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MARKET ESSENTIALS | JULY 2022

THIS MONTH IN REVIEW

Question marks hang over the second half of 2022 as inflation pressures and the impact of international events start to bite here in Australia. Treasurer Jim Chalmers warned that inflation will be 'significantly higher' than expected this year, while Reserve Bank governor Philip Lowe predicted that inflation would hit a 32-year high of 7 per cent 'sooner rather than later'. It was no surprise that nervous vendors withdrew from auctions in record numbers before the last weekend of June, as interest from prospective buyers waned.

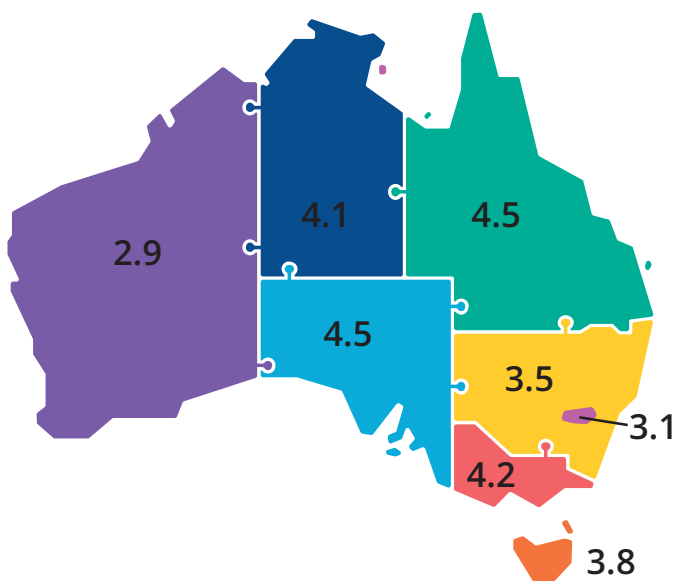
June saw a weakening of the housing market, particularly in Sydney and Melbourne, which are more sensitive to interest rate fluctuations. But even in Adelaide, one of the more buoyant

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUN 04		JUL 02
SYDNEY	54%	▲	56%
MELBOURNE	58%	▼	55%
BRISBANE	70%	▼	45%
ADELAIDE	76%	▼	72%

MONTHLY UNEMPLOYMENT - APR 2022

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



HOUSES

	YRLY GRWTH	YIELD	MEDIAN
BRISBANE	30.2	3.6%	\$768K
ADELAIDE	28.1	3.9%	\$650K
CANBERRA	18.6	3.6%	\$1.055M
HOBART	17.0	3.7%	\$796K
SYDNEY	12.0	2.4%	\$1.325M
MELBOURNE	6.9	2.5%	\$915K
PERTH	5.9	4.5%	\$541K
DARWIN	4.8	5.3%	\$578K

markets of late, the pace of growth is slowing. Homeowners wanting to sell now fear they've 'missed the boat', while prospective buyers play the waiting game as housing affordability and rising interest rates become the primary concern.

Confidence in the construction sector also continues to decline due to the wave of construction firm collapses. New figures show that the cost of building and renovating has increased significantly over the last two months due to supply chain and labour shortages.

On top of that, commercial property owners have also been hit with faltering rent collections in May as rising costs and interest rate increases impact tenants' ability to pay.

POPULATION GROWTH % (Yr ended DEC 2021) Source: ABS

QLD	▲	1.4	
WA	▲	1.1	
TAS	▲	0.8	
SA	▲	0.5	
ACT	▲	0.4	
NSW	▲	0.1	
NT	▲	0.1	
VIC	▲	-0.1	

VACANCY RATE % MAY 2022 Source: SQM Research

MELBOURNE	▼	1.7	
SYDNEY	▼	1.5	
BRISBANE	—	0.7	
CANBERRA	—	0.7	
PERTH	▼	0.6	
DARWIN	▼	0.5	
HOBART	—	0.4	
ADELAIDE	▼	0.3	



UNITS

	YRLY GRWTH	YIELD	MEDIAN
CANBERRA	18.9	4.9%	\$571K
HOBART	18.6	4.2%	\$570K
BRISBANE	15.7	4.8%	\$460K
ADELAIDE	13.9	5.0%	\$410K
DARWIN	9.6	6.0%	\$407K
SYDNEY	6.2	3.3%	\$770K
PERTH	3.6	5.2%	\$410K
MELBOURNE	3.5	3.2%	\$630K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- According to Dr Nicola Powell, NSW Domain Chief of Research and Economics, while we've seen house prices rising in Sydney by 40 per cent in the last two years, we'll now see them pared down by only 10 per cent in this next market 'correction'.
- Despite the market slow down, it appears that the most in-demand properties in Greater Sydney are in the waterfront suburbs. Birchgrove, Canada Bay, Lavender Bay and Clontarf were among the suburbs with the highest views per listing in the last three months.
- The NSW Government has taken the first step in reforming stamp duty, announcing that eligible first home buyers will have the choice between paying annual property tax instead of an upfront stamp duty fee. The aim is to lower the up-front costs of home purchases and boost the rate of home ownership in NSW. Legislation is expected to be introduced in the second half of 2022.

MELBOURNE VIC

- Despite coming in as Australia's most liveable city, and tenth in the world according to the Economist Intelligence Unit Liveability Index for 2022, Melbourne is now leading the way in declining property values across the country. Data from CoreLogic showed that the property market has fallen across four of the past six months. The median price of a home now stands at \$806,196.
- Melbourne's rental market continued to recover over the last month as the city's vacancy rates declined for the sixth straight month. Vacant listing rates also fell 8.5 per cent over the month to 8,200, a significant recovery post-lockdowns. Sought-after locations for tenants include Yarra Ranges, Cardinia, Casey, Nillumbik and Knox.
- Melbourne's Latrobe, Geelong, Mornington Peninsula and northwest saw the highest number of properties sold over the last twelve months. Other areas such as the outer east and north east of Melbourne, as well as Shepparton, saw lower numbers of overall properties selling.

BRISBANE QLD

- Brisbane house-hunters looking for a bargain should look to the following suburbs for discounts on house sale prices. Domain reports that Sherwood, Brisbane Inner North, Nundah and Nathan can be snapped up for 8 to 10 per cent less than the asking prices.
- According to Finder's Property Investment Index, these five Brisbane suburbs, with median prices under \$1 million, are on the hot list for price bumps in the coming year. The list includes Fitzgibbon, Yamanto, Tingalpa, Lutwyche and McDowall.
- The Queensland Government announced the Housing Investment Fund as part of the June Budget. The initiative would deliver up to 1200 new social and affordable homes in a partnership with the Brisbane Housing Company and Queensland Investment Corporation.

PERTH WA

- With people now free to move across the Western Australian border, there's been renewed interest in the state's capital. Data from realestate.com.au shows that monthly searches were up by 25 per cent. In-demand locations include Amberton Beach, Aveley and the Swan Valley.
- Despite the doom and gloom across the rest of the country, the Perth market remained strong, with median sale prices increasing in the last month. REIWA president Damian Collins said market conditions across Perth remained solid, with the overall median selling time only 15 days. Areas with homes selling within seven days of listing include Heathridge, Inglewood, Kingsley, Woodvale and Bedford.

CANBERRA ACT

- 2022 is emerging as the year of the apartment in the ACT. With rising costs of living and interest rates, investors and home buyers believe that investing in an apartment is preferential to buying a house. Apartments in town centre locations like Woden, Phillip and Campbell are on the top of the list.
- Canberra's top five suburbs to purchase property include Charnwood, Dickson, Gungahlin, Isabella Plains and Ngunnawal.

ADELAIDE SA

- Adelaide continues to garner interest from interstate buyers who want to downsize or buy into a 'value for money' market. According to Hotspotting's Price Predictor Index report, 123 suburbs in Adelaide are now considered 'rising markets'. Rising market suburbs with medians under \$500,000 include Blakeview, Elizabeth, Evanston Park, North Adelaide and Plympton.
- CoreLogic data released at the end of June shows Adelaide's Home value Index increased by 1.8 per cent in May to a median price of \$628,744. This equated to a 5.7 per cent increase in the past quarter and an annual change of 26.1 per cent.

DARWIN NT

- Renters and buyers are flocking to the top end due to a new surge in relocations from southern cities. Housing approvals are now at their highest rate in five years. Darwin, Palmerston, Litchfield, Humpty Doo and Howard Springs are growing in popularity.
- Zuccoli has become Darwin's neighbourhood of choice with modern family homes and prices of less than half a million dollars.



AUD
68.3c
US

down from 71.7c in June
Source: RBA



RBA Cash Rate
0.85%

up for June
Source: RBA



Cash Rate
Forecast
2.6%

12 mths to June '23
Source: Westpac



Inflation
3.2%

year to March
Source: RBA



GDP
0.8%

year to Mar qtr
Source: ABS



Wage Growth
2.1%

year to Nov qtr
Source: ABS



Consumer
Confidence
-4.4%

down for June
Source: Westpac-Melbourne Institute



Disposable
Income
-4.0%

year to Sep 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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