

THIS MONTH IN REVIEW

This month's interest rate rise of 0.5 per cent marked the RBA's fifth consecutive rate rise, taking the cash rate to 2.35 per cent for September.

This takes the cash rate to its highest level since December 2014 and prompts questions of how long rate rises will continue. To date, this is the fastest interest rates have risen in 28 years as the RBA tries to curb inflation.

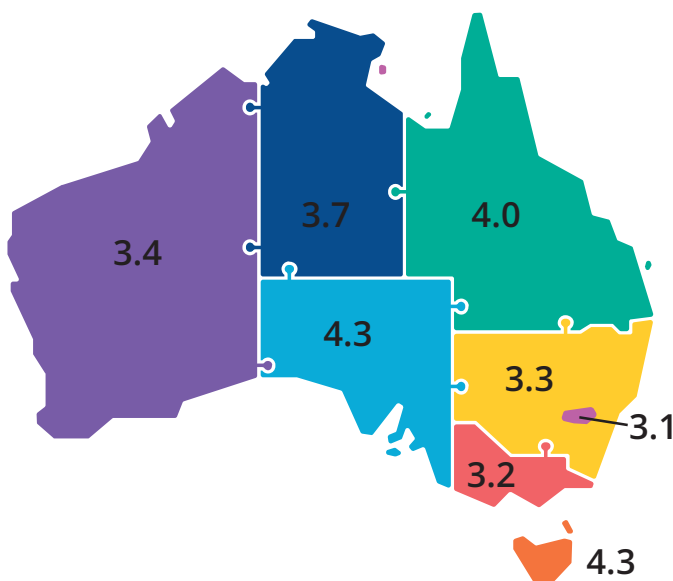
To date, all four big banks have passed all interest rate rises onto their customers in full. ANZ predicts the cash rate will reach 3 per cent by Christmas as housing prices across Australia drop by up to 20 per cent before a modest fall in interest rates in 2024.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUL 30		SEP 03
SYDNEY	59%	▼	55%
MELBOURNE	59%	▲	60%
BRISBANE	48%	▲	63%
ADELAIDE	83%	▼	66%

MONTHLY UNEMPLOYMENT - JUNE 2022

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



HOUSES

	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	25.4	3.9%	\$654K
BRISBANE	23.3	3.6%	\$776K
CANBERRA	10.9	3.6%	\$1,030M
HOBART	10.4	3.6%	\$770K
PERTH	5.8	4.6%	\$555K
DARWIN	3.6	5.4%	\$585K
SYDNEY	2.1	2.3%	\$1,400M
MELBOURNE	0.2	2.5%	\$950K

This is bad news for mortgage holders, further affecting the real estate market across the country.

There was not much good news for renters either with supply unable to meet demand across the country.

With rental rates soaring, the Greens called for ongoing rent caps to address Australia's rising rents was not well received by the market.

Overall, it has been a tough start to the new financial year with cost of living and interest rates biting hard with no relief in sight.

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 % JUL 2022 Source: SQM Research

MELBOURNE	▼	1.6	
SYDNEY	▼	1.5	
CANBERRA	▲	0.9	
BRISBANE	▲	0.7	
PERTH	—	0.6	
HOBART	—	0.6	
DARWIN	—	0.6	
ADELAIDE	—	0.4	



UNITS

	YRLY GRWTH	YIELD	MEDIAN
CANBERRA	16.5	5.0%	\$580K
ADELAIDE	15.9	5.0%	\$415K
BRISBANE	15.7	4.9%	\$465K
HOBART	8.6	4.2%	\$565K
DARWIN	8.5	6.2%	\$408K
PERTH	2.6	5.3%	\$410K
MELBOURNE	0.5	3.3%	\$642K
SYDNEY	0.3	3.3%	\$780K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- After a dismal winter of slow buyer and seller activity, data shows early signs spring could be better. Data from Domain has agents quietly optimistic with a surge in interest in good properties on the market and auction activity recently increasing by up to 16.5 per cent in Sydney.
- Prime Minister Anthony Albanese is backing a call for medium to high density housing in some NSW areas to relieve housing shortages. Currently only 17.5 per cent of NSW homes are medium to high density compared to Greater Sydney with 46 per cent.
- According to Urban Developer, Sydney property values dropped by 2.2 per cent in July. This is the single largest monthly drop since January 1990.
- Since the beginning of the year, property values have now fallen 5.9 per cent from their peak. This is 3.9 percent more than at the beginning of the GFC in 2008 and much faster than the market downturn in 2017 to 2019.

MELBOURNE VIC

- With four consecutive interest rate rises slashing buyers' borrowing power, sellers' are discounting the original asking price by up to 5.8 per cent. Units are being discounted up to 6.7 per cent and properties that need renovating have the biggest discounts because of the high cost of building and trade shortages.
- With Melbourne house prices falling more than 3 per cent since they peaked, auction clearance rates have also fallen. Time on the market is now longer, typically 35 days to sell which is still quicker than pre-pandemic. The good news for buyers is that there are now more properties for sale.
- The new requirement for a seven-star energy efficiency rating for all new homes will push up the cost a further \$15,000 on new builds valued at between \$250,000 and \$350,000.
- Docklands and Southbank apartments are selling well in the \$1m to \$3m range. Barry Plant Yarra's Edge branch manager, Geoff White, said they were shielded from a falling market as they had not had the same price gains as other suburbs.

BRISBANE QLD

- While CoreLogic's reported median house price fell 1.1%, townhouse and unit prices rose 0.7% in July.
- Queensland construction company Oracle's ongoing challenges came to a head in August. It went into liquidation owing creditors around \$14 million leaving subcontractors and customers out in the cold.
- ANZ predicts Brisbane property prices will rise up to 1% before falling up to 12.3% next year.
- CoreLogic data estimates that it is still cheaper to service a mortgage than paying rent for 41 per cent of properties in the Brisbane area.

PERTH WA

- REIWA members reported house sales in Perth increased by 4.6 per cent, unit sales increased 2.4 per cent; but vacant land sales decreased by 12.1 per cent.
- Twenty-nine Perth suburbs recorded a more than 10 per cent median sale price growth to date this year according to REIWA. Mt Hawthorn recorded the highest growth with an increase of 16.3 per cent with North Perth coming in a close second at 15.8 per cent. Other strong growth areas include Warwick (14.8 per cent), Carine (14.3 per cent) and Iluka (14.1 per cent).

CANBERRA ACT

- Although Canberra had higher than normal sales over winter, the Domain Auction Report notes that economic uncertainty and continuing interest rate rises means properties are taking 30 days or more to sell compared to just 16 days last quarter.
- An NAB report said it costs less to buy than to rent a house in Canberra suburbs Bonner, Kambah and Ngunnawal. Mortgage payments on units in the suburbs of Franklin, Kingston, Belconnen and Braddon are cheaper than paying rent.
- The ACT Government's \$150 million commitment to the Housing Affordability Scheme offers loans of between \$2,000 and \$15,000 with zero interest over 10 years. These are for the purchase of energy efficient items and is now open to all ACT residents.

ADELAIDE SA

- According to Tim Lawless, Adelaide housing prices are still rising though the market is slowing. The quarterly growth rate up until January was 7.4 per cent but dropped to 3.6 per cent during the last quarter.
- Data from Statista shows rental vacancy rates are at an all-time low at 0.4 per cent. On the back of this, rents rose more than 20 per cent in many suburbs in the last year. Suburbs with the largest rent rises are Brighton (30 per cent), Hyde Park (29 per cent) and Fulham (27 per cent).
- Winter in Adelaide saw an increase in sellers listing their properties. Mawson Lakes recorded a 147 per cent increase followed by Parafield Gardens (87 per cent).

DARWIN NT

- Darwin property prices took the biggest hit with prices falling in 5.4 per cent of its more affordable suburbs making housing more accessible to the lower end of the market, according to Domain.
- An NAB report said Darwin's more affordable suburbs were Durack, Zuccoli and Leanyer. It also found it was cheaper to buy than rent a unit in Stuart Park, Darwin City and Larrakeyah.



AUD
68.0c
US

down from 70.0c in Aug
Source: RBA



RBA Cash Rate
2.35%

up for Sept
Source: RBA



Cash Rate Forecast
3.35%

12 mths to June '23
Source: Westpac



Inflation
6.1%

year to Jun
Source: RBA



GDP
0.8%

year to Mar qtr
Source: ABS



Wage Growth
2.1%

year to Nov qtr
Source: ABS



Consumer Confidence
-8.9%

down for Aug
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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