

THIS MONTH IN REVIEW

In this month's news, the performance of houses in Sydney ended up being the worst for the year out of all the capital cities according to CoreLogic with a 6.2% fall, and 4.6% fall for dwellings overall.

Hobart remained the stellar performer continuing its climb to the stratosphere from very low levels. The rest of the country remained flat with Darwin the only other outlier moving further into negative territory.

Sydney's fall has seen the typical withdrawal of stock with stamp duty receipts for the NSW Govt - a measure of sales activity - falling 63% in the last six months.

High volume - fixed fee sales agency Purple Bricks have felt this trend more than most, with a large withdrawal of agents from the franchise as volumes fall.

Labor's negative gearing policy also got a blast from the opposition after a report from research house Riskwise highlighted Australian property prices would fall 8% if such a policy was introduced.

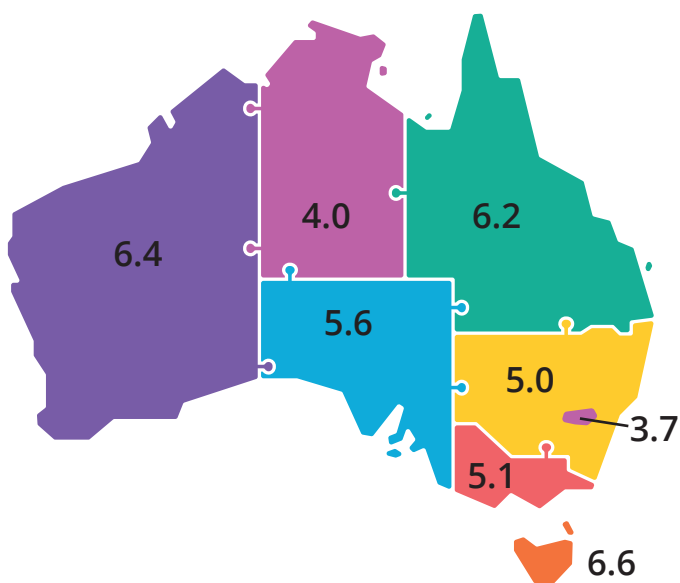
Banks and lenders are also starting to feel the pinch as rising global wholesale rates are putting pressure on profits, which in turn is forcing banks and lenders to increase interest rates ahead of any RBA interests to protect margins.

AUCTION CLEARANCE RATE Source: APM PriceFinder

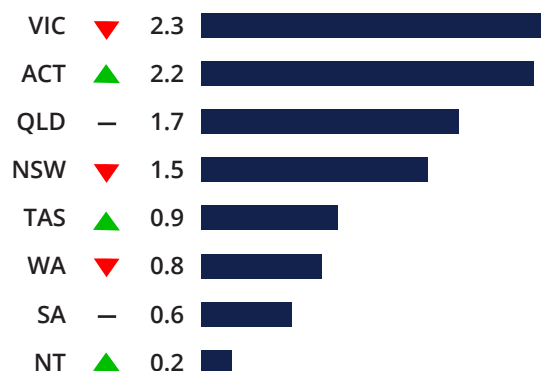
	JUN 01		JUL 01
SYDNEY	63%	▼	55%
MELBOURNE	61%	▼	60%
BRISBANE	43%	▼	24%
ADELAIDE	56%	▲	61%

MONTHLY UNEMPLOYMENT - MAY 18 %

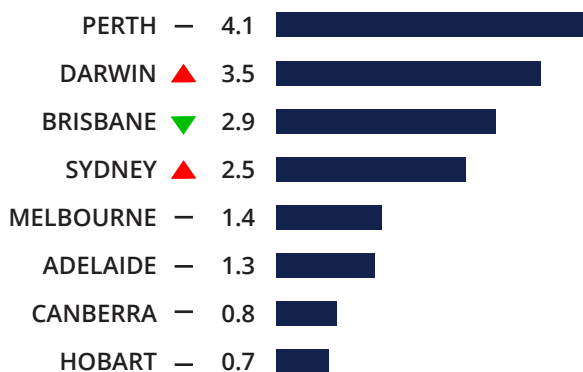
Source: ABS (most recent figure at time of publication)



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



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



HOUSES

	YRLY GRWTH	YIELD	MEDIAN
HOBART	13.8	4.9%	\$415K
CANBERRA	3.3	4.2%	\$680K
MELBOURNE	0.1	3.0%	\$740K
BRISBANE	1.1	4.1%	\$532K
ADELAIDE	1.1	4.1%	\$455K
PERTH	- 1.6	3.7%	\$510K
DARWIN	- 4.8	5.4%	\$500K
SYDNEY	- 6.1	2.8%	\$995K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	7.2	5.6%	\$312K
MELBOURNE	3.6	3.9%	\$532K
ADELAIDE	0.3	4.3%	\$380K
BRISBANE	0.6	4.8%	\$411K
SYDNEY	-0.7	3.8%	\$720K
CANBERRA	-0.8	5.0%	\$445K
PERTH	- 3.7	4.2%	\$398K
DARWIN	- 13.3	5.4%	\$377K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney fell for the ninth straight month, at a fall of 0.3% over the past month. This takes it to a -4.5% growth for the 12 months to July.
- According to Domain, the three main drivers forcing the cooling of the Sydney market are; increase in supply, especially of apartments; tightening of lending and lastly a pullback of foreign investors.
- The NSW budget stated that transfer duty relief and grants would be made available to first home buyers. The relief would see first home buyers saving an average of \$14,500.
- \$28.1 million to fast-track the planned railway between the Sydney CBD and Greater Parramatta. This will improve the accessibility to the CBD from Western Sydney.

MELBOURNE VIC

- For the first time in the current cycle, Melbourne saw a decline in brand new house sales.
- The rolling monthly change overall for all houses in Melbourne, saw a drop by 1.3%. However, it is still up 6.4% over the past 12 months.
- Research from Core Logic has showed that the most expensive properties (10% of all properties) have seen their values fall by 4.8%, while most affordable (20% of all properties) have continued to see some subtle growth and values remain at record highs.
- SQM research has shown that weekly asking prices for rents on all houses has fallen 3.3%.

BRISBANE QLD

- New data from the Property Investment Professionals of Australia (PIPA) has identified which suburbs will gentrify in the near future. It has pointed to Annerley, Lutwyche and Woolloongabba as the three suburbs to watch.
- Overseas migrants saw Brisbane as the place to be, bringing 12,847 residents into the city. Queensland has now become the number one destination for internal migration, taking over from Victoria and overseas migration is at its highest level in years.
- In the past 12 months the Real Estate Institute of Queensland's figures show Indooroopilly, where the median house price increased by 24.1 per cent to \$1.01 million.
- According to SQM research, Brisbane's vacancy rates have continued to decline, to 2.9%. This is a good sign for investors when looking to renting out their investment properties.

PERTH WA

- SQM Research's Louis Christopher has predicted Perth has entered its "first-year" recovery, with up to 4% growth anticipated next year.
- Perth land is still comparatively expensive to other cities, commanding \$730 a square metre and among the priciest cities on this measure, according to the HIA-CoreLogic Residential Land Report.
- Developers are offering more incentives to sweeten up buyers, with discounts of up to \$50,000, complementary solar panels, appliances and air-conditioning, which Curtin Business School Professor Steven Rowley said was indicative of a buyer's market.

CANBERRA ACT

- Canberra was behind only Hobart, with the median time on market being only 29 days for houses.
- Canberra's vacancy rates are again very attractive for investors, sitting a very low 0.8%.
- Canberra is retaining its position as one of the most expensive capital cities in Australia to rent: its median rent per week (\$528) comes in just behind that of Sydney (\$582).
- According to Your Investment Property, over the past 20 years, Canberra's rental growth was the highest among all the capital cities. Canberra's 169% increase in rents was higher than Sydney's 155%.

ADELAIDE SA

- According to Core Logic advertised stock levels have reduced by almost 6% relative to the same time a year ago, which is supporting stronger selling conditions and a subtle improvement in the average selling time.
- Another indicator pointing towards better selling conditions is the rate of vendor discounting which has also posted a subtle improvement, reducing from 5.9% a year ago to 5.8%
- According to Terry Ryder (founder of Hotspotting), Marion, south-west of the Adelaide CBD, ranks as the no. 1 market in the Adelaide metropolitan area and one of the strongest in the nation due to its long-term resilience and more recently because of the number of growth suburbs in this local government area,

DARWIN NT

- Although values were higher over the past three months (+0.7%) they were -7.7% lower over the past 12 months.
- Darwin dwelling values are currently -21.1% lower than their historic peak which occurred all the way back in May 2014.
- The asking prices for all units in Darwin has dropped by 10.6% over the past 12 months. This is by far the biggest drop for capital cities in Australia.



AUD
73.6c
US

down from 75.6c in June
Source: RBA



RBA Cash Rate

1.5%

steady for July

Source: RBA



Cash Rate Forecast

1.5%

12 mths to June '19

Source: Westpac



Inflation

1.9%

year to July qtr

Source: RBA



GDP

3.1%

up to Mar qtr

Source: ABS



Wage Growth

2.1%

year to Mar qtr

Source: ABS



Consumer Confidence

0.3%

positive for June

Source: Westpac-Melbourne Institute



Disposable Income

2.5%

year to Mar qtr

Source: ABS

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