

THIS MONTH IN REVIEW

The 2023 Federal Budget released this month aims to address some of the property market's greatest challenges. Among its measures is a new tax break for the build-to-rent sector, increased rent assistance and an additional \$2 billion to support affordable housing.

In a bid to further help first home buyers, the expansion of Australia's First Home Guarantee and Regional First Home Buyer Guarantee allows siblings, extended family and friends to submit joint applications from 1 July this year.

The HIA New Home Sales report shows an increase of 6.8% in sales of detached home construction. However, more than 1 in

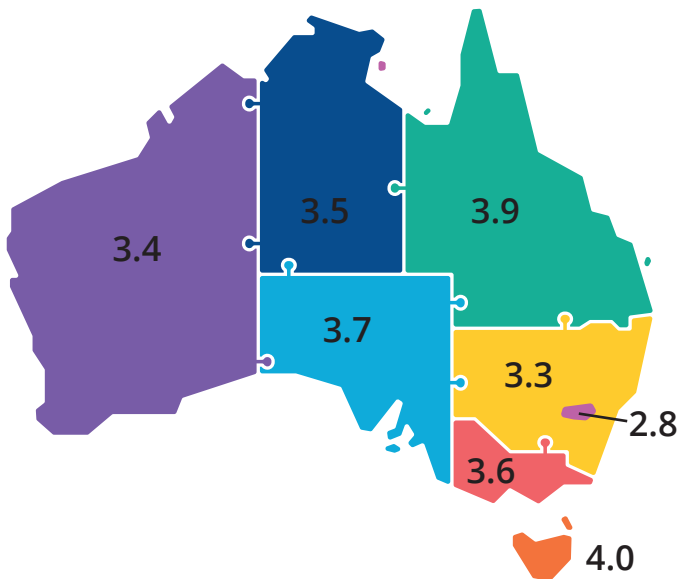
4 of those sales results in cancellation. HIA chief economist Tim Reardon says the cancellation rate is at 'its highest since the start of the pandemic'. This is more than likely due to the impact of higher interest rates and the inability to gain finance.

Subsequently, HIA claims that last month's building approvals 'remained at their lowest level in over a decade', with detached house approvals falling by 3.6% and multi-units by 16.9%.

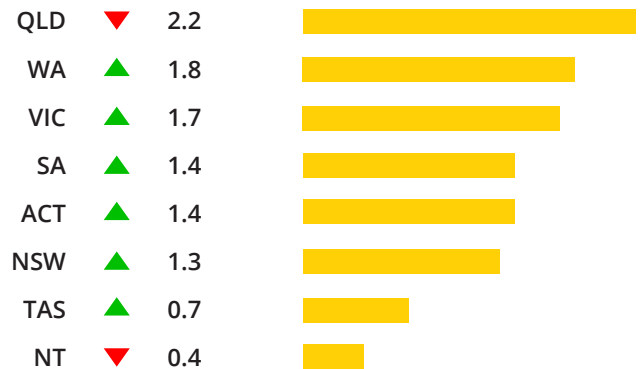
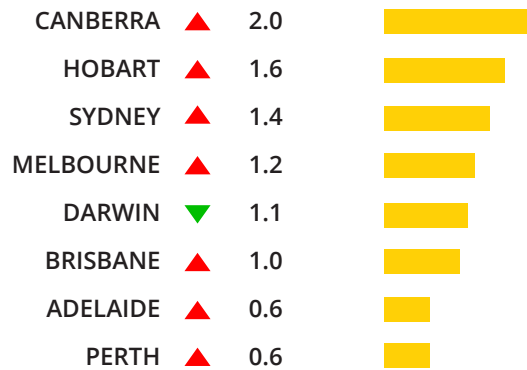
The gap between house and unit rents has significantly decreased across all capitals over the last 12 months, according to CoreLogic's report. Apartment rents now only \$39 cheaper than house rents.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	APR 29		JUN 03
SYDNEY	69%	▲	76%
MELBOURNE	77%	▼	70%
BRISBANE	53%	▲	67%
ADELAIDE	81%	▼	77%

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


HOUSES	YRLY GRWTH	YIELD	MEDIAN
PERTH	1.5	4.9%	\$570K
ADELAIDE	0.3	3.9%	\$675K
DARWIN	-0.3	5.6%	\$590K
MELBOURNE	-10.1	2.7%	\$860K
CANBERRA	-11.1	3.7%	\$940K
BRISBANE	-11.8	3.8%	\$750K
SYDNEY	-12.0	2.6%	\$1.220M
HOBART	-12.7	3.9%	\$700K

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

VACANCY RATE % APR 2023 Source: SQM Research


UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	8.8	5.1%	\$439K
BRISBANE	1.5	5.1%	\$477K
DARWIN	-1.1	6.7%	\$390K
PERTH	0.1	5.8%	\$400K
CANBERRA	-2.7	4.8%	\$600K
MELBOURNE	-5.8	3.7%	\$585K
SYDNEY	-7.2	3.8%	\$730K
HOBART	-12.8	4.3%	\$570K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- For the fourth consecutive month, Sydney continues to lead the nation with the highest month-on-month percentage increase of 1.3%, in overall dwelling values, according to CoreLogic's data.
- The NSW government has released a Guide to Complying Development, helping homeowners and builders to fast-track council assessment, taking as little as 20 days. Submitting applications under complying development can help to save up to \$15,000 in building costs or \$2,600 in renovation expenses.
- The latest CoreLogic report shows that Sydney has experienced a 19.1% annual rise in unit rents. This means an additional \$106 p/week – the highest increase on record.

MELBOURNE VIC

- The Victorian 2023 budget released this month introduces increased taxes for property investors as of 1 Jan 2024. These include up to \$975 flat-rate tax, an additional levy and a reduced tax-free threshold.
- Also in the budget, stamp duty tax will be abolished but only for commercial and industrial properties; instead, it will be replaced with a flat-rate land tax: 1% of the land's unimproved value.
- KPMG report shows a near-record 10,388 Victorian residential properties approved for construction in March 2023 that have not commenced. The report says they are 'shelved' or delayed due to rising construction costs and fixed-price contracts.

BRISBANE QLD

- Queensland's largest development site sold in 20 years has been bought by Leda Holdings for \$177 million, with plans to develop the 161ha Coomera site to accommodate over 4,000 homes – according to Urban Developer.
- The popularity of online property sales auctions is on the rise. This was made evident by the latest Ray White's mass auction extravaganza, which saw 54 Brisbane and Gold Coast homes – worth over \$34 million – sell in under 4 hours.
- The new law, coming into effect 1 July 2023, which prohibits landlords from increasing rents to existing tenants more than once a year, has been condemned by Tenants Queensland CEO Penny Carr because anonymous property managers have already come forward saying landlords are planning to terminate leases and evict tenants in order to circumvent this measure.

PERTH WA

- The Property Council has unveiled the top five suburbs for transit-oriented development (TOD) in its 'Transit Precincts: Perth, Get Onboard' report. The locations include Leederville, Cottesloe, Maylands, Bayswater and Burswood. The report highlights the importance and benefits of constructing housing around established transport hubs.
- HIA released its economic and industry Outlook report, which shows WA is defying the RBA rate hikes, with a rise of new home sales, which, in the last three months, were up by 10% compared to same time last year. With four times as many homes under construction in mid-2023 compared to 2020 – 'demand continues to outpace the capacity of the industry'.

CANBERRA ACT

- ACT Greens are calling for a 2-year rent freeze and a 2% cap on price increases for new renters. However, ACT Housing Minister Yvette Berry says the government will implement a process to allow informed decision-making before making any further changes affecting the property market.
- Berry says that measures already introduced by the ACT government are having effect as Canberra is the only capital with decreasing rents, down by 0.7% for the year.
- The government's 'wait-and-see' strategy will be tested soon since Canberra's dwelling values have neutralised this month (per CoreLogic), joining the rest of the nation in leaving the downturn behind.

ADELAIDE SA

- The SA government has approved another monumental land release, spanning Adelaide's north and south, with plans to commence work early next year to build 1,900 homes in Golden Grove, Noarlunga Downs and Aldinga.
- The former Franklin Street Bus Station will be converted into a 392-apartment, build-to-rent project under the SA government's plan to deliver more affordable housing in the Adelaide CBD.
- The Property Tribune has used SQM Research data to rank the nation's top suburbs with the highest rental yields. Among the top 20 are two of Adelaide's suburbs, Woodville North and Old Noarlunga, both with rental yields of 5.9%.

DARWIN NT

- Darwin is the only capital continuing to experience the downturn, with overall dwelling values falling by a whopping 1.2% this month, according to CoreLogic's data.
- Furthermore, according to PropTrack data, houses and units are taking longer to sell, with houses staying an additional 7 days and units 8 days on the market than they did a year ago.
- On a good note, the Property Tribune has ranked Darwin as the nation's top suburb for highest rental yields, placing at number one on its top-20 list. With a yield of 7.7%, it is a great investment option.



AUD
66.0c
US

down from 66.3c in May
Source: RBA



RBA Cash Rate

4.10%

up for June
Source: RBA



Cash Rate Forecast

3.35%

12 mths to Jun'24
Source: Westpac



Inflation

7.0%

year to Mar
Source: RBA



GDP

0.5%

year to Dec qtr
Source: ABS



Wage Growth

3.4%

year to Nov qtr
Source: ABS



Consumer Confidence

7.9%

down for May
Source: Westpac-Melbourne Institute



Disposable Income

1.6%

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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