

THIS MONTH IN REVIEW

Restrictions eased, markets rallied, and consumer confidence increased during May. Auction clearance rates to 24 May were 62.7%, the highest since week ending 15 March 20, almost back to pre-restriction levels. However according to Core Logic, stock volumes continue to remain significantly lower - 70% below the same week in 2019.

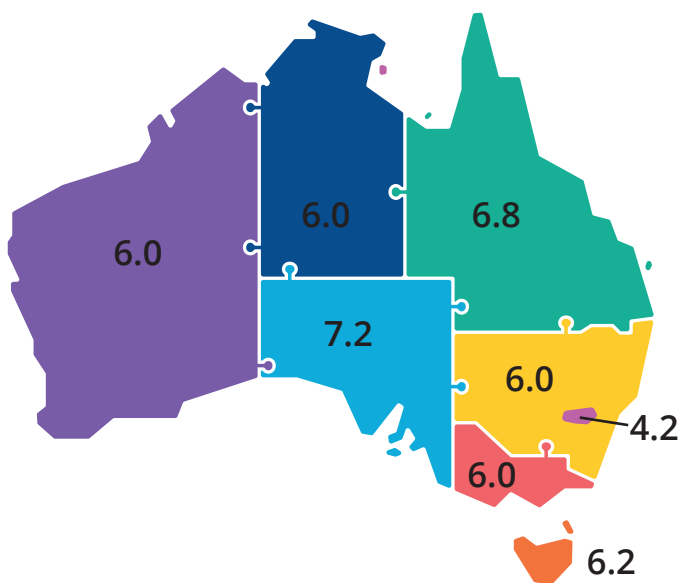
Economists have forecast a drop of between 11 and 32% in house prices over the next three years according to Commonwealth Bank, driven by the end of Government stimulus measures in September. For now, reduced stock levels, willing buyers and sellers transacting on property, and a lower than expected influx of distressed property sales are all preserving property values.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAY 3		JUNE 1
SYDNEY	50%	▲	62%
MELBOURNE	33%	▲	65%
BRISBANE	8%	▼	37%
ADELAIDE	N/A	—	N/A

MONTHLY UNEMPLOYMENT - APRIL 2020

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



HOUSES

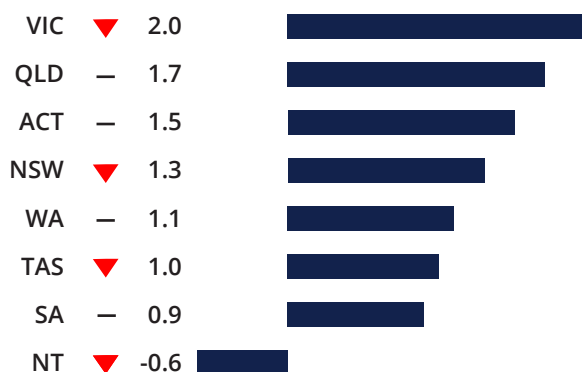
	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	15.7	3.1%	\$900K
MELBOURNE	12.7	3.0%	\$780K
HOBART	6.0	4.8%	\$542K
CANBERRA	5.2	4.4%	\$680K
BRISBANE	4.1	4.0%	\$560K
ADELAIDE	1.3	4.2%	\$495K
PERTH	-2.4	4.0%	\$510K
DARWIN	-3.8	5.4%	\$475K

The Federal Government are working to lessen the impact on both the labour and housing market. Treasurer Frydenberg and Housing Minister Sukkar will unveil a residential housing construction rescue plan this week.

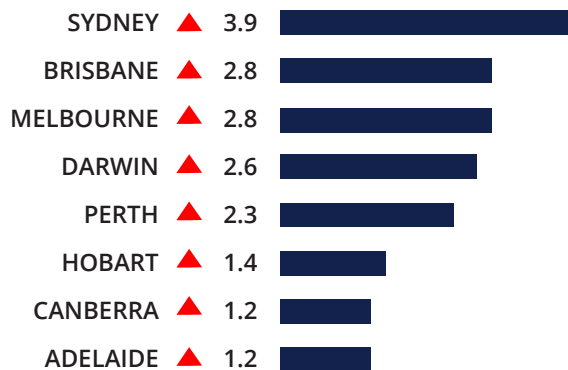
New home-buyer grants are tipped for all buyers. A "national construction initiative" is also slated. Plans for JobMaker, an initiative to create new employment opportunities is also in progress.

If successful, these measures could be significant in reducing any forecasted downturn in the housing market.

POPULATION GROWTH % (Yr ended SEP 2019) Source: ABS



VACANCY RATE % (APR 2020) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	11.5	3.7%	\$600K
SYDNEY	11.0	3.8%	\$700K
ADELAIDE	2.4	5.0%	\$320K
BRISBANE	2.2	5.1%	\$389K
CANBERRA	0.9	5.5%	\$455K
HOBART	0.9	5.3%	\$402K
DARWIN	-0.3	6.2%	\$316K
PERTH	-3.0	4.9%	\$366K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Eliza Owen, head of research at Core Logic, advises that housing values in Sydney have slowed only marginally. "One of the reasons values may be holding relatively steady, or only showing marginal declines, is because transaction activity is so low," Ms Owen said.
- The Sydney market continues to rebound with the busiest auction market over 7 of the last eight weeks. Of 309 auctions in the week ending 24 May 20, there was a preliminary clearance rate of 65%.
- Domain senior research analyst Nicola Powell said confidence in the property market was slowly rebuilding. "More vendors are coming to the market with probably more confidence that they will achieve a sale now," Dr Powell said.
- According to Domain economist, Trent Wiltshire parts of the Sydney market could be left with a surplus of units over the coming months as demand dries up and pushes vacancy rates higher. "We're going to see rents fall across a lot of Sydney and the unit market is more likely to be harder hit than houses," he said.

MELBOURNE VIC

- Restrictions on open-homes and auctions have eased with up to 20 people now allowed to attend. However, online technology adopted in the wake of Covid-19 is expected to become part of the real estate landscape as vendors and buyers embrace the opportunity to widen their prospective market.
- According to Core Logic, just 939 houses and 535 apartments or units were sold in Melbourne in the most recent 4-week period. This is much the same as the previous 4-week period with 927 houses and 500 apartments or units.
- With relatively high exposure to overseas migration, the Melbourne rental market suffered during May, with 1 in 10 rental apartments is sitting empty in Melbourne's Docklands.

BRISBANE QLD

- Brisbane house prices increased over May, up 0.3%, with unit prices increasing 0.5% over the month. The smallest market movement since July 2019.
- Core Logic analysis suggests that with less reliance on overseas migration as a source of housing demand and the largest number of interstate migrants, the Queensland market may be less exposed to downwards pressure in housing values. Rental markets have started to see some weakness during the month.

PERTH WA

- Recent data from Domain has shown the Perth property market to be in a "state of recovery" with sales prices remaining consistent over the last three months and sellers discounting their homes significantly less than the corresponding period in 2019. However, Domain's Dr Nicola Powell cautions against being over-optimistic, suggesting real recovery in the Perth market "is a long-term prospect".
- The Real Estate Institute of WA announced that residential listings for sale on its site were the lowest they had been in six years, with almost 30% fewer properties currently for sale and available stock dropping during the Covid-19 restriction period.
- The State Government intends to bring forward its \$150 million housing investment package to "corona-proof" the local market. Originally slated to commence in July, Housing Minister Peter Tinley said the "the package would see the construction of 500 new social and affordable homes".

CANBERRA ACT

- Chief Minister Andrew Barr announced that the Government would move to stage two restrictions from May 29, allowing open homes and on-site auctions to recommence, hosting up to 20 people.
- The market in the ACT remains stable with little or no distressed selling. "When you look at the proportion of listings in Canberra, it's very small compared to other states so, there's no urgent sales happening in the capital." Said Dr Powell Domain's senior research analyst.
- With house prices remaining stable over the last month, there are still affordable pockets for buyers looking to land a bargain. According to the Domain House Price Report, Bonython, Banks and Gordon are all suburbs showing growth but at a slower than the rest of the city.

ADELAIDE SA

- According to Core Logic, Adelaide was one of the few capital city markets that showed a net capital gain during May against the six-month average. Each of Adelaide's sub-regions recorded a rise in home values with the West being the best performing region.
- New property listings were down 38% compared with the same period in 2019 as advertised supply decreased. Rental markets also softened.

DARWIN NT

- Darwin property registered an increase in median house values over the last month up 1.7%, outperforming its six-month average rate of growth during May.
- The recent Herron Todd White report suggests a lack of population growth over the last two to three years and the expected economic fallout from Coronavirus will see the local market "take a hit" going forward. "We currently have the lowest median house price of any capital city, and a big reason is due to lack of growth in our population," the valuation firm said - a trend expected to continue.



AUD
66.5c
US

up from 64.5c in June
Source: RBA



RBA Cash Rate
0.25%

Steady for June
Source: RBA



Cash Rate
Forecast
0.25%

12 mths to Jun '21
Source: Westpac



Inflation
2.2%

year to June
Source: RBA



GDP
2.2%

year to Dec qtr
Source: ABS



Wage Growth
2.1%

year to Mar qtr
Source: ABS



Consumer
Confidence
16.4%

up for May
Source: Westpac-Melbourne Institute



Disposable
Income
2.7%

year to Dec qtr
Source: ABS

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