

# Scarborough regeneration evident

## Apartment sales update

### 2011-2017



Making  
sense of  
property

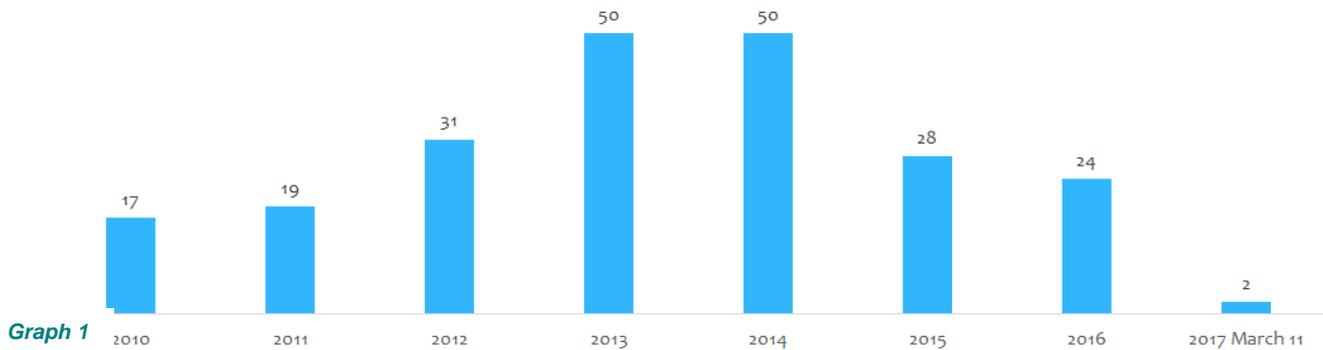
### A time for rejuvenation at Scarborough

PropertyESP was engaged by Norup Wilson to undertake sales analysis for the apartment market in Scarborough from 2011-2017. The following is a summary of this analysis.

#### Have we reached the bottom of the market yet?

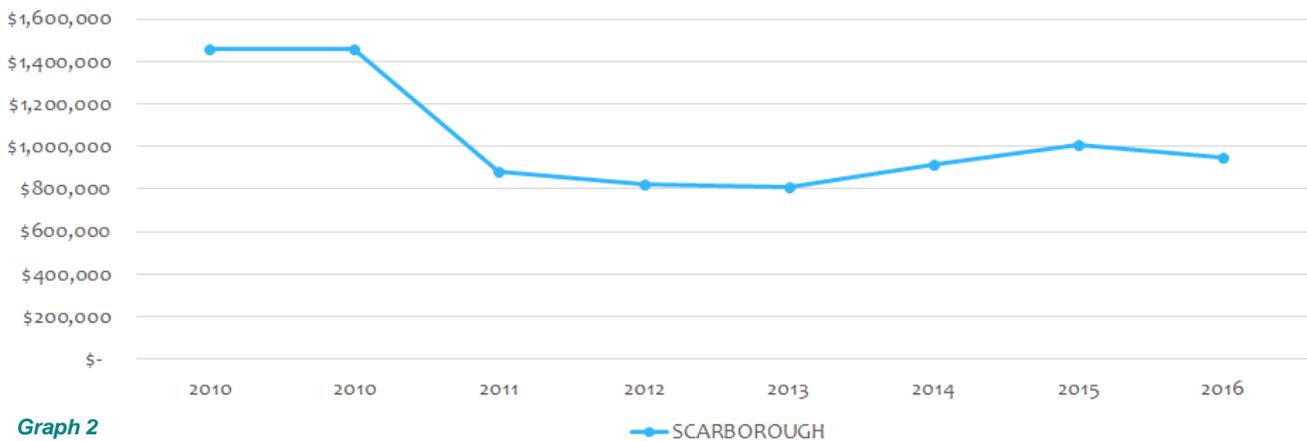
There is certainly a lot of conjecture at the moment about the state of the Perth market overall. However there are some suburbs that are extremely robust and Scarborough is one of them. As can be seen from graph 1, sales have been approximately 30 apartments per annum for the last two years and the median price (graph 2) has begun to show signs of good recovery.

Sales by Sale Year



Graph 1

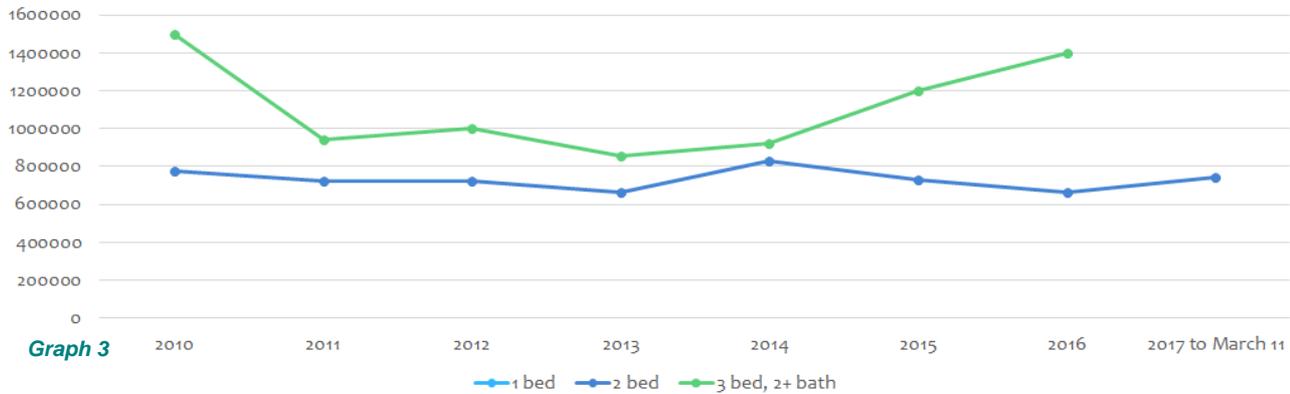
Median Sales Price  
Properties in Apartment Complexes



Graph 2

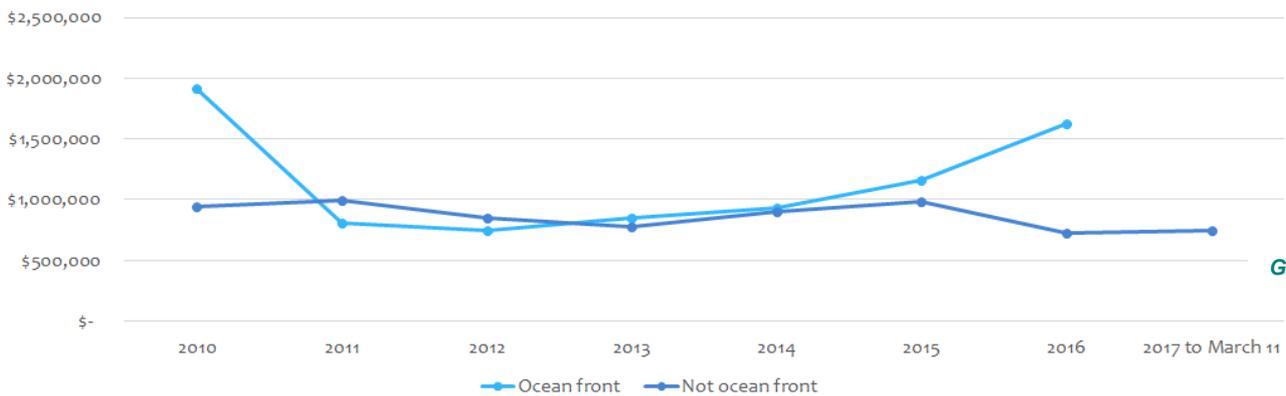
As can be seen in Graph 3, the price trend has started to recover across the board for two or three bedroom apartments. This is being driven to a certain extent by the \$60 million Scarborough redevelopment which plans to overhaul the appearance of the foreshore area and provide added amenities including a public pool and a dynamic dining precinct.

**Median Sales Price  
Properties in Apartment Complexes by Property Size**



What is also interesting to note, is that until 2015 apartments in Scarborough with ocean views in fact did not command a higher price point. This has now adjusted with the additional infrastructure occurring in this locale.

**Median Sales Price  
Properties in Apartment Complexes by Location**

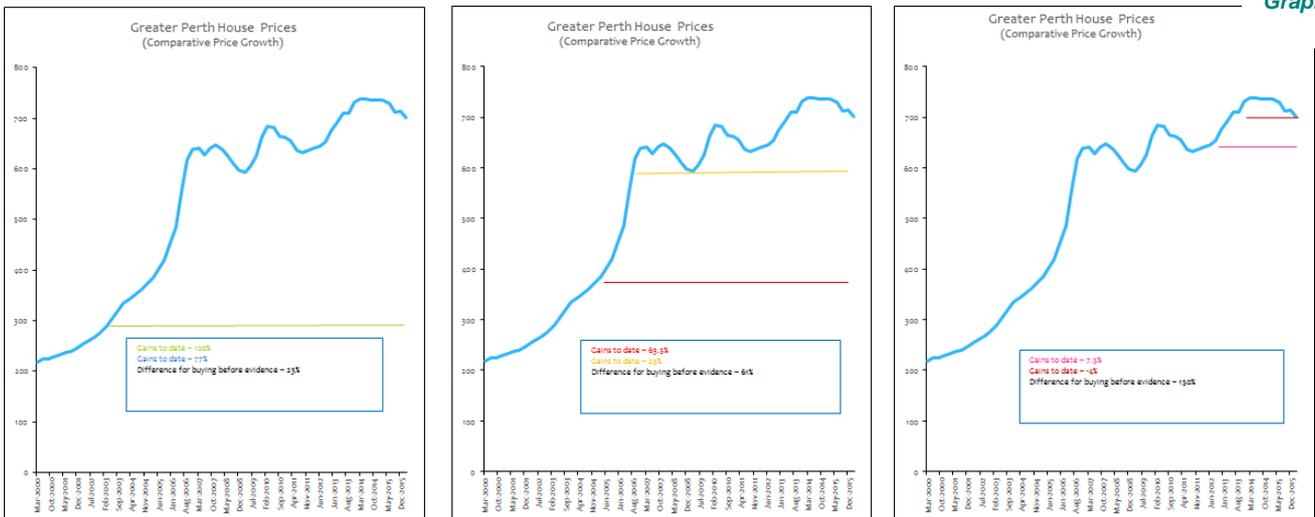


**Graph 4**

### So when should I buy?

Capital growth phases in the Perth property cycle generally occur in spurts of circa 9 months. And in the last 16 years these growth spurts have occurred approximately four times. As can be seen in graph 5, the time in which you buy in the property cycle will dictate the level of capital growth realised. If buyers are looking to make an extra 25-30% on their initial capital investment, it is recommended that they buy at the point in the cycle when property experts are reporting a 'stable/recovering market'. This is the case for Scarborough, especially as it is at the cusp of an urban renewal phase.

**Graph 5**

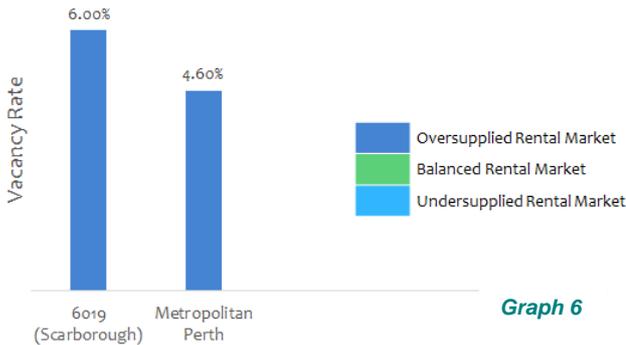


## Scarborough rental market

The apartment rental vacancy rate for Scarborough is 6%, which is slightly higher than the Perth median.

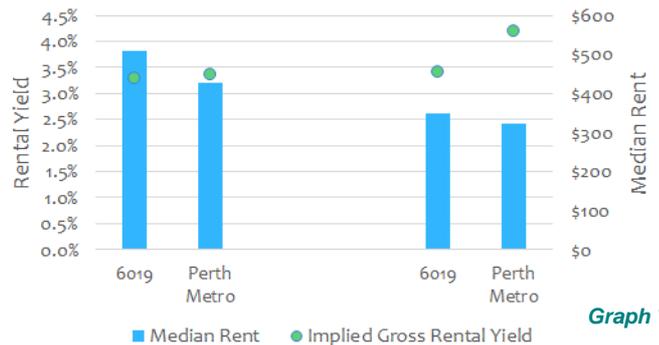
Units in Scarborough are attracting median rents of \$350/week (Source: SQM Research, September 2017). The implied gross rental yield is therefore 3.4% which is higher than yields for housing rentals in the same suburb.

Rental Vacancy Rate, September 2017



Graph 6

Rental Returns, September 2017  
Houses Units



Graph 7

## So how does The Beach Shack compare?

Across the board the apartments at The Beach Shack are priced below the median for the area.

This is an anomaly considering the degree of amenity that The Beach Shack will offer its residents including direct access to the beach front.

When you are considering your next property purchase you not only want to think about the price you are paying, but also its potential capital growth and key catalysts that could further promote this gain including major suburb redevelopments.

There is no denying that the Scarborough precinct over the next ten years will evolve into a significant node with a cross section of commercial, retail, residential and hospitality making it a dynamic location while still being close to the natural setting of Scarborough Beach.

The Beach Shack is certainly one of the first apartment developments to optimise on all of these elements and represents for a property owner, the opportunity to capitalise on the future potential of this highly sought after location.

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1 Bed Apartments



Graph 8

2 Bed Apartments



Graph 9