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MARKET ESSENTIALS | JULY 2023

THIS MONTH IN REVIEW

With tax time upon us, the ATO has announced its focus on rental properties this year. ATO Assistant Commissioner Tim Loh is urging investors to keep proper records as "9 in 10 rental property investors get their tax return wrong", he said.

A record high of 1,753 builders have gone under during the 2022-23 financial year, according to the latest count provided by ASIC. Industry experts are blaming fixed-price contracts as well as soaring labour and material costs.

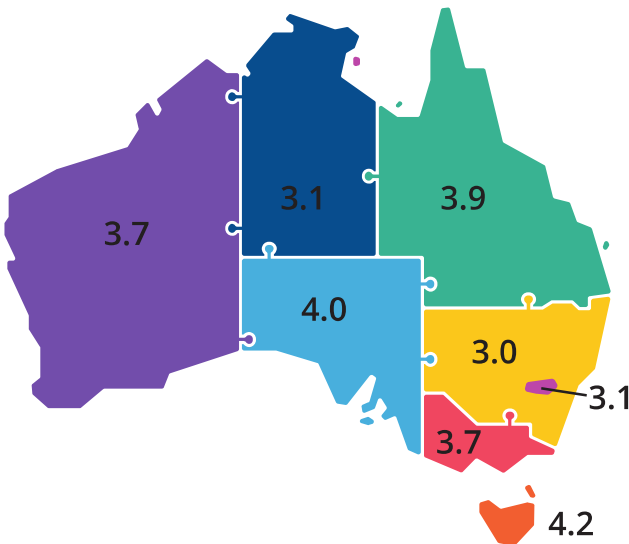
All capitals across Australia have recorded an upturn in combined dwelling values this month, despite the rising interest rates, according to CoreLogic's indices.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUN 03		JUL 01
SYDNEY	76%	▼	56%
MELBOURNE	70%	▼	65%
BRISBANE	67%	▼	38%
ADELAIDE	77%	▼	67%

MONTHLY UNEMPLOYMENT - MAY 2023

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



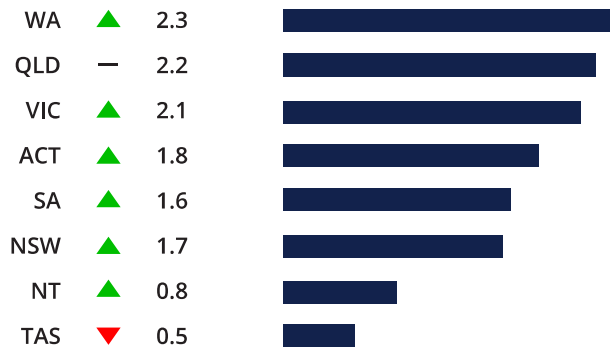
HOUSES	YRLY GRWTH	YIELD	MEDIAN
PERTH	2.2	4.9%	\$570K
DARWIN	0.5	5.6%	\$570K
ADELAIDE	-0.5	3.9%	\$685K
MELBOURNE	-8.6	2.8%	\$870K
SYDNEY	-9.2	2.6%	\$1.232M
BRISBANE	-10.2	3.8%	\$755K
CANBERRA	-11.1	3.8%	\$942K
HOBART	-12.4	3.9%	\$694K

However, CoreLogic's figures show that almost one in six units sold at a loss in the March quarter. Their Pain and Gain report says that the "increase in servicing investment mortgages" may be a contributing factor.

According to Property Tribune, dual-income rental properties are becoming increasingly popular, with many investors building granny flats on existing properties aiming to maximise rental yield.

Over 1.4 million homeowners are now considered 'at risk' over high mortgage repayments, and are seeking out refinancing options. According to Compare the Market, this could save an average person hundreds of dollars per month.

POPULATION GROWTH % (Yr ended DEC 2022) Source: ABS



VACANCY RATE % MAY 2023 Source: SQM Research



UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	7.0	5.1%	\$438K
BRISBANE	1.4	5.2%	\$480K
PERTH	1.1	6.0%	\$400K
DARWIN	-2.8	6.7%	\$377K
CANBERRA	-3.7	4.9%	\$600K
MELBOURNE	-4.7	3.8%	\$585K
SYDNEY	-5.5	3.9%	\$745K
HOBART	-13.4	4.4%	\$561K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Domain data shows a surge in distressed property sales in outer Sydney and says this will likely increase with almost 1 million Australian households due to revert back to variable interest rates this year.
- The NSW government has launched a "Strong Start Cadetship" initiative aiming to speed up the planning process. The program will pay councils \$25,000 to cover young planners' tuition fees.
- The government is looking to transfer 350 staff from other departments to the Department of Planning and Development to "tackle the housing supply challenge", said Katie Stevenson, Property Council's NSW executive director.
- June 30th is the cut-off date when eligible buyers can opt into the First Home Buyer Choice scheme in NSW: to pay an annual 0.3% property tax instead of the upfront one-off stamp duty.

MELBOURNE VIC

- While the demand keeps on growing, the latest PropTrack data shows the supply of new listings in Victoria for May was 19% lower compared to the same time last year, putting upward pressure on dwelling values.
- Victorian Executive Director of the Property Council Cath Evans says the "issues of supply in Victoria are predominantly driven by delays and inefficiencies in our planning system", and the rent caps proposed by the Greens will only exacerbate the problem.
- Domain has created a list of the cheapest suburbs within 10 km of the CBD, with Maidstone claiming the top spot, recording an \$826,000 median house price, rising by 7% in the last 12 months.

BRISBANE QLD

- According to Hotspotting's Winter 2023 Price Indicator, Brisbane is the nation's lowest-ranked property sales market. Despite this, median prices continue to rise due to demand outweighing the supply.
- Brisbane City Council has passed a temporary local planning instrument, Kurilpa Sustainable Precinct Plan, which, if approved by the state government, could see the construction of buildings as high as 90 storeys high, according to The Urban Developer.
- The MCG Quantity Surveyors' analysis has found that investor activity in the state has dropped by 17.8% in the last 12 months.
- They said that it was the short-lived land tax introduced in June 2022 that triggered this downward change, with investors weary of what the Queensland government could do next, in light of the proposed rent-caps and "other laws that would penalise landlords".

PERTH WA

- WAtoday has commissioned Domain to create a forecast for house prices in 2028. The projections show Wembley as the top suburb, with an estimated median house price of \$2.05 million in 2028.
- A new Aboriginal cultural heritage law, coming into effect as of 1 July, will require anyone with land larger than 1,100m² to hire an Aboriginal consultant to issue a permit when planning any land use activities. Even though this law will mainly affect farmers, it will also impact private homeowners who might, for example, want to plant a herb garden, with non-compliance fines ranging from \$25K up to \$1 million.

CANBERRA ACT

- The Property Council of Australia has welcomed the ACT 2023-24 budget, which has allocated \$345 million to address housing issues.
- Property Council's ACT and Capital Region Executive Director Shane Martin has commended the government's transition from stamp duty to land tax and said the budget's proposed increase of the stamp duty waiver— from \$600K to \$700 — for off-the-plan sales, will stimulate the housing market. In addition, the recently passed Planning Bill will see the release of more land in the state to accommodate additional 16,000 dwellings over the next five years.

ADELAIDE SA

- The state government has passed legislation to outlaw rent bidding in South Australia, which means landlords can no longer advertise a rent range or solicit offers over the advertised price.
- With increasing number of tenants considering sub-letting or sharing their rental, the South Australian government has released updated information on their website, helping tenants to navigate this legally.
- Treasury SA has announced that from 15 June, eligible first home buyers will no longer have to pay stamp duty for new homes valued up to \$650K.

DARWIN NT

- Darwin's combined dwelling values have finally turned upward, rising by 0.4% last month, according to CoreLogic. However, this change is mainly driven by house values, with unit values continuing to fall.
- However, the latest PropTrack market analysis predicts the city's dwelling values are heading towards an all-time high to "surpass their prior peak by January 2025", says PropTrack senior economist and report author Eleanor Creagh.
- According to the latest PropTrack Market Insights report, affordable rentals in Darwin are falling, with only 8.7% of rental properties listed under \$400 p/week. Twelve months ago, that figure was 13.95% and in 2020, it was 43.96%.



AUD
66.5c
US

up from 66.0c in June
Source: RBA



RBA Cash Rate

4.10%

steady for July

Source: RBA



Cash Rate
Forecast

4.35%

12 mths to Jun'24

Source: Westpac



Inflation

7.0%

year to Mar

Source: RBA



GDP

0.2%

year to Mar qtr

Source: ABS



Wage Growth

3.7%

year to Mar qtr

Source: ABS



Consumer
Confidence

0.2%

up for June

Source: Westpac-Melbourne Institute



Disposable
Income

0.9%

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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