

THIS MONTH IN REVIEW

This month Super funds announced plans to invest \$41 billion in properties over the next 10 years in line with the government's housing accord. According to the Industry Super Australia report though, one of their biggest roadblocks will be insufficient large-scale developments to invest in.

Beta Shares modelling shows mortgage affordability at its lowest since 1990, with an average mortgage repayment to income ratio of 42.8%. The low employment rate is keeping mortgage arrears at bay, but further rate hikes may bring these to a tipping point.

The government has announced an \$800 million buyback scheme for many flood-affected residents and plans to create laws to

prevent future housing development in flood and bushfire-prone zones.

This month has also been the busiest auction month since June this year, with almost 8,500 homes nationwide going under the hammer. According to CoreLogic, that is still about 40% fewer properties than the same time last year.

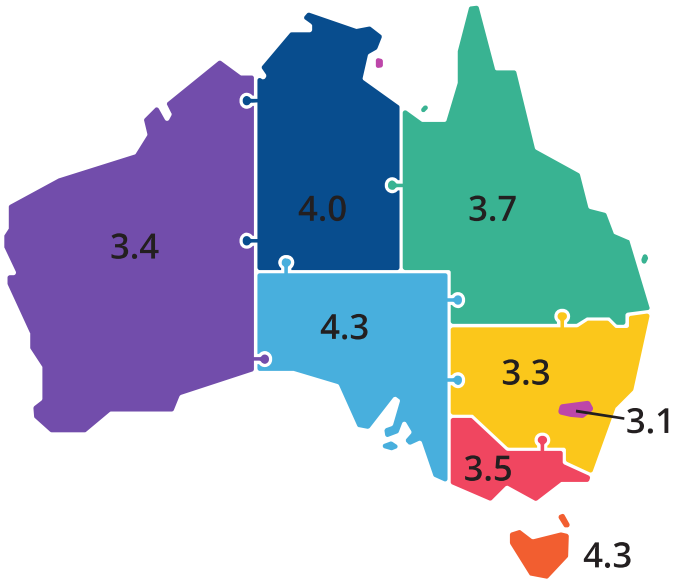
And after seven months of decline, CoreLogic's National Home Value Index shows the downturn is slowing, particularly in the larger capitals. However, continuing moderation seems uncertain, pending any further rate hikes and mortgage serviceability, with most fixed-rate periods expiring at the start of 2023.

AUCTION CLEARANCE RATE *Source: APM PriceFinder*

	OCT 29		DEC 03
SYDNEY	65%	▼	61%
MELBOURNE	61%	▲	62%
BRISBANE	55%	▼	49%
ADELAIDE	73%	▼	59%

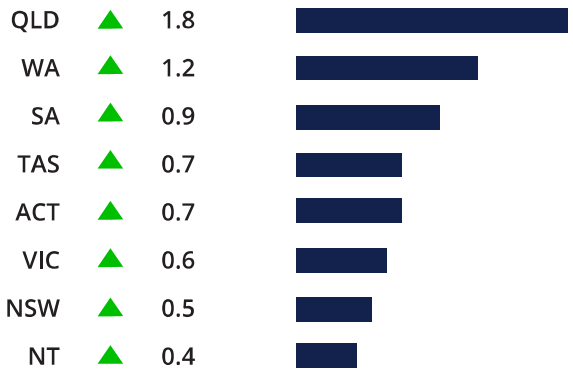
MONTHLY UNEMPLOYMENT -SEPTEMBER 2022

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

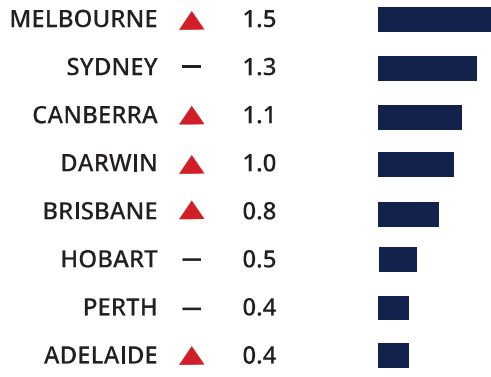


HOUSES	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	16.6	3.8%	\$670K
BRISBANE	8.0	3.5%	\$750K
DARWIN	5.2	5.4%	\$575K
PERTH	4.3	4.7%	\$545K
HOBART	-0.5	3.7%	\$730K
CANBERRA	-0.9	3.7%	\$960K
MELBOURNE	-6.7	2.5%	\$880K
SYDNEY	-9.3	2.5%	\$1.270M

POPULATION GROWTH % (Yr ended MAR 2022) *Source: ABS*



VACANCY RATE % OCT 2022 *Source: SQM Research*



UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	16.3	5.1%	\$420K
BRISBANE	10.7	4.9%	\$466K
CANBERRA	8.3	5.0%	\$570K
DARWIN	4.2	6.3%	\$397K
PERTH	2.0	5.5%	\$400K
MELBOURNE	-3.1	3.3%	\$612K
HOBART	-3.4	4.2%	\$565K
SYDNEY	-6.8	3.4%	\$740K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Ready-to-move-in properties are defying the downturn in Sydney, with renovated properties fetching well above-market prices. The immense rise in the cost of building materials and extended waiting times for tradesmen are making buyers reluctant to purchase properties requiring a reno.
- According to CoreLogic, Surry Hills has recorded the steepest value decline of 25.5% over the last 12 months. But according to SQM Research, this might be the best time to buy as Sydney prices are predicted to grow between 5 to 9% in 2023.
- Around 71 hectares of northern Sydney bushland is planned to be cleared to make way for 450 new homes, including a community cultural centre, recreational facilities and shops. The project is driven by the Metropolitan Local Aboriginal Land Council, which owns the land.

MELBOURNE VIC

- According to PropTrack's Overseas Search Report, Melbourne is the nation's highest-searched city by offshore property buyers and renters.
- Deputy Lord Mayor Nicholas Reece says the 'city has attracted more than \$2.5 billion in developments in a single year' as developers continue to invest heavily into Melbourne's growing property market.
- University of Melbourne's (Faculty of Architecture Building and Planning) Prof. Roz Hansen warns against further land development in outer suburbs. Instead, he wants the new labor government to focus on middle suburbs, where there is an overflow of existing jobs and easy access to public housing but an overwhelming shortage of housing.
- Rental vacancy rates have dropped to 2.6%, the lowest since pre-Covid, caused by the influx of migrants and returning overseas students.

BRISBANE QLD

- Rental affordability has dropped by 11% over the last 12 months in Brisbane. It's a record low according to SGS Economics' annual index, which compares rent prices vs. household income.
- The city's median house price has risen by just over \$200K since early 2020, from \$596K to \$811K. However, Domain says this boom is unsustainable and predicts it will level out in 2023.
- Brisbane's demand for properties remains strong, with Mosaic Property Group's latest development, The Manning, selling \$70 million worth of apartments in just six weeks.

PERTH WA

- According to SQM, Banksia Grove, Westminster, and Marangaroo are currently the city's 3 top suburbs to invest in, with rental vacancy rates of 0.2% yielding around 6%.
- API has noted that Perth is currently the only capital city with a rising market, which is reflected in the value of investor loans rising 32% this year, as opposed to the national decline of 14%.
- More than 50% of Perth's dwellings can be purchased for less than \$600K. According to Strategic Property Group's Trent Fleskens, you can still buy a house in the outer suburbs for around \$350K and receive the same rental income as for a comparable \$1 million property in Sydney.

CANBERRA ACT

- The government wants to ease housing stress for Canberrans by delivering 30,000 new dwellings over 5 years. However, Andrew Barr has come under fire from critics who claim the government is monopolising land supply to increase profits.
- The Rental Affordability Index Report released on 29 November shows that Canberra is the most unaffordable city to rent, particularly for those on low incomes.
- Despite the constricted market, buyers can breathe a little easier, with new data from Domain showing listings are staying on the market an extra 18 days longer than same time last year.

ADELAIDE SA

- With all dwellings across the nation recording a decline in prices, Adelaide is the only capital where house and unit prices continue to grow – increasing by 0.24% in November. Property owners are trying to cash-in on the boom, reflected by higher-than-average number of property listings.
- Adelaide is also the only capital to hit double-digit yearly growth, with dwelling values rising by 12.63% over the last 12 months. And, with a median price of \$695K, it remains an attractive market for investors.
- Villawood Properties sold-out the first 24 of its 1,500 Oakden Rise lots in just minutes. The inner northeast development is located only 9 minutes from the city, of which 25% will comprise affordable housing.

DARWIN NT

- According to the SQM forecast, Darwin's property market is set to become the only main capital to lose value in 2023, with dwelling prices predicted to fall by up to 5%. This is predicated on 3 things: Inflation staying above 7%, Interest rates rising above 4%, and unemployment rising to over 6%.
- Darwin has joined the rest of the nation in the downturn for the first time since values started falling in capitals this year, with house and unit prices falling last month by 0.9% and 0.8%, respectively.



AUD
67.3c
US
up from 64.2c in Nov
Source: RBA



RBA Cash Rate
3.1%
up for Dec
Source: RBA



Cash Rate Forecast
3.85%
12 mths to Dec '23
Source: Westpac



Inflation
7.3%
year to Sep
Source: RBA



GDP
0.9%
year to Jun qtr
Source: ABS



Wage Growth
1.9%
year to May qtr
Source: ABS



Consumer Confidence
6.9%
down for Nov
Source: Westpac-Melbourne Institute



Disposable Income
-3.8%
year to Sep qtr
Source: ABS