

THIS MONTH IN REVIEW

In news this month, tighter credit conditions are still having a broad dampening effect on buyer activity. This isn't just with investors, there has also been a considerable decline nationally in owner-occupier lending, according to CoreLogic.

Despite mortgage rates tracking around their lowest levels since the 1960s (according to CoreLogic data), consumers are displaying cautious attitudes towards the property market thanks to the upcoming federal election and potential changes to taxation policy. Economist Trent Wiltshire of Domain predicts that while Labor's proposed reforms would have little impact on rents, they have the potential to "contribute to further price falls this year"

particularly if implemented in July 2019. To date, property values have fallen in 14 of the past 16 months, nationally.

On a positive note, dwelling values do remain 18 per cent higher than five years ago, which means most homeowners are still in a strong equity position, according to Tim Lawless of CoreLogic.

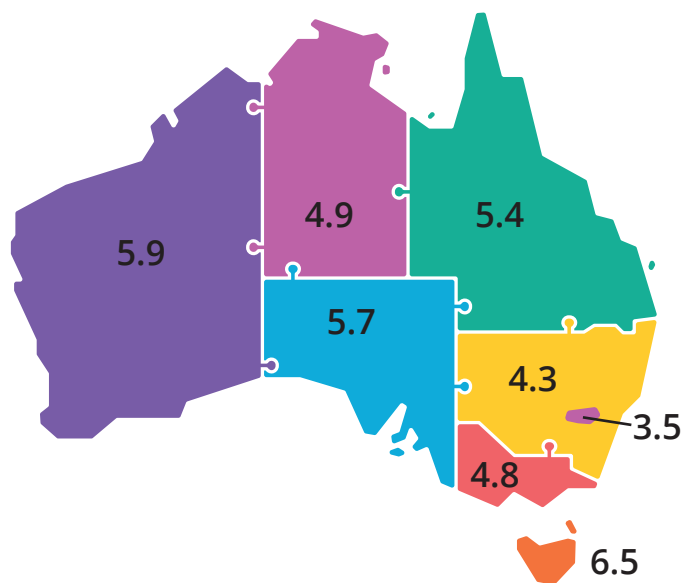
While the national employment rate sits at an acceptable 5.0 per cent, the ABS reports several states are showing a marked increase in unemployment levels, most notably in Western Australia (up 0.5 per cent from Dec 18 to Jan 19) and Tasmania (up 1.1 per cent from Dec 18 to Jan 19).

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAR 02		APR 01
SYDNEY	65%	▼	60%
MELBOURNE	53%	▼	51%
BRISBANE	25%	▲	34%
ADELAIDE	37%	▲	52%

MONTHLY UNEMPLOYMENT - FEB 19 %

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

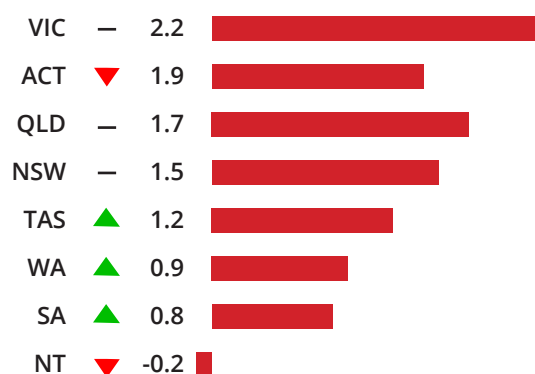


HOUSES

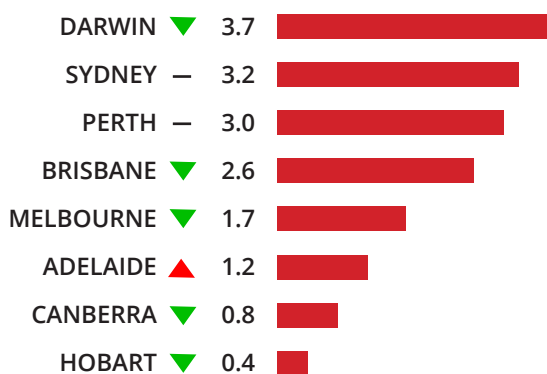
	YRLY GRWTH	YIELD	MEDIAN
HOBART	6.7	4.9%	\$453K
CANBERRA	4.0	4.3%	\$659K
ADELAIDE	0.8	4.2%	\$475K
DARWIN	0.1	5.4%	\$485K
BRISBANE	-0.4	4.0%	\$555K
PERTH	-6.7	3.8%	\$522K
MELBOURNE	-11.2	3.0%	\$775K
SYDNEY	-11.5	3.0%	\$950K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

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



VACANCY RATE % (FEB 2019) Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
HOBART	8.7	5.3%	\$350K
ADELAIDE	1.4	4.9%	\$331K
CANBERRA	1.1	5.4%	\$440K
BRISBANE	-0.8	5.1%	\$385K
MELBOURNE	-3.7	3.9%	\$550K
PERTH	-7.7	4.6%	\$385K
SYDNEY	-7.7	3.9%	\$715K
DARWIN	-14.4	6.0%	\$330K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney dwelling values saw a slower rate in decline for February, easing to 1.0 per cent and bringing the total decline for the past three months to 4.1 per cent.
- Data from Revenue NSW shows a dip of more than 20 per cent in first-home buyer stamp duty exemptions and concessions granted over the past year due to lower activity. Last month was the lowest number granted since July 2017, at just 1961 exemptions.
- According to Commonwealth Bank senior economist Gareth Aird, first-home buyers continue to borrow similar dollar values when they are purchasing – so that they take advantage of falling property prices by “getting a better property now, for no more money.”

MELBOURNE VIC

- Melbourne dwelling values are down once more, with detaching housing values showing much weaker conditions than units. CoreLogic data shows declines of 11.5 per cent for housing and 3.7 per cent for units over the past 12 months.
- According to CoreLogic's Tim Lawless, owners of affordable Melbourne dwellings are faring better than those at the higher end. The lowest quartile of the market has shown a decline of just 2.1 per cent across the past 12 months, while the upper quartile had a decline of 13.1 per cent.
- The slowing housing market is having a significant impact on Victorian public sector pay, according to Treasurer Tim Pallas. Public sector unions for police, health workers and public servants are discouraged by a proposed pay increase of 2 per cent.

BRISBANE QLD

- Brisbane median dwelling prices held firm for the month, with units remaining at \$385K and houses increasing from \$550K to \$555K.
- According to CoreLogic's Tim Lawless, Brisbane, the Sunshine Coast and Gold Coast could provide better opportunities for first-home buyers investing in the market than somewhere like Sydney, thanks to more scope for capital gains and appealing rental yields.
- “There are continued signs of strength in some areas of Queensland's property market,” said Neil Bray in his 2019 Valuer-General report. There was a 6.8 per cent increase in land values for the Brisbane City Council area from 2017, with 16 suburbs achieving an increase of more than 15 per cent.
- Brisbane is receiving the highest number of views per listing of all capital cities, according to Domain research analyst Eliza Owen.

PERTH WA

- Perth's rental market remained consistent from Feb to March 2019, still with 25 per cent fewer properties for rent than 12 months ago, according to the REIWA Perth Market Snapshot as of 24 March. The vacancy rate also holds firm at 3.0 per cent for Feb 2019.
- According to CoreLogic data, Perth properties are spending a similar amount of time on the market, comparing 50 days for Feb 2019 to 57 days in Feb 2018.
- Perth dwelling prices slipped 3.5 per cent over the three months to 28 Feb 2019, which has been labelled a “second wind” in the market downturn, according to CoreLogic.

CANBERRA ACT

- Canberra's median prices have inched slightly higher over the past month, now at \$659K for houses and \$440K for units, remaining the third-highest nationally behind Melbourne and Sydney.
- CoreLogic head of research Cameron Kushner, warns of the potential for an oversupply in the Canberra unit market, thanks to the high rate of unit and apartment approvals over the past few years, which are now coming to completion in these next 12 months.

ADELAIDE SA

- Adelaide property listings have been the most consistent nationally over the past 12 months, showing a decline of only 0.3 per cent in new listings and total listings for the 28 days ending 3 March 2019 (according to CoreLogic data).
- While you shouldn't expect double-digit price growth in Adelaide, you can expect consistency and steady capital growth, according to REA Group chief economist Nerida Conisbee.
- Vacancy rates continue to fall across the country, while Adelaide's vacancy rate remains relatively firm at a low 1.2 per cent in Feb 2019.

DARWIN NT

- Darwin's vacancy rate remains the highest nationally and continues to trend downward to 3.7% for Feb 19
- Yearly growth for Darwin units remains the lowest nationally, and also markedly different from the annual growth for houses (at -14.4 and 0.1 respectively)
- Heavy vendor discounting (8.2 per cent for Jan 2019) and first home owner grants are helping property sales tick over in 2019. According to First National O'Donoghues agent, Tim Mackenzie, “we've had more transactions in the first two months of this year than the previous two years.”



AUD
70.7^c
US

down from 70.9c in Mar
Source: RBA



RBA Cash Rate

1.5%

steady for Apr
Source: RBA



Cash Rate Forecast

1.0%

12 mths to Apr '20
Source: Westpac



Inflation

1.8%

year to Apr qtr
Source: RBA



GDP

2.3%

up to Dec qtr
Source: ABS



Wage Growth

2.3%

year to Dec qtr
Source: ABS



Consumer Confidence

4.8%

Negative for Mar

Source: Westpac-Melbourne Institute



Disposable Income

3.7%

year to Dec qtr
Source: ABS

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