

THIS MONTH IN REVIEW

The RBA increased the cash rate by a further 25 basis points this month, bringing it up to 2.85%. Current rates are still considered modest by economists in light of the highest inflation on record in three decades.

The new Labor government has delivered its first budget this month with a plan to build 1 million new homes over the next 5-years. The plan provides for 30,000 social and affordable rental homes.

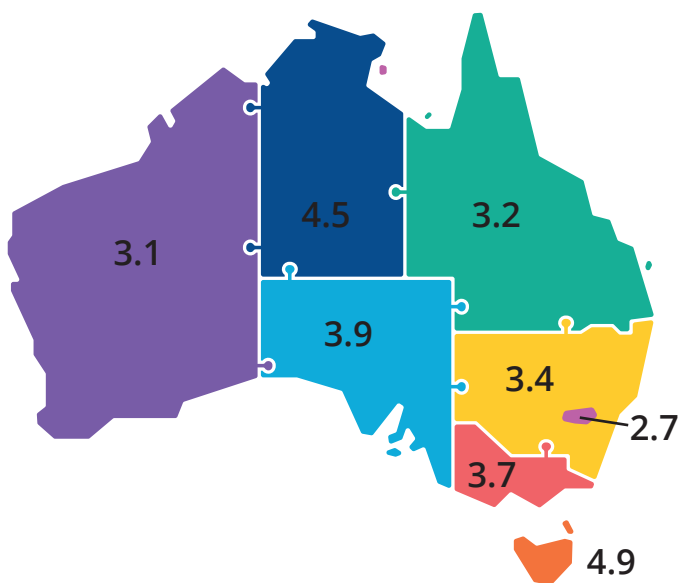
Auctions are not showing any signs of slowing down, with 7,382 properties going under the hammer across Australia's capital cities this month - with a weighted average clearance rate of 62.45%.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	OCT 01		OCT 29
SYDNEY	57%	▲	65%
MELBOURNE	64%	▼	61%
BRISBANE	62%	▼	55%
ADELAIDE	84%	▼	73%

MONTHLY UNEMPLOYMENT -AUGUST 2022

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



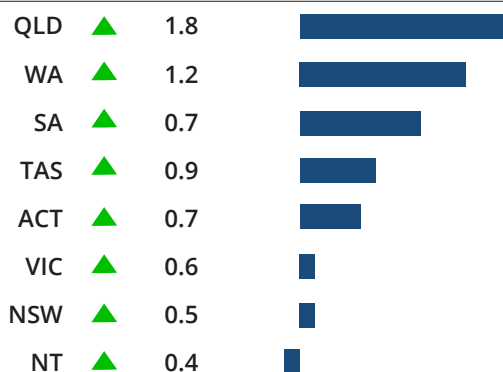
HOUSES

	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	19.7	3.7%	\$670K
BRISBANE	13.5	3.5%	\$760K
DARWIN	6.0	5.4%	\$585K
PERTH	4.3	4.7%	\$550K
HOBART	2.5	3.7%	\$755K
CANBERRA	2.2	3.7%	\$968K
MELBOURNE	-4.9	2.5%	\$900K
SYDNEY	-6.4	2.4%	\$1.300M

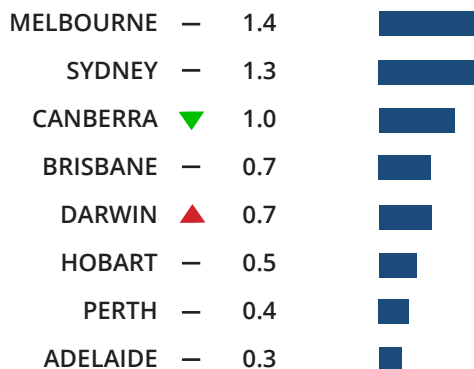
The concept of 'Rentvesting' is gaining in popularity, particularly among investors and people entering the property market for the first time. The concept is based on renting if you live in a location with higher-than-average property prices, such as Sydney or Melbourne, but investing in cities that are more affordable such as Adelaide or Perth.

And finally, CoreLogic's CCC Index is showing record surges in construction costs, which have risen more than 11% over the last 12 months. This is primarily driven by higher timber and metal prices. In addition, the sector is experiencing increasing pressure from rising fuel and electricity costs as well as unprecedented labour shortages.

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



VACANCY RATE % SEP 2022 Source: SQM Research



UNITS

	YRLY GRWTH	YIELD	MEDIAN
ADELAIDE	16.6	5.1%	\$420K
BRISBANE	13.1	4.9%	\$465K
CANBERRA	11.2	5.0%	\$576K
DARWIN	6.7	6.3%	\$400K
PERTH	2.6	5.5%	\$407K
HOBART	-0.1	4.1%	\$565K
MELBOURNE	-1.6	3.3%	\$620K
SYDNEY	-4.8	3.3%	\$750K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Once again, Sydney leads the way in reporting the nation's highest drop – of 1.8% – in house and unit prices this month, which brings it to a total of 6% since the prices started falling.
- The Sydney CBD properties used to be almost exclusively commercial. Now, most new buildings under construction are adopting the mixed-use/residential model. In addition, old commercial buildings are being rapidly transformed to accommodate residential apartments. Cityscope research shows almost \$3.5 billion of mixed-use property transactions over a period of 12 months in the CBD.
- The falling prices in metropolitan Sydney are starting to affect real estate values across regional NSW, with property prices dropping for the first time since early 2020. The average house value has decreased by 2% in the last quarter, equalling about \$14,700.

MELBOURNE VIC

- VIC government has extended its Victorian Homebuyer Fund by \$1.1 billion to help people enter or re-enter the housing market. The scheme is based on the government buying a stake of up to 25% of the property, which will reduce the home buyers' deposit requirements and result in smaller mortgage repayments.
- Melbourne continues to be the nation's most affordable capital to rent a house, with an average rent of \$512 per week. This is likely to be the result of having the highest number of vacancies in Australia.
- The suburb of Kensington will become Australia's first to trial the new Build-to-Rent-to-Own (BTRTO) development model. The model allows residents to start off by renting, then gives them the option to purchase the property in 5 years' time at a pre-agreed price.

BRISBANE QLD

- The Queensland government held a state housing summit on 20 October to combat the housing crisis. Premier Annastacia Palaszczuk announced the government will double its current \$1 billion Housing Investment Fund to build an extra 5,600 affordable and social properties.
- Plans are underway for the development of Northshore Hamilton. A world-class riverfront precinct and the future home of Brisbane 2032 Olympics. Planning Minister Steven Miles said that "an additional 1.2 kilometres of this prime waterfront location will be transformed into a vibrant, mixed-use precinct for the community". The project will cover an area of 304 hectares, making it the largest waterfront urban renewal project in Queensland's history.

PERTH WA

- Perth rental prices continue to grow with 2.5% rise recorded in the last quarter. This is modest considering WA is experiencing the tightest vacancy rates on record, with Protrack's recent report showing less than 0.23% vacancies across the state.
- The number of houses under construction across Perth has reached the highest levels since records began in 1957. It is a welcomed statistic, but according to Property Council WA executive director Sandra Brewer, it will do little to ease the current housing supply issues.

CANBERRA ACT

- Canberra is the only capital in the nation with falling house and unit rent values. It has recorded an overall 0.4% dip in the last quarter. Despite this, it continues to be the most expensive city to rent in Australia, with an average weekly rent of \$682.
- The ACT may soon change laws to protect investors from having their contracts rescinded by developers. ACT Attorney-General Shane Rattenbury held a conference, calling these acts 'unconscionable' after numerous investors across Canberra have lodged official complaints about being exploited in a rising market.

ADELAIDE SA

- Adelaide took the lead on auction clearance rates this month, with 73.25% of properties selling on auction day in October. This is more than 10% above the nation's average and reflects Adelaide's thriving property market conditions.
- The city of churches leads the nation with the most affordable unit rentals, with a median weekly rent of \$423. However, with an overall 3.6% rise in rental values over the last quarter, it may not hold the number one spot for much longer.

DARWIN NT

- Darwin recorded the strongest rental prices increase – of 3.8% – in the nation, over the last quarter. And considering that it still has some of the most affordable houses in Australia, many real estate experts continue to call it an 'investor's dream'.
- NT's government has opened a prime piece of Darwin's waterfront with plans for a high-end luxury hotel. The land is located next to the Darwin Convention Centre in the hope of attracting tourists and business travellers coming to events. The government has paid \$250,000 to a private company to find backers for the project.



AUD
64.2c
US

down from 64.7c in Oct
Source: RBA



RBA Cash Rate
2.85%

up for Nov
Source: RBA



Cash Rate Forecast
3.60%

12 mths to Sep'23
Source: Westpac



Inflation
7.3%

year to Sep
Source: RBA



GDP
0.9%

year to Jun qtr
Source: ABS



Wage Growth
1.9%

year to May qtr
Source: ABS



Consumer Confidence

0.9%

down for Oct

Source: Westpac-Melbourne Institute



Disposable Income

-3.8%

year to Sep qtr

Source: ABS

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