



## Invita Apartments, Wellard Investment Outlook

### Invita Apartments Overview

The Invita apartments are to be located within Wellard and is anticipated for completion in Q2, 2014. The growth surrounding the Invita site has been strong over recent years with the land surrounding The Village Centre now largely developed. To the south of the railway line there remains significant growth to occur, which will largely include separate housing.

The apartments will also provide a low maintenance, affordable and easy to access location in close proximity to key employment precincts in and around Rockingham and Kwinana, which will also add to the desirability from a rental perspective.

Apartments at the location are anticipated to be in high demand due to the relative affordability and location near key services. This will further add to a lifestyle aspect for the local community.



Source: Wellard Estate Aerial Map, Peet (2013)

### Investment Opportunity

RPS has examined a number of the elements of residential property which leads to strong long term investment value and believes that the Invita apartments represent strong long term value for investors.

Those suburbs which tend to have higher median house price increases include superior shopping facilities, high quality public transport, schools and community facilities. While high rents will typically be led by the above attributes, there is also a strong link to the level of surrounding employment which leads to increased need for rental properties closer to the place of work.

Furthermore, investment growth in suburbs is largely led by investment in a range of commercial and community needs. The Invita Apartments will benefit from a range of infrastructure and service delivery. This will include a major supermarket and retailers, community and medical centre, a child care centre and restaurant / tavern facility.

These local attributes will add value to the location as a place to live. Furthermore, residents will also have nearby access to other important needs through easy access to the Wellard Train Station and Kwinana Freeway.



Artists Impression of Stage 1, Invita Apartments



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### Rental Vacancy Rate

As at the time of writing, there were only 11 vacancies on the market in the Wellard precinct (1.8% vacancy). This is relatively low vacancy rate for a fast growing estate.

Specifically with regard to product similar to Invita, there is currently no comparable products and as such no vacancy for 1 and 2 bedroom products on the market at present. As a rough point of comparison, demand for rental product in Cockburn Central is very strong at present with only 4 vacancies despite a relatively high level of new product.

The overall mix of product in the area which range from 1 bedroom apartments through to 4 bedroom houses will result in diverse demand for product from young families through to downsizing retirees, ensuring the market is not flooded with one product type causing higher vacancy in slow rental markets.

### Capital Price Growth

As noted overleaf, it is anticipated that the location, future retail, services and public transport access will continue to drive capital price growth in Invita Apartments.

While the diversity of product in the area will lead to inconsistencies in median prices over the short term due to different product types entering the market, it will bolster the saleability and offerings to future purchasers which will lead to a more stable and attractive property market for Invita in the longer term.

Furthermore, RPS anticipates strong capital price growth for the area in the medium term due to proximity to the train station and the development of key infrastructure such as Wellard Square (with Woolworths) and local schools. These elements typically lead to strong price increases after the completion of construction and these projects are expected to be completed or come under construction in the short term.

### Rental Yields

On top of the overall assessment of rental yields in the Wellard region, RPS has also examined more specific yields for 1 and 2 bedroom apartments. As there is currently a lack of such product within Wellard, RPS has again looked at yields in the Cockburn Central Development for such product types.

The data obtained by SQM research indicated that 1 bedroom dwellings have a strong 5% yield and indicates there is demand for this product from the rental market and investment gains to be made, particularly in growth areas. Larger 2 bedroom apartments had an even stronger 5.5% yield which indicates strong value in such products. Furthermore, absolute rental returns are strong in Cockburn Central due to the continued growth in values, with median rents at \$350 per week for 1 bedroom apartments and \$465 per week for 2 bedroom apartments. With similar attributes it is expected that Wellard will follow a similar trend to that of Cockburn for such products.

### Invita Wellard Outlook

Based on the overall assessment of Wellard as a suburb, as well as the strong attributes of the Invita Apartments, RPS anticipates there are strong investment opportunities in the area. This is based on a number of key reasons:

- A low rental vacancy rate which is expected to remain low;
- Strong rental yields which will drive investment in the area;
- Expected capital growth due to diversity of product;
- Strategic location, retail, services and strong public transport bolstering demand in the long term.

The strong surrounding employment growth will also result in the area being an attractive place of residence and the diversity of product will drive demand from a range of different market segments providing a stable market with limited downside risk.

### 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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