

Originally published on thewest.com.au

East Coast property raiders rushing to WA as it becomes leading State for property investment

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8 October 2023

4–5 minutes

East coast property raiders are rushing west, creating a real estate investment gold rush for agents and pricing mums and dads out of the market.

New data obtained by The Sunday Times reveals a third of all investment properties bought nationally in the first quarter of 2023 were in WA.

The Times reported in July Perth had the highest rental yield nationwide at 5.36 per cent, outpacing Sydney and Melbourne, making it an attractive market for investors drained by sky-high interest rates.

MCG Quantity Surveyors client data analysis has revealed investor activity in WA jumped 22.5 per cent from the start of 2022 to 2023 from 9.4 per cent to represent a whopping 31.9 per cent of national investor activity.

Additionally, the data showed investor activity in every State and Territory except the ACT had declined with NSW experiencing a near 10 per cent drop.



*This four-bedroom home in Seville Grove sold to an interstate investor for \$500,000 in September.
Credit: Supplied*

MCG Quantity Surveyors managing director Mike Mortlock told The Sunday Times it was the first time WA had recorded double digit share of the investor pool.

“So to see it coming in as the second-most popular State was very surprising for us. And I suppose the data is only as good as the people that come through our business and we have an office in Perth, we have staff in Perth, but we started on the east coast so it’s even more interesting to just see how much work we’re doing there,” he said.

“But I think the answer to the riddle is the vast majority of that is coming from east coast investors and east coast buyers agents.”

Mr Mortlock said the results aligned closely with outcomes from the recently released Property Investment Professionals of Australia 2023 Investor Sentiment Survey, which showed 25 per cent of respondents picked Perth as their preference for investment – the number one choice among all the capital cities.

“A combination of our data and the PIPA results resoundingly demonstrates Western Australia’s dominance in attracting property investors,” he said.



This four-bedroom home in Haynes sold to an interstate investor for \$572,353 in September. Credit: Supplied

Mr Mortlock said the data and discussions with clients indicated that WA was considered a far more “investor-friendly” State than either Queensland or Victoria.

“Queensland and Victoria have been implementing rigorous tenancy legislation. In addition, talk around limiting or freezing rents has put investors on edge – particularly in Victoria,” he said.

He also attributed strong population growth and relative affordability for WA’s newfound popularity.

“Affordability is a huge concern and it is the second-cheapest capital city behind Darwin, which is not particularly an investor hotspot because it’s so volatile,” he said.

Property Club branch manager Catherine Doherty, who is based in Queensland and owns several investment properties in WA, said many of the club’s investors turned their attention to WA when the market bottomed out.

“We started to see that it had the lowest median price in the country and the highest return, and you’re also going to catch the growth because it’s grown in the last year and it’s predicted to grow another 8 per cent this year whereas all the other markets have peaked,” she said.

“So it’s created a perfect storm for investors to buy and the awareness has increased — you’ve got people moving over there because it’s affordable, because of the weather, because of the lifestyle.”



This four-bedroom Meadow Springs home asking for offers over \$560,000 is under offer to an interstate investor. Credit: Supplied

Nu Wealth managing director Daniel McQuillan said his investment firm had also noticed a sharp increase in interstate investors in the last year.

“About 90 to 95 per cent of our business is coming from the east coast — I think it’s the affordability, we’ve got high yields but also, investors are acutely aware of just how under-supplied our market is, and the challenges that the market faces to be able to increase supply to meet demand,” he said.

“I think this strong investor activity is only just beginning.”

Property investor growth by State from March 2022 quarter to March 2023 quarter	
WA	22.49%
ACT	2.79%
SA	-1.18%
TAS	-3.79%
VIC	-4.14%
QLD	-6.26%
NSW	-9.91%

Source: MCG Quantity Surveyors