



# Property Market Chart Pack

Our Insights. Your Story.

February 2020



# Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

**\$7.0 Trillion**



AUSTRALIAN SUPERANNUATION

**\$2.9 Trillion**



AUSTRALIAN LISTED STOCKS

**\$2.0 Trillion**



COMMERCIAL REAL ESTATE

**\$1.0 Trillion**

Data as at February 2019



**10.4 million**  
Number of dwellings

**\$1.82 trillion**  
Outstanding mortgage debt

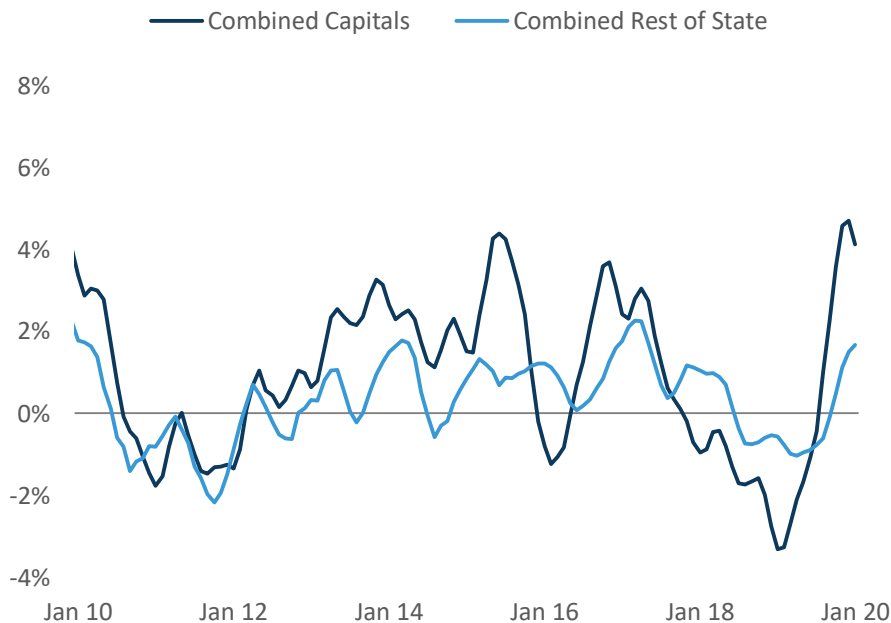
**51.5%**  
Household wealth held in housing

**431,099**  
Total sales p.a.

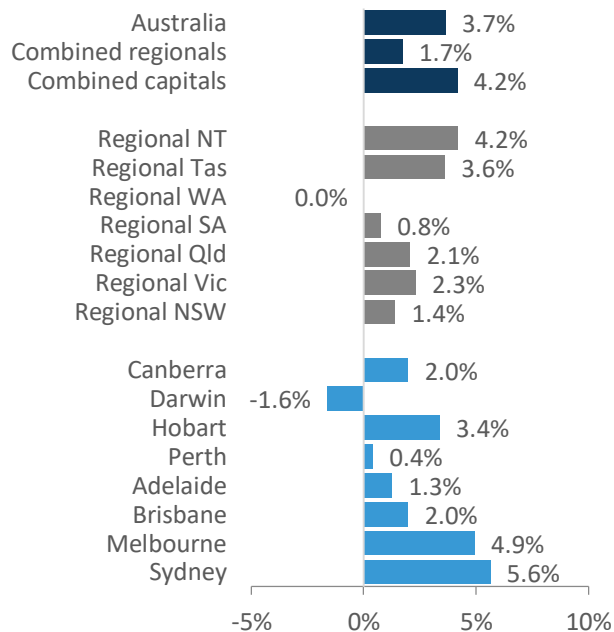
**\$260.5 billion**  
Gross value of sales p.a.

# National dwelling values increased 3.7% over the quarter, a slower quarterly rate than the three months to December

## Quarterly change in dwelling values

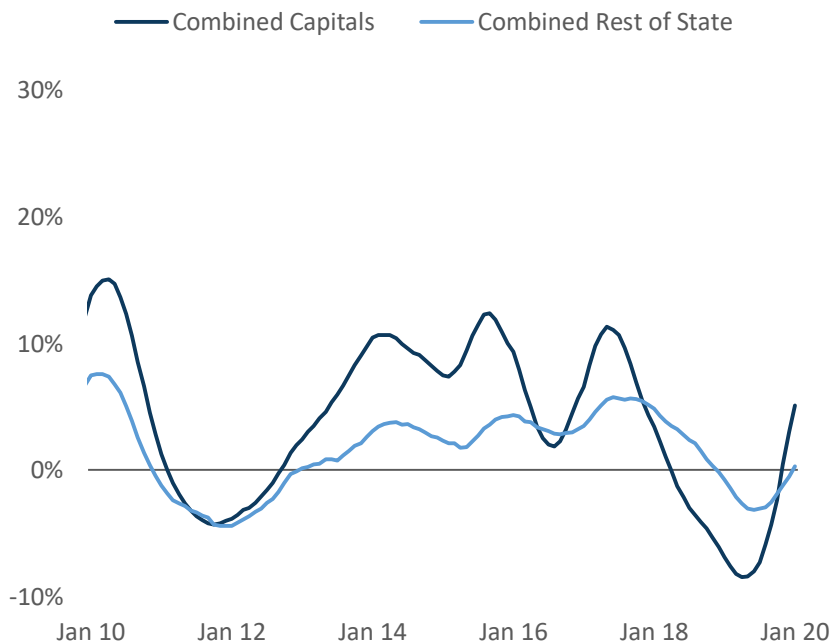


## Quarterly change – Jan-20

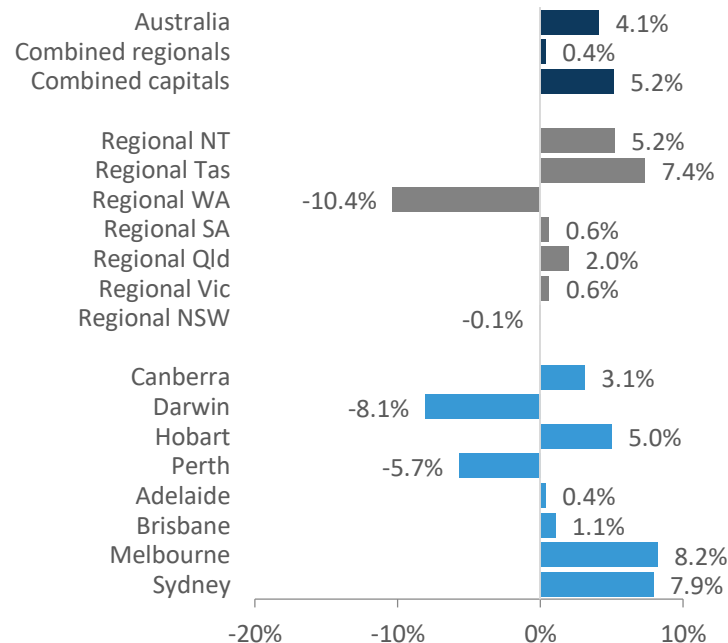


# Annual growth in national dwelling values was 4.1%, the fastest growth rate in a 12 month period since December 2017

## Annual change in dwelling values

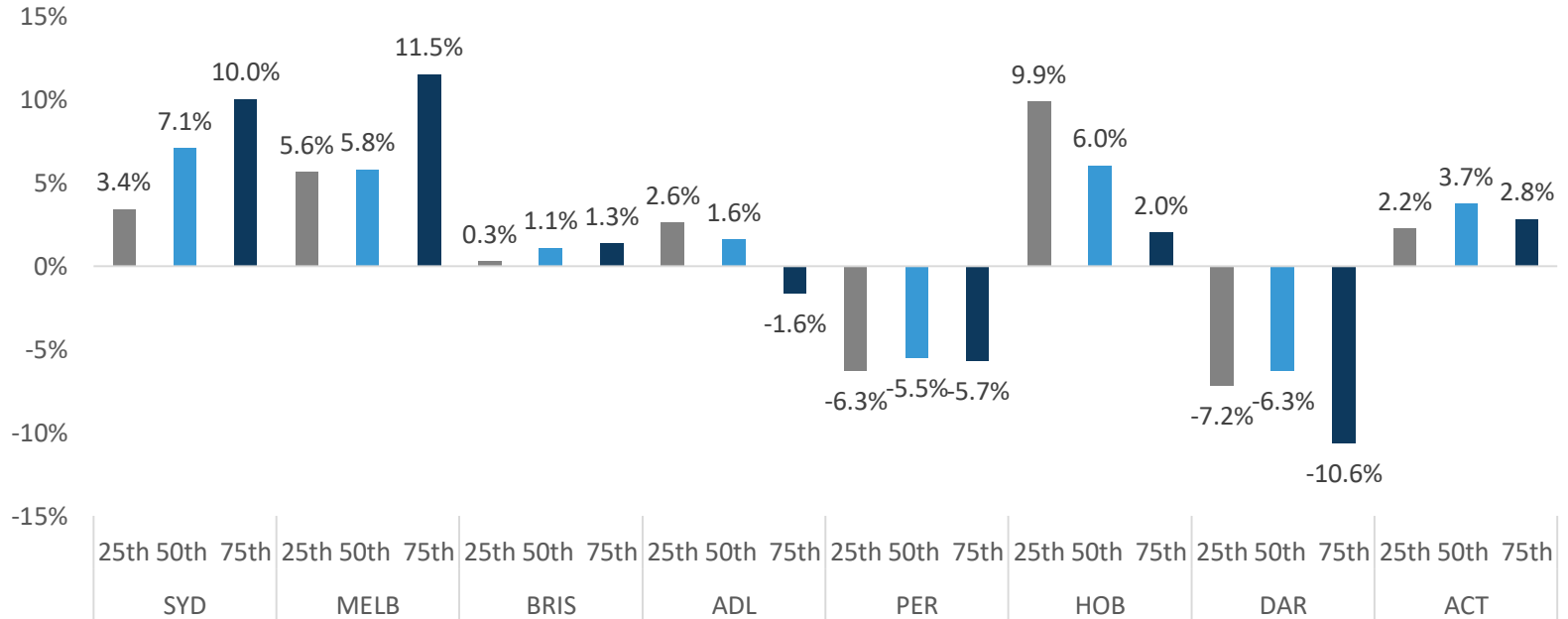


## Annual change – Jan-20



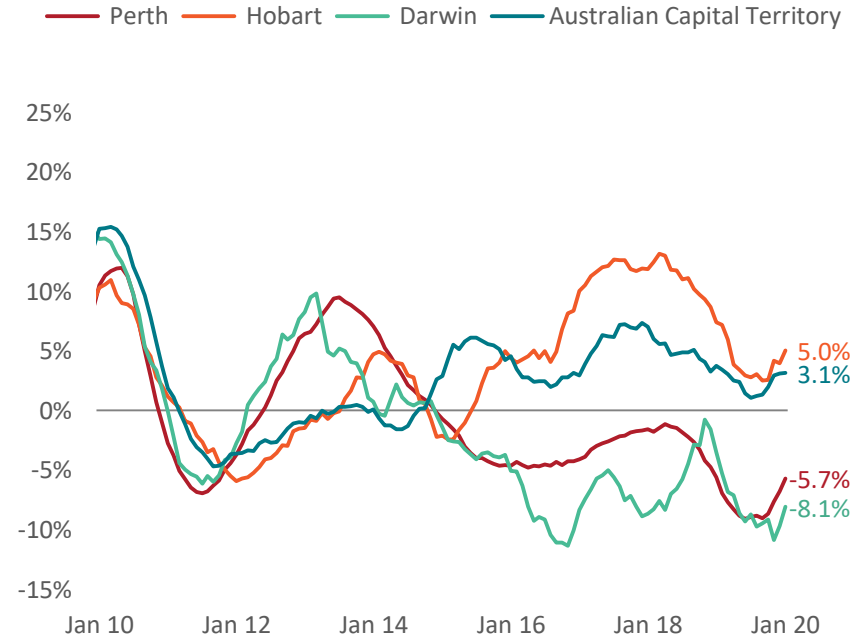
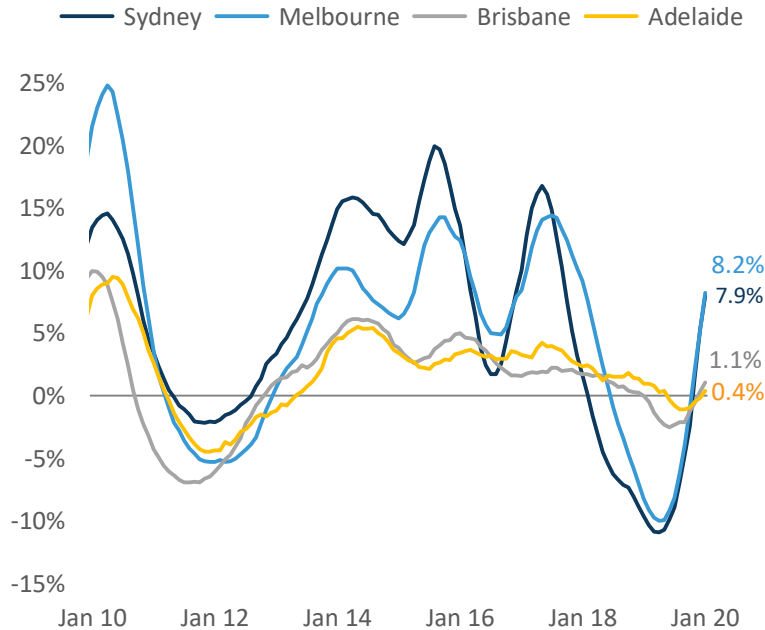
# Nationally, the high end of the Melbourne market has been the strongest growth segment

Annual dwelling value growth by quartile, Greater Capital City Region— January 2020

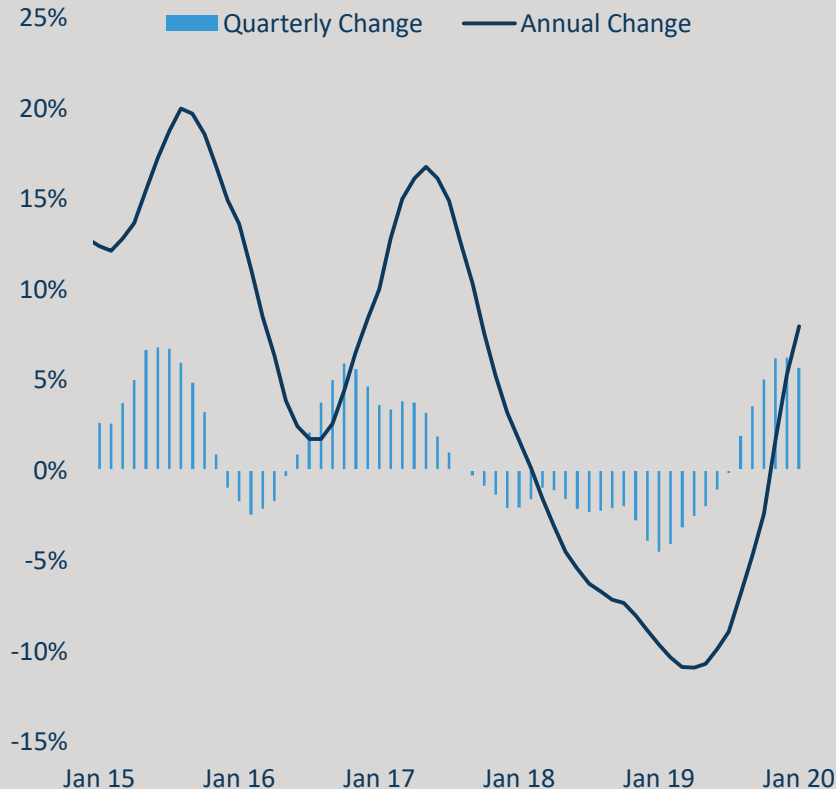


# Dwelling values increased in six of the eight capital city markets in the year to January, with four markets reaching a record high value

## Annual change in dwelling values

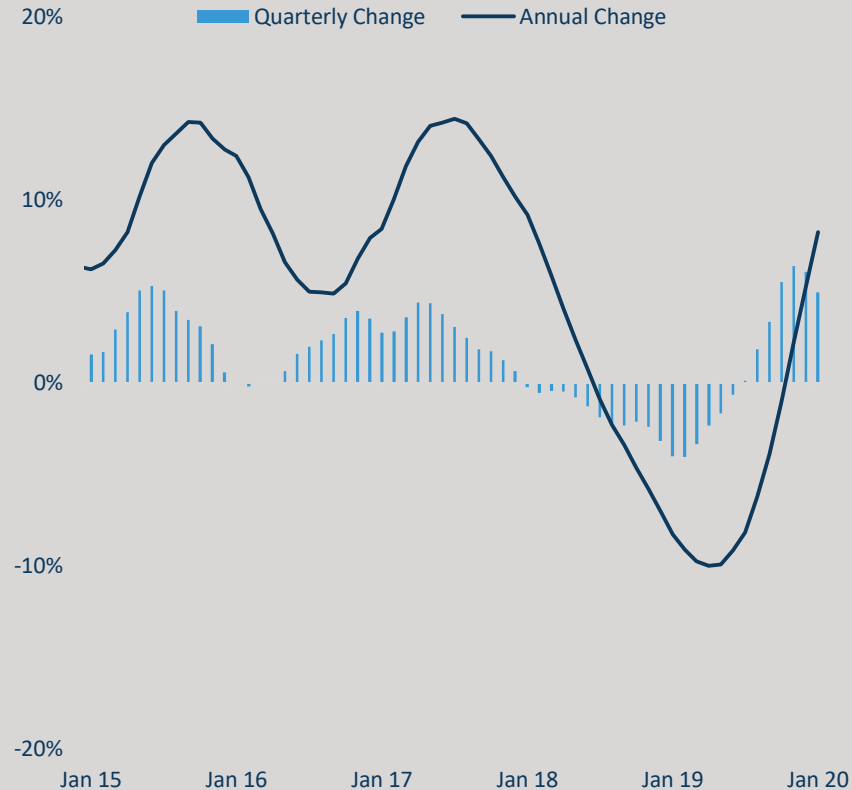


# Quarterly and annual change in dwelling values - Sydney



- Sydney dwelling values increased by **1.1% in January**
- Dwelling values increased **5.6% in the quarter**
- Sydney dwelling values are up by **7.9% in the past year**
- Sydney dwelling values are **-5.4% below the record high, which was in July 2017**

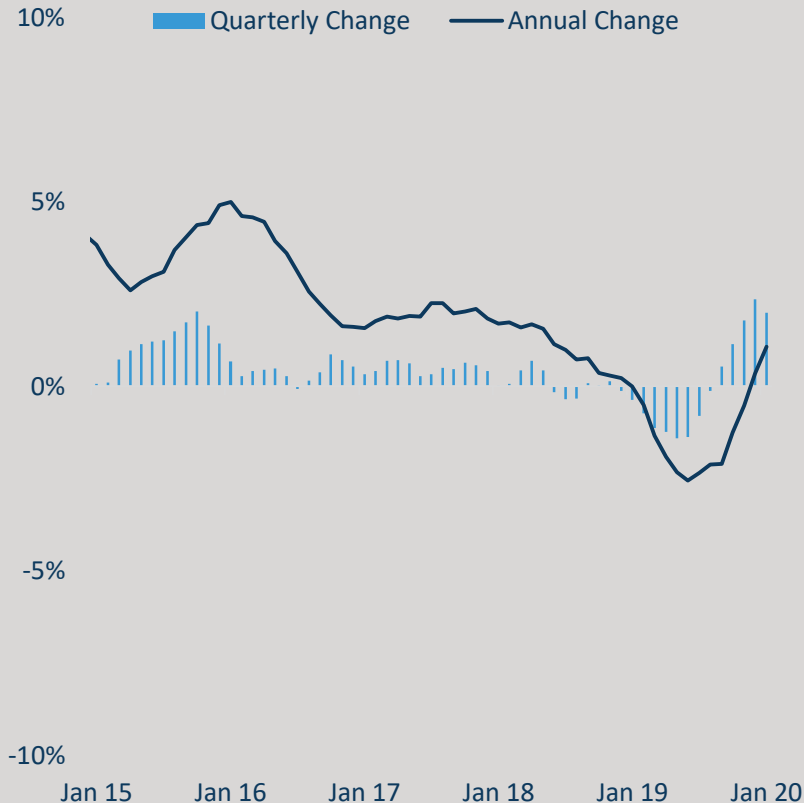
# Quarterly and annual change in dwelling values - Melbourne



- Melbourne dwelling values increased by **1.2% in January**
- Dwelling values increased **4.9% in the quarter**
- Melbourne dwelling values are up by **8.2% in the past year**
- Melbourne dwelling values are **-1.2% below the record high, which was in November 2017**

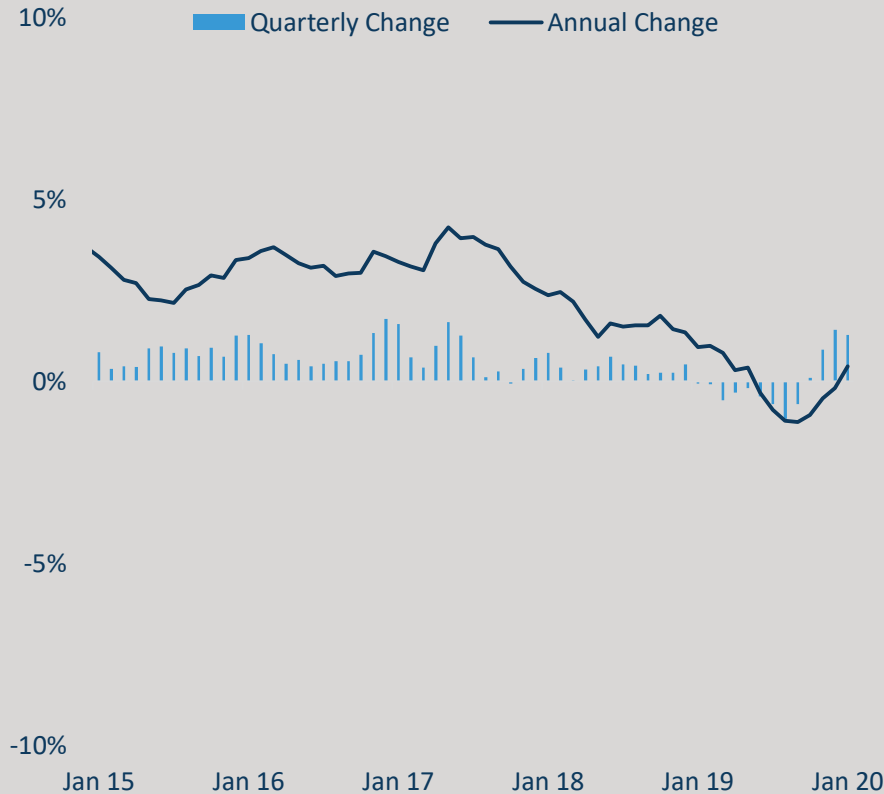


## Quarterly and annual change in dwelling values - Brisbane



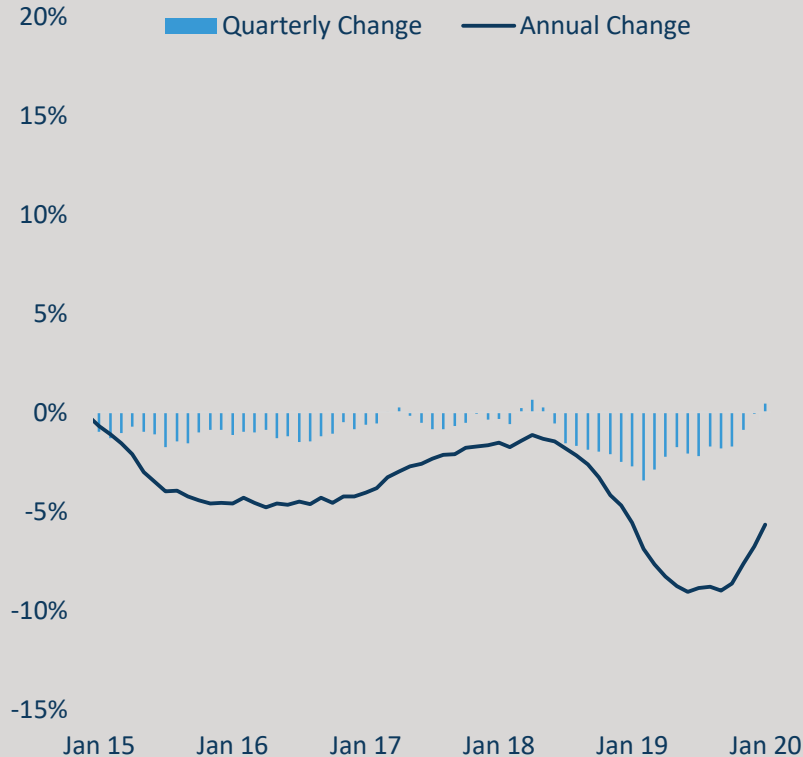
- Brisbane dwelling values increased by **0.5% in January**
- Dwelling values increased **2% in the quarter**
- Brisbane dwelling values are up by **1.1% in the past year**
- Brisbane dwelling values are now at a record high

# Quarterly and annual change in dwelling values - Adelaide



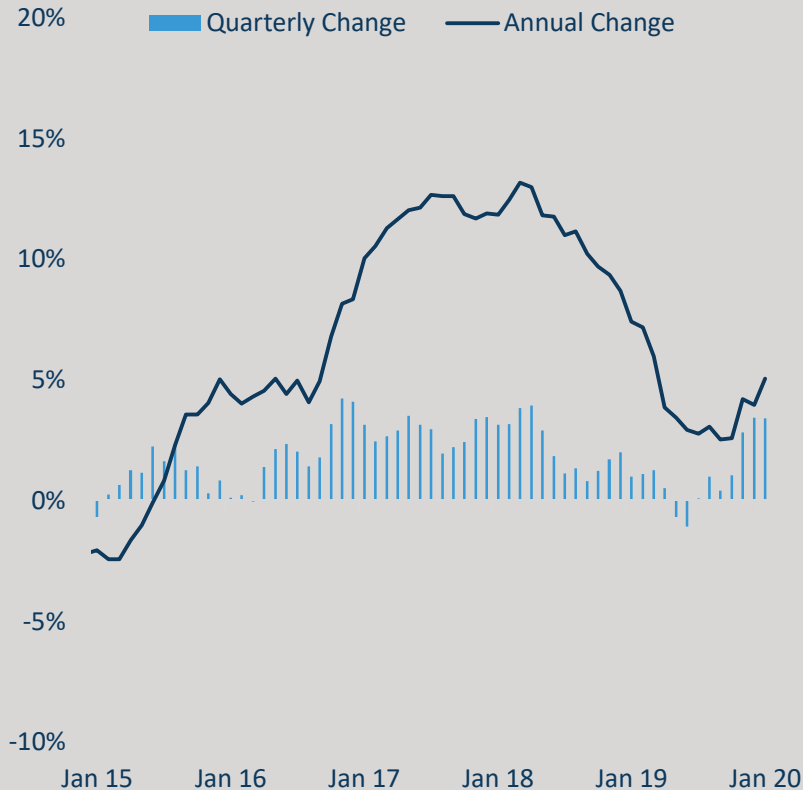
- Adelaide dwelling values increased by **0.2% in January**
- Dwelling values increased **1.3% in the quarter**
- Adelaide dwelling values were up by **0.4% in the past year**
- Adelaide dwelling values are now at a record high

## Quarterly and annual change in dwelling values - Perth



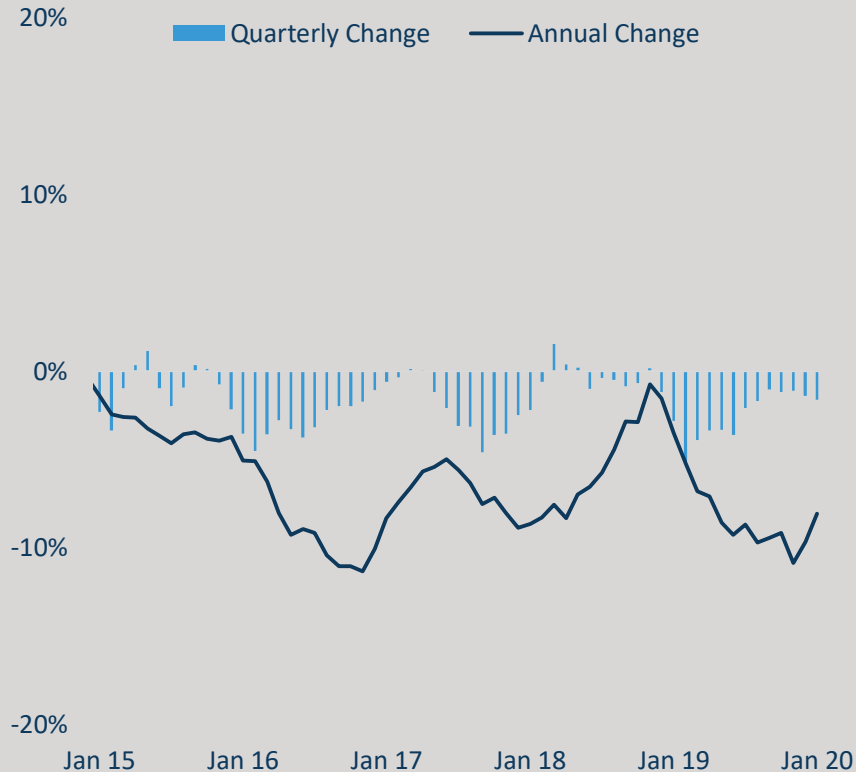
- Perth dwelling values were up 0.1% in **January**
- Dwelling values increased 0.4% in the **quarter**
- Perth dwelling values are down by -5.7% in the past **year**
- Perth dwelling values are now -21.3% **below the record high**, which was in June 2014.

# Quarterly and annual change in dwelling values - Hobart



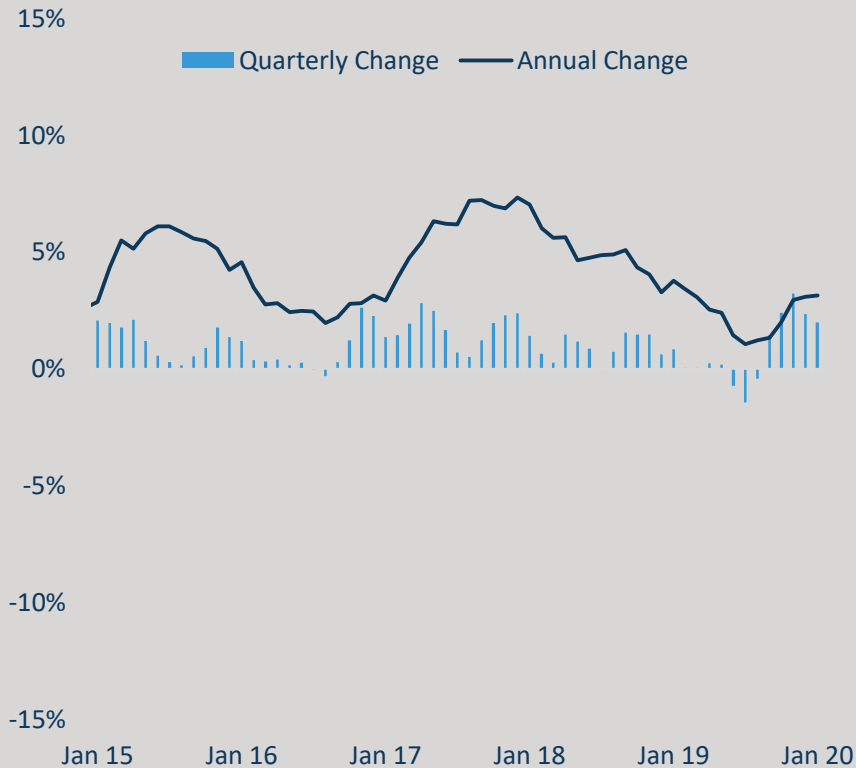
- Hobart dwelling values increased **0.9% in January**
- Dwelling values increased **3.4% in the quarter**
- Hobart dwelling values are up by **5.0% in the past year**
- Hobart dwelling values **are now at a record high**

## Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values increased **0.1% in January**
- Dwelling values decreased **-1.6% in the quarter**
- Darwin dwelling values are down by **-8.1% in the past year**
- Darwin dwelling values are **-31.8%** below the record high, which was in **May 2014**

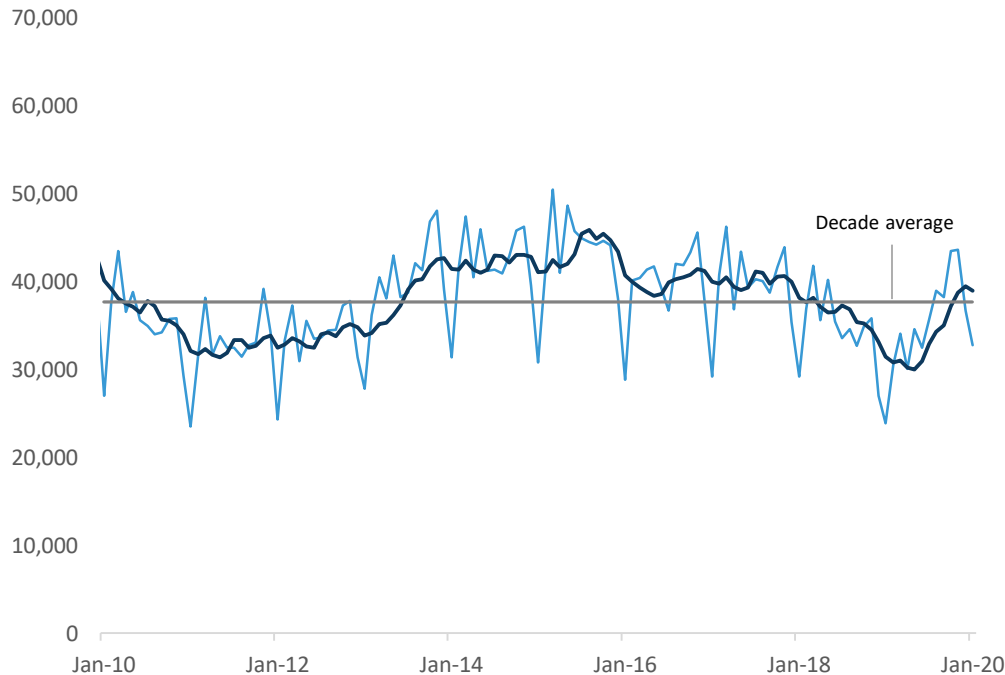
## Quarterly and annual change in dwelling values - ACT



- ACT dwelling values increased 0.3% in **January**
- Dwelling values were up 2.0% in the **quarter**
- ACT dwelling values were up by 3.1% in the past **year**
- The ACT dwelling market is **now at a record high**

# Sales activity over the year has trended higher, despite the seasonal weakness through late December and January

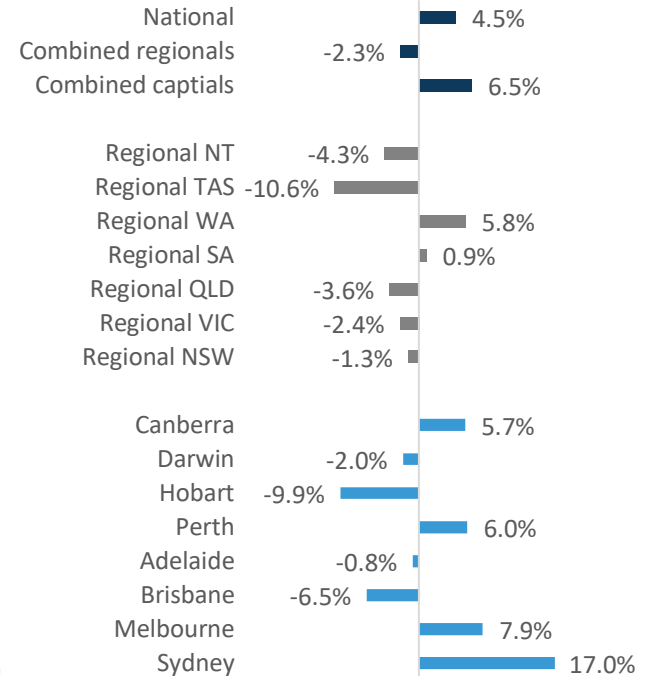
Monthly sales with six month moving average, National



Note: recent months are modelled estimates, and are therefore subject to revision

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Annual change in settled sales

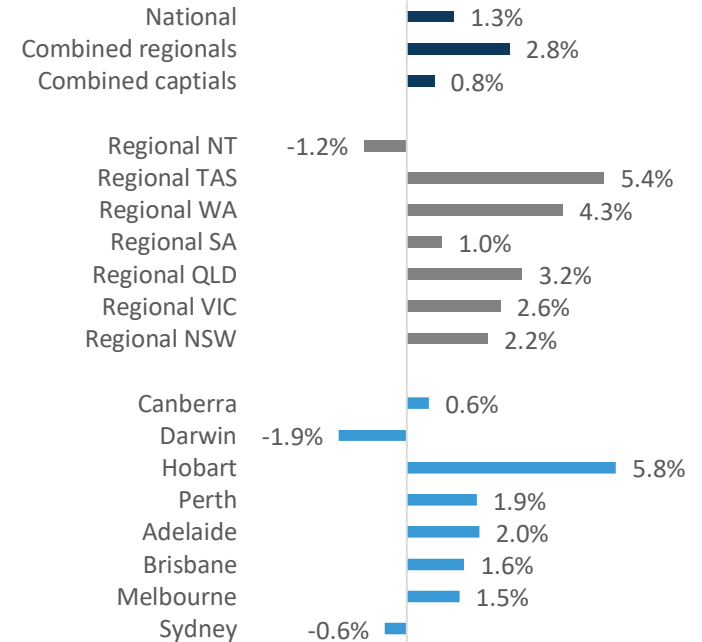


# Annual growth in rent values was 1.3% nationally, suggesting growth in rents is seeing increased momentum

## Annual change in rental rates - National



## Annual change in rental rates



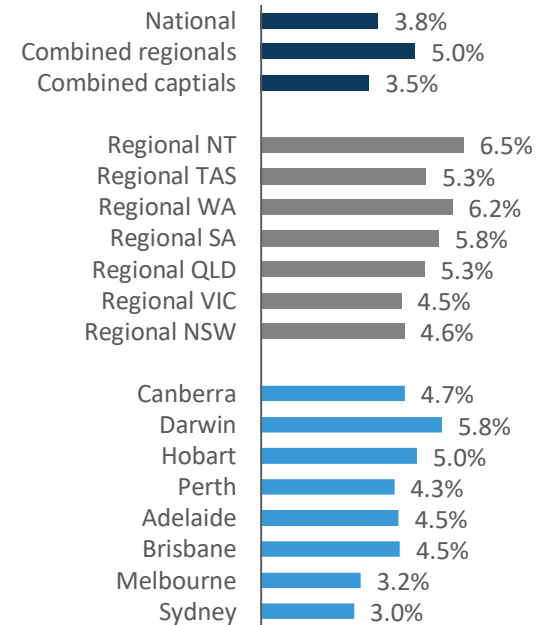


Nationally, gross rental yields were steady on the previous month at 3.8%. Due to rapidly rising dwelling values in Sydney and Melbourne, rent yields remain compressed in these cities.

Gross rental yields - National

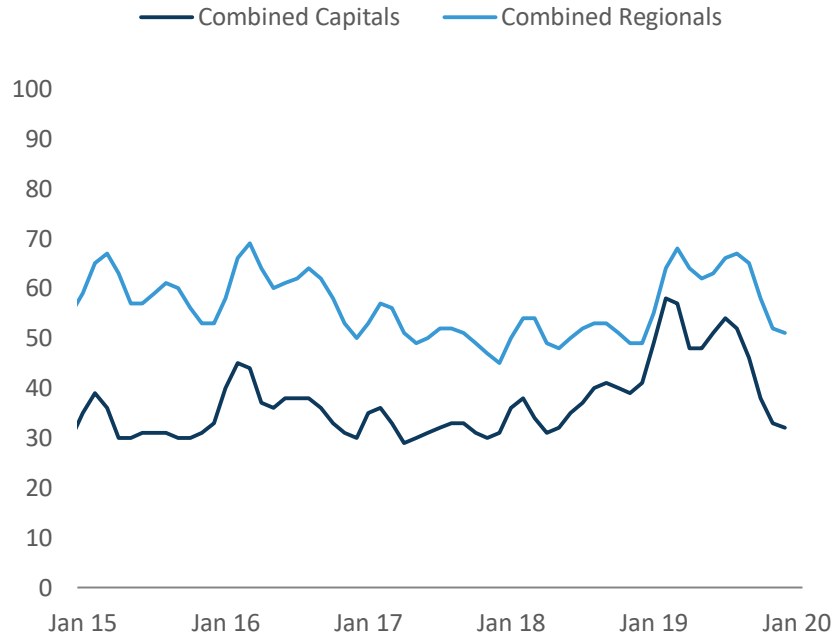


Gross rental yields as at Jan-20



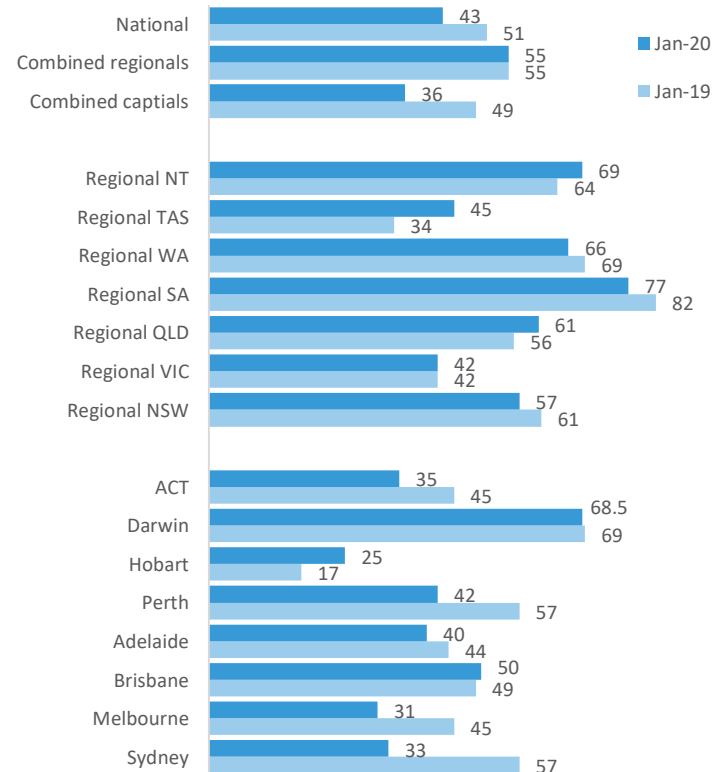
# Days on market continue to decline, though at a slower rate, as demand improves

## Median days on market



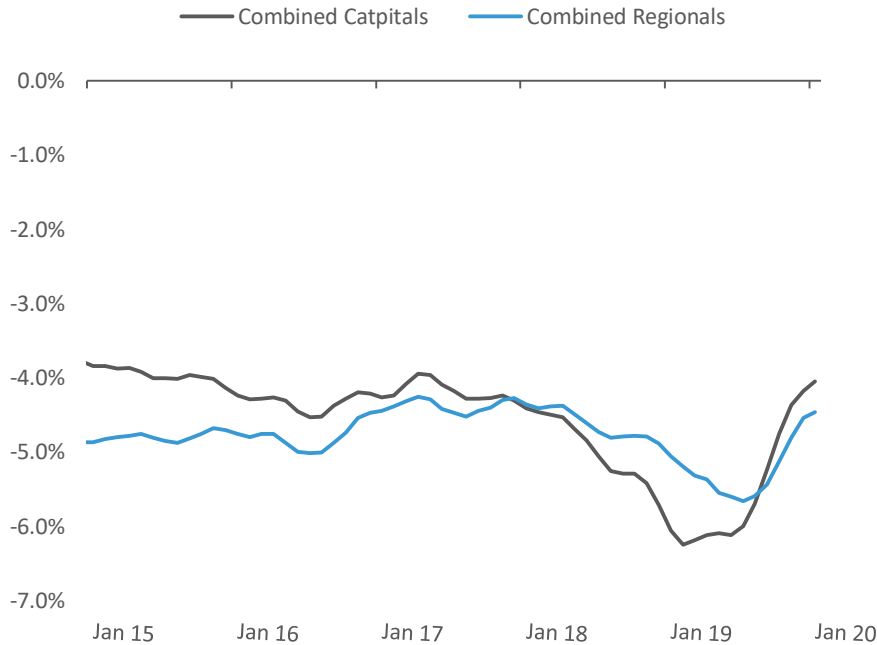
These charts show the median days on market over 3 month rolling periods.

## Median days on market Jan 2019 v Jan 2020



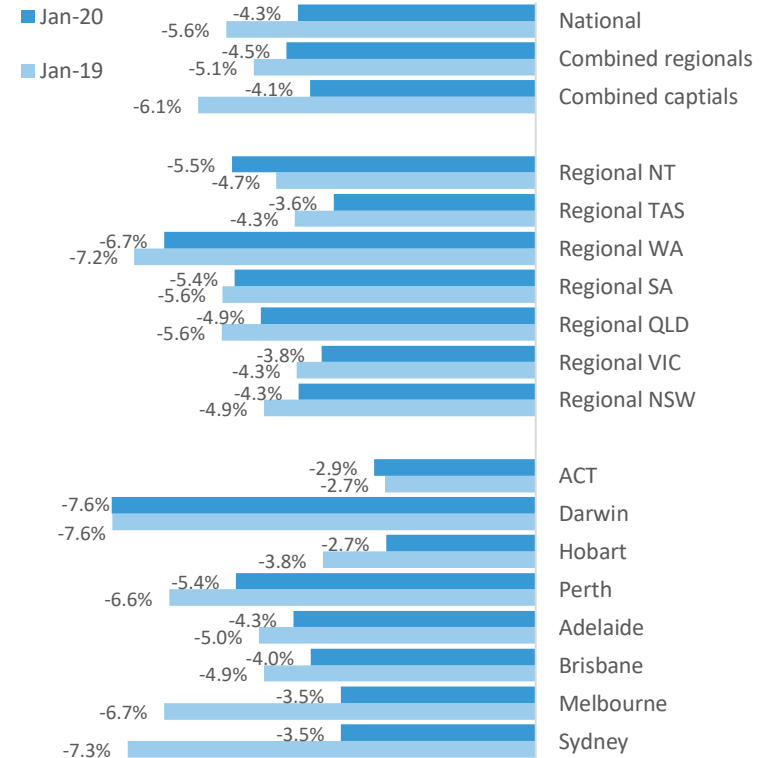
# Six of the capital city markets have seen a sharp reduction in vendor discounting year-on-year

## Median vendor discount



These charts show median vendor discounting over 3 month rolling periods.

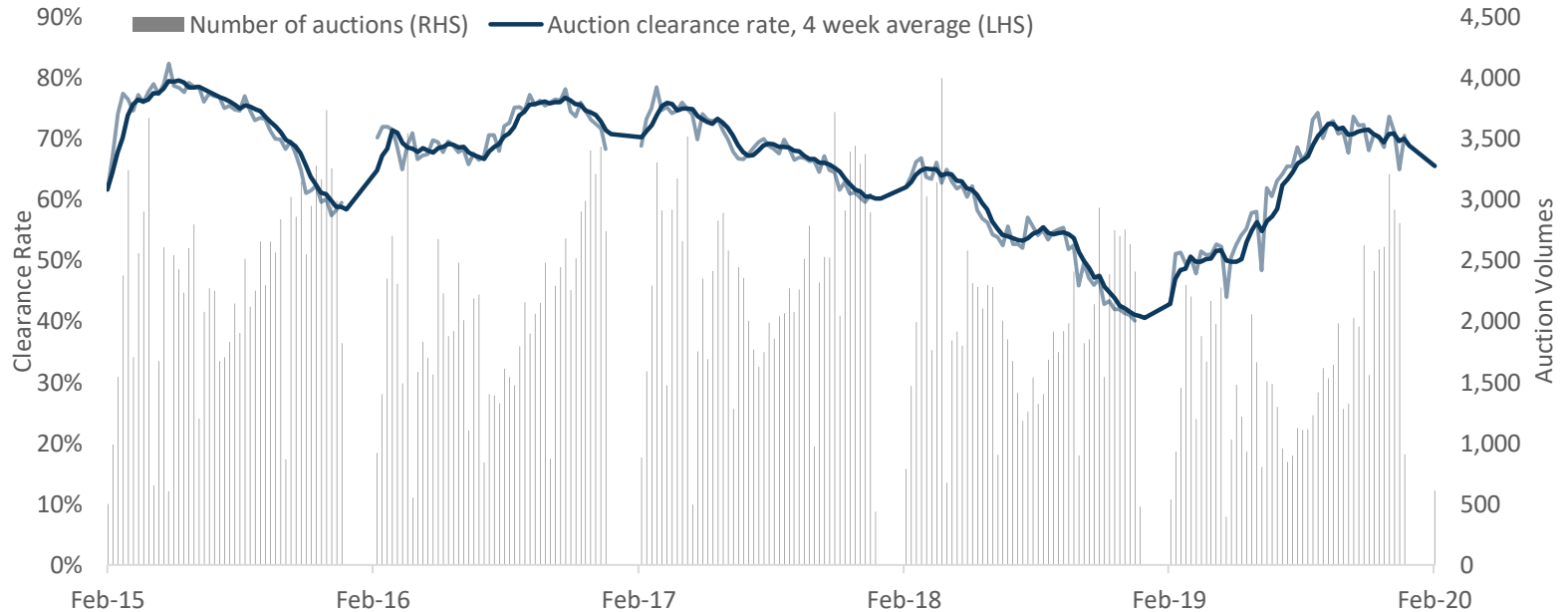
## Median vendor discount Jan 2019 v Jan 2020





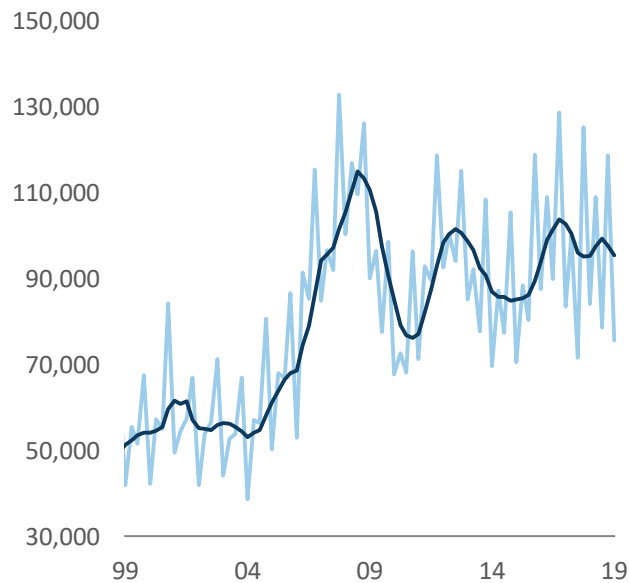
# The start of February saw a 4 week average clearance rate of 65.4% across the combined capitals, up 23 percentage points from the same time last year

## Weekly clearance rates, combined capital cities

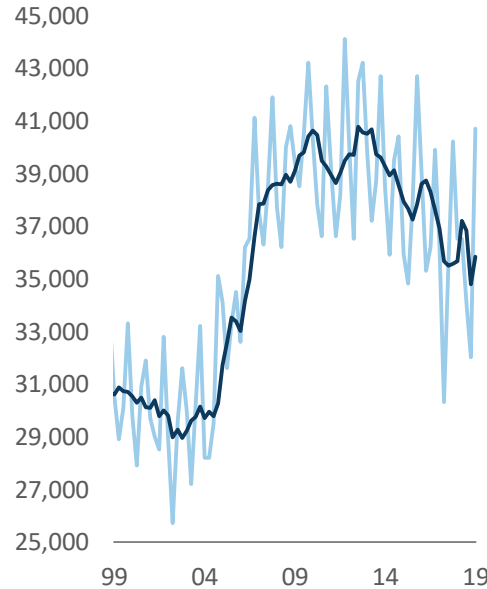


# Housing demand: population growth was 1.5% in the year to June, which sits just below the decade average of 1.6%

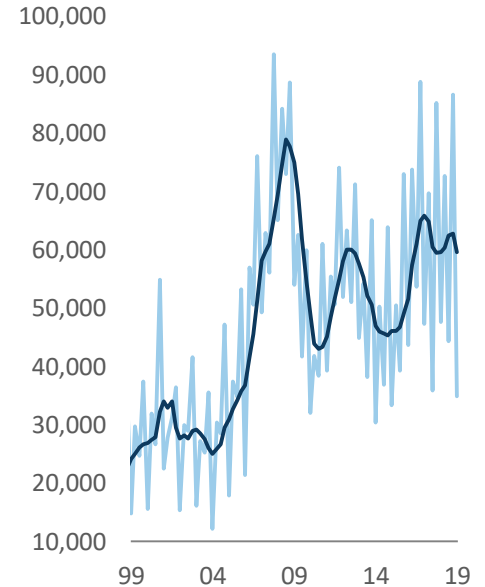
Quarterly change in total population, Aus



Natural increase, Aus

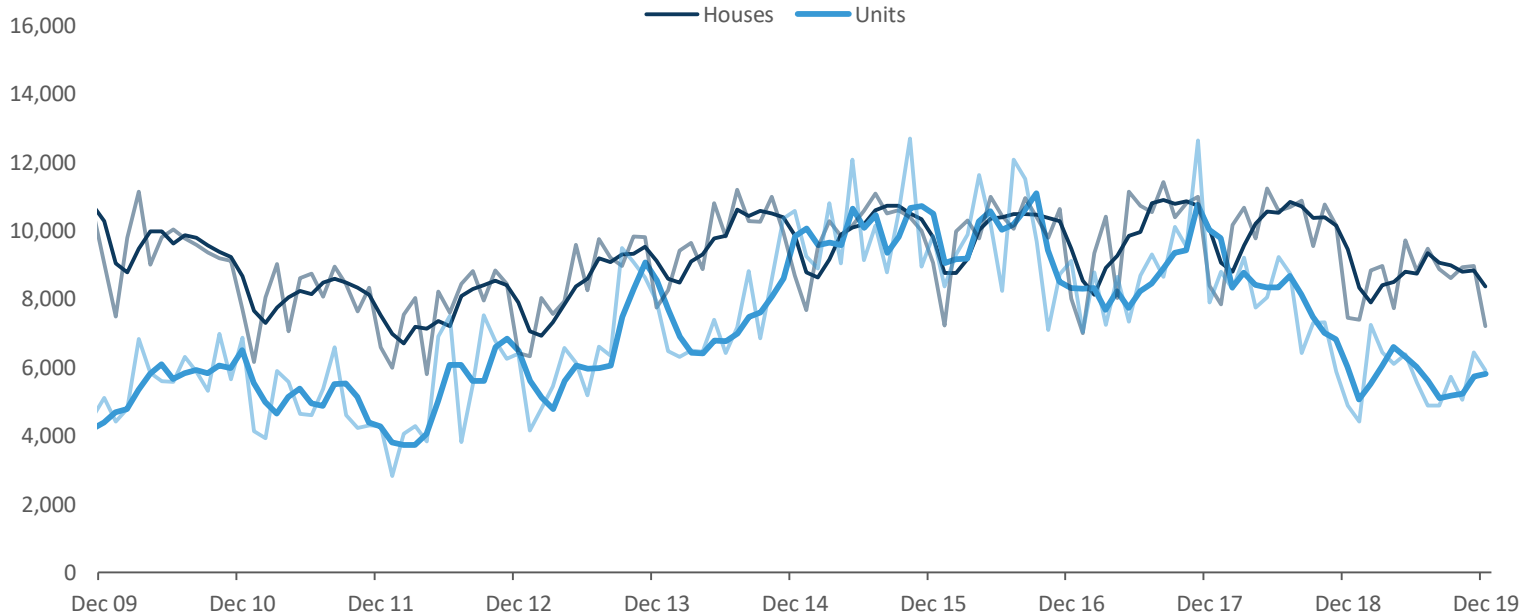


Overseas migration, Aus

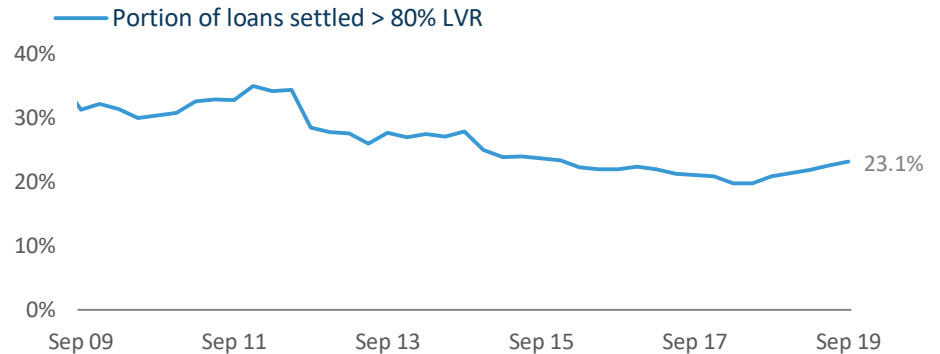
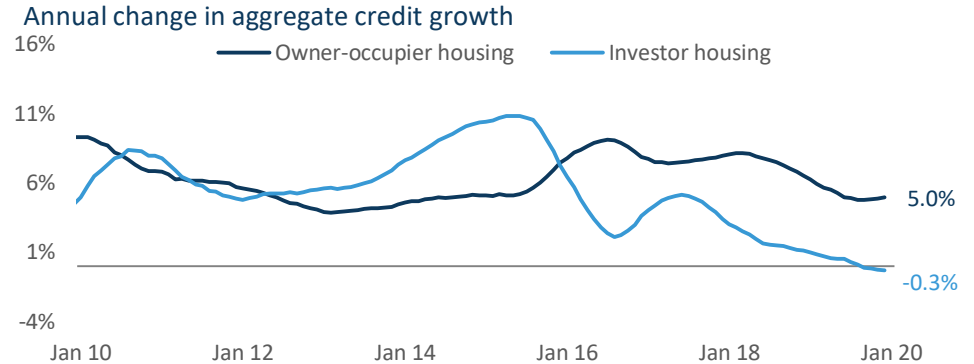
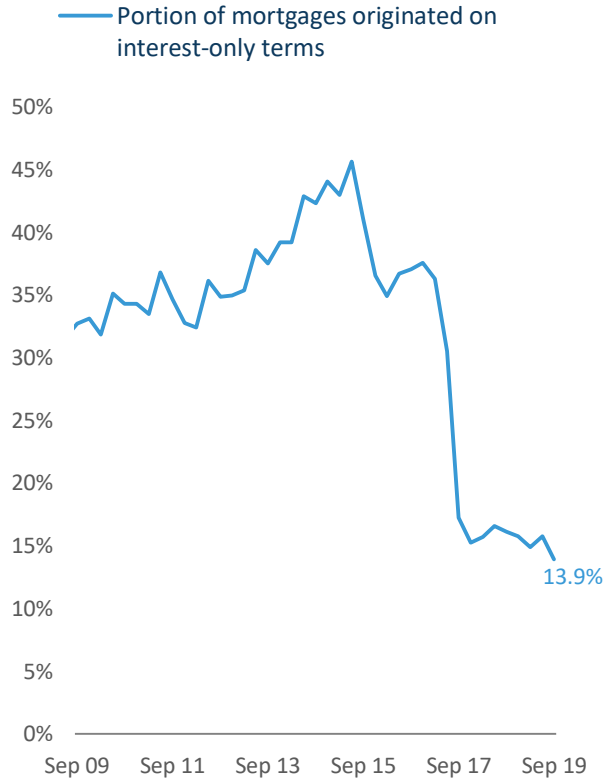


# Approved housing supply fell by 21.4% in trend terms over the year, led by a 31.2% decline in units

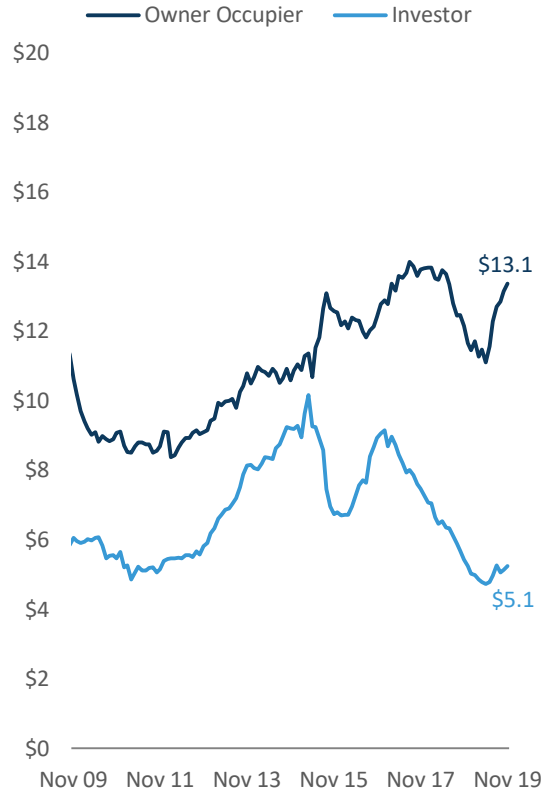
Number of dwellings approved for construction, National (original and 3 month rolling average)



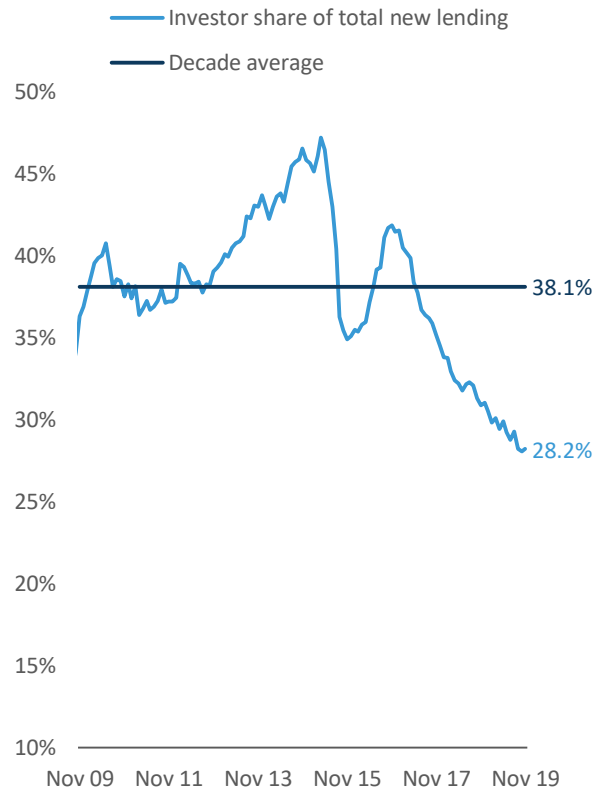
# The year to January saw further divergence between aggregate credit growth for investors and owner occupiers



## Monthly value of new finance commitments, total



## Portion of new lending for investment housing (excluding refinance)



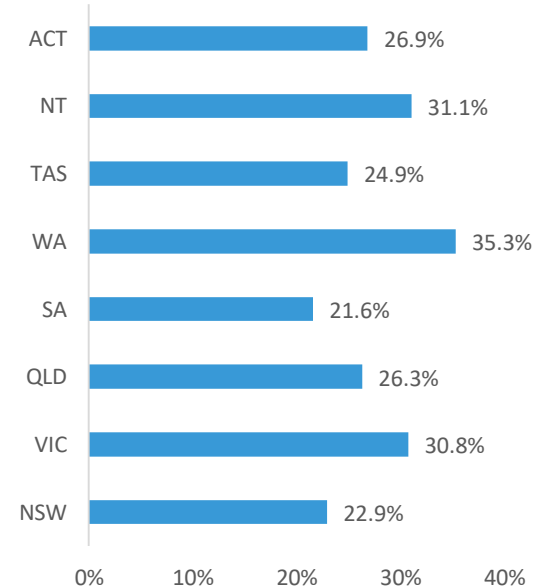
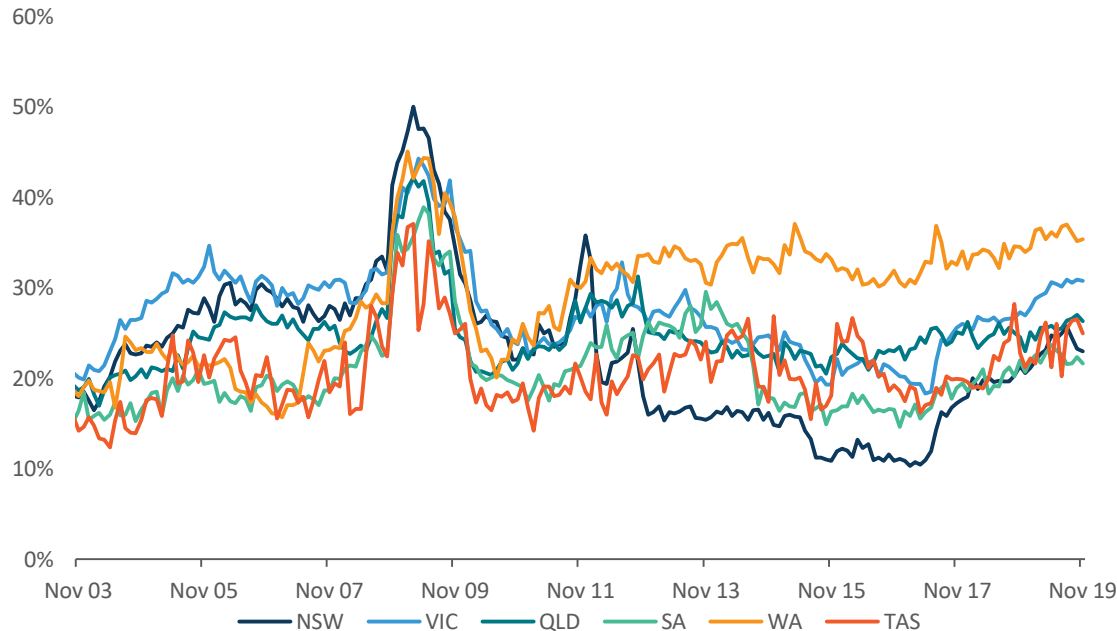
New home lending to owner occupiers increased 1.6% in November 19.

Investor loans were 2.2% higher over the month. This marks the third consecutive month of growth in the value of new investor finance. However, investors remain under-represented in the market.



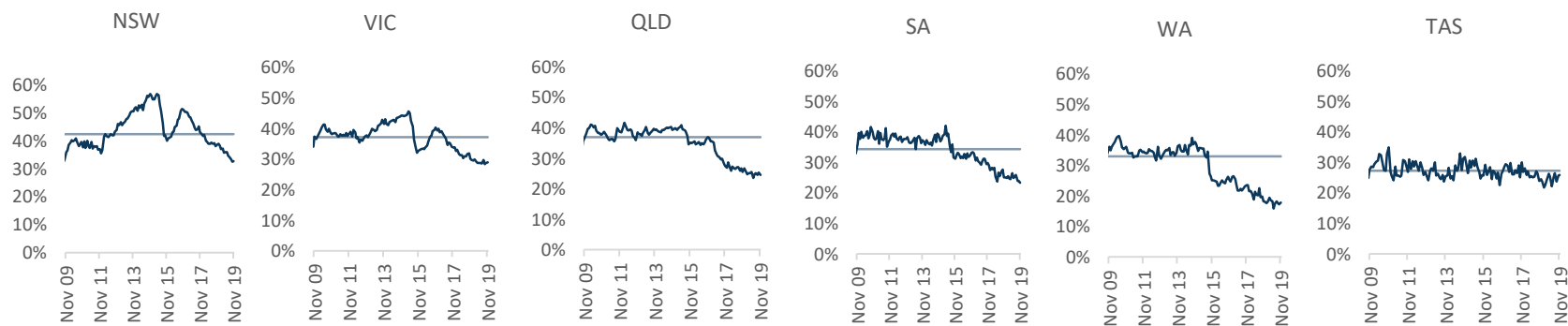
# First home buyer participation fell in most states and territories over November, with the exception of Western Australia

First home buyers as a portion of owner-occupier finance commitments (values)

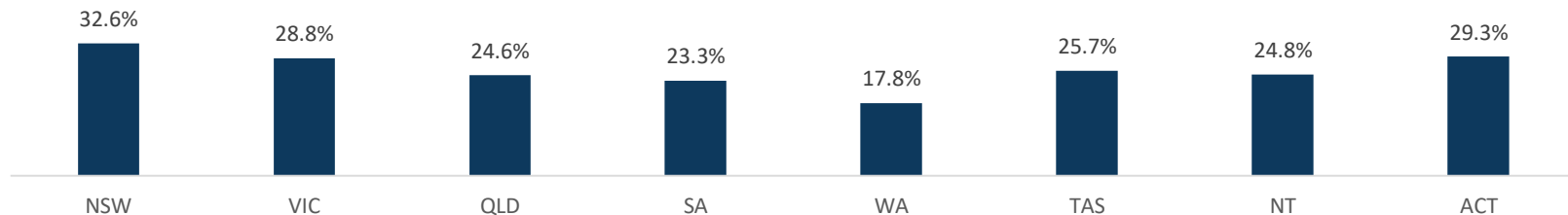


# Investor participation is still below the series average in every state, but is stabilising in some areas.

Investors as a portion of total value of lending (excluding refinancing)

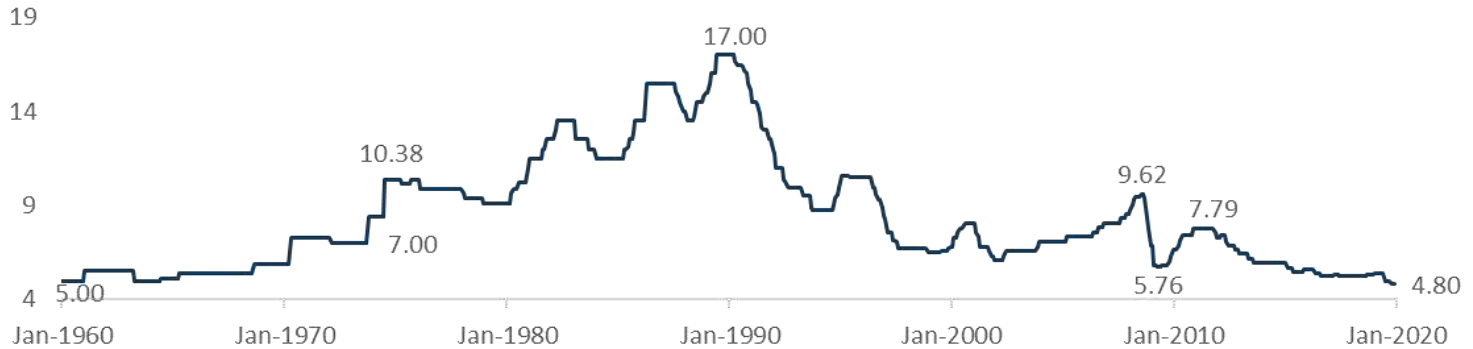


## November 2019

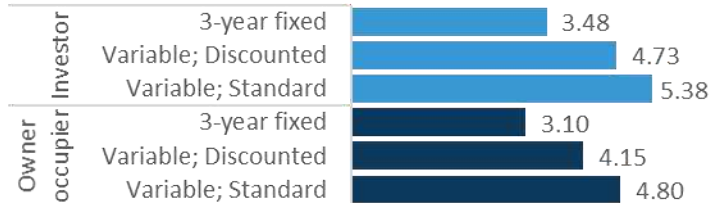


# The average 3-year fixed investor rate came down 4 basis points in January, while owner-occupier rates held steady

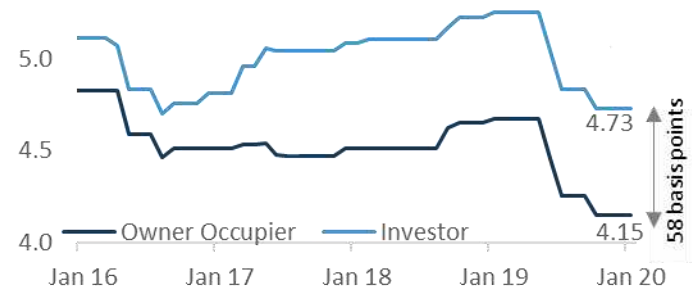
Standard variable mortgage rates over time



Avg mortgage rate by product type, January 2020 (%)



Investor mortgage rate premium





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