

THIS MONTH IN REVIEW

In news this month, we begin to see the property market through a post-election lens. SQM Research chief executive Louis Christopher says there has been a confidence boost to forecasts thanks to three factors: the Coalition's election victory, a Reserve Bank interest rate cut for June to 1.25%, and the APRA proposing a relaxation of lending restrictions.

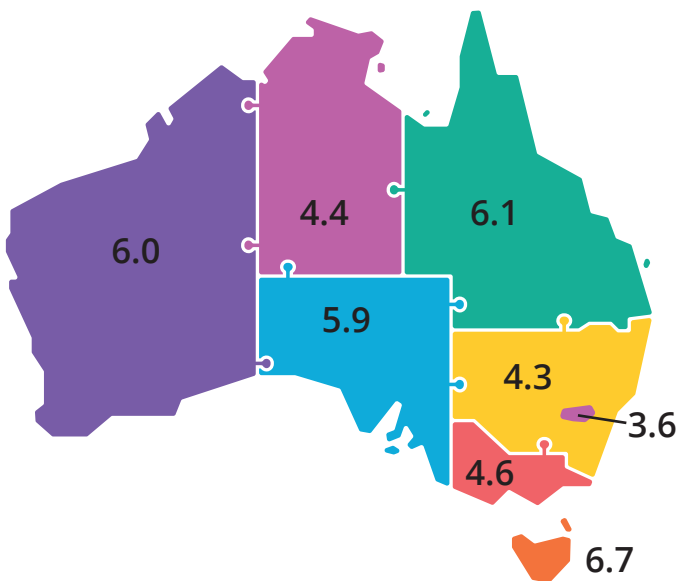
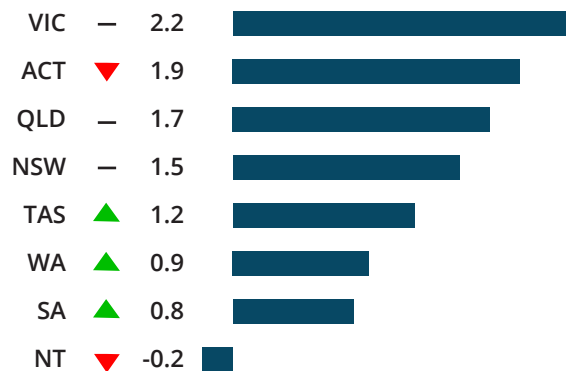
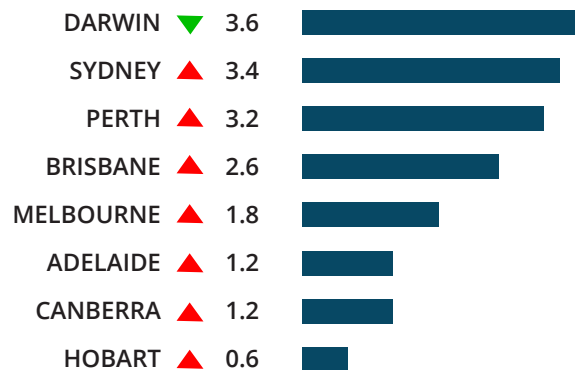
However, My Housing Market chief economist Andrew Wilson has pointed out a wait and see approach may be prudent because "the cutting of rates is always a double-edged sword — it's a positive for housing affordability but signals a growing concern over the state of the economy."

Cameron Kusher has released an article on "median time on market" which shows buyers are firmly in the driver's seat. CoreLogic's data points to a longer period of negotiation before a sale, reflecting the conditions of tougher finance and fewer buyers. Sydney, Brisbane and Hobart, in particular, are showing significant increases to their time on the market.

Annually, national dwelling values were down 7.2 per cent - the largest decline since the 12 months ending February 2009. However, CoreLogic's Tim Lawless says indicators of subtle improvements in the housing market are there in the rise in mortgage-related valuations activity and an improvement in ABS household finance data for February.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAY 01		JUN 02
SYDNEY	52%	▲	66%
MELBOURNE	57%	▲	64%
BRISBANE	48%	▼	33%
ADELAIDE	37%	▲	40%

MONTHLY UNEMPLOYMENT - MAR 19 %
Source: ABS (most recent figure at time of publication)

POPULATION GROWTH % (Yr ended SEP 2018) Source: ABS

VACANCY RATE % (MAR 2019) Source: SQM Research


HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	3.4	5.0%	\$450K
CANBERRA	3.4	4.3%	\$655K
ADELAIDE	0.3	4.2%	\$490K
BRISBANE	-1.8	4.0%	\$545K
DARWIN	-3.8	5.3%	\$495K
PERTH	-8.2	3.8%	\$505K
SYDNEY	-11.7	3.0%	\$848K
MELBOURNE	-12.6	3.0%	\$710K



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	5.4	5.3%	\$370K
ADELAIDE	0.3	4.9%	\$339K
CANBERRA	-0.7	5.5%	\$433K
BRISBANE	-2.4	5.1%	\$370K
MELBOURNE	-4.1	4.0%	\$528K
PERTH	-8.5	4.6%	\$380K
SYDNEY	-9.1	3.9%	\$660K
DARWIN	-12.9	6.0%	\$310K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney dwelling values saw the smallest decline (0.7 per cent) in six months, proving that the rate of decline continues to improve this year, according to CoreLogic data.
- CoreLogic's Tim Lawless points out there is a strong range of choice for buyers in Sydney thanks to consistently high listing numbers, standing buyers in good stead for negotiations.
- Olympic Park, Breakfast Point and the Green Square region are struggling with oversupply, according to yourinvestmentpropertymag.com.au's May 2019 Report.

MELBOURNE VIC

- Melbourne dwelling values' rate of decline has slowed from 1.5 per cent in December to 0.6 per cent in April, according to CoreLogic data.
- The downturn has affected the top end of the market most significantly – which makes sense when you consider that “the tightening of banks' lending standards and stricter credit controls are making it more difficult for borrowers to access the same level of funding as was once possible,” according to Geoff Snell, principal property economist at BIS Oxford Economics.
- Despite low yields, the rental market is still strong in Melbourne, thanks to overseas and interstate migration. Clarinda is proving to be an interesting example – despite house prices dropping over the past 12 months, rental rates for apartments have increased (by 5 per cent up to Nov 2018) according to yourinvestmentpropertymag.com.au.

BRISBANE QLD

- Brisbane's rental yields are among the highest of major capitals at 4.4 per cent for houses and 5.4 per cent for units, according to CoreLogic.
- The city is also showing an increase in the number of premium suburbs, according to yourinvestmentpropertymag.com.au. In the 12 months to January 2019, the number of million-dollar suburbs in Queensland went from 34 to 38, with Brisbane claiming 26 of those.
- According to yourinvestmentpropertymag.com.au, Brisbane has recorded its lowest number of first home buyer commitments since October 2015, with first home buyer loans comprising 24.3 per cent of total new owner-occupier lending.

PERTH WA

- Perth property sales sat at 512 in the week ending 26/5 according to REIWA Perth Market Snapshot. This is only slightly behind figures for the same time last year at 530. The number of properties listed for sale was also slightly lower than the same time last year at 16,565, and 16,691 respectively.
- A recovery in the mining industry is helping Perth to stabilise. “There seems to be a return in mining, but it's not a mining boom – it's just a slow return to recovery,” explains REA Group's chief economist, Nerida Conisbee to yourinvestmentpropertymag.com.au.

CANBERRA ACT

- Canberra's high property prices have driven first home buyer commitments down. There has been a year-on-year rate of decline at 16.2 per cent, according to yourinvestmentpropertymag.com.au.
- Some suburbs in popular locations are proving to be out of financial reach for some, but there are alternatives. Yourinvestmentpropertymag.com.au suggests those who favour Forrest, Narrabundah or Reid could instead turn to nearby Deakin, Griffith and Ainslie.
- Domain data has revealed that prices have fallen across most suburbs located on Canberra's light rail line. According to Domain senior research analyst Nicola Powell, this is due to these suburbs coming off their peak, however “these suburbs are likely to show price growth again.”

ADELAIDE SA

- Adelaide's real strength continues to lie in its consistency. The February 2019 SA Property Landscape report shows the capital values of residential properties rose by 5.9 per cent in 2018.
- Yourinvestmentpropertymag.com.au has pointed to Mount Barker in Adelaide Hills as one to watch. The suburb offers low-priced properties in both the house and unit markets, with values recovering well in the 12 months to January 2019 (increases of 5.8 per cent for houses and 3.6 per cent for units).

DARWIN NT

- Darwin dwelling values are down 1.2 per cent in April, reaching 7.1 per cent lower over the past 12 months, according to CoreLogic's National Market Update for May 2019. Units have declined significantly more than houses over the year, at 13 per cent and 3.8 per cent respectively.
- “Overall, the sales volumes for the Darwin region rose by 14 per cent for the quarter, with a total of 226 house sales,” reported Quentin Kilian, CEO of the Real Estate Institute of NT
- Yourinvestmentpropertymag.com.au suggests avoiding northern suburb Rapid Creek for the time being, because high price tags are coupled with slipping values. Housing values declined 2.5 per cent and units by 3.8 per cent in the year to January 2019.



AUD
69.1c
US

down from 70.2c in May
Source: RBA



RBA Cash Rate
1.25%

down for Jun
Source: RBA



Cash Rate
Forecast
0.75%

12 mths to Jun '20
Source: Westpac



Inflation
1.3%

year to Jun qtr
Source: RBA



GDP
2.3%

up to Dec qtr
Source: ABS



Wage Growth
2.3%

year to Dec qtr
Source: ABS



Consumer
Confidence
0.6%

Positive for May
Source: Westpac-Melbourne Institute



Disposable
Income
3.7%

year to Dec 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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