

THIS MONTH IN REVIEW

This month the Federal Government announced the extension of the JobKeeper program for a further six months, along with the JobSeeker supplement also being extended.

Combined with extensions to the 'mortgage holiday' on repayments, many Australians will be breathing a sigh of relief as they're given additional time to manage their financial affairs through the pandemic.

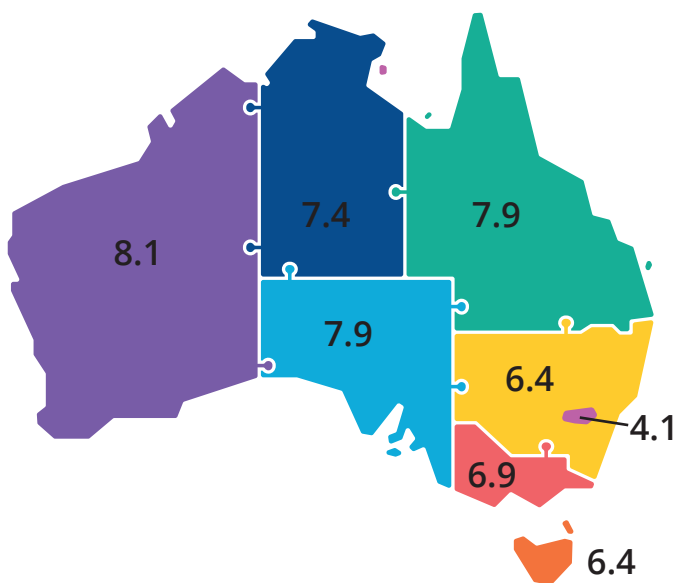
The Australian Banking Association announced that "the next stage of support will be specifically targeted to getting people back on repayments while continuing to help those hardest hit".

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JULY 4		AUG 1
SYDNEY	66%	▼	65%
MELBOURNE	62%	▼	58%
BRISBANE	27%	▲	39%
ADELAIDE	71%	▼	65%

MONTHLY UNEMPLOYMENT - MAY 20%

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



HOUSES

	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	14.5	3.1%	\$980K
MELBOURNE	10.6	3.0%	\$755K
CANBERRA	7.4	4.4%	\$710K
HOBART	7.0	4.9%	\$515K
BRISBANE	4.9	4.0%	\$551K
ADELAIDE	2.0	4.3%	\$470K
DARWIN	0.4	5.3%	\$480K
PERTH	-2.4	4.1%	\$480K

Despite signs of rebounding rental values over the six months to March 2020, Core Logic's Head of Research, Eliza Owen, stated that "closed international borders created a significant shock to rental demand, as historically the majority of new migrants to Australia have been renters".

The ABS reports that new finance commitments for the purchase of property fell by a record 11.6% during May 2020; the largest single monthly drop in the 18-year data series. However, when comparing this data against Core Logic's sales volumes estimates, it appears that while housing finance may have bottomed out in May, sales activity rebounded 29.5% over June, indicating growing buyer interest post-lockdown.

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

VIC	—	1.9	
QLD	—	1.6	
NSW	—	1.1	
ACT	—	1.0	
TAS	—	1.0	
WA	—	1.3	
SA	—	0.9	
NT	—	-0.4	

VACANCY RATE % (JUNE 2020) Source: SQM Research

SYDNEY	▼	3.8	
MELBOURNE	▼	3.0	
BRISBANE	▼	2.4	
DARWIN	▼	1.8	
PERTH	▼	1.5	
CANBERRA	▼	1.1	
ADELAIDE	▼	1.0	
HOBART	▼	0.9	



UNITS

	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	10.6	3.9%	\$740K
MELBOURNE	9.3	3.9%	\$590K
HOBART	3.8	5.3%	\$490K
ADELAIDE	2.1	5.1%	\$340K
BRISBANE	1.8	5.2%	\$385K
CANBERRA	2.0	5.7%	\$442K
PERTH	-2.2	4.9%	\$362K
DARWIN	-5.0	6.3%	\$281K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- The NSW State Government have announced that they would temporarily change the stamp duty thresholds for first home buyers. In a bid to "get more keys into more front doors of more new homes," Premier Berejiklian also said that the "changes would become effective on 1 August 2020 and run for 12 months". The threshold will increase from \$650,000 to \$800,000 on new homes, phasing out at \$1 million, and will also rise on vacant land from \$350,000 to \$400,000, phasing out at \$500,000. Changes will not apply to existing homes.
- According to Core Logic, the number of homes scheduled for auction continues to increase YOY. For the weekend of 2 August, 578 properties went to auction compared to 386 properties this time last year, returning a preliminary clearance rate of 60.6%.
- As of July 31, Core Logic's Home Value Index reports that house prices in Sydney have dropped a further 0.9%; a drop of 2.1% for the quarter.

MELBOURNE VIC

- As of July 31, Core Logic's Home Value Index reports that house prices in Melbourne have dropped a further 1.2%; a drop of 3.2% for the quarter, the worst performance for any major metro area.
- With the Coronavirus crisis worsening across Victoria and stage 4 restrictions now in place in Melbourne Central, more homes are being withdrawn from auction, with fewer on offer during the first weekend in August than at any time over the last several months. According to Core Logic, this trend is likely to continue throughout the current lockdown period.
- ANZ economist Daniel Gradwell believes that Australian borders could remain closed for long enough "to force developers to embrace local buyers like never before. There is huge demand for inner-ring townhouses or low-density units," he said. Almost 2000 blocks of land sold in Victoria in June, with a similar number forecast in July. Developers are now considering these urban infill sites for townhouse developments and being forced to capture the attention of local buyers rather than relying on the international buyers who once made up the bulk of their customer based.

BRISBANE QLD

- Rental vacancies plummeted across the state with Coronavirus creating "a perfect storm" in the rental market through July. According to the Real Estate Institute of Queensland, most areas across Queensland now have what is considered a "tight rental market" with most regions reporting a vacancy rate of less than 1%. More renters are choosing to stay put, and REIQ Chief Executive Antonia Mercorella said that this has "seen a number of people making the decision to want to get their own space".
- The Domain House Price report indicates property values in Brisbane have dropped by 2.1% in the three months to June 20. This result is significantly "softer than initial fears".

PERTH WA

- The Domain House Price report indicates that property values in Perth have dropped by 1.5% in the three months to June 20.
- REIWA President Damian Collins is calling on the WA Government to allow the emergency period tenancy legislation to end on 29 September as proposed, indicating that the WA property markets are "now returning to normality".

CANBERRA ACT

- The Domain House Price report indicates property values in Canberra have increased by 4.1% in the three months to June 20. With Core Logic reporting that prices increased a further 0.6% to 31 July 20. Canberra continues to lead the way with an overall dwelling value increase of 7.2%.
- Auctions clearance rates for the last weekend in July were 73% with a total of 73 properties going under the hammer. Over the weekend of 2 August, another 58 homes were auctioned with a preliminary clearance rate of 80%, indicating a relatively strong market overall.

ADELAIDE SA

- CoreLogic's quarterly rental review reveals that Adelaide is bucking the trend when it comes to falls in the rent values with the median rent value increasing by 0.1% in the June quarter.
- The Domain House Price report indicates property values in Adelaide have increased by 0.2% in the three months to June 20, one of only two markets in the country to do so. A 3% YOY increase was reported.
- Core Logic reports that 51 homes were scheduled for auction for the weekend of 2 August with a preliminary clearance rate of 80%.

DARWIN NT

- REINT Chief Executive Quentin Kilian believes that the Territory is the "optimal and safest place to buy in Australia. We're one of the most affordable jurisdictions", he said, "and with the median value of a two-bedroom unit under \$300,000, not too many capital cities can boast that".
- The Northern Territory's Home Improvement Scheme has seen an increase in activity in the local construction industry. The scheme not only allows home owner-occupiers to take advantage of the grant, but it is also available to investors who own a home and are residents of the Territory.



AUD
72.1c
US
up from 69.4c in July
Source: RBA



RBA Cash Rate
0.25%
Steady for August
Source: RBA



Cash Rate Forecast
0.25%
12 mths to Aug '21
Source: Westpac



Inflation
-0.3%
year to August
Source: RBA



GDP
1.4%
year to Mar qtr
Source: ABS



Wage Growth
2.1%
year to Mar qtr
Source: ABS



Consumer Confidence
6.1%
down for July
Source: Westpac-Melbourne Institute



Disposable Income
2.4%
year to Mar qtr
Source: ABS

All data shown is the latest available for the issued month. Any information contained within this document should not be considered investment or financial advice. Before acting on any information please speak with a qualified investment adviser, accountant and solicitor. The information contained in this document has been obtained from various sources and other third parties and is indicative and to be used as a guide only. To the extent permitted by law, BuySide Pty Ltd and its associates will not be liable for any costs, loss or damage arising in any way from the information contained within this document, including file attachments.

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