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MARKET ESSENTIALS | FEBRUARY 2018

**THIS MONTH IN REVIEW**

Most of Australia's capital cities have started the year on the right foot, outside of Sydney and Melbourne, where average growth has started to plateau after years of exceptional gains.

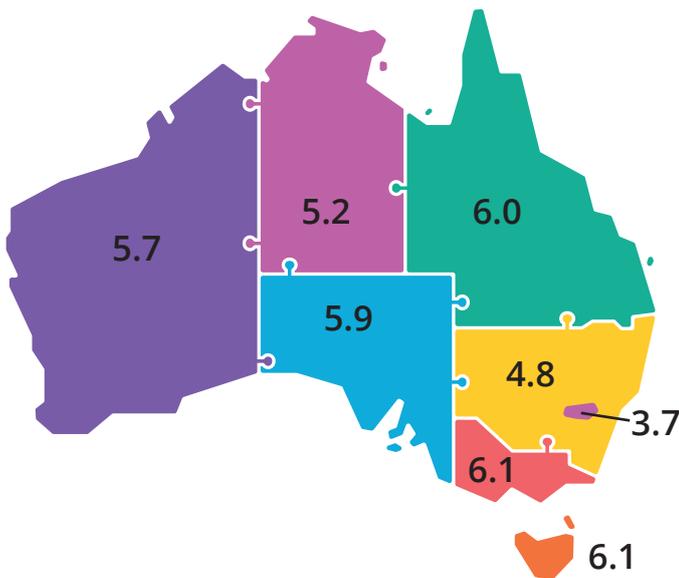
First home buyers are back out in force taking up 39 per cent of new housing sales in the December quarter and about a quarter of all home sales. There are claims that this is the direct result of increased stamp duty increases for foreign residents, in addition to many states giving first home buyers some stamp duty alleviation. This is allowing more room for first home buyers to enter the market.

**AUCTION CLEARANCE RATE** Source: APM PriceFinder

	DEC 2		FEB 3
SYDNEY	65%	▼	57%
MELBOURNE	68%	▲	71%
BRISBANE	43%	▲	57%
ADELAIDE	45%	▲	78%

**MONTHLY UNEMPLOYMENT - DEC %**

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



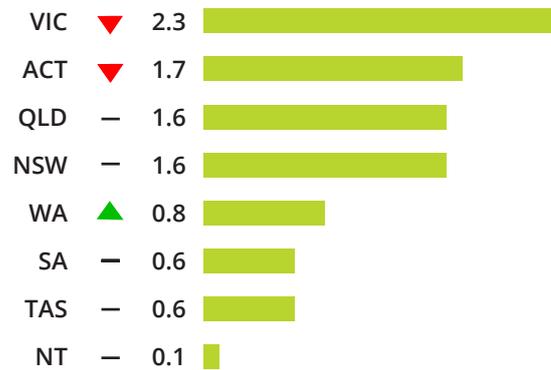
HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	13.1	5.5%	\$407K
MELBOURNE	8.0	3.3%	\$740K
CANBERRA	5.3	4.4%	\$670K
BRISBANE	2.7	4.5%	\$527K
ADELAIDE	2.6	4.6%	\$445K
SYDNEY	0.1	3.2%	\$977K
PERTH	- 2.8	4.1%	\$510K
DARWIN	- 5.8	4.8%	\$500K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

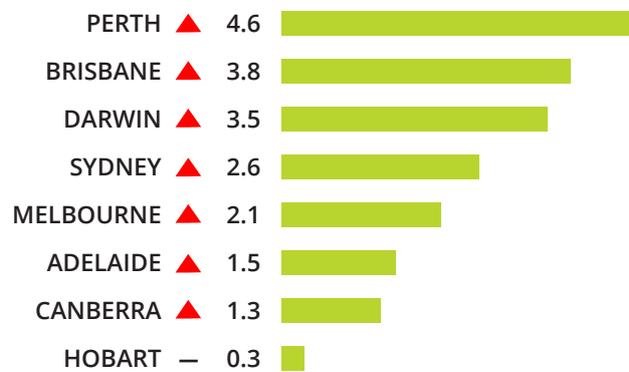
Arguments to eradicate negative gearing took a hit after an RBA-commissioned study found that the impact of ending negative gearing would be minimal, cutting property prices by only 1.2 per cent and lifting rents "marginally" while increasing home ownership.

A global survey from the Association of Foreign Investors in Real Estate has ranked our market in high favour - Australia ranks as the fifth safest country globally for investment, dropping from fourth spot in 2017. Despite the "expensive" prices, there is clearly still a strong argument for property investment fundamentals across Australia.

**POPULATION GROWTH % (Yr ended JUN 2017)** Source: ABS



**VACANCY RATE % (17 DEC 2017)** Source: SQM Research



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	8.5	5.8%	\$310K
MELBOURNE	8.1	4.4%	\$532K
SYDNEY	3.9	4.0%	\$717K
CANBERRA	1.6	5.4%	\$440K
ADELAIDE	0.4	5.1%	\$375K
BRISBANE	- 0.7	5.2%	\$415K
PERTH	- 1.5	4.4%	\$396K
DARWIN	- 7.6	5.3%	\$366K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

## CAPITAL CITY UPDATES

### SYDNEY NSW

- Foreign developers based in Australia have been given a tax cut by the NSW government, who will allow them to claim exemptions from surcharges on the sale of new homes to encourage investment from offshore building corporations.
- About 15% of households in Sydney are in rental stress, while one in 10 in western Sydney is concerned about paying their mortgage, government data shows.
- The NSW Government has launched a discussion paper into off-the-plan sales, with plans to potentially strengthen protections for new property buyers due to developers significantly changing plans to the build after contracts have been exchanged.
- Sydney might regularly lose out to Melbourne on livability lists, but it ranked higher for being best for families, a Homeday report found, ranking it 13th in the world – ahead of Melbourne at 15th.

### MELBOURNE VIC

- Action by the regulators has continued against underquoting real estate agents, with Hocking Stuart Doncaster fined \$10,000 by Consumer Affairs Victoria.
- The first home in Preston has broken the \$2 million barrier, with a prestige five-bedroom house on Shakespeare Avenue breaking the suburb record in November.
- There has been a call for a parliamentary review into the Victorian Civil and Administrative Tribunal after “troubling” overruling of local laws about building – including allowing developments to exceed heights in local planning laws.
- Prices across Melbourne continued to rise over November, up 0.5% in the month, CoreLogic data found.

### BRISBANE QLD

- The Bank of Queensland's Roger Davis has warned they are wary about new apartments, due to short-term risks with higher vacancies and tightening credit conditions.
- Plans from Labor in Queensland to increase taxes on foreign buyers to 7% and adding a new land tax category for \$10 million plus sales has been slammed as discrimination by the Property Council.
- Brisbane prices were sluggish over November, with prices up 0.1% over the month and 2.4% over the year, CoreLogic's index shows.
- There are still 17 suburbs in the Brisbane City Council where more than half of homes sell for \$500,000 or less, Domain Group data shows, including the cheapest suburb Ellen Grove.

### PERTH WA

- Low-priced apartments have taken a big hit in the past three years, with data from the Real Estate Institute of Western Australia showing prices down \$120,000 for entry-level units in some suburbs.
- Perth's housing market may have finally reached its floor, with a 0.3% improvement in the median dwelling price over November, CoreLogic found.
- New land in Perth was an average 3.9% more expensive, at \$234,837, in the year to September 2017, Urban Development Institute of Australia data shows.

### CANBERRA ACT

- SGS Economics' Rental Affordability Index report has found Canberra to be the second least affordable rental area for vulnerable groups in Australia, just behind Sydney.
- A report by PRDnationwide has found buyers are willing to pay more for Canberra's Inner North properties, with prices up in local suburbs such as Ainslie, Braddon, Dickson, Reid and Turner.
- Canberra's new apartments are the smallest in the country at 95.8 square meters, the latest CommSec Home Size Trends report shows.
- Research from the ANU has found the ACT has the biggest oversupply of housing, apart from the Northern Territory, with close to 7000 more homes than the local population needs.
- Developer Metropool smashed a record in Canberra in November, as the first development to sell more than \$80 million in a day.

### ADELAIDE SA

- In the September quarter, the Real Estate Institute of South Australia found Toorak Gardens, Dernancourt, Moana, Port Noarlunga and North Haven were the top growth Adelaide house price suburbs.
- Census 2016 data has found a third of Adelaide's renters are facing rent stress – when a third or more of the household income goes to paying housing costs.

### DARWIN NT

- Property prices fell significantly in Darwin over November, CoreLogic data recorded, with prices down 0.4 per cent in the month and declining 5.5 per cent in 12 months.
- Disputes have been brewing over the development of Berrimah Farm into a new suburb, with 2000 housing lots underway as some residents say the area was formerly a toxic asbestos dumping ground.
- The vacancy rate in Darwin did decline from 2.7% to 2.5% over November, SQM Research data found.
- AMP Capital chief economist Shane Oliver has described Darwin and Perth as being “likely close to the bottom” of their property cycles.



**AUD**  
**79.2c**  
**US**  
up from 76.5c in Dec  
Source: RBA



**RBA Cash Rate**  
**1.5%**  
steady for February  
Source: RBA



**Cash Rate Forecast**  
**1.5%**  
12 mths to Feb '19  
Source: Westpac



**Inflation**  
**1.9%**  
year to Feb qtr  
Source: RBA



**GDP**  
**2.8%**  
up to Sept qtr  
Source: ABS



**Wage Growth**  
**2.0%**  
year to Sep qtr  
Source: ABS



**Consumer Confidence**  
**1.8%**  
positive for Jan.  
Source: Westpac-Melbourne Institute



**Disposable Income**  
**4.5%**  
year to Sep 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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