

**THIS MONTH IN REVIEW**

After the RBA's most aggressive tightening cycle in over 30 years, top experts surveyed by The Australian Financial Review predict only two further rate hikes in 2023 as the RBA pauses to evaluate the effects of the fixed-rate mortgage cliff.

According to CoreLogic's records dating back to 1980, Australia has experienced the worst property downturn in history, with the average dwelling price dropping by 8.4% between April 2022 and Jan 2023.

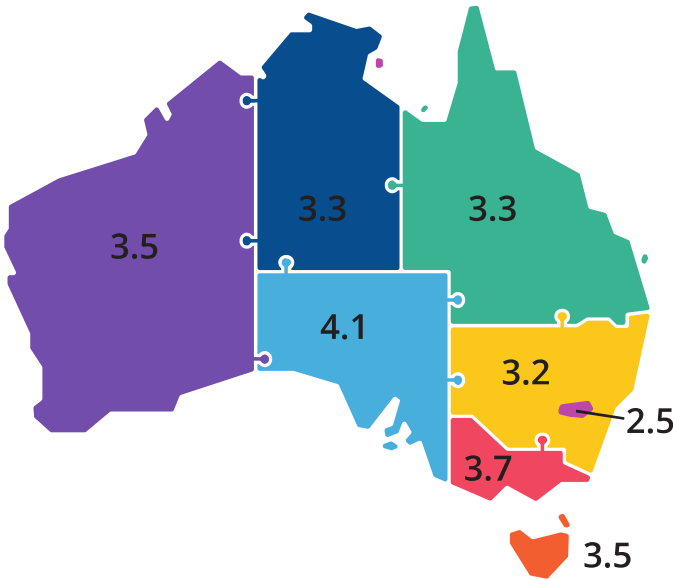
However, Domain's chief of economics and research, Dr Nicola Powell, says that even though we are likely to see a further decline in 2023, it will not erase all the pandemic price growth.

**AUCTION CLEARANCE RATE** *Source: APM PriceFinder*

	DEC 03		FEB 04
SYDNEY	61%	▲	68%
MELBOURNE	62%	▲	71%
BRISBANE	49%	▼	42%
ADELAIDE	59%	▲	78%

**MONTHLY UNEMPLOYMENT - NOVEMBER 2022**

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



HOUSES	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	9.6	3.8%	\$660K
DARWIN	4.5	5.4%	\$560K
PERTH	3.9	4.7%	\$550K
BRISBANE	-2.5	3.6%	\$752K
CANBERRA	-4.9	3.7%	\$952K
HOBART	-6.6	3.8%	\$741K
MELBOURNE	-9.4	2.5%	\$880K
SYDNEY	-13.2	2.5%	\$1.300M

Property Tribune's Kate Hill says that demand is expected to continue to exceed supply. This is partially driven by the immigration surge, with overseas property searches increasing in 2022 by 65% from the previous year.

After the largest annual price increase on record of 11.9%, the Cordell Construction Cost Index (CCCI) shows signs of easing, with the last quarter of 2022 recording only 1.9% growth.

The decreased affordability caused by the rate hikes has forced Australians to forgo sole home ownership. NAB's research shows 40% of Australians are considering purchasing property with people other than their intimate partner.

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

QLD	▲	2.0	
WA	▲	1.3	
SA	▲	1.0	
VIC	▲	1.0	
ACT	—	0.7	
NSW	▲	0.7	
TAS	▼	0.6	
NT	▲	0.6	

**VACANCY RATE % DEC 2022** *Source: SQM Research*

CANBERRA	▲	1.9	
SYDNEY	▲	1.8	
MELBOURNE	▲	1.7	
DARWIN	▲	1.5	
BRISBANE	▲	1.1	
HOBART	▲	0.6	
ADELAIDE	▲	0.6	
PERTH	▲	0.5	



UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	14.0	5.0%	\$435K
BRISBANE	6.7	4.9%	\$470K
DARWIN	4.0	6.3%	\$385K
CANBERRA	2.6	4.9%	\$580K
PERTH	1.1	5.7%	\$400K
MELBOURNE	-4.8	3.5%	\$606K
HOBART	-7.8	4.2%	\$560K
SYDNEY	-9.2	3.6%	\$740K

## CAPITAL CITY UPDATES

### SYDNEY NSW

- With the upcoming NSW election, the Labor and Liberal parties are competing for first-home buyers' (FHB) votes. The Coalition has already passed legislation that allows FHB to choose between paying stamp duty or land tax, and the Labor government is proposing to expand the existing stamp-duty exemption from \$650K to \$800K.
- Hotspotting, a property research platform, has identified 3 top-rising areas for investors to target in the first 6 months of 2023, with Bankstown taking the top spot, followed by Liverpool, then Parramatta.
- Sydney recorded the nation's biggest drop in building approvals for dwelling units. According to ABS's latest data, November reported a month-on-month drop of 18.4% but showed a 1.2% increase for private home approvals. ABS's Head of Construction Statistics, Daniel Rossi, said it's the 'third consecutive month of declines for total dwelling approvals.

### MELBOURNE VIC

- The CBD and inner-city suburbs of Toorak, South Yarra and St Kilda are the most in-demand areas by overseas property seekers, as reported by realestate.com.au.
- The migration and student influx are putting additional pressure on an already tight rental market as Melbourne joins Sydney with the biggest decline in rental vacancies – shows latest CoreLogic report.
- Melbourne developer Riverlee has received council approval for a \$2 billion 51-ha, mixed-use development, New Epping, located 18km north of Melbourne's CBD in the city of Whittlesea. The development is predicted to contribute in excess of \$3.4 billion to the state's economy.
- Even though Melbourne has had a considerable share of last year's downturn, the suburbs of Elwood, Camberwell and Park Orchards have defied the decline, rising by up to 11.7%, according to Domain.

### BRISBANE QLD

- According to CoreLogic's Head of Research, Eliza Owen, Brisbane's home values have sustained the largest and most rapid decline on record, showing a 10.5% reduction in the last 7 months.
- The State Government announced 18 major projects, valued over \$500 million, and are underway to improve the state's infrastructure in preparation for the 2032 Olympics.
- Realestate.com.au is showing a considerable drop of 17.8% in rental listings over the last 12 months while recording an 11.5% spike in demand during the same period. The demand is driven by a population surge, with some areas of Brisbane reporting as many as 14,000 new residents.

### PERTH WA

- REIA's Hayden Groves predicts Perth will continue to outshine other capitals and attract investment in 2023 due to having 'the best rental yields in the nation and being the most affordable major capital'.
- According to the Property Tribune, Perth's office occupancy has returned to 80% pre-Covid levels as people continue to return to offices for work.
- The suburb of North Coogee has reported Perth's highest rise in property values over the last 12 months; and the fourth-largest increase in the nation. The 52.4% surge has increased the beachside suburb's median house price to \$1.15 million.

### CANBERRA ACT

- Domain Rent Report reveals Mawson, Halt, and Woden Valley as the top 3 suburbs for investors, with yields up to 6.25%.
- The ACT government has introduced a new energy efficiency regulation for rental properties in the state. Coming into effect from April 2023, the new standard will require upgrades to ceiling insulation; however, landlords will have access to zero-interest loans of up to \$15,000 to comply with the new law.
- The latest Report on Government Services shows the capital is leading in the number of rental assistance recipients in rental stress, with almost 54% spending more than 30% of income on rent.

### ADELAIDE SA

- PropTrack Market Insight shows Adelaide's rents have risen by 11.4% over the last 12 months. However, with an average advertised rent of \$450, it is still one of the most affordable capital to rent in Australia.
- According to CoreLogic, Adelaide recorded the nation's highest auction clearance rates for the fourth consecutive quarter, with 64.7% of properties selling under the hammer in the 2022 December quarter.
- Adelaide continues to be one of the few capitals defying the downturn. Despite the fall in sales volumes, data from the state's Valuer-General shows a 2.13% house price increase in the last quarter and an annual growth of 11.6%.

### DARWIN NT

- According to REA data, the capital ended 2022 on a high, with values rising by 7.5%, bringing the median house price to \$645K.
- PropTrack Rental Report shows Darwin has experienced one of the nation's greatest new rental listings declines of 14% in the last 12 months. However, the capital has some of the strongest rental yields (6.3%) in the country. PropTrack Director Cameron Kusher anticipates that 'rental yields will continue to climb in 2023 as rental growth outpaces property price growth.



AUD  
**69.4c**  
US  
up from 67.3c in Dec  
Source: RBA



**RBA Cash Rate**  
**3.35%**  
up for Feb  
Source: RBA



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



**Inflation**  
**7.8%**  
year to Dec  
Source: RBA



**GDP**  
**0.6%**  
year to Sep qtr  
Source: ABS



**Wage Growth**  
**1.9%**  
year to May qtr  
Source: ABS



**Consumer Confidence**  
**5.0%**  
up for Jan  
Source: Westpac-Melbourne Institute



**Disposable Income**  
**-2.5%**  
year to Sep qtr  
Source: ABS