

Fast Facts - Waroona Region



An Expansion to boost your Investment

The Waroona area itself has strong property fundamentals and with limitations on future land supply is truly a standout investment location.

CAPITAL GROWTH - steady long term. Alcoa expansion to be a bonus.

MEDIAN HOUSE PRICE - in Waroona is \$309,000² which, off a low price base, has room to provide great capital growth. In Drakesbrook Estate the median price is \$345,000.

POPULATION GROWTH - steady. Numerous local industries continue to lure new residents. The Alcoa expansion expected will have a positive effect on the population figures boosting local infrastructure and both short and long term housing demand.

EMPLOYMENT - strong local employment in mining, agriculture and dairy in a town with a population of just 2,736⁴.

SUPPLY - low supply of quality residential dwellings and future land release poor due to the area being landlocked. Drakesbrook Estate provides properties with connected sewer lines, unlike many of the other local properties.

INFRASTRUCTURE SPENDING - Alcoa is planning an expansion of the Wagerup refinery in Western Australia, doubling its output to 4.8 mtpa of Alumina generating \$17 billion in export revenue over the life of the project.

The Perth to Bunbury Freeway project is now completed and there are plans for the \$3 billion Boddington Gold Mine and the \$800 million Desalination Plant to go ahead.

If the planned expansion of Alcoa's aluminium refinery went ahead as expected the area was likely to enter another growth phase.

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DEMAND - Housing demand increasing as demand for housing surges from new workers arriving to complete projects in the area. Strong rental demand with vacancy rates of 0.89%⁵.

RENTAL INCOME - Local rental appraisals:

4x2 unfurnished - \$360 per week (7.03% yield).³

EXPANSION PROBABILITY - 3 reasons the expansion may go ahead:

1. ALCOA has purchased \$31 million worth of properties and land in May 2012 required to achieve EIS approval and satisfy the noise buffer requirement.⁶
2. BURU Energy agreement signed 8th Nov 2012 to supply local gas to ALCOA at prices making expansion more viable.⁷
3. "Eventually it will be a very good expansion" media statement ALCOA CEO - John Bevan.⁸

Investor Strategy

Invest now:	to gain strong capital growth on expansion.
Holding Costs:	covered by tenant.
Average Rents	\$360 p/wk (4 bed houses)
Vacancy Rate (2015)	0.89%. ⁵
Yield:	7.03%. ³
Purchase Price:	from \$257,800

1. RP Data (Apr 2015) Statistics reported Your Investment Property magazine.
2. RE.com (Oct 2015) Median House Prices.
3. Based on \$295,000 price and \$360 pw rent appraisal (Drakesbrook Realty).
4. Australian Bureau of Statistics Census (2011).
5. Real Estate Investor (December 2014)
6. WA Today (May 2012)
7. The Australian (November 2012).
8. SMH (November 2008)