

THIS MONTH IN REVIEW

Strong conditions in the Australian housing market continue, and June is expected to be another real estate 'Groundhog Day'.

While more sellers have been lifting asking prices midway through campaigns compared to previous years, Domain's Dr Nicola Powell says that this trend is easing and "proves that the strong pace of price growth recorded this year is unlikely to continue at such a rapid rate".

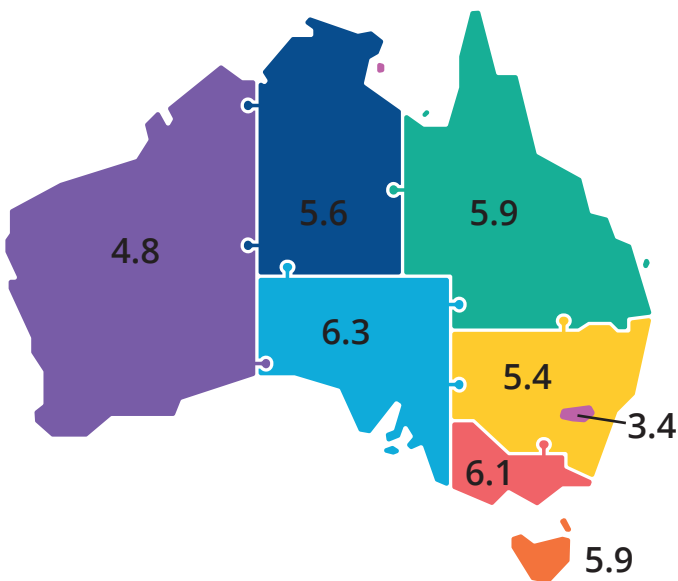
Australia's combined capital city median house price notched the sharpest quarterly increase in more than eighteen years, with Sydney and Canberra showing the fastest acceleration.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAY 1		JUN 1
SYDNEY	81%	▼	78%
MELBOURNE	77%	▼	71%
BRISBANE	72%	▲	79%
ADELAIDE	84%	▲	85%

MONTHLY UNEMPLOYMENT -MAR 2021

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



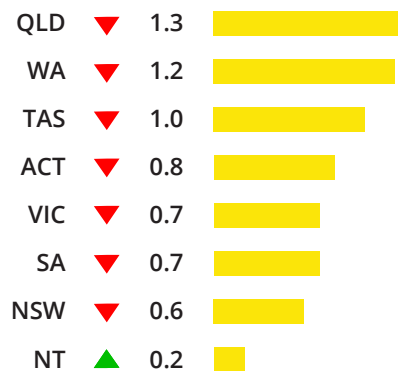
HOUSES

	YRLY GRWTH	YIELD	MEDIAN
DARWIN	18.1	4.9%	\$535K
CANBERRA	16.0	4.2%	\$790K
HOBART	14.3	4.4%	\$600K
ADELAIDE	11.1	4.2%	\$521K
SYDNEY	10.3	2.9%	\$1000K
BRISBANE	9.5	3.8%	\$590K
PERTH	6.9	4.1%	\$530K
MELBOURNE	2.2	2.9%	\$810K

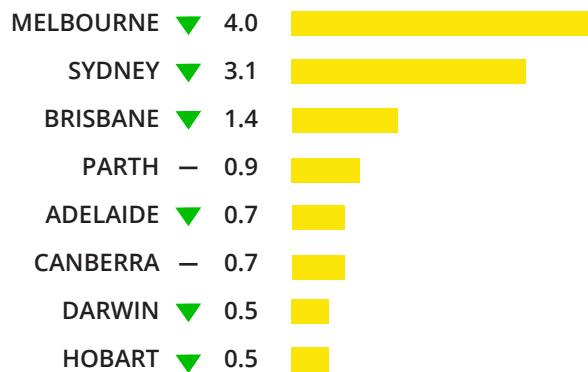
Meanwhile, thousands of investors are expected to offload apartments in the Sydney and Melbourne CBD, with a new survey by ME bank showing that 23% of investors want to sell their property in the next 12 months due to higher vacancy rates and plummeting rents in the CBD.

The federal budget was announced last month with a variety of measures impacting real estate. However, the most significant windfall is that taxes relating to investment property remain unchanged. In addition, the government extended the First Home Loan deposit scheme. It also introduced a new deposit scheme to support single parents, the Family Home Guarantee, and made changes to the First Home Super Saver Scheme.

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



VACANCY RATE % (APR 2021) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	11.6	5.0%	\$440K
DARWIN	9.5	6.4%	\$320K
CANBERRA	7.5	5.4%	\$490K
PERTH	4.8	4.9%	\$405K
ADELAIDE	4.7	4.7%	\$375K
BRISBANE	2.3	5.0%	\$410K
MELBOURNE	1.8	3.5%	\$610K
SYDNEY	1.8	3.6%	\$725K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Domain reports that Sydney's prestige home prices are rising at twice the rate of entry-level homes. The median price at the top of the market sits at \$3.65 million, and high-end homes lead the charge in Sydney's rapidly rising demand. Homes in Killara, Clovelly, Manly and Balmain are the most sought after.
- With Sydney house prices soaring, buyers who once dreamed of buying a house are turning to apartment living. Core Logic reports that houses in Sydney now cost 74 per cent more than apartments; that's up from 55 per cent last year.
- Marrickville in Sydney's inner-west is becoming a first home buyers haven, according to Domain. Sought after because of its proximity to the CBD, relative affordability and vibrancy, put it on your list of suburbs to watch.

MELBOURNE VIC

- Property industry groups and investors are unhappy with the property tax hikes announced in the Victorian state government budget. There will be a rise in land tax for those with investment property valued between \$1.8 million and over. The government also announced a raft of changes to Victorian stamp duty.
- Density restrictions will again apply to all auctions held across Melbourne until the latest Covid-19 outbreak is under control. Attendees must also wear face masks and sign in using QR codes.
- According to Domain, with house prices continuing to rise in Melbourne, desperate buyers are looking to the traditionally 'less affluent' areas of the city. Buyers are flocking to Melbourne's west and north in an attempt to break into the market. Footscray, Seddon, Kingsville, and Yarraville are all popular.

BRISBANE QLD

- Brisbane house prices have soared to record highs for the seventh consecutive quarter, according to Domain. Key spots include Brisbane inner city, inner east, inner west and inner north. Interest from interstate continues to be a market driver, with buyers from Sydney and Melbourne still seeing Brisbane as a bargain.
- The Brisbane commercial property market has gone into overdrive, with industrial precincts in the suburbs north of the CBD recording one of the best months for sales in more than 20 years. Astute investors and owner-occupiers are taking advantage of low-interest rates and looking to buy in precincts such as Rocklea, Sumner, Raceview and Loganholme.
- Want bargain in Brisbane? Consider New Farm, Kangaroo Point, Wynnum West and Everton Park.

PERTH WA

- The Real Estate Institute of WA has forecast a 15 per cent growth this week. However, it's expected that some suburbs are on track to exceed that, already showing more than 10 per cent increases in value in the last four months.
- At least 20 Perth suburbs have recorded 10 per cent or higher growth since the start of the year. Bitcon, North Beach, Sorrento, Applecross and Claremont have all exceeded that, showing median house price increases up to 20 per cent.

CANBERRA ACT

- Many Canberrans have given up on the dream of owning a house and are now opting for apartment living. With a median unit price of \$473,304, the most affordable suburb for a unit purchase is Gungahlin, followed by Bruce and Franklin.
- The ACT government has extended the Land tax Exemption scheme indefinitely. The scheme is for landlords whose investment properties are managed through a community housing provider. Landlords who signed up for the scheme are exempt from land tax if they rent their properties for less than 75 per cent of the market rates.

ADELAIDE SA

- Usually a steady and stable market, residential properties in Adelaide are now regularly selling for more than \$100,000 above their listing price. In what is definitely a seller's market, buyers should consider Adelaide's outer suburbs such as Croydon Park, Prospect and Glandore.
- Core Logic reports that commercial property sales in Adelaide have increased significantly, with \$192.2 million in sales in the last quarter. This is an increase on the previous quarter, with commercial real estate experts suggesting that this may be the perfect time for investors and owner-occupiers considering commercial property to act.

DARWIN NT

- Only 13 minutes from the Darwin CBD, a new 36-lot boutique housing estate, Mirawood, has started selling in Berrimah. The affordable housing estate is part of the governments most significant land release program to date and will eventually accommodate 6,500 new homes.
- Savvy investors still have some excellent real estate opportunities in Darwin. Market hot spots include inner-city apartments and houses in the outer Darwin suburbs Malak and Karama. Investors should also consider inner Palmerston suburbs such as Roseberry, Bakewell, Driver and Woodroffe.



AUD
77.2c
US
down from 77.7c in May
Source: RBA



RBA Cash Rate
0.1%
steady for June
Source: RBA



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



Inflation
1.1%
year to June
Source: RBA



GDP
3.1%
year to Dec qtr
Source: ABS



Wage Growth
3.2%
year to Nov qtr
Source: ABS



Consumer Confidence
4.8%
Down for May
Source: Westpac-Melbourne Institute



Disposable Income
4.9%
year to Dec qtr
Source: ABS

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