



Our Insights.  
Your Story.

Property market chart pack  
August 2019



# Residential Real Estate Underpins Australia's Wealth

-  Residential Real Estate  
**\$6.4 Trillion**
  -  Australian Superannuation  
**\$2.8 Trillion**
  -  Australian Listed Stocks  
**\$2.0 Trillion**
  -  Commercial Real Estate  
**\$993 Billion**
- As at the end of July 2019



**10.3 million**  
Number of dwellings



**\$1.83 trillion**  
Outstanding mortgage debt



**49.3%**  
Household wealth held in housing



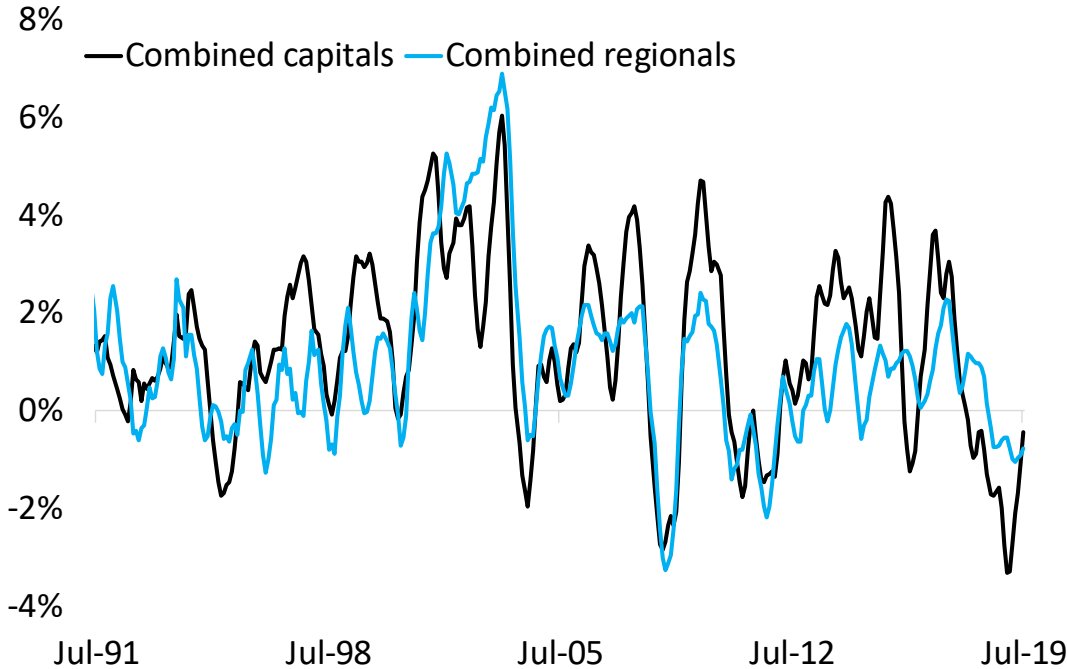
**374,185**  
Total sales p.a.



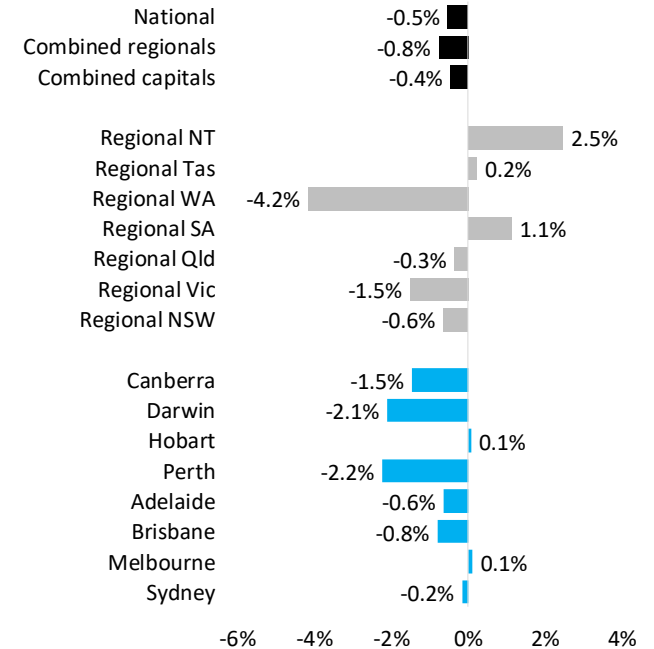
**\$251.1 billion**  
Gross value of sales p.a.

# Over the three months to July 2019, the -0.5% fall in national dwelling values was the smallest since May 2018

Quarterly change in dwelling values



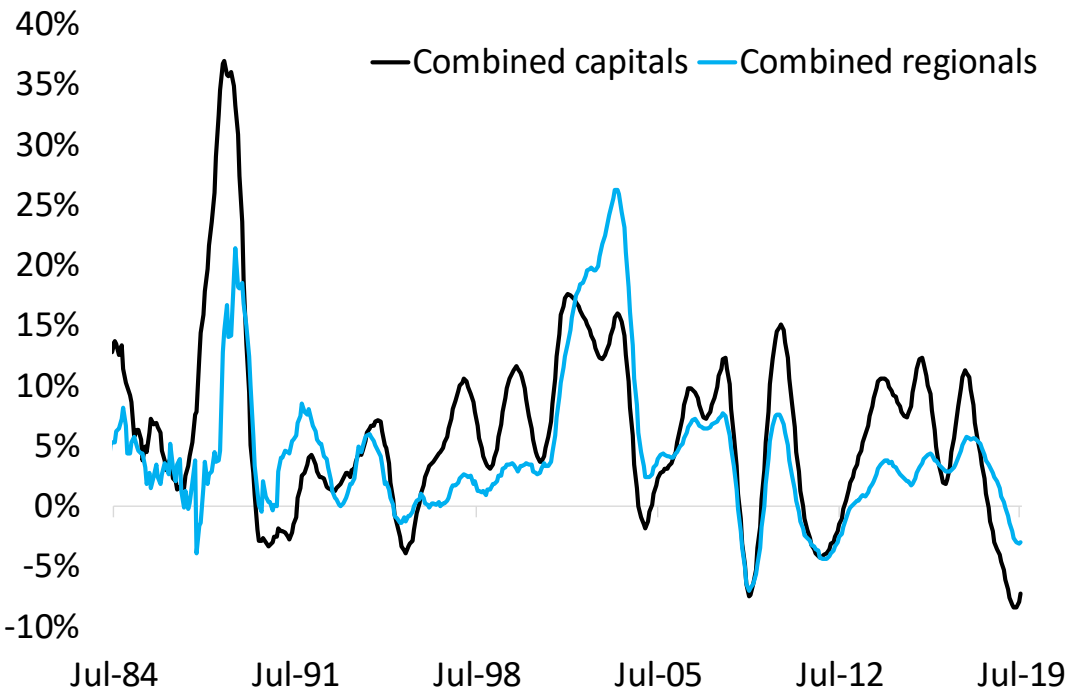
Quarterly change in dwelling values to July-19



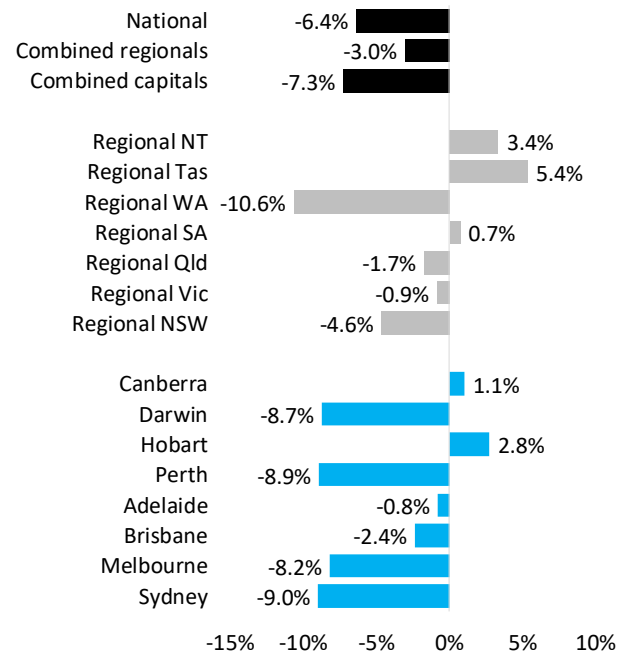
Source: CoreLogic

# The annual rate of decline in combined capital city values has continued to ease

## Annual change in dwelling values



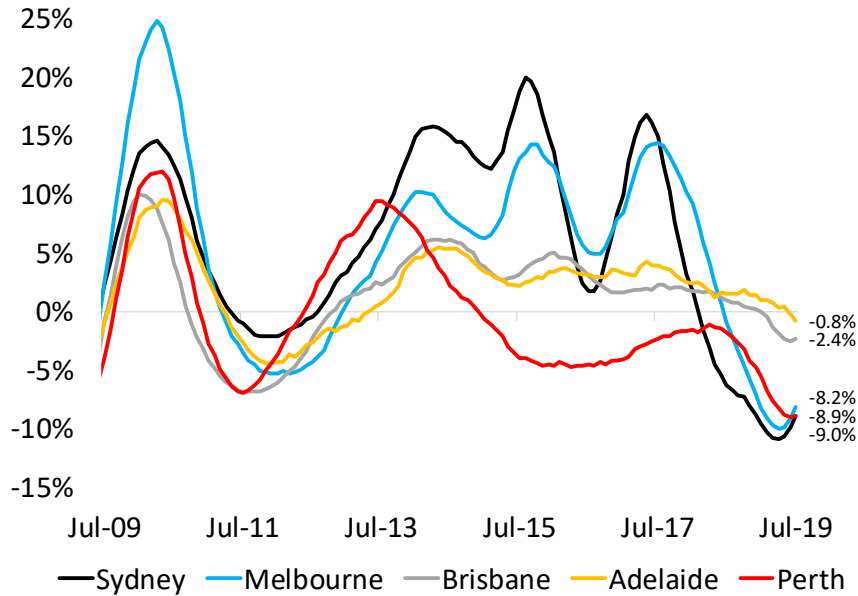
## Annual change in dwelling values to Jul-19



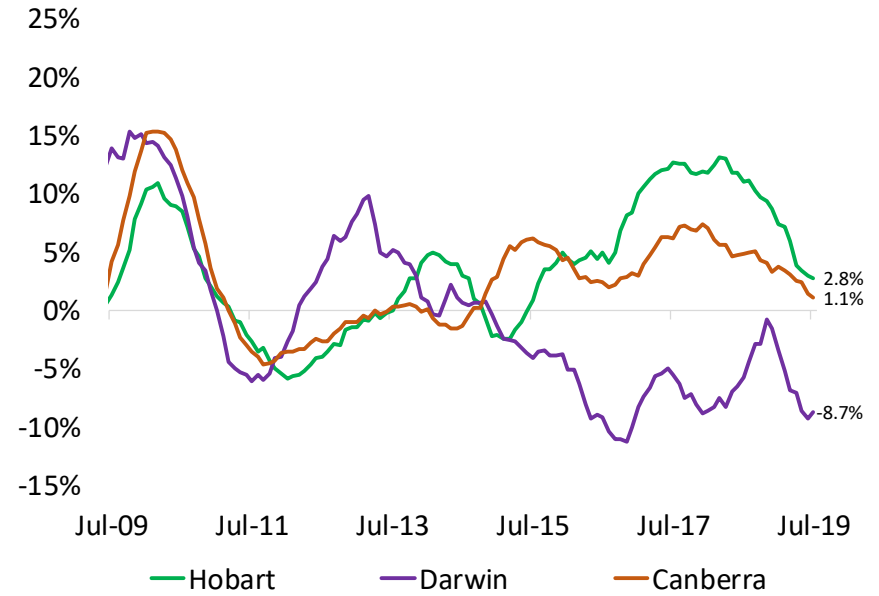
Source: CoreLogic

# The annual change in dwelling values highlights broad-based weakening in housing market conditions with early signs of an improvement in Sydney, Melbourne and Brisbane

Annual change in dwelling values



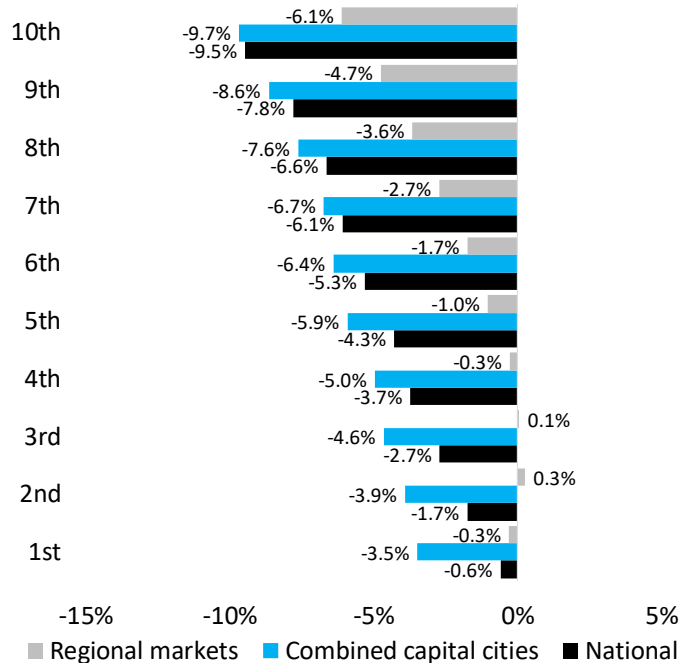
Annual change in dwelling values



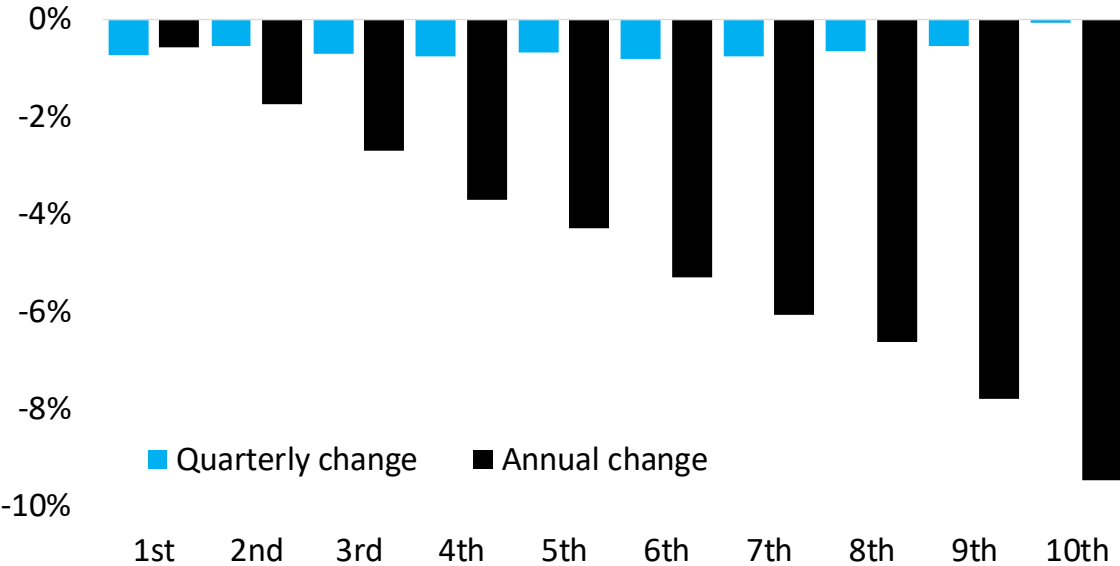
Source: CoreLogic

Premium dwelling values have recorded the largest annual falls however, they are showing a marked slowing of decline over the past three months

Annual change in dwelling values by decile, Jul-19

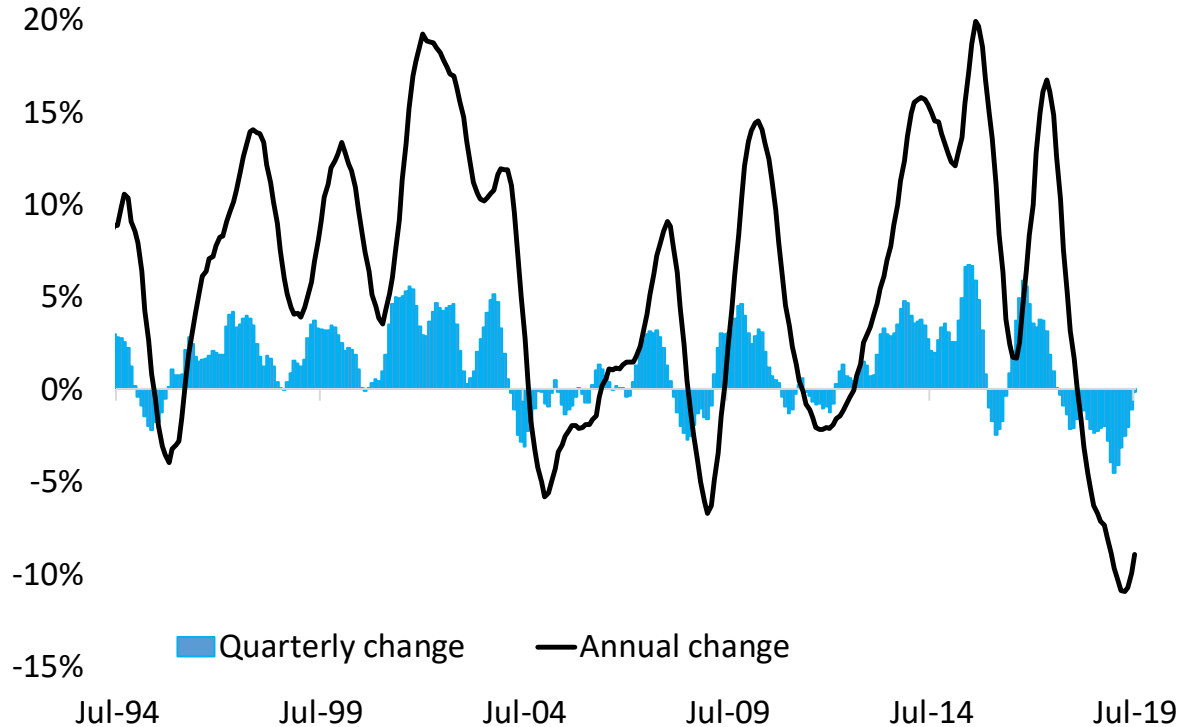


Quarterly and annual change in dwelling values by deciles, National as at Jul 2019



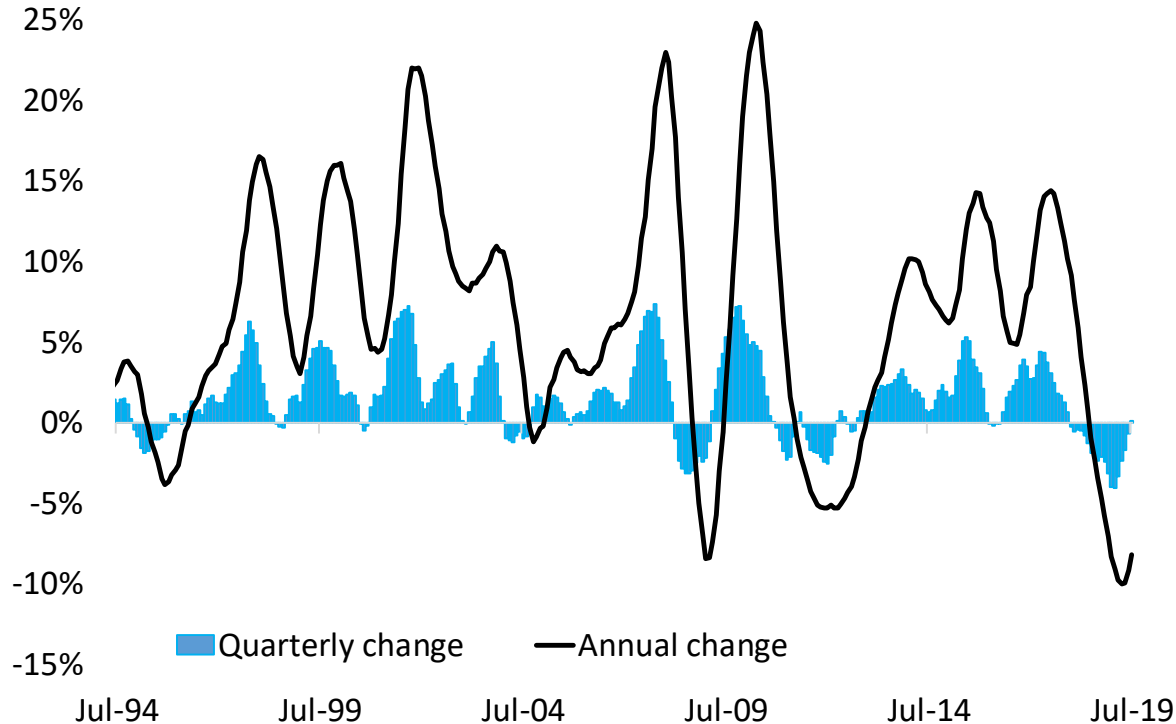
Source: CoreLogic

## Quarterly and annual change in dwelling values - Sydney



Sydney dwelling values have fallen by **-0.2%** over the three months to July 2019 and they are **-9.0%** lower over the past year. Sydney dwelling values are now **-14.7%** lower than their July 2017 peak.

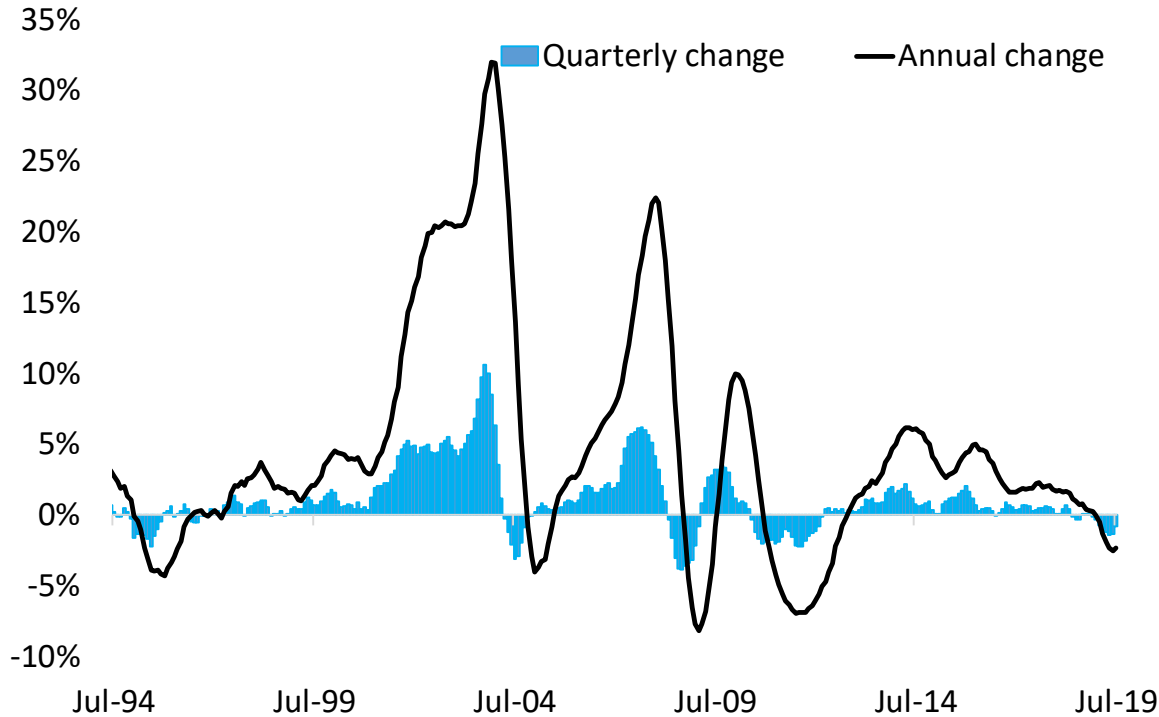
## Quarterly and annual change in dwelling values - Melbourne



Dwelling values in Melbourne have increased by **0.1%** over the 3 months to July 2019 although, they are **-8.2%** lower over the past year. Values in Melbourne are currently **-10.8%** lower than their November 2017 peak.

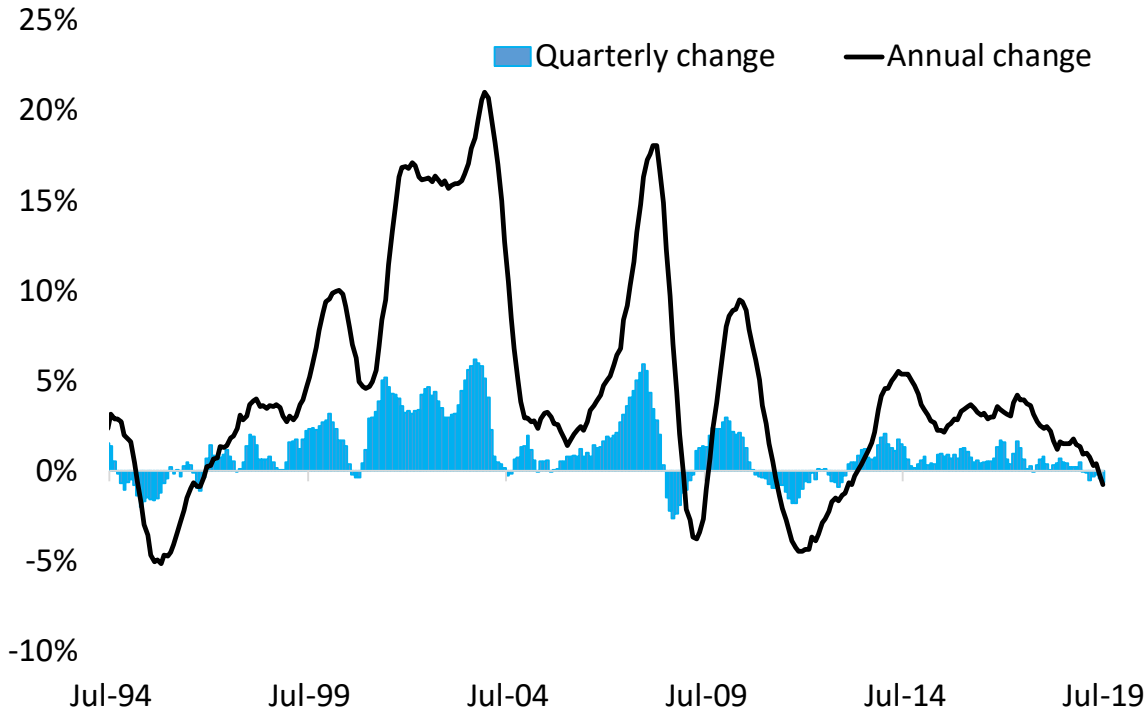


## Quarterly and annual change in dwelling values - Brisbane



Brisbane home values fell **-0.8%** over the three months to July 2019 and they were **-2.4%** lower than a year ago. Brisbane dwelling values have now fallen by **-2.7%** since their peak in April 2018.

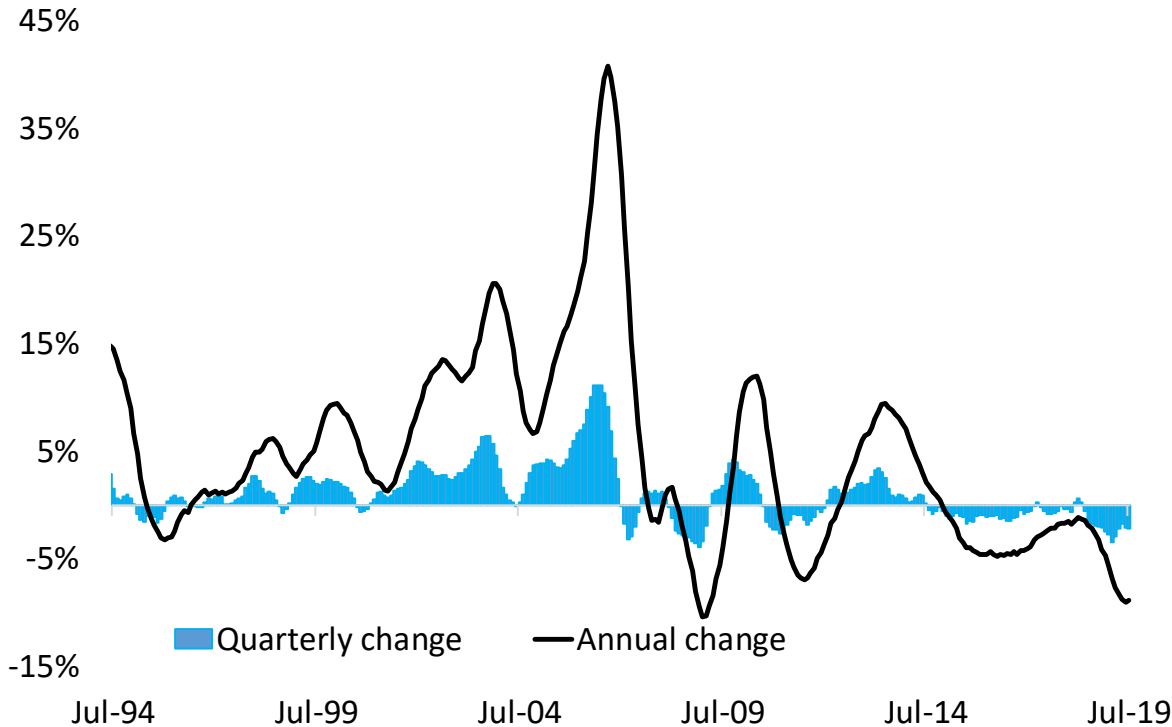
## Quarterly and annual change in dwelling values - Adelaide



Dwelling values in Adelaide fell by **-0.6%** over the three months to July 2019 and they are **-0.8%** lower over the past year. Adelaide dwelling values peaked in December 2018 and have since fallen by **-1.3%**.

Source: CoreLogic

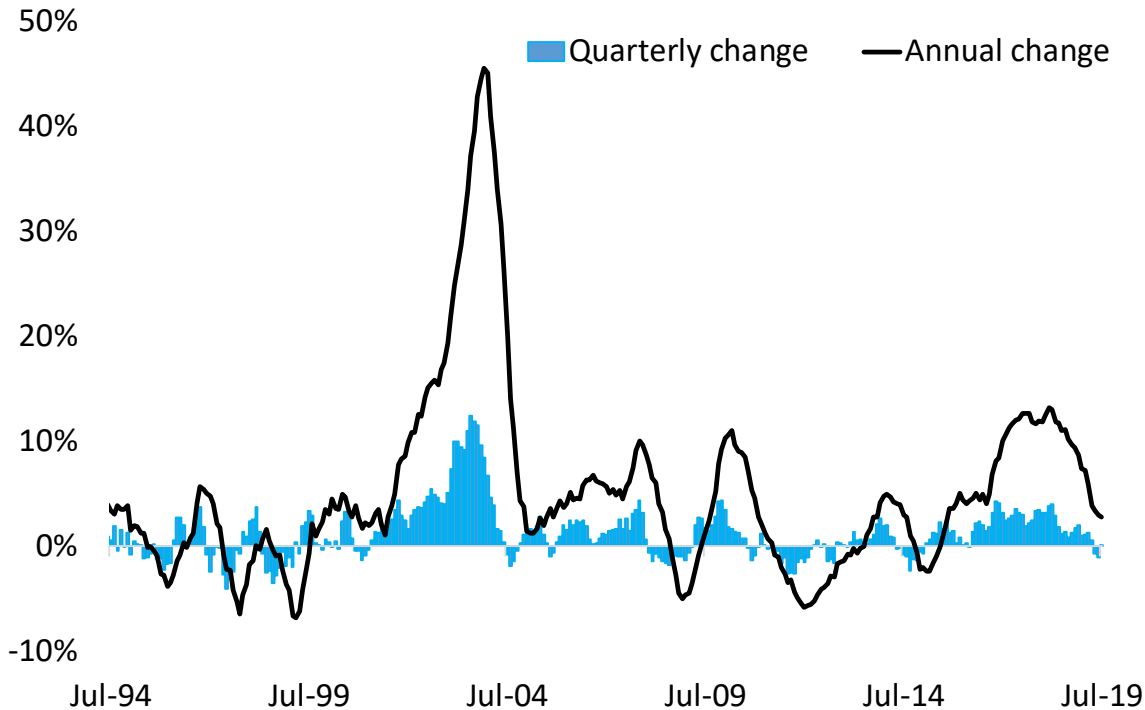
## Quarterly and annual change in dwelling values - Perth



Perth dwelling values fell by **-2.2%** over the three months to July 2019 and they are **-8.9%** lower over the past year. Dwelling values in Perth are now **-20.2%** lower than they were at their peak in June 2014.

Source: CoreLogic

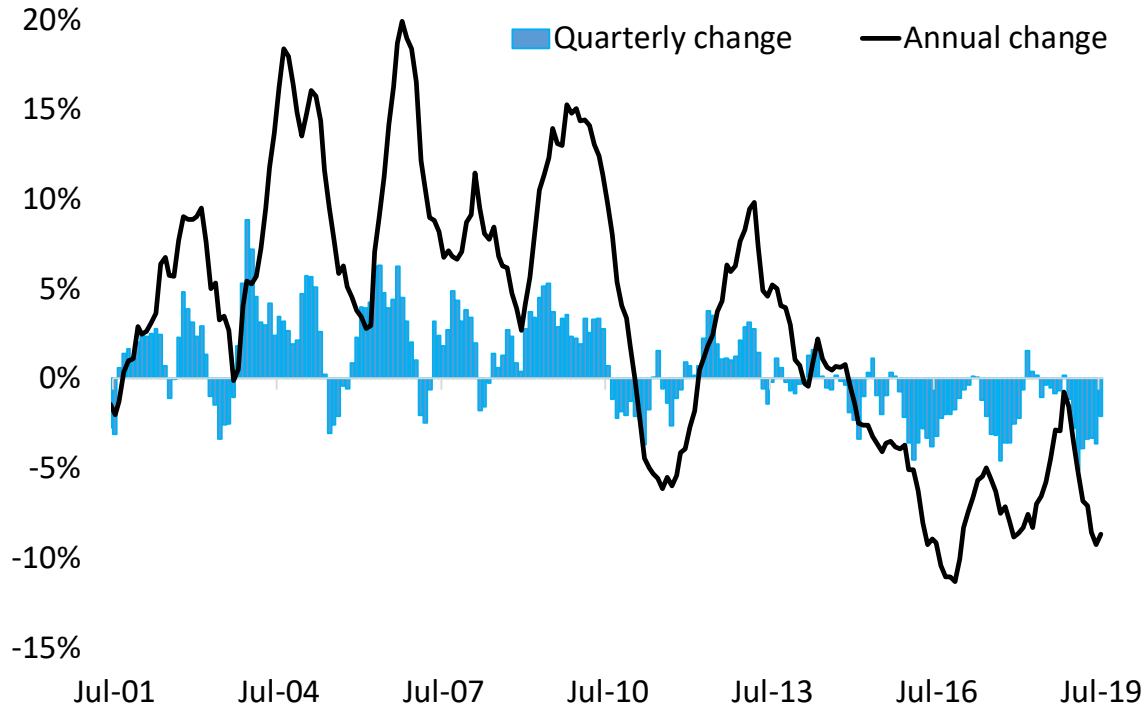
## Quarterly and annual change in dwelling values - Hobart



Dwelling values in Hobart increased **0.1%** over the 3 months to July 2019 and they are **2.8%** higher over the past year. Hobart dwelling values are now **-0.8%** lower than their peak in March 2019.

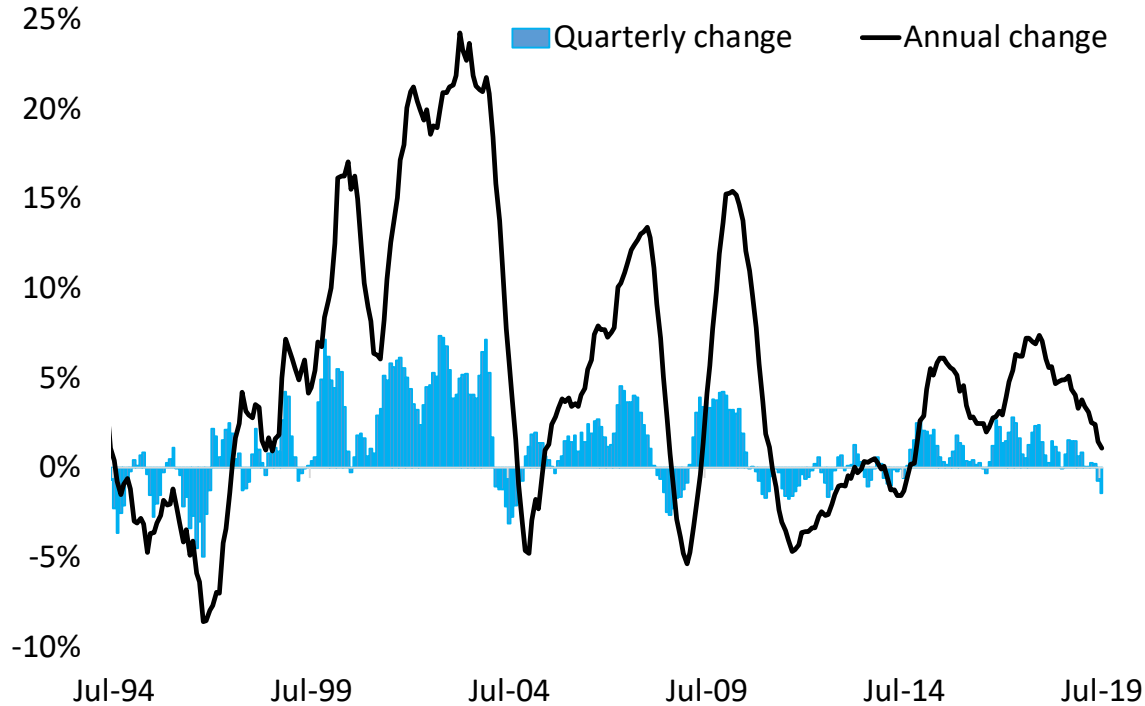
Source: CoreLogic

## Quarterly and annual change in dwelling values - Darwin



Darwin dwelling values fell by **-2.1%** over the three months to July 2019 and they are **-8.7%** lower over the past year. Dwelling values in Darwin are currently **-29.8%** lower than their historic peak.

## Quarterly and annual change in dwelling values - Canberra

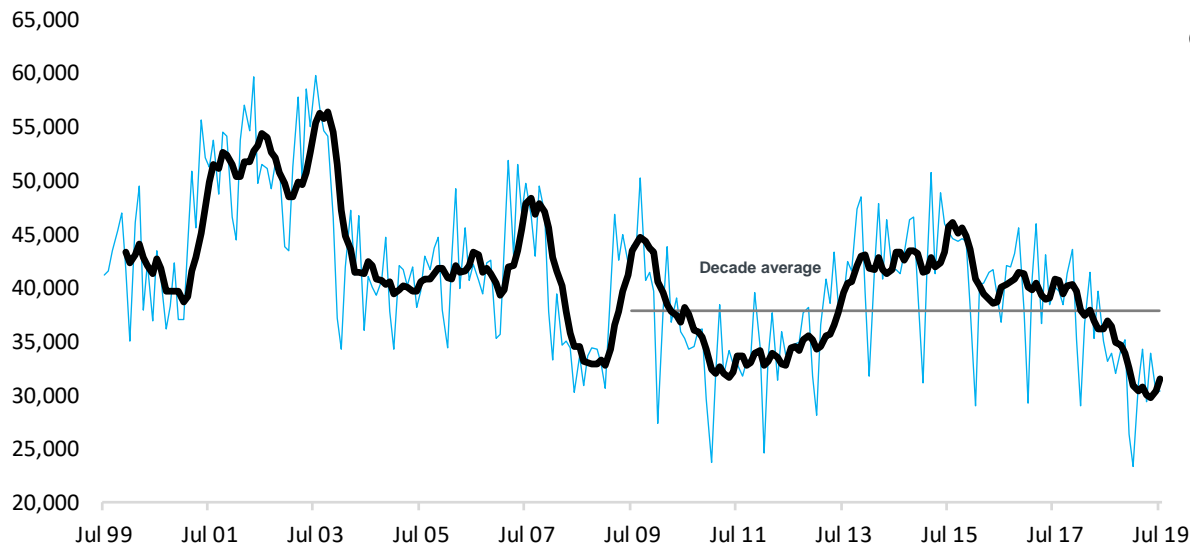


Dwelling values in Canberra fell **-1.5%** over the three months to July 2019 however, they are **1.4%** higher over the past year. Dwelling values have now fallen by **-1.5%** from their peak in April 2019.

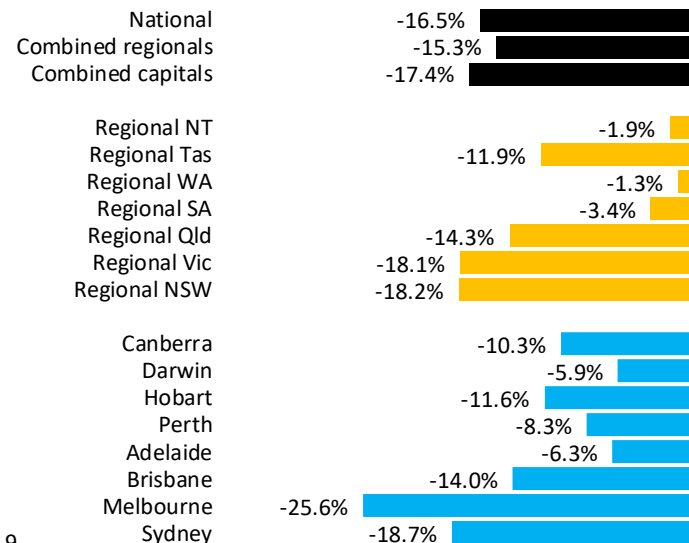
Source: CoreLogic

# Transaction numbers remain lower than a year ago however, over recent months transaction volumes have begun to trend higher

## Monthly sales with six month moving average, National



## Year on year change in settled sales

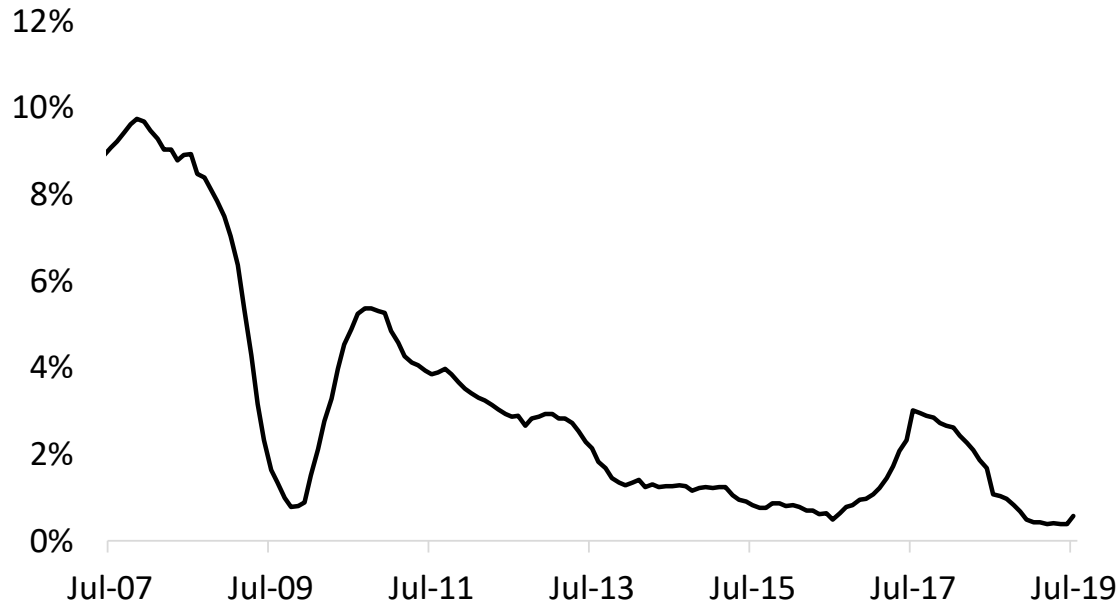


Note the sales volumes are modelled based on historic levels of revision however, they are still subject to revision. Furthermore, sales volumes do not account for off-the-plan purchases which upon completion are counted as sales at their contract date.

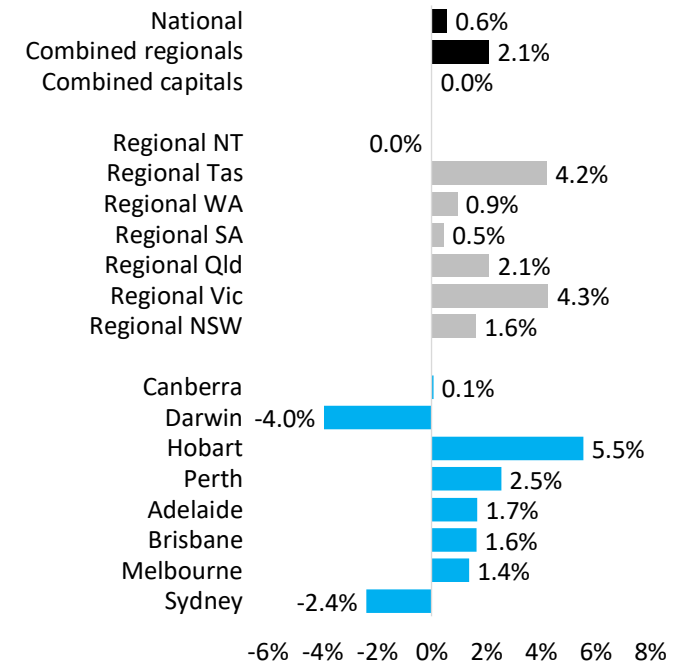
Source: CoreLogic

# Annual rental growth has started to lift from record lows, however rents continue to fall in Sydney and Darwin

## Annual change in dwelling rents, National



## Annual change in dwelling rents to Jul-19

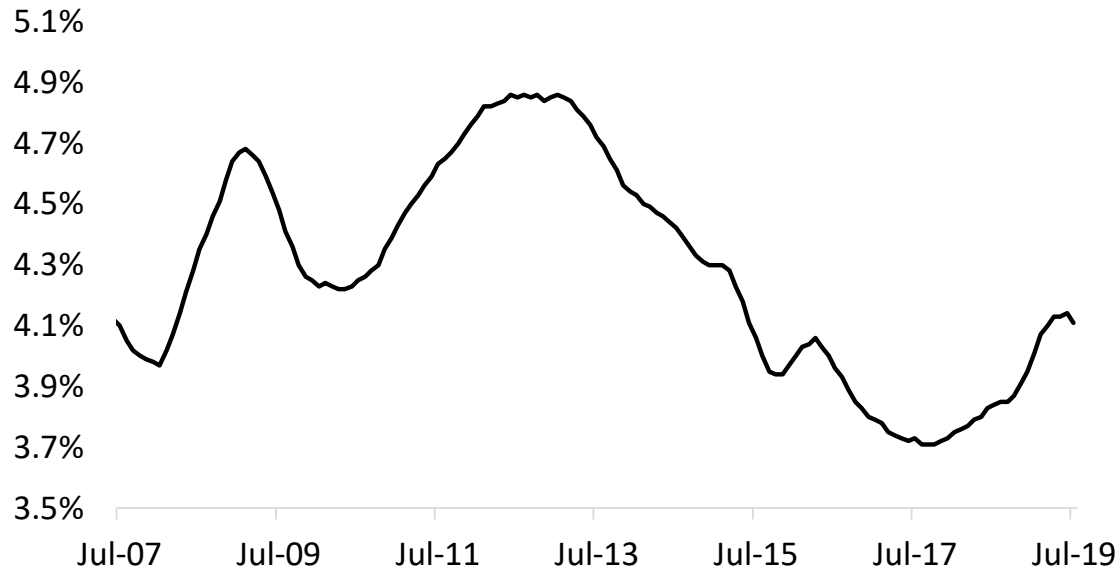


Source: CoreLogic

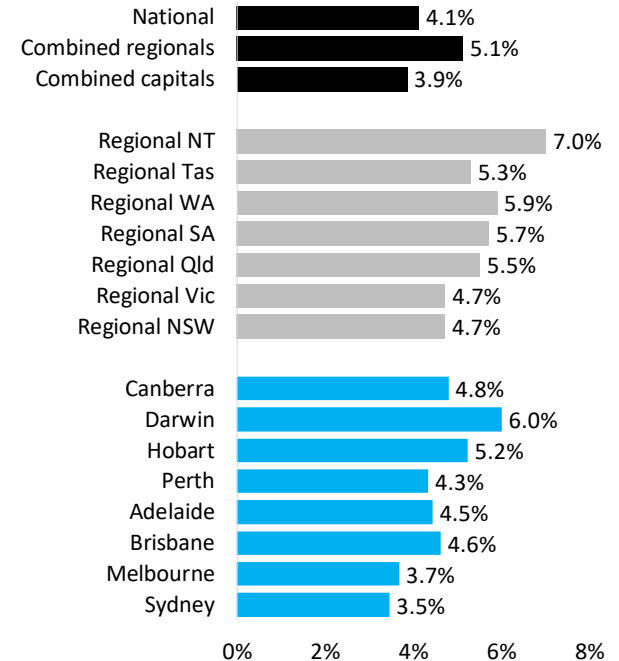


The recent improvement in housing market conditions has resulted in a slight softening of gross rental yields.

Gross rental yields, National



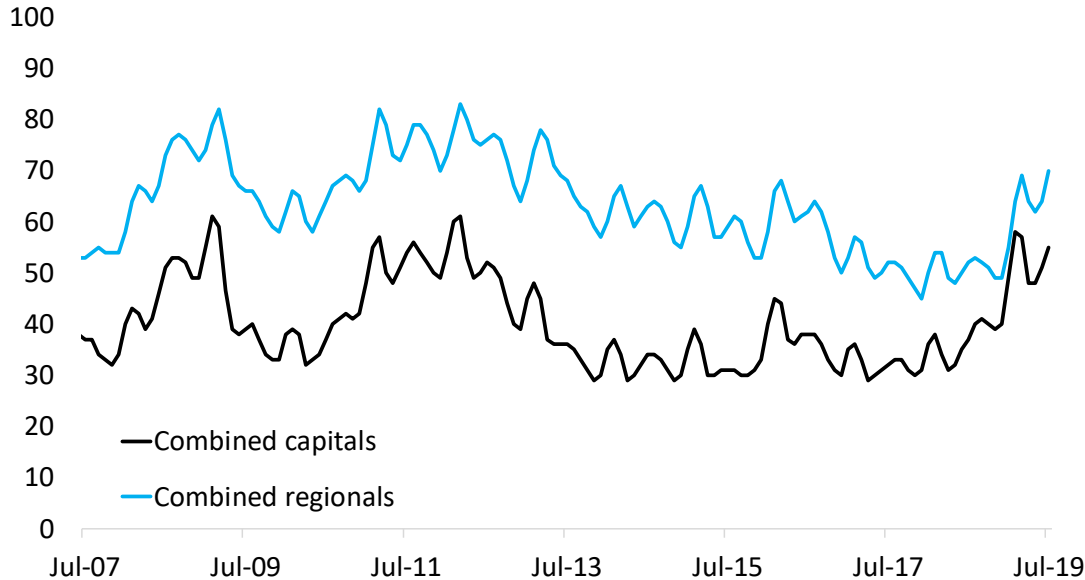
Gross rental yields as at Jul-19



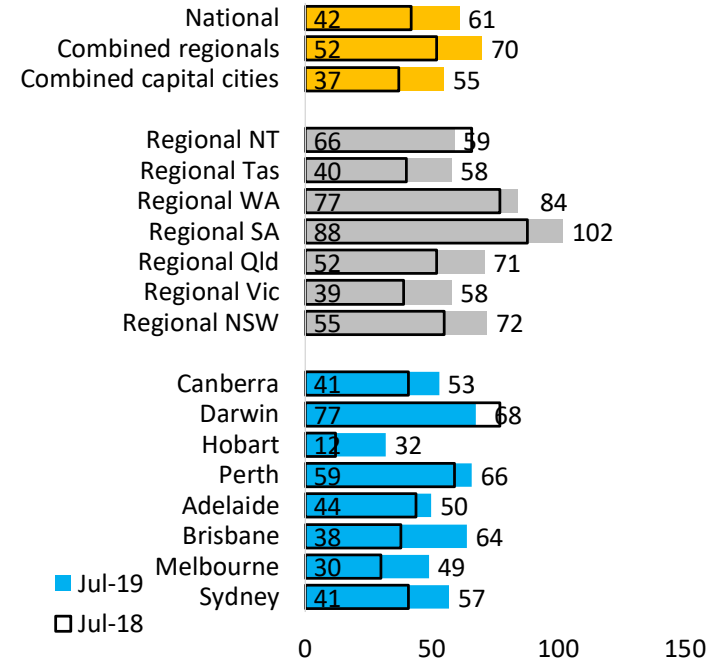
Source: CoreLogic

# Despite some recent reductions, properties are taking longer to sell than they have over recent years

## Median days on market



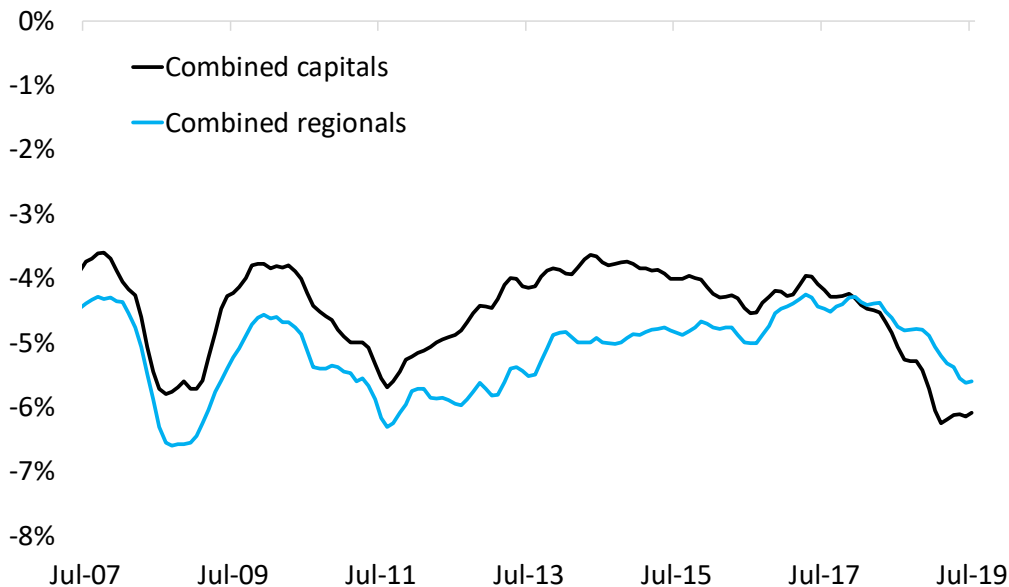
## Median days on market Jul-18 vs Jul-19



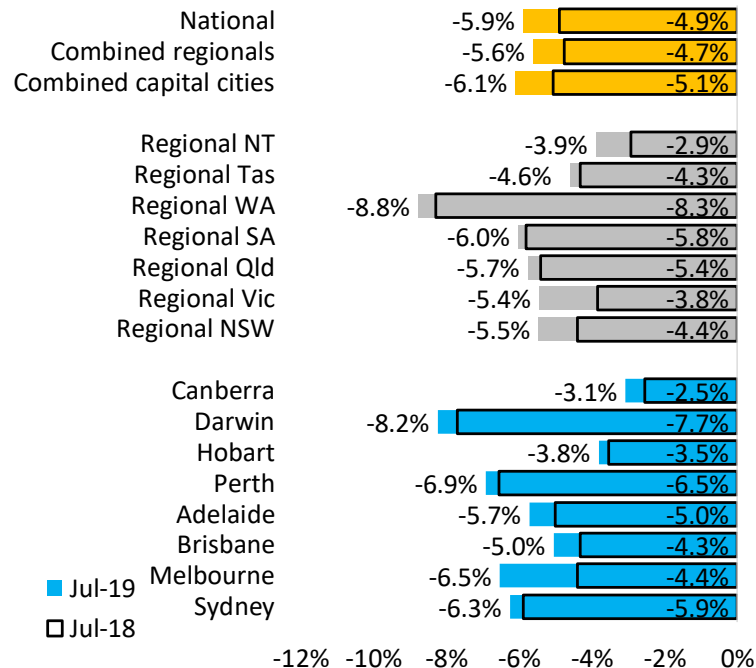
Source: CoreLogic

# Tougher selling conditions with fewer buyers have meant legitimate sellers have had to offer larger price reductions

## Median vendor discount



## Median vendor discount Jul-18 vs Jul-19



Source: CoreLogic

With new listings substantially lower than recent years throughout 2019, total listing have now reduced to levels lower than a year ago

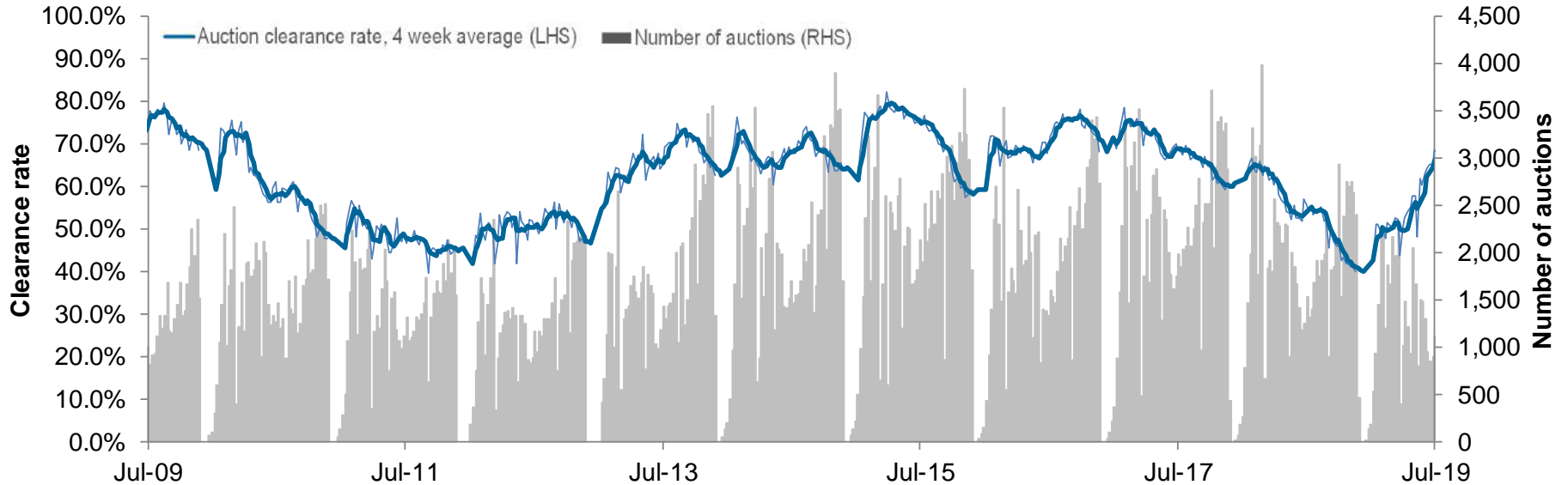
**Number of new and total properties advertised for sale, 28 days to 4 August 2019**

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	4,118	-31.0%	22,147	-15.4%	NSW	7,338	-26.8%	45,718	-5.6%
Melbourne	5,122	-26.6%	29,358	-3.5%	Vic	7,344	-23.3%	45,113	-3.0%
Brisbane	3,149	-15.0%	19,917	1.7%	Qld	7,217	-16.8%	60,728	-1.3%
Adelaide	1,498	-7.5%	8,041	5.8%	SA	2,083	-7.9%	16,508	1.1%
Perth	2,468	-17.7%	18,462	-9.2%	WA	3,435	-16.2%	30,558	-8.3%
Hobart	308	-14.0%	1,113	14.2%	Tas	722	-11.0%	4,359	-3.9%
Darwin	131	-27.2%	1,426	-0.8%	NT	174	-20.9%	2,058	1.1%
Canberra	469	-15.9%	2,106	15.7%	ACT	482	-16.2%	2,202	16.0%
<b>Combined capitals</b>	<b>17,263</b>	<b>-22.8%</b>	<b>102,570</b>	<b>-5.3%</b>	<b>National</b>	<b>28,795</b>	<b>-20.5%</b>	<b>207,244</b>	<b>-3.4%</b>

Source: CoreLogic

Auction clearance rates have lifted since the federal election and are now higher than a year ago however, volumes remain much lower

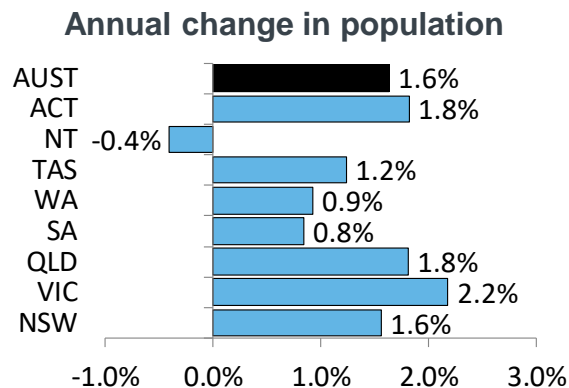
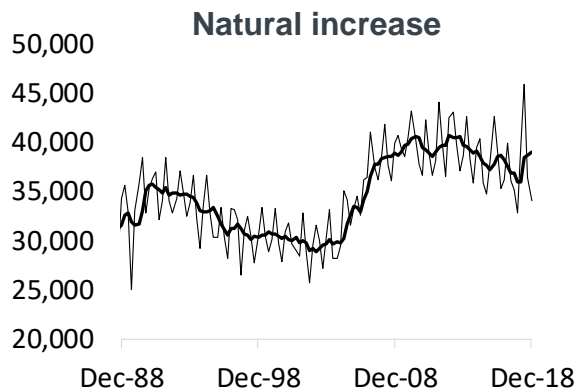
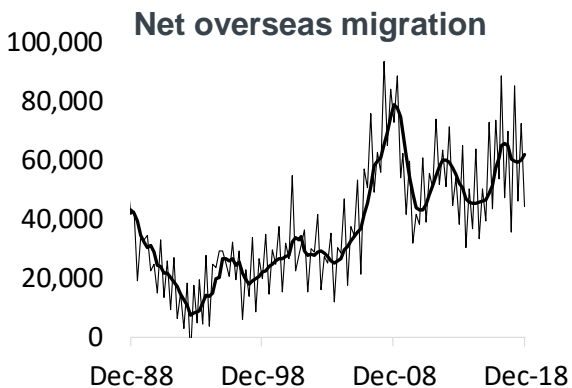
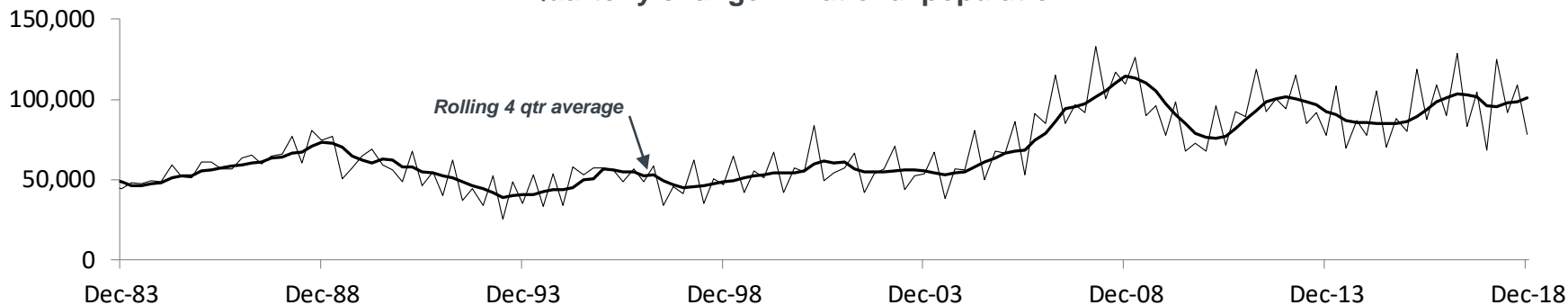
**Weekly clearance rate, combined capital cities**



Source: CoreLogic

# Housing demand: migration to Australia remains high, however the quarterly change in population growth has dipped a little

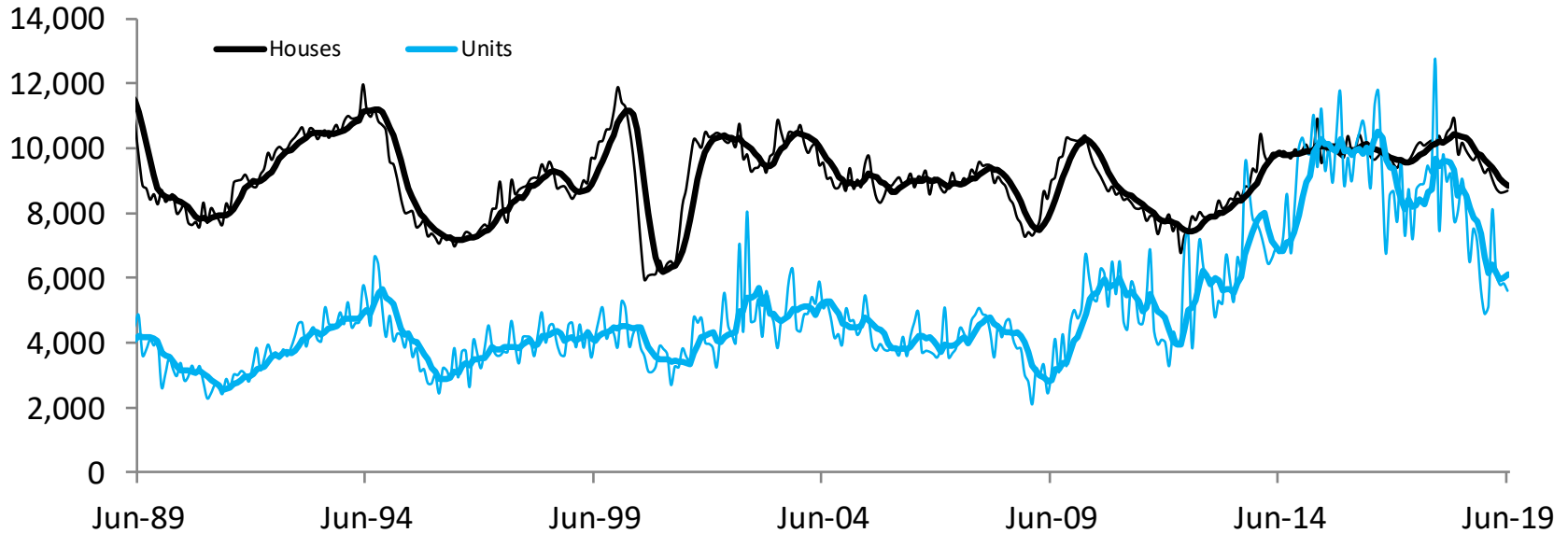
### Quarterly change in national population



Source: CoreLogic, ABS

# Both house and unit approvals continue to trend lower, with larger falls in approved unit supply

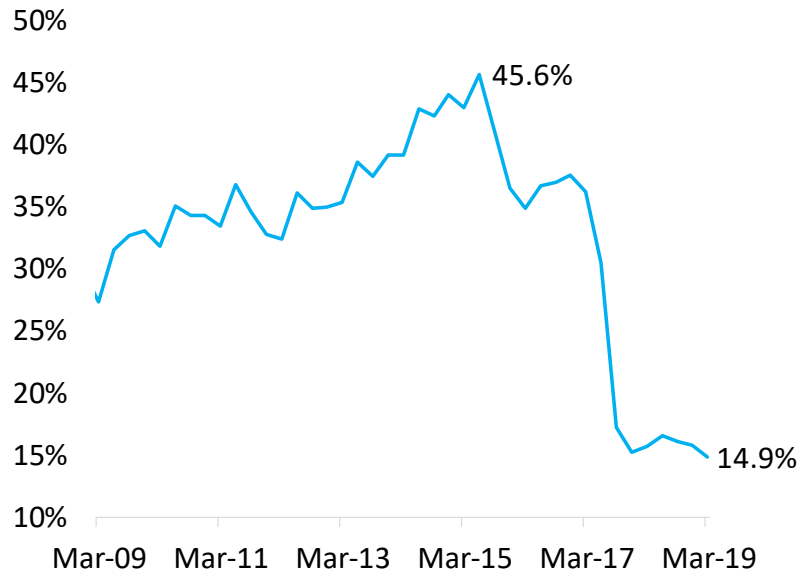
## Number of dwellings approved for construction, National



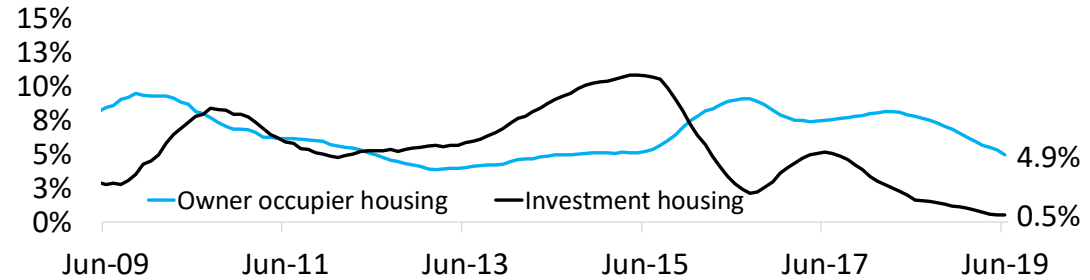
Source: CoreLogic, ABS

# Housing credit is expanding at an historically slow pace, due to tighter credit conditions over recent years

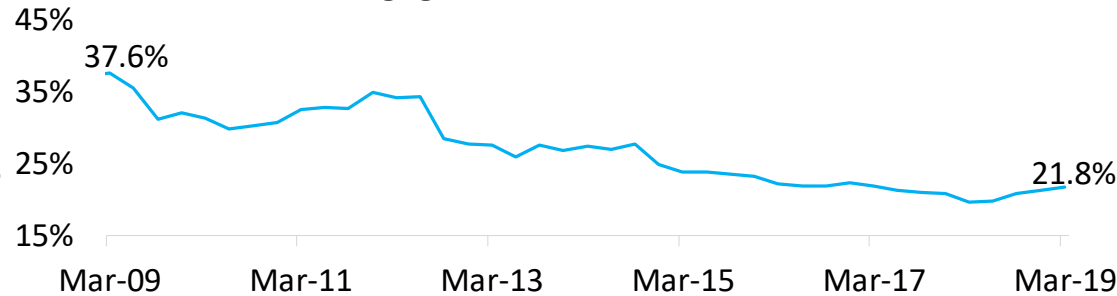
% of mortgages originated on interest-only terms



Annual change in credit, owner occupier v investor



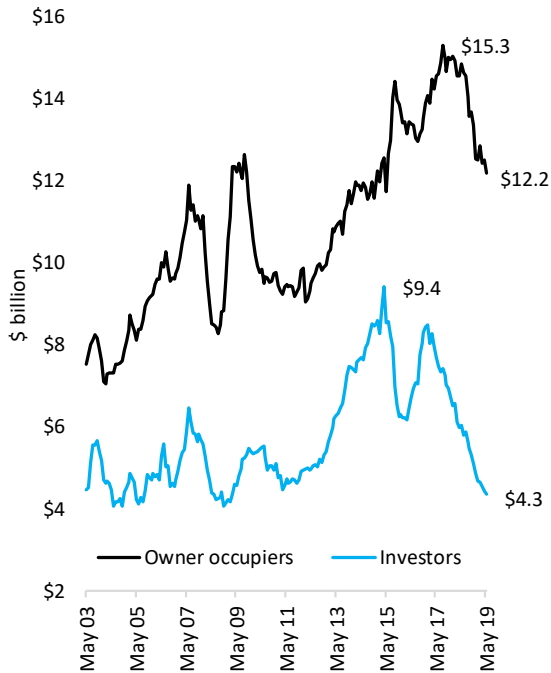
% of mortgages settled with an LVR 80%+



Source: CoreLogic, APRA, RBA



Monthly value of new housing finance commitments, National



New investor lending share of total new lending (ex refinances)

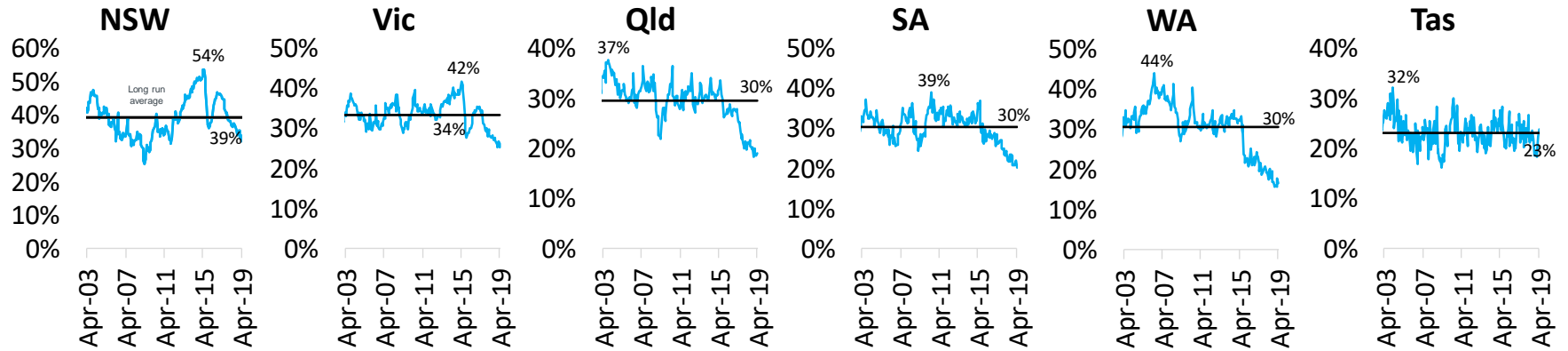


The slowdown in credit growth is mostly due to a sharp reduction in investment lending; down 28% over the past year and almost 54% lower relative to the 2015 peak.

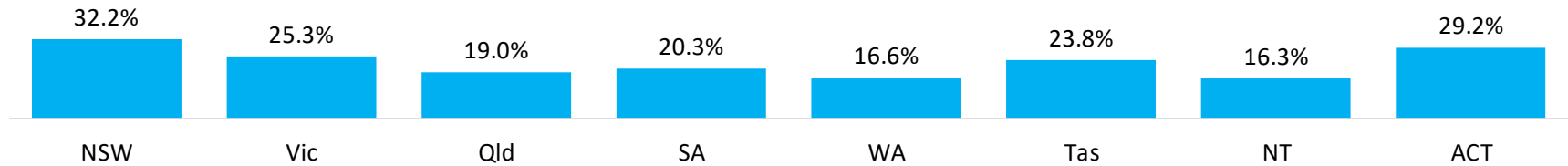
More recently, owner occupier lending has dived sharply, down 18% over the past 12 months.

# Investor activity has faded over the past couple of years in each state and territory

Investor housing finance commitments by states as a share of total commitments (excluding refinances)



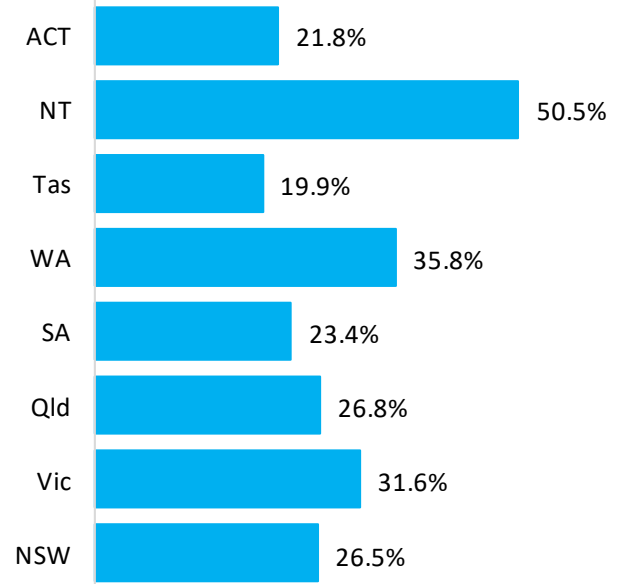
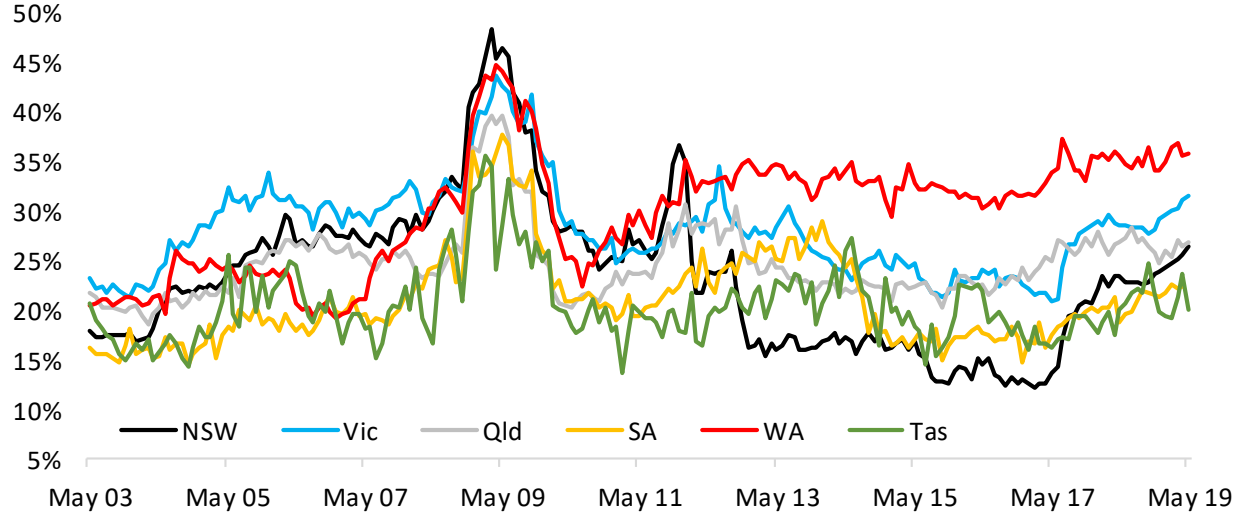
Investors as a % of total value of lending (excluding refinances) as at April 2019



Source: CoreLogic, ABS

First home buyers have been a key source of housing demand due to improved affordability, less competition from investors, low mortgage rates and incentives

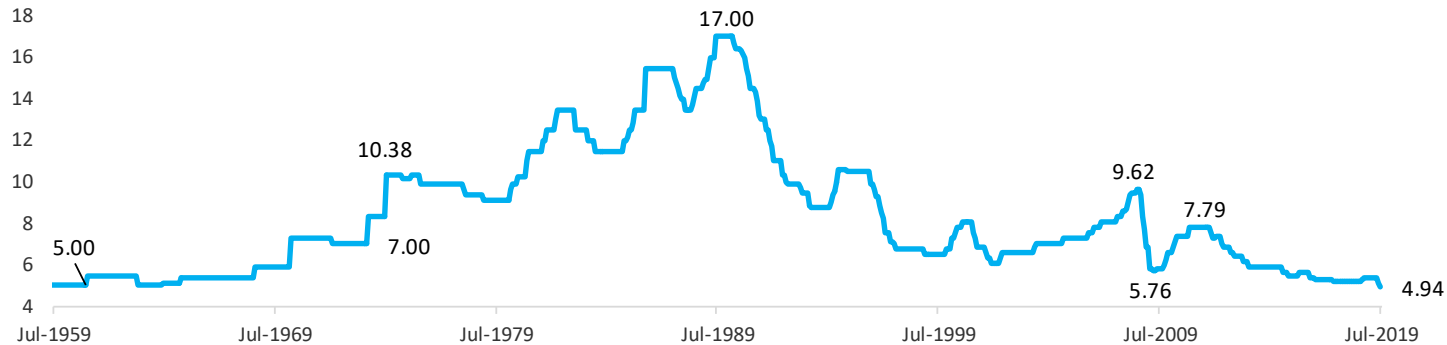
First home buyers as a % of all owner occupier housing finance commitments



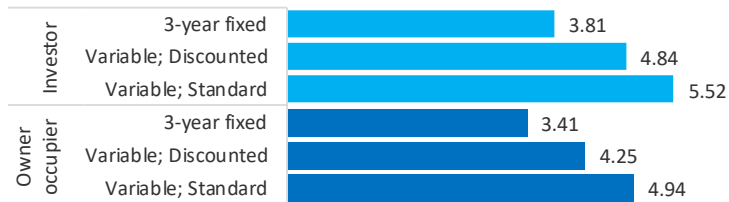
Source: CoreLogic, ABS

# Following successive 25 basis point cut to interest rates, mortgage rates sit at their lowest levels since the 1950s

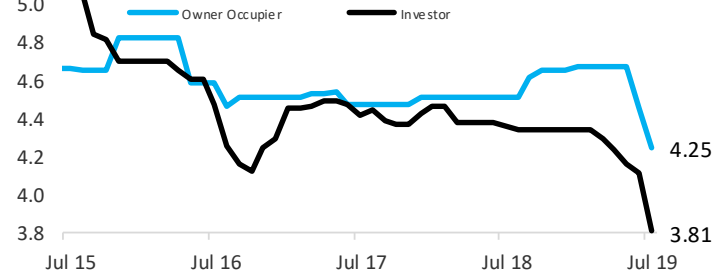
Standard variable mortgage rates over time



Avg mortgage rate by product type, June 2019 (%)



Investor mortgage rate premium



Source: CoreLogic, RBA

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