

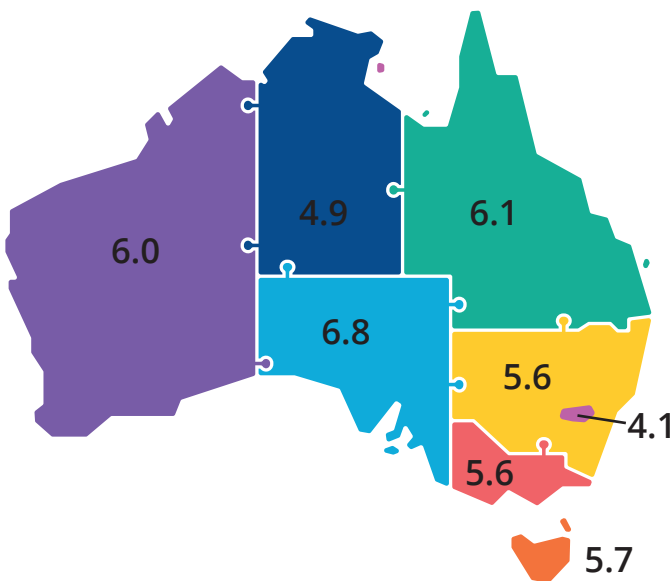
THIS MONTH IN REVIEW

As we enter May, the housing market in every state capital continues to surge. A combination of increased consumer confidence, record low-interest rates, low stock rates and the all-consuming fear of missing out has sent buyers into a frenzy. Buyers want to stake their claim in a market that to date has shown no signs of slowing.

CoreLogic has just released a report indicating that during the March quarter, the Australian property market grew at the fastest rate in thirty-three years. However, Head of Research, Tim Lawless, predicts that "the pace of capital gain will gradually taper over the coming months. There has been a marked lift in new listings coming to the market relative to prior years", he said. As

AUCTION CLEARANCE RATE Source: APM PriceFinder

| | APR 1 | | MAY 1 |
|-----------|-------|---|-------|
| SYDNEY | 85% | ▼ | 81% |
| MELBOURNE | 75% | ▲ | 77% |
| BRISBANE | 61% | ▲ | 72% |
| ADELAIDE | 73% | ▲ | 84% |

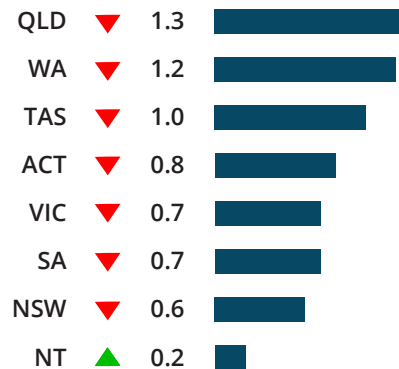
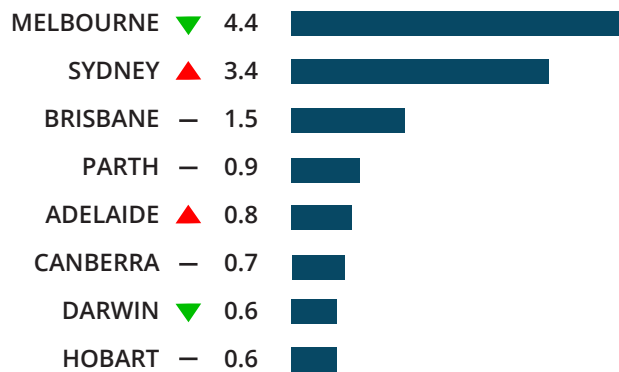
MONTHLY UNEMPLOYMENT - FEB 2021
Source: ABS (most recent figure at time of publication)


| HOUSES | YRLY GRWTH | YIELD | MEDIAN |
|-----------|------------|-------|---------|
| DARWIN | 16.3 | 4.9% | \$522K |
| CANBERRA | 13.8 | 4.2% | \$777K |
| HOBART | 12.8 | 4.4% | \$596K |
| ADELAIDE | 9.1 | 4.1% | \$521K |
| BRISBANE | 7.9 | 3.8% | \$580K |
| SYDNEY | 7.7 | 2.9% | \$1000K |
| PERTH | 6.3 | 4.0% | \$530K |
| MELBOURNE | 0.3 | 2.9% | \$806K |

more vendors take advantage of the strong selling conditions, Mr Lawless suggests that there will be a "rebalancing between buyer and sellers". In addition, there are fewer government-stimulus measures now available, as well as affordability constraints.

Despite this prediction, most experts and economists from all major banks suggest that housing values will continue to rise through 2021 and into 2022, although not at the same unsustainable growth rate.

CoreLogic also released their Rental Review for the March 2021 quarter this week. It showed an increase in rental rates of 3.2% on average, with Darwin and Perth driving much of this increase.

POPULATION GROWTH % (Yr ended SEP 2020) Source: ABS

VACANCY RATE % (MAR 2021) Source: SQM Research


| UNITS | YRLY GRWTH | YIELD | MEDIAN |
|-----------|------------|-------|--------|
| HOBART | 11.2 | 5.0% | \$430K |
| DARWIN | 9.8 | 6.4% | \$322K |
| CANBERRA | 5.7 | 5.4% | \$480K |
| ADELAIDE | 5.0 | 4.6% | \$380K |
| PERTH | 3.9 | 4.8% | \$400K |
| BRISBANE | 1.9 | 5.0% | \$412K |
| MELBOURNE | 0.8 | 3.5% | \$610K |
| SYDNEY | 0.1 | 3.6% | \$722K |

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- The median unit price in Sydney is now 66% lower than the median house price. Domain's Nicola Powell suggests this is due to weaker investor activity over the last year. However, desperate buyers looking to get a foot in the door are now turning to off-the-plan units as an alternative to buying a house. Developers are taking advantage of this trend; the better end of the unit market is now picking up as a result.
- The last month has seen many housing price records fall in Sydney. However, there are still pockets where buyers and investors can find a bargain. Outer suburbs such as Gorokan, Charmhaven, and Budgewoi have median prices under \$436,000. Closer to the CBD, Campbelltown, Fairfield, Liverpool, and some areas of Blacktown were still within reach for bargain hunters and first home buyers.

MELBOURNE VIC

- According to Domain, Melbourne apartment owners and investors are selling units at losses of up to 40%. Many apartments in the CBD and surrounding suburbs are still sitting empty after nine months, with owners who can't find renters being forced to sell. Look for bargains in Carlton, Essendon and the inner-city. While Box Hill, Hampton and Brighton have had the most significant quarterly median increase.
- Realestate.com reports that a trend towards unusual bids, using "lucky numbers and theatrics," was seen at Melbourne auctions where houses were selling for well over reserve during April. Glen Waverley, Parkdale and Croydon, saw record 'early clearance' rates of 82 per cent.
- The State Revenue Office of Victoria reported this week that a record number of first-home buyers aged 40-plus had entered the Melbourne housing market in the last 12 months. They account for 13% of all first-home buyers, most taking advantage of the Covid-stimulus measures to get their foot in the door.

BRISBANE QLD

- After a rebound in sales and listings over recent months, Brisbane's housing market remains unchanged by closed international borders. In fact, after 12 months of growth, prices are now reaching record highs due to interstate migration. ANZ economists have forecast a further 9.5% growth in 2021.
- Local agents are recommending the following suburbs as areas where potential bargain buys are still on offer. These include Springwood, Geebung, Samford Village and Oxley.
- Domain's Rent Report for the March quarter reveals the Gold Coast and Sunshine Coast are now two of the most expensive areas to live in the country. Rents in Brisbane also increased and are now on average \$500 per week.

PERTH WA

- Perth rentals have risen for three consecutive quarters, with increases now at the fastest rate since 2013. While tenants are still paying below the market peak, the gap is rapidly closing. With additional employment opportunities in the mining and resources sector due to overseas demand for resources, rents should continue to rise over the next three months.
- Realestate.com reports that Perth's premium property market is going from strength to strength. South Perth, Cottesloe, and Swanbourne all recorded record prices.
- Increased employment opportunities and ex-pats returning to live in Perth have also seen the housing market continue to flourish. Churchlands, Floreat, Wembley Downs and Doubleview, are all suburbs to watch, according to local real estate experts.

CANBERRA ACT

- Village Building Company CEO Travis Doherty has postponed a planned 30-block land release at South Jerrabomberra after being overwhelmed with enquiries from potential buyers. Initially set for release on 1 May, a new sale date is yet to be announced.
- Despite the Anzac Day long weekend, house hunters were out in force over the last weekend in April. According to Domain, thousands are flocking to auctions with properties selling in minutes and at record prices. Suburbs to watch this month are Giralang and Gilmore.

ADELAIDE SA

- CoreLogic reports that house prices in Adelaide have soared more than 20 per cent over the past year. However, there are still affordable suburbs on offer. Experts believe Peterhead, Salisbury Park, Smithfield Plains and Hendon will see the best growth potential in the next twelve months.
- Auctions are now proving one of the best ways to sell property in Adelaide. Traditionally a city that saw very few auctions, Realestate.com reports that Adelaide now has the third-highest clearance rate in the country with record numbers of bidders at auctions.

DARWIN NT

- Energy giant Santos has just approved a significant offshore gas development 300 km north of Darwin. Experts predict a real estate boom in the NT capital similar to the increase in development a decade ago when INPEX's Ichthys project commenced. With more than 600 new employment positions on offer, the property market can expect a conservative 20 per cent increase.
- The Darwin rental market leads the way in the CoreLogic March quarter Rent Report, with house rents increasing by 8.2% and unit rents increasing by 7%.



AUD
77.7c
US
up from 75.4c in Apr
Source: RBA



RBA Cash Rate
0.1%
steady for May
Source: RBA



Cash Rate Forecast
0.1%
12 mths to May'22
Source: Westpac



Inflation
1.1%
year to May
Source: RBA



GDP
3.1%
year to Dec qtr
Source: ABS



Wage Growth
3.2%
year to Nov qtr
Source: ABS



Consumer Confidence
6.2%
up for April
Source: Westpac-Melbourne Institute



Disposable Income
4.9%
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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