

**THIS MONTH IN REVIEW**

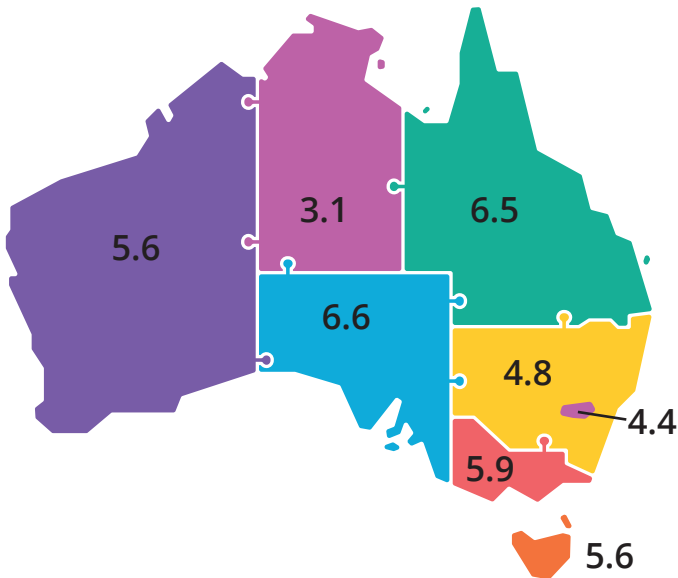
Despite all the talk about rising interest rates, the Reserve Bank kept the cash rate on hold this month as they eye off the rising Australian dollar with caution.

Throughout the market it seems the strict regulations imposed upon the banks are not only slowing the process for buyers but also dramatically reducing their borrowing capacity.

While most economic indicators tend to be showing sparks of growth here and there, there is still an overwhelming feeling of caution in the financial markets and stress-testing against excessive credit fallouts is now very much the norm.

**AUCTION CLEARANCE RATE** Source: APM PriceFinder

	JUL 5		AUG 3
SYDNEY	70%	—	70%
MELBOURNE	74%	▲	76%
BRISBANE	57%	▼	55%
ADELAIDE	58%	▲	70%

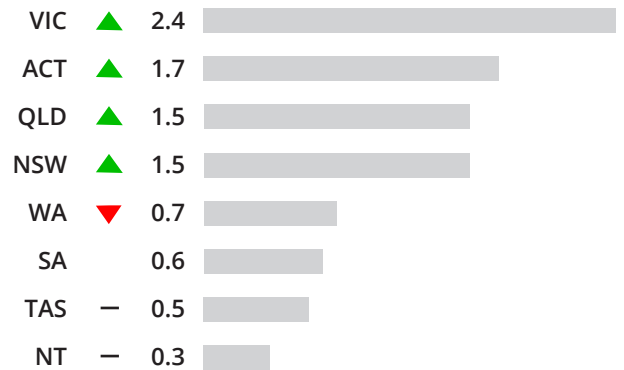
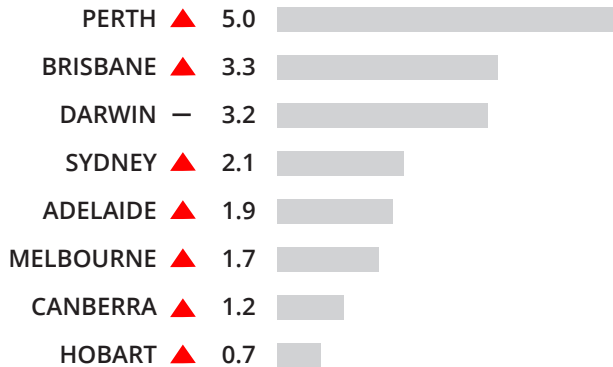
**MONTHLY UNEMPLOYMENT - MAY %**
Source: ABS (most recent figure at time of publication)

**HOUSES**

	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	17.2	3.3%	\$1.0M
CANBERRA	13.1	4.1%	\$750K
SYDNEY	12.8	2.9%	\$1.2M
HOBART	6.9	4.9%	\$389K
BRISBANE	2.6	4.2%	\$555K
ADELAIDE	2.2	4.1%	\$498K
PERTH	-2.5	3.8%	\$575K
DARWIN	-3.6	5.5%	\$480K

Source: CoreLogic Hedonic Home Value Index

Moody's Investors Service claims any economic downturn is likely to hit investors hardest due to their exposure to the rental market, which is sensitive to unemployment. But for now it seems the rental market is likely to continue to remain tight. AHURI figures found more than 1.5 million households will be requiring government rent assistance by 2031 – about half of the increase due to rising private rental market costs.

New regulations have come to hit expats again as well – if you sell your home while living overseas now you could lose the owner-occupier CGT exemption under new rules from the federal government.

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

**VACANCY RATE % (3 AUG 2017)** Source: SQM Research

**UNITS**

	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	10.3	3.9%	\$810K
CANBERRA	9.9	4.9%	\$462K
MELBOURNE	4.6	4.1%	\$554K
DARWIN	4.5	4.9%	\$387K
PERTH	2.9	4.4%	\$466K
HOBART	2.4	5.3%	\$341K
ADELAIDE	0.6	4.3%	\$360K
BRISBANE	-1.4	4.9%	\$391K

Source: CoreLogic Hedonic Home Value Index

## CAPITAL CITY UPDATES

### SYDNEY NSW

- SQM Research predicts Sydney property prices will end 2017 at 10% to 15% higher over the year.
- July was a busy month for auctions – with 54% more auctions over the month than the same time last year. But the clearance rate dipped to its lowest since June, APM data shows.
- The State of the Market Report shows regional areas in NSW are now outpacing Sydney CBD on quarterly growth. Now, of 22 regional towns, 11 of them have median prices above \$450,000.
- Willmot is now Sydney's cheapest suburb – and the last remaining under \$500,000 with a \$485,000 median, Domain Group data shows.
- A petition from the St Vincent de Paul Society for mandatory affordable housing of at least 15% in all new residential developments has gained more than 16,000 signatures and is being discussed in parliament.

### MELBOURNE VIC

- The most affordable suburbs in Melbourne have been released in the Valuer-General's latest report, including Diggers Rest, Melton South, Melton, Kurunjang, Melton West and Rockbank.
- Eaglemont is now attracting developers. A site of more than 6600 square metres is on the market for \$22 to \$24 million after eight neighbours have got together to sell as one lot.
- Mirvac's latest Docklands townhouse project has been designed to cater to a growing number of telecommuters who work from home. It includes smart-designed office spaces, but comes with a hefty price tag – remaining homes are priced above \$2 million.

### BRISBANE QLD

- Dwelling prices in Brisbane fell by 0.6% over July, CoreLogic data shows.
- Brisbane's most searched suburbs in July were Brisbane CBD, Spring Hill, Camp Hill, Carina, Carina Heights and Carindale, search results from Domain show.
- Local agents are telling of a buying frenzy after the announcement of two new schools – including one in Fortitude Valley – with families snapping up real estate in anticipation, including in the New Farm area.
- Queensland is now equal fourth with Tasmania on Commsec's State of the States report, showing strength in retail but weakness in the construction sector.
- East coast investors continue to converge on Brisbane. Frank Goddschan, of McGrath Bulimba said 50% of his buyers are from Sydney and Melbourne.

### PERTH WA

- Perth's apartment market is showing signs of improvement – up 1.8% over July – but house prices fell 1.6% in the same time period, CoreLogic data shows.
- WA Housing Minister Peter Tinley has vowed to protect the first-home buyers grant scheme of \$10,000 – saying there's "no plan" to change it and it's not even on the table for discussion.
- REIWA deputy president Damian Collins seems to think Perth is reaching the trough of the cycle, as "sellers' and buyers' pricing expectations are moving towards parity, with less variance seen between the two parties, which is pleasing".
- Property developer Stockland is anticipating property prices to increase in Perth by the end of 2017.

### CANBERRA ACT

- Canberra dwelling values grew 4.9% over the July quarter – making it the strongest property market in the country over this time period, CoreLogic data shows.
- There are still mixed signals for the capital's housing market, with the ANZ/Property Council survey showing a dip in house price growth expectations despite the overall sentiment being positive.
- Rent didn't move over the June quarter – remaining steady at \$500 a week – despite growing prices
- Canberra is experiencing a huge shift to apartment development as the dominant new housing style. Official government data shows a 40% drop in detached house approvals from 2011 to 2015.
- The ACT land release plan, including 20% of land for houses and 80% for 'other' dwellings, has been described as 'alarming' by HIA's regional director Greg Weller.

### ADELAIDE SA

- Adelaide was ranked 83rd on the Knight Frank Global Residential Cities Index, with 5% price growth in the 12 months to the first quarter of 2017.
- Adelaide is becoming popular with eastern state investors – realestate.com.au search data shows more than a million searches on their portal for South Australia from interstate buyers in the past six months.
- University of Adelaide housing researcher Emma Baker has warned there are "14 per cent of South Australian households who are paying more than 30 per cent of their income on housing costs".

### DARWIN NT

- House prices in Darwin are down 8% over the year to date, with CoreLogic data showing an even worse picture for apartments – down 14%.
- SQM Research managing director Louis Christopher says there's "quite a lot of downward pressure" on the market – which won't be good news for investors.
- Sentiment may be starting to decline in the Northern Territory, with the NAB survey – which puts it with South Australia – recording the sharpest drop in its Residential Property Index for confidence.



AUD  
**79.6c**  
US  
up from 76c in July  
Source: RBA



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



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



**Inflation**  
**1.9%**  
down for August  
Source: RBA



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



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



**Consumer Confidence**  
**0.4%**  
positive for July  
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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