

THIS MONTH IN REVIEW

Business closures, a rapidly rising unemployment level and a plummeting share market have been the immediate major impacts of the unprecedented government measures put in place in March to stop the spread of the coronavirus.

The government restrictions also include measures that will directly affect the real estate market in Australia.

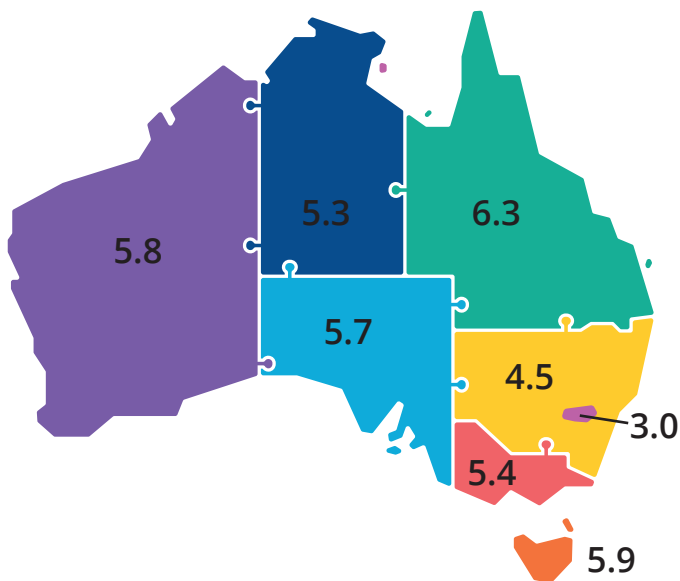
Auctions and open house inspections were banned from midnight on Wednesday 25 March for the foreseeable future. Almost 2,600 auctions that were scheduled to go ahead in the last weekend of March alone across Australia were immediately cancelled.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAR 1		APR 4
SYDNEY	82%	▼	39%
MELBOURNE	77%	▼	30%
BRISBANE	69%	▼	20%
ADELAIDE	69%	▼	31%

MONTHLY UNEMPLOYMENT - JANUARY 20%

Source: ABS (most recent figure at time of publication)



HOUSES

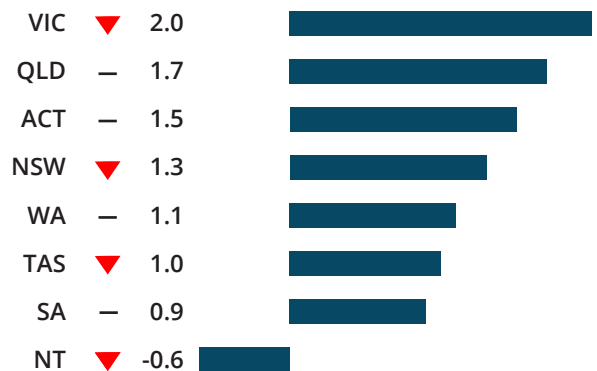
	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	12.4	3.2%	\$965K
MELBOURNE	10.7	3.1%	\$810K
HOBART	5.1	4.9%	\$521K
CANBERRA	5.0	4.4%	\$701K
BRISBANE	2.2	4.0%	\$575K
ADELAIDE	0.3	4.2%	\$500K
PERTH	- 4.0	3.9%	\$520K
DARWIN	- 8.0	5.3%	\$450K

Buyers, sellers and agents will have to rely on online auction, virtual property tours and private inspections while the restrictions are in place.

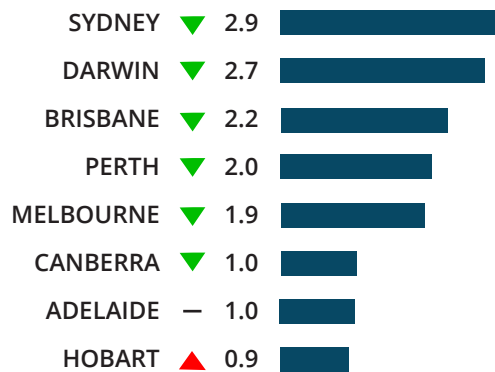
Many lenders (including the big 4 banks) are also offering coronavirus home loan relief packages to borrowers, enabling them to suspend their repayments for up to 6 months.

Almost lost in all of the other coronavirus news was the decision of the Reserve Bank to cut interest rates by a further 0.25 per cent in early March. This is the fourth interest rate cut in Australia since mid-2019.

POPULATION GROWTH % (Yr ended SEP 2019) Source: ABS



VACANCY RATE % (FEB 2020) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	10.4	3.7%	\$614K
SYDNEY	7.3	3.8%	\$720K
HOBART	4.8	5.3%	\$386K
ADELAIDE	0.6	4.9%	\$330K
BRISBANE	0.4	5.1%	\$392K
CANBERRA	0.8	5.5%	\$470K
PERTH	- 3.3	4.8%	\$375K
DARWIN	- 7.2	6.2%	\$278K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- AMP Capital Chief Economist Shane Oliver has forecast that Sydney (and Melbourne) house prices could drop by 20% due to rising unemployment levels.
- According to the latest research from the University of Sydney, approximately 20% of Sydney home owners and 33% of Sydney renters were already in a mortgage or rent stress situation' (paying more than 30% of their income in mortgage payment or rent) before the onset of the coronavirus. These percentages will be increased by the coronavirus fallout.
- CoreLogic research reveals that only 7.1% of Sydney properties are currently cheaper to buy than to rent, consolidating the Harbour city's position as the least affordable market to buy in Australia.

MELBOURNE VIC

- Domain data reveals that over half of Australia's cancelled auctions due to the coronavirus ban were to be held in Melbourne.
- According to research from Domain, it's currently cheaper to buy than rent in 19 Melbourne suburbs. Apartments in inner-city locations are the most affordable, especially in the CBD, Travancore and Carlton. Houses are currently more affordable to buy than rent in suburbs such as Meadow Heights and Dallas.
- The Westpac-Melbourne Institute Index of consumer confidence fell to a 5-year low during March, recording its second-lowest reading on record. The lowest was at the height of the Global Financial Crisis (GFC) during 2007/2008. The associated 'House Price Expectations' Index also fell sharply during March.

BRISBANE QLD

- The Brisbane property market will be less affected by the ban on on-site auctions than capital cities like Melbourne and Sydney as Domain statistics show that only 5% of Brisbane properties are currently sold this way, compared to 26% in Melbourne and 16% in Sydney.
- The Brisbane City Council has announced that ratepayers struggling to pay their rates over the coming months due to the coronavirus fallout will be able to access deferred payment plans. Penalties for late payments will also be temporarily abolished.
- The average selling time for a property in Brisbane is currently 50 days according to the latest CoreLogic figures, and list prices are being discounted by an average of 4% by sellers to make a sale.

PERTH WA

- Research from the Real Estate Institute of Western Australia (REIWA) reveals that median Perth rents have risen for the first time in 3 years (by \$10 per week). Vacancy rates have also dropped to 2%, their lowest level since 2013.
- The Western Australian government has placed an immediate freeze on household electricity and water charges in response to the coronavirus crisis.
- CoreLogic's data reveals that median Perth property prices recorded 4 months of consecutive increases between November and the end of February, the first time this has happened since the market peaked in mid-2014. However, the increases were only small, and they occurred before any coronavirus restrictions were put in place.

CANBERRA ACT

- Current Australian Bureau of Statistics data reveals that Canberra currently has the lowest unemployment rate in Australia. It also has the highest percentage of government workers, so its unemployment rate is likely to be less affected by the business closures happening around Australia. Its property market may be more resilient during the coronavirus aftermath as a result.
- The latest CoreLogic research reveals that median Canberra property prices are at record highs after growing by 3.1% over the past year and by 23.3% over the past 5 years.
- The ACT government is offering \$150 rate rebates to all Canberra homeowners as part of their coronavirus stimulus package.

ADELAIDE SA

- The South Australian government's response to the coronavirus crisis includes road infrastructure projects being brought forward to provide jobs and stimulate the local economy.
- According to the latest Australian Bureau of Statistics research, South Australia currently has Australia's highest unemployment rate. This situation will likely be exacerbated by the economic impacts of the strict coronavirus measures (as it will in all Australian States and Territories), placing downward pressure on Adelaide property demand and prices.

DARWIN NT

- According to research from CoreLogic, 77.6% of properties in Darwin currently have an estimated mortgage payment that's cheaper than median rent levels. This makes Darwin the most affordable capital city to buy in Australia, which is one positive of the 30% fall in property prices that the city has experienced since its market last peaked in 2014.
- The latest figures from CoreLogic reveal that current rental yields for investment properties in Darwin are the highest in Australia (6.2% for units and 5.3% for houses).



AUD
60.7c
US

down from 65.5c in April
Source: RBA



RBA Cash Rate
0.25%

down for April
Source: RBA



Cash Rate Forecast
0.25%

12 mths to Mar '21
Source: Westpac



Inflation
1.8%
year to April
Source: RBA



GDP
2.2%
year to Dec qtr
Source: ABS



Wage Growth
2.2%
year to Dec qtr
Source: ABS



Consumer Confidence
-3.8%
down for Mar
Source: Westpac-Melbourne Institute



Disposable Income
2.7%
year to Dec qtr
Source: ABS