

## THIS MONTH IN REVIEW

As we enter March, the supercharged real estate market sees prices continuing to surge in regional centres and major cities. Record low volumes in all major centres, low-interest rates and wages growth, falling unemployment and growing confidence have led to the perfect real-estate storm.

After an initial downturn, all capital cities are bouncing back, resulting in record-high prices since January. Regional prices nationally have risen by 6.5 per cent.

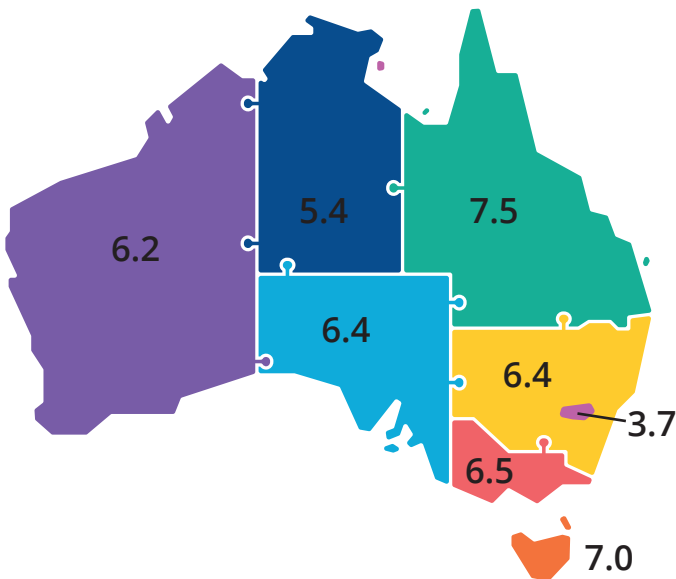
Many would-be buyers now realise that renting may be their only option, and, as investors prefer to put their money into property instead of the bank, the boom is expected to continue. Market

### AUCTION CLEARANCE RATE Source: APM PriceFinder

	FEB 1		MAR 1
SYDNEY	80%	▲	88%
MELBOURNE	82%	▼	79%
BRISBANE	58%	▲	71%
ADELAIDE	76%	▲	88%

### MONTHLY UNEMPLOYMENT - DEC 2020

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



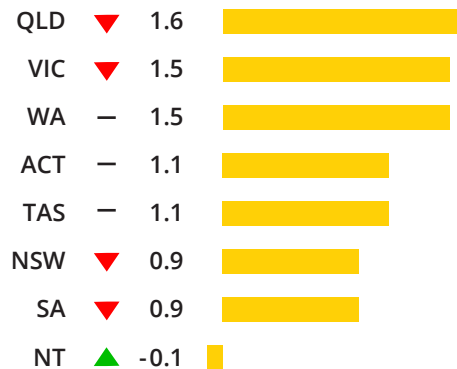
#### HOUSES

	YRLY GRWTH	YIELD	MEDIAN
DARWIN	15.2	4.8%	\$513K
CANBERRA	9.5	4.2%	\$767K
HOBART	8.4	4.4%	\$565K
ADELAIDE	6.8	4.1%	\$510K
BRISBANE	4.8	3.9%	\$575K
PERTH	3.5	4.0%	\$526K
SYDNEY	3.1	2.9%	\$1010K
MELBOURNE	-2.7	3.0%	\$780K

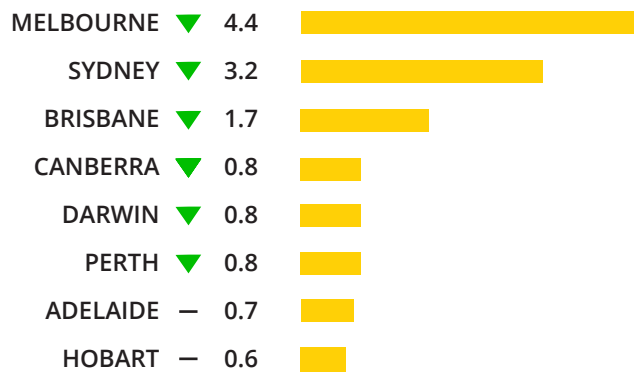
forecasts are for house prices to increase between 5 and 10 per cent for each of the next two years.

CBDs were rendered virtual ghost towns following the Covid-19 outbreak in 2020, and commercial real estate suffered. Occupancy rates and rental income dropped, with many businesses abandoning premises and leases favouring work-from-home arrangements for their staff. Now, as life returns to a new-normal, city centres are evolving, incorporating smaller, dynamic businesses prepared to take advantage of failing commercial rents and prime office space. PwC reports that 12 per cent of national economic activity comes from CBDs and expects to see locations bounce-back in 2021.

### POPULATION GROWTH % (Yr ended JUN 2020) Source: ABS



### VACANCY RATE % (JAN 2021) Source: SQM Research



#### UNITS

	YRLY GRWTH	YIELD	MEDIAN
CANBERRA	4.9	5.5%	\$477K
ADELAIDE	4.8	4.7%	\$370K
DARWIN	4.1	6.4%	\$305K
PERTH	1.7	4.9%	\$383K
HOBART	0.5	5.0%	\$420K
BRISBANE	0.4	5.1%	\$407K
MELBOURNE	-0.5	3.7%	\$600K
SYDNEY	-0.5	3.6%	\$725K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

## CAPITAL CITY UPDATES

### SYDNEY NSW

- According to Domain, homes in Sydney are selling, on average, 36 days after being listed. That's the best sell rate in 8 years. Westpac's MI Consumer House Price Report shows an increase in house prices of 1.1 per cent in December and January, with prices increasing a further 1.6 per cent in February.
- The Westpac Housing Pulse Report also suggests that units are still underperforming particularly, in inner-city suburbs such as Ryde and Parramatta. However, outer-Sydney areas, including the Northern Beaches and the Central Coast, were rebounding strongly.
- Domain reports the cheapest suburbs to buy in the 10km radius are Arncliffe, Tempe and Botany.

### MELBOURNE VIC

- The Melbourne market is starting to recover from 2020 losses with 1.5 per cent gains over the last three months. Senior economist for Westpac, Matthew Hassan predicts a similar growth in this quarter and predicts an 8 per cent increase over the remainder of the year, followed by a further 10 per cent increase in 2022. "Melbourne's inner and inner east regions are still considerably weaker than the rest," Hassan says. "In contrast, the Mornington Peninsula and regional areas are powering ahead".
- Domain reports that units are taking an additional nine days to sell now and recording an average of 94 days from listing. The increase is due to the lack of international students who would typically be in inner-city units and little interest from prospective investors.
- Domain reports the cheapest suburbs to buy within a 10km radius of Melbourne are Maidstone, West Footscray and Footscray.

### BRISBANE QLD

- The Brisbane property market is finally looking up with the 'perfect real-estate storm' catapulting the typically slow-moving market into a once-in-a-decade-boom. Core Logic reports that since bottoming out in June 2019, Brisbane property values are up 3.2 per cent over the last year. Experts predict that the current boom could fuel a further 10 per cent increase in house prices in 2021.
- Realestate.com predicts the suburbs to watch over the next month are Keperra, Chermside West, Cannon Hill and Ashgrove. Brisbane houses in good school catchment zones and those within 5-7km of the CBD have grown strongly in value in recent months and are still worth watching. Domain adds Tingalpa and Salisbury to that list.
- Apartments in high rise towers and new and off-the-plan apartment are now in the worst-performing segments of the local market; buyers preferring secure a house before any further increases.

### PERTH WA

- The market is heating up in Perth and some homes have hundreds of people lining up to view them, while other homes are selling sight unseen. Prices are starting to increase, but there are still bargains to be found in WA's capital. Perth's most affordable homes, all selling for under \$350K, can be located in Victoria Park, Gosnells, Scarborough, Port Kennedy, Beechboro, Maddington and Falcon.
- Perth rents continue to soar, with new data from the Domain Rent Report showing that rents are now at the highest asking price in 5 years. Recording the nation's strongest annual growth, rents for houses have risen 13.5% and units 12.9%. The vacancy rate continues to decline and is currently 0.9%.

### CANBERRA ACT

- According to the Domain House Price Report, median house prices are up 9.1 per cent, a new record high. Prices are expected to increase but look to Conder and Gungahlin for bargains. At the same time, properties in Latham and Fadden continue to set records.
- A new multi-unit development, The Melrose, is coming to Woden and will offer 184 apartments for sale. Expected to be completed by 2024, the development, close to transport and amenities, is one to watch.

### ADELAIDE SA

- Adelaide's housing market has long been considered an affordable option, particularly when compared with Melbourne and Sydney. However, local and interstate buyers now find themselves in a competitive market as volumes remain low and prices hit new record-highs. In recent months local buyers are losing out to investors and interstate buyers. The SA Real Estate institute reports that the median house price is now \$510,000, and dozens of properties in various suburbs exceed that price at sale.
- Realestate.com says that buyers are now looking to outlying areas such as Mount Gambier, Morphett Vale, Murray Bridge and Port Lincoln as inner-city supply dwindles. The most popular suburbs for unit sales are Glenelg, Morphett Vale, and Mawson Lakes. Local agents report that travel time from the city is becoming irrelevant as more people work from home.

### DARWIN NT

- Core Logic's Property Pulse Report revealed that Darwin house prices had increased by 8.3 per cent compared to their value in March 2020. Real Estate of NT CEO Quentin Kilian says that prospective buyers are becoming frustrated at the lack of supply. However, he insists that Darwin is still the "jewel in the crown" when buying real estate in Australia.
- Fifty-nine new homes have been proposed for the next stage of the Zuccoli expansion, a suburb only 23 minutes from the Darwin CBD. The development will include a local park and a greenbelt network.



AUD  
**78.2c**  
US  
up from 76.4c in Feb  
Source: RBA



**RBA Cash Rate**  
**0.1%**  
steady for March  
Source: RBA



**Cash Rate Forecast**  
**0.1%**  
12 mths to Mar '21  
Source: Westpac



**Inflation**  
**0.9%**  
year to March  
Source: RBA



**GDP**  
**3.3%**  
year to Sep qtr  
Source: ABS



**Wage Growth**  
**4.8%**  
year to May qtr  
Source: ABS



**Consumer Confidence**  
**1.9%**  
up for February  
Source: Westpac-Melbourne Institute



**Disposable Income**  
**4.8%**  
year to Sep qtr  
Source: ABS

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