

THIS MONTH IN REVIEW

In news this month, all eyes have been on the release of the Royal Commission's interim report. We can expect conservative lending behaviour to continue, which is posing a challenge for investors. The likelihood of recommendations being even more restrictive than present circumstances is low, according to Nerida Conisbee, Chief Economist at realestate.com.au. However, UBS analysts caution that a move to full expense verification for borrowers could reduce the maximum borrowing capacity by up to 30%.

Weakened vendor confidence sees fewer new listings being added to the market, now at the lowest seasonal level since 2012 according to CoreLogic's Tim Lawless. However, total advertised

stock levels are tracking 10.2% higher than last year due to a slower rate of absorption.

According to CoreLogic data, weakening confidence and the softer housing market is driving down both the number of homes taken to auction and the corresponding clearance rates. We hope to see improvement this quarter, with the action traditionally ramping up from late October to December.

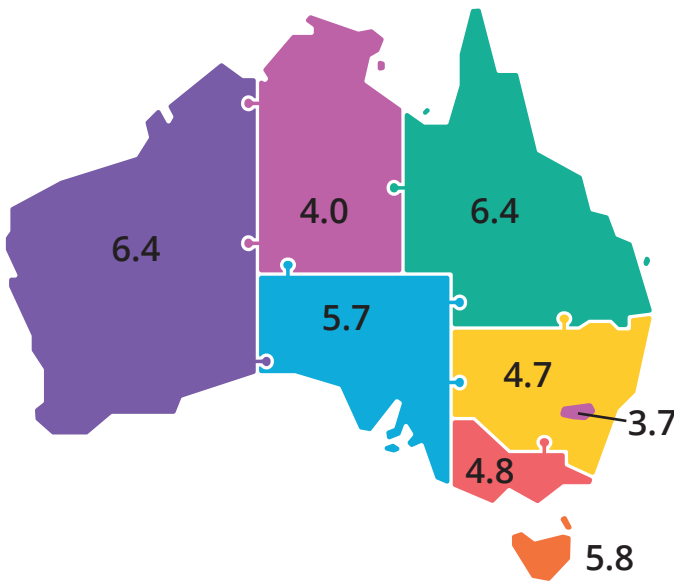
In good news, the Australian economy is moving into growth mode with unemployment levels the lowest in six years and GDP growth the highest level in six years, according to realestate.com.au's Nerida Conisbee.

AUCTION CLEARANCE RATE Source: APM PriceFinder

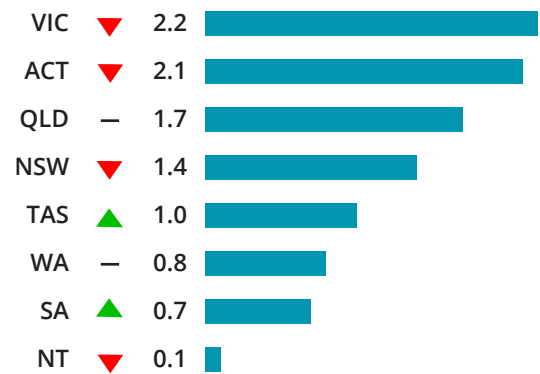
	OCT 01		NOV 01
SYDNEY	45%	▲	48%
MELBOURNE	41%	▲	48%
BRISBANE	36%	▲	45%
ADELAIDE	0%	—	71%

MONTHLY UNEMPLOYMENT - AUG 18 %

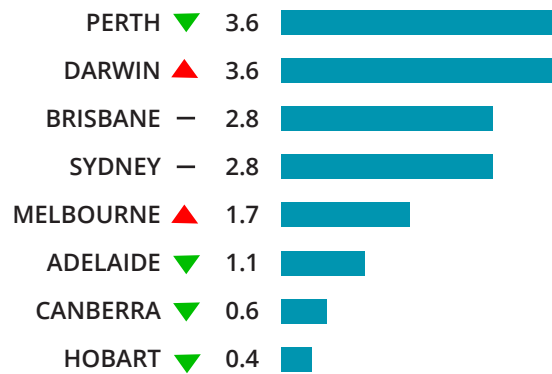
Source: ABS (most recent figure at time of publication)



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



VACANCY RATE % (18 SEP 2018) Source: SQM Research



HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	9.3	5.3%	\$435K
CANBERRA	3.1	4.3%	\$685K
DARWIN	2.3	4.9%	\$500K
BRISBANE	0.7	4.5%	\$538K
ADELAIDE	0.6	4.5%	\$459K
PERTH	- 1.9	4.1%	\$510K
MELBOURNE	- 4.5	3.1%	\$750K
SYDNEY	- 7.6	3.1%	\$980K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	8.9	5.8%	\$330K
ADELAIDE	1.1	5.1%	\$380K
BRISBANE	0.7	5.3%	\$410K
MELBOURNE	0.3	4.3%	\$537K
CANBERRA	-1.3	5.5%	\$445K
SYDNEY	-2.5	3.9%	\$715K
PERTH	- 6.1	4.5%	\$395K
DARWIN	- 14.9	5.5%	\$355K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney's middle market is enduring the toughest conditions with lower demand and more sellers, according to realestate.com.au's October Property Outlook Report.
- According to the report, demand is down for Sydney properties for the past quarter by 23 per cent, year-on-year, distributed fairly evenly across housing and apartments, at -22.0 per cent and -23.3 per cent respectively.
- Dwellings under construction metadata from CoreLogic's ValEx platform proves concerns around settlement risk are valid for the Sydney unit market. 30 per cent of valuations were lower than the contract price for Sydney off-the-plan unit settlements that took place in September.

MELBOURNE VIC

- Melbourne properties have been moving quickly with a median time on market of 34 days for both houses and units, and an average vendor discount of around 5 per cent according to CoreLogic's Property Market Indicator.
- With results in for the third quarter of the 2018 selling year, realestate.com.au chief economist, Nerida Conisbee points to the role first home-buyers have played in dominating the cheaper suburbs and helping to boost value in those areas, up to 28.8 per cent in Melton, for example.
- Buyer demand is down 20 per cent year-on-year for Melbourne, so prices could be expected to fall further according to realestate.com.au's October 2018 Property Outlook.

BRISBANE QLD

- Brisbane is holding up well despite an oversupply of units, according to the NAB Residential Property Survey. In fact, Domain Group senior data analyst, Nicola Powell says Brisbane unit rents have increased for the first time in two years.
- According to Herron Todd White's Month in Review report for October, an upswing in Brisbane renovations has been recorded among homeowners, but also new interstate residents. The flurry of construction activity is said to be building confidence.
- Demographer Mark McCrindle has called population falls recorded by ABS from 2012-2017 in some Brisbane suburbs "significant". These include Riverview (8.7 per cent) and Brookfield/Kenmore (2.2 per cent). These suburbs have stagnated, in part due to an aging population, but present an opportunity for rejuvenation and growth for developers.

PERTH WA

- Perth property listings are trending upward, at 7 per cent higher than the figures seen a month ago, and 6 per cent higher than this time last year, according to REIWA's Perth Market Snapshot. However, REIWA reports the past few weeks have shown 25 per cent fewer new rental listings since this time a year ago.
- According to CoreLogic's Property Market Indicator, Perth properties are recording the highest median time on market, at 83 days for houses and 98 days for units.
- WA Parliament has passed a controversial Foreign Owner Duty Surcharge tax, to the dismay of the new REIWA President, Damian Collins. He believes it will dampen the signs of recovery just starting to show in Perth by deterring the sorely needed foreign investment.

CANBERRA ACT

- Canberra property owners have breathed a sigh of relief as housing values increase again; yearly growth for housing now reaching 3.1.
- REIA president Malcolm Gunning has suggested a poor outlook for Canberra units, reiterating that ACT remains a territory mainly for house buyers. This is despite Mawson's unit market claiming the top spot for top-performing suburbs, with an increase of 73.6 per cent in apartment values over the 10 years to 2018 (according to an OnTheHouse.com.au report).

ADELAIDE SA

- Adelaide suburb Henley Beach has recorded the highest price increase for any Adelaide suburb, according to CoreLogic data - a stellar 48.4 per cent increase in median unit prices from July 2018 to June 2018.
- NAB Residential Property Survey indicates an increase in confidence in SA's property market with respondents believing in the state's long-term potential.
- According to realestate.com.au's October 2018 Property Outlook, there are great demand conditions in Adelaide, with a 3.2 per cent increase year-on-year.

DARWIN NT

- Darwin sees an uptick in buyer demand (11.8 per cent year-on-year), but also a slight pick-up in pricing, according to realestate.com.au's October 2018 Property Outlook.
- Slow demand for rental accommodation is attributed to few economic prospects in Darwin, with current projects nearing completion and few plans to create more jobs. Despite high yields, there is a lack of capital growth. These factors are turning investors away, according to REIA president Malcolm Gunning.



AUD
70.3c
US

down from 72.4c in Oct
Source: RBA



RBA Cash Rate

1.5%

steady for Nov
Source: RBA



Cash Rate
Forecast

1.5%

12 mths to Nov '19
Source: Westpac



Inflation

2.1%

year to Nov qtr
Source: RBA



GDP

3.4%

up to June qtr
Source: ABS



Wage Growth

2.1%

year to Jun qtr
Source: ABS



Consumer
Confidence

1.0%

positive for Oct
Source: Westpac-Melbourne Institute



Disposable
Income

3.7%

year to June 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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