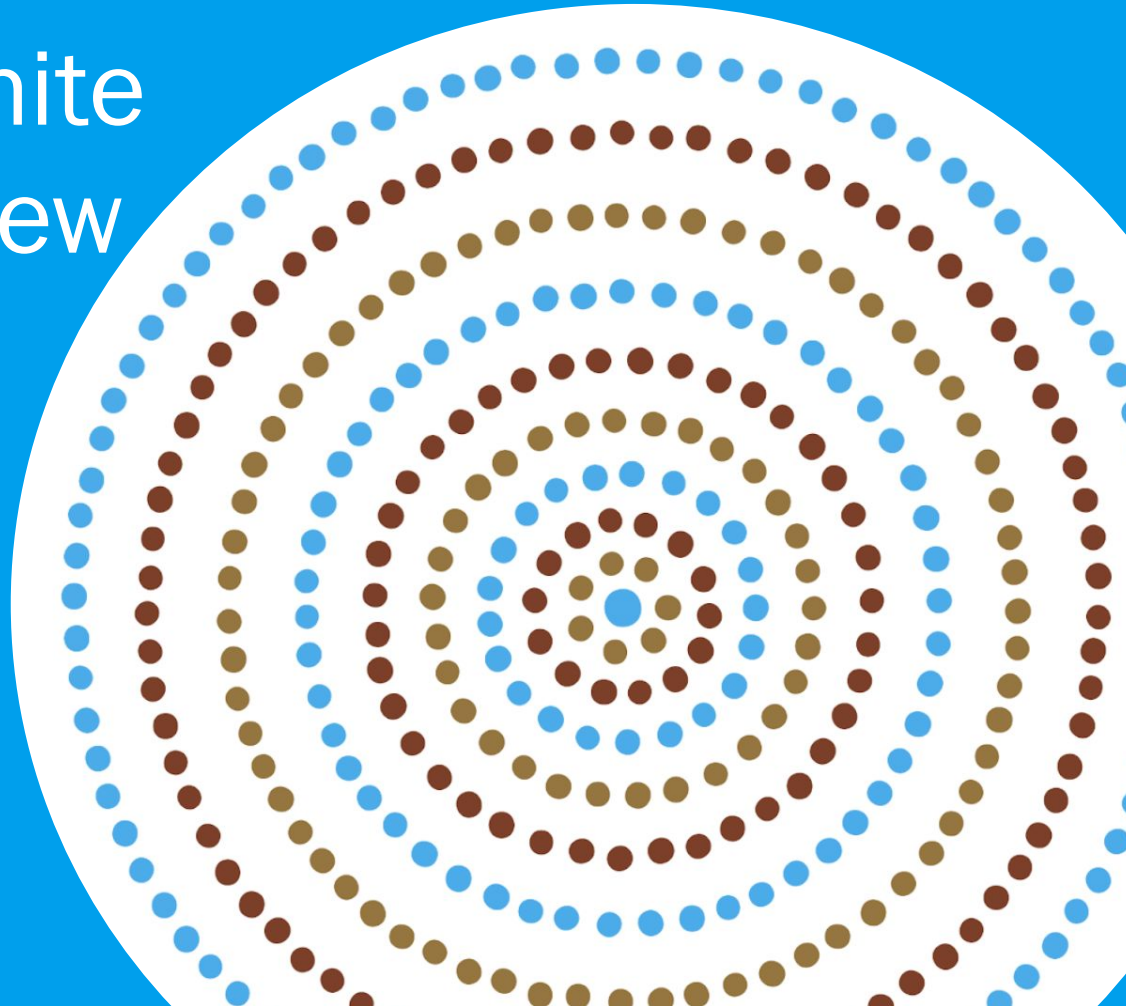
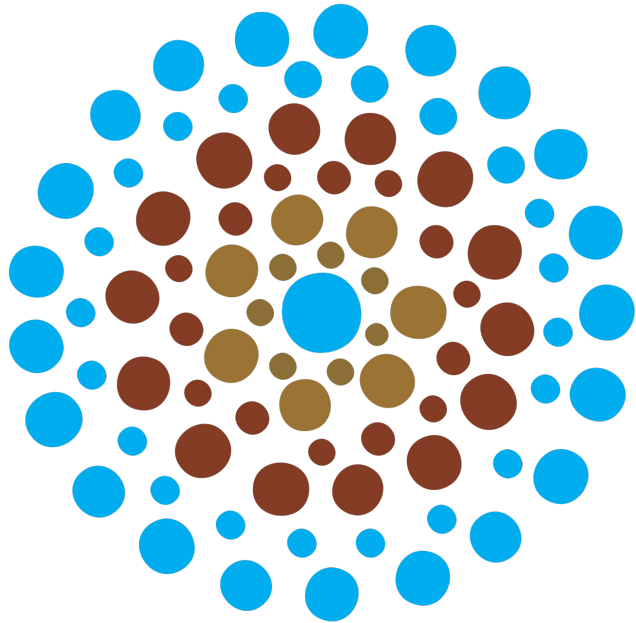


Herron Todd White Property Overview Breakfast

5th September 2024





Acknowledgement of Country

Herron Todd White acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of the land on which we work. We acknowledge the Whadjuk people as the traditional custodians of Perth, their connection to land, cultures and communities. We pay respect to Elders past and present.

Agenda

- WA Charity Direct
- WA Economy
- Infrastructure Investment
- Non Residential - Greg Mullins
- Lifeboat for a Tsunami - Trent Fleskens
- HTW Analysis
- HTW Market Examples
- Summary



Giving 100% of member funds to
people who need it most here in WA



WA charity direct

giving 100% to charity

\$3.9 million donated to the
WA Community



WA charity direct

giving 100% to charity



BEFORE

Rhianna was unable to go outside as her chair would not fit through the door and no-one else could help.

WACD replaced the door and repaved the patio.

Rhianna's mum said this was life changing for Rhianna who loves being outside and can now go outside on her own



AFTER

WA Charity Direct



Helping Little Hands



WA charity direct

giving 100% to charity

WA Charity Direct

Little Things For Tiny Tots



WA Charity Direct was founded on the principle of **100% Giving** – that means every dollar donated by our members is given back into the WA community.

WA Charity Direct is run entirely by professionals who volunteer their time and expertise. We are very proud of our achievements and the positive impact WA Charity Direct has had within the metropolitan and regional areas of Western Australia.

We welcome you to join WA Charity Direct as a Member or refer a potential recipient to us. We can't wait to see what we can achieve with your support.

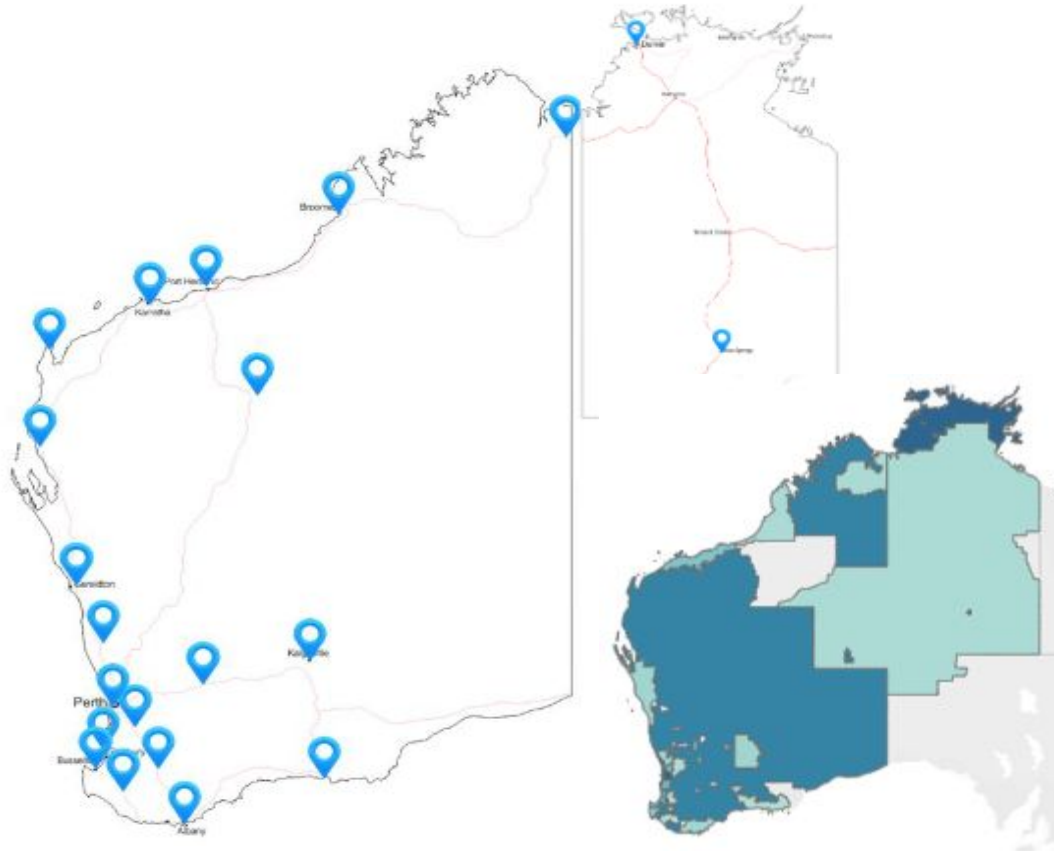
“WA Charity Direct – Helping Those Who Need It Most”

wacharitydirect.com.au



WA charity direct
giving 100% to charity

Servicing All of WA and the NT...

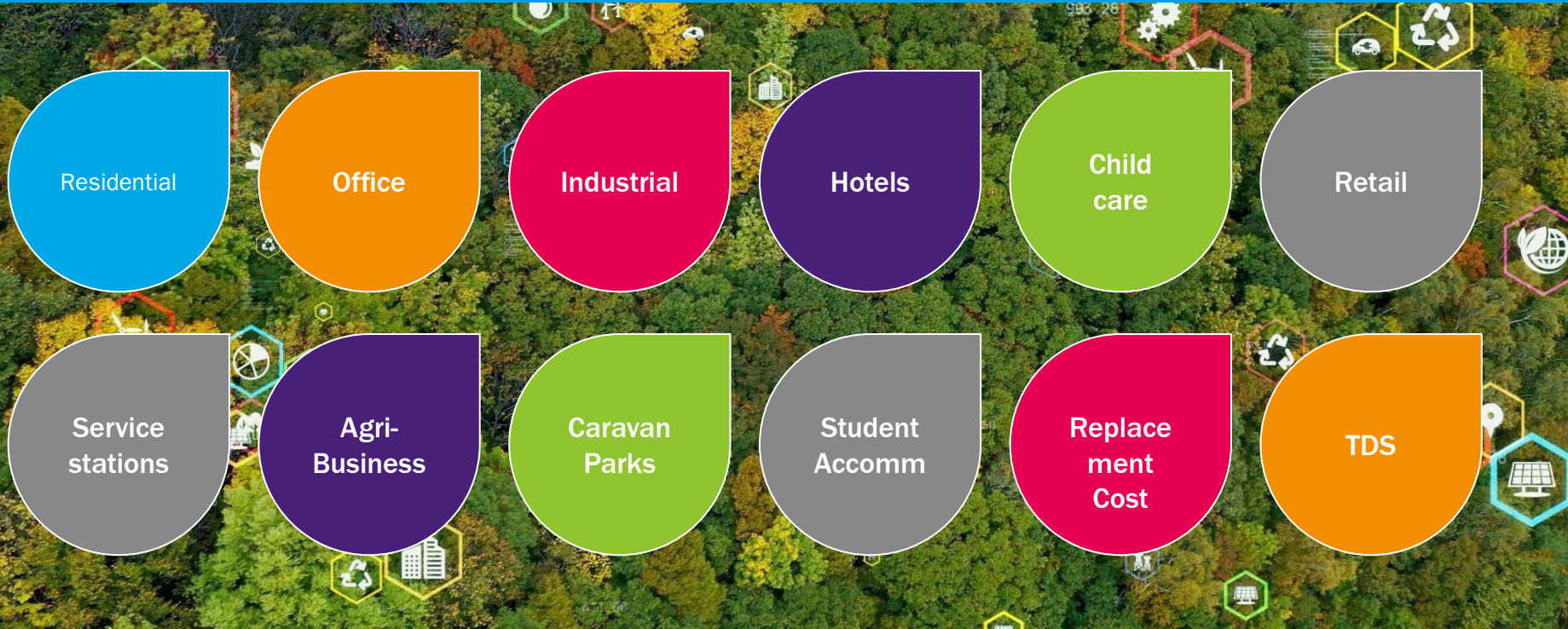


Local Expertise

We have valuers based throughout all of Western Australia AND Northern Territory, making us the largest independent property valuation firm.

Our local valuers have detailed knowledge of their particular speciality and have a strong local and national presence, earning a reputation for providing in-depth, accurate and professional reports and advisory services.

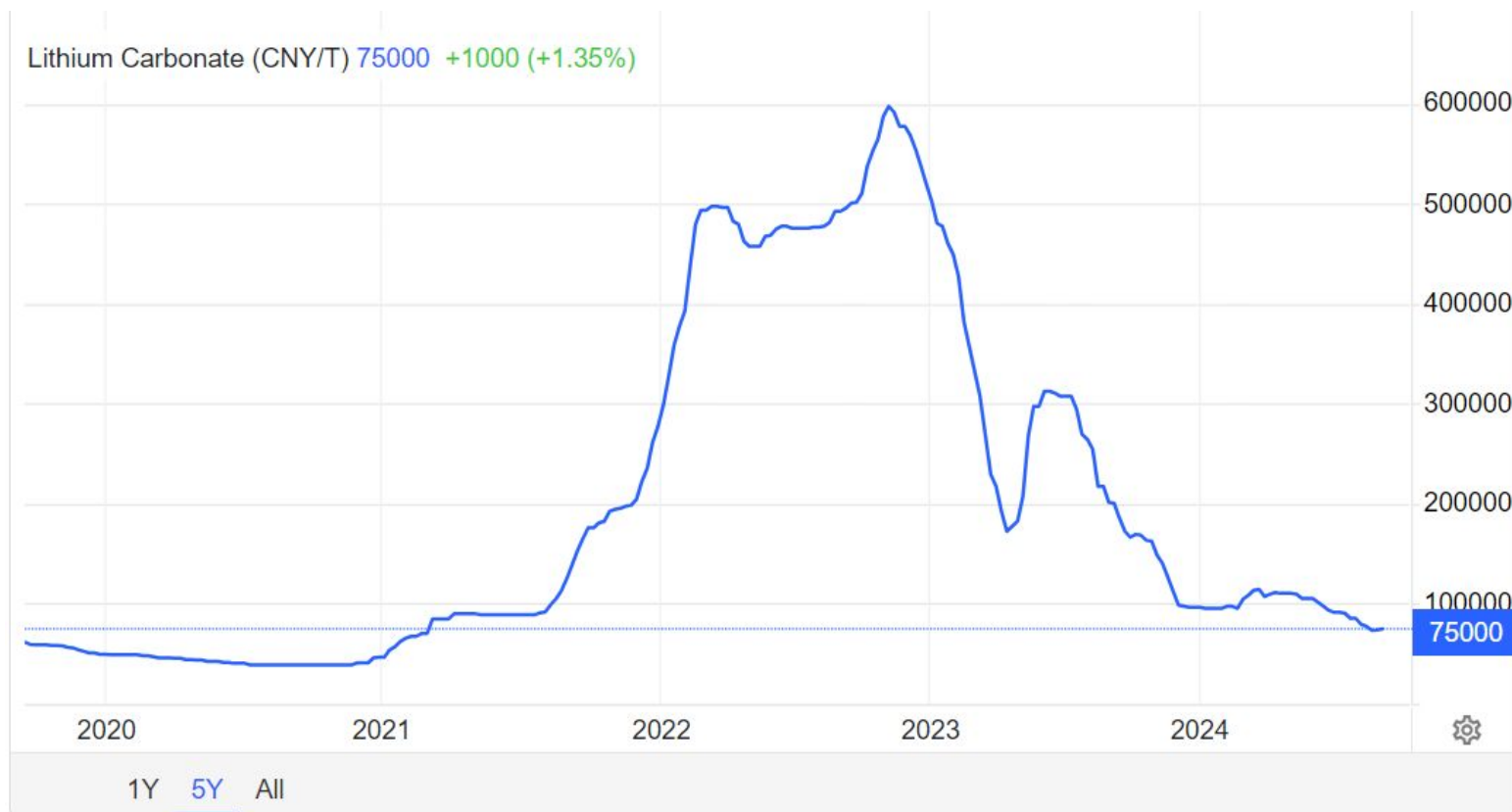
Our Capabilities



“We have the scale & capability to support your clients”

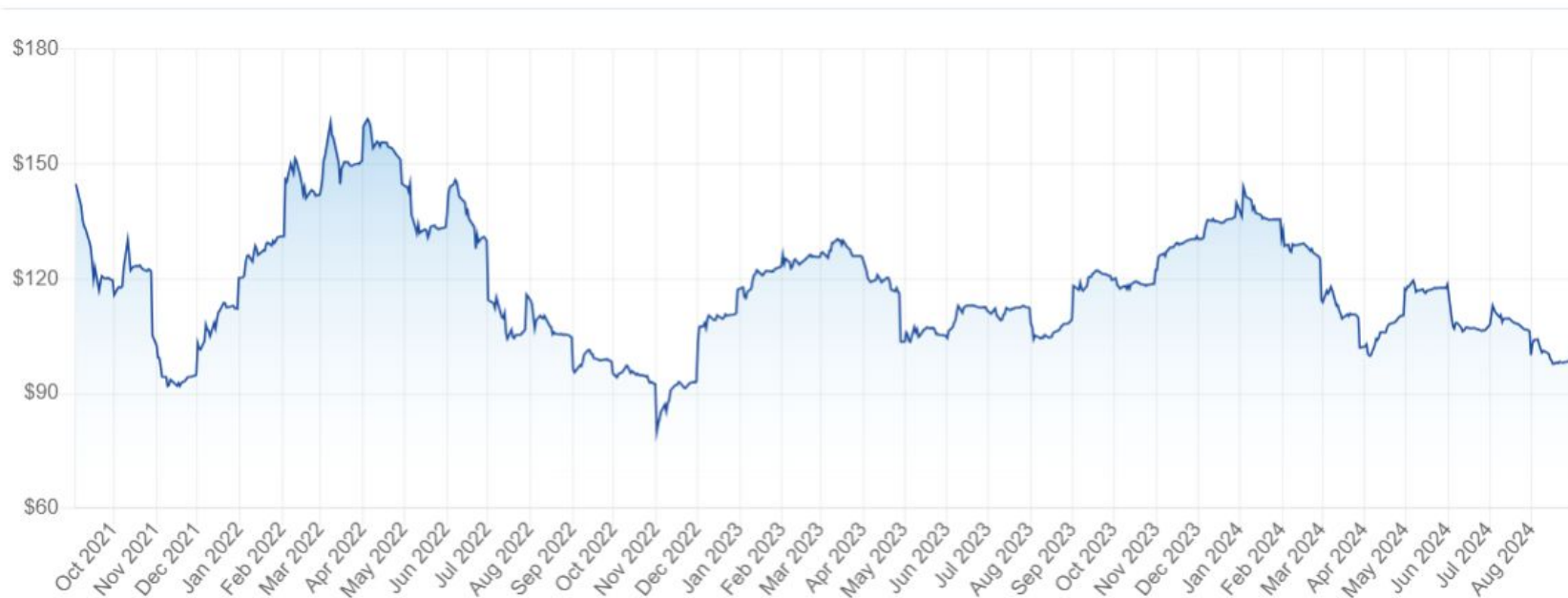
WA Economy

Perspective on Lithium

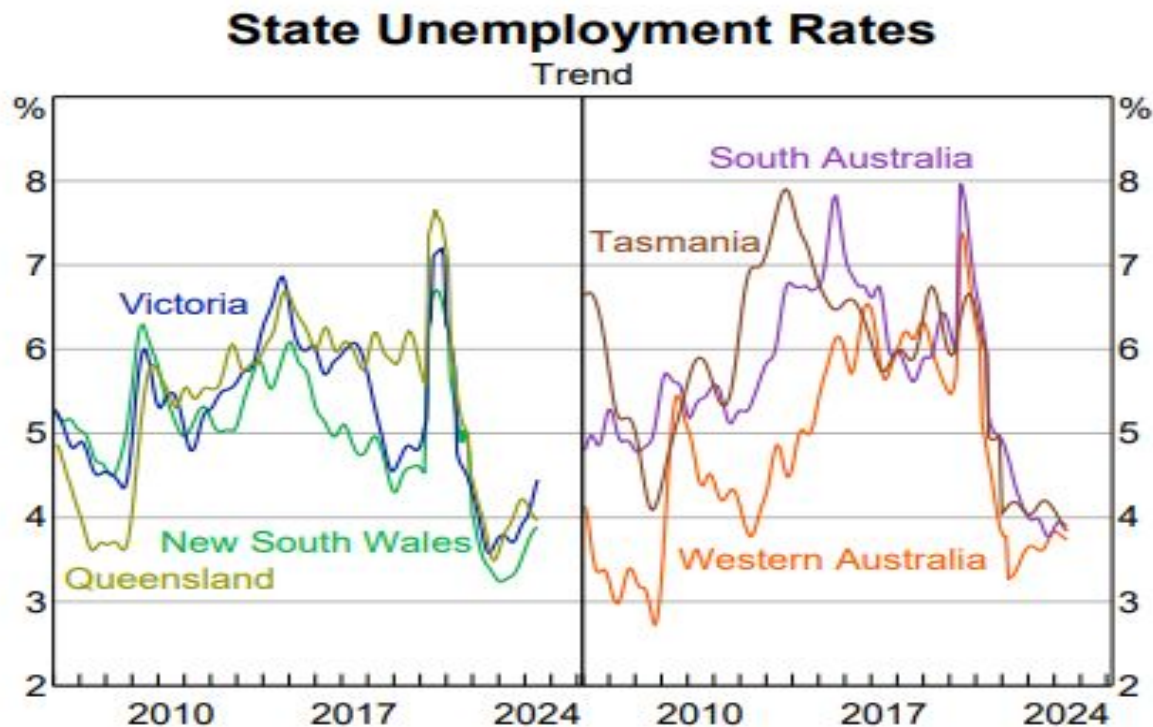


Perspective on Iron Ore price - \$90 floor

Iron Ore Chart



Large vs Small Unemployment



Source: ABS.

Source: RBA

Infrastructure Investment

MetroNet Completions



Smart Freeways and Spacious Highways



Perth Airport - \$5 Billion

- Two Multi-Storey Car Parks, Airport Hotel!



Perth Airport - \$5 Billion

- New Qantas terminal in Airport Central
- New Parallel Runway



Education Industry - 10,000 Students



Source: WA Government, Australian
Institute of Architects and PTA

Defence Industry \$8 Billion over next decade



Source: WA Government, Australian Institute of Architects and PTA

Non Residential

Industrial Rents

Industrial rental growth continues to the extent that rental rates being achieved in the current market are at all time highs for Perth exceeding previous market peaks that occurred over a decade ago.



Industrial Land Values

- Supply of new industrial land is relatively constrained
- Development continues at the fringes of the Perth metropolitan area
- Infill subdivision of large scale industrial sites evident in established areas such as Bassendean with premium rates being achieved for subdivided lots



Industrial Market Uplift



7 Radius Loop, Bayswater

- 14,784 sqm site in the Tonkin Highway Industrial Estate.
- Unimproved site which is fully serviced.
- Rear exposure to Tonkin Highway.

Original developer sale - Dec 2020
\$5,026,560 - \$340/sqm

Resale - Apr 2024
\$8,131,200 - \$550/sqm

+62% increase

Securely leased retail investments continue to be keenly sought by investors despite interest rates being ‘higher for longer’.

Grill'd Subiaco - 54/38 Subiaco Square

- Sold for \$1,847,000 in July 2024
- 232 sqm strata unit
- 4.28 year unexpired lease term
- Sale discloses \$7,961/sqm on lettable area and a passing yield of **5.36%**

Source: HTW Research

Image Source: Burgess Rawson



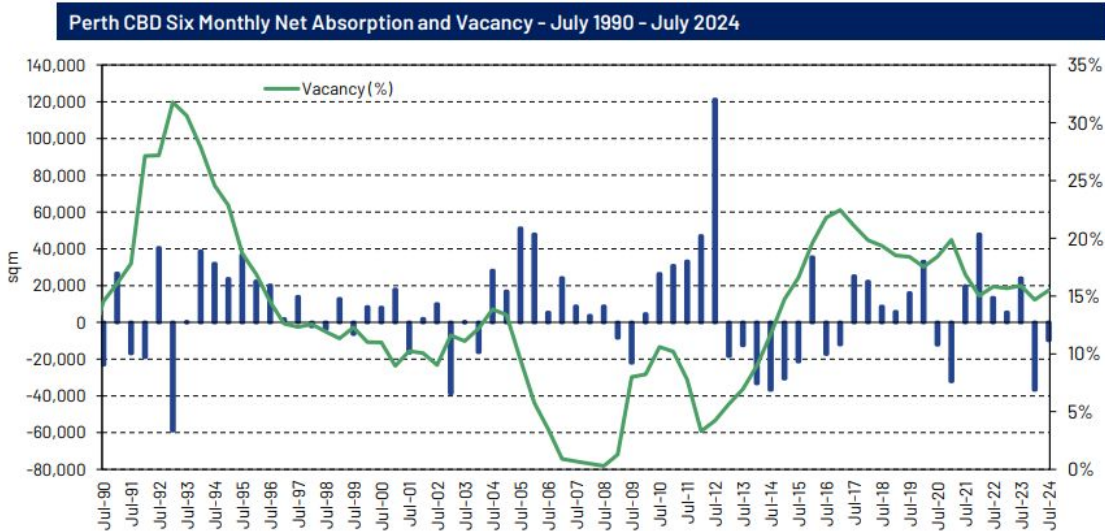
Hungry Jack's Yanchep - 20 Tamala Lane

- Sold for \$4,550,000 in February 2024
- 2,289 sqm site with a GLAR of 273 sqm
- 2023 built store
- 9.79 year unexpired lease term
- Sale discloses \$16,667/sqm on lettable area and a passing yield of **4.62%**

Source: HTW Research

Image Source: CBRE

Office Market - CBD



Perth recorded negative demand and an increase in vacancy

Perth CBD vacancy increased from 14.9% in Jan-24 to 15.5% in Jul-24

Perth no longer the worst performing CBD market with Adelaide (17.5%) and Melbourne (18%) both having higher vacancy rates

Office Market - Suburban



Image Source: Ray White Commercial

- Renewed focus on suburban offices in the post-pandemic environment.
- High cost of construction constraining new supply.
- Rental rates generally too low to underpin new development. Government agencies can underpin developments via “economic rents”.
- Potential parallels between the office sector and the industrial sector pre-2020?

Specialised Properties - Child Care



- Popular investor asset class that has seen a significant increase in new centres across WA.
- Pre-RBA tightening disclosed yields for modern, securely leased centres were as low as 4.75%.
- 2024 yields have softened circa ± 100 bps to 6% to 6.50%.

Specialised Properties - Service Stations



Image Source: Burgess Rawson
Source: HTW Research

- Similar to child care centres there was a pronounced focus on development of service stations from around 2017 onwards.
- Generally subject to long term (15 yr plus multiple options) leases to major operators plus smaller local operators.
- Pre-RBA tightening disclosed yields for modern securely leased assets were circa 5.75% to 6.25%.
- There have been a number of Perth metropolitan investment sales in 2024 disclosing yields ranging from 6.75% to 7.80%.

Supply Issue - Single Residential

Supply!



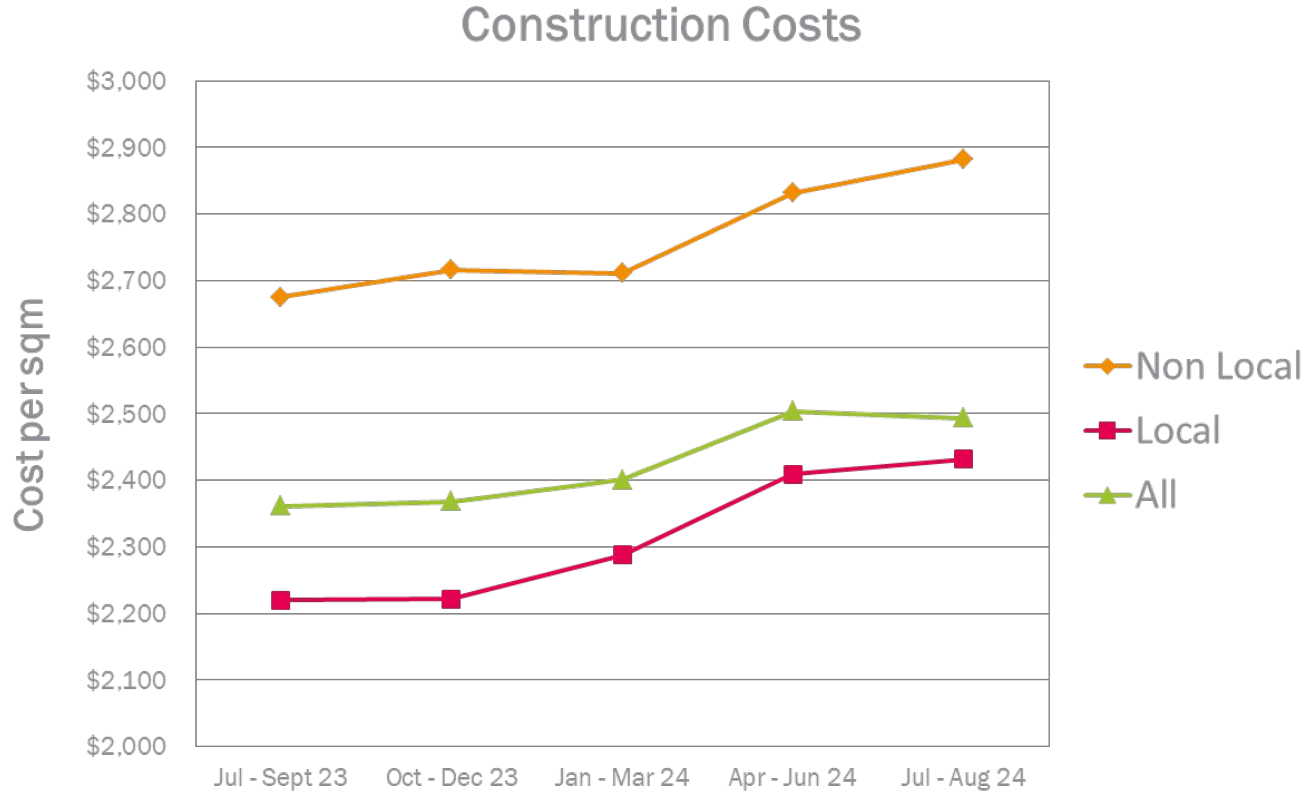
Source ABC News WA

Project Home Construction Costs



	Build Cost (\$)	Living (sqm)	Lot Size (sqm)	Ex WA BC/sqm of Living Area	Local BC/sqm of Living Area	ALL BC/sqm of Living Area	Sample Size
Jan to June 2023	\$343,746	158	415	N/A	N/A	\$2,243	83
July to Sept 2023	\$358,100	157	403	\$2,675 31.00%	\$2,220 69.00%	\$2,361	200
Oct to Dec 2023	\$364,208	160	405	\$2,716 29.63%	\$2,222 70.37%	\$2,368	135
Jan to March 2024	\$366,733	158	392	\$2,711 27.06%	\$2,288 72.94%	\$2,401	170
April to June 2024	\$362,814	151	376	\$2,832 22.58%	\$2,409 77.42%	\$2,504	125
July to Aug 2024	\$366,104	151	377	\$2,882 14.94%	\$2,432 84.06%	\$2,494	87

Project Home Construction Costs



Owner Occupier vs Investors

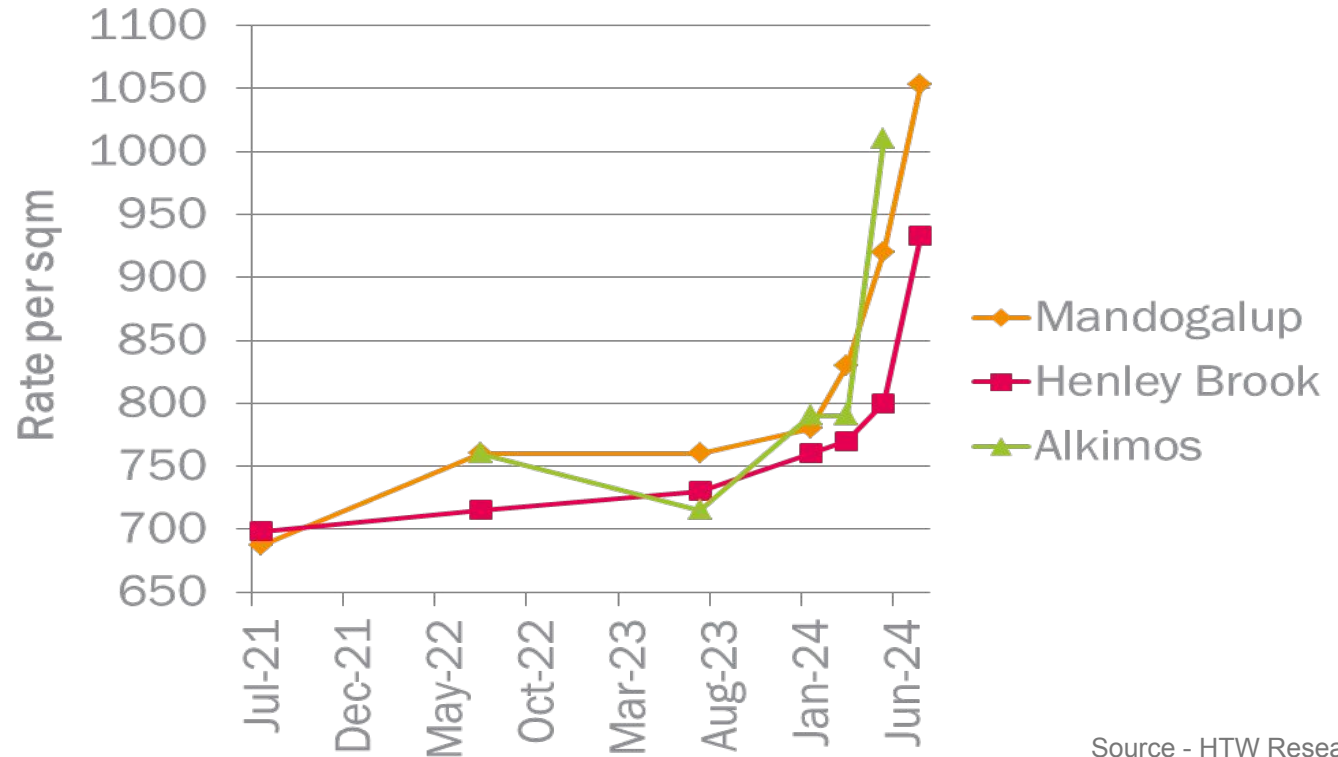
- HTW data set of 716 Construction Loan Valuations in 2024
- 527 Local WA buyers - 74%
- 189 Interstate Investors - 26%
- Perth affordable vs east coast
- Chasing superior yields 4 - 6% Gross
- Moving capital away from VIC/NSW
- Certainty on Capital Value and Rental Income

Vacant Land Growth

	Mandogalup	2021	2022	2023	2024				
		July	July	July	Jan	March	May	July	
Rate		\$ 687	\$ 760	\$ 760	\$ 780	\$ 830	\$ 920	\$ 1,053	
Lot size	375	\$ 257,625	\$ 285,000	\$ 285,000	\$ 292,500	\$ 311,250	\$ 345,000	\$ 394,875	
					2.63%	6.41%	10.84%	14.46%	38.55%
	Henley Brook	2021	2022	2023	2024				
		July	July	July	Jan	March	May	July	
Rate		\$ 698	\$ 715	\$ 730	\$ 760	\$ 770	\$ 800	\$ 933	
Lot size	375	\$ 261,750	\$ 268,125	\$ 273,750	\$ 285,000	\$ 288,750	\$ 300,000	\$ 349,875	
					4.11%	1.32%	3.90%	16.63%	27.81%
	Alkimos	2021	2022	2023	2024				
		July	July	July	Jan	March	May	July	
Rate		\$ -	\$ 760	\$ 715	\$ 790	\$ 790	\$ 1,010	\$ 1,133	
Lot size	375	\$ -	\$ 285,000	\$ 268,125	\$ 296,250	\$ 296,250	\$ 378,750	\$ 424,875	
					10.49%	0.00%	27.85%	12.18%	58.46%

Vacant Land Growth

Data based on a
375m² lot



Affordability - House and Land



+

North - \$795,000

North East - \$720,000

South - \$764,000



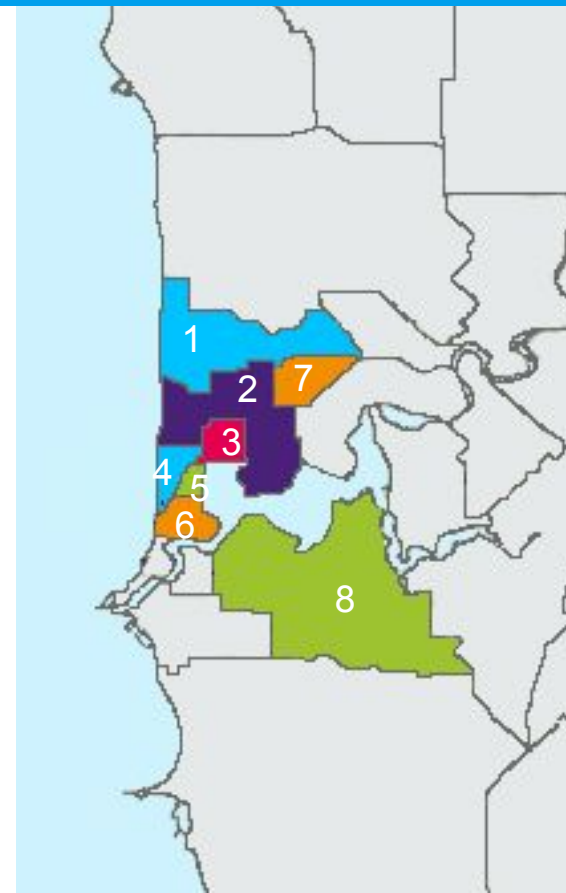
Next Headline - Affordability

- Purchase cost increased by 21.42% July 2023 to 2024.
- Midpoint - From \$630,000 to \$765,000.
- Mortgage repayments same, 21.42% increase.
- At 80% LVR repayments increased from \$723 per week to \$878 per week.
- Land Values still moving, Construction costs levelling.
- Portion of Salary on repayments 17% to 21.5%
- Where is the Inflexion Point - When do we break Affordability?

Supply Issue - Apartments

Supply Issue - 63 Opinions.....

	Councillors	Population
1. Cambridge	9	30,116
2. Nedlands	13	22,132
3. Claremont	10	11,216
4. Cottesloe	9	8,000
5. Peppermint Grove	7	1,597
6. Mosman Park	6	9,000
7. Subiaco	9	17,967
Total	63	100,028
Compared to:		
8. Melville	12	100,000



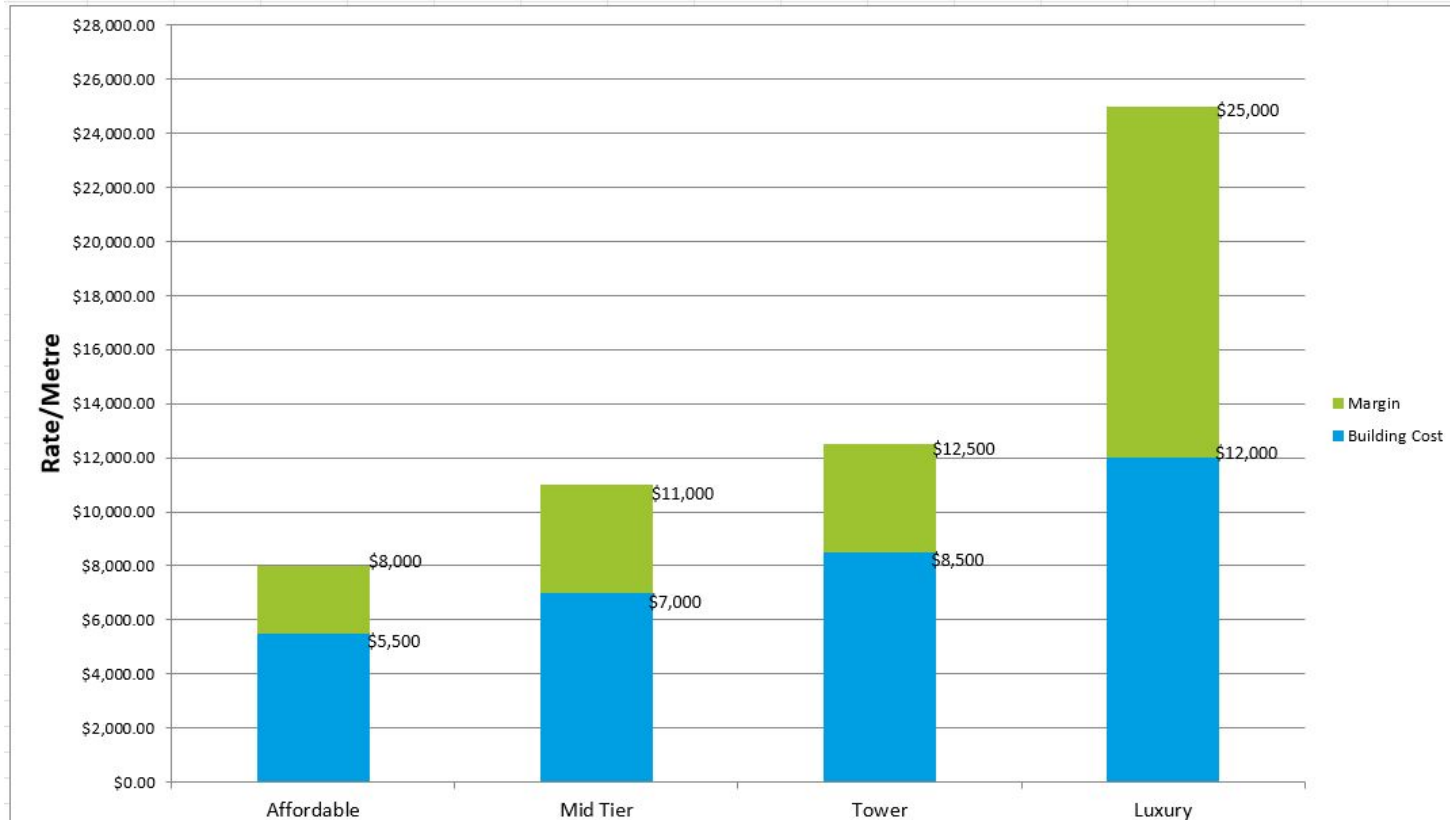
Apartment Completions



Apartments nearing completion



Supply - Apartment Feasibility



Apartment Market

- Established apartments available at below replacement cost.
- Supply of new product 2024 - 811 completed, 1,768 Under Construction.
- Luxury developments feasible, Boomers looking for options.
- Tradies, Subbies and Builders are building WA Infrastructure.
- Developers need values in Affordable and Mid to increase for feasible market.
- Demand continues to rise, Supply limited.
- Government assistance is the only option for affordable product.
- Options - No cost land, government guaranteed purchase, tax incentives.

Value Growth Examples

Perth Metropolitan Growth

Pleasantview Parade, Baldivis

May 2020 - \$289,000
January 2024 - \$547,000
89% increase

Source: HTW Research




372m²

Perth Metropolitan Growth

Greenock Road, Baldivis

September 2019 - \$340,000

March 2024 - \$650,000

91.2% increase

Source: HTW Research



4



2



2



375m²

Perth Metropolitan Growth

Carmichael Street, Beckenham UNDER CONTRACT

November 2022 - \$560,000

August 2024 - \$775,000

38.39% increase



3



2



2



228m²

Source: HTW Research

Perth Metropolitan Growth

Leonharte Street, Beckenham
UNDER CONTRACT

June 2023 - \$640,000
August 2024 - \$876,000
36.87% increase



Source: HTW Research



Perth Metropolitan Growth

Great Eastern Highway, Rivervale

July 2022 - \$160,000
February 2024 - \$230,000
43.75% increase

Source: HTW Research



Impact of renovations

Westfield Road, Camillo
UNDER CONTRACT

June 2024 - \$415,000

August 2024 - \$685,000

65% increase after renovations

Source: Corelogic RPData/HTW Internal Data



3



2



5


165m²



Impact of renovations! (minor)

Newborough Street, Scarborough

December 2021 - \$895,000

June 2024 - \$1,880,000

110% renovators delight!!



Source: HTW Research



4



1



2



154m²

Regional Growth

Simmons Road, Beverly

July 2021 - \$195,000

July 2024 - \$450,000

130% increase!

Source: HTW Research



4



2



2



110m²

Prestige Market Active

Warton Street, Cottesloe

January 2018 - \$6,000,000

March 2024 - \$10,000,000

66.6% rise

Source: HTW Research



4



4



3



500m²

Grant Street, Cottesloe

April 2017 - \$5,750,000
April 2024 - \$10,500,000

82.6% rise

Source: HTW Research



4



5



4



451m²

The Coombe, Mosman Park

August 2011 - \$4,100,000

May 2024 - \$8,000,000

95% rise

Source: HTW Research



3



3



8



340m²

Perth Metropolitan - Prestige Sale

Deane Street, Cottesloe

2024 - built
3 level, custom design,
ocean views
552m² of living space

March 2024: \$15,500,000

Source: HTW Research



4



5



10



552m²

Perth Metropolitan - Prestige Sale

Keane Street, Peppermint Grove

1900 - built

Two storey heritage listed dwelling

Expansive river views

431m² living space, 2,793m² corner lot

March 2024: \$20,100,000

Source: HTW Research



4



4



6



431m²

Perth Metropolitan - Prestige Sale

Owston Street, Mosman Park

1958 - built

Dated 'knockdown' dwelling

Fronts river obtaining expansive views

3,020m² battleaxe shaped lot

February 2024: \$22,000,000

Source: HTW Research



3



2



4



251m²

Perth Metropolitan - Prestige Sale

Wellington Street, Mosman Park

2010 - built

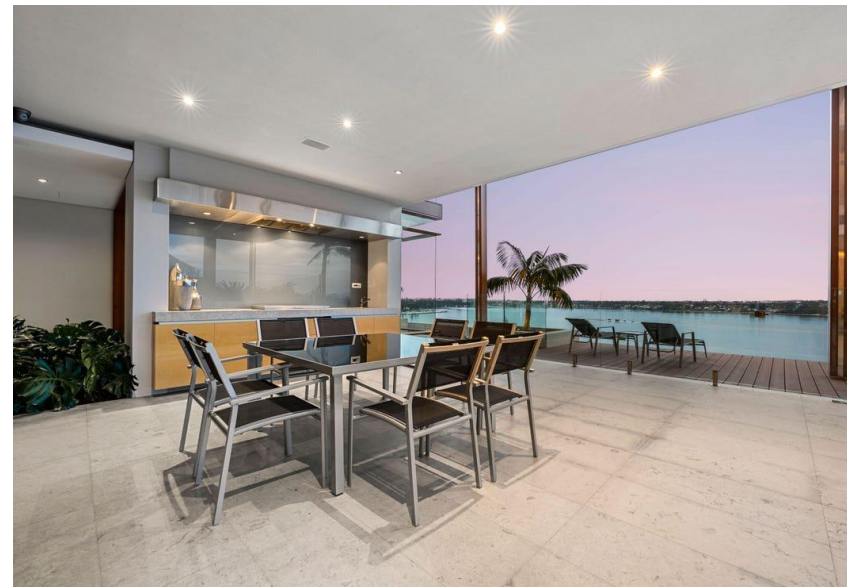
3 level, architect designed,

Expansive views

863m² of living space, 1,768sqm lot

May 2024: \$25,000,000

Source: Corelogic RPData/HTW Internal Data



4



5



6



863m²

South West - Prestige Sale

Picquet Close, Eagle Bay
UNDER CONTRACT

2003 - built

2 storey, architect designed,
30m frontage to Eagle Bay beach with direct
access via private gate

372m² of living space, 2,434sqm lot

May 2024: \$12,100,000



Source: Corelogic RPData/HTW Internal Data



4



4



2



372m²

South West - Prestige Sale

Cape Clairault Road, Yallingup

2010 - built

Architect designed, excellent ocean views

392m² of living space, 2.4ha lot

March 2024: \$15,000,000

Source: Corelogic RPData/HTW Internal Data



5



4



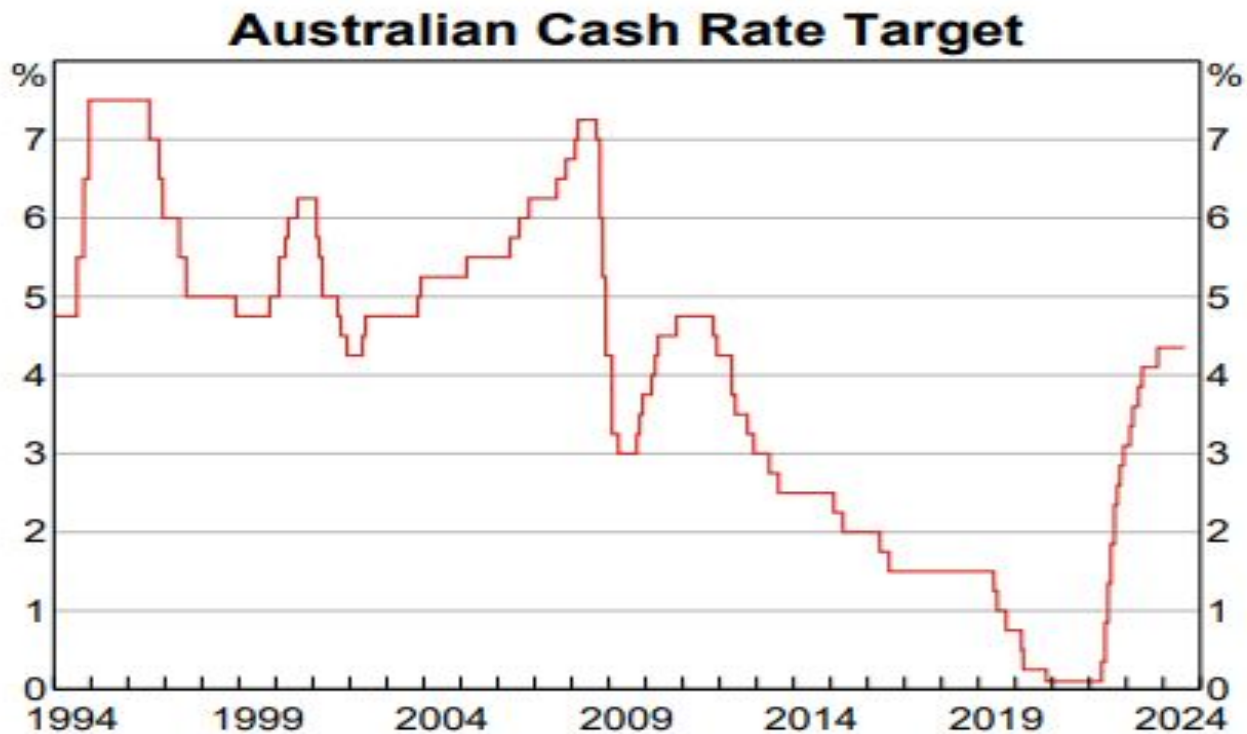
2



392m²

Summary

Interest Rates - RBA Cash Rate Decrease?



Source: RBA.

Where to from here?

- RBA needs to be convinced inflation is under control.
- Predictions range from September to March 2025.
- Reduction in East Coast investor activity, less frenzy, Perth still attractive.
- Lack of supply will continue to drive up values.
- Equity will drive value growth, upgrade, investing, rate competition.
- Local buyers will have to compete to succeed.
- Buying is still just inside the affordable zone versus renting.
- Market will finish 2024 strongly.
- Construction will surge as an affordable and available option.

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



Questions