



## Rivervale Investor Report

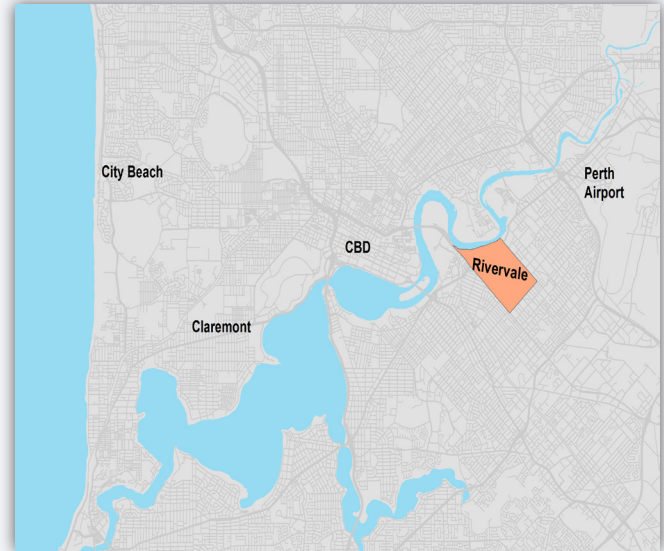
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### Rivervale Overview

Rivervale is located on the Swan River in the City of Belmont, 5km east of the Perth CBD and 6km from the Perth Airport. The Burswood train station and major bus routes are within walking distance.

Rivervale is home to numerous parks offering cycling/walking paths and outdoor activities. Other features of note include the East Gate Commercial Centre, the Kooyong Road shopping strip and two local schools.

The proximity of the suburb to Perth CBD and major transport routes has created an attractive environment for both residents and businesses, with new residential developments lifting the suburb's population and encouraging an improved provision of retail and entertainment facilities.



### Greater Perth and Western Australia Economic Overview

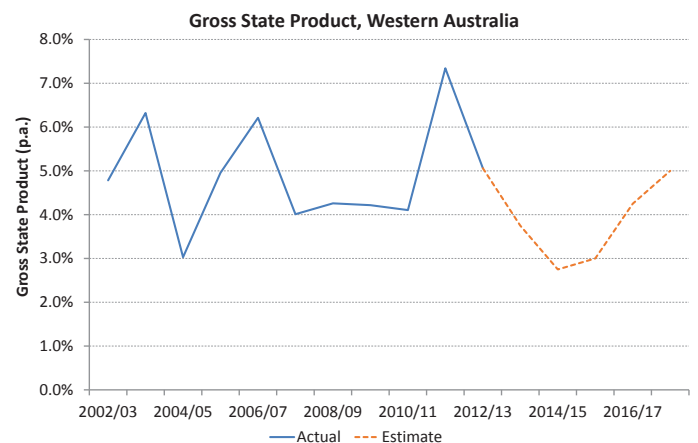
The Western Australian economy has undergone a significant transformation over the last few years on the back of record investment in mining/energy and public infrastructure. Perth has been a major beneficiary of this investment and has experienced one of the fastest population growth rates and one of the lowest unemployment rates in the developed world.

In spite of negative media commentary on the effects of less mining investment, the WA and Perth economies have been resilient and are expected to grow strongly in the medium term.

The economy is expected to experience a minor slowdown over the next few years but remain one of the fastest growing economies in the country over the next four years.

Throughout the transition from resource investment to production, record export income will be a significant offsetting factor. The value of exports in the state increased by 8.4% in 2013 to over \$120b and is expected to increase further when large LNG projects begin exporting over the next few years.

Perth, meanwhile, is transitioning to a more sustainable growth path supported by dwelling and infrastructure construction. There are currently a large number of public health and transport projects and record residential construction underway which is keeping a lid on unemployment and these investments are expected to underpin above-average population growth in the medium term.



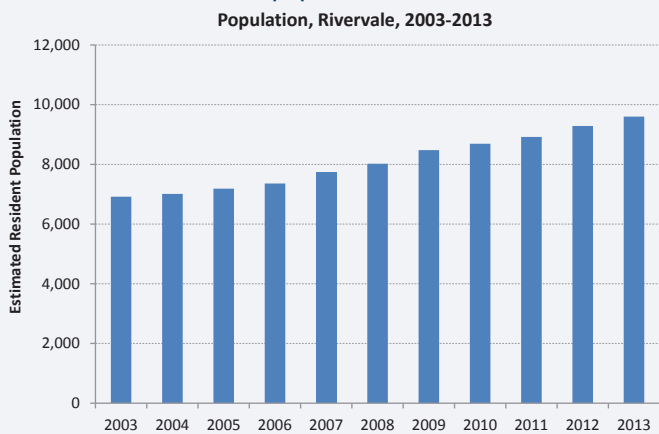
Source: ABS Regional Population Growth Cat No. 3218.0 (2014), ABS Population Projections Cat No. 3222.0 (2013)

Source: ABS National Accounts Cat No. 5220.0 (2014), WA Treasury (2014)

## Population and Demographics

RPS has explored the population and demographics of Rivervale. Some of the key demographic characteristics for the suburb are as follows:

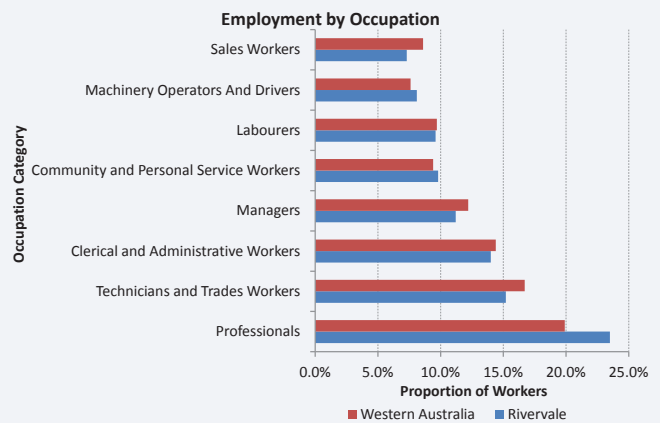
- Population of 9,601 in June 2013, up 3.3% per annum since 2003;
- The median age of residents was 33, compared to the national median of 37, with the region home to a large proportion of young adults in their late twenties and early thirties;
- Residents were more likely to be university educated than the wider Australian population;



Source: ABS Estimated Resident Population, Small Area Data, Unpublished (2014)

- The suburb is highly diverse, with nearly half of residents born overseas and no single country outside Australia being home to more than 5% of the population; and
- The average personal income of \$696 per week was 21% higher than the Australian average

These demographics indicate a predominantly young, educated population resides in the suburb, with a higher proportion of high income earning residents than observed nationally.



Source: ABS Census of Population and Housing (2011)

## Key Investments

The Rivervale region is and will continue to be a beneficiary of public sector investments over the next few years. The following outlines just a few major public and private investments for Rivervale and the surrounding region.

**Perth Stadium** – The multi-purpose Perth Stadium development is underway on Burswood Peninsula. The \$900 million, 60,000 seat stadium will host domestic AFL and cricket games as well as international sporting and entertainment events from 2018. There are associated transport upgrades, such as a footbridge across the Swan River.

**Crown Towers Perth** – Construction is underway for a 500-room six star hotel at Burswood, adjacent to Rivervale. The hotel development will complement recent upgrades to the Crown Perth casino.

**Great Eastern Highway Upgrade** – The upgrade of the Great Eastern Highway between Kooyong Road and Tonkin Highway was completed in 2013. The project included road widening and cycling and pedestrian paths and is encouraging new residential and commercial development along the key route to the Perth Airport.

**Perth Airport** – A \$1 billion transformation of Perth Airport is underway and will see all commercial services consolidated into one precinct. The airport will be further enhanced by the construction of the \$2 billion heavy rail route to the airport by 2020.



Source: [getthebiggerpicture.wa.gov.au](http://getthebiggerpicture.wa.gov.au)

## Perth Housing Market Trends

The Perth housing market experienced a strong lift in turnover from 2011 to 2013 driven by reduced mortgage costs and strong population growth.

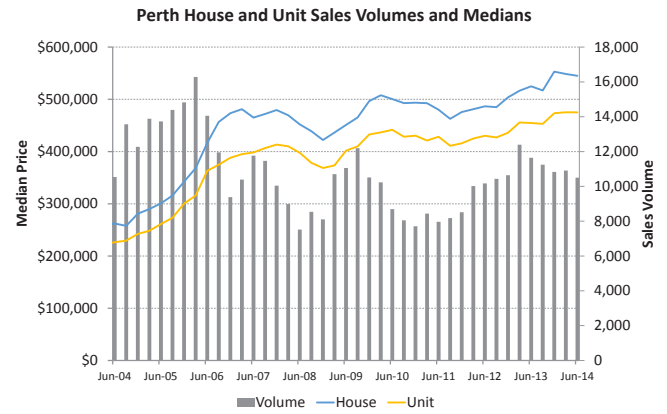
A drop in mortgage costs encouraged above-average first home buyer and investor activity and this led to strong demand for properties in the sub-\$600,000 category; especially properties located near established employment centres.

Low levels of established products on the market drove capital growth as well as an increased appetite for new dwellings. This strong demand led to an undersupply of land as vacant land stock halved between 2012 and 2014.

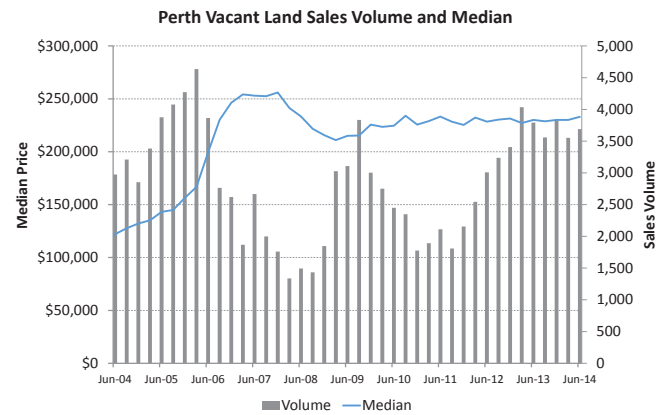
The number of days taken to sell a home in Perth has declined 22% to 57 days, on average, over the past two years and therefore more existing home owners are marketing their homes for sale.

The market has therefore subsequently stabilised and turnover has eased over the last 12 months. Low mortgage rates though continue to encourage above average turnover in the new dwelling market.

RPS believes there are a number of strong fundamentals which will underpin the strength of the Perth property sector over the medium term such as population growth and tight new dwelling supply.



Source: Landgate, RPS



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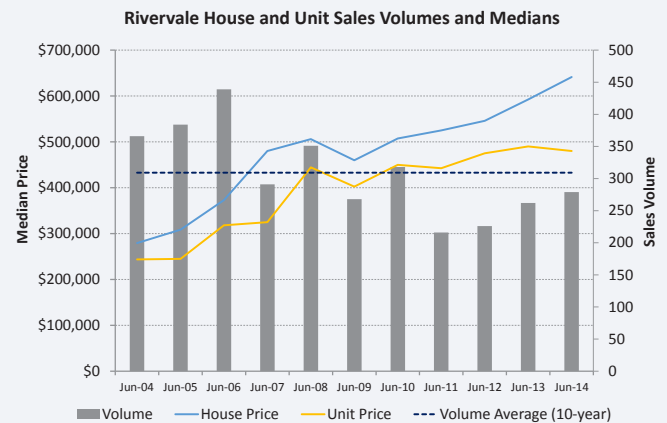
## Rivervale Housing Market Trends

The Rivervale residential property market has experienced increased turnover and capital growth over the last three years. Sales volumes increased 16% in 2012/13 and 6.5% in 2013/14, with growth driven by medium density dwelling sales.

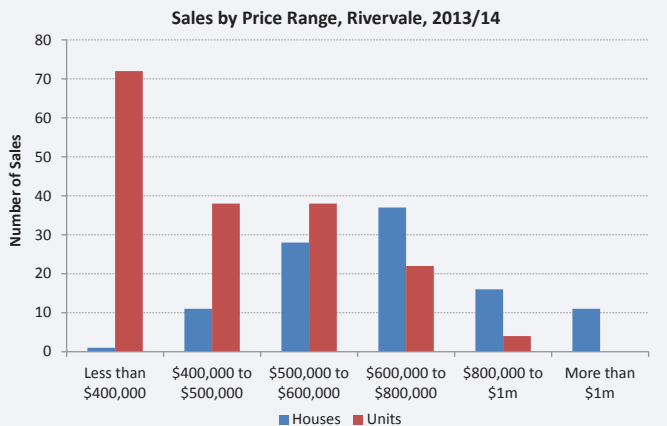
A majority of the market is for medium density dwellings such as units, apartments and townhouses rather than traditional detached dwellings. Medium density dwellings represented approximately 63% of sales in the suburb during 2013/14.

With a wide range of affordable and premium products available, the suburb attracts a combination of young buyers, families, investors and downsizers.

House and unit prices have increased strongly over the last decade in Rivervale as a result of strong demand for housing in the area. The median house price increased by an average of 8.7% per annum over the past ten years to \$641,500. The median unit price increased 7.0% per annum to \$480,000 over the same period.



Source: Landgate, RPS



Source: Landgate, RPS



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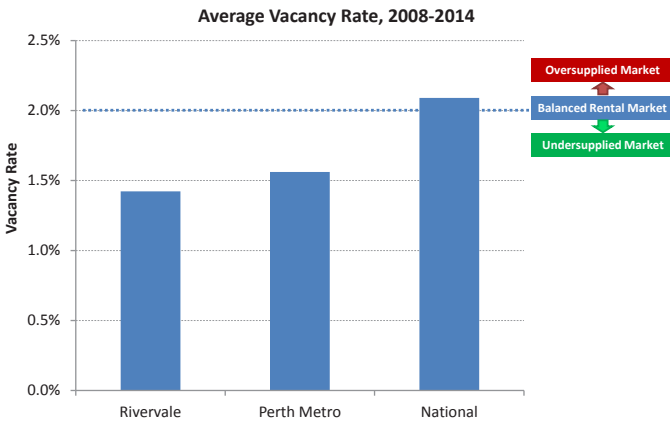
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### Rental Vacancy Rate

Vacancy rates have historically been low in Rivervale driven by strong demand for properties located near the Perth CBD and other large employment centres.

The vacancy rate in Rivervale has averaged 1.4% between 2008 and 2014 compared to 1.6% across Perth and 2.1% across the nation.

A large number of completed properties being added to the rental market has however seen a notable lift in the vacancy rate over the past nine months to levels moderately above the Perth average.

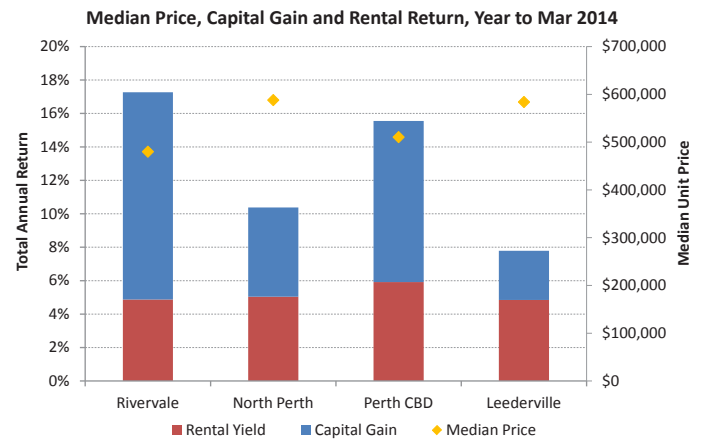


Source: SQM (2014), RPS

### Rental Yields and Overall Returns

The chart below compares capital and rental returns and median values for units in Rivervale and surrounding suburbs in the inner-north area.

Rivervale experienced strong capital growth in excess of 10% per annum which is reflective of strong demand for well-located units and apartments. Units and apartments in Rivervale attracted an average rental rate of \$450 per week and average yield of 5.4% over the 12 months to March 2014. Despite a lift in vacancies, the median unit rent lifted to \$480 in the June quarter.



Source: Residex (2014), Landgate, RPS

### Rivervale Suburb Outlook

Increased residential and commercial development near major transport routes which provide easy access to the Perth Airport and CBD are expected to encourage a lift in amenity for the area. These amenity improving investments combined with increased demand for apartment living will underpin rental and capital growth in the medium term for well-designed and located properties.

### About Economics at RPS

RPS is an international consultancy providing world-class local solutions in energy and resources, infrastructure, environment and urban growth. Our Economics team is well positioned to undertake comprehensive analysis of a range of business, community and government issues and projects. Our key areas of expertise include:

- Urban Economics
- Socio-Economics
- Economic Development
- Regulatory Economics
- Corporate Strategy and Advice

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