

THIS MONTH IN REVIEW

In news this month, CoreLogic's Cameron Kusher has revealed that 73.6 per cent of properties across Australian capitals sold for less than list price in the past 3 months. This is primarily driven by the Sydney and Melbourne markets, while the proportion of other capitals selling below list price has held firm. Bucking the trend is Hobart, which has seen a reduction in the number of properties selling below list price.

Housing finance data released in November by The Australian Bureau of Statistics (ABS) has shown a further weakening of demand for mortgages in September 2018. Over the month, the total value of housing finance commitments was recorded at \$29.1 billion which was the lowest monthly value since August

2014. This is not just due to reduced investor financing (\$9.8 billion for September), but a reduction in owner-occupier demand too (\$19.4 billion for September).

Housing Industry Association (HIA) principal economist Tim Reardon points to the credit crunch for hindering home buyers and foresees this impact will show up in a building activity slowdown for the first half of 2019.

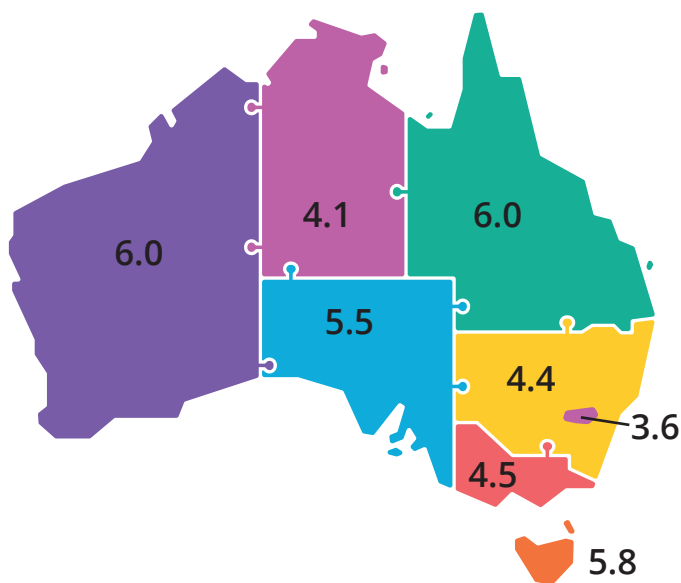
Debate about negative gearing policy continues, and Property Council of Australia Chief Executive Ken Morrison has called for more information to be available on the potential impact of the proposed policy for renters, investors and homeowners.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	NOV 01		DEC 01
SYDNEY	48%	▼	41%
MELBOURNE	48%	▼	46%
BRISBANE	45%	▼	35%
ADELAIDE	71%	▼	37%

MONTHLY UNEMPLOYMENT - SEP 18 %

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

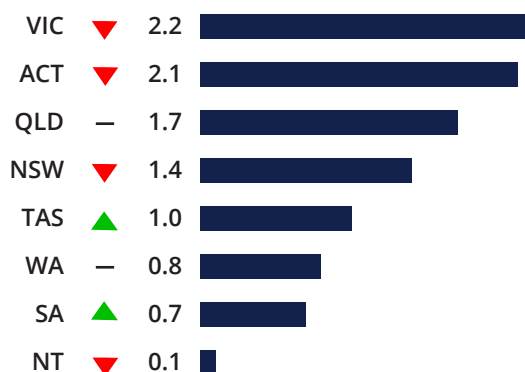


HOUSES

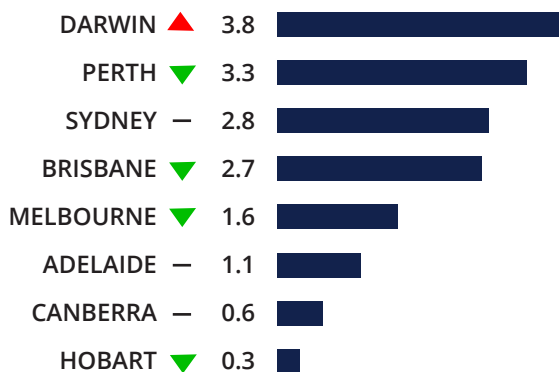
	YRLY GRWTH	YIELD	MEDIAN
HOBART	9.6	5.0%	\$440K
CANBERRA	5.1	4.3%	\$650K
DARWIN	3.2	5.4%	\$482K
ADELAIDE	1.8	4.2%	\$473K
BRISBANE	0.7	4.0%	\$550K
PERTH	- 2.8	3.7%	\$530K
MELBOURNE	- 6.2	2.9%	\$790K
SYDNEY	- 8.4	2.9%	\$970K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

POPULATION GROWTH % (Yr ended MAR 2018) Source: ABS



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



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	9.8	5.4%	\$340K
ADELAIDE	1.6	4.9%	\$330K
CANBERRA	1.4	5.3%	\$440K
BRISBANE	-1.4	5.0%	\$386K
MELBOURNE	-1.0	3.8%	\$550K
SYDNEY	-4.9	3.8%	\$720K
PERTH	-5.1	4.5%	\$390K
DARWIN	- 12.9	6.0%	\$340K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- The Sydney housing market has recorded the weakest conditions since 1990, according to CoreLogic's November 2018 Market Update, with Sydney dwelling values down 7.4 per cent over the past 12 months.
- Although the unit market has remained slightly more resilient, this may not hold. As a record number of new units moved from construction to settlement, unit values were down slightly more than house values over the last month, according to CoreLogic's November 2018 Market Update.
- The vacancy rate for Sydney is holding firm at 2.8 per cent.

MELBOURNE VIC

- The Melbourne housing market was the weakest across capital cities for the past 3 months, seeing a 2.1 per cent fall, according to CoreLogic's November 2018 Market Update. Over the past 12 months, Melbourne dwelling values are down 4.7 per cent, for a median price of \$790K and \$550K for houses and units respectively.
- According to CoreLogic's Tim Lawless, the top quartile of Melbourne properties (over \$920K) have recorded a decline of 8.9 per cent over the past 12 months. However, the most affordable quartile has recorded an increase of 2.9 per cent in value.
- More haggling is being seen in Melbourne, showing up in an increase in post-auction sales, according to Domain senior research analyst Nicola Powell. According to Dr Powell, there is a "mismatch between vendor expectations and what buyers were willing to pay."

BRISBANE QLD

- Brisbane suburb Calamvale has been suggested by the November 2018 Market Report as one to watch for unit buyers. A low median price of \$368,201 is still producing an average yield of 5.19 per cent from a \$385/wk rent.
- Migration to the state is buoying housing demand to the point where pockets of greater Brisbane are showing a vacancy rate of just 1.2-2.5 per cent according to REIQ's Rental Survey August 2018.
- Despite such low vacancies, it isn't all good news for investors. In fact, the July 2018 total Returns Index by CoreLogic reveals property value growth has stalled, and so rental yields have fallen.

PERTH WA

- Perth's recovery remains at least 12 months off, according to CoreLogic's Cameron Kusher. He points to the tightening of credit as putting a dampener on potential recovery.
- Perth is also facing a migration challenge, with WA as a whole recording a net loss of 12,040 residents in the year leading up to March 2018 as they migrate interstate.
- Good news for WA buyers looking to build a home as reiwa.com integrates houseandland.com.au's patented 'matching' technology into its land listings. This means that buyers can browse the building designs best suited to a particular block of land at the same time as the block themselves.

CANBERRA ACT

- Canberra suburb Kambah is one to watch, according to the 2018 November Market Report. Houses are the top property type in this suburb, achieving price growth of 8.1 per cent in the 12 months leading to July 2018.
- The 2018 November Market Report reveals things are looking good for Canberra renters thanks to the proportion of income necessary to meet the median rental rate remaining quite stable. But they are looking less rosy for buyers, with CoreLogic suggesting falling rental stock is a result of declining housing demand.

ADELAIDE SA

- Adelaide is a relatively stable market compared to the Eastern capitals. However, any significant price growth is being held back by job creation, according to REIA president Malcolm Gunning.
- Clarence Park is the suburb to watch according to the November 2018 Market Report, particularly units which remain affordable at a median of \$337,120 yet saw growth of 6.3 per cent and rental increases of 1.8 per cent in the 12 months to July 2018.
- Adelaide vacancy rates are holding firm at a low 1.1 per cent.

DARWIN NT

- Darwin has one of the weakest rental markets, along with Sydney, according to CoreLogic's Home Value Index. In the 12 months to July 2018, rents fell by 2.2 per cent.
- It's believed Darwin's property market still hasn't hit bottom because of the lack of economic prospects for the state. According to REIA president Malcolm Gunning, "unless there are real job creators out there – major projects – that market will continue to slide."
- Median house prices have now slipped below the \$500K mark, to \$482K.



AUD
73.0c
US

up from 70.3c in Nov
Source: RBA



RBA Cash Rate

1.5%

steady for Dec

Source: RBA



Cash Rate Forecast

1.5%

12 mths to Dec '19

Source: Westpac



Inflation

1.9%

year to Dec qtr

Source: RBA



GDP

3.4%

up to June qtr

Source: ABS



Wage Growth

2.3%

year to Sep qtr

Source: ABS



Consumer Confidence

2.8%

positive for Nov

Source: Westpac-Melbourne Institute



Disposable Income

3.7%

year to June qtr

Source: ABS

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