

**THIS MONTH IN REVIEW**

Former RBA member John Edwards sent a wave of panic and drama into the new financial year market, proposing interest rates could rise dramatically over the next two years, with up to eight increases to 3.5% by 2019.

While this sounded dire, in context it was on the assumption that the economy would be performing well and that it wouldn't occur suddenly!

Three quarters of Australian now believe the most important financial milestone of someone's life is being mortgage-free, a Finder survey found. A further 25% said buying an investment

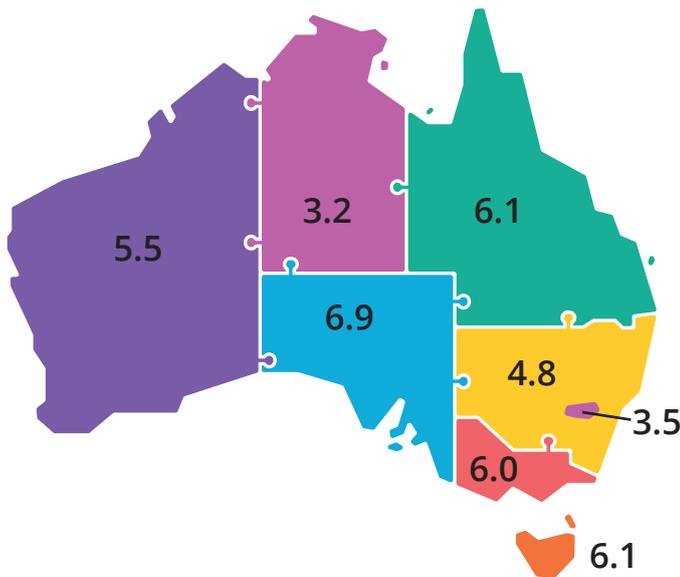
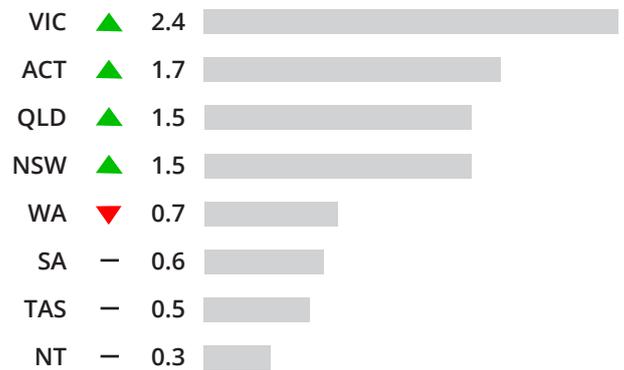
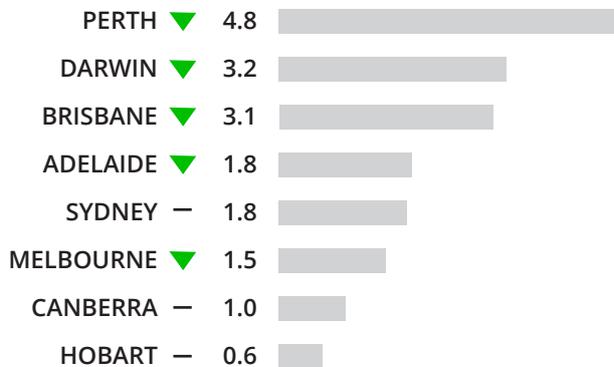
property was their symbol of success, while a Mortgage Choice survey found more than 60% of Australians believe only the wealthy will end up owning a home.

Australians are now expected to work for longer than ever to pay off their home loans, a new AHURI study has found. Home owners in the 45 to 64 year old bracket are 40% more likely to be working for every \$100,000 in mortgage debt they have yet to repay.

It's no surprise this coincides with the release of the Census 2016 data, which has found there are now almost as many Australians renting as there are outright home owners.

**AUCTION CLEARANCE RATE** Source: APM PriceFinder

	JUN 3		JUL 5
SYDNEY	74%	▼	70%
MELBOURNE	76%	▼	74%
BRISBANE	50%	▲	57%
ADELAIDE	73%	▼	58%

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

**POPULATION GROWTH % (Yr ended DEC 2016)** Source: ABS

**VACANCY RATE % (5 JUL 2017)** Source: SQM Research

**HOUSES**

	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	15	3.3%	\$980K
SYDNEY	13	2.9%	\$1.2M
CANBERRA	9.7	4.1%	\$733K
HOBART	7.3	4.9%	\$386K
ADELAIDE	2.7	4.1%	\$495K
BRISBANE	2.5	4.2%	\$558K
PERTH	-1.9	3.8%	\$584K
DARWIN	-6.2	5.5%	\$486K

Source: CoreLogic Hedonic Home Value Index

**UNITS**

	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	8.6	3.9%	\$797K
CANBERRA	7.5	4.9%	\$448K
HOBART	1.5	5.3%	\$333K
MELBOURNE	1.4	4.1%	\$536K
PERTH	0.5	4.4%	\$458K
ADELAIDE	-1.3	4.3%	\$341K
BRISBANE	-3.2	4.9%	\$393K
DARWIN	-10.5	4.9%	\$390K

Source: CoreLogic Hedonic Home Value Index

## CAPITAL CITY UPDATES

### SYDNEY NSW

- June was a boom month for Sydney on CoreLogic figures, with dwelling prices jumping 2.8% over the month, their index found.
- Sydney's clearance rates were lackluster over the month, closing out June at 69.7%. At the same time last year, the clearance rate was 73.5%.
- In the past 10 years to 2016, the number of families living in high-rises has more than doubled, with Census data showing 6% of couples with children have taken up residence in four or more storey blocks.
- First-home buyers have been given a leg-up into the market, with up to \$24,740 savings in stamp duty exemptions for new and established homes priced up to \$650,000, or \$800,000 for a partial concession.

### MELBOURNE VIC

- CoreLogic recorded a 2.2% jump in dwelling prices in its June index, while Domain Group reported a 73.5% clearance rate for the last weekend of the month.
- First-home buyers will not have to pay stamp duty for properties priced up to \$600,000 and will be given a discount on the levy on homes costing up to \$750,000.
- Melbourne is fast becoming a city of renters, with a 2.8% increase in five years to 2016 in the proportion of renters across the city, Census data shows. This was most pronounced in the City of Maribyrnong.
- Discounts on apartments are being seen across the city. In one case, Mirvac has offered \$59,400 discounts on their \$495,000 advertised prices, a mystery shopping spree by Citi found.

### BRISBANE QLD

- Brisbane's house prices forecast to increase 7% by 2020, while apartment prices will fall by same amount due to oversupply, BIS Oxford Economics' Residential Property Prospects 2017 to 2020 report warns.
- Developers are moving in fast to Brisbane, with the search term 'mega-sites in Brisbane' coming up trumps, according to developmentready.com.au.
- Rental vacancies have continued to jump, up to 4.4%, according to Real Estate Institute of Queensland data, which reported seeing landlords dropping rents and offering extras to entice tenants.
- The top-end of town has continued to be strong, with the restoration of Yungaba House officially launching with price tags of \$1.795 million to \$4.25 million across the three low-rise apartment blocks.

### PERTH WA

- Perth renters on 'very low' and 'low' incomes - less than \$43,000 and up to \$69,000 - are facing a struggle. While 35% of Perth tenants fit into these categories, just 19% of private rentals were affordable to these groups, a new report from Shelter WA found.
- Property commentator Gavin Hegney believes Perth is now firmly in its recovery phase, saying he is "90% certain we've hit the bottom".
- Chinese developer Zone Q has stopped its apartment block, Nspire 108 on Beaufort Street, and has refunded deposits for more than 20 apartments out of 180.
- The cheapest suburbs within the Perth and surrounds region are Collie, Withers and Manjimup, according to REIWA data.

### CANBERRA ACT

- A BIS Oxford Economics report has predicted Canberra to be the top performer for price growth nationally, with real house prices likely to jump 16% by 2020.
- Canberra's owner-occupied home loans dropped 5.6% in April, while first-home buyers led the charge down with just 378 buyers in this category over the month.
- In the six months to May, 306 homes in Canberra sold for more than \$1 million, up 53.2% for the same timeframe in 2016, AllHomes' Nicola Powell said.

### ADELAIDE SA

- REISA chief Greg Troughton has called out the new stamp duty surcharge of 4% for foreign buyers as 'hypocrisy' and 'arrogance' that will deter foreign investment in the state.
- Significant rezonings are anticipated in parts of Underdale and Torrensville from industrial into mixed use land that will open them up to medium density development under a new 'urban renewal zone'.
- The planned \$200 million development for Le Cornu on O'Connell Street has been ditched, despite having development approval since 2015 for a 16-level apartment tower, six-level hotel, offices, retail outlets, restaurants and open space.

### DARWIN NT

- Darwin was the worst performing city over June, with CoreLogic recording prices slipping back for all dwellings by 2.2%.
- The market might have recently 'turned a corner,' according to REA Group whose Property Demand Index for June found Nakara, Anula and Wanguri the most viewed suburbs and demand ticking up across Darwin.
- In real terms, prices are anticipated to fall 11% by 2020 on BIS Oxford Economics' Angie Zigomanis calculations.



AUD  
**76.1c**  
US  
up from 75c in June  
*Source: RBA*



**RBA Cash Rate**  
**1.5%**  
steady for July  
*Source: RBA*



**Cash Rate Forecast**  
**1.5%**  
12 mths to Jun '18  
*Source: Westpac*



**Inflation**  
**2.1%**  
steady for July  
*Source: RBA*



**GDP**  
**1.7%**  
year to Mar qtr  
*Source: ABS*



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



**Consumer Confidence**  
**-1.8%**  
negative for June  
*Source: Westpac-Melbourne Institute*



**Disposable Income**  
**5.6%**  
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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