily sunshine hours	8
	Number of sunny or partly sunny days a year	268

Source: Bureau of Meteorology

JOB VACANCIES – WESTERN AUSTRALIA

2004-21



Source: ABS

Note: break in graph due to series break in data

WESTERN AUSTRALIA OVERVIEW

GATEWAY TO THE ASIA PACIFIC

Perth is the gateway city connecting Australia to the Asia-Pacific region and sits conveniently in a populous time zone. The GMT +8 time zone includes key trading partners in China and Indonesia. WA's ports export the majority of Australia's sea freight, with China the largest trading partner (BITRE 2021).

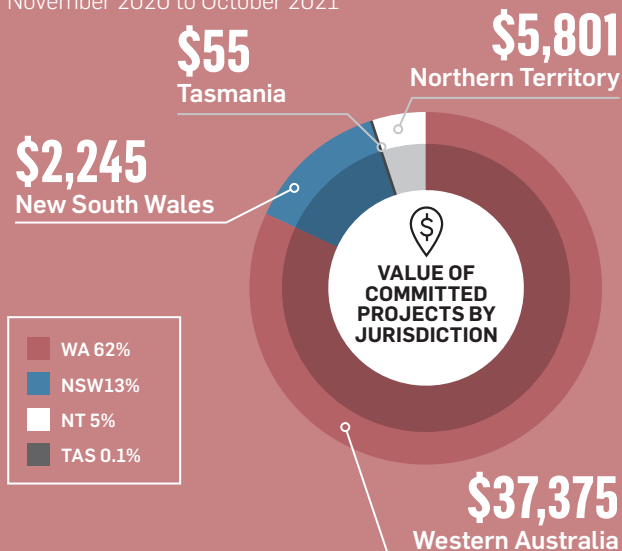


MINING - KEY PROJECTS

Western Australia is an international hub for the global mining and resources sector. Major players Woodside and Fortescue Metals Group are headquartered in Perth, while BHP, Rio Tinto, and Chevron also have key offices in Perth.

According to the Office of the Chief Economist (October 2021), committed mining, oil and gas and infrastructure projects in WA have a combined project value of **\$37.4 billion, representing 82% of the total value of committed projects across Australia (\$45.5 billion)**. In addition to committed projects, there are a further 101 projects in WA that have been publicly announced or are in the feasibility stage, representing a further \$235.1 billion.

VALUE OF COMMITTED PROJECTS (\$ MILLIONS) November 2020 to October 2021



Prepared by Urbis; Source: Office of the Chief Economist

THRIVING EXPORTS

WA is responsible for over half of the total export of goods in Australia, as reported by the ABS for the 12 months to October 2021. WA is the world's largest iron ore supplier, accounting for 38% of global supply in 2021 (Department of Jobs, Tourism, Science and Innovation (DJTSI)).

Australia is also the largest global liquified natural gas (LNG) supplier, with WA accounting for 57% of the nation's exports, or 12% of global exports in 2020 (DJTSI).

WA accounts for 52% of global lithium production, making it the world's largest lithium miner in 2021. WA also mines the majority of other battery minerals (DJTSI).

TOTAL VALUE OF GOODS EXPORTED 12 months to October 2021



Prepared by Urbis; Source: ABS

KEY TRADING PARTNERS

WA has a strong export economy. The state's major trading partners include many Asian nations. WA has a geographic advantage for trade in the Asia-Pacific due to its location on the western most part of Australia. Iron ore is WA's most significant export to China, Japan, South Korea and Taiwan (DJTSI).

WA also exports a significant amount of gold, with the United Kingdom and the United States being the largest export markets for gold from WA (DJTSI).

KEY TRADING PARTNERS - WA 2020 -2021

EXPORTS	IMPORTS
China (Mainland)	China (Mainland)
Japan	United States
South Korea	Singapore
Singapore	Japan
Taiwan	Malaysia

Source: ABS; Department of Jobs, Tourism, Science and Innovation

EDUCATION

UNIVERSITY EDUCATION

Western Australia is a popular destination for international students, with four highly regarded public universities, as well as a private university.

From 2012 to 2019, before the effects of the Covid-19 pandemic, WA recorded a 29% increase in the number of international enrolments at universities (Department of Education, Skills and Employment).

The top five nationalities of international students studying on a student visa in 2022 are:

- India
- Pakistan
- Nepal (Departments of Education, Skills and Employment).
- China
- Malaysia, and

The Perth City Deal joint commitment by state and federal governments has committed close to a billion dollars to increasing the presence of universities in the Perth CBD.

The development of city campuses for Edith Cowan University, Murdoch University and Curtin University is expected to bring 26,400 staff and students into the city by 2034.

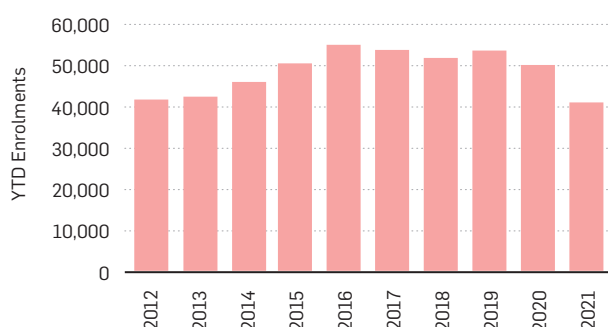
The four public universities in WA are rated highly across a number of metrics, including academic achievements and research, and teaching quality.

Edith Cowan University includes the Western Australian Academy of Performing Arts, which is an internationally recognised institution that has produced well-known graduates including Hugh Jackman and Tim Minchin.

The University of Western Australia is home to two Nobel Prize for Medicine Laureates, Professors Barry Marshall and Robin Warren.

ANNUAL GROWTH IN INTERNATIONAL STUDENT ENROLMENTS – WA

January 2012-2021



Prepared by Urbis; Source: Department of Education, Skills and Employment

UNIVERSITY HIGHLIGHTS

University of Western Australia	93rd in the World 2022 43 subjects in the world's top 1 percent
Curtin University	Medicine ranked number 1 nationally for learner engagement, skills development and teaching quality
Murdoch University	5-star rating for teaching quality and student to teacher ratio
Edith Cowan University	5-star rating for teaching quality 15 years running

Prepared by Urbis; Source: QS World University Rankings; Good Universities Guide; ARWU 2020

SECONDARY SCHOOL

Perth offers a variety of primary and secondary schools, including public, independent and religious schools.

In WA, there were 312 schools in total in 2021.

Religiously affiliated schools accounted for 259 of these with religious denominations including: Anglican, Baptist, Catholicism, Islam, and Judaism.

WA's public school system includes schools with selective entry programs that give students the opportunity to engage with like-minded peers.

Specialist programs include academic excellence, arts and sports at schools such as **Bob Hawke College in Subiaco, Rossmoyne Senior High School and Shenton College.**

The latest State Budget included significant commitments towards improved facilities, especially for STEM learning areas.

2021-22 STATE BUDGET COMMITMENTS TO EDUCATION

\$449.5M

investment for new and improved school facilities in 2021-22

\$87.6M

budget commitment for Science, Technology, Engineering and Mathematics facilities upgrades



Prepared by Urbis; Source: WA Government

APARTMENT MARKET – FOREIGN INVESTMENT SNAPSHOT

TAX CONDITIONS

Western Australia has a relatively favourable stamp duty and land taxes environment for foreign investors when compared to the other Australian states.

WA has the lowest maximum stamp duty rate for residential asset transactions (5.15%) and equal lowest surcharge applied to foreign purchasers (7%). Foreign buyers may also be eligible for the Off-the-Plan Duty Rebate Scheme which rebates 50 per cent of the stamp duty paid, capped at a maximum of \$50,000.

Additionally, WA does not apply a surcharge for absentee individuals or foreign owners on the land tax rates.

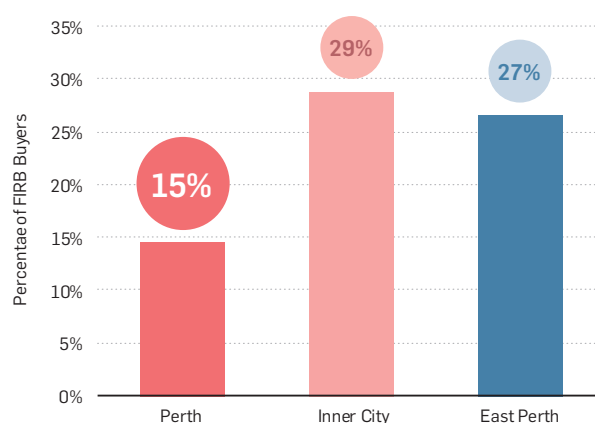
WHERE ARE FOREIGN INVESTORS BUYING IN WA?

Foreign investors have historically preferred to purchase newly constructed apartments in the Inner City Precinct of Perth, compared to other Perth suburbs.

Urbis' Perth Apartment Essentials defines the Inner City Precinct as the suburbs of East Perth, Highgate, Northbridge, Perth and West Perth.

From 2015-2021, the Inner City Precinct and East Perth saw a higher percentage of foreign buyers when compared to the Perth average. These figures represent transactions of new apartments during the period.





FOREIGN INVESTORS AS PROPORTION OF PURCHASERS OF NEW APARTMENTS – GREATER PERTH VS INNER CITY PRECINCT 2015-2021



Prepared by Urbis; Source: Urbis' Perth Apartments Essentials

STAMP DUTY AND LAND TAXES COMPARISON – CAPITAL CITIES

As at July 2021

	Stamp duty rates for asset transactions – Residential	General land tax rates – Residential
WA 	<ul style="list-style-type: none"> Maximum rate of 5.15% +7% surcharge applied to foreign purchasers Foreign buyers may be eligible for the Off-the-Plan Duty Rebate Scheme 	<ul style="list-style-type: none"> 2.67%
NSW 	<ul style="list-style-type: none"> Maximum rate of 5.5% (up to \$3,194,000 property) +8% surcharge applied to foreign purchasers 	<ul style="list-style-type: none"> 1.6% - 2% dependent on threshold +2% surcharge applies to all residential land owned by foreign persons
VIC 	<ul style="list-style-type: none"> Maximum rate of 6.5% +8% surcharge applied to foreign purchasers 	<ul style="list-style-type: none"> 2.55%* +2% surcharge for all land owned by absentee owners +1% surcharge for all land in Melbourne's middle and inner suburbs left vacant for more than 6 months in a calendar year
QLD 	<ul style="list-style-type: none"> Maximum rate of 5.75% +7% surcharge applied to foreign purchasers 	<ul style="list-style-type: none"> 2.75% +2% surcharge for all land owned by absentee individuals, foreign corporations and trustees of foreign trusts

*As at January 2022. Prepared by Urbis

INFRASTRUCTURE

PERTH CITY DEAL - \$1.69B

The Perth City Deal is a major investment by both state and federal governments in conjunction with other partners to re-energise the city centre. The deal is expected to create up to 10,000 new jobs.

Education is a key feature of the package. The following institutions will increase the presence of universities in the CBD:

- Edith Cowan University (ECU) Cultural and Creative Industries Education CBD campus;
- Murdoch University's Vertical Inner City Campus; and
- Curtin University's Historical Heart Cluster.

The deal also includes funding commitment of \$100 million to deliver the Swan River Bridge for pedestrians and cyclists. This new construction will connect East Perth to the Victoria Park foreshore via Heirisson Island, providing a safe route for active transport.

Other investment includes \$42 million for the Perth Concert Hall and \$100 million for the Western Australian Cricket Association.

METRONET - \$5.7 billion over 4 years

The project is the largest ever investment in Perth's public transport system. The total project will result in approximately 72 km of new passenger rail and 20+ new stations.

WA'S BIGGEST BATTERY - \$155 MILLION

NHOA Australia will deliver WA's biggest lithium-ion battery at the decommissioned Kwinana Power Station and is expected to be operational by the end of 2022. Together with renewable energy sources, the project will help stabilise energy supply in the future.

PERTH CITY LINK

The Perth City Link is a project led by the state development agency, DevelopmentWA. The project will reconnect the CBD with Northbridge, which is largely an entertainment precinct.



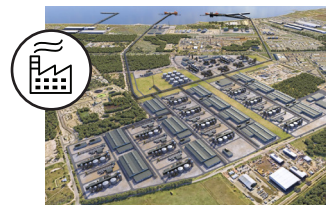
The project has to date included redevelopment of key transport infrastructure with the sinking of the rail line and new Wellington Street Bus Station which are part of the vision for the area to be a world-class transit hub.

The redevelopment of transport assets has unlocked 13.5 hectares of land for development. The ECU Inner City Campus will be located within the Perth City Link.



WOODSIDE'S H2 PERTH - \$1 BILLION IN CAPITAL EXPENDITURE IN THE FIRST PHASE

H2 Perth will be a hydrogen and ammonia production facility located in strategic industrial areas in Perth's south. The facility aligns with the state's hydrogen strategy and diversification framework.



LATITUDE 32

Latitude 32 Industry Zone covers over 1,400 hectares of industrial land, in a strategic location close to existing and future major infrastructure. The industry zone is conveniently located in the existing industrial region alongside the Western Trade Coast. DevelopmentWA oversees the project, with sale of lots underway.

WESTPORT

Westport is a long-term strategic project of the State Government, likely to result in one of the most significant ever infrastructure developments for WA. The project is currently in the planning stage with the aim to develop a port in Kwinana in the future.



DEMOGRAPHICS, POPULATION & EMPLOYMENT

POPULATION

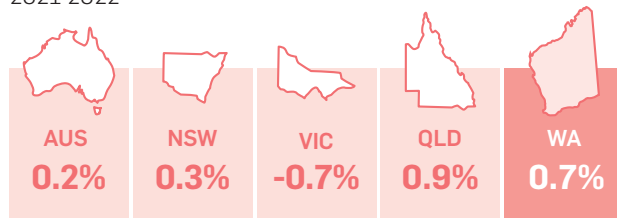
WA has seen strong population growth in the 12 months to June 2021. WA's population increased at a faster rate than the large eastern states of NSW and Victoria. Greater Perth's estimated resident population was 2,125,114 in June 2020. The Department of Planning, Lands and Heritage and Western Australian Planning Commission's Perth and Peel @3.5 documents set out planning and infrastructure frameworks to accommodate 3.5 million people in Perth and Peel by 2050.

Population growth in WA has historically been driven largely by overseas migration. Net interstate migration and natural increase in population have historically remained steady. **Greater Perth has a larger proportion of people born overseas (42.7%) compared to the Australian average (33.3%).**

The top five overseas countries of birth for residents in Greater Perth are:

1. England 8.6%
2. New Zealand 3.2%
3. India 2.4%
4. South Africa 1.8%
5. Malaysia 1.5%

POPULATION GROWTH 2021-2022

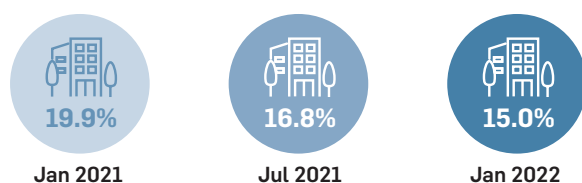


Source: ABS

DEMOGRAPHICS

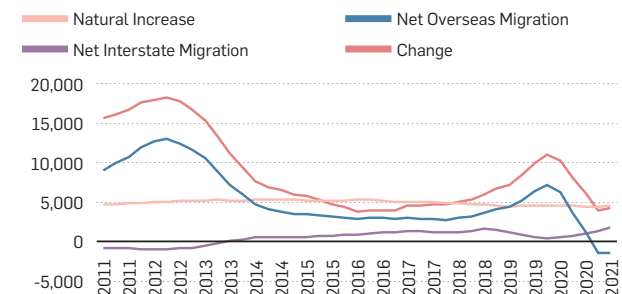
The population of Greater Perth varies from the Australian population on some demographic features. On average, Greater Perth's population earns \$215 more in median weekly household income, are more likely to have obtained a bachelor degree or higher (0.9 percentage points) and are younger. Greater Perth is also more culturally and linguistically diverse than the Australian average, as measured by country of birth and language spoken at home. The most commonly spoken language other than English is Mandarin.

OFFICE VACANCY RATE – PERTH CBD 2021-2022



Prepared by Urbis; Source: Property Council of Australia

COMPONENTS OF POPULATION GROWTH – WA 2011-2021



Prepared by Urbis; Source: ABS

KEY FEATURES - 2016 CENSUS

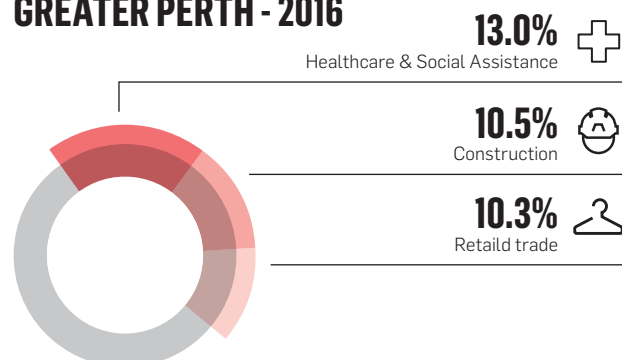
	Greater Perth	Australia
Median Age	36	38
Median Weekly Household income	\$1,643	\$1,428
Average Household Size	2.6	2.6
Overseas Born	42.7%	33.3%
Bachelor Degree level or higher	22.9%	22.0%
Household where a language other than English is spoken	22.3%	22.2%

Prepared by Urbis; Source: ABS

EMPLOYMENT

Workers in Greater Perth are predominantly employed in the healthcare and social assistance, construction and retail trade industries. The office vacancy rate in Perth CBD having declined over the 12 months to January 2022, is a positive indicator of the strength of the labour market in Perth.

INDUSTRIES AND EMPLOYMENT GREATER PERTH - 2016



Prepared by Urbis; Source: ABS

RESIDENTIAL MARKET ANALYSIS

PERTH OFFERED A MORE COMPETITIVE PRICE-POINT THAN OTHER AUSTRALIAN CAPITAL CITIES, WITH A \$520,000 MEDIAN HOUSE PRICE IN THE 12 MONTHS TO NOVEMBER 2021.

Greater Perth is a more affordable market than other Australian capital cities, as measured by both median house and unit prices in the 12 months to November 2021. Greater Perth was between 25% and 130% more affordable for houses than other capital cities over this period.

Unit prices in Perth are similarly relatively more affordable than the median prices in Brisbane, Melbourne and Sydney by between 7% and 93%. The relative affordability of Perth makes it an attractive option for buyers in the Australian market.


The Perth house and unit market has seen positive growth over the year to November 2021, with 8.3% growth in median house price and 7.9% growth in median unit price.

Perth has seen positive growth over the three years to the same period, recording average 2.4% per annum growth in median house price and 1.3% per annum average growth in median unit price.

The median sale price for new apartments in Perth was \$623,456 in Q4 2021, according to Urbis' Perth Apartment Essentials. Perth has seen strong growth in median price for new apartments over the three years to 2021, with Urbis' Perth Apartment Essentials recording 8% per annum growth.

AFFORDABILITY – MEDIAN HOUSE AND UNIT PRICES IN GREATER CAPITAL CITIES

12 months to November 2021



	Median House Price	House Price Differential	Median Unit Price	Unit Price Differential
 Greater Perth	\$520,000	-	\$410,000	-
Greater Brisbane	\$650,000	25%	\$437,500	7%
Greater Melbourne	\$865,500	65%	\$660,000	61%
Greater Sydney	\$1,195,000	130%	\$790,000	93%

Prepared by Urbis; Source: Pricefinder

Note: Price differential as percentage of Perth median house and unit price

SALE PRICE COMPARISON - MEDIAN PRICES

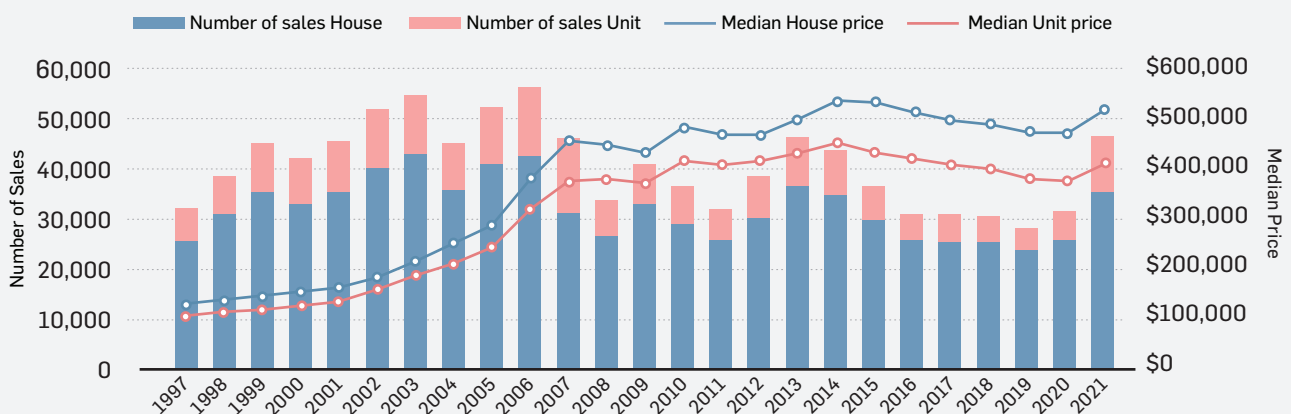
12 months to November 2021

	Median House Price	One-year Growth	Median Unit Price	One-year Growth
  Perth	\$520,000	8%	\$410,000	8%
Brisbane	\$650,000	17%	\$437,000	4%
Melbourne	\$865,500	14%	\$660,000	7%
Sydney	\$1,195,000	29%	\$790,000	7%

Prepared by Urbis; Source: Pricefinder

HOUSE AND UNIT MEDIAN PRICE AND SALES VOLUME OVER TIME – GREATER PERTH

25 Years to 2021



Prepared by Urbis; Source: Pricefinder

RENTAL MARKET ANALYSIS

Perth has experienced a steep decline in vacancy rates for rental properties to 0.7% in December 2021. The low vacancy rate is an indicator of pressure on housing supply in Perth. New product coming to market will be part of the solution to this problem.

Median yields for units in Perth were higher than the equivalents in other major capital cities in November 2021 at 5.1%. Strong rental yields, coupled with low vacancy rates, make the Perth market an attractive option for investors.

Growth in median rents in Perth was recorded at 14.3% year on year to November 2021. This represents the highest growth in rents over this period compared to Brisbane, Melbourne and Sydney. The growth in rents is likely predominantly attributable to the low vacancy rates at the time.

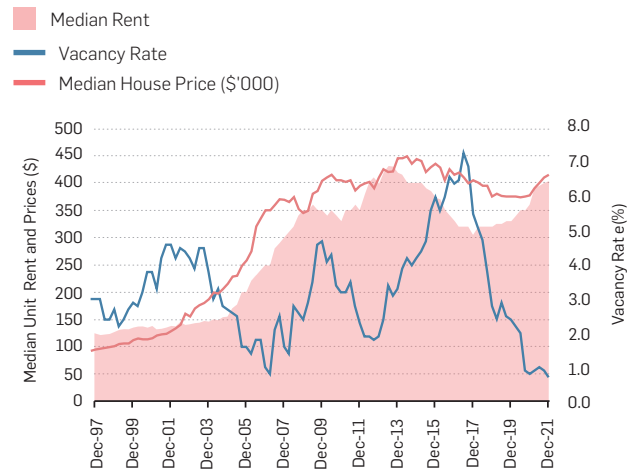
Perth had the smallest proportion of new dwelling approvals for apartments (7%) when compared to Brisbane, Melbourne and Sydney markets in the 12 months to September 2021. This could indicate a lack of supply of apartments.

The cities where the apartment market is more established saw the proportion of new dwelling approvals that are for apartments as high as 23% (in Sydney) over the same period.

PERTH HAD THE SMALLEST PROPORTION OF NEW DWELLING APPROVALS FOR APARTMENTS (7%) WHEN COMPARED TO BRISBANE, MELBOURNE AND SYDNEY MARKETS IN THE 12 MONTHS TO SEPTEMBER 2021.

MEDIAN RENT AND VACANCY RATES - UNITS IN GREATER PERTH

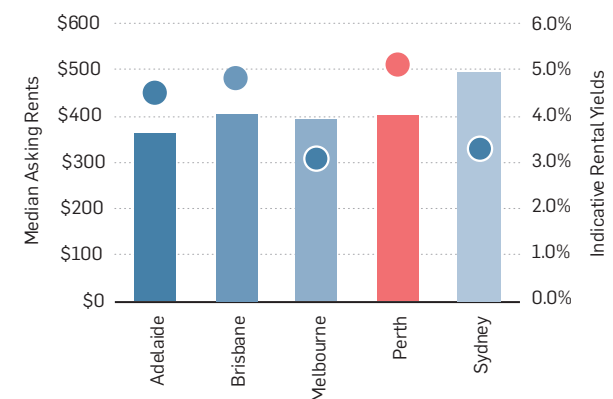
25 Years to December 2021



Prepared by Urbis; Source: REIA

MEDIAN ASKING RENTS AND YIELDS - UNITS

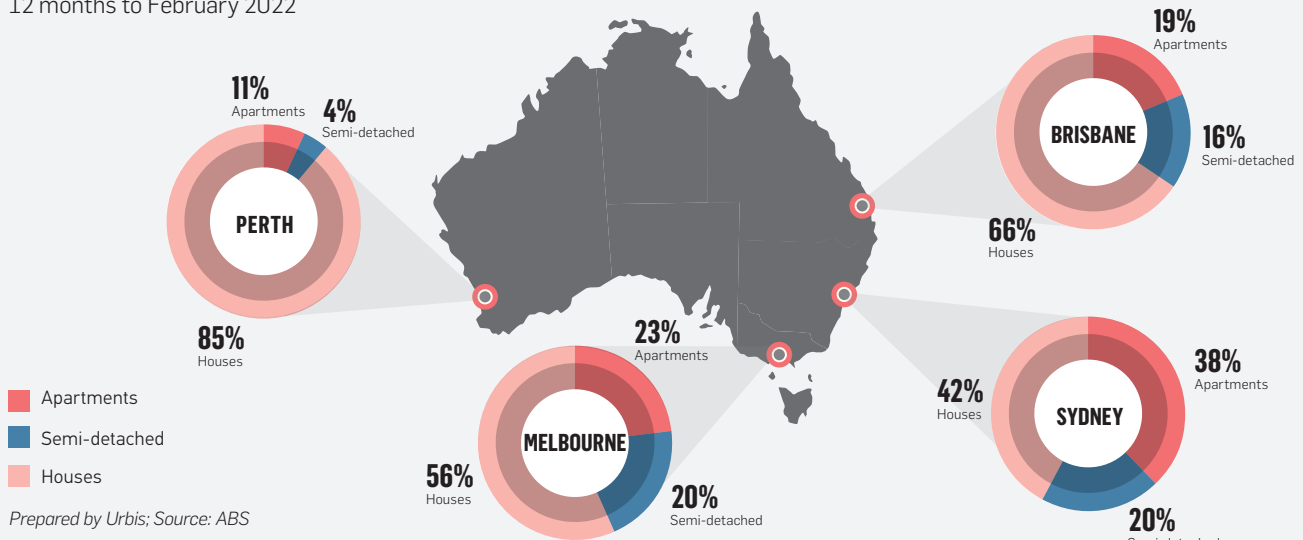
As of November 2021



Prepared by Urbis; Source: Pricefinder

DWELLING APPROVALS – HOUSES AND UNITS – GREATER CAPITAL CITIES

12 months to February 2022



Prepared by Urbis; Source: ABS



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