

THIS MONTH IN REVIEW

Realestate.com.au Sarah Dowling says economists predict interest rates will fall under the leadership of the new RBA governor Michelle Bullock when she takes over from Mr Lowe in September.

Property prices are on the rise despite the avalanche of rate hikes since May 2023. According to CoreLogic's data, all major capitals have recorded a month-on-month increase in total dwelling values, with Sydney leading the way at 1.8%.

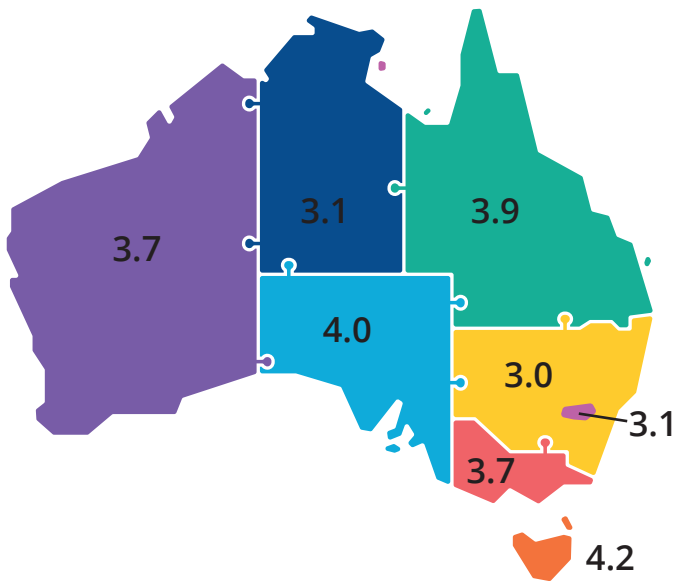
The growing prices are driven by a "low supply of sales listings", according to Nicola McDougall of PIPA. However, Domain's data shows that properties in the nation's capitals are taking an average of 20 to 30 days longer to sell, compared to same time last year.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	JUL 01		JUL 29
SYDNEY	56%	▲	72%
MELBOURNE	65%	▲	72%
BRISBANE	38%	▲	51%
ADELAIDE	67%	▲	73%

MONTHLY UNEMPLOYMENT - MAY 2023

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



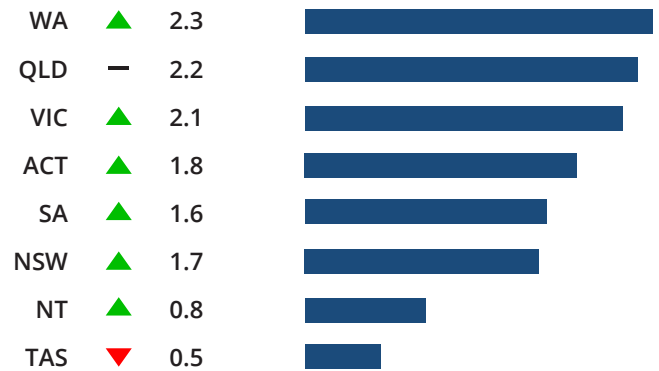
HOUSES	YRLY GRWTH	YIELD	MEDIAN
PERTH	2.7	5.1%	\$575K
DARWIN	-0.2	5.6%	\$565K
ADELAIDE	-0.8	3.9%	\$691K
SYDNEY	-5.7	2.6%	\$1.300M
MELBOURNE	-6.7	2.8%	\$890K
BRISBANE	-9.9	3.8%	\$763K
CANBERRA	-10.0	3.7%	\$949K
HOBART	-12.7	4.0%	\$700K

According to HIA Chief Economist Tim Reardon, the construction sector will not feel the full impact of rate rises until 2024. This is due to the lag between the completion of projects currently in the pipeline versus the 41.8% year-on-year drop in sales of new homes.

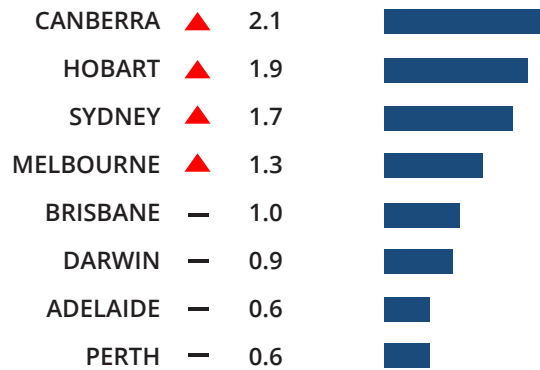
Mr Reardon predicts new home construction commencements in 2024 "will reach its lowest volume since 2012".

The collapse of construction company Toplace, affecting over 500 creditors and 20,000 homeowners, is set to become "one of the largest property administrations in Australia", according to Suelen McCallum of dVT Group, Toplace's appointed administrators.

POPULATION GROWTH % (Yr ended DEC 2022) Source: ABS



VACANCY RATE % JUN 2023 Source: SQM Research



UNITS	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	5.8	5.1%	\$446K
BRISBANE	1.5	5.3%	\$486K
PERTH	1.4	6.0%	\$410K
DARWIN	-2.5	6.7%	\$380K
MELBOURNE	-3.2	3.8%	\$600K
SYDNEY	-3.4	4.0%	\$759K
CANBERRA	-4.2	4.9%	\$600K
HOBART	-12.8	4.4%	\$540K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- As of 1 July, more than 8,000 first home buyers are set to save up to \$30,735 as the government increases stamp duty exemptions from \$650K to \$800K, including a concessional rate for those paying between \$800K to \$1M.
- The NSW Government has launched a Home Buyer Assistance Finder tool that allows home buyers to find out, in 14 questions or less, whether they are eligible for government assistance.
- The delay of the Metro West project to 2030 has stalled and, in some cases, put at risk existing developments around the proposed metro stations. The project is already \$12 billion over budget, and the Premier has not ruled out delaying or scrapping it altogether, pending the outcome of a review.

MELBOURNE VIC

- The Andrews government is working on a housing package to impose rent caps on landlords, according to Financial Review. The proposed policy would allow landlords to raise rents only once every 2 years.
- On 28 July, the VIC Government launched the Liquidated Builders Customer Support Payment Scheme as an extension to the Porter Davis scheme, to support customers of other builders that collapsed during the 2022-23 financial year.
- According to realestate.com.au, apartments now cost an average of \$44K more to build than houses in Victoria. This is mostly blamed on "red tape" and new building regulations.
- Victoria Managed Insurance Authority (VIMA) announced that domestic building insurance will increase by 43% as of 1 September. The move is criticised by HIA, saying it will "damage Victorian home building".

BRISBANE QLD

- The Queensland government has proposed further reform to the newly introduced law, which, as of 1 July, prevents landlords from raising rents for new and existing tenants more than once a year.
- The government is seeking feedback – due 5 pm, 11 August – on the reform, which aims to apply the limit to the rental property rather than the tenancy.
- Even though distressed property sales are down across the nation following a peak in early 2023, Brisbane's Sunnybank has recorded the highest percentage (13%) of distressed listings among the capitals this month, according to Domain's data.
- The latest PropTrack data reveals Brisbane has claimed 5 of the 10 top spots for the nation's fastest-growing suburbs. Ranking at number one, the inner-city suburb of Albion, is up by 11.3%.

PERTH WA

- Perth is the nation's only capital with a positive year-on-year percentage change in overall dwelling values, rising by 2.5% in the last 12 months, according to CoreLogic's data.
- In a recent article, CoreLogic Executive Research Director Tim Lawless said Perth is the best city for investors because it has the "highest gross rental yields among the state capitals, at 4.9%".
- REIWA has placed Perth's Armadale on top of their list of Australia's 20 top investment suburbs. It offers a median house price of \$330K, up by 14.2%, and a 6.3% gross rental yield.
- The Department of Communities is looking to collaborate with the construction and property sector to increase the supply of housing in WA. Submissions are open now until 2 July 2024.

CANBERRA ACT

- Canberra has the highest rental vacancy rate – of 2.1% – among the nation's capitals, according to SQM Research. This is a healthy increase from a rate of 1.0% only a year ago.
- Last month marked Canberra's first annual improvement in auction clearance rates since November 2021, according to Domain Auction Report.
- The clearance rates rose by an impressive 15.2% compared to same time last year. Domain says the surge is driven by an increase in buyer enquiries and lower stock levels.

ADELAIDE SA

- Adelaide is leading the nation in home building. According to HIA Chief Economist Tim Reardon, SA's top performance is led by policy changes, including "a reduction in stamp duty, a release of 25,000 blocks of land and an investment in public housing".
- Property Council of Australia confirms HIA's findings, with their latest quarterly survey revealing confidence growth in SA's property industry is now the strongest in the country.
- Latest data released by the Office of the Valuer-General shows the median house price in Adelaide has increased by \$35K over the last 12 months, the bulk of which – \$25K – accrued in the last quarter.

DARWIN NT

- With an average of 123 days on the market, Darwin properties take the longest to sell compared to other capitals, which take an average of 62 days, according to Domain's data.
- A recent realestate.com.au article says there's opportunity for investors willing to renovate, presented by Darwin's two-tier market. It says that while ready-to-move-in properties sell fast and attract high prices, the undervalued "ugly ducklings" are often overlooked.
- Darwin's median advertised rental price, now sitting at \$570 per week, has risen in the last quarter by 1.8% and a total of 4.8% year-on-year, according to PropTrack's latest data.



AUD
66.8c
US
up from 66.5c in July
Source: RBA



RBA Cash Rate
4.10%
steady for Aug
Source: RBA



Cash Rate
Forecast
4.35%
12 mths to Jun'24
Source: Westpac



Inflation
6.0%
year to Jun
Source: RBA



GDP
0.2%
year to Mar qtr
Source: ABS



Wage Growth
3.4%
year to Nov qtr
Source: ABS



Consumer
Confidence
2.7%
up for July
Source: Westpac-Melbourne Institute



Disposable
Income
0.9%
year to Mar qtr
Source: ABS

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