

THIS MONTH IN REVIEW

House sellers continue to benefit as the property buying frenzy persists across the country. Meanwhile, leading economists have predicted that interest rates could start to increase as early as November 2022, well ahead of the RBA's 2024 timeline.

Forward indicators predict a tightening labour market, increases in wages and inflation as early as mid-2022. Combined with the current 'cheap credit' on offer and the fastest month-on-month growth in the property market in 33 years, many buyers may soon find higher interest rates beyond reach.

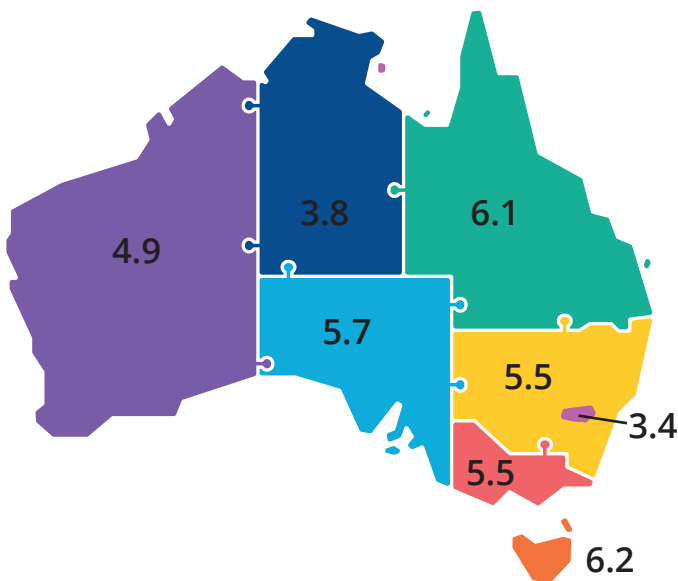
Auction results for the end of June are predicted to falter slightly due to increased housing supply and new Covid-19 restrictions

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUN 1		JUL 3
SYDNEY	78%	▼	69%
MELBOURNE	71%	▲	73%
BRISBANE	79%	▼	54%
ADELAIDE	85%	▼	79%

MONTHLY UNEMPLOYMENT - APR 2021

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



HOUSES

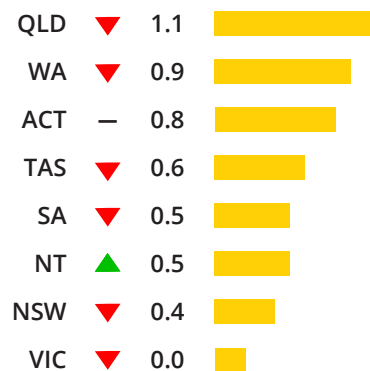
	YRLY GRWTH	YIELD	MEDIAN
DARWIN	21.1	4.9%	\$565K
CANBERRA	17.6	4.2%	\$806K
HOBART	16.4	4.4%	\$600K
ADELAIDE	13.0	4.1%	\$530K
SYDNEY	14.8	2.9%	\$1090K
BRISBANE	11.9	3.8%	\$608K
PERTH	8.7	4.0%	\$535K
MELBOURNE	5.5	2.8%	\$820K

across several capital cities. Nevertheless, the current boom continues, with properties selling well over the reserve and records continuing to tumble.

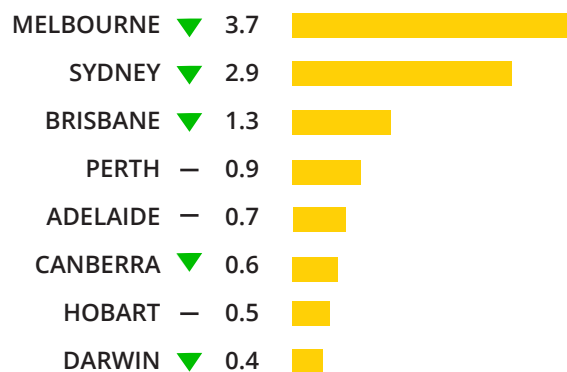
Many property owners have made a profit by reselling their homes in 2021. New research from CoreLogic found that 90.3 per cent of homes sold in the March quarter made a profit.

CoreLogic also found that units were more than twice as likely to sell at a loss than houses, with owner-occupiers enjoying a higher incidence of profitability than investors.

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



VACANCY RATE % (MAY 2021) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	16.6	5.0%	\$450K
DARWIN	18.3	6.5%	\$325K
CANBERRA	8.0	5.4%	\$486K
PERTH	6.0	4.8%	\$409K
ADELAIDE	4.6	4.7%	\$375K
BRISBANE	4.1	4.9%	\$415K
MELBOURNE	3.2	3.5%	\$610K
SYDNEY	2.8	3.5%	\$732K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- In a bid to beat the Greater Sydney lockdown, many auctions were brought forward at the end of June. Buyers were still out in force though, with records continuing to tumble and many properties selling well above reserve. Agents are now reverting to video and online auctions.
- REINSW has confirmed that private property inspections will be allowed during the lockdown period. However, only one buyer and one agent may attend the property. My Housing Market economist Andrew Wilson said the new lockdown would be a "significant test" for the Sydney market.
- CoreLogic has identified Macquarie Park, Lidcombe, Rockdale, Randwick and Westmead as suburbs where listing volumes are above average, and price increases have not kept pace with the broader market.
- According to Domain, Potts Point and the Kings Cross 'glitter strip' are attracting former residents who are returning to the area to 'retire' and are now the new sought-after inner-city addresses.

MELBOURNE VIC

- NAB Executive for Home Ownership Andy Kerr says 'Victorian buyers are back' reporting a 67 per cent jump in loans for the group. First home buyers, in particular, are flooding back into the market with strong demand in Mount Waverley, Richmond, Berwick and Croydon.
- CoreLogic has identified several Melbourne suburbs where buyers are more likely to buy in due to higher listings volumes now available. These include Port Melbourne, Hawthorn and Carnegie.
- The Victorian government has introduced the stamp duty 'premium', which will apply on all property sales above \$2 million. The new measure, as well as increases in land tax, will apply from 1 July 2021.
- Investors unable to rent or sell their units are turning to the short-stay rental market. Demand during the school holidays has soared as Victoria residents booked intra-state holidays this year.

BRISBANE QLD

- Lendlease has unveiled the Yarrabilba precinct with more than 100 lots sold in one day. Located in Brisbane South, new precincts will continue to open up in a staged land release.
- The Real Estate Institute of Queensland announced that strict new rules had been introduced for buying, selling and renting homes and are effective from 29 June 2021. These are directly associated with the Covid-19 crackdown imposed by the state government and will change the way agents conduct open homes, auctions and rental inspections. Further rules will be imposed on July 9 2021.
- According to Domain, Brisbane's best property buys in June were in Hawthorn, Wynnum and Shailer Park, where property could still be purchased for less than \$750,000.

PERTH WA

- CoreLogic has identified Nedlands, Crawley, Baynton and Inglewood as suburbs where higher listing volumes have meant that buyers wanting to enter the market can without paying top dollar.
- The Real Estate Institute of WA president Damian Collings said the vast majority of Perth suburbs were more affordable for tenants now. Despite rents lifting over the last 12 months, Perth remains one of the most affordable cities in the country. REIWA is calling for investors to move back into the market, suggesting that Carine, Dalkeith, City Beach and Stirling are the best suburbs to consider.

CANBERRA ACT

- CoreLogic reports that the outer suburbs of Belconnen and Tuggeranong are the best value for house hunters. Buyers looking for a bargain should also consider Isabella Plains, Richardson and Latham.
- The ACT government is planning an 'urban village' for Coombs and Wright in the Molonglo Valley. Hyperaware of the need for more land, the ACT government is working closely with the Suburban Land Agency to finalise plans for the area. Expressions of interest opened on 24 June 2021.

ADELAIDE SA

- Adelaide's property market is the most profitable it's been in a decade. CoreLogic reports that 93.6 per cent of houses sold in the last three months recorded a profit. The Adelaide Hills council region recorded the highest proportion of profit-making resales.
- More than 104 of Adelaide's suburbs were identified as rising markets, up on the previous record of 92. Suburbs where buyers can purchase houses for less than \$500,000, include Greenacres, Gawler, Ferryden Park and Dover Gardens.
- Meanwhile, SA's regional locations are continuing to enjoy a pandemic-induced boom. Realestate.com reports that property prices along the state's coastline have risen sharply over the last year.

DARWIN NT

- Darwin homes values have achieved record annual growth, with CoreLogic reporting a 20 per cent increase in prices in the past year. Darwin's annual jump in both dwelling and rental values was the steepest in the country.
- Approvals for new houses are the highest they've been in five years. Residents are taking advantage of recent new land releases and the generous federal and NT Covid stimulus schemes.
- The Gap in Darwin is being touted as a suburb to watch with higher volumes and prices not currently keeping pace with the broader market.



AUD
74.6c
US
down from 77.2c in June
Source: RBA



RBA Cash Rate
0.1%
steady for July
Source: RBA



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



Inflation
1.1%
year to July
Source: RBA



GDP
1.8%
year to Mar qtr
Source: ABS



Wage Growth
3.2%
year to Nov qtr
Source: ABS



Consumer Confidence
5.2%
Down for June
Source: Westpac-Melbourne Institute



Disposable Income
5.5%
year to Dec qtr
Source: ABS

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