

THIS MONTH IN REVIEW

Despite the continued investment interest, financial services company UBS is warning half a trillion dollars of "liar loans" are propping up the Australian banking system. They warn rising interest rates will cause a major shock to the economy.

But this hasn't stopped strong price growth for the major capital cities, with official ABS data showing Melbourne and Sydney tied for annual price growth of 13.8%, followed by Hobart with 12.4% growth.

At the same time, there has been a predicted slump for apartment building across the country. BIS Shrapnel anticipates the number

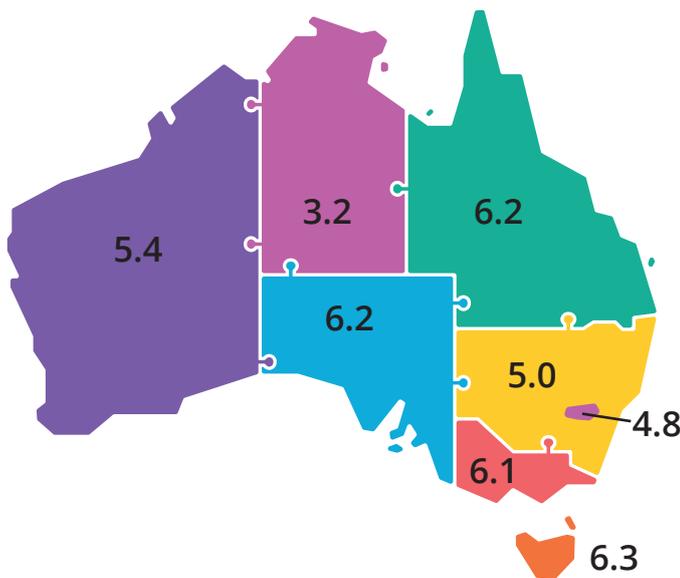
of cranes in the sky will be halved in 2018 with a record decline in high-density development.

This won't do any favours for those hoping prices will slump, with the REIA/Adelaide Bank Housing Affordability Report recording home owners across the county spending 31.4% of their income on servicing their mortgage.

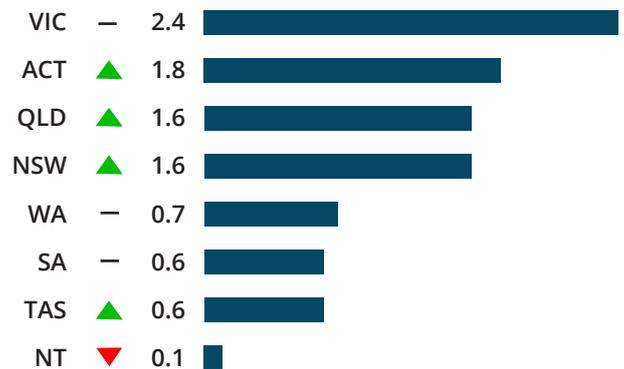
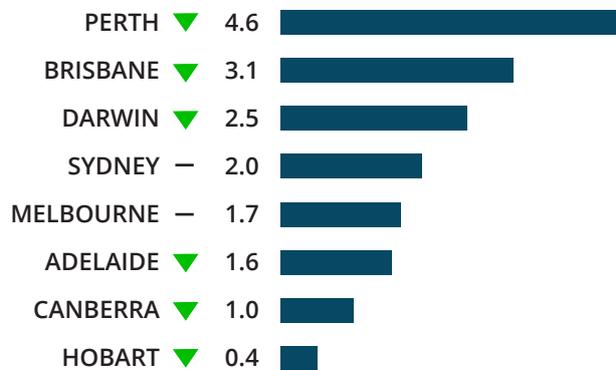
And more home owners might soon turn to renting out their spare room to ease the mortgage pressure, with Census data showing 80% of households have at least one bedroom empty, with 8 million spare rooms across the country.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	SEPT 6		OCT 4
SYDNEY	67%	▼	65%
MELBOURNE	75%	▲	79%
BRISBANE	41%	▲	47%
ADELAIDE	61%	—	61%

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


HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	15.0	5.0%	\$385K
MELBOURNE	13.0	3.2%	\$675K
SYDNEY	10.9	2.8%	\$960K
CANBERRA	9.3	4.1%	\$650K
ADELAIDE	5.5	4.2%	\$444K
BRISBANE	4.0	4.1%	\$520K
DARWIN	- 1.3	5.5%	\$500K
PERTH	- 2.9	3.8%	\$515K

Source: CoreLogic Hedonic Home Value Index
POPULATION GROWTH % (Yr ended MAR 2017) Source: ABS

VACANCY RATE % (4 OCT 2017) Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	10.6	5.5%	\$295K
SYDNEY	9.5	3.8%	\$717K
MELBOURNE	9.2	4.1%	\$500K
CANBERRA	3.2	4.9%	\$442K
ADELAIDE	1.2	4.3%	\$365K
BRISBANE	- 2.6	4.9%	\$410K
PERTH	- 2.7	4.3%	\$410K
DARWIN	- 10.6	4.9%	\$425K

Source: CoreLogic Hedonic Home Value Index

CAPITAL CITY UPDATES

SYDNEY NSW

- RateCity has shown Sydney home buyers would need to make more than \$190,000 a year to be able to buy a median price house and avoid spending more than a third of their income on mortgage repayments.
- Airbnb has been back at NSW tribunal, with a landmark decision with repercussions for all state strata schemes, overturning by-laws in favour of short-term letting for the owner.
- S&P Global Ratings has warned Sydney, along with Hong Kong and Shanghai, has seen prices reaching risky levels that are as stretched as they were before the Asian crisis.
- Rhodes is anticipated to have another 3600 new homes under state government plans announced in September, including 38-storey towers.

MELBOURNE VIC

- First-home buyers using stamp duty concessions has doubled after the introduction of new incentives in July, with more than 2100 taking up the offer in Victoria.
- Of all the suburbs to choose from, census data saw young families flocking to Cranbourne East, which has had a 250% increase in school-aged children.
- Melbourne's outer west has seen the biggest uptick in auction numbers with 260 so far in 2017, compared to 34 in the year to September last year, CoreLogic data shows.
- There are many suburbs in Melbourne where it's still cheaper to buy than rent, Realestate.com.au research reveals, including Travancore, Albion, Melton, Melton South, Notting Hill and the CBD.

BRISBANE QLD

- All of Brisbane LGA's 10 most affordable suburbs have a median house price under \$450,000 on Australian Property Monitors data ranking, with the cheapest being Ellen Grove.
- Brisbane's southern suburbs are expected to see detached homes rise in value after Domain Group recorded a surge of a third of buyers searching for houses over apartments.
- ANZ has blacklisted more than 30 Brisbane suburbs due to tougher lending criteria, now requiring 20% deposits or more to buy in postcode 4000, 4006, 4010, 4014, 4102 and 4017.
- The Real Estate Institute of Queensland recorded Brisbane apartments as a 'falling market' with a price drop of 2.3% in the latest three months.

PERTH WA

- Perth house price falls have slowed almost to a halt – CoreLogic data recorded a 0.1% decline over September, with apartment values up modestly.
- New research from the Real Estate Institute of WA found the state has 23 'million dollar' suburbs, with a median price above seven figures, in a sign the top end is surging.
- Census data shows younger generations are swarming to the middle-ring of Perth, with Caversham receiving a 52% increase in Millennial residents from 2011 to 2016.
- The Property Council's Lino Iacomella has asked the WA Government had to do more to stabilise property prices and working on creating new jobs.

CANBERRA ACT

- Canberra's median asking price for houses increased 1.6% in the three months to August, Allhomes data shows, bringing it to \$609,500.
- Canberrans are now in second place for being the most indebted compared to their total income, with almost a third of households having debt three or more times their total income, ABS data shows.
- The Australian Bureau of Statistics' figures found Canberra's residential price growth to June was the second strongest figure in recent years – up 7.9% year on year.

ADELAIDE SA

- Almost 30% of Adelaide property owners have a home that's worth more than twice what they paid for it, a CoreLogic analysis of sales data shows.
- The State Government has been asked to intervene after a report from South Australia's Council of the Ageing found more than 4500 elderly people in the state are in housing stress.
- A significant new development is slated for Morphettville Racecourse, with apartment buildings up to 12 storeys high and 5500 square metres of shop space on the cards.

DARWIN NT

- Defence Housing Australia is about to have access to 80 new homes at RAAF Darwin, after a \$35 million contract had 300 homes removed to be replaced with the DHA homes.
- Paul Dales from Capital Economics has warned many capital cities in Australia are overvalued – but he thinks Darwin is about 5 per cent undervalued on the house cost to income ratio.
- Ratings Agency Moody's has found 2.8% of Northern Territory borrowers are overdue on their mortgage – a small figure but a record high.
- Darwin, along with Canberra, bucked the national trend on the Rider Levett Bucknall crane index – with no rise in crane numbers in the past six months.



AUD
78.6c
US

down from 79.6c in Sept
Source: RBA



RBA Cash Rate

1.5%

steady for October
Source: RBA



**Cash Rate
Forecast**

1.5%

12 mths to Sept '18
Source: Westpac



Inflation
1.9%

stable for October
Source: RBA



GDP
1.8%

year to June qtr
Source: ABS



Wage Growth
1.9%

year to Jun qtr
Source: ABS



**Consumer
Confidence**

2.5%

positive for Sept.
Source: Westpac-Melbourne Institute



**Disposable
Income**

4.0%

year to June 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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