

THIS MONTH IN REVIEW

While the property market is known for moving slowly through time, it's amazing to see how a week of bad press can suck the confidence out of the (Sydney) market. While the recorded figures will always be months behind, at the coal-face the general consensus among buying and selling agents is that buyers have definitely pulled back and are happy to wait, while sellers have seen the writing on the wall and are hoping that they won't be left in the cold as interest wains. Only time will tell as to whether this marks the end of the bull-run for Sydney.

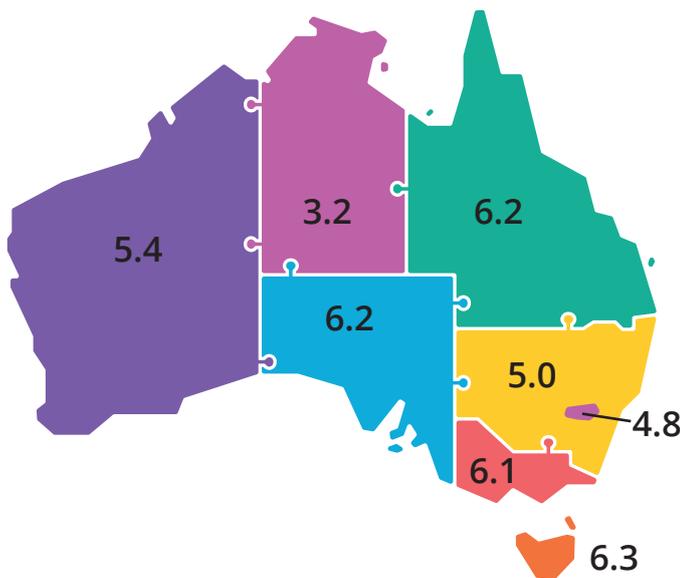
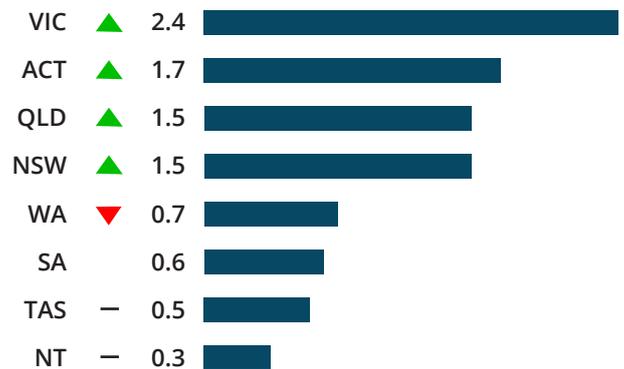
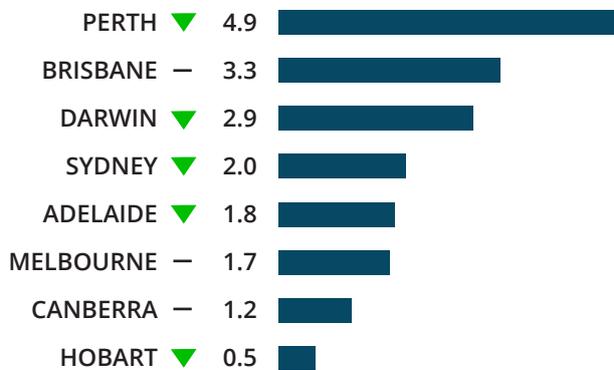
The recent increase in rates from the banks were mistakenly thought by some to be in line with the RBA's own policy. The

reality is quite the opposite, with Westpac looking to boost their own reserves (and profits) in line with APRA requirements and the majors following suit. In fact, recent inflation data being below expectations has actually increased the chances that the RBA may once again cut rates before the end of the year.

China is once again on the radar for its slowing growth, however while this may slow trade, it may actually prove a boon for investment as the Chinese actively look for safe havens and stronger returns outside their own country. This will not go unrecognised either, with 300 million people in their middle class, the enormity of their market will put Australia in a great position in years to come.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	AUG 3		SEPT 6
SYDNEY	70%	▼	67%
MELBOURNE	76%	▼	75%
BRISBANE	55%	▼	41%
ADELAIDE	70%	▼	61%

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

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

VACANCY RATE % (6 SEPT 2017) Source: SQM Research


HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	14.0	4.9%	\$389K
MELBOURNE	13.8	3.3%	\$1.0M
SYDNEY	13.7	2.9%	\$1.2M
CANBERRA	9.8	4.1%	\$750K
ADELAIDE	5.7	4.1%	\$498K
BRISBANE	4.3	4.2%	\$555K
DARWIN	1.2	5.5%	\$480K
PERTH	-2.6	3.8%	\$575K

Source: CoreLogic Hedonic Home Value Index


UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	11.7	5.3%	\$341K
SYDNEY	11.2	3.9%	\$810K
MELBOURNE	9.3	4.1%	\$554K
CANBERRA	2.7	4.9%	\$462K
ADELAIDE	1.1	4.3%	\$360K
BRISBANE	-3.1	4.9%	\$391K
PERTH	-3.5	4.4%	\$466K
DARWIN	-13.4	4.9%	\$387K

Source: CoreLogic Hedonic Home Value Index

CAPITAL CITY UPDATES

SYDNEY NSW

- Auction clearance rates have moved under the 70% mark but market still considered “normal” by SQM’s Louis Christopher.
- Investor lending now accounts for 62% of the loan market however gross rental yields are now at record low levels.
- Buying and selling agents now indicating some hesitancy in the marketplace with sellers keen to sell quickly in the fear that they may have passed the peak of the market.
- RP Data’s Tim Lawless quoted as saying that “it looks like buyers are slowly regaining some leverage” as growth starts to slow and the number of advertised properties starts to rise.

MELBOURNE VIC

- Melbourne’s 3-month growth to July officially outpaced Sydney at 6.1%, predominantly in the detached housing space due to a higher level of affordability compared to Sydney
- Housing price growth of 13.8% recorded over the last 12 months are coming mainly from aspirational buyers in the eastern suburbs, followed by rising interest in the west and north.
- Budget suburbs that were previously affected by the manufacturing sector are now starting to see increasing interest for entry-level opportunities
- APM’s Andrew Wilson diplomatically suggests that investment in the unit market within the inner ring would need a “long-term view” – read: oversupply issues.

BRISBANE QLD

- NAB Residential Survey forecasts QLD to replace NSW as the most optimistic state for price and rental growth over the next 2 years.
- Brisbane is the third best performing market in Australia however the downturn in the resources sector is still effecting confidence as employment and migration fall slightly.
- Additional unit supply coming on market is keeping unit prices subdued at 2.1%, with houses seeing 5% over the last 12 months. Beware of oversupply in the areas of Newmarket, Fortitude Valley and West End.
- Price growth is consistent across lower, mid and upper price points however the Gold Coast is predicted to be one of the best performing regions in the country with predicted gains of 7% to 11% according to SQM, after a long period of stagnation.

PERTH WA

- Buyer interest continues to weaken with BIS Shrapnel indicating a declining market due for the next 2 years on the back of a poor resources sector, dwindling migration and interstate outflow.
- While there is a lot of stock on the market, quality, well-priced properties still continue to sell however there is no tolerance from buyers with unrealistic expectations.
- Vacancy rates have jumped to their highest levels in 6 years at 4.9%, particularly at the top end.
- Unit oversupply outside the inner city continues to be a looming problem with 3,000 units on market and 10,000 more planned.

CANBERRA ACT

- Canberra is starting to see the signs of a slow recovery, with the last 3 quarters of growth being in positive territory.
- The government is looking to replace up to 1,000 old homes contaminated with asbestos to the tune of \$1bn which will be a bonus for the construction industry.
- The unit market still remains weak with median prices falling 6.3% over the June quarter due to the building program that was put in place in 2010 to address the tight rental market.

ADELAIDE SA

- Adelaide now remains the cheapest of all mainland capital cities with a median price of \$420,000.
- Unemployment still remains the highest in the country but prices are remaining resilient with affordability attracting first home buyers and retirees.
- BIS Shrapnel are showing concerns around a possible oversupply of units coming online that commenced building in 2014 following new home incentives offered to first-time buyers. This may also put pressure on rental supply in the future.

DARWIN NT

- Darwin continues to be the biggest loser in the market with house prices falling 5.9% in the last 12 months on the back of the declining resources sector.
- A number of infrastructure projects are now also nearing completion leaving little room for further economic growth.
- Rentals have dropped 8% to 9% in value between houses and units.
- The number of houses also coming on the market has risen by 14% in the last year giving buyers a much stronger negotiating position.



AUD
79.6c
US

stable at 79c from Aug
Source: RBA



RBA Cash Rate
1.5%

steady for September
Source: RBA



Cash Rate
Forecast
1.5%

12 mths to Aug '18
Source: Westpac



Inflation
1.9%

stable for September
Source: RBA



GDP
1.7%

year to Mar qtr
Source: ABS



Wage Growth
1.9%

year to Jun qtr
Source: ABS



Consumer
Confidence
-1.2%

negative for August
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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