

THIS MONTH IN REVIEW

The RBA increased interest rates again this week as inflation rose to 6.1 per cent; the fastest pace in more than two decades. Meanwhile, Treasurer, Jim Chalmers, has warned us to 'brace for pain to escape recession' later this year.

Despite the gloomy economic forecast, there were mixed messages in the property market last month, with auction clearance rates falling below 60 per cent for the seventh straight week but prestige properties going gangbusters.

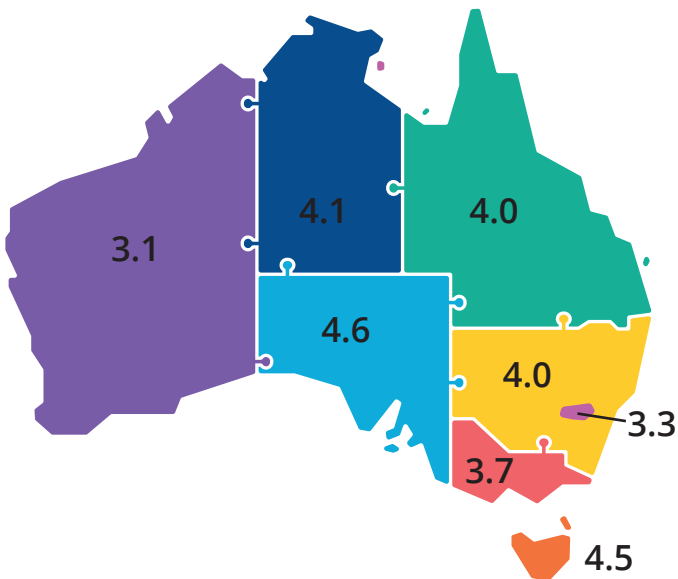
However, for the most part, homebuyers are sitting on their hands, reluctant to buy as the triple whammy of rate hikes, rising inflation and waning consumer confidence persist.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUL 02		JUL 30
SYDNEY	56%	▲	59%
MELBOURNE	55%	▲	59%
BRISBANE	45%	▲	48%
ADELAIDE	72%	▲	83%

MONTHLY UNEMPLOYMENT - MAY 2022

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



HOUSES

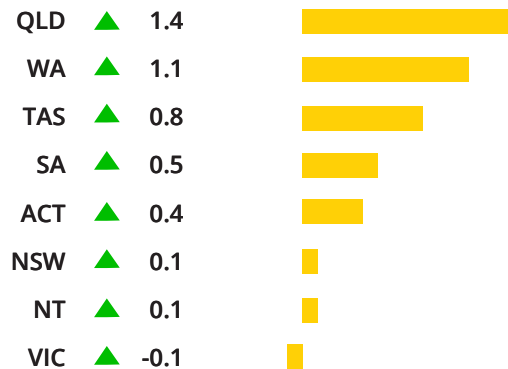
	YRLY GRWTH	YIELD	MEDIAN
BRISBANE	27.4	3.6%	\$780K
ADELAIDE	27.4	3.8%	\$650K
CANBERRA	15.8	3.7%	\$1,070M
HOBART	13.6	3.7%	\$780K
SYDNEY	6.8	2.3%	\$1,400M
PERTH	6.2	4.6%	\$550K
DARWIN	5.1	5.3%	\$585K
MELBOURNE	3.6	2.6%	\$949K

For sellers and investors alike, higher stock volumes and a decrease in housing values have seen auction withdrawal rates increase across the country.

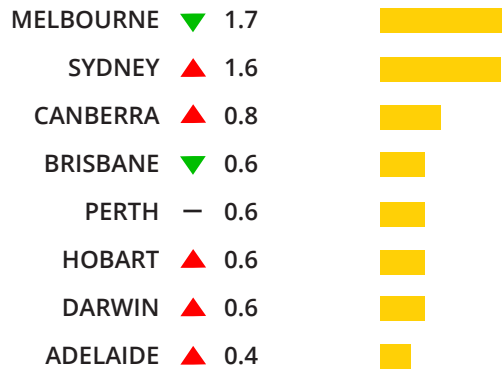
Winter is traditionally a slower season across all property markets, but Sydney and Melbourne's in particular have reacted strongly to the current economic conditions. Proptrack expects property prices in all centres to fall over the next eighteen months, with the eastern capitals set to drop the furthest.

Commercial property sales have also started to stall across the country in the last month with the exception of big-ticket pubs which rose 25 per cent across the country in the last month.

POPULATION GROWTH % (Yr ended DEC 2021) Source: ABS



VACANCY RATE % JUN 2022) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
CANBERRA	18.3	5.0%	\$577K
BRISBANE	15.9	4.8%	\$460K
ADELAIDE	15.1	5.1%	\$415K
HOBART	13.7	4.2%	\$585K
DARWIN	9.2	6.1%	\$415K
SYDNEY	3.5	3.3%	\$785K
PERTH	2.8	5.3%	\$411K
MELBOURNE	2.2	3.2%	\$645K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- As buyer demand decreases, investors in Sydney are stepping up to the plate with a report from Well Money identifying the top twenty investment-grade suburbs in NSW. St Huberts Island, Empire Bay and Woollahra in greater Sydney made the list, as did Horningssea Park.
- Sydney tenants pay the highest house rents in the country, with Domain reporting that the median weekly rental is expected to increase further by spring. In the quarter to June, house rents increased on average 3.3 per cent, with units experiencing a 5 per cent rental hike. The most significant rent increases were seen in Sydney's Inner West, North Sydney and Hornsby.
- New figures show that the Sydney median house price recorded its steepest fall in three years, with experts forecasting further falls as the downturn spreads across the city. Sydney's inner-west, Northern Beaches, and Hornsby regions showed the highest decline, while Ryde and Sydney's south-west both recorded more moderate decreases of 2 per cent.
- Welfare groups have called for a ban on the 'no pets' policy in rental homes. As Sydney renters struggle to find pet-friendly accommodation, an increase in pet surrenders was the catalyst for the call to action.

MELBOURNE VIC

- Melbourne's median house prices have recorded back-to-back falls with a new median of \$1,07,369, \$20,000 less than its December peak. This marks the longest period of decline since the pandemic hit, and experts expect the downturn to continue well into spring.
- The Victorian housing affordability scheme in which the state pays for up to 25 per cent of a home in return for share equity has just 200 places left eight months after launch. The first-home buyer hot spots are Pakenham, Tarneit, Point Cook, Reservoir and Truganina.
- Caydon Property Group is in receivers' hands, citing the impact of Covid lockdowns and rising interest rates as the culprits. The multi-billion dollar property group is behind several of high-profile projects.
- Auction withdrawals hit 61.1 per cent in July, with homeowners deciding to switch to a private sale process or alternately renting their property as buyer confidence wanes. With many sellers still expecting record high prices and sellers who planned to renovate deterred by interest rate hikes and the high cost of building materials and labour, days on the market have also increased across the city.

BRISBANE QLD

- Brisbane is one of two cities with record high real estate prices. According to Domain's House Price Report, real estate prices rose by almost \$167,000 for houses and \$40,000 for units in the last quarter.
- Despite a strong June quarter, the market slowdown is expected to impact Brisbane over the next few months, with experts predicting that the market will see a 5 to 10 per cent drop by the end of 2022.

PERTH WA

- According to Domain's quarterly house price report, Perth is no longer Australia's most affordable city to purchase a home. House prices reached a new record median of \$651,956 over the quarter.
- REIWA president Damian Collins said demand for property remained high throughout the last financial year, with overall sales up 19.8 per cent across Perth. The top performing suburbs for sales growth include Dayton, North Fremantle, Orelia, Armadale and Leda. Of the ten suburbs included in the analysis by REIWA, seven had median prices well below half a million dollars.

CANBERRA ACT

- Canberra is now the second most expensive city to buy a house or unit. Domain reports that unit prices increased a further 4.4 per cent over the last quarter while house prices increased by 1.8 per cent to a median of \$1,154,535. Woden and the inner-south are the go-to locations for more affordable units.
- Investors who want to dip a toe in the Canberra property market should consider properties in Belconnen, Holt, Phillip, Gordon and Ngunnawal. According to Domain, these suburbs are the most sought after by renters.

ADELAIDE SA

- Rents in Adelaide have increased in some suburbs by 55 per cent year to date, with weekly rents in metropolitan Adelaide rising by 10.3 per cents in the last quarter. Suburbs with the biggest house rental increases include Unley Park, Frewville and Glenelg South. The most considerable unit rental increases were in Port Adelaide, Millswood and Woodville South.
- Proptack data of the most popular search terms on realestate.com.au revealed that prospective buyers in Adelaide are looking for houses that offer a guaranteed rental income suggesting that investors are driving the market in the city of churches. Homes in St Peters and Golden Grove were proving popular.

DARWIN NT

- According to Domain's quarterly house price report, Darwin has earned the title of the most affordable city to purchase a house. The median house price in Darwin is \$610,278.
- With demand still high, housing approvals up, and a continued surge in people relocating to the top-end, the NT property market is looking increasingly stable. Property values are holding in Darwin as the number of new listings slowed over the last month. Outside of Darwin, Palmerston and Litchfield are gaining in popularity.



AUD
70.0c
US
up from 68.3c in July
Source: RBA



RBA Cash Rate
1.85%
up for Aug
Source: RBA



Cash Rate
Forecast
3.35%
12 mths to June '23
Source: Westpac



Inflation
3.2%
year to March
Source: RBA



GDP
0.8%
year to Mar qtr
Source: ABS



Wage Growth
2.1%
year to Nov qtr
Source: ABS



Consumer
Confidence
-3.0%
down for July
Source: Westpac-Melbourne Institute



Disposable
Income
-4.0%
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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