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# Investors flee the eastern states for Western Australia

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*After nearly a decade in the doldrums, property investors are flooding back into Western Australia at the expense of the East Coast.*

According to [MCG Quantity Surveyors](#), the percentage of investors buying in WA has surged from 9 per cent in the first quarter of 2022, to 32 per cent in 2023.

MCG Managing Director, [Mike Mortlock](#) said property investors were honing in on WA.

“It’s been really substantial and doesn’t look like slowing anytime soon,” Mr Mortlock said.

“From what we can determine, Western Australia’s significant jump has come at the expense of New South Wales and Queensland.

“The proportion of activity in NSW fell by almost 10 per cent between the first quarters of each year.

“It’s worth noting, however, that every state and territory except the ACT has lost a proportion of their investor activity to Western Australia.”

Mr Mortlock said there were a number of reasons why WA was so appealing to investors.

He said the perceived and actual impact of state government policy is affecting investor sentiment.

“It’s obvious from the data and our discussions with clients that WA is considered a far more ‘investor-friendly’ state than either Queensland or Victoria,” he said.

“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.”

## DATA ON PROPERTY INVESTORS AND WHERE THEY BOUGHT IN (2022 vs. 2023)

STATE	JAN - MARCH 2022	JAN - MARCH 2023	PERCENTAGE
ACT	4.33%	7.12%	2.79% ↑
NSW	22.12%	12.20%	-9.91% ↓
QLD	44.23%	37.97%	-6.26% ↓
SA	4.57%	3.39%	-1.18% ↓
TAS	4.81%	1.02%	-3.79% ↓
VIC	10.58%	6.44%	-4.14% ↓
WA	9.38%	31.86%	22.49% ↑

**HOUSE: 82.14%**    **HOUSE: 80.65%**  
**UNIT: 17.86%**    **UNIT: 19.35%**

Source: MCG Quantity Surveyors

According to Mr Mortlock, a recent survey asked investors to rank each state and territory government from best to worst in terms of positively supporting property investment, and WA came in second behind SA for desirability based on government policy.

“Even the threat of legislation can be enough to decimate a rental pool,” he said.

“In 2022, Queensland implemented, then ultimately repealed, [land tax amendments](#) that would have increased some investors’ tax liabilities by thousands of dollars.

“During the 98-day period between implementation and repeal, our client analysis showed Queensland went from attracting 40.9 per cent of all investment transactions among our cohort to 33.6 per cent of transactions – that’s a 7.3 basis point fall.

“Despite the tax being repealed, the rot had set in.”

He said after rescinding the legislation, Queensland only bounced back to 34.7 per cent of all investment transactions.

“In contrast, our analysis shows that Western Australia saw its proportion of Aussie investor transactions double during that period,” he said.

Mr Mortlock said WA was also experiencing record population growth.

“The ABS’s latest Net Interstate Migration analysis reveals that for the 12 months to the end of March 2023, a total of 35,857 people left NSW and Victoria,” he said.

“Meanwhile, WA saw its net internal migration increase by around 10,000 per year – the second highest increase in the country.

“Throw in Australia’s immigration intake which has seen overseas arrivals reach record highs.

“We expect many will end up settling in WA.”

Mr Mortlock said this influx of new ‘Westerners’ was fuelling demand for accommodation in what is already a tight rental market.

“The current rental vacancy rate in Perth is just 0.4 per cent which makes it the nation’s tightest capital city market,” he said.

“The result will be higher rental returns and, in due course, strong capital gains.”

According to Mr Mortlock, the state still remains relatively affordable for those looking to enter the market.

“CoreLogic’s numbers to the end of August 2023 show Perth’s median house price is the seventh most affordable of the nation’s eight capital cities,” he said.

“The median house price in Perth is a staggering 45 per cent lower than Sydney’s.

“Relative affordability combined with excellent underlying fundamentals is a magnetic combination when it comes to attracting investor dollars.”