

THIS MONTH IN REVIEW

In this month's edition, the real estate slowdown across the country continues, with Domain Group data showing national property prices slumping 1.2% in the 3 months to March. Over the year however, prices were up 6.3% on CoreLogic data, with Tasmania taking out top spot for six of the 10 most sought-after suburbs in the country.

Meanwhile, AMP Capital chief economist Shane Oliver's analysis of Australian Bureau of Statistics figures shows a significant slowdown in investor activity and apartment developments, indicating tighter lending standards are starting to bite. The Reserve Bank has warned off further tightening, particularly on interest only loans for households, saying borrowers would face

paying thousands of dollars a year extra and could be pushed into mortgage stress.

Inclusionary zoning had been a major topic of the month, with the Australian Housing and Urban Research Institute describing the lack of state government mandated minimums for affordable housing developments as "extraordinary".

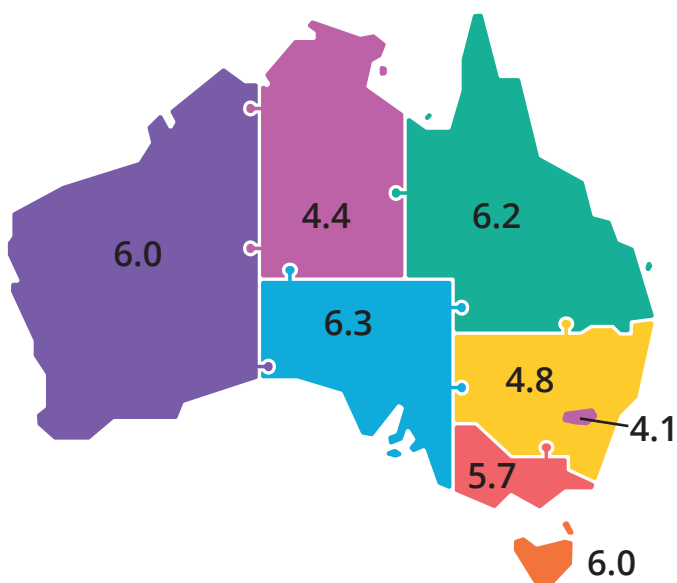
Speaking of development, there's a new acronym in town – PHIMBY. This latest import from Los Angeles is a play on the Not In My Backyard (NIMBY) population and takes them to a new level, instead arguing for public housing rather than private development.

AUCTION CLEARANCE RATE Source: APM PriceFinder

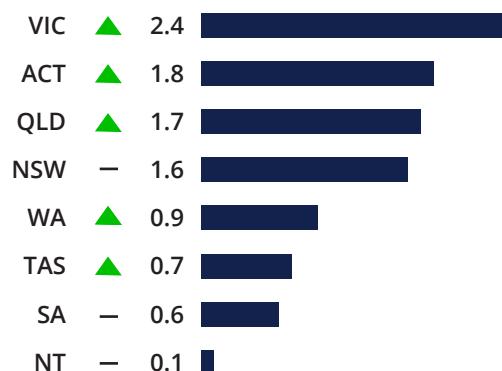
	MAR 31		APR 28
SYDNEY	46%	▲	58%
MELBOURNE	61%	▲	65%
BRISBANE	—	—	53%
ADELAIDE	—	—	62%

MONTHLY UNEMPLOYMENT - FEB18 %

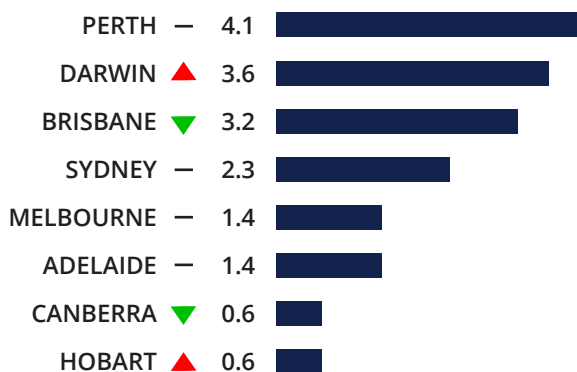
Source: ABS (most recent figure at time of publication)



POPULATION GROWTH % (Yr ended SEP 2017) Source: ABS



VACANCY RATE % (18 MAR 2018) Source: SQM Research



HOUSES

	YRLY GRWTH	YIELD	MEDIAN
HOBART	13.4	5.0%	\$425K
MELBOURNE	4.9	3.0%	\$735K
CANBERRA	3.7	4.1%	\$690K
ADELAIDE	1.9	4.2%	\$470K
BRISBANE	1.8	4.1%	\$538K
PERTH	- 2.2	3.7%	\$509K
SYDNEY	- 3.7	2.8%	\$945K
DARWIN	- 6.0	5.4%	\$501K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	10.7	5.6%	\$340K
MELBOURNE	6.5	3.9%	\$535K
SYDNEY	1.8	3.8%	\$700K
CANBERRA	0.3	5.0%	\$445K
ADELAIDE	0.04	4.3%	\$389K
BRISBANE	- 1.4	4.8%	\$409K
PERTH	- 3.05	4.2%	\$390K
DARWIN	- 10.4	5.2%	\$370K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney's weekend auction clearance rate started increasing at the end of May for the first time in weeks rising to 63% on Australian Property Monitors figures.
- Fair Trading has continued cracking down on underquoting real estate agents, with 19 of 37 agents recently spot checked by the regulator in breach for misrepresenting the potential sale price.
- Sydney home buyers moving to the coast have seen double digit property prices surge in areas like Shoalhaven, Illawarra and the mid-north coast, Domain Group data shows.
- A report from Launch Housing has found a 48% jump in homelessness in the city in recent years, largely due to rising property prices and a lack of government action on the issue.

MELBOURNE VIC

- Melbourne home owners are dropping their prices to secure buyers, with the rate of discounting climbing to 5.3% for houses and 6% for apartments in the last six months on Domain Group data.
- Celebrity TV vet Chris Brown has backed Victoria's rental law changes to allow more tenants to have pets as a default, and is encouraging other governments to do the same.
- National Shelter's Rental Affordability Index has found the number of suburbs deemed unaffordable for someone earning \$80,000 has jumped to 55 from 47.
- Ascot Vale has been found to be worst for underquoting by RealAs, with homes selling for an average of 9.6% more than their listed price.

BRISBANE QLD

- Agents are describing the property market in Brisbane as "two speed" when it comes to apartments, with poor-quality builds seeing prices decline but luxury units growing in value.
- Double-digit drops in parts of Brisbane have left prices as low as \$220,000 for apartments in Fortitude Valley, due to high levels of development, the Real Estate Institute of Queensland's Peter Brewer says.
- SQM Research's Louis Christopher has downgraded his forecasts for Queensland, expecting prices to remain stable or increase by up to 3% in 2018.
- The top performing suburb in Queensland in the past 12 months was Underwood, which soared 22.2% on CoreLogic figures.
- The richest woman in the country, Gina Rinehart, has reportedly snapped up an \$18.5 million Hawthorne home on more than 4500sqms.
- First home owners have a month to go until the government's \$20,000 grant expires on June 30.

PERTH WA

- Moody's Investors Service has seen improving affordability on the back of a 3.6% fall in prices over the year, with 19.2% of the average household budget needed to fund a mortgage.
- Foreign investors are going to face a new 7% surcharge, with significant developments to remain exempt, as part of the new WA Budget.
- The average time on market for a property at the moment is 67 days, according to Real Estate Institute of Western Australia figures.
- The REIWA is describing Medina and Armadale as some of the most affordable suburbs in West Australia, with Camillo and Parmellia not far behind.

CANBERRA ACT

- Canberra's rental affordability is a key topic as asking rents have climbed continuously since 2015 making it one of the most expensive markets for tenants, AllHomes data scientist Nicola Powell says.
- The ACT Government is working on a new strategy for 2018 to assist the lowest income earning tenants, including the use of not-for-profit property management agencies.
- Major developer Geocon is planning 3200 units in the next decade in Canberra, with hopes to lure in Chinese buyers.
- The Housing Industry Association has found Canberra to be the second priciest city in Australia for greenfield land development, with a square metre costing \$948, just below Sydney.

ADELAIDE SA

- The City of Adelaide is looking at giving free council rates for five years as an incentive to buy an off the plan apartment to live in.
- Adelaide's property prices are tipped to grow 1.9% this year and 1.7% in 2019 on National Australia Bank forecast data.

DARWIN NT

- Darwin could see price falls of anywhere from 0% to 5% over 2018, according to SQM Research forecasts.
- CoreLogic's Tim Lawless has described Darwin's property market as having "some bargains" after a 21% decline in prices in the past four years.
- Properties are being discounted in Darwin at a rate of close to 10% off the listed price of houses and 17% for apartments.



AUD
75.6c
US

up from 75.4c in May

Source: RBA



RBA Cash Rate

1.5%

steady for June

Source: RBA



Cash Rate
Forecast

1.5%

12 mths to May '19

Source: Westpac



Inflation

1.9%

year to June qtr

Source: RBA



GDP

2.4%

up to Dec qtr

Source: ABS



Wage Growth

2.1%

year to Mar qtr

Source: ABS



Consumer
Confidence

-0.6%

negative for April

Source: Westpac-Melbourne Institute



Disposable
Income

1.5%

year to Dec qtr

Source: ABS

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