

THIS MONTH IN REVIEW

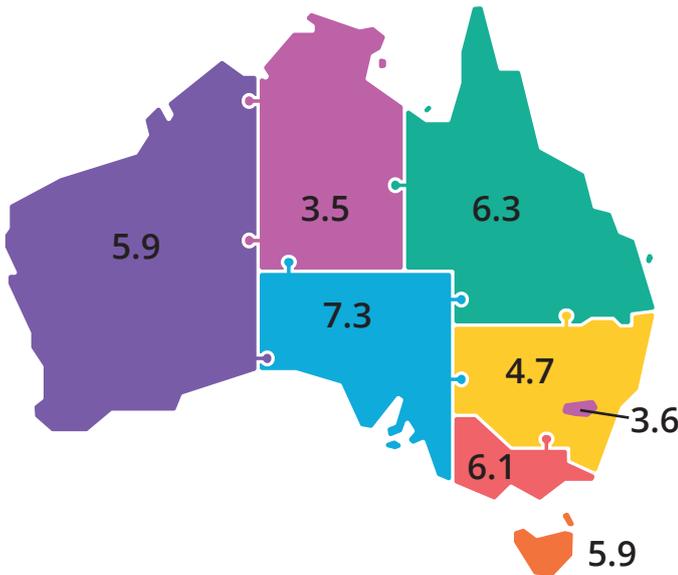
The Federal Budget has been a game changer for real estate this month. As of July 1st, first home buyers are soon to be able to use up to \$30,000 of voluntary contributions into their superannuation to boost their home deposit.

Retirees have also been given a leg up – they'll be able to make a non-concessional contribution of up to \$300,000 into their superannuation from the proceeds of selling a long-term family home. It's expected this will encourage downsizing.

Foreign buyers will also face changes, with additional land taxes and an increased rate of capital gains tax when they sell.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAY 3		JUN 3
SYDNEY	81%	▼	74%
MELBOURNE	82%	▼	76%
BRISBANE	53%	▼	50%
ADELAIDE	85%	▼	73%

MONTHLY UNEMPLOYMENT - APR %
Source: ABS (most recent figure at time of publication)


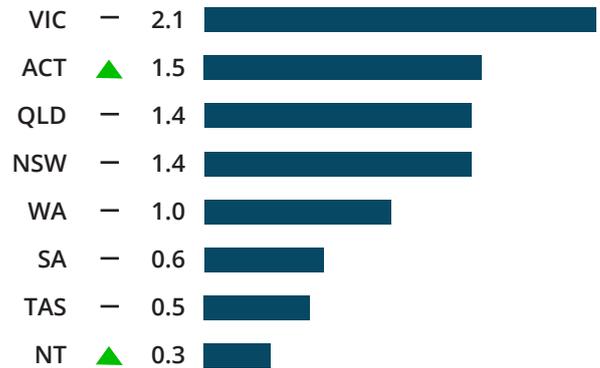
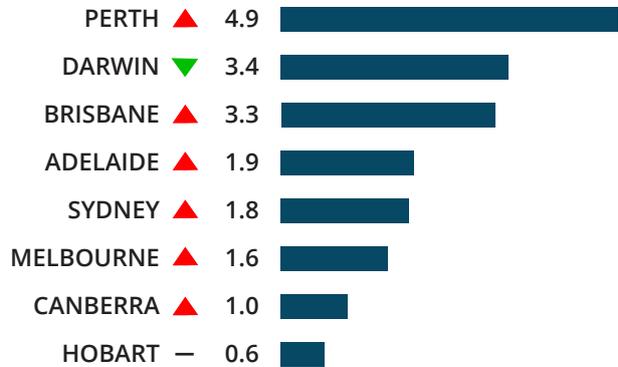
HOUSES	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	12.8	3.3%	\$954K
SYDNEY	12.1	3.0%	\$1.2M
HOBART	6.1	5.0%	\$375K
CANBERRA	5.5	4.1%	\$715K
ADELAIDE	3.1	4.2%	\$502K
BRISBANE	3.0	4.1%	\$561K
PERTH	-4.2	3.9%	\$576K
DARWIN	-8.8	5.3%	\$495K

Source: CoreLogic Hedonic Home Value Index

Statewide, NSW also followed in Victoria's footsteps, with Stamp Duty exemptions being made for first home buyers in new or established properties under \$650,000.

Australia's household debt to income ratio is now at an all-time record high of 189% on Reserve Bank of Australia data. Citigroup chief economist Willem Buiter has described Australian real estate as a "spectacular housing bubble" ripe for a cyclical downturn.

The affordability issue has many developers and financiers looking at build-to-rent solutions. Grocon's David Waldren said this could be the solution to getting people into the housing market.

POPULATION GROWTH % (Yr ended Sept 2016) Source: ABS

VACANCY RATE % (8 JUN 2017) Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
CANBERRA	8.1	4.9%	\$433K
SYDNEY	6.1	3.9%	\$762K
DARWIN	4.9	4.6%	\$406K
PERTH	2.9	4.4%	\$455K
HOBART	2.7	5.4%	\$333K
ADELAIDE	0.3	4.4%	\$355K
MELBOURNE	-0.3	4.1%	\$524K
BRISBANE	-4.5	4.9%	\$390K

Source: CoreLogic Hedonic Home Value Index

CAPITAL CITY UPDATES

SYDNEY NSW

- The NSW Budget is coming up, but already first-home buyers have been given a boost with exemptions on stamp duty for all homes up to \$650,000. There has been heavy speculation the first home owner's grant will also change this month.
- All property owners should be aware of the upcoming change to the Fire and Emergency Services Levy, which will be an additional cost for every property in NSW and could be hundreds of dollars per home.
- A study from UNSW has found the majority – 55.9% - of Sydney-siders didn't agree foreigners should be able to buy local real estate, while about a quarter were on the fence.

MELBOURNE VIC

- The most affordable suburbs in the Greater Melbourne area are the Yarra Valley, Melton South, Melton, Kurunjang and Melton West, according to the Domain Group first-home buyer report.
- Law changes to stamp out underquoting appear to be working, with realAs data showing an 8 per cent accuracy increase between the worst suburb in May 2016 compared to May 2017.
- ANZ economists are "closely monitoring" Melbourne's apartment supply situation in fears there could be an oversupply. Brisbane is also on their radar.
- Melbourne's 'million-dollar club' of suburbs with high median prices has quadrupled in five years on REIV figures.

BRISBANE QLD

- First-home buyers are using their grants to build granny flats, with modular housing company Nano Homes finding the loophole in the current Queensland laws.
- There are 92 suburbs below the average first-home buyers' purchasing power, of \$392,000, including Brendale, Gailes, Laidley and North Booval, Domain Group data shows.
- Brisbane developer Consolidated Properties has slammed government restrictions, designed to ease speculation in Sydney and Melbourne, for collapsing apartment sales by 70% in 12 months.
- Victorian developer Kokoda Property is moving into the Brisbane market with the purchase of a \$9.5 million riverfront site – they have a \$75 million apartment building in mind in a countercyclical move.
- REIQ chief Antonia Mercorella has pointed out free laptops, rent reductions and removalist cost assistances as some of the signs landlords are going above and beyond to tie in a tenant.

PERTH WA

- CoreLogic reported Perth's house values fell over May, by 0.5%, resulting in a loss of any gains over the first quarter of the year.
- An analysis of Walkscore data found the most walkable suburb in Perth was Northbridge, followed by Perth CBD, Highgate, East Perth, West Perth and Subiaco.
- A Labor Government promise for a Metronet system is expected to provide a boost in property values, said Hemsley Paterson's Rowan Hemsley, who expects it to be a drawcard to the connected areas from Joondalup to Yanchep and Thornlie to Cockburn.
- Australian Property Monitors found Perth's median asking rent steadied at \$360 a week over April for houses, but remain 10% lower than in April 2016.

CANBERRA ACT

- Canberra's winter market is off to a strong start, with clearance rates steadily above 70%, Australian Property Monitors data shows.
- Building approvals across the territory are at a record high, with Gungahlin being home to the highest level of activity, AllHomes chief data scientist Nicola Powell said.
- The northern suburbs are home to Canberra's fastest selling suburbs at the moment, with Ainslie at the top of the list – with an average 35 days on the market.

ADELAIDE SA

- Adelaide's home value growth was the strongest of any capital city in the May quarter on the CoreLogic Hedonic Home Value Index – up 2% in three months.
- A new 30-storey residential building is expected to be built in Victoria Square – it will span 110 metres high and will include 70 apartments, with a retail and mixed-use ground floor.
- Zoning changes around Adelaide have been scaled back in the updated 30 Year Plan for Greater Adelaide, with few changes to height restrictions and a focus instead on the CBD.

DARWIN NT

- First-home buyers are buying up 25% of established real estate in Darwin, and in some cases 90% of land sales in developments, Raine & Horne Darwin's Glenn Grantham said.
- Rental laws in the territory are coming under scrutiny, with the Darwin Community Legal Centre arguing that unlike other jurisdictions in Australia with limits on how long someone can be on a tenant blacklist, there are no such rules in the north.
- Elevated homes are hot property in the top end of town at the moment, with some being bought within 48 hours of being listed, according to Territory Real Estate agent Gabby Sawyer.



AUD
75.4c
US

steady from 75c in May

Source: RBA



RBA Cash Rate

1.5%

steady for June

Source: RBA



Cash Rate
Forecast

1.5%

12 mths to May '18

Source: Westpac



Inflation

2.1%

up for June

Source: RBA



GDP

1.7%

year to Mar qtr

Source: ABS



Wage Growth

1.9%

year to Mar qtr

Source: ABS



Consumer
Confidence

-1.0%

negative for May

Source: Westpac-Melbourne Institute



Disposable
Income

5.6%

year to Mar qtr

Source: ABS

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