

THIS MONTH IN REVIEW

To sum up last year, CoreLogic has released data showing that Australian dwelling values fell 4.8 per cent throughout 2018, in the weakest housing market conditions since the global financial crisis.

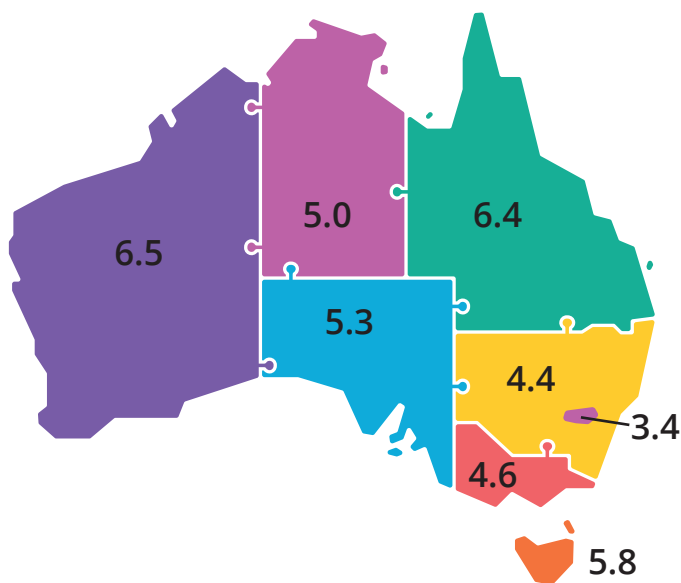
As we start a new year, figures like this continue to inform consumer confidence, which has taken a hit of -4.7 per cent on the Melbourne Institute and Westpac Bank Consumer Sentiment Index. A reading of 99.6 per cent for January 2019 is the lowest since September 2017. According to Westpac's Matthew Hassan, although confidence usually dips in the new year, they've seen a more severe fall due to "growing pessimism about both the economy and family finances".

AUCTION CLEARANCE RATE Source: APM PriceFinder

	DEC 01		FEB 02
SYDNEY	41%	▲	49%
MELBOURNE	46%	▼	45%
BRISBANE	35%	▼	30%
ADELAIDE	37%	▲	48%

MONTHLY UNEMPLOYMENT - NOV 18 %

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



HOUSES

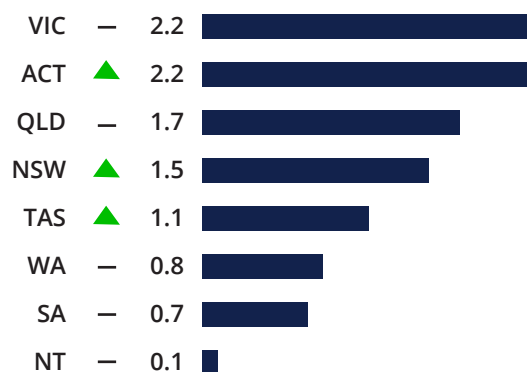
	YRLY GRWTH	YIELD	MEDIAN
HOBART	8.3	5.0%	\$439K
DARWIN	3.7	5.4%	\$490K
CANBERRA	3.6	4.4%	\$660K
ADELAIDE	1.2	4.2%	\$475K
BRISBANE	0.4	4.0%	\$560K
PERTH	-4.3	3.8%	\$515K
MELBOURNE	-9.1	2.9%	\$755K
SYDNEY	-10.0	3.0%	\$925K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

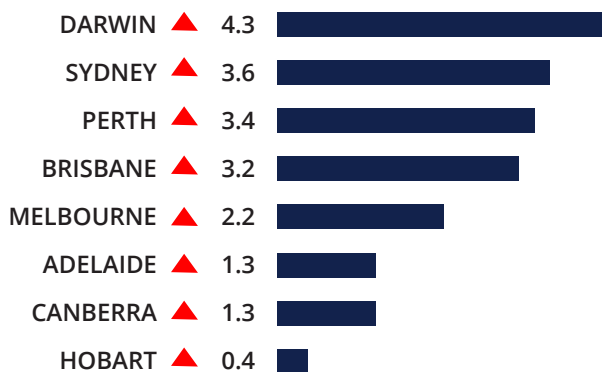
In good news, realestate.com.au's January 2019 Property Outlook reveals home lending restrictions are unlikely to tighten further, although the full impact of the Royal Commission will be known with the release of the final report in February. If we see a change of government, it could mean more stable conditions for the year ahead. However, if significant policy changes to negative gearing and capital gains concessions do proceed, we could, unfortunately, see further falls.

The REIA has called for the Federal Labor party to come clean about its election policies, as President Adrian Kelly argues that all Australians deserve to know exactly what they are voting for.

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



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



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	10.1	5.3%	\$347K
CANBERRA	1.9	5.3%	\$445K
ADELAIDE	1.6	4.9%	\$332K
BRISBANE	-0.6	5.1%	\$382K
MELBOURNE	-2.2	3.9%	\$555K
SYDNEY	-6.2	3.8%	\$710K
PERTH	-6.4	4.6%	\$374K
DARWIN	-10.3	6.0%	\$312K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney median housing prices have tumbled to \$925K, from \$970K in December, but yield holds firm at 3.0 per cent. Unit prices haven't seen falls as significant, down to \$710K from the \$720K in December, according to CoreLogic data.
- Realestate.com.au's January 2019 Property Outlook shows the mid-range suburbs are faring worst. Demand for expensive suburbs remains high, while cheaper suburbs are seeing good growth.
- Fairlight and Manly make it into the top 10 in-demand Sydney suburbs for both housing and apartments, according to the realestate.com.au January 2019 Property Outlook.
- Sydney has overtaken Perth to now hold the second-highest vacancy rate of capital cities, now at 3.6 per cent.

MELBOURNE VIC

- Melbourne jobs growth is supporting housing demand and holding off more significant price falls, protecting the city from the effects Sydney is feeling, according to the realestate.com.au January 2019 Property Outlook.
- According to REIV, the outer ring of Melbourne is where the action is happening, thanks to affordability and improving infrastructure. Houses here were up 3.1 per cent for 2018.
- Demand remains high in Melbourne as population growth continues. With low rental vacancies, HIA senior economist Geordan Murray believes a new detached housing boom will peak this year, as could new apartment completions, according to Angie Zigomanis of BIS Oxford Economics.

BRISBANE QLD

- Brisbane prices are predicted by ANZ to fall 1 per cent in 2019 for both apartments and detached houses. However, ANZ economist Jack Chambers predicts Brisbane will still outperform Sydney and Melbourne markets. Brisbane isn't unaffected by credit curbs but will be less impacted thanks to lower price-to-income ratios, according to Chambers.
- Interstate migration to Brisbane will help to drive growth for 2019, according to CoreLogic's Tim Lawless.
- A significant drag on growth rates for 2018 was Brisbane's inner-city unit market. This will start to see some recovery as the supply is moderated. BIS Oxford Economics predicts just 5700 new apartment completions for 2019, compared to their peak of 10,700 completions in 2017.

PERTH WA

- Perth's rental market is improving, according to CoreLogic data, as one of only two rental markets to see an acceleration in the rate of change in 2018 compared to 2017.
- Wembley has been ranked by CityPulse one of the top three Perth suburbs to live, pointing to future growth potential despite dips in housing prices (0.9 per cent) and unit prices (8.1 per cent) in the past 12 months.
- Property listings are up in Perth, as much as 10 per cent on last year's listings according to RIEWA.
- Baldivis, south of the river has been a consistently top-selling suburb this year so far.

CANBERRA ACT

- Canberra should only see good things come from the potential change of Government in terms of jobs growth. This will drive buyer and renter demand according to the realestate.com.au January 2019 Property Outlook.
- However, increases to land tax are affecting prices, with Malcolm Gunning of REIA saying "we don't expect to see any growth in Canberra unit prices".
- On a positive note, to combat declining rental affordability in 2018, in November the government introduced new legislation providing improved protection and security for renters.

ADELAIDE SA

- Adelaide is thought to be defying the odds of the price falls affecting other states thanks to a host of factors according to the realestate.com.au January 2019 Property Outlook, including the new Space Agency, submarine construction, and interest by investors from Sydney and Melbourne.
- CoreLogic's Cameron Kusher believes Adelaide's flat conditions are favourable for both buyers and sellers.
- Three Adelaide Hills suburbs are now featured as some of the most in-demand in Australia: Crafer's West, Aldgate, Belair, according to the realestate.com.au January 2019 Property Outlook.

DARWIN NT

- Darwin continues to be troubled, although the premium market is holding well, according to the realestate.com.au January 2019 Property Outlook.
- Fannie Bay is leading the charge as Darwin's most expensive suburb, and it's an interesting prospect for investors, with 1.3 per cent average rental returns, according to yourinvestmentproperty.com.au.
- Regarding unemployment levels and vacancy rates, Darwin is faring worst of the capital cities.
- According to yourinvestmentproperty.com.au, the upside is that high wages and declining prices make Darwin's housing market the most affordable of Australia's capital cities.



AUD
72.4c
US

down from 73.0c in Dec
Source: RBA



RBA Cash Rate

1.5%

steady for Jan

Source: RBA



Cash Rate
Forecast

1.5%

12 mths to Jan '19

Source: Westpac



Inflation

1.8%

year to Jan qtr

Source: RBA



GDP

2.8%

up to Sep qtr

Source: ABS



Wage Growth

2.3%

year to Sep qtr

Source: ABS



Consumer
Confidence

-4.7%

negative for Jan

Source: Westpac-Melbourne Institute



Disposable
Income

2.9%

year to Sep qtr

Source: ABS

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