

**THIS MONTH IN REVIEW**

The RBA has delivered its final 2024 financial year cash rate, holding at 4.35%. Less than 2 weeks later, the ABS released the monthly consumer price index, which has climbed to 4% – its highest level in 2024.

While the monthly result isn't the only figure considered by the RBA when assessing the cash rate, Deutsche Bank economist Phil O'Donoghue says the higher-than-forecasted inflation "is going to be a catalyst for a hike" in August.

Unlike the possible rate hike, the 1 July tax cuts will favour home buyers by boosting their borrowing power, which has dropped by around 30% since the rates began rising in May 2022, according to Realestate.com

For now, most mortgagees are keeping up with repayments. However, arrears have risen slightly, with APRA's quarterly March figures showing 1.6% of all home loans at 30-89 days overdue, compared to only 1% in the September 2022 quarter.

Overall, the Australian property market has done well over the last financial year, rising by 8%, with the median house price now sitting at \$794K, according to the latest CoreLogic data.

Despite capital cities' advertised rents dropping by 0.5% in May, there are still opportunities for investors, especially in short-term rentals, which are returning an average 81% higher yields than long-term rentals, according to a report by Grounded Community Land Trust Advocacy.

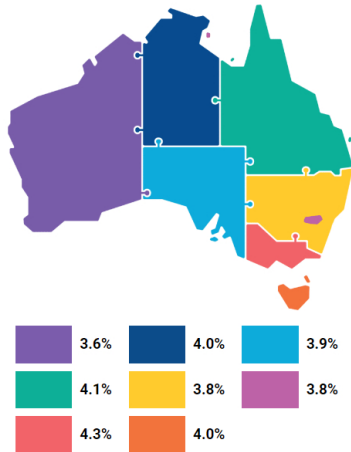
**AUCTION CLEARANCE RATE**

Source: APM PriceFinder

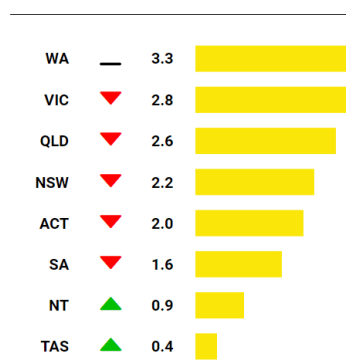
	June 8th		July 6th
SYDNEY	68%	▲	70%
MELBOURNE	56%	▲	57%
BRISBANE	53%	▼	52%
ADELAIDE	71%	▲	73%

**MONTHLY UNEMPLOYMENT - MAY 2024**

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

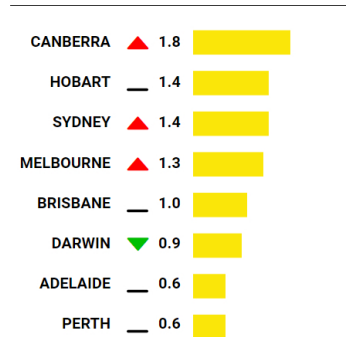


**POPULATION GROWTH % (Yr to Dec 2023)** Source: ABS



**VACANCY RATE % - MAY 2024**

Source: SQM Research



**CAPITAL CITY UPDATES**

**SYDNEY NSW**

- The suburb of Surry Hills has been earmarked by the Hotspotting Price Predictor Index to achieve the nation's highest price increase in the next quarter.
- Sydney has registered the highest rental vacancy rate among the nation's capitals, with May's figures sitting at 1.4%, according to SQM Research.
- SQM is also showing Sydney has the highest month-on-month rise in listings – up by 8.7% – and the third highest over the last 12 months – increasing by 21.7%.
- Landlords will come under scrutiny with an \$8.4 million task force designed to follow up on reports of legal breaches under the authority of the newly appointed NSW Rental Commissioner Trina Jones.
- The newly released budget has changed the way land tax will be calculated for investors, no longer indexed against price rises but fixed at just over \$1 million.

**MELBOURNE VIC**

- According to CoreLogic, Melbourne is the only capital with shrinking combined dwelling values, falling by 0.2% in June. However, it's only the house values that have declined while units grew by 0.2%.
- About 3,000 domestic investors have left Victoria in May, according to Australian Property Update. Unlike Chinese investors who spent \$1.7 billion on Australian real estate in the 6 months to December 2023, most of it in

**AUD to USD**  
67.44c  
 up from 66.7c in June  
 Source: RBA

**RBA Cash Rate**  
4.35%  
 Steady to mid July  
 Source: RBA

Melbourne.

- As of 6 August, Victorian builders and buyers will face a 65% rise in Domestic Building Insurance (on top of the 43% hike in September), increasing the premium on a \$500K contract from \$3,872 to \$6,388, according to HIA.

#### BRISBANE QLD

- According to CoreLogic's latest Pain & Gain report, Brisbane shared the top spot with Adelaide for the most profitable market in the 2024 March quarter, with 98.4% of resales returning a nominal profit.
- The capital continues to climb the ladder for Australia's priciest city, overtaking Canberra last month to stand alone in second place (behind Sydney), according to CoreLogic's latest figures.
- The Pulse report powered by Hotspotting has identified Darwin's suburb of Dalby as the nation's top spot for capital growth and rental yields. The area has near-zero vacancies and registered a 24% rise in rents over the last 12 months.

#### PERTH WA

- Perth is yet again the nation's top capital for rising combined dwelling values, soaring by another 2% in June, according to CoreLogic's latest indices. The figures also show units are outperforming houses by 0.2%.
- According to SQM Research, Perth's listings have fallen by a staggering 23.4% over the last 12 months, the nation's biggest drop. And while all capitals' listings increased in May, Perth's grew the least – only by 2.2%.
- According to CoreLogic's latest Pain & Gain report, Perth's home values are up by 6.1% in the 3 months to May, with a median selling period of only 10 days and an even more improved outlook for profitability in the June quarter.

#### CANBERRA ACT

- The ACT Government's budget is set to benefit more home buyers by increasing the full stamp duty concession on properties valued up to \$1 million and lifting the income threshold to \$250K per year.
- In addition, the Barr Government has also announced its land release plans, earmarking over 866,000 square metres of government land in the suburbs of Macnamara, Jacka, Denman Prospect and others.
- While other capitals' markets show units outperforming houses in June, Canberra is the only capital where house values are rising and unit values falling, by 0.5% and 0.3%, respectively – according to CoreLogic.
- SQM Research shows a 35% increase in listings over the last 12 months in Canberra, the highest increase among the capitals.

#### ADELAIDE SA

- While some SA rental reforms were implemented in 2023, the biggest ones commenced at the start of this month, including longer notice periods (60 days), inspections capped to 4 per year and a ban on no-grounds evictions.
- Adelaide was the only capital with rising rents in May. According to SQM Research, advertised rents soared by 2.1% to \$593 per week, reflecting its enduring low vacancy rate of only 0.6%.
- The state government is pressuring local councils to deliver faster land division assessments or risk losing control to a new Land Division Assessment Panel. The Government wants councils to reduce the process from 54 – 74 months down to 36 – 63 months.

#### DARWIN NT

- According to SQM Research, Darwin is the only capital with declining rental vacancy rates, dropping from 1.1% in April to 0.9% in May. Despite this, the capital has recorded the biggest reduction in asking rents, down by 6.3%.
- According to CoreLogic's latest Pain & Gain report, Darwin was the least profitable market of the capital cities in the 2024 March quarter.
- A new land release in Palmerston with blocks starting at \$218K is set to attract investor interest, considering the capital's high rental yield and almost half (43.8%) of Darwin's residents renting their homes, according to the latest census data.

