

THIS MONTH IN REVIEW

In news this month, discussion continues to circulate about the upcoming election and the effect that policy changes could have on the property market. According to Nerida Conisbee, chief economist of REA Group, modelling by independent consultants and both sides of government predict negative gearing restrictions will cause continued falling prices while rents will rise.

It hasn't been a good month for Sydney and Melbourne housing values, with CoreLogic data revealing median housing prices have dropped around \$50K in each of the two capitals. However, Melbourne's market overall does continue to hold up better than Sydney's.

According to CoreLogic, the rate of national price declines are slowing. Dwelling values were down 0.6 per cent in March, which is actually the smallest month-on-month decline since October last year (at 0.5 per cent).

All in all though, most property owners should remain in a strong equity position, with the national index 15.9 per cent higher than five years ago, according to Tim Lawless of CoreLogic.

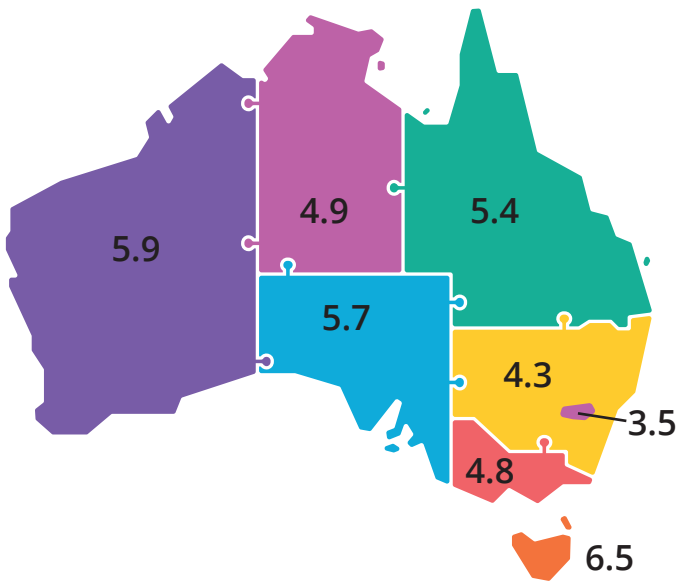
Of course, the increase in housing affordability can only mean good news for first home buyers, and their activity is increasing accordingly.

AUCTION CLEARANCE RATE Source: APM PriceFinder

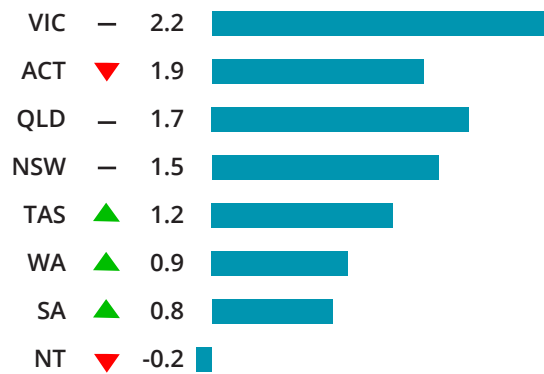
	APR 01		MAY 01
SYDNEY	60%	▼	52%
MELBOURNE	51%	▲	57%
BRISBANE	34%	▲	48%
ADELAIDE	52%	▼	37%

MONTHLY UNEMPLOYMENT - FEB 19 %

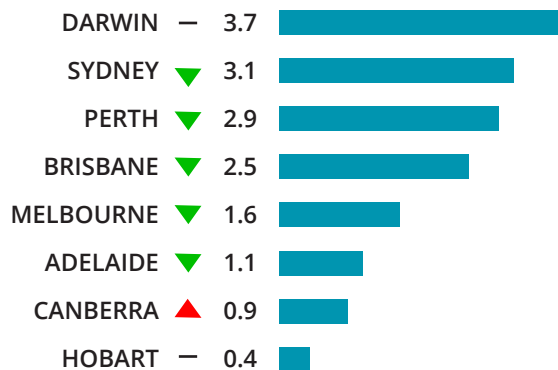
Source: ABS (most recent figure at time of publication)



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



VACANCY RATE % (MAR 2019) Source: SQM Research



HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	5.7	5.0%	\$460K
CANBERRA	3.9	4.4%	\$660K
ADELAIDE	0.7	4.2%	\$490K
BRISBANE	-1.2	4.0%	\$550K
DARWIN	-3.2	5.3%	\$495K
PERTH	-7.5	3.8%	\$517K
SYDNEY	-11.7	3.0%	\$897K
MELBOURNE	-12.3	3.0%	\$725K



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	6.9	5.4%	\$356K
ADELAIDE	1.2	4.9%	\$330K
CANBERRA	0.1	5.4%	\$437K
BRISBANE	-1.7	5.1%	\$378K
MELBOURNE	-3.8	3.9%	\$537K
PERTH	-8.1	4.6%	\$378K
SYDNEY	-8.8	3.9%	\$686K
DARWIN	-13.0	6.1%	\$318K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney's metro region is promising for renters right now, with an increase in supply providing plenty of options, according to Real Estate Institute of NSW president Leanne Pilkington. Along with the newer apartments coming onto the market, agents are decreasing rents on older units and even resorting to rent-free periods to fill vacancies.
- First home buyers are finding affordability easier in Sydney, now that it has been bumped from second least affordable city to third. It sits behind Hong Kong and Vancouver, according to realestate.com.au's Property Outlook for April 2019.
- Manly is the only Sydney suburb to make the top 10 most in demand list for both houses and apartments, according to realestate.com.au's Property Outlook April 2019.

MELBOURNE VIC

- Melbourne's premium suburbs are proving most in demand at this time, with Middle Park ranked as the most in-demand suburb in Australia by Realestate.com.au's Property Outlook for April 2019.
- Sentiment is mixed over the outlook for Melbourne housing values. CoreLogic-Moody's Analytics Australia Home Value Index Forecast released in April 2019 shows a revised and gloomy forecast which doubles the estimates for Melbourne house value losses, up to 11.4 per cent. However, Nerida Conisbee, chief economist at REA Group disagrees, arguing that Melbourne housing values were down just 3.7 per cent in the past year.
- According to the Emerging Trends in Real Estate Asia Pacific 2019 report, Melbourne has been chosen over Sydney and Singapore as the city with the most potential for investment in the Asia-Pacific.

BRISBANE QLD

- Brisbane housing values dipped 1.1 per cent over the March quarter, resulting in a 1.3 per cent decrease over the past 12 months, according to CoreLogic's Housing Market Update for April 2019.
- However, Nerida Conisbee, chief economist at REA Group believes northside Brisbane and the Gold Coast are good options for investors thanks to high rental demand, particularly if you invest in high-quality units. CoreLogic's Housing Market Update supports this. Decreased unit prices and some of the highest gross rental yields are an attractive combination of factors for investors.
- Brisbane is proving to be a beneficiary of BREXIT, with an influx of property seekers from the UK, according to realestate.com.au's Property Outlook for April 2019.

PERTH WA

- Perth's rental market performed admirably in the March quarter, with landlords reaping the benefits, according to REIWA President. Leasing volumes increased by 9 per cent over the quarter and the vacancy rate declined to a favourable 2.5 per cent – the lowest quarterly rate since the March 2013 quarter.
- According to realestate.com.au's Property Outlook for April 2019, Perth's premium suburbs are faring best, both in terms of pricing, but also rental growth. However, the biggest concern to Perth's property market right now is access to finance and the resulting poor sentiment.
- CoreLogic data shows Perth properties are taking an average of 72 days to sell, up on 56 days from a year ago, giving buyers an advantage.

CANBERRA ACT

- Canberra's advertised stock levels are up 24 per cent relative to this time last year, providing buyers with more choice, according to CoreLogic's Tim Lawless. There is also less urgency for buyers, with average selling days increasing from 36 days a year ago, to 56 days in the March 2019 quarter.
- However, advertised stock levels may decrease due to potential seller hesitation in the lead-up to the election, according to Domain senior research analyst Nicola Powell.

ADELAIDE SA

- Adelaide continues to have a balanced outlook in the market, making it a top choice considering the more volatile conditions of other cities, according to realestate.com.au Property Outlook April 2019.
- In fact, realestate.com.au Property Outlook for April 2019 lists Adelaide's Central and Hills regions as the most promising, with a 2.8 per cent increase in median price, year-on-year, and high demand.
- For March, Adelaide provided one of the most affordable entry points to the housing market of all Australia's capitals, with median housing at just \$460,600, according to CoreLogic's National Market Update for April 2019.

DARWIN NT

- Darwin dwelling values are down 3.9 per cent over the March quarter, reaching 6.8 per cent lower over the past 12 months, according to CoreLogic's National Market Update for April 2019.
- With properties becoming more affordable, we see sales of dwellings increasing in Darwin. The number of settled sales has climbed 9.7 per cent over the year, according to CoreLogic data.
- CoreLogic's Tim Lawless points out that many Darwin dwellings are likely providing positive cash flow for investors at the moment, thanks to mortgage rates around 3-4 per cent and high rental yield at 6 per cent.



AUD
70.2^c
US

down from 70.7c in Apr
Source: RBA



RBA Cash Rate

1.5%

steady for May

Source: RBA



Cash Rate
Forecast

1.0%

12 mths to May '20

Source: Westpac



Inflation

1.8%

year to May qtr

Source: RBA



GDP

2.3%

up to Dec qtr

Source: ABS



Wage Growth

2.3%

year to Dec qtr

Source: ABS



Consumer
Confidence

1.9%

Positive for April

Source: Westpac-Melbourne Institute



Disposable
Income

3.7%

year to Dec qtr

Source: ABS

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