

THIS MONTH IN REVIEW

Spring is here, a time of year when the real estate market traditionally heats up along with the weather.

Two interest rate cuts by the Reserve Bank during the winter months seem to be having an effect on the market already. CoreLogic data shows that combined house prices in Australia's five largest capital cities (Sydney, Melbourne, Brisbane, Perth and Adelaide) have increased by 0.75% over the last three months. Many analysts are tipping interest rates to fall even further before the end of the year.

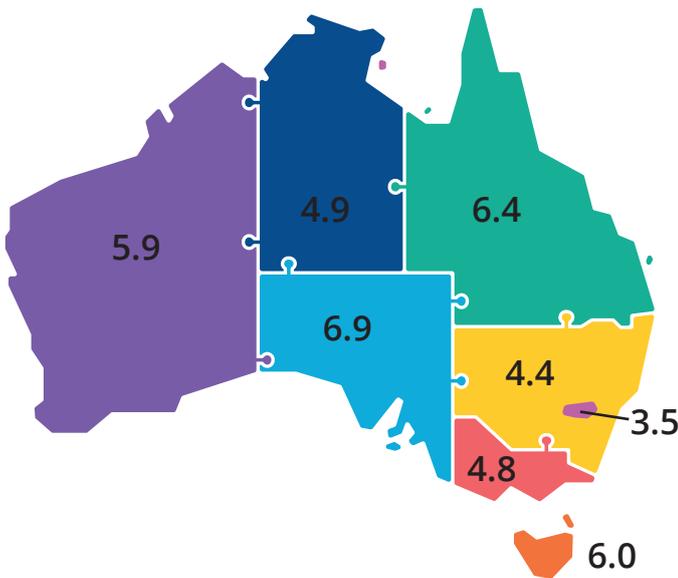
The low interest rate environment and increasing uncertainty in the share market are combining to make the Australian property

AUCTION CLEARANCE RATE Source: APM PriceFinder

	AUG 3		SEP 3
SYDNEY	71%	▲	81%
MELBOURNE	74%	▲	77%
BRISBANE	47%	▼	44%
ADELAIDE	47%	▲	57%

MONTHLY UNEMPLOYMENT - JULY 19 %

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



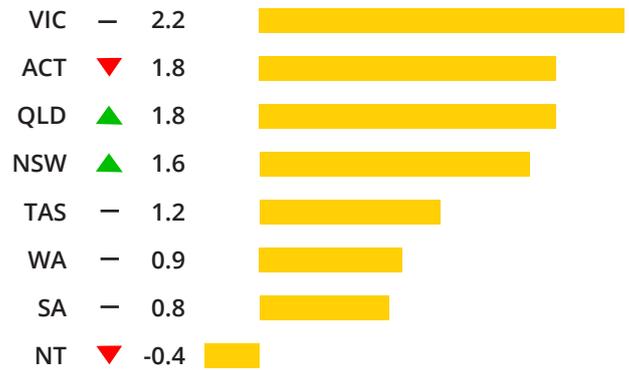
HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	3.1	5.1%	\$491K
CANBERRA	1.9	4.4%	\$683K
ADELAIDE	- 0.9	4.1%	\$490K
BRISBANE	- 2.3	3.9%	\$555K
PERTH	- 8.7	3.8%	\$507K
DARWIN	- 9.2	5.2%	\$499K
SYDNEY	- 9.7	3.1%	\$885K
MELBOURNE	- 10.6	3.1%	\$738K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

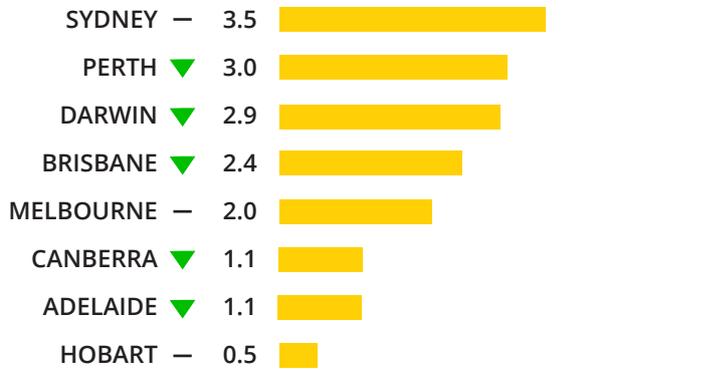
sector more attractive for investors. Global share markets (including Australia's) are increasingly being spooked by fears of a major economic recession being caused by the escalating trade war between the US and China.

Investors typically turn to the property sector when there is an economic downturn because share prices and dividends tend to fall during that period. In potentially pre-emptive fashion, the value of shares on the Australian share market fell by an average of 6% over the past month after hitting highs of 6,768 on the ASX All Ords, not seen since 2007.

POPULATION GROWTH % (Yr ended DEC 2018) Source: ABS



VACANCY RATE % (JULY 2019) Source: SQM Research



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	1.5	5.3%	\$387K
ADELAIDE	0.1	4.9%	\$335K
CANBERRA	- 1.9	5.6%	\$433K
BRISBANE	- 2.5	5.2%	\$385K
MELBOURNE	- 2.6	4.0%	\$560K
SYDNEY	- 7.1	3.9%	\$680K
DARWIN	- 7.6	6.2%	\$280K
PERTH	- 10.0	4.7%	\$365K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- According to the latest CoreLogic data, Sydney house prices have dropped by 9% over the past year. However, the market may have bottomed out, with a 0.2% rise being recorded over the past month.
- According to Domain, auction clearance rates in Sydney reached a two-year high in August and now sit at 80% for the last weekend.
- According to Domain, the number of homes being listed for sale in the quarter to July is still low at 4,952, while the average number of days to sit on the market from listing to sale has now reached five-year highs for both houses and units.
- Houses on the market in Sydney are currently taking an average of 90 days to sell, compared to 58 days twelve months ago. Units are taking an average of 95 days to sell, compared to 66 days a year ago.

MELBOURNE VIC

- CoreLogic research indicates that house prices in Melbourne may have also turned the corner (or at least stabilised). They increased by 0.2% over the past month, after dropping by nearly 12% over the past year.
- Like Sydney, Melbourne experienced a two-year high in auction clearance rates in August with Domain showing a 76% clearance rate.
- Inner Melbourne suburbs like Albert Park, Middle Park and Brunswick are currently seeing relatively high demand. According to REA Group's Chief Economist Nerida Conisbee, "the reason they're doing so well is that there is a recognition right now that we're probably at the bottom of the market."

BRISBANE QLD

- Unit prices in Brisbane have fallen significantly since peaking in 2015/16, on the back of a glut of supply. According to the latest data from Domain, the biggest falls have been recorded in inner city suburbs like Bowen Hills, Fortitude Valley and Albion.
- According to Domain research analyst Eliza Owen, "Brisbane unit prices are sitting at 2013 levels, but we are expecting prices to bottom out this year."
- Latest Domain research indicates that Chelmer has been Brisbane's best-performing suburb over the last 12 months in terms of house values, with prices increasing by 25.2% to a median of \$1,290,000.

PERTH WA

- Perth has been the weakest performing capital city in Australia over the past month, with its real estate selling prices decreasing by an average of 0.5% according to CoreLogic research. Overall sales activity decreased by 5%.
- However, the CoreLogic data also shows that the top end of the market is performing better than the lower end. Top-performing Perth suburbs include Applecross, Currabine, Mosman Park, Bassendean and Kingsley. All of these suburbs recorded increases in their average selling prices over the past month.
- The rental market in Perth is also showing signs of an upswing, with a 54% of suburbs increasing their leasing activity over the last month. Ballajura, Harrisdale, Balcatta, Mosman Park and Dawesville experienced the strongest tenant demand.

CANBERRA ACT

- Recent Domain research indicates that Campbell has been one of Australia's best-performing suburbs over the last 12 months in terms of increasing unit values, with prices increasing by 18.1% to reach a median of \$637,500.
- The Belconnen District is also generally experiencing strong sales activity, with some of its top suburbs achieving a 7% growth in median prices over the past year.
- Investment properties in the Belconnen District also have low vacancy rates (less than 1%) and solid rental yields.

ADELAIDE SA

- A recent Housing Industry of Australia (HIA) report shows that new home sales increased 0.8% during the last quarter in Adelaide for the first time in 18 months
- A separate HIA report reveals that tenant vacancy rates in Adelaide's investment property market have been steadily decreasing since the beginning of 2017 to now sit at 1.1%.
- A recent Domain report shows that Norwood has been Adelaide's best-performing suburb over the past five years, with growth in property values being spearheaded by units. Unit prices in Norwood have increased by 88.8% over that time.

DARWIN NT

- The latest Herron Todd White research indicates that sales and median prices in all Darwin suburbs for both houses and units have fallen since the start of 2019, continuing a long-running trend.
- The same report reveals that home loan lending has dropped by 17.8% over the past 12 months in Darwin. This lack of demand is being reflected in the falling property prices in the market.
- However, on the flip side, Darwin is now the cheapest capital city in Australia for buying units, with a median price of 317,000.



AUD
67.3c
US

down from 68.1c in Aug
Source: RBA



RBA Cash Rate

1.0%

steady for September
Source: RBA



Cash Rate Forecast

0.50%

12 mths to Sept '20
Source: Westpac



Inflation

1.6%

year to September
Source: RBA



GDP

1.8%

year to Mar qtr
Source: ABS



Wage Growth

2.3%

year to Jun qtr
Source: ABS



Consumer Confidence

3.6%

up for August

Source: Westpac-Melbourne Institute



Disposable Income

3.0%

year to Mar qtr

Source: ABS

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