

THIS MONTH IN REVIEW

CoreLogic's latest figures are showing strong signs of an ending downturn, with some of the most-affected markets, such as Sydney, already starting to recover.

Meanwhile, Australian borrowers have received some respite this month, with the RBA deciding to pause rate hikes for April after 10 consecutive rises. The successive rate rises had garnered negative reactions from the market and industry experts, however it remains to be seen whether this will be the last of the increases, or simply a pause for the time being.

According to a recent Fitch Ratings report, the Dinkum RMBS Index for the last quarter of 2023 shows a 0.82% quarter-on-

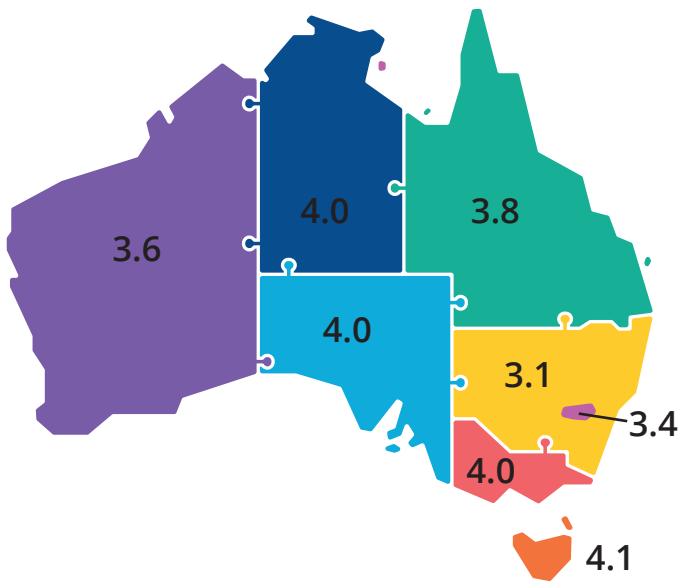
quarter increase in 30+ days mortgage arrears. A trend that's likely to continue in 2023 due to rising interest rates.

Meanwhile, nationwide unit rents have grown by 13.7%. It's the highest increase ever recorded in a 12-month period, according to CoreLogic's latest figures. This is partially driven by record-low unit vacancy rates, now sitting at 0.88%.

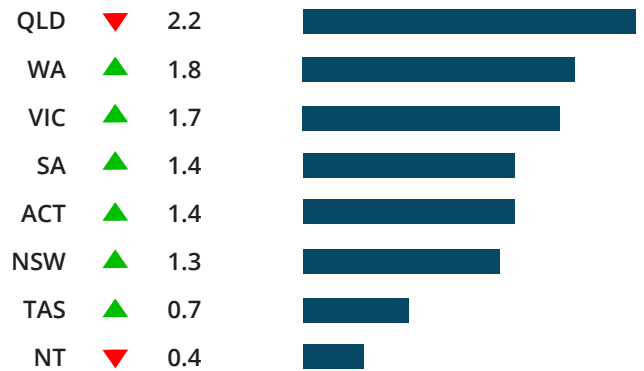
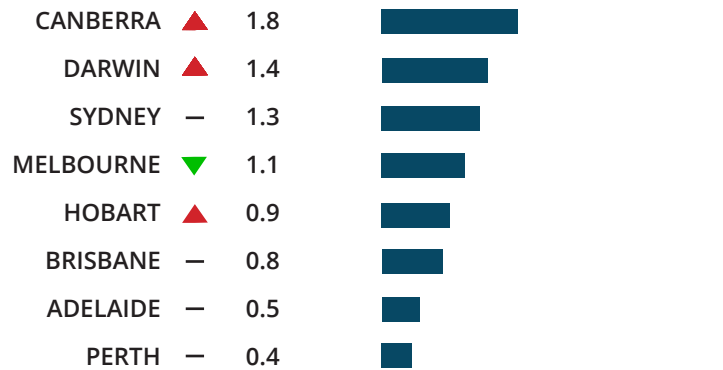
Despite an overall 24.1% rise in dwelling rent values over the last 12 months, investment activity has slowed considerably. ABS records show a 47% difference in the number of investment loans – from 21,663 in March 2022 down to 11,485 in March this year.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAR 04		APR 01
SYDNEY	68%	▲	71%
MELBOURNE	68%	▲	69%
BRISBANE	61%	▲	67%
ADELAIDE	65%	▲	72%

MONTHLY UNEMPLOYMENT - JANUARY 2023
Source: ABS (most recent figure at time of publication)


HOUSES	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	4.3	3.8%	\$665K
DARWIN	3.1	5.4%	\$580K
PERTH	2.6	4.7%	\$570K
BRISBANE	-8.6	3.7%	\$750K
CANBERRA	-8.4	3.7%	\$960K
HOBART	-12.2	3.8%	\$742K
MELBOURNE	-11.2	2.6%	\$910K
SYDNEY	-14.7	2.6%	\$1.300M

POPULATION GROWTH % (Yr ended SEP 2022) Source: ABS

VACANCY RATE % JAN 2023 Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	10.9	5.0%	\$435K
BRISBANE	3.5	5.0%	\$475K
DARWIN	2.5	6.6%	\$386K
CANBERRA	-0.5	4.9%	\$585K
PERTH	0.6	5.8%	\$400K
MELBOURNE	-5.7	3.5%	\$610K
HOBART	-10.1	4.2%	\$550K
SYDNEY	-10.0	3.7%	\$743K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- While all major capitals are showing signs of downturn 'bottoming out', Sydney is the only capital on a clear upward trajectory, with many suburbs raking in sale price increases not seen since the boom of 2021, as reported by realestate.com.au. This report is consistent with CoreLogic's data, which shows Sydney as the only capital with a positive month-on-month increase of 1.3% in combined dwelling values.
- All eyes will be on the new NSW Labor government to see if they will deliver on their promise to increase the threshold for stamp duty exemption to \$800K.
- According to CoreLogic, Sydney – which has a 1% vacancy rate – recorded the highest increase (16.7%) in unit rents over the last 12 months leading to February. This translates to a \$394 increase in a median unit rental, currently at \$2,747.

MELBOURNE VIC

- The return of Chinese students to Australia and the improving relations between our countries have reignited enquiries from Chinese property investors, with Melbourne (and Sydney) at the top of their list, according to Property Investor.
- Two of the four stages of the Suburban Rail Loop are already underway, with the eastern section due to open in 2035. The affected suburbs – predicted to become the new business centres – have become a magnet for property investors, as reported by The Urban Developer.
- According to Domain, homeowners' reluctance to sell in the downward market has caused the listings to contract, which in turn has led to prices increasing in some parts of Melbourne, particularly in the outer east, where auction clearance rates have been as high as 78% over the last 4 weeks.

BRISBANE QLD

- The state government has announced incentives for eligible build-to-rent projects, which will halve land tax obligations and abolish Foreign Land Tax Surcharge. The move is praised by the Property Council of Australia, saying it will speed up the desperately needed increase in the supply of rental housing in Queensland.
- Despite the shortage of housing stock, Queensland is seeing 'significantly more migration than any other place in Australia', says Anne Flaherty, an economist at realestate.com.au.
- CoreLogic's recent 1-year flood anniversary report shows the negative impact of the floods on dwelling values in affected regions, with Mullumbimby taking the biggest hit of 30.1% – the nation's highest decline in the last 12 months.

PERTH WA

- Perth has overtaken Adelaide as the most affordable city in Australia, well, at least when it comes to its median land price of \$228K, according to The Urban Development Institute of Australia's latest State of the Land Report.
- The report also noted a 20% year-on-year decline in the completion of multi-residential projects. It predicted the decline will continue over the next 3 years, with new construction projects down 54%.
- Developers and landowners alike will soon need to submit an application for development approval when clearing trees over 8 metres tall – as per vote by two inner-city councils: the City of South Perth and the City of Nedlands.

CANBERRA ACT

- According to Domain's latest Vacancy Rates report, Canberra has recorded a vacancy rate of 1.5% last month, the highest rental of any capital in Australia. While anything under 2% is still defined as a tight market, tenants can breathe a little easier with less competition.
- A major rental reform by the ACT government will come into effect 1 April 2023, giving tenants more rights by removing the 'no cause' evictions from the Residential Tenancy Act 1977. This makes ACT 'the first jurisdiction to put an end to evictions without cause', said Attorney-General Shane Rattenbury.

ADELAIDE SA

- Apart from Sydney, Adelaide is the only other capital with rising unit values, up by 0.1% from last month, according to CoreLogic's figures, with an overall year-on-year increase of 10.9%.
- Across all capitals, Adelaide has the greatest shortage of unit rental vacancies, currently sitting at a record low of 0.2%. However, even though unit rents have increased by 12.8% in the last year – according to CoreLogic – it is still the most affordable capital with a median monthly unit rent of \$1,890.
- Adelaide's auction results have outpaced all other capitals this month with a 4-week average 72.95% preliminary clearance rates, as per CoreLogic data.

DARWIN NT

- Having one of the lowest property prices among the nation's capitals, Darwin – with a median house price of \$460K according to realestate.com.au – is great for attracting investors wanting to buy existing stock.
- The latest REA Market Trends report identifies Moulden as Darwin's most affordable suburb, with a median house price of \$390. The suburb has increased by 6.8% in the last six months, with predictions for solid growth.



AUD
67.6c
US
up from 67.5c in Mar
Source: RBA



RBA Cash Rate
3.6%
up for Apr
Source: RBA



Cash Rate Forecast
3.85%
12 mths to Mar'24
Source: Westpac



Inflation
7.8%
year to Dec
Source: RBA



GDP
0.5%
year to Sep qtr
Source: ABS



Wage Growth
3.4%
year to Nov qtr
Source: ABS



Consumer Confidence
6.9%
steady for Mar
Source: Westpac-Melbourne Institute



Disposable Income
1.6%
year to Sep 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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