

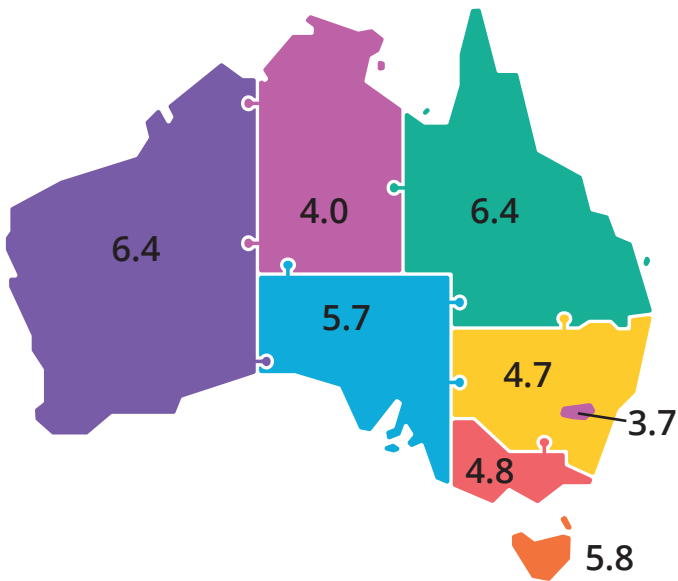
**THIS MONTH IN REVIEW**

In news this month, issues at the heart of the next Federal election, like potential changes to policies around negative gearing and capital gains tax are proving to be a growing concern for Australians. Changing credit policies focused on reducing the debt-to-income ratio are affecting the market, but Tim Lawless of CoreLogic indicates it likely that lenders will remain competitive for high-quality borrowers.

Despite recent market downturns, 2018 PIPA Property Investor Sentiment Survey shows "more than 77 per cent of respondents think now is a good time to invest in property." Further, 52 per cent are looking to purchase within 12 months.

**AUCTION CLEARANCE RATE** Source: APM PriceFinder

	SEP 01		OCT 01
SYDNEY	57%	▼	45%
MELBOURNE	58%	▼	41%
BRISBANE	32%	▲	36%
ADELAIDE	72%	—	0%

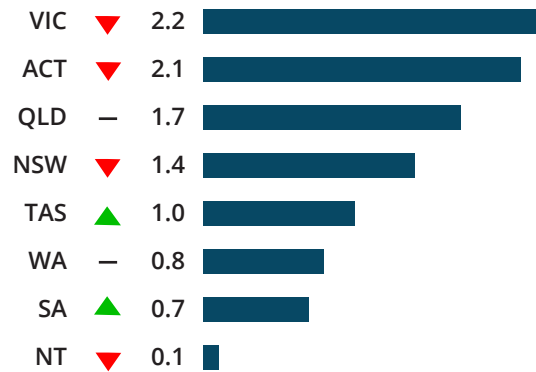
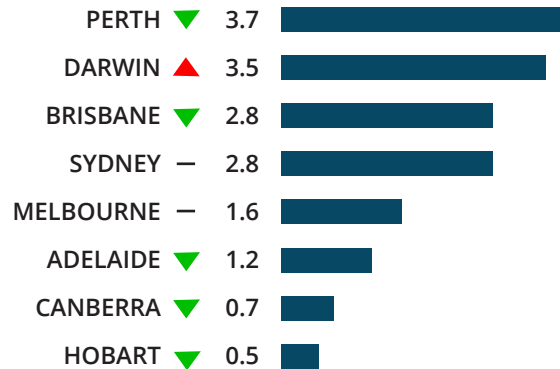
**MONTHLY UNEMPLOYMENT - AUG 18 %**
Source: ABS (most recent figure at time of publication)


HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	11.3	4.9%	\$425K
CANBERRA	3.4	4.2%	\$680K
ADELAIDE	0.9	4.2%	\$455K
BRISBANE	0.8	4.0%	\$535K
DARWIN	0.6	5.4%	\$500K
PERTH	- 1.5	3.6%	\$510K
MELBOURNE	-2.6	3.0%	\$745K
SYDNEY	- 7.1	2.9%	\$985K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

However, settled sales are down almost 10% nationally, year on year, according to CoreLogic. Although, Tim Lawless points out that it's the premium housing market that has seen the most considerable falls, with a 5.4 per cent fall in the upper quartile of the market, while more affordable areas are proving more robust.

In general, home sales are taking longer and fewer properties are selling at auction. This leaves more stock on the market, positioning buyers more favourably. In fact, the median vendor discount has risen from 5.9% a year ago, to 6.5% today, according to CoreLogic.

**POPULATION GROWTH % (Yr ended MAR 2018)** Source: ABS

**VACANCY RATE % (18 AUG 2018)** Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	7.6	5.5%	\$320K
MELBOURNE	1.4	4.0%	\$535K
BRISBANE	0.8	4.8%	\$410K
ADELAIDE	0.8	4.3%	\$379K
CANBERRA	-1.0	5.1%	\$445K
SYDNEY	-2.1	3.9%	\$717K
PERTH	- 4.3	4.2%	\$395K
DARWIN	- 13.0	5.4%	\$369K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

## CAPITAL CITY UPDATES

### SYDNEY NSW

- Despite Sydney market falls, the majority of homeowners remain in a favourable equity position thanks to prior growth, according to Tim Lawless of CoreLogic.
- There are high stock levels on the market – tracking almost 23 per cent higher than just a year ago, which is removing the urgency from the market and giving buyers some additional negotiating power, according to Tim Lawless.
- The 2018 September Market Report shows rental vacancy has increased in the inner city but fallen in the middle- and outer-suburbs, indicating that people are moving to more affordable suburbs.

### MELBOURNE VIC

- Melbourne market movement is highly variable because, despite the falls, the more affordable segment of the market has recorded a 6 per cent rise in value over the past year, according to Tim Lawless of CoreLogic.
- Local agents and Domain Senior Research Analyst, Nicola Powell point out Box Hill as the Melbourne suburb continuing to withstand the market downturn, with commercial and residential sites fetching north of \$10 million, thanks to favourable zoning and interest from East Asian investors.

### BRISBANE QLD

- Brisbane dwelling values are virtually unchanged over the last 3 months, holding much steadier than Sydney and Melbourne, according to Tim Lawless.
- Brisbane is predicted to see the highest growth of all capital cities across the next 3 years, according to the BIS Residential Property Prospects Report, at 13 per cent growth from 2018 to 2021, in part due to Queensland becoming the number-one destination for internal migration.
- The 2018 September Market Report has tipped Mango Hill as a suburb to watch, following an increase in median housing values of 2.1 per cent over 12 months to May 2018, as well as a stable rental market.

### PERTH WA

- Perth values have continued to edge lower over the past four months, with the unit market also remaining weaker than housing (at -4.3 and -1.5 respectively according to CoreLogic data).
- But, this unlocks the doors for first-home buyers looking to purchase a unit, with PerthNow reporting that Perth apartments are now at their most affordable since 2004, based on comparisons between average weekly incomes and median unit prices.
- Scarborough has been the top-selling suburb north of the river for September, with Baldivis and Willetton proving popular south of the river, according to REIWA data.
- REIWA indicates the number of rental listings in Perth is an incredible 27 per cent lower than this time last year.

### CANBERRA ACT

- Canberra dwelling values remain at record highs, and values are trending upward in the detached housing sector, according to CoreLogic's Tim Lawless.
- Monash has been tipped as a suburb to watch in the 2018 September Market Report, with housing rental returns soaring to 10.2 per cent and median housing prices seeing a 5.2 per cent boost.
- Matthew Winter of Colliers International indicates commercial property purchase is now looking more attractive, particularly to smaller business operators, thanks to the lifting of stamp duty on commercial properties under \$1.5m, and the conveyance duty abolition.

### ADELAIDE SA

- Adelaide seems positioned to benefit from shifts in the national market, with developer interest increasing in smaller projects, according to Pat Gerace, CEO of the Urban Development Institute of Australia SA.
- NAB Residential Property Survey shows an expectation for Adelaide property values to see further growth, up to 1.7 per cent in 2019. This is 0.2 per cent up on the 1.5 per cent forecast for last year.
- State of the art technology has seen the BankSA mobile app launch an innovative new online home application service, coinciding with the release of research that shows 1 in 5 South Australians would rather go to the dentist than endure the traditional home loan application process.

### DARWIN NT

- Darwin's yearly growth is sitting at 0.6 this month, a small turnaround from the -2.1 for the previous month.
- Darwin does have a standout factor though, with the highest rental housing yield of all capital cities at 5.4 per cent and REINT CEO Quentin Kilian believes Darwin is worth considering for its consistent delivery on investment returns.
- Ms Kilian continues that opportunity awaits in the low-end of the market, mentioning suburbs like Karama, Malak, Gray and Nightcliff among others.



**AUD**  
**72.4<sup>c</sup>**  
**US**

down from 73.0c in Sept  
Source: RBA



**RBA Cash Rate**

**1.5%**

steady for Oct  
Source: RBA



**Cash Rate Forecast**

**1.5%**

12 mths to Oct '19  
Source: Westpac



**Inflation**

**2.1%**

year to Oct qtr  
Source: RBA



**GDP**

**3.4%**

up to June qtr  
Source: ABS



**Wage Growth**

**2.1%**

year to Jun qtr  
Source: ABS



**Consumer Confidence**

**-3.0%**

negative for Sept  
Source: Westpac-Melbourne Institute



**Disposable Income**

**3.7%**

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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