

THIS MONTH IN REVIEW

The media continues to hold its focus on the market downturn, but CoreLogic's Tim Lawless reminds us that the downturn is relatively mild, with a cumulative 1.9% fall in value since the September 2017 peak.

Indeed, things going right deserve a mention in the media too. Despite the market cooling, first-home buyers have been playing an important role in sustaining Sydney and Melbourne markets. And Adelaide is proving to be a standout, remaining buoyant and capturing the attention of buyers from eastern states.

Despite some urging the RBA board to issue a change to Australia's official cash rate, it has been left on hold at just 1.5%. CoreLogic's

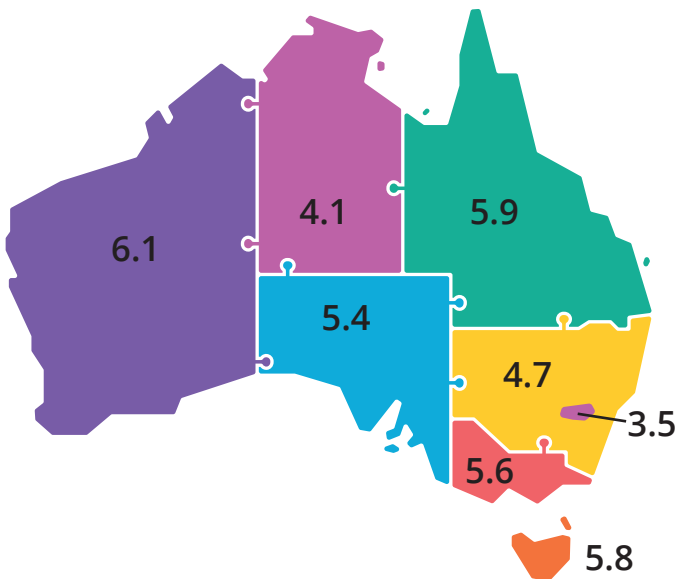
Tim Lawless indicates the slack labour market played a role in this decision, with the national unemployment rate now at 5.4%.

Moody's Investors Service predicts mortgage delinquencies to increase within two years. The number of interest-only loans converting to principal and interest mortgages continues to rise, bringing about "payment shock" from higher monthly repayments.

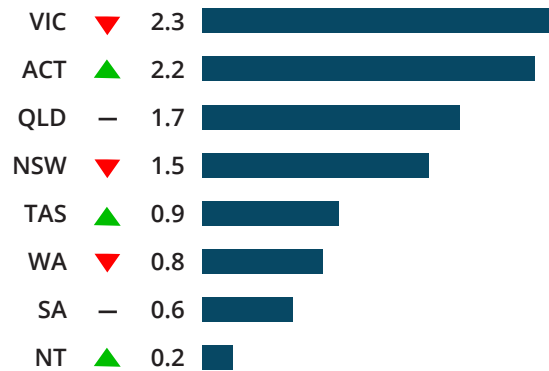
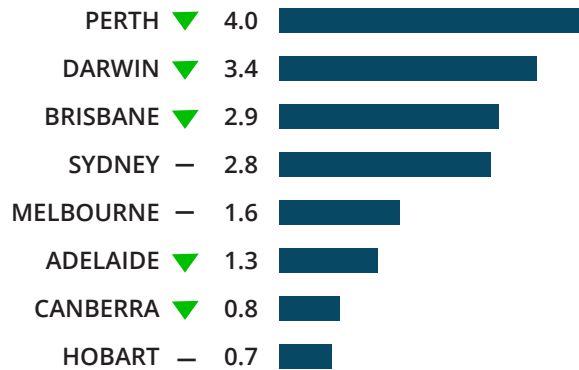
Also, an analysis by Endeavour Equity Strategy determined more than 40% of mortgage debt in their sample was "non-prime" due to banks basing their lending decisions on the Household Expenditure Measure, which boosts serviceability by up to 20%.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	AUG 01		SEP 01
SYDNEY	51%	▲	57%
MELBOURNE	58%	—	58%
BRISBANE	38%	▼	32%
ADELAIDE	55%	▲	72%

MONTHLY UNEMPLOYMENT - JUNE 18 %
Source: ABS (most recent figure at time of publication)


HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	12.3	4.9%	\$425K
CANBERRA	3.5	4.2%	\$680K
BRISBANE	1.2	4.0%	\$535K
ADELAIDE	0.6	4.2%	\$455K
MELBOURNE	-1.4	3.0%	\$745K
PERTH	-1.8	3.6%	\$510K
DARWIN	-2.1	5.4%	\$500K
SYDNEY	-7.0	2.9%	\$985K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report
POPULATION GROWTH % (Yr ended DEC 2017) Source: ABS

VACANCY RATE % (18 JUL 2018) Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	7.3	5.5%	\$320K
MELBOURNE	2.3	4.0%	\$535K
BRISBANE	0.8	4.8%	\$410K
ADELAIDE	1.0	4.3%	\$379K
SYDNEY	-1.6	3.9%	\$717K
CANBERRA	-1.1	5.1%	\$445K
PERTH	-4.5	4.2%	\$395K
DARWIN	-14.3	5.4%	\$369K

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney median housing prices have seen the most significant decrease among capital cities, down \$5K with yearly growth now sitting at -7%.
- CoreLogic reports a rent fall of 0.4% in the last year, with Tim Lawless believing rents will continue to fall gradually thanks to decreased demand from first home buyers.
- A recent report from onethehouse.com.au has highlighted which suburbs within 30km of Sydney offer housing options for under the median price – Lakemba and Wiley Park coming out on top for central and affordable unit options under \$500K.
- Co-living options, a sub-market of the build-to-rent sector, are hitting Sydney's rental market, with two separate ventures opening their doors in inner-city suburbs this September.

MELBOURNE VIC

- Melbourne's vacancy rate is just 1.6%. In fact, Victorian vacancy rates are the lowest Real Estate Institute of Victoria (REIV) has seen in their 16 years of collecting data.
- CoreLogic's Cameron Kusher is expecting the Melbourne market to be quiet this spring, due to the amount of stock already for sale and the fact that prices are falling; both factors serve to discourage property owners from selling.
- Analysis by RiskWise Property Research shows Melbourne's West Gate Tunnel Project will provide a huge boost to the Victorian economy, with Yarraville and Footscray (although already performing well) particularly expected to have outstanding capital growth long term.

BRISBANE QLD

- Brisbane's consistent price increases are proving preferable to a boom environment, according to AMP chief economist Shane Oliver, who believes moderate increases will continue as restricted lending conditions keep prices in check.
- MadeComfy, short-term rental specialists have opened a Brisbane office following the release of a study showing Queensland demand for short-term rentals more than doubled in the last 2 years.
- According to Lendlease, Brisbane is proving to be the most challenging of Australia's inner-city apartment markets with an expected rise in defaults over the short-term.

PERTH WA

- Perth's sales activity declined 6% according to the REIWA market report for week ending 26 August, but despite the decrease, this is still slightly higher than figures of a year ago.
- REIWA President Hayden Groves is quoted as saying "There is genuine competition amongst buyers in the luxury end of the Perth market, forcing buyers to act fast in these areas and pay a premium to secure the property ... Homeowners in these suburbs who are thinking of selling would be wise to take advantage of these favourable market conditions."

CANBERRA ACT

- Canberra's vacancy rates have continued to sit at the second-lowest of capital cities, now at 0.8%.
- According to 2018 August Market Report, median unit prices have only seen a 6% increase since 2015, compared to a 20% increase in median housing values.
- Despite this, the suburb Conder is one to watch for record unit growth according to the 2018 August Market Report with 5.9% growth for units, unexpectedly outperforming houses.

ADELAIDE SA

- Adelaide is in the spotlight, with CoreLogic calling it the Australian capital with plenty of affordable suburbs located just minutes from the city centre. Kilburn in the inner north is one to watch for its balanced property market.
- Although Adelaide's prestige market may be smaller than other capital cities, the market is strong, according to Sally Cameron of Toop & Toop Real Estate, thanks to a sharp increase in demand from interstate and overseas buyers.
- Ease of getting finance in Adelaide is seeing an influx of eastern-state buyers who are depleting stocks of good-quality homes, according to Katherine Skinner of National Property Buyers.
- Yield on Adelaide properties remains constant, with housing at 4.2%, while units remain at 4.3% for the third month in a row.

DARWIN NT

- Darwin's median house price is still sitting around the \$500K mark, however units have continued to fall to \$369K.
- CoreLogic indicates Darwin is the capital city market that has been most affected, with dwelling values decreased by a cumulative 21.9% since their 2014 peak.
- According to CoreLogic, we're seeing the detached housing market improve in performance with values up 5.5% so far this year.



AUD
73.0c
US

down from 73.8c in Aug
Source: RBA



RBA Cash Rate

1.5%

steady for Sep
Source: RBA



Cash Rate
Forecast

1.5%

12 mths to Sep '19
Source: Westpac



Inflation

2.1%

year to Sep qtr
Source: RBA



GDP

3.1%

up to Mar qtr
Source: ABS



Wage Growth

2.1%

year to Jun qtr
Source: ABS



Consumer
Confidence

2.3%

Positive for Aug
Source: Westpac-Melbourne Institute



Disposable
Income

2.5%

year to Mar qtr
Source: ABS

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