



THIS MONTH IN REVIEW

As consumer confidence hit a record low in April, the real estate market is now faced with buyers and sellers abandoning the market until there's more certainty. The number of new properties listed for sale in the 28 days to April 19 has fallen significantly, 28.7% below the same period last year.

Auction clearance rates in April fell to 30.2% across the capital cities, with a large portion of properties being withdrawn or sold prior to auction. The market is now seeing the majority of properties sold by private treaty sales rather than auction.

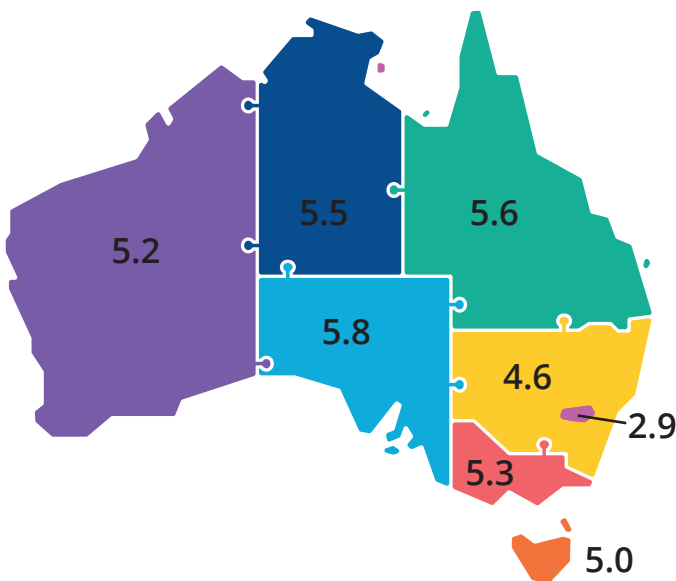
Despite the Reserve Bank Governor Phillip Lowe warning that by June we will be facing the worst economic contraction in 30 years,

AUCTION CLEARANCE RATE *Source: APM PriceFinder*

	APR 4		MAY 3
SYDNEY	39%	▲	50%
MELBOURNE	30%	▲	33%
BRISBANE	20%	▼	8%
ADELAIDE	31%	▼	N/A

MONTHLY UNEMPLOYMENT - FEBRUARY 20%

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



HOUSES

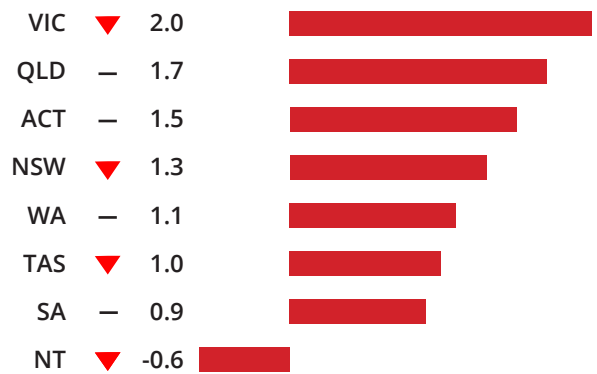
	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	14.4	3.1%	\$935K
MELBOURNE	12.5	3.0%	\$791K
CANBERRA	5.6	4.4%	\$700K
HOBART	5.0	4.8%	\$540K
BRISBANE	3.5	4.0%	\$563K
ADELAIDE	0.8	4.2%	\$505K
PERTH	- 3.1	3.9%	\$515K
DARWIN	- 5.4	5.3%	\$460K

there's been little change in property prices; in the 28 days to April 21 the change in value was 0.4%.

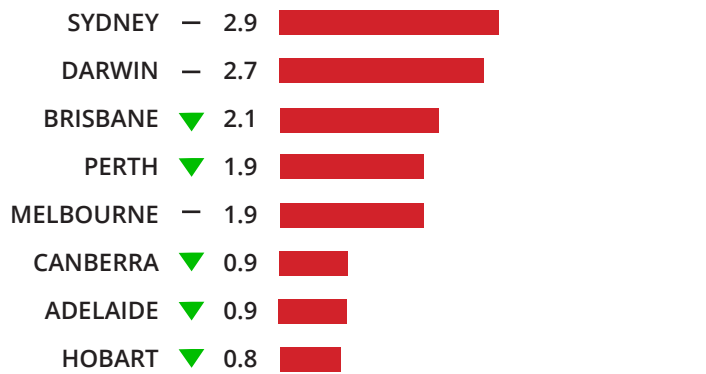
First home buyers now taking advantage of the First Home Loan Deposit Scheme have helped fuel buyer interest. However, the true test for the market will come once 'mortgage holidays' end, with increased mortgage stress seemingly inevitable.

Investor markets remain the real challenge with an oversupply of stock and a decline in demand for rental properties. Figures from NSW Fair Trading show a 7.5% increase in bond refunds and prospective purchasers now having to decide how comfortable they are with risk.

POPULATION GROWTH % (Yr ended SEP 2019) *Source: ABS*



VACANCY RATE % (MAR 2020) *Source: SQM Research*



UNITS

	YRLY GRWTH	YIELD	MEDIAN
MELBOURNE	10.9	3.7%	\$600K
SYDNEY	9.8	3.8%	\$700K
CANBERRA	1.4	5.5%	\$460K
ADELAIDE	1.3	4.9%	\$323K
BRISBANE	1.3	5.1%	\$390K
HOBART	0.7	5.3%	\$390K
PERTH	- 3.2	4.9%	\$370K
DARWIN	- 5.4	6.2%	\$305K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- CoreLogic reports that at the start of the April Sydney had 'recovered by 13% since May 2019' with the market potentially on track to reach new peaks had Coronavirus not happened.
- Lack of supply is still holding prices strong. Domain report strongest demand from first home buyers and upgraders as the number of homes for sale drop in almost every part of Sydney. Domain senior research analyst Nicola Powell said the number of sellers and buyers would reduce in coming weeks as buyers and sellers react to the same conditions. This pull-back in both will keep a floor under prices.
- Sydney suburbs on the Northern Beaches and the Lower North Shore continue to be in high demand with Shane Oliver, AMP Capital Chief Economist, saying that the market in these regions would be less affected by the economic downturn caused by the pandemic and many home owners seeing this as an opportunity to upgrade. "There are still pockets of Sydney that are still doing reasonably well."

MELBOURNE VIC

- According to Domain interest from 'upsizers' and first home buyers are holding up the market at present and with fewer properties available and more competition the market is keeping prices steady.
- Melbourne prices were up by 12% at the start of April but have stalled for now, with slowing conditions most evident across the premium end of the market. ANZ has predicted a fall of 9%, while CBA has suggested an 11% drop across Melbourne property prices is likely.
- With Melbourne's population forecast to grow by around 10% over the next 4 years and it now rated as one of the 10 fastest growing large cities in the developed world, Melbourne appears to be a market that will remain a good investment long-term.

BRISBANE QLD

- With Queensland highly exposed to the Chinese economy, particularly in tourism, education and foreign property purchases, the property market is likely to suffer as we see the impact of Covid-19 hit. In this scenario expect bigger upheavals in the Gold Coast and sunshine coast regions, less so in Brisbane where its economy is underpinned by a large number of major work projects.
- The state has embraced at home real estate shopping and buying with aplomb. Over 175 live-streamed open homes were held over the Anzac weekend, with more than 1000 buyers virtually walking through properties. Peter Burgin, Chief auctioneer at Place commended potential buyers saying, "It's quite amazing. You can feel there's a slow normalisation of people's behaviour, you can feel them come out of hibernation".

PERTH WA

- WA is the first state to announce the easing of restrictions on the real estate sector. Up to 10 people at a time can now attend open homes. Real Estate Institute of Australia president Adrian Kelly applauded the change and hoped other states would follow suit. It's anticipated this will give a boost in buyer and seller confidence.
- Housing values in Perth were slowly emerging from a slump that's lasted five-and-a-half years and whilst it's expected Coronavirus will put a stop to that for now, REA chief economist Nerida Conisbee, suggests that with record exports on the cards in iron ore this year and gold prices at a record high, there is potential for the property market in WA and particularly Perth to hold or do well.

CANBERRA ACT

- The market in the ACT is doing better than its counterparts across Australia. Data compiled by realestate.com shows property enquires in the nation's capital increased by 56% in March.
- With the high level of government stimulus (equivalent to 16.4% of GDP) requiring an increase in employment across a range of government departments it's likely that this is helping the Canberra residential market right now. As a result, REA chief economist Nerida Conisbee expects the ACT to continue to buck the nation-wide real estate trend.

ADELAIDE SA

- In a bid to protect buyers and sellers during the coronavirus pandemic, the Real Estate institute of SA are encouraging agencies to add settlement extensions and strict cleaning conditions to property sales contracts. Brett Roenfeldt, Institute President, hopes that this will encourage active buyers and sellers to continue to participate in the market.
- CoreLogic reports that Adelaide dwelling prices are at an all time high with values increasing by .9% over the last twelve months. However, with already high unemployment rates and without multiple pillars supporting its economy, the city is expected to see a downturn over the coming months.

DARWIN NT

- Darwin property values were increasing during March, with a 2% rise, however the upward trend is unlikely to continue now. CoreLogic reports that property values are 31.4% below their historic peak and it's unlikely we'll see these types of house prices again in the next decade.
- With a large transient working population and a relatively small real estate market, Darwin may be more susceptible to the impacts of Covid-19.



AUD
64.5c
US

down from 65.5c in April
Source: RBA



RBA Cash Rate
0.25%

Steady for May
Source: RBA



Cash Rate
Forecast
0.25%

12 mths to Mar '21
Source: Westpac



Inflation
2.2%

year to May
Source: RBA



GDP
2.2%

year to Dec qtr
Source: ABS



Wage Growth
2.2%

year to Dec qtr
Source: ABS



Consumer
Confidence
-17.7%

down for May
Source: Westpac-Melbourne Institute



Disposable
Income
2.7%

year to Dec qtr
Source: ABS

All data shown is the latest available for the issued month. Any information contained within this document should not be considered investment or financial advice. Before acting on any information please speak with a qualified investment adviser, accountant and solicitor. The information contained in this document has been obtained from various sources and other third parties and is indicative and to be used as a guide only. To the extent permitted by law, BuySide Pty Ltd and its associates will not be liable for any costs, loss or damage arising in any way from the information contained within this document, including file attachments.

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