



Our Insights.  
Your Story.

Property market chart pack  
September 2018



# Residential Real Estate Underpins Australia's Wealth

-  Residential Real Estate  
**\$7.6 Trillion**
  -  Australian Superannuation  
**\$2.6 Trillion**
  -  Australian Listed Stocks  
**\$1.8 Trillion**
  -  Commercial Real Estate  
**\$1.0 Trillion**
- As at the end of August 2018



**10.0 million**  
Number of dwellings



**\$1.78 trillion**  
Outstanding mortgage debt



**52.2%**  
Household wealth held in housing



**457,578**  
Total sales p.a.

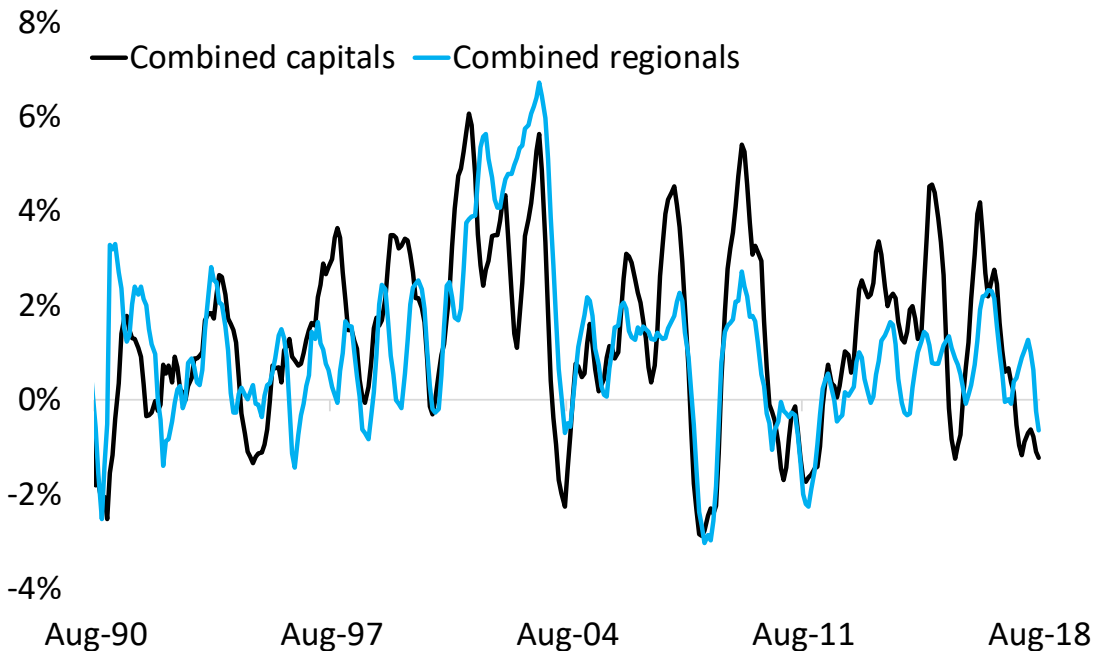


**\$293.6 billion**  
Gross value of sales p.a.

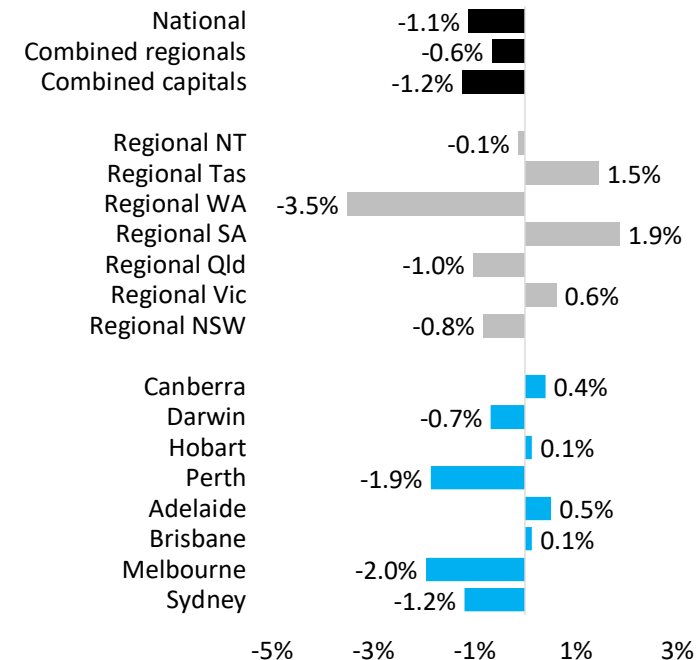
Source: CoreLogic, APRA, RBA, ASX

# Combined capital city dwelling values gave continued to fall at a faster quarterly pace than regional values

## Quarterly change in dwelling values



## Quarterly change in dwelling values to Aug-18

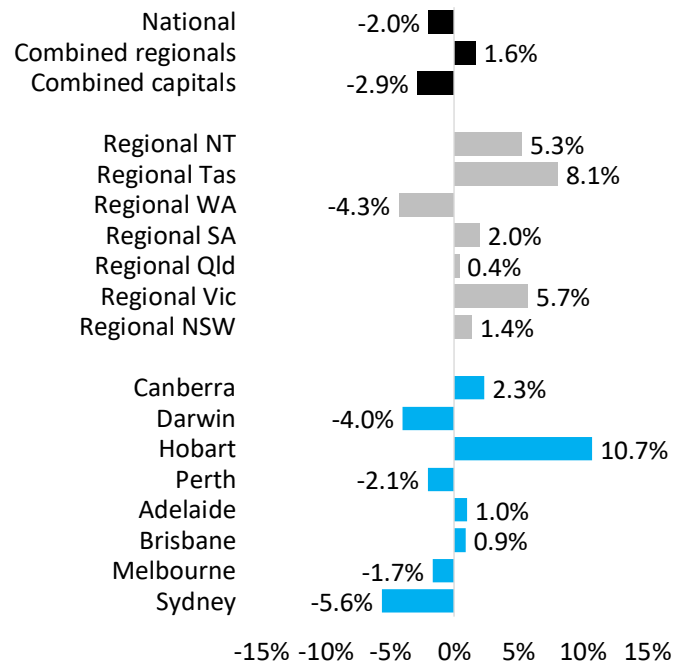
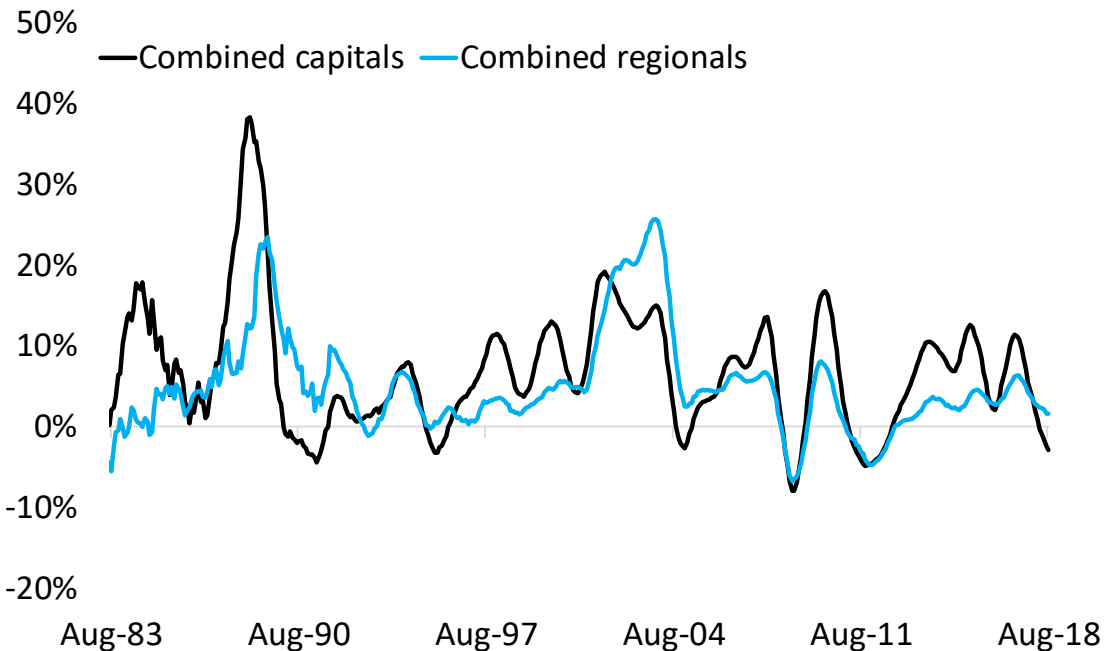


Source: CoreLogic

# Value growth has slowed over the past year with a more rapid slowing occurring across the combined capital cities rather than the combined regional markets

Annual change in dwelling values

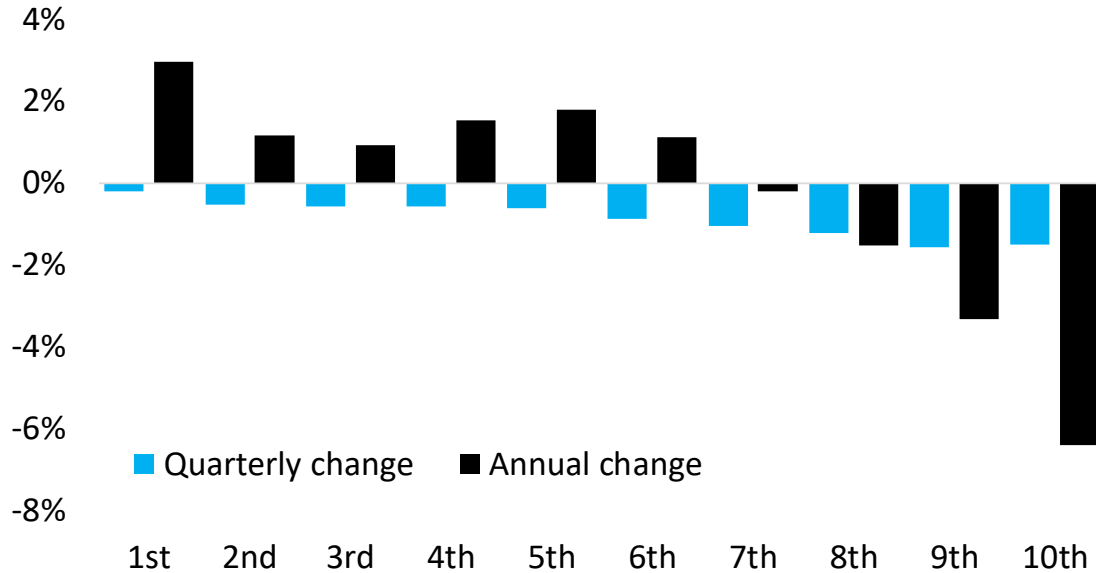
Annual change in dwelling values to Aug-18



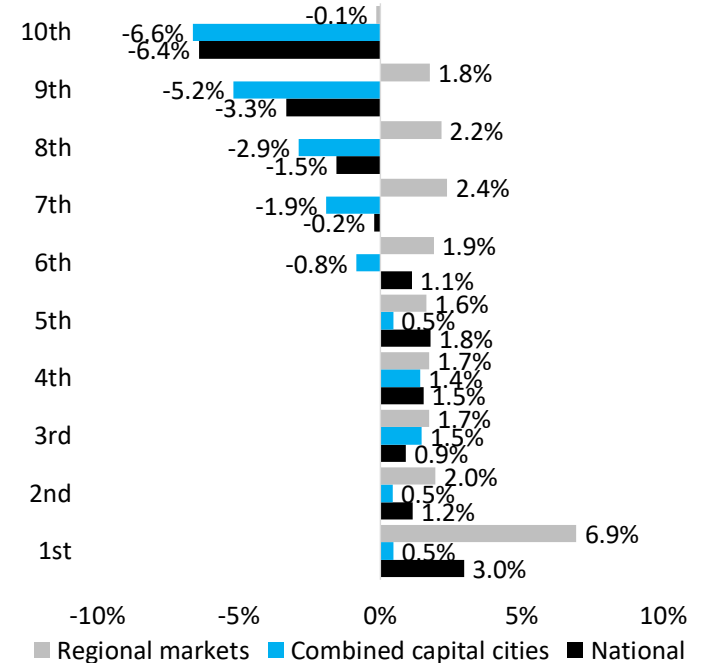
Source: CoreLogic

# Premium dwelling values continue to record much larger value declines than those for more affordable housing

Quarterly and annual change in dwelling values by deciles, National as at August 2018

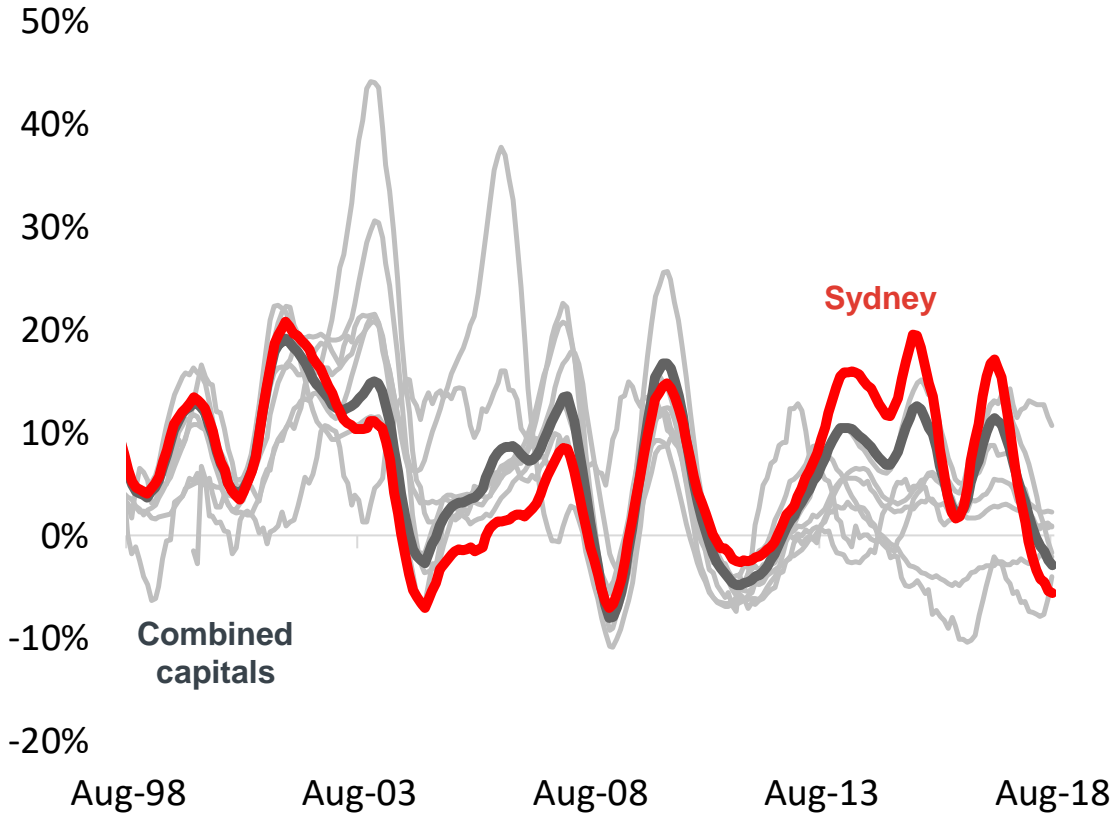


Annual change in dwelling values by decile, Aug-18



Source: CoreLogic

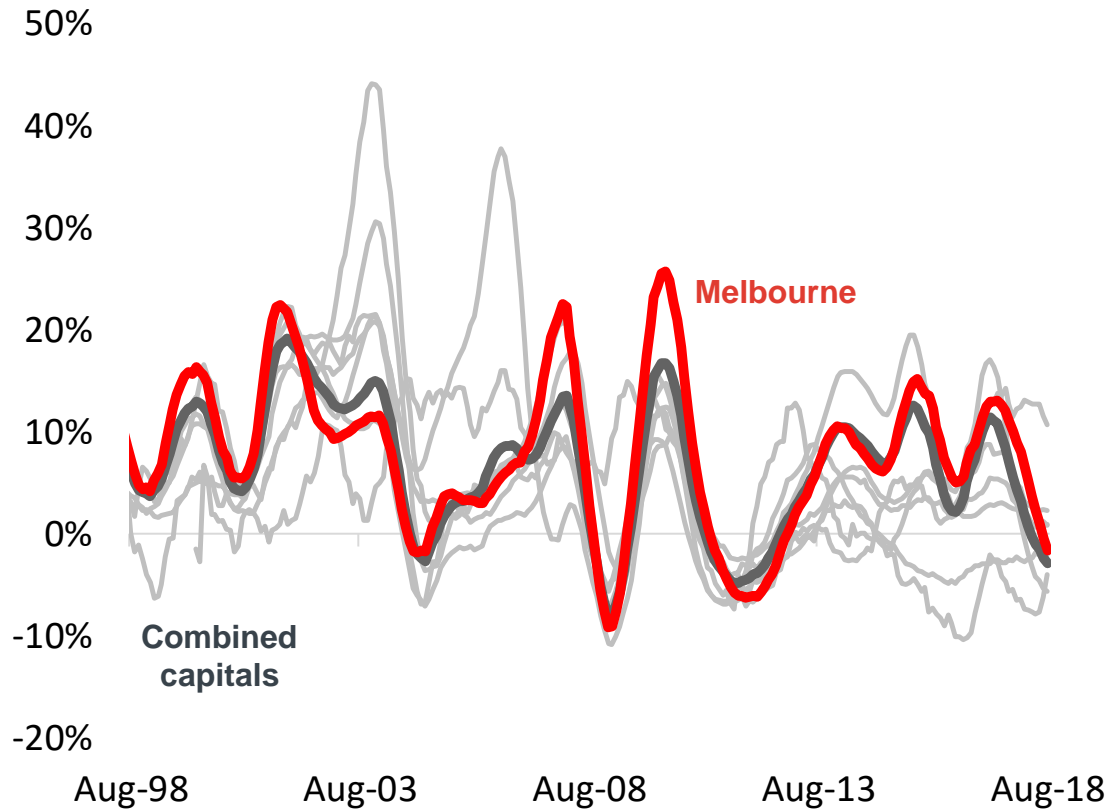
## Annual change in dwelling values



Sydney dwelling values have fallen by **-1.2%** over the 3 months to August 2018 and they are **-5.6%** lower over the past year with house values **-7.1%** lower and unit values down **-2.2%**.

Source: CoreLogic

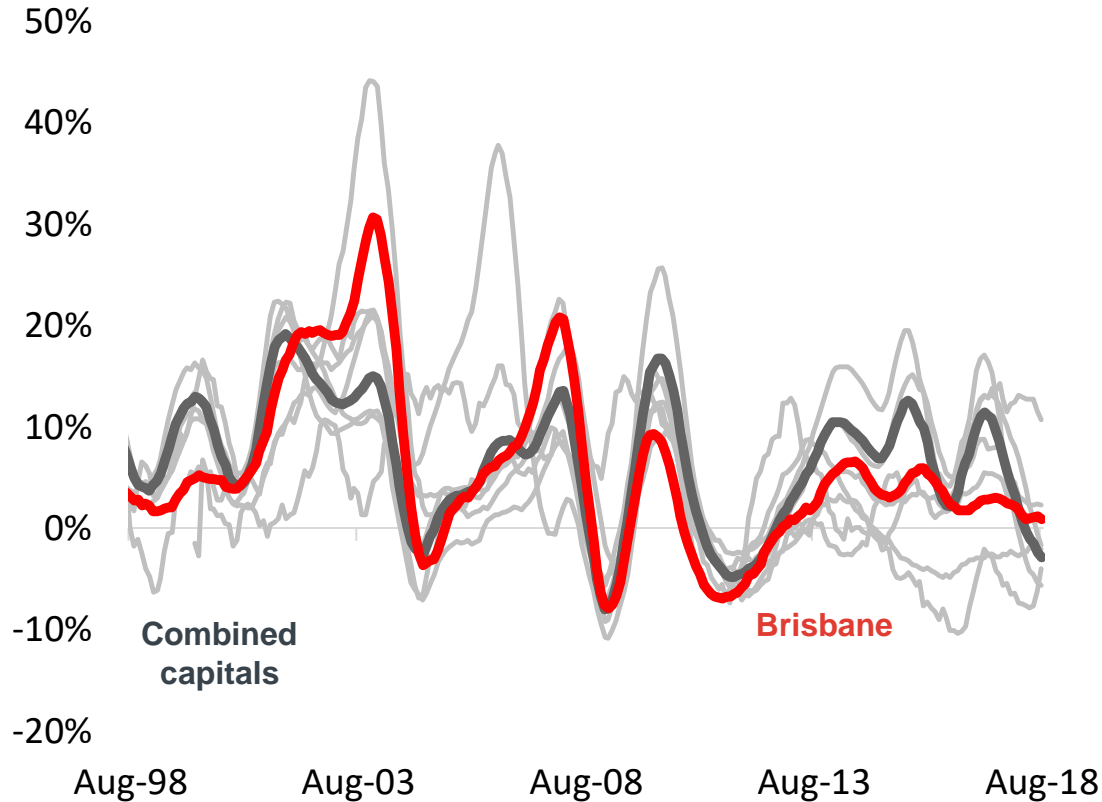
## Annual change in dwelling values



Dwelling values have fallen by **-2.0%** over the three months to August 2018 in Melbourne. Over the past year, dwelling values are **-1.7%** lower and they are now **-3.5%** lower than they were at their peak in November 2017.

Source: CoreLogic

## Annual change in dwelling values

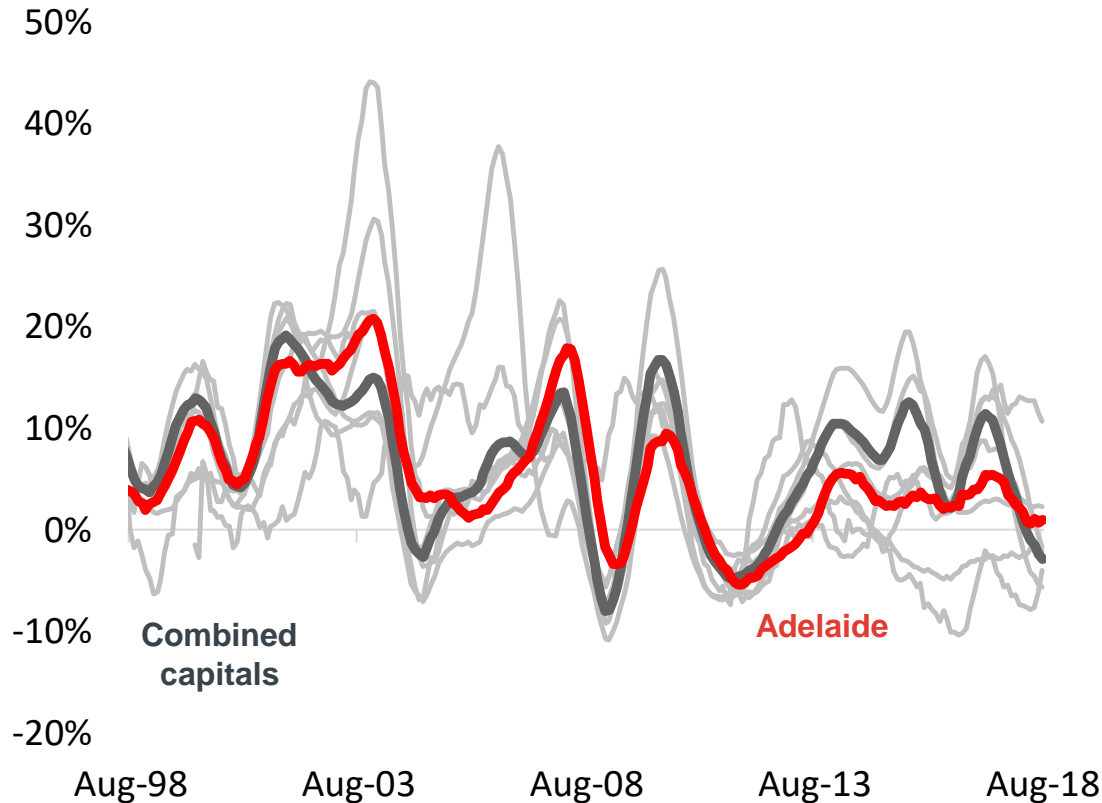


Brisbane home values increased by **0.1%** over the three months to August 2018 and they were **0.9%** higher over the past year. Over the past year, house values have increased by **0.9%** while unit values have increased **0.8%**.

Source: CoreLogic



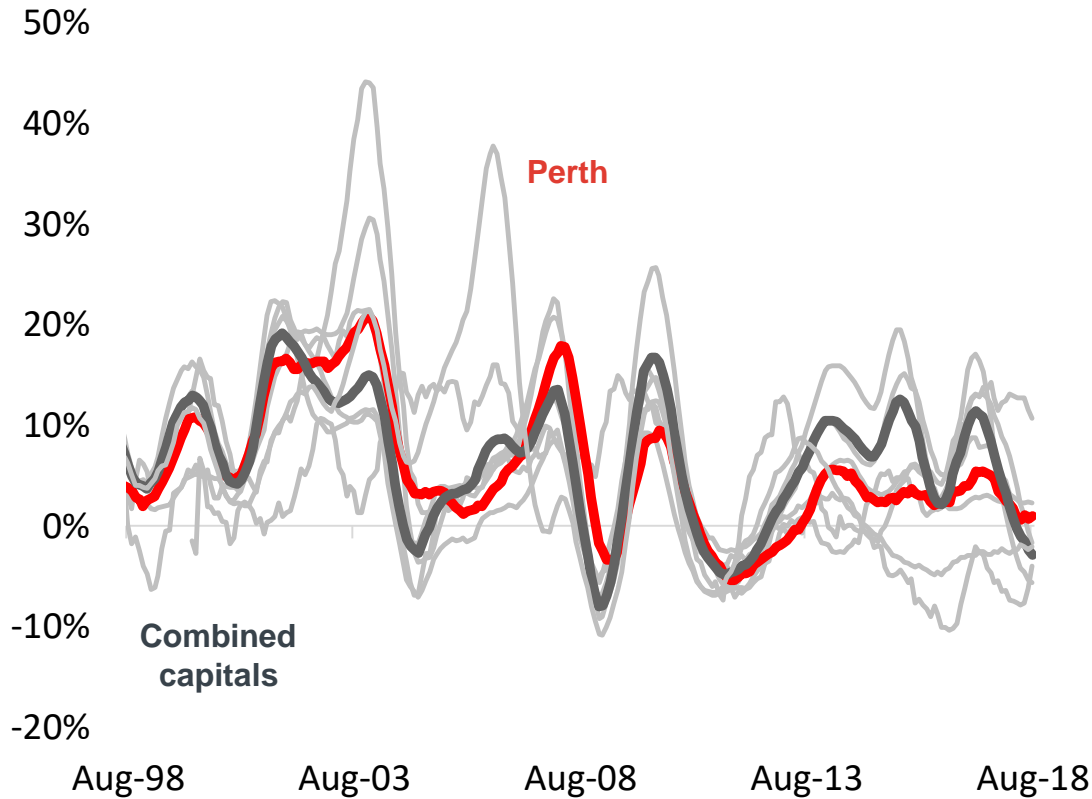
## Annual change in dwelling values



Dwelling values in Adelaide increased by **0.5%** over the three months to August 2018 and they are **1.0%** higher over the past year. Adelaide house values were **1.0%** higher over the past year while unit values were **0.8%** higher.

Source: CoreLogic

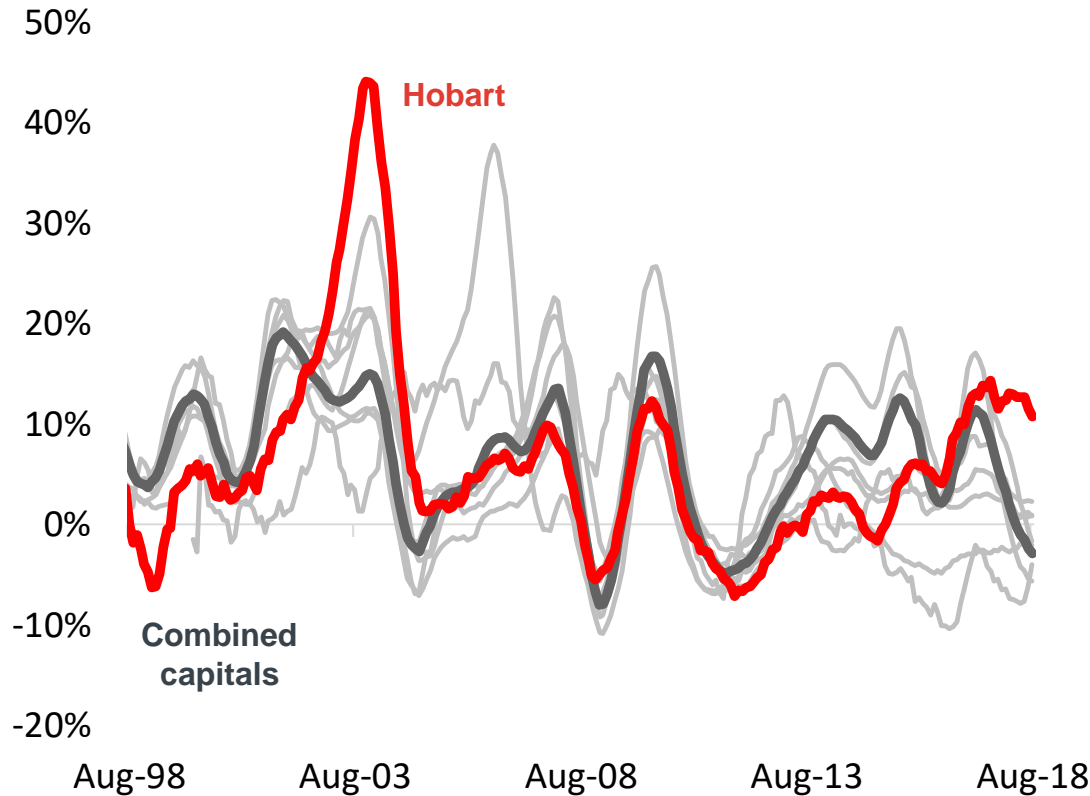
## Annual change in dwelling values



Perth dwelling values fell by **-1.9%** over the three months to August 2018 and they are **-2.1%** lower over the past year. Dwelling values in Perth are now **-12.6%** lower than they were at their peak in June 2014.

Source: CoreLogic

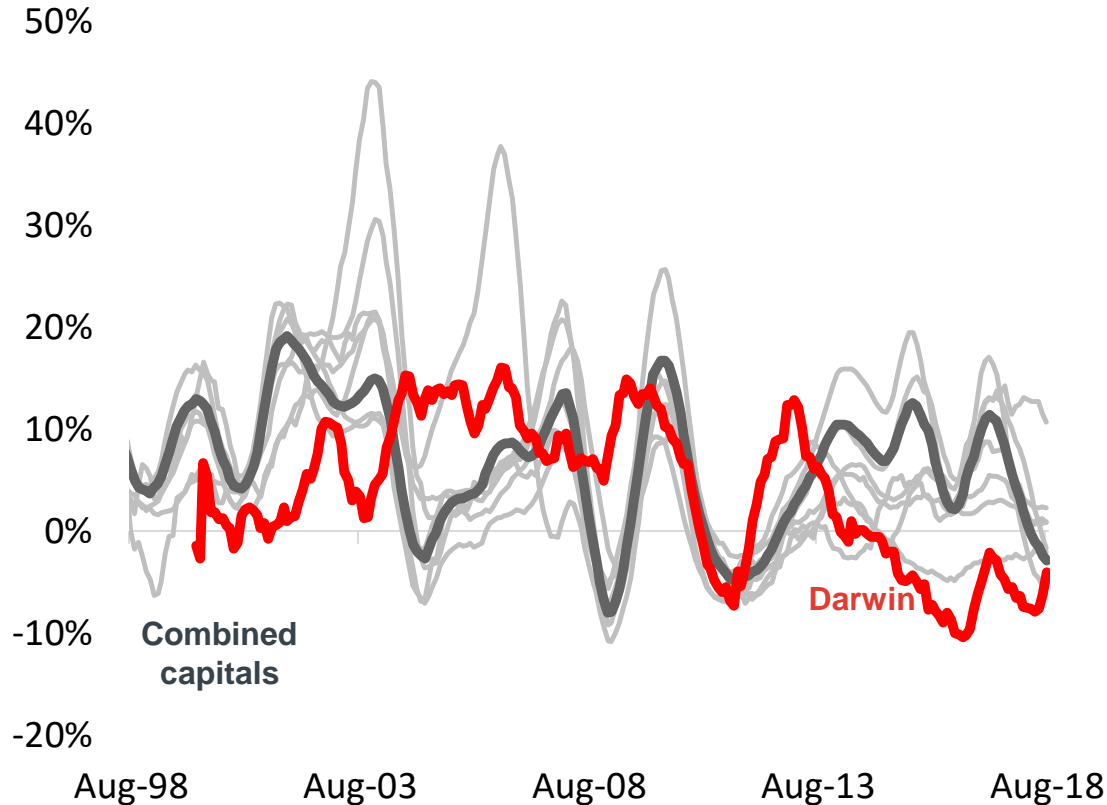
## Annual change in dwelling values



Dwelling values in Hobart rose **0.1%** over the 3 months to August 2018 and are **10.7%** higher over the past year. Values have fallen for the past two months and are now **-0.1%** lower than their June 2018 peak.

Source: CoreLogic

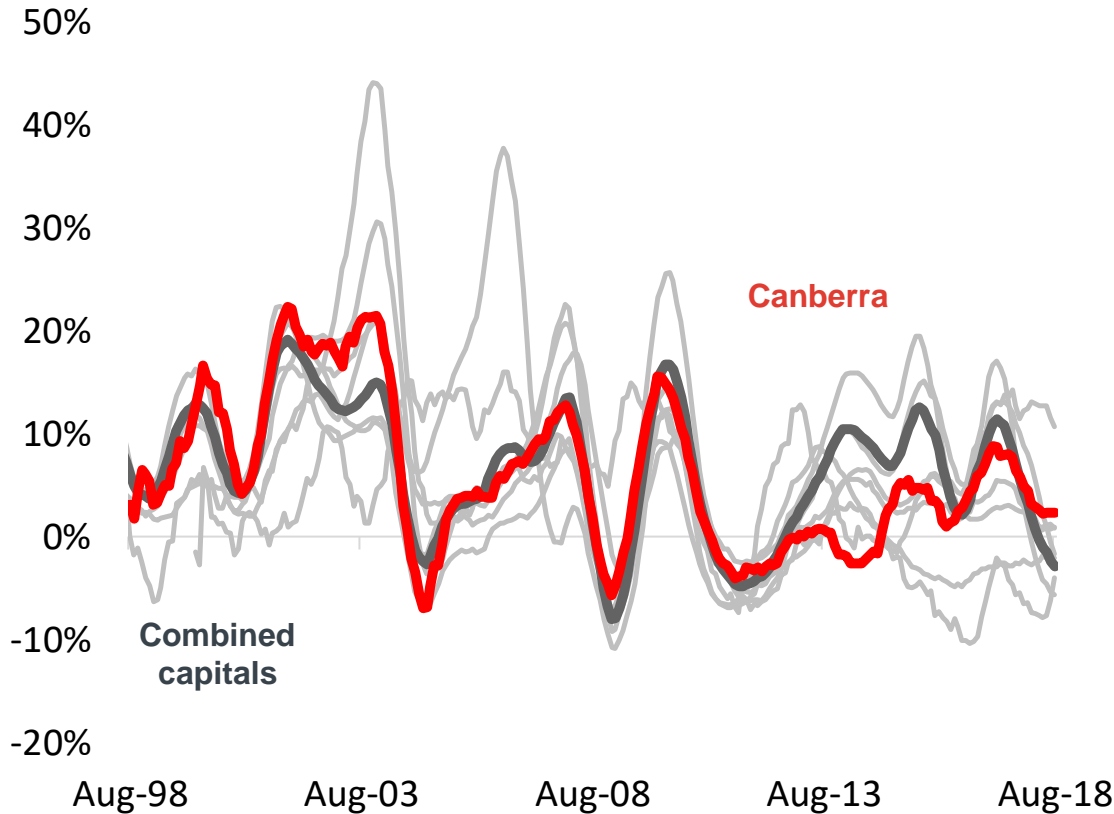
## Annual change in dwelling values



Darwin dwelling values fell by **-10.7%** over the three months to August 2018 and they are **-4.0%** lower over the past year. Dwelling values in Darwin are currently **-21.8%** lower than their historic peak.

Source: CoreLogic

## Annual change in dwelling values

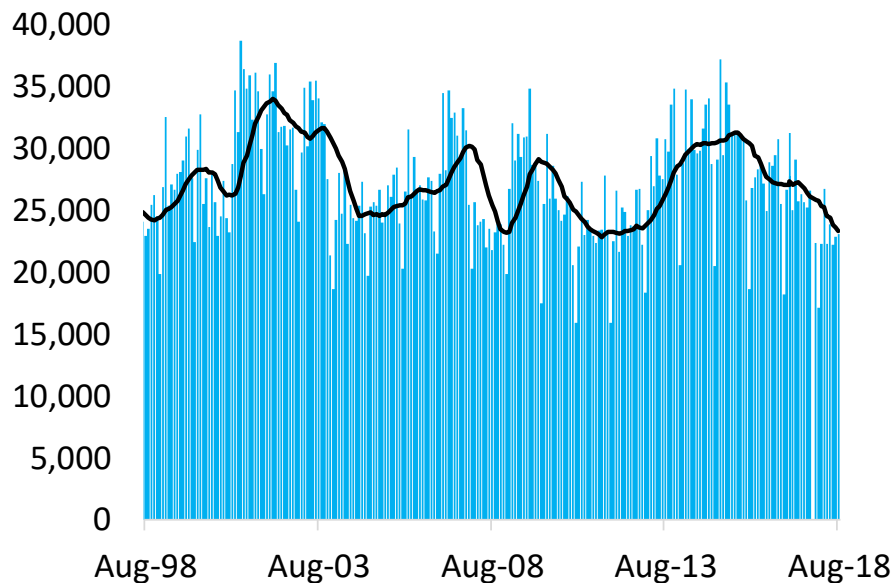


Dwelling values in Canberra increased by **0.4%** over the three months to August 2018 and they are **2.3%** higher over the past year. House values have increased by **3.4%** over the year while unit values are **-1.1%** lower.

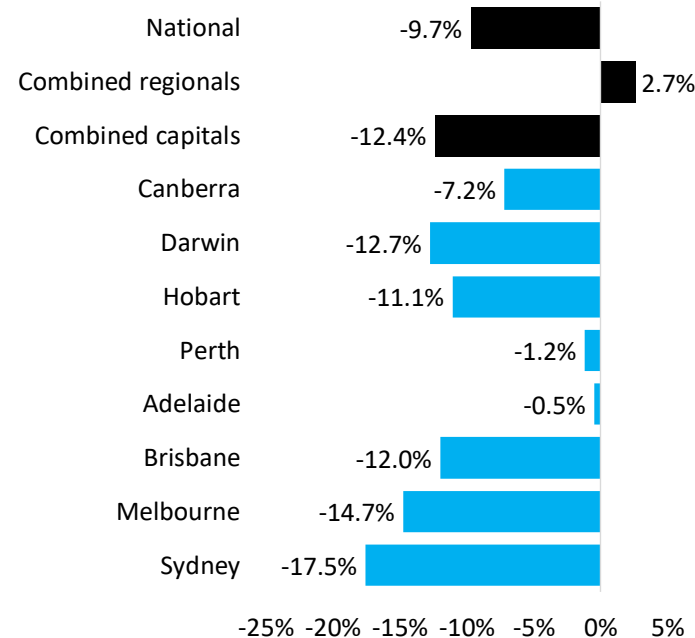
Source: CoreLogic

Transaction numbers remain lower than a year ago due to fewer settled sales in all capital cities while regional transaction volumes are higher over the year

Number of settled sales, combined capitals



Year on year change in annual sales

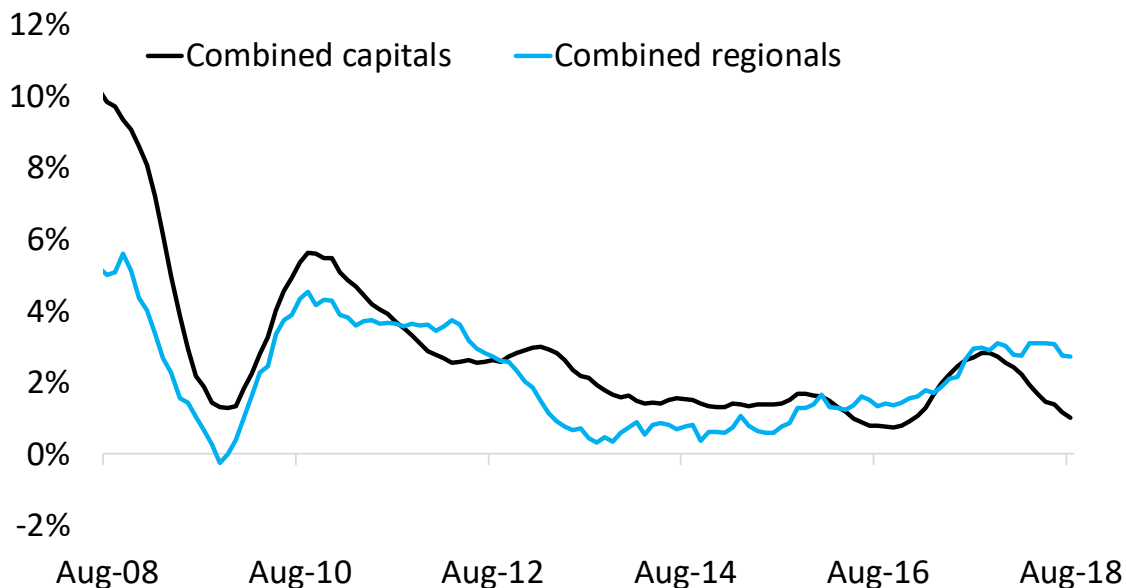


Note the sales volumes are modelled based on historic levels of revision however, they are still subject to revision. Furthermore, sales volumes do not account for off-the-plan purchases which upon completion are counted as sales at their contract date.

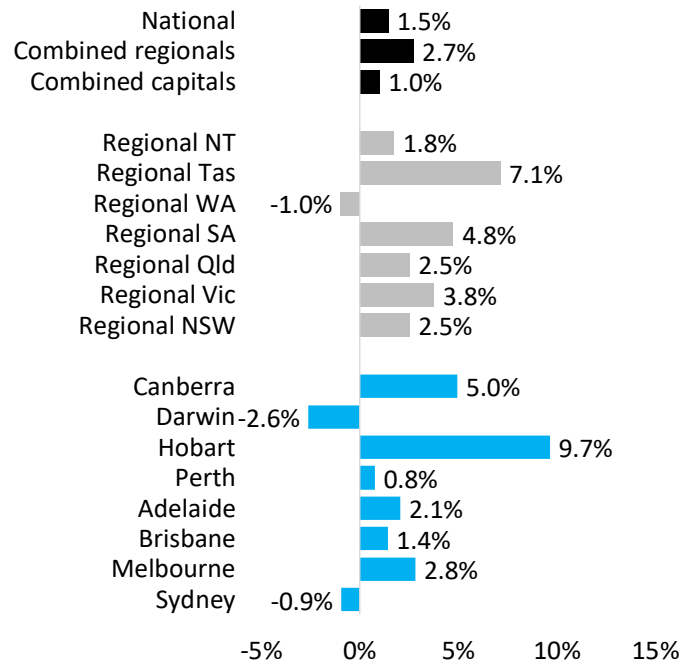
Source: CoreLogic

# Rental growth in the combined capital cities is slowing rapidly largely due to falls in Sydney and slowing in Melbourne

## Annual change in dwelling rents

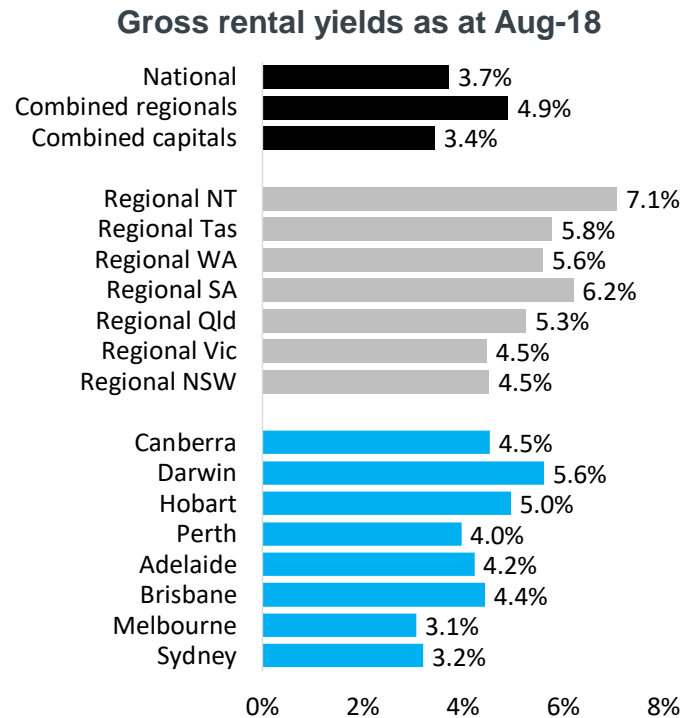
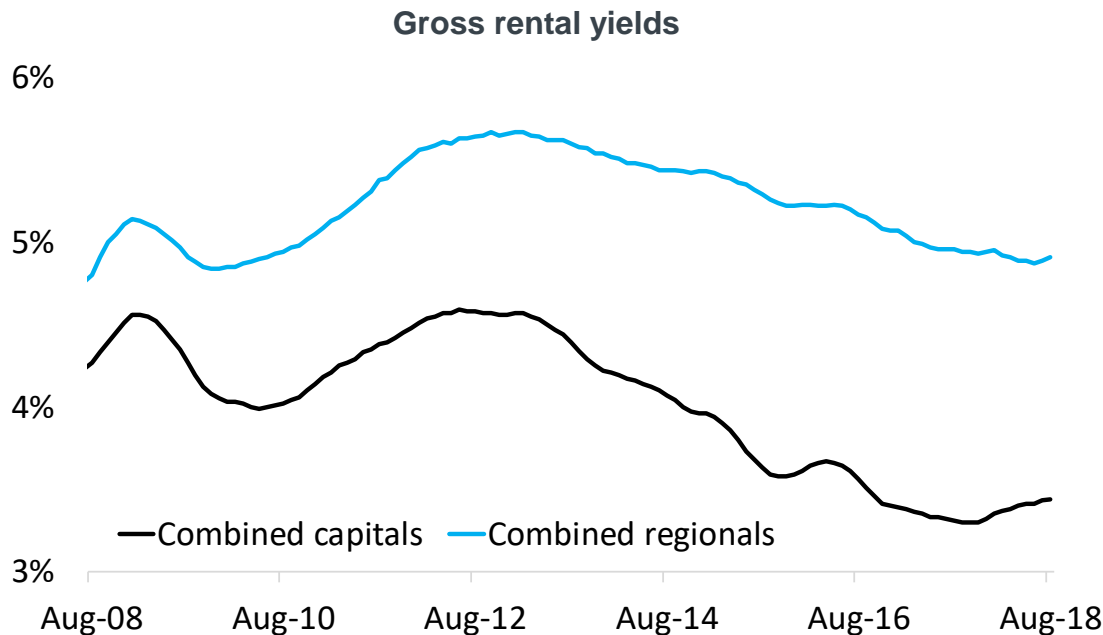


## Annual change in dwelling rents to Aug-18



Source: CoreLogic

# With capital city dwelling values falling as rents continue to rise, gross rental yields have started to increase from historic low levels

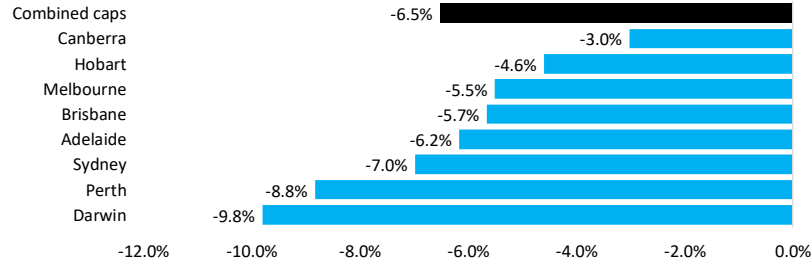
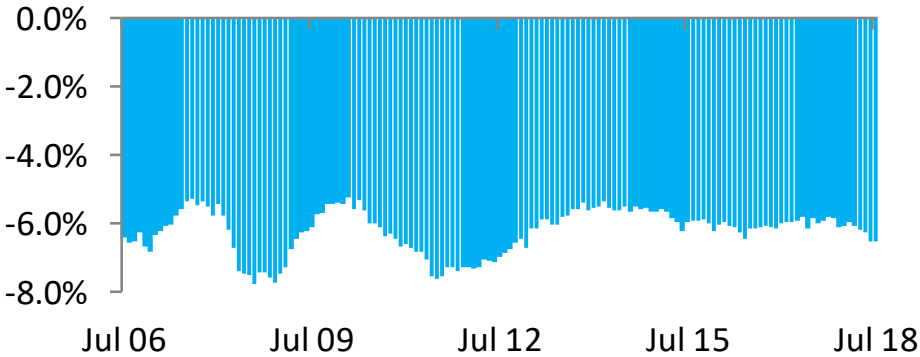


Source: CoreLogic

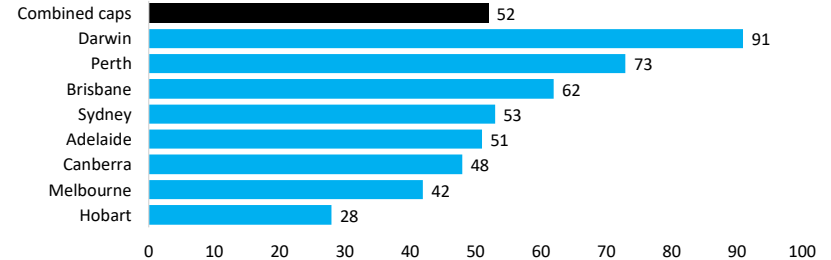
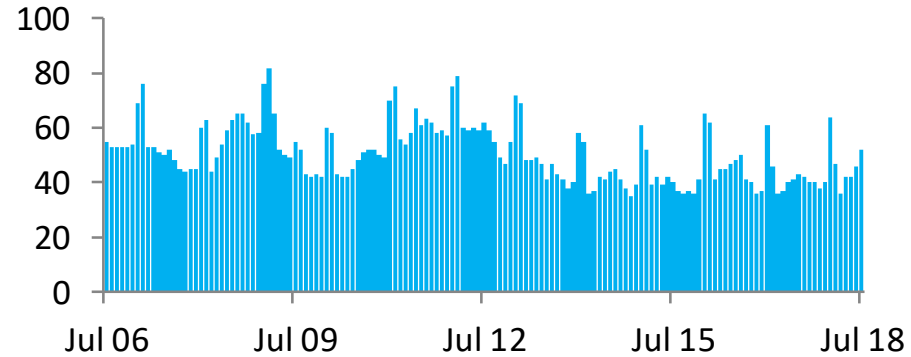


# Homes are typically taking longer to sell with larger discounts compared to a year ago

Average rate of vendor discounting, Combined capitals



Average days on market, Combined capitals



Source: CoreLogic

Far fewer new properties are being advertised for sale than a year ago however, in the capital cities, a slower rate of sale means total listings are much higher than last year

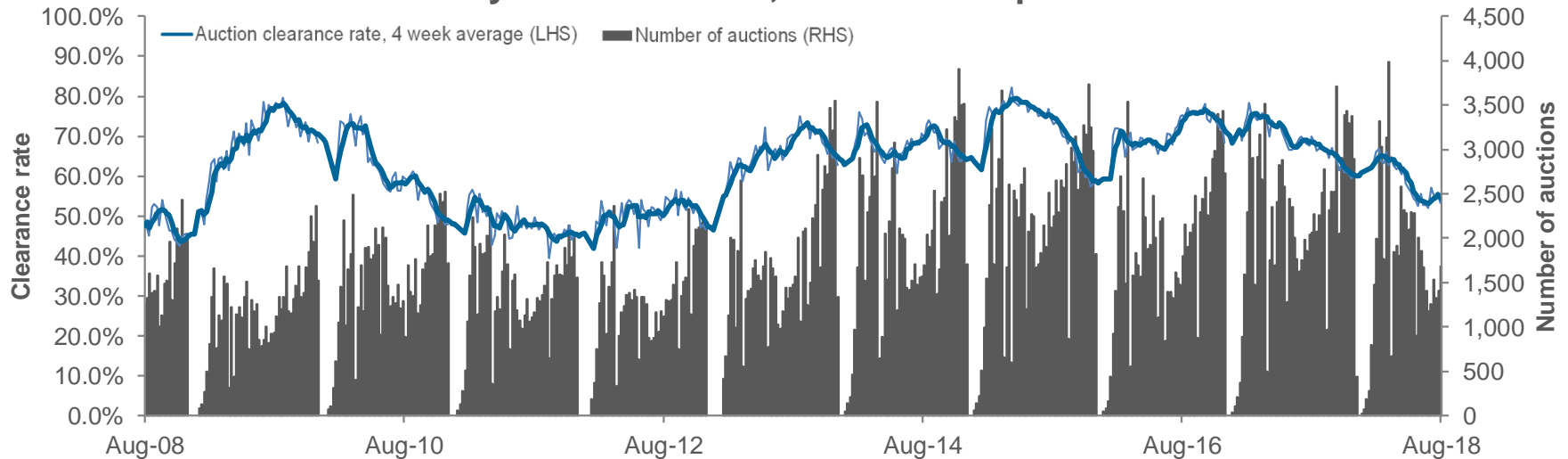
### Number of new and total properties advertised for sale, 28 days to 2 September 2018

| Capital city             | No of new listings | 12 mth change (%) | No of total listings | 12 mth change (%) | State           | No of new listings | 12 mth change (%) | No of total listings | 12 mth change (%) |
|--------------------------|--------------------|-------------------|----------------------|-------------------|-----------------|--------------------|-------------------|----------------------|-------------------|
| Sydney                   | 6,744              | -5.7%             | 27,521               | 22.5%             | NSW             | 11,007             | -7.0%             | 49,876               | 9.6%              |
| Melbourne                | 7,515              | -5.2%             | 31,870               | 14.0%             | Vic             | 10,362             | -4.0%             | 47,790               | -1.8%             |
| Brisbane                 | 3,978              | -1.4%             | 20,096               | 2.7%              | Qld             | 9,194              | -1.2%             | 62,173               | -1.8%             |
| Adelaide                 | 1,765              | -1.4%             | 7,616                | -4.8%             | SA              | 2,451              | -4.0%             | 16,304               | -6.9%             |
| Perth                    | 2,987              | -6.7%             | 19,961               | 2.3%              | WA              | 4,189              | -10.5%            | 32,929               | -0.3%             |
| Hobart                   | 340                | 9.0%              | 992                  | -15.6%            | Tas             | 825                | -6.7%             | 4,465                | -25.5%            |
| Darwin                   | 155                | -14.8%            | 1,427                | -12.2%            | NT              | 217                | -10.0%            | 2,034                | -9.1%             |
| Canberra                 | 623                | 4.9%              | 1,890                | 1.3%              | ACT             | 649                | 6.7%              | 1,980                | 2.5%              |
| <b>Combined capitals</b> | <b>24,107</b>      | <b>-4.3%</b>      | <b>111,373</b>       | <b>9.0%</b>       | <b>National</b> | <b>38,894</b>      | <b>-4.9%</b>      | <b>217,551</b>       | <b>-0.3%</b>      |

Source: CoreLogic

# Auction clearance rates have steadied over recent weeks but they remain well below levels from a year ago

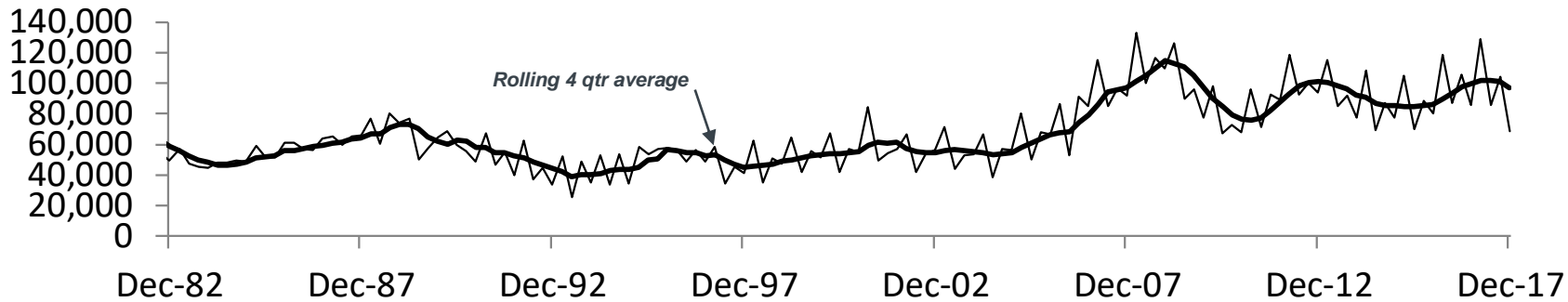
## Weekly clearance rate, combined capital cities



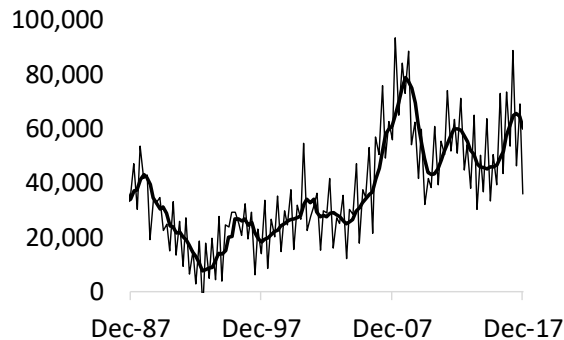
Source: CoreLogic

# Housing demand: overseas migration pulls back but population growth remains quite strong

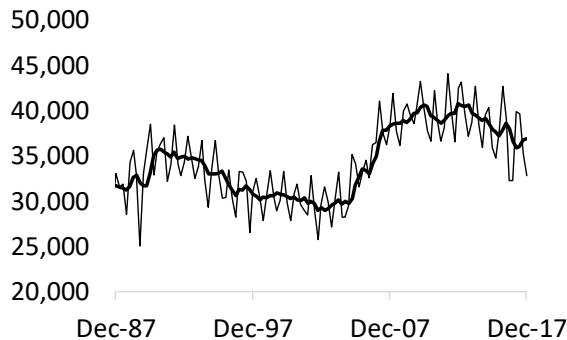
## Quarterly change in national population



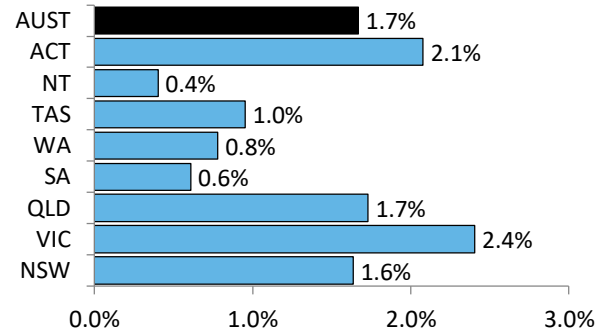
## Net overseas migration



## Natural increase



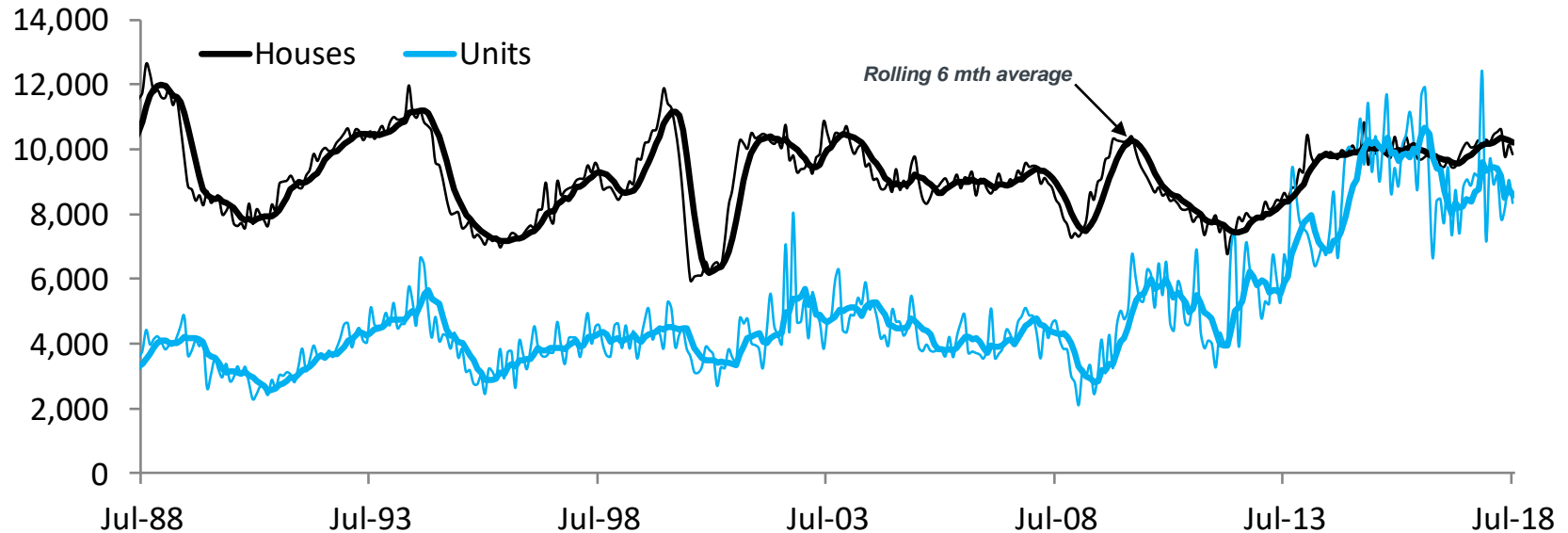
## Annual change in population



Source: CoreLogic, ABS

Both house and unit approvals are trending lower however, they remain well above historic average levels

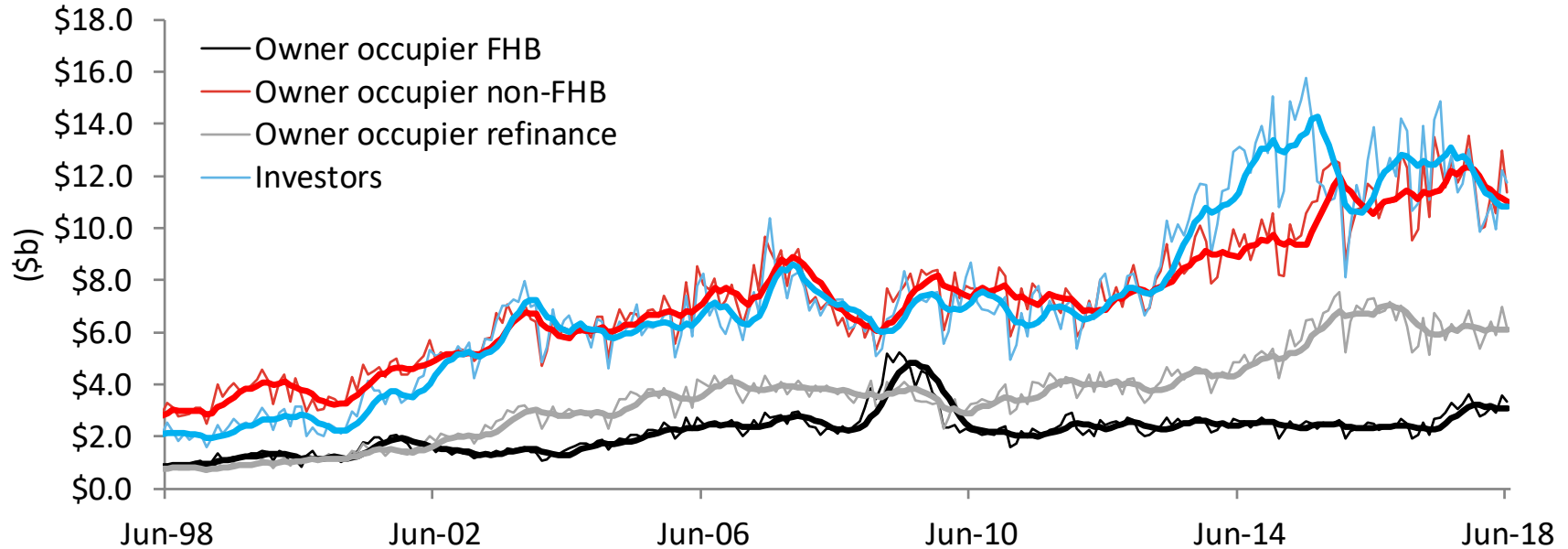
Number of dwellings approved for construction, National



Source: CoreLogic, ABS

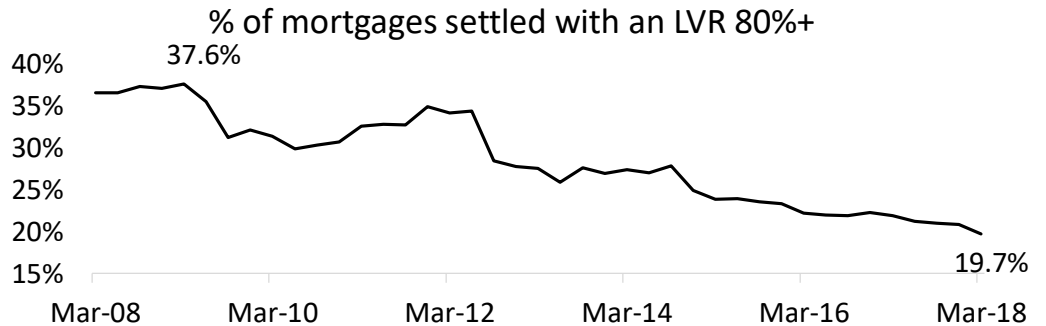
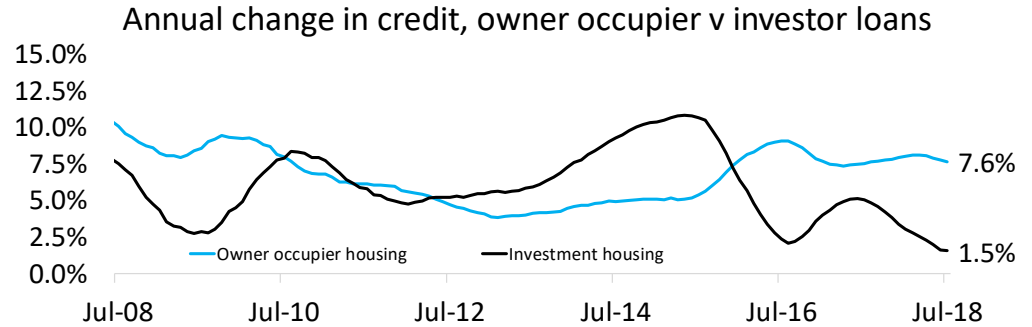
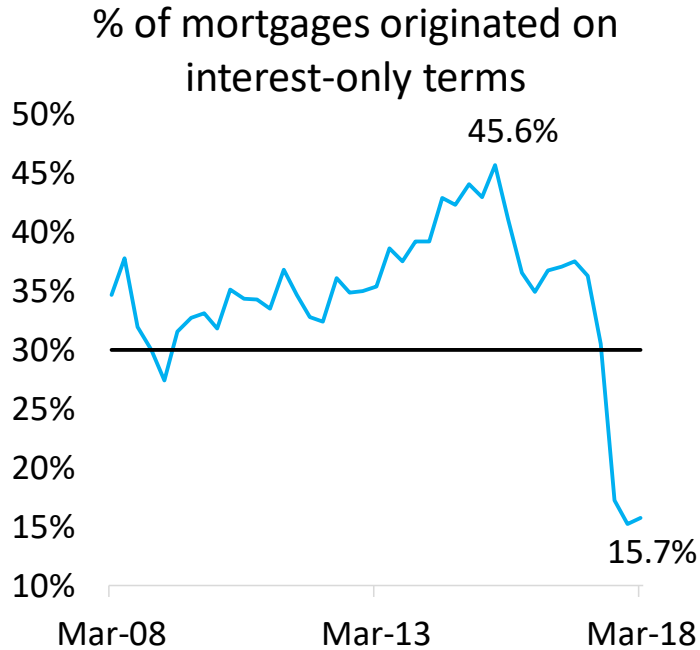
# Mortgage demand is trending lower across the board with the greatest reduction in demand from investors

## Value of housing finance commitments by borrower type



Source: CoreLogic, ABS

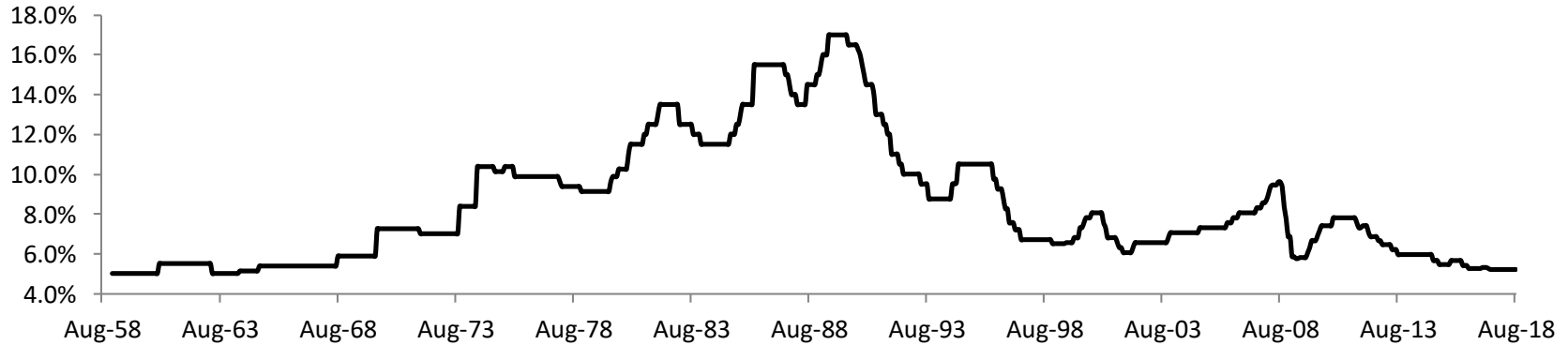
While previous housing cycles have generally been dictated by changes in interest rates, the current slowdown has been heavily influenced by changes in credit availability



Source: CoreLogic, APRA, RBA

# In September, the Reserve Bank kept official interest rates on hold at 1.5% for the 25<sup>th</sup> consecutive month

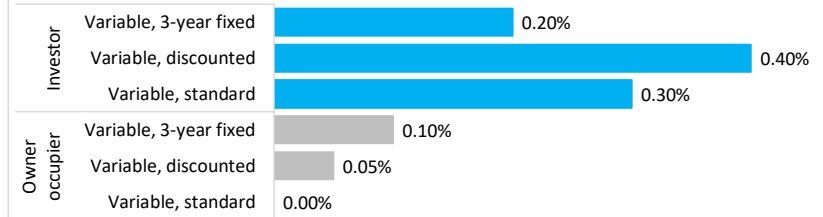
## Standard variable mortgage rates over time



### Avg mortgage rate by product type, Aug 2018



### Change in avg mortgage rate since low point, Aug 2018



Source: CoreLogic, RBA