



Our Insights.  
Your Story.

Housing market update  
June 2018



# Residential Real Estate Underpins Australia's Wealth

-  Residential Real Estate  
**\$7.6 Trillion**
  -  Australian Superannuation  
**\$2.6 Trillion**
  -  Australian Listed Stocks  
**\$1.8 Trillion**
  -  Commercial Real Estate  
**\$0.996 Trillion**
- As at the end of April 2018



**10.0 million**  
Number of dwellings



**\$1.76 trillion**  
Outstanding mortgage debt



**52.1%**  
Household wealth held in housing



**465,788**  
Total sales p.a.

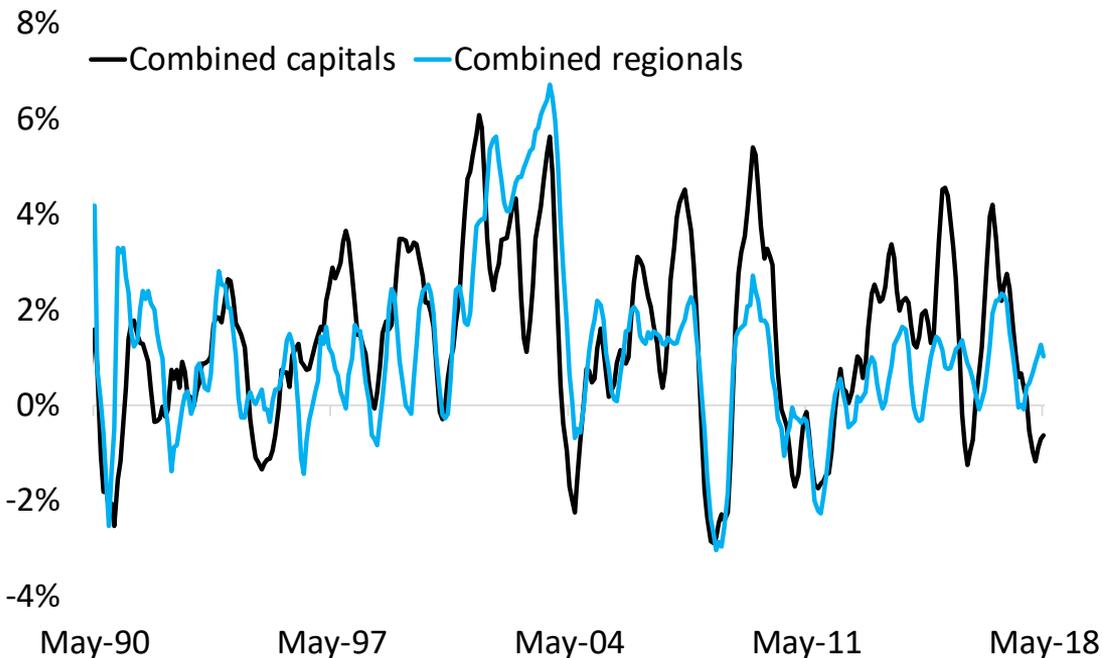


**\$299.1 billion**  
Gross value of sales p.a.

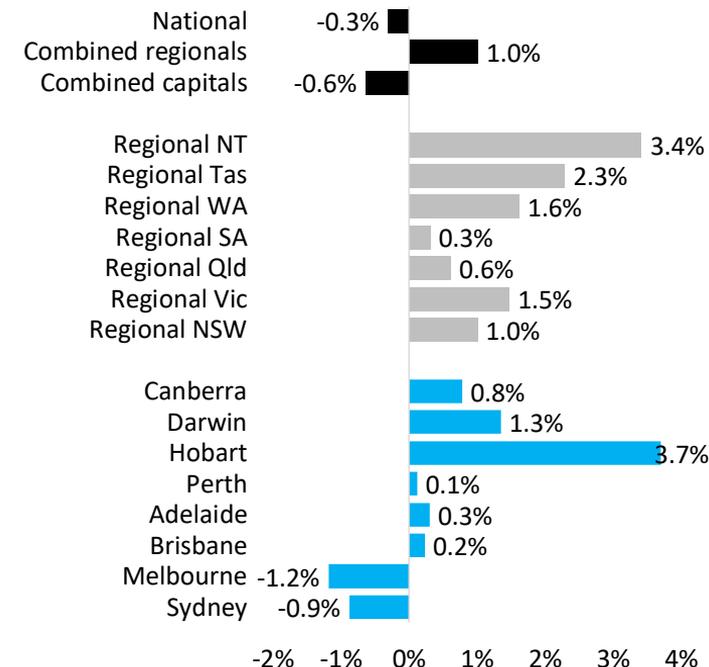
Source: CoreLogic, APRA, RBA, ASX

# Capital city dwelling values have continued to fall over the past three months while regional values continue to climb

## Quarterly change in dwelling values



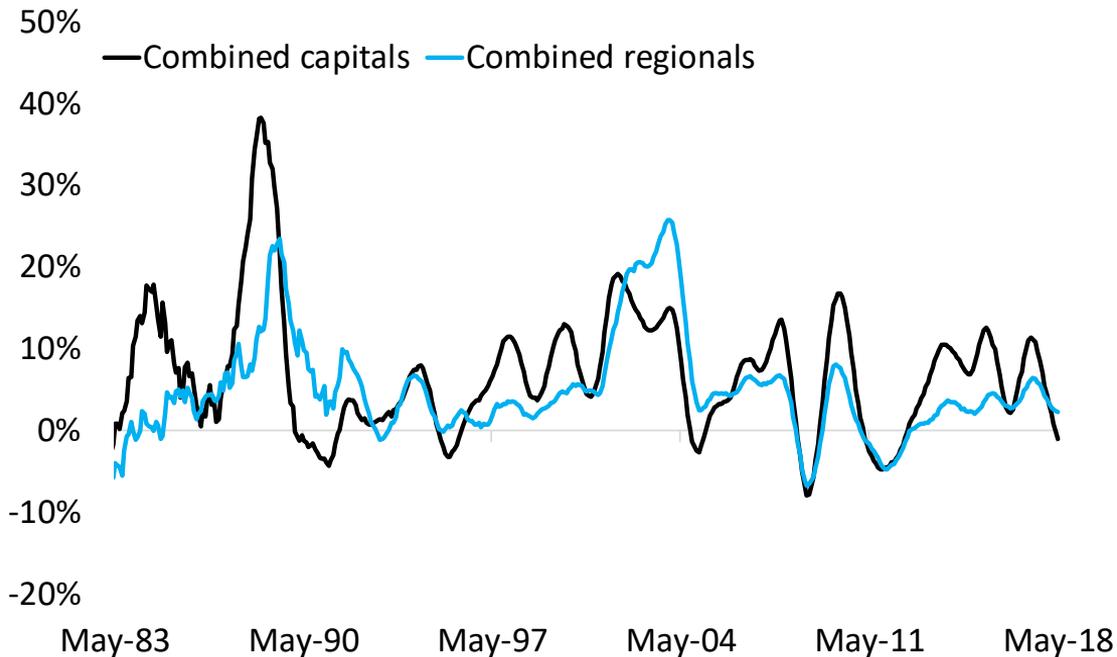
## Quarterly change in dwelling values to May-18



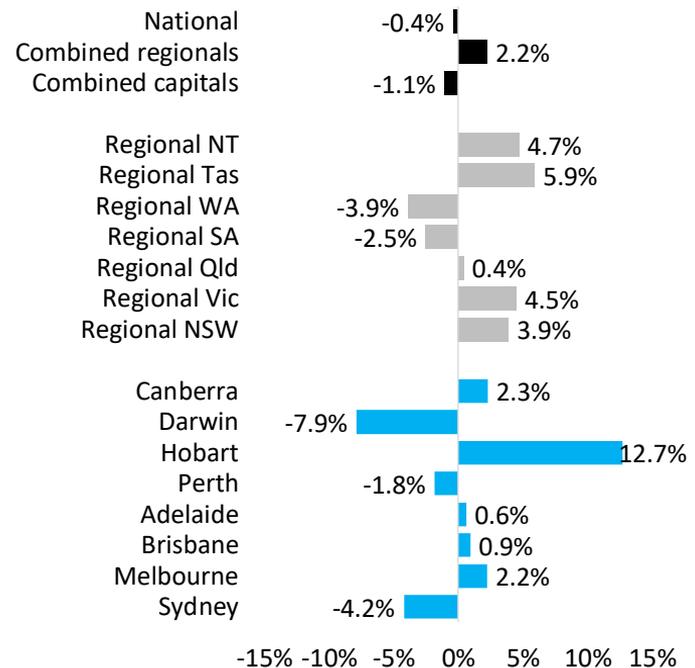
Source: CoreLogic

# Values have fallen over the past 12 months across the combined capital cities while the rate of growth is slowing across regional markets

## Annual change in dwelling values



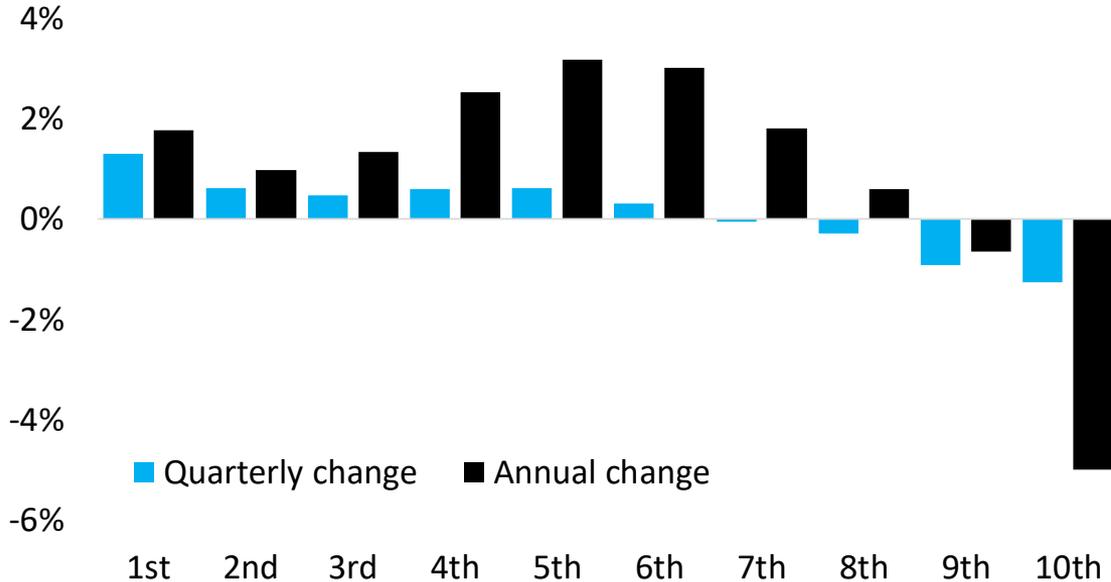
## Annual change in dwelling values to May-18



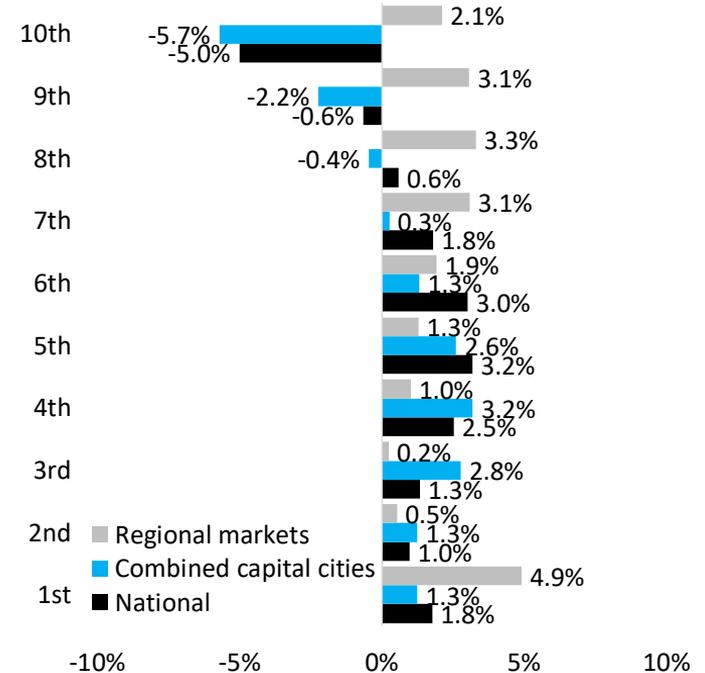
Source: CoreLogic

# Premium dwelling values are showing declines while the more affordable properties are continuing to see value increases

Quarterly and annual change in dwelling values by deciles, National as at May 2018

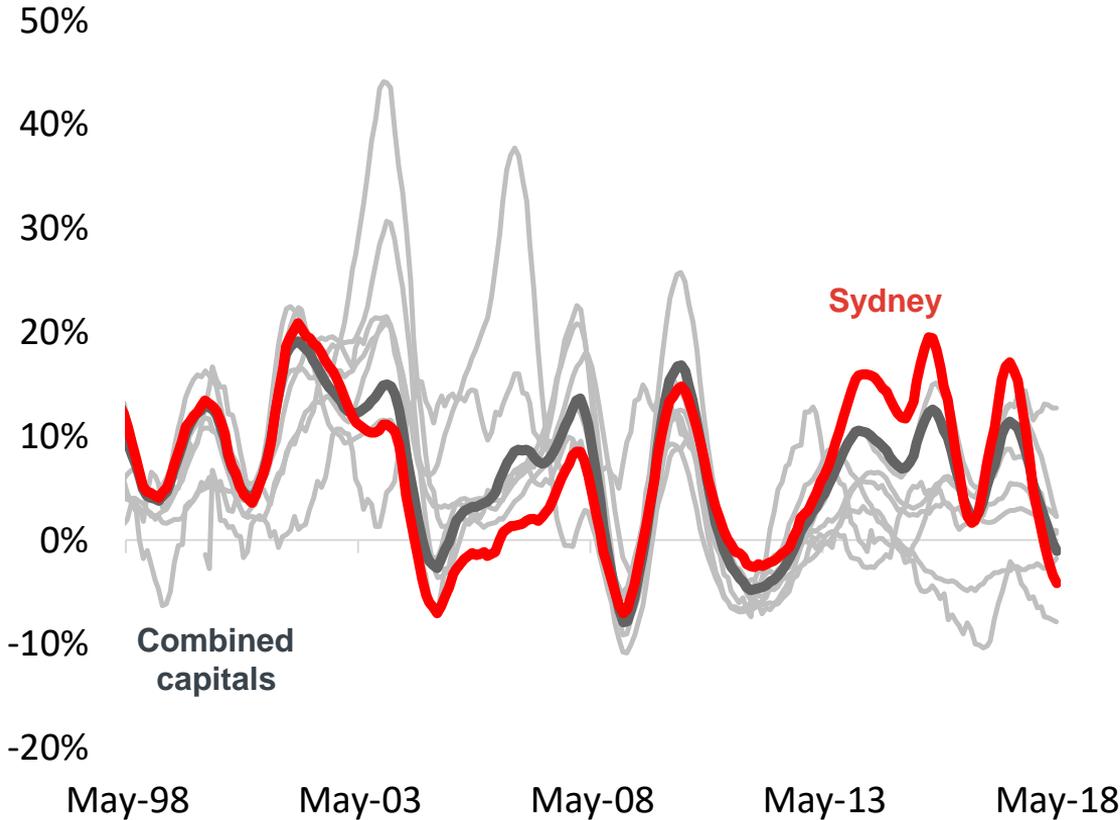


Annual change in dwelling values by decile, May-18



Source: CoreLogic

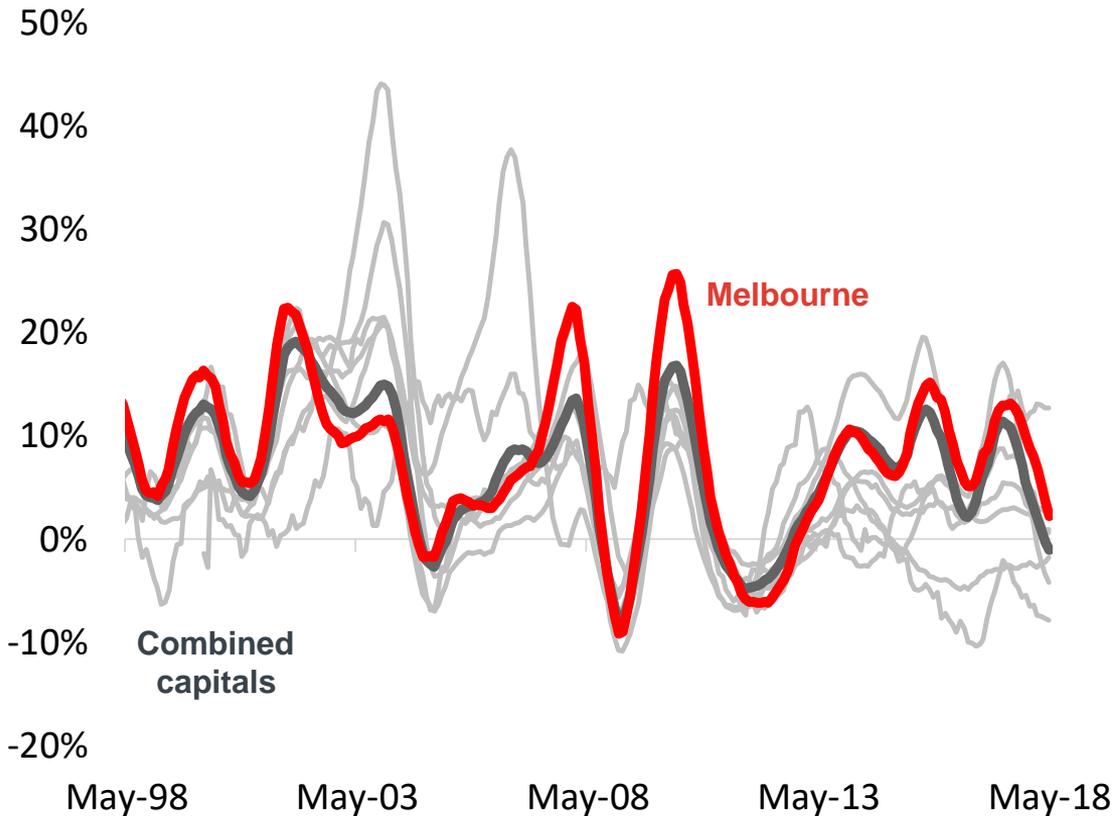
## Annual change in dwelling values



Sydney dwelling values have fallen by **-0.9%** over the three months to May 2018 and they are **-4.2%** lower over the past year. Dwelling values across Sydney are now **-4.5%** lower than their July 2017 peak

Source: CoreLogic

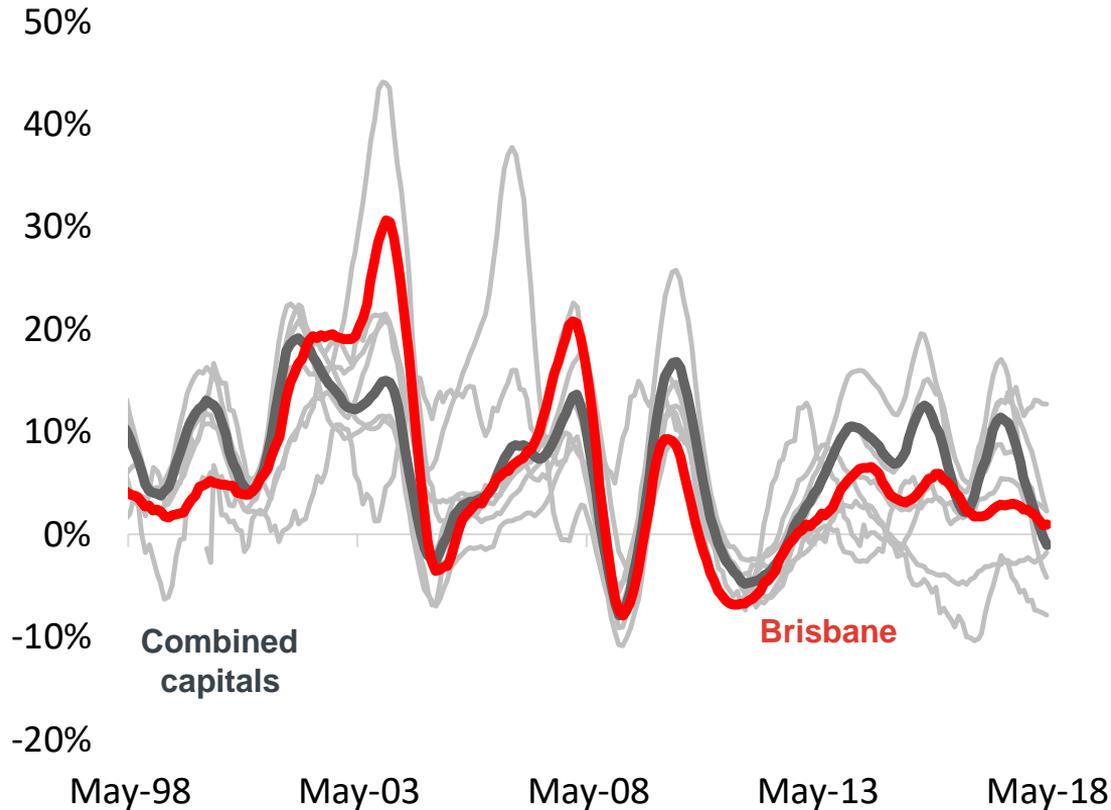
## Annual change in dwelling values



Dwelling values have fallen by **-1.2%** over the three months to May 2018 in Melbourne. Over the past year, dwelling values are **2.2%** higher although they are now **-1.6%** lower than they were at their peak in November 2017.

Source: CoreLogic

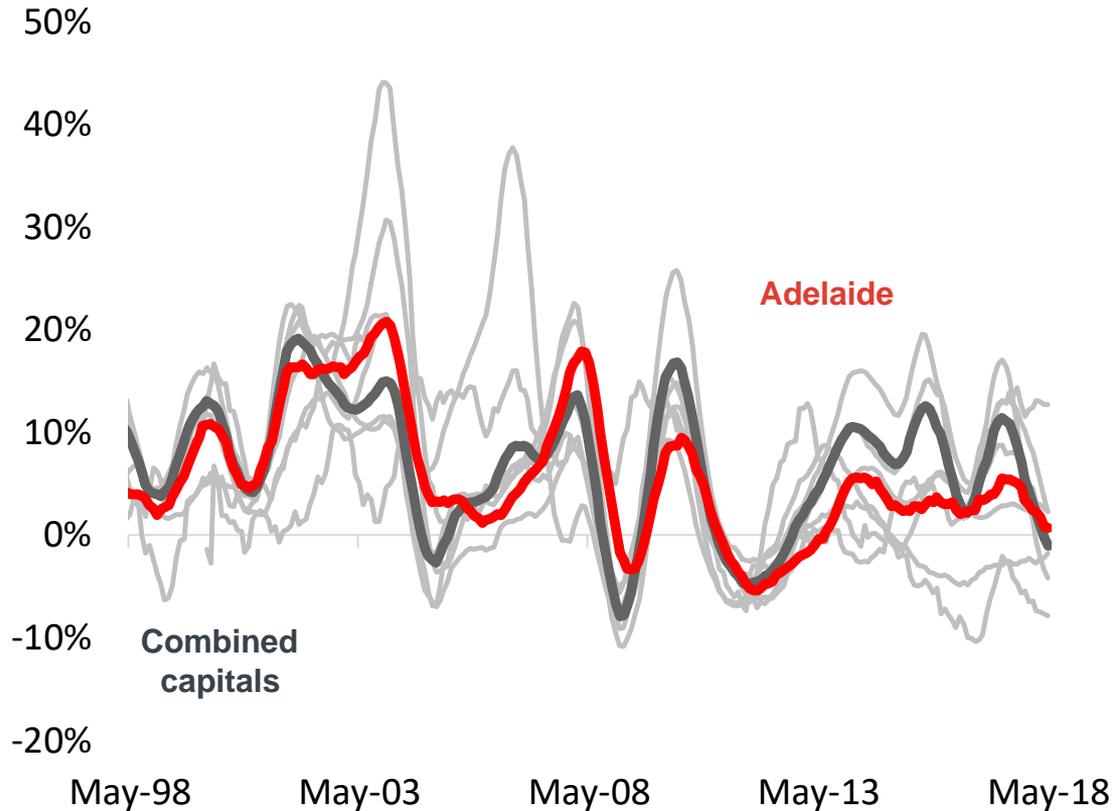
## Annual change in dwelling values



Brisbane home values increased by **0.2%** over the three months to May 2018 and they were **0.9%** higher over the past year. Over the past year, house values have increased by **1.2%** while unit values have fallen **-0.3%**.

Source: CoreLogic

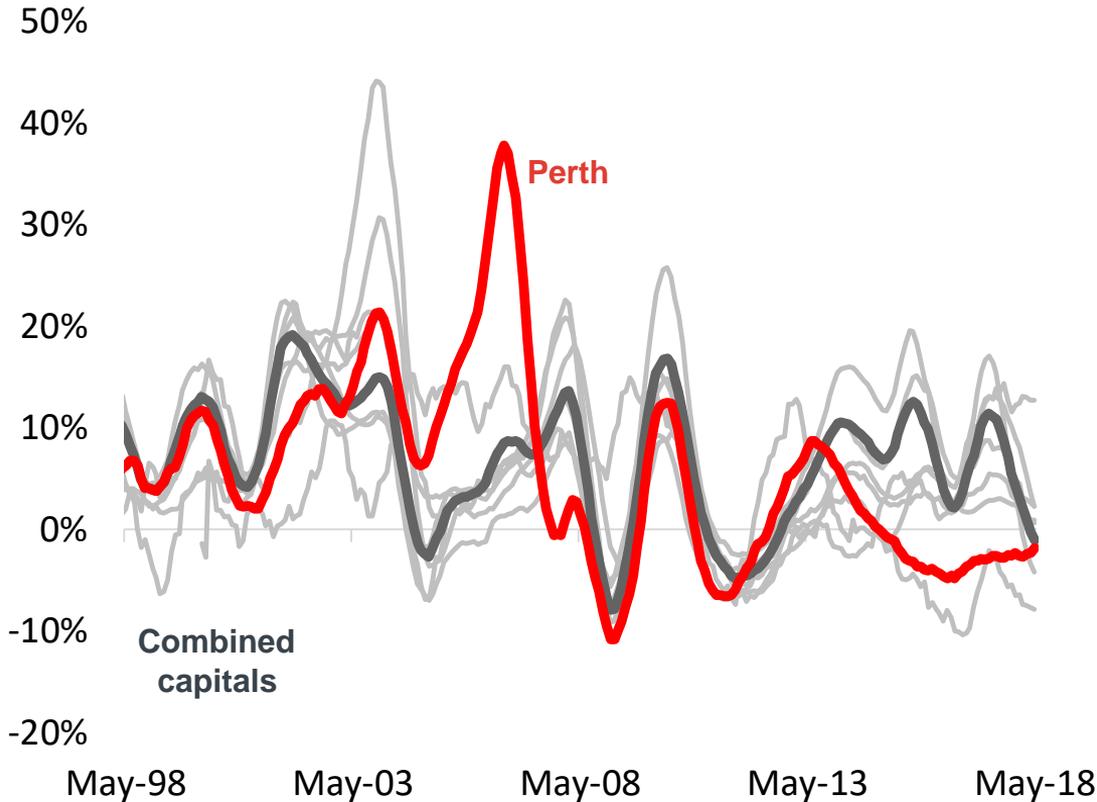
## Annual change in dwelling values



Dwelling values in Adelaide increased by **0.3%** over the three months to May 2018 and they are **0.6%** higher over the past year. Adelaide house values were **0.8%** higher over the past year while unit values were **-0.5%** lower.

Source: CoreLogic

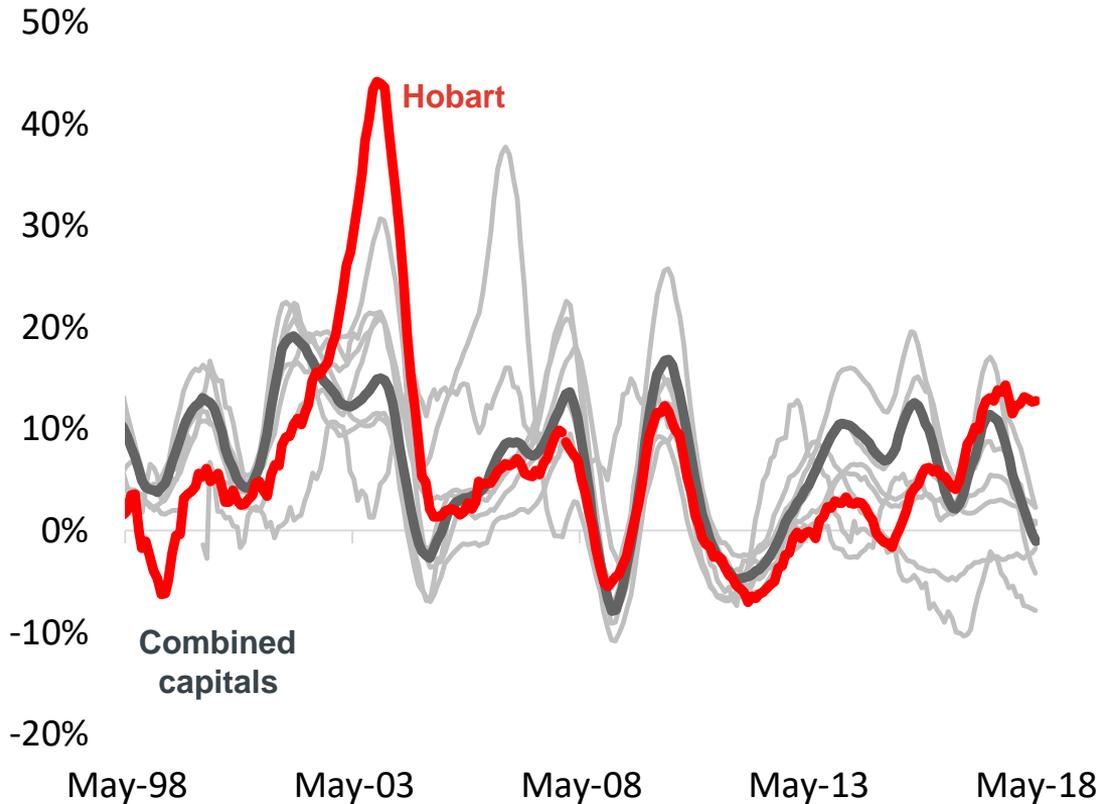
## Annual change in dwelling values



Perth dwelling values increased by **0.1%** over the three months to May 2018 however, they are **-1.8%** lower over the past year. Dwelling values in Perth are now **-10.9%** lower than they were at their peak in June 2014.

Source: CoreLogic

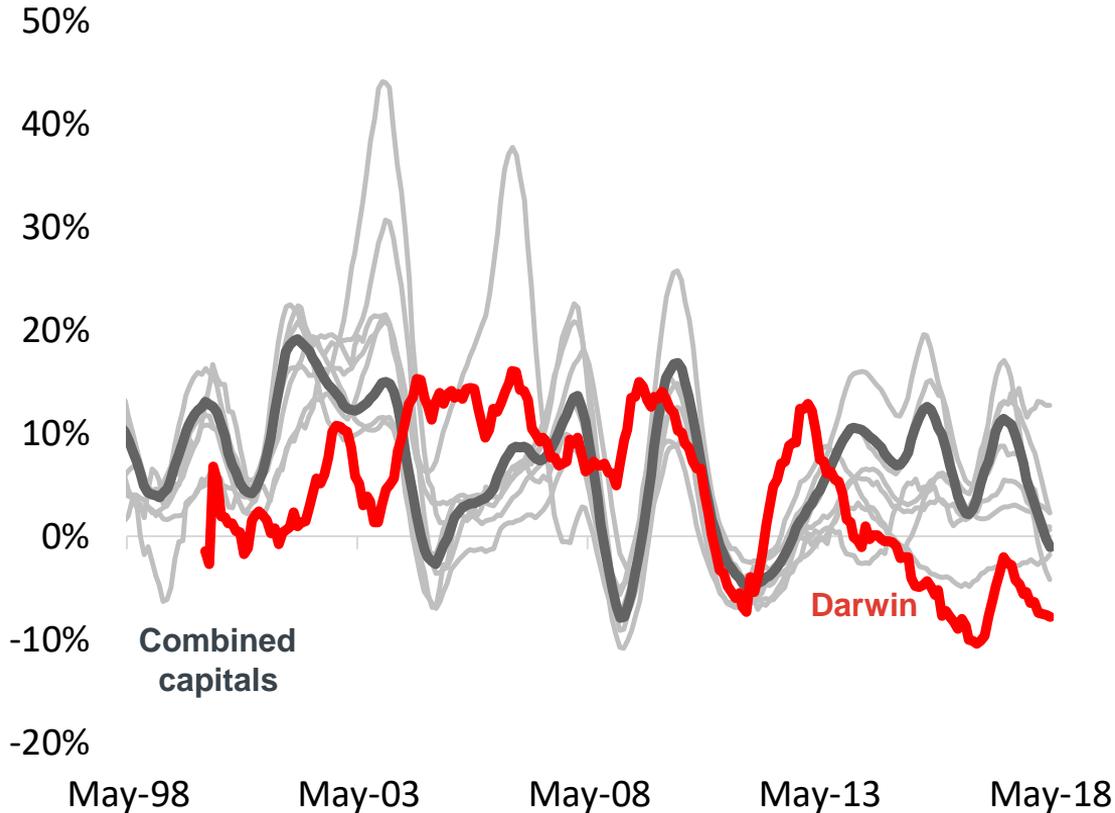
## Annual change in dwelling values



Dwelling values in Hobart rose **3.7%** over the three months to May 2018 and are **12.7%** higher over the past year. House values have increased by **13.6%** over the past 12 months and unit values have increased by **8.3%**.

Source: CoreLogic

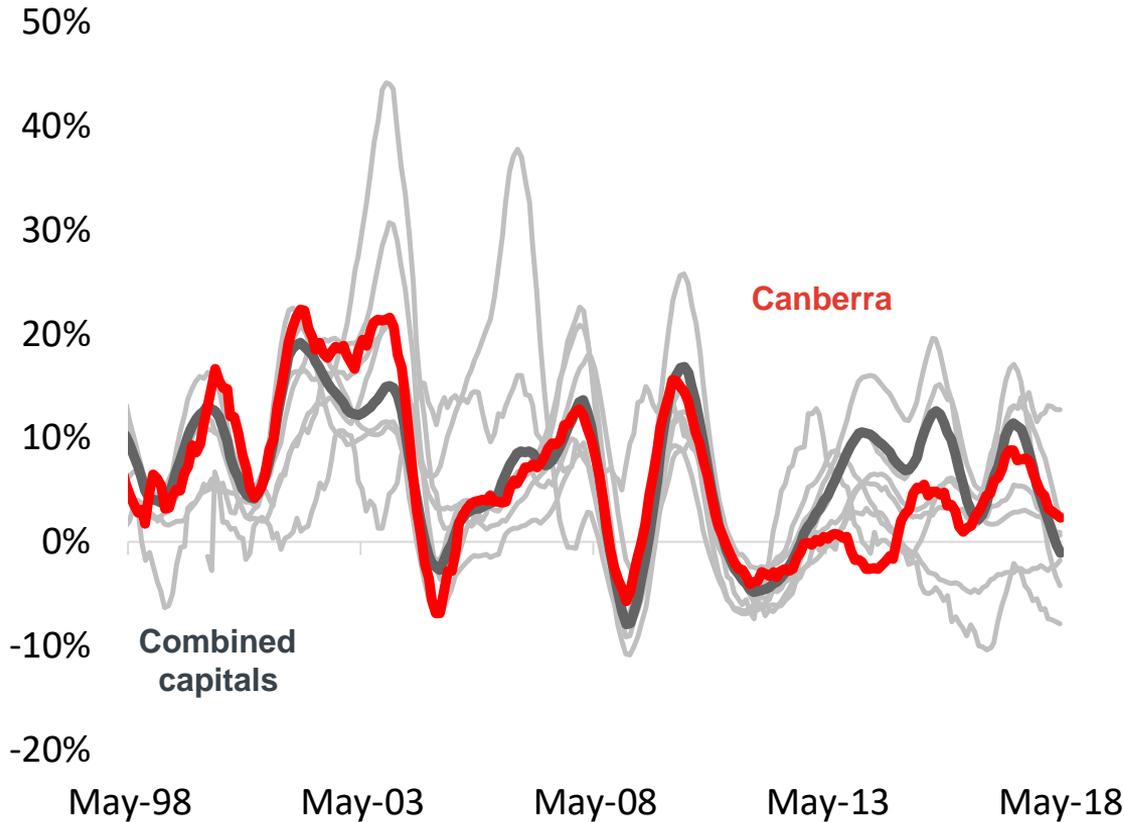
## Annual change in dwelling values



Darwin dwelling values increased by **1.3%** over the three months to May 2018 however, they are **-7.9%** lower over the past year. Dwelling values in Darwin are currently **-21.3%** lower than their historic peak.

Source: CoreLogic

## Annual change in dwelling values

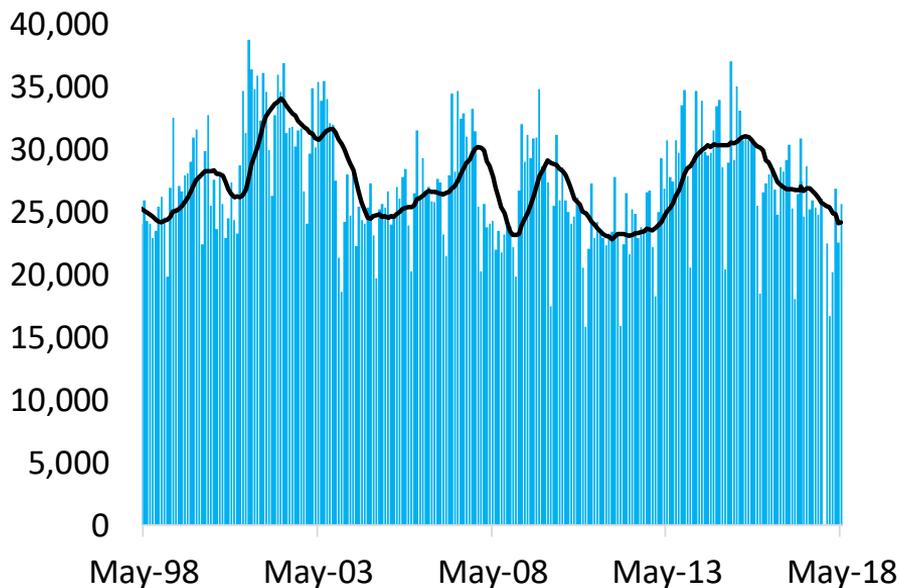


Dwelling values in Canberra increased by **0.8%** over the three months to May 2018 and they are **2.3%** higher over the past year. House values have increased by **3.1%** over the year while unit values are **-0.4%** lower.

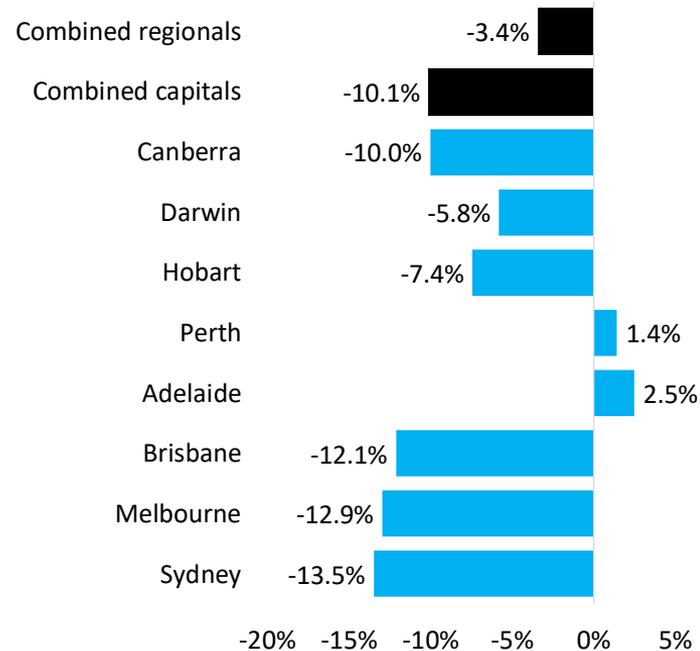
Source: CoreLogic

# Transaction numbers remain lower than a year ago due to fewer settled sales in most capital cities with Perth and Adelaide the exceptions

### Number of settled sales, combined capitals



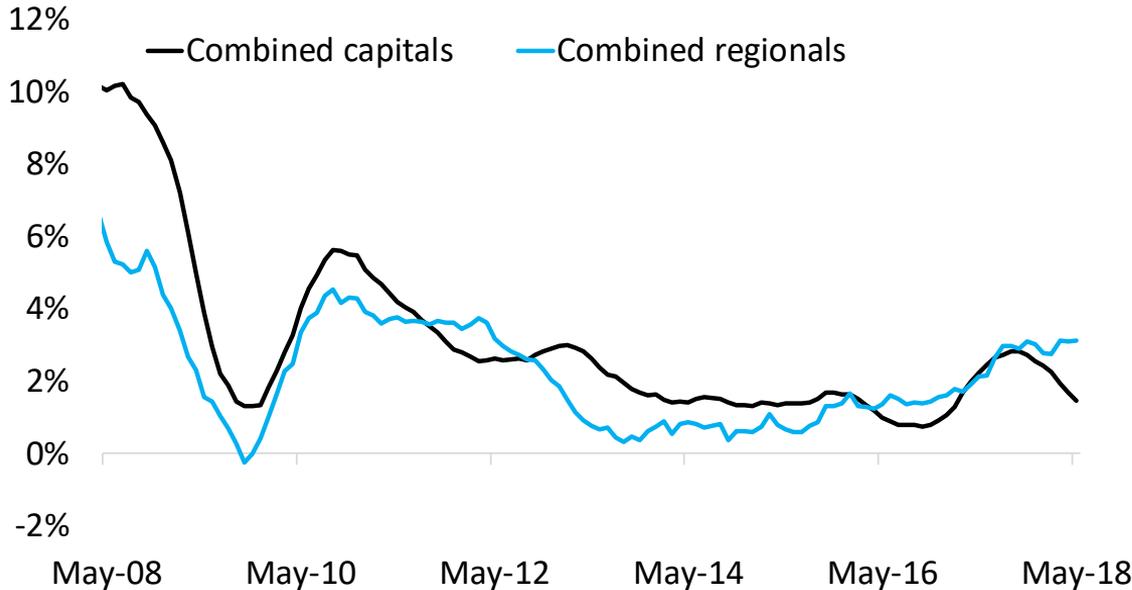
### Year on year change in annual sales



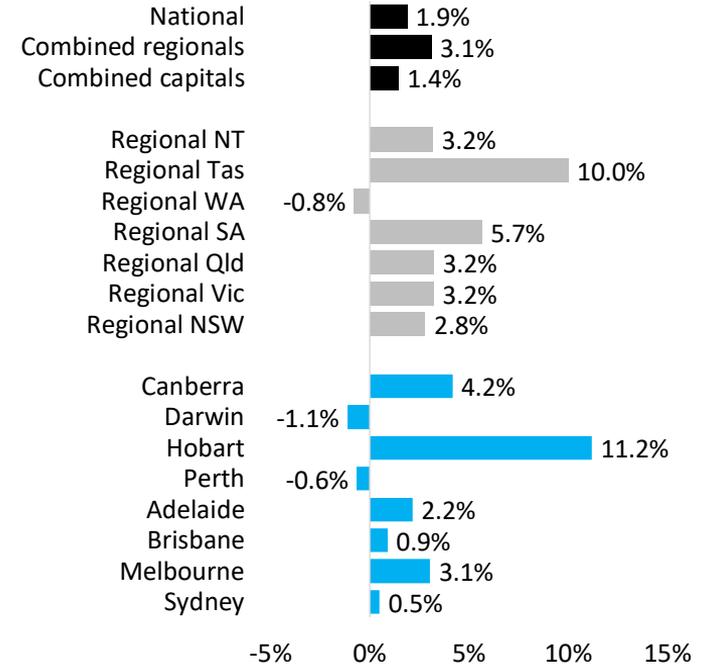
Source: CoreLogic

# Annual rental growth continues to slow across the combined capital cities while it remains stable in regional markets

## Annual change in dwelling rents

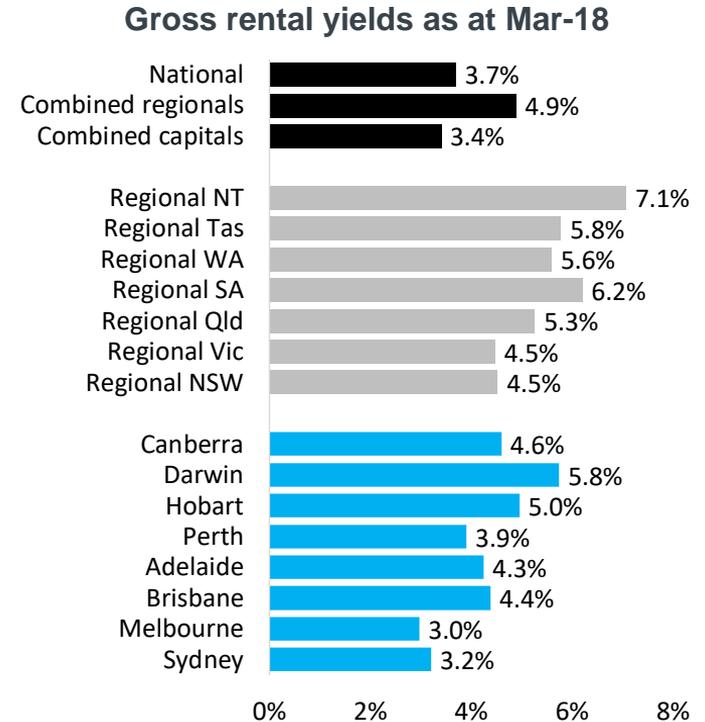
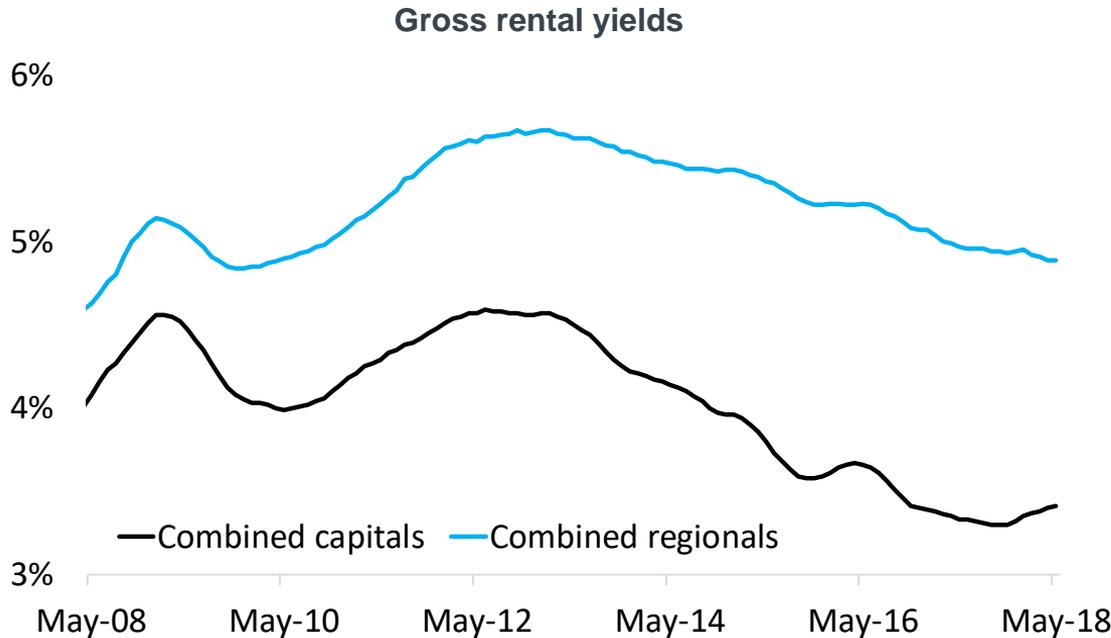


## Annual change in dwelling rents to May-18



Source: CoreLogic

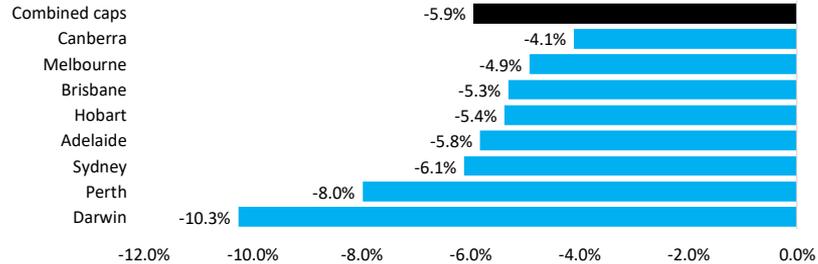
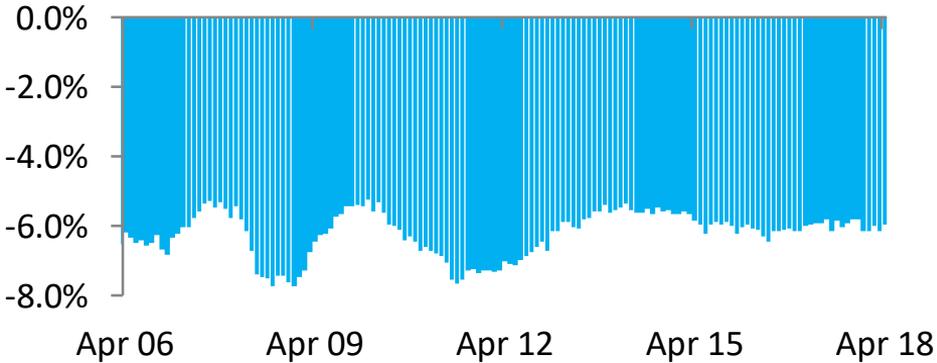
# With capital city dwelling values falling as rents continue to rise, gross rental yields have started to increase



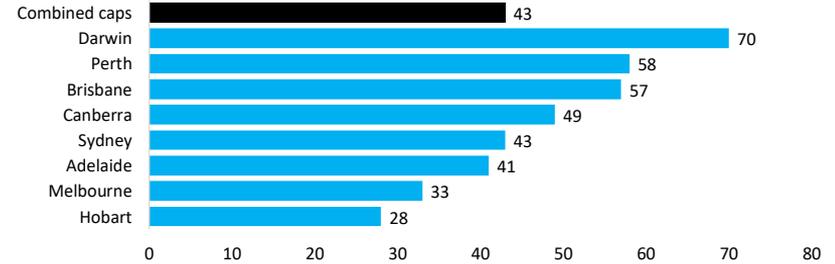
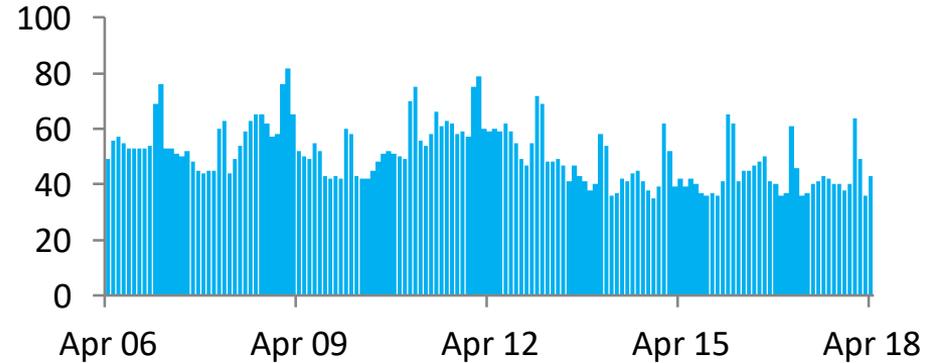
Source: CoreLogic

# Homes are typically taking longer to sell however, they are seeing the same discounts compared to a year ago

Average rate of vendor discounting, Combined capitals



Average days on market, Combined capitals



Source: CoreLogic

# Across the capital cities there are more properties advertised for sale relative to a year ago, due to significant increases in Sydney and Melbourne

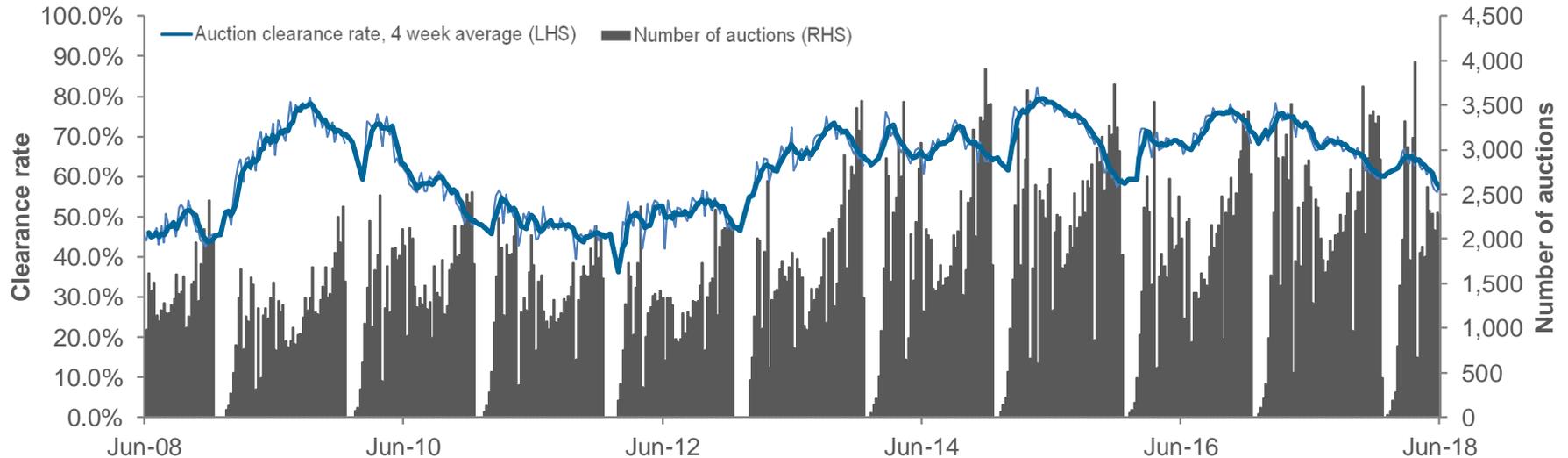
## Number of new and total properties advertised for sale, 28 days to 3 June 2018

Capital city	No of new listings	12 mth change (%)	No of total listings	12 mth change (%)	State	No of new listings	12 mth change (%)	No of total listings	12 mth change (%)
Sydney	6,414	-11.6%	26,802	20.4%	NSW	11,063	-8.2%	49,849	6.8%
Melbourne	7,237	-4.5%	30,862	7.8%	Vic	10,120	-3.7%	48,081	-7.3%
Brisbane	3,873	-8.7%	19,761	-2.9%	Qld	8,920	-7.1%	62,370	-4.5%
Adelaide	1,768	-11.8%	8,172	-5.8%	SA	2,452	-11.2%	17,202	-7.8%
Perth	3,535	4.0%	21,289	-2.5%	WA	4,890	4.1%	34,833	-3.0%
Hobart	331	-1.5%	1,023	-27.5%	Tas	981	4.0%	5,100	-25.5%
Darwin	142	-38.8%	1,407	-14.1%	NT	196	-34.0%	2,001	-10.9%
Canberra	575	2.1%	1,990	-0.5%	ACT	588	0.9%	2,064	-1.2%
<b>Combined capitals</b>	<b>23,875</b>	<b>-6.8%</b>	<b>111,306</b>	<b>4.2%</b>	<b>National</b>	<b>39,210</b>	<b>-5.4%</b>	<b>221,500</b>	<b>-3.5%</b>

Source: CoreLogic

# Auction clearance rates have continued to trend lower and are now much lower than they were 12 months ago

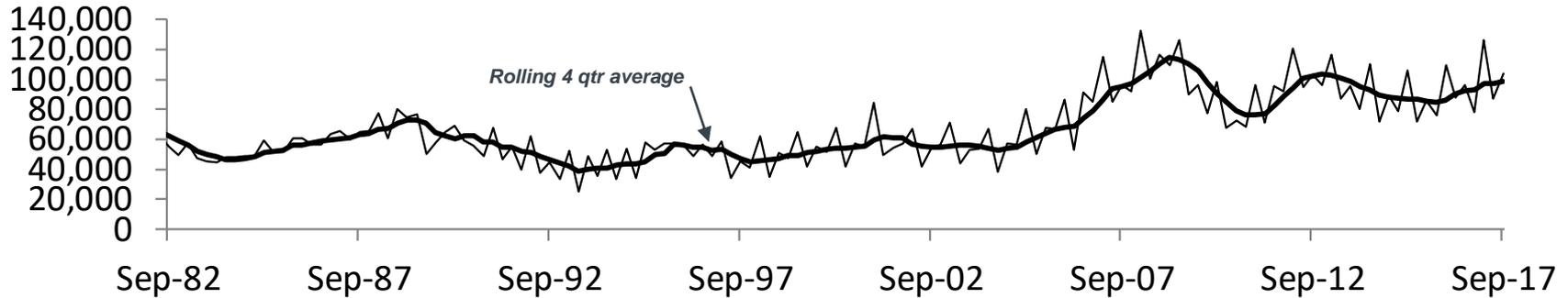
## Combined capital city auction clearance rates and volumes



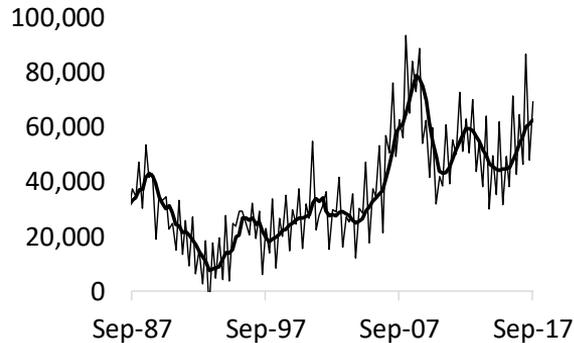
Source: CoreLogic

# Housing demand: overseas migration continues to trend higher

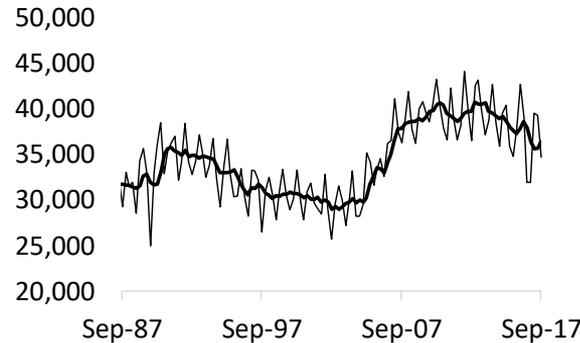
Quarterly change in national population



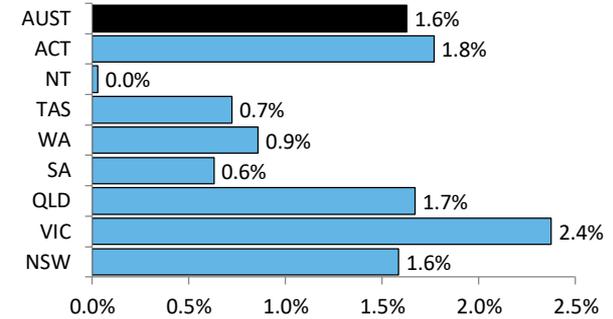
Net overseas migration



Natural increase



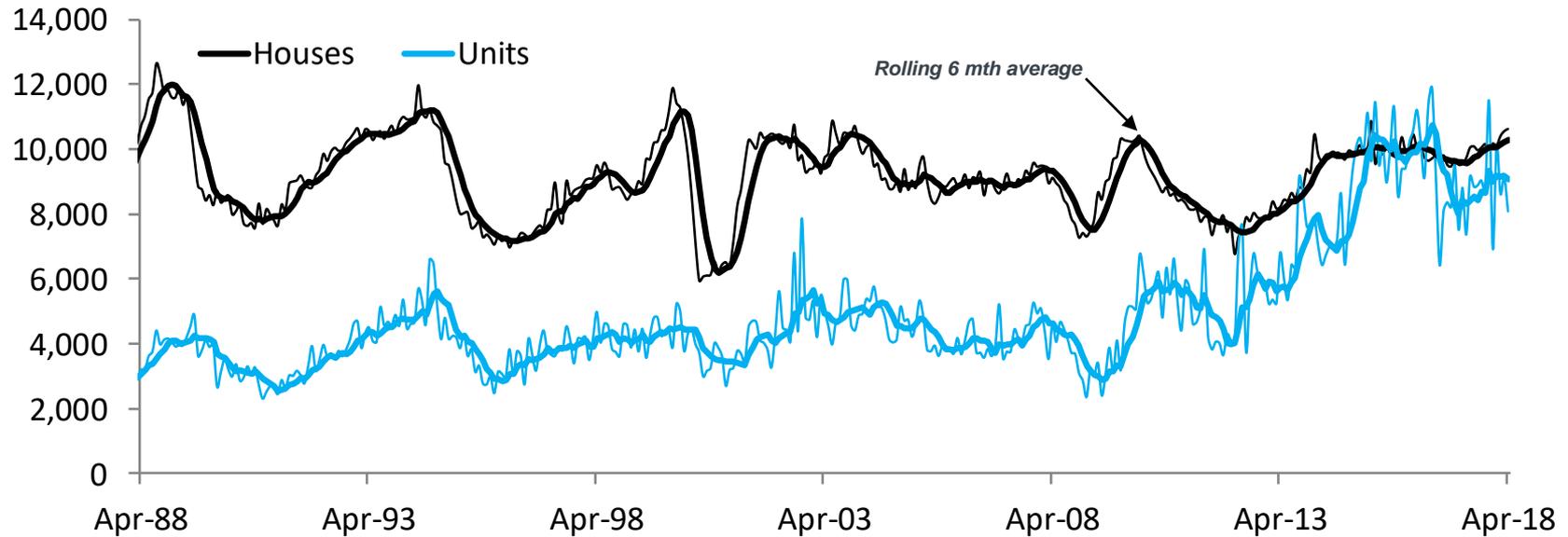
Annual change in population



Source: CoreLogic, ABS

Although dwelling approvals are down from their record high levels they remain well above long-term average levels

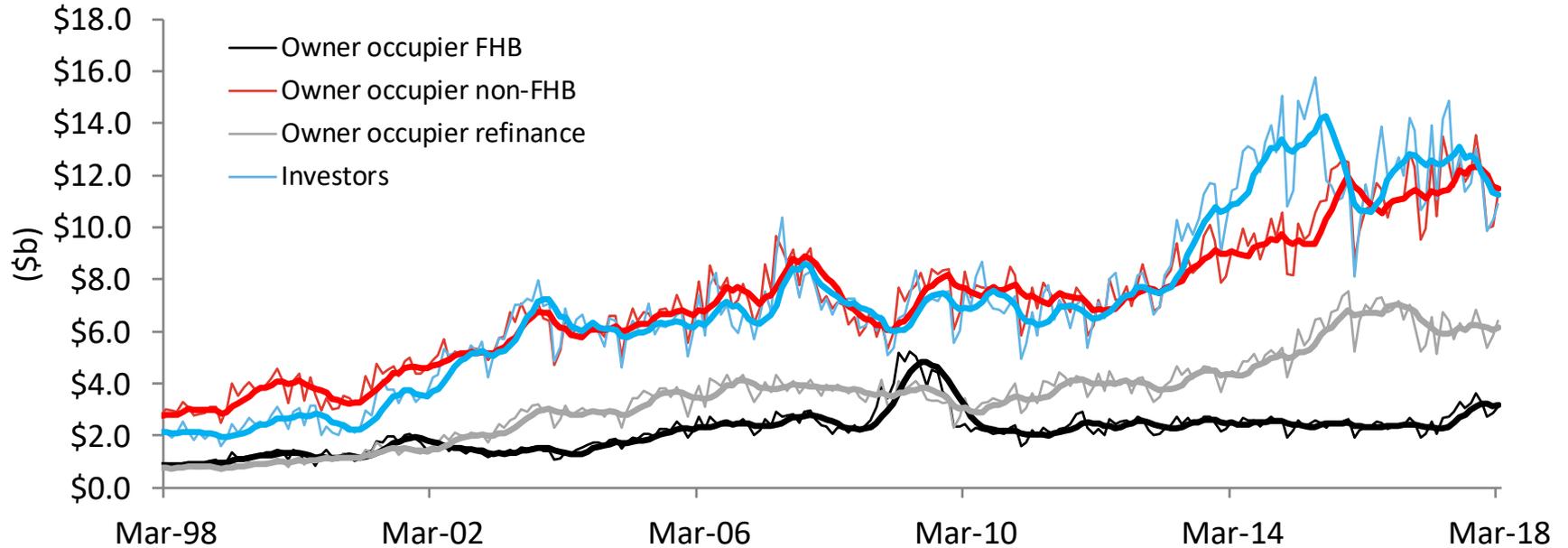
Number of dwellings approved for construction, National



Source: CoreLogic, ABS

# Mortgage demand is trending lower with demand from the first home buyer segment the one exception

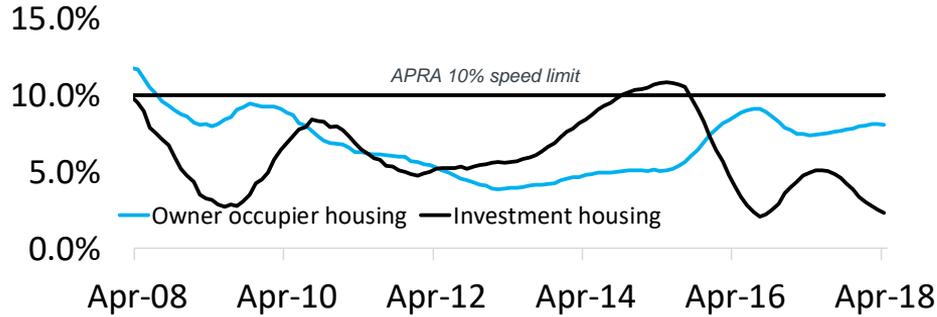
## Value of housing finance commitments by borrower type



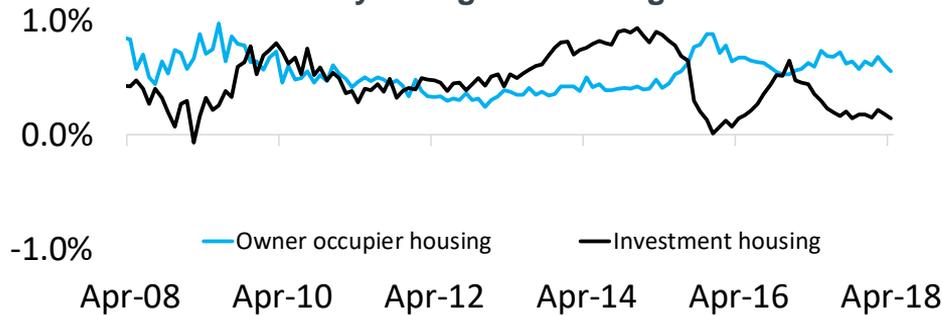
Source: CoreLogic, ABS

# Regulatory changes and higher mortgage rates have impacted on investment demand and interest-only demand has shrunk significantly

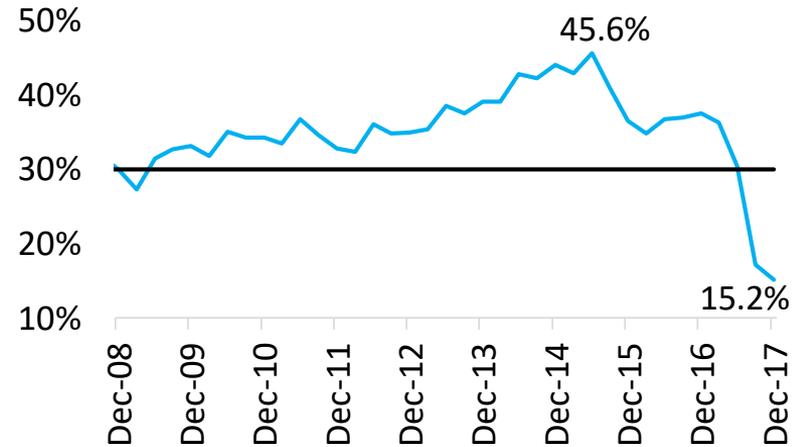
### Annual change in housing credit



### Monthly change in housing credit



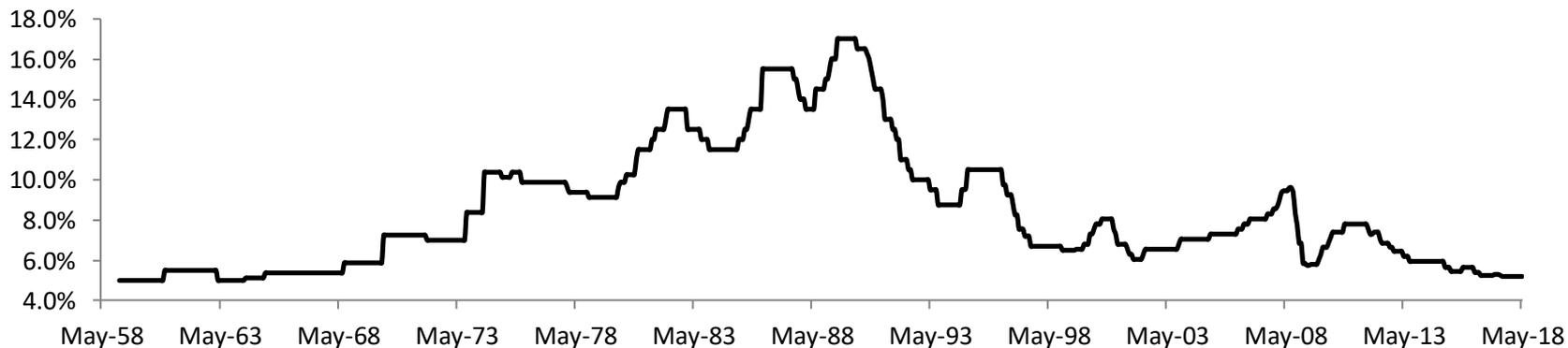
### % of mortgages originated on interest only terms



Source: CoreLogic, APRA, RBA

# Mortgage rates remain around historic lows for owner occupiers but have edged higher for investors as cash rate has remained on hold

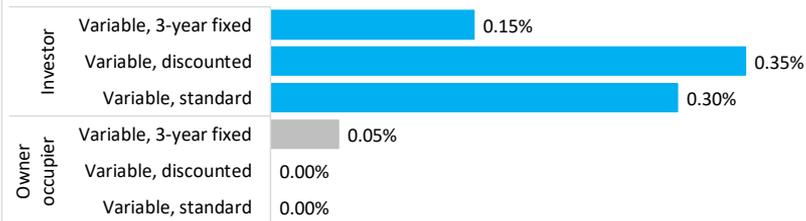
## Standard variable mortgage rates over time



### Avg mortgage rate by product type, May 2018



### Change in avg mortgage rate since low point, May 2018



Source: CoreLogic, RBA

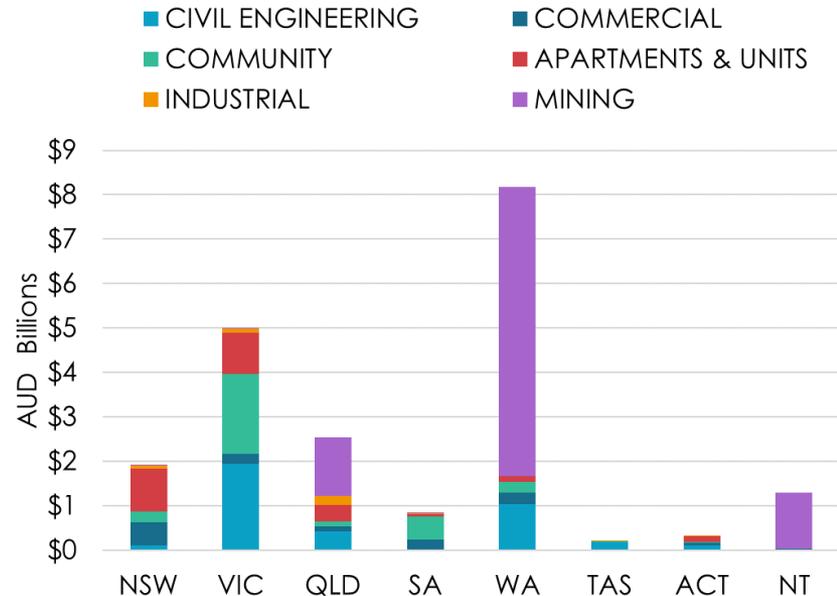
# Commercial Market Update

June 2018

# Over May, there were 1,730 new projects captured across Australia, at a combined value of \$20.3 billion

- **Number** of new projects captured by Cordell:
  - The number of new projects rose 13% over the May quarter, to 5,264
  - The number of new projects in the year to May fell -7%, to 22,477
- **Value** of new projects captured by Cordell:
  - The value of new projects rose 29% in the May quarter, to \$47.6 billion
  - The value of new projects rose 29% in the year to May, to \$199 billion

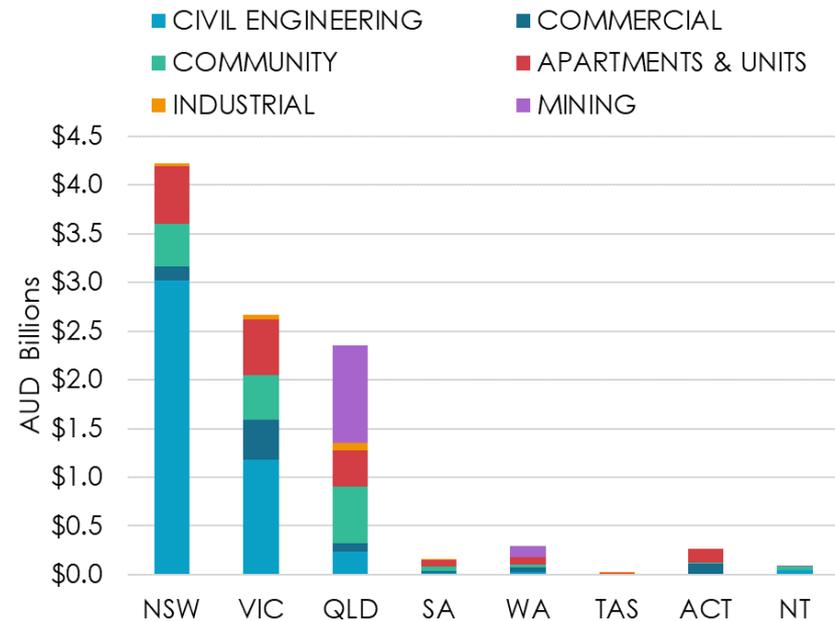
Value of new projects by state and segment - May 2018



# Over May, there were 955 projects commencing across Australia, at a combined value of \$10.1 billion

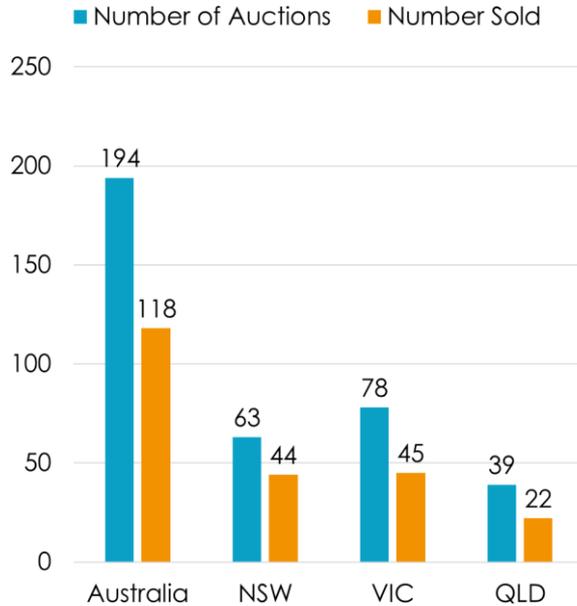
- **Number** of commencing projects captured by Cordell:
  - The number of commencing projects rose 24% over the May quarter, to 2,642
  - The number of commencing projects in the year to May rose 2%, to 9,997
- **Value** of new projects captured by Cordell:
  - The value of commencing projects rose 59% in the May quarter, to \$21.7 billion
  - The value of commencing projects rose 41% in the year to May, to \$69 billion

Value of projects moving into construction by state and segment - May 2018



# CoreLogic preliminary results suggest an average commercial auction clearance rate of 56.9% over May

Commercial Auction Summary -  
May 2018



Share of Commercial Auction Sale by Type, Australia Wide – May 2018



Industrial

31%



Retail

30%



Hotel & Leisure

1%



Office

22%



Medical & Misc.

16%

Commercial Auction Clearance Rate



Weeks with under 12 auction events have been excluded from the analysis

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