

October 2021

Monthly Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.1 Trillion



AUSTRALIAN SUPERANNUATION

\$3.3 Trillion



AUSTRALIAN LISTED STOCKS

\$2.8 Trillion



COMMERCIAL REAL ESTATE

\$997.3 Billion

NUMBER OF DWELLINGS

10.7 Million

OUTSTANDING MORTGAGE DEBT

\$2.0 Trillion

HOUSEHOLD WEALTH HELD IN HOUSING

55.4%

TOTAL SALES P.A.

600,682

GROSS VALUE OF SALES P.A.

\$436.8 Billion

Australian dwelling values

Overview

3 MONTHS

↑ **4.8%**

National home values rose 4.8% in the September quarter, which has eased from a 6.1% increase in the June quarter.

12 MONTHS

↑ **20.3%**

Dwelling values in Australia are 20.3% higher over the past 12 months, which is the highest annual appreciation since June 1989.

CAPITAL CITIES

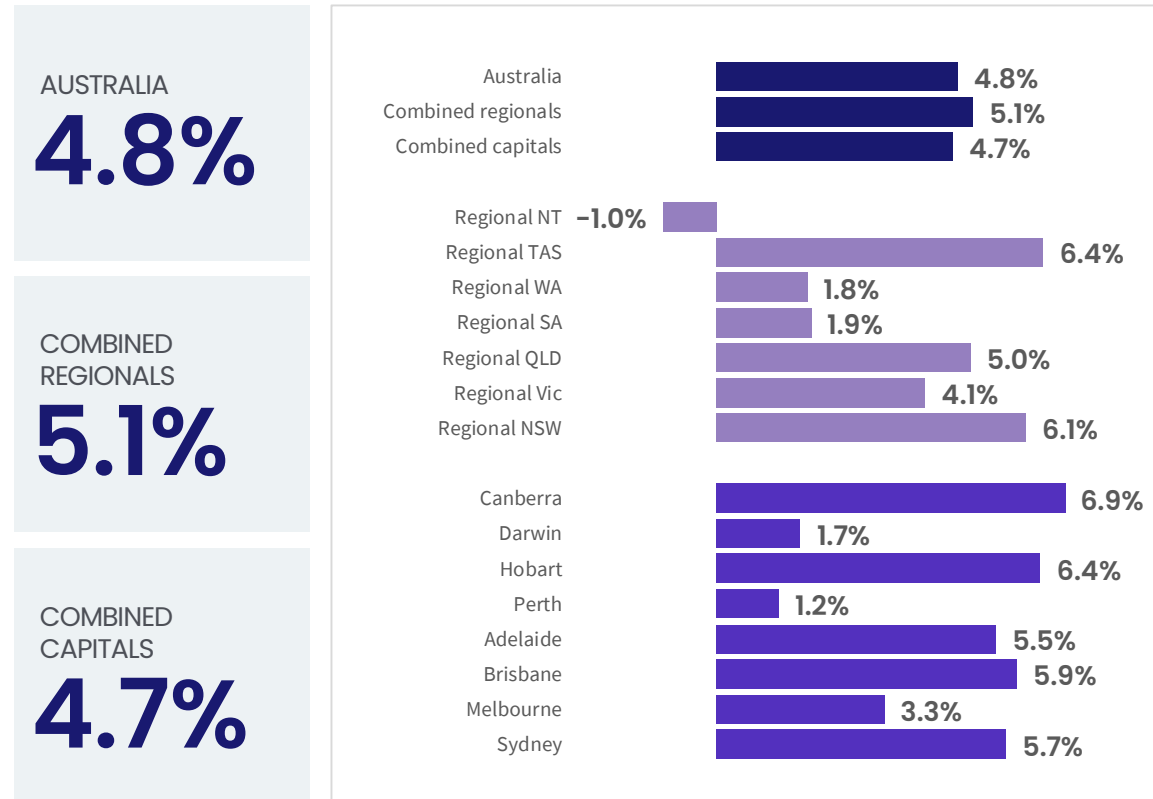
High end of the market leading growth

In the three months to September, the top 25% of values across the capital cities rose 5.7%, compared to 2.6% across the lowest 25% of values.

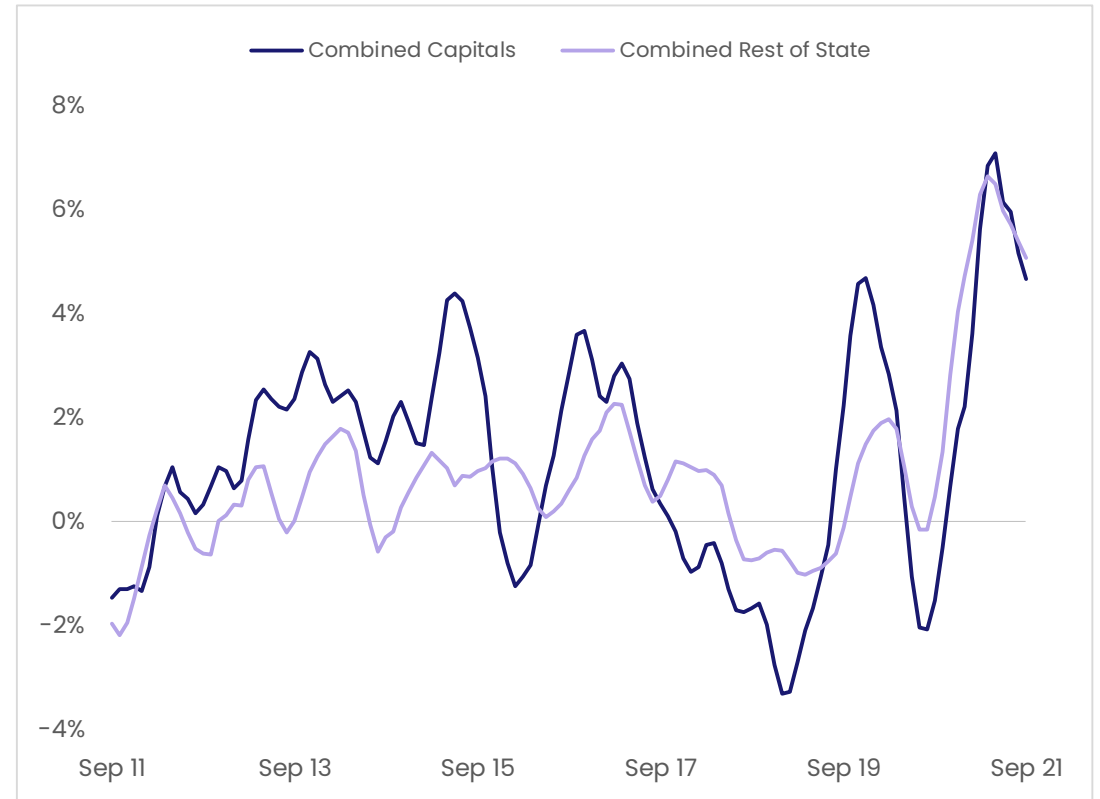
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to September 2021



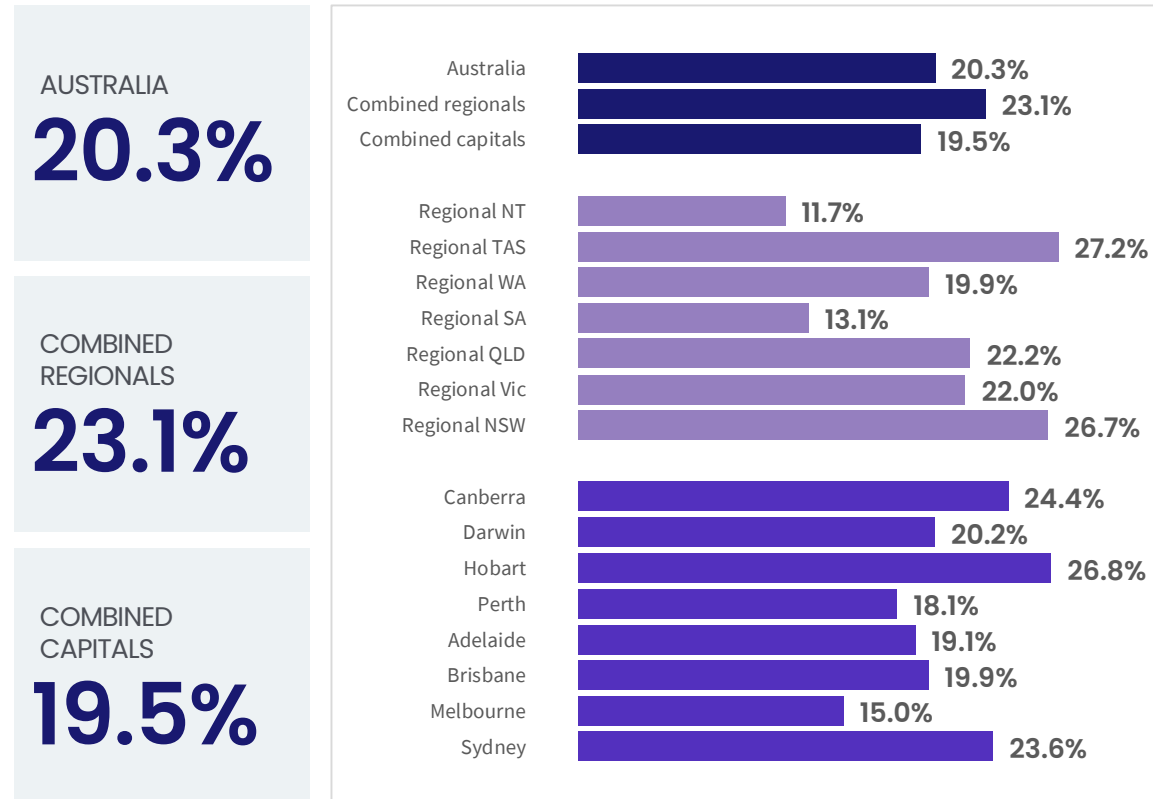
Rolling quarterly change in dwelling values



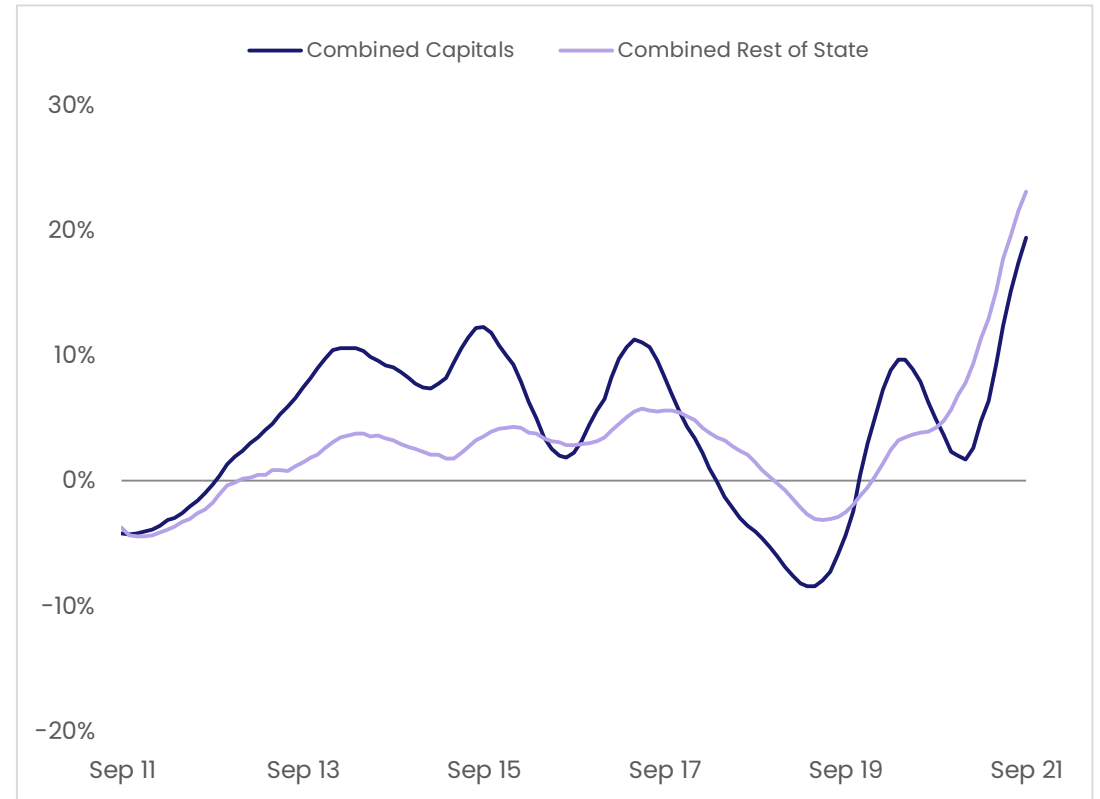
AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to September 2021



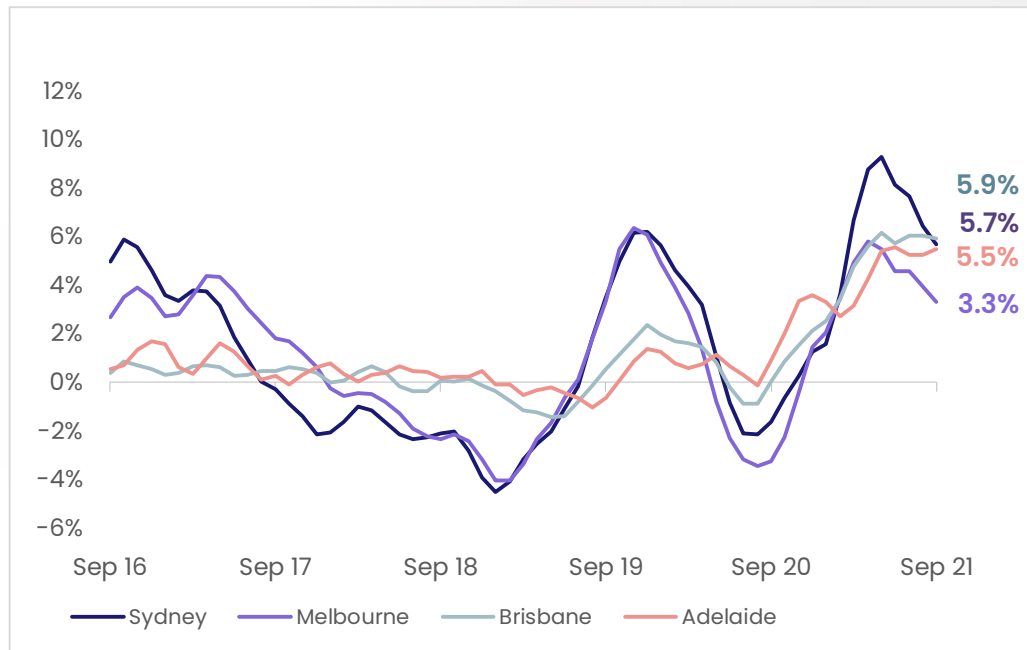
Rolling annual change in dwelling values



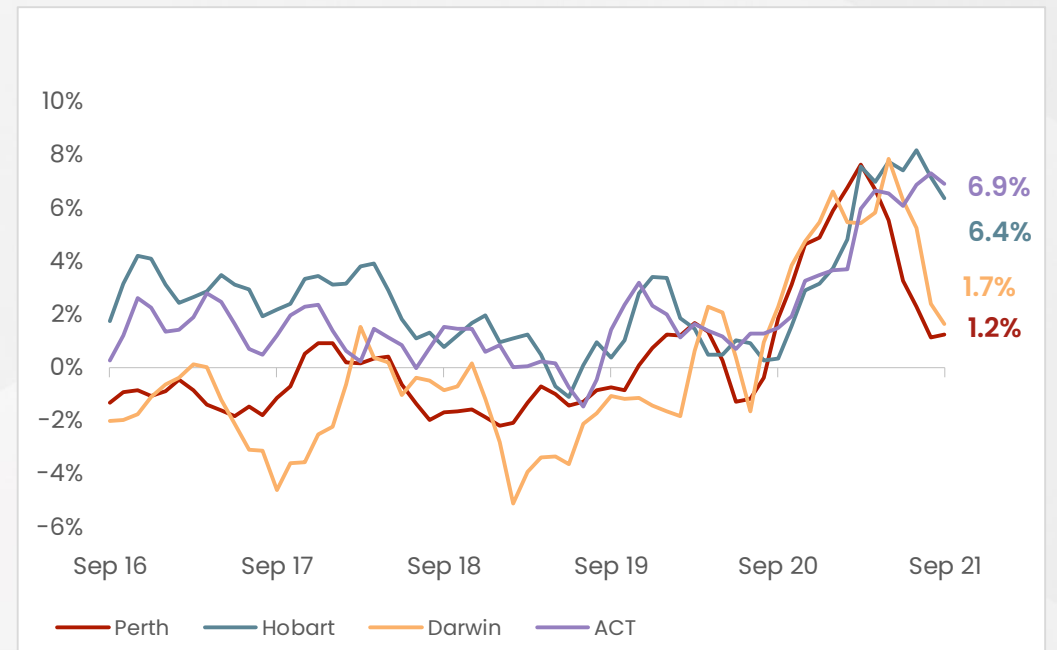
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings



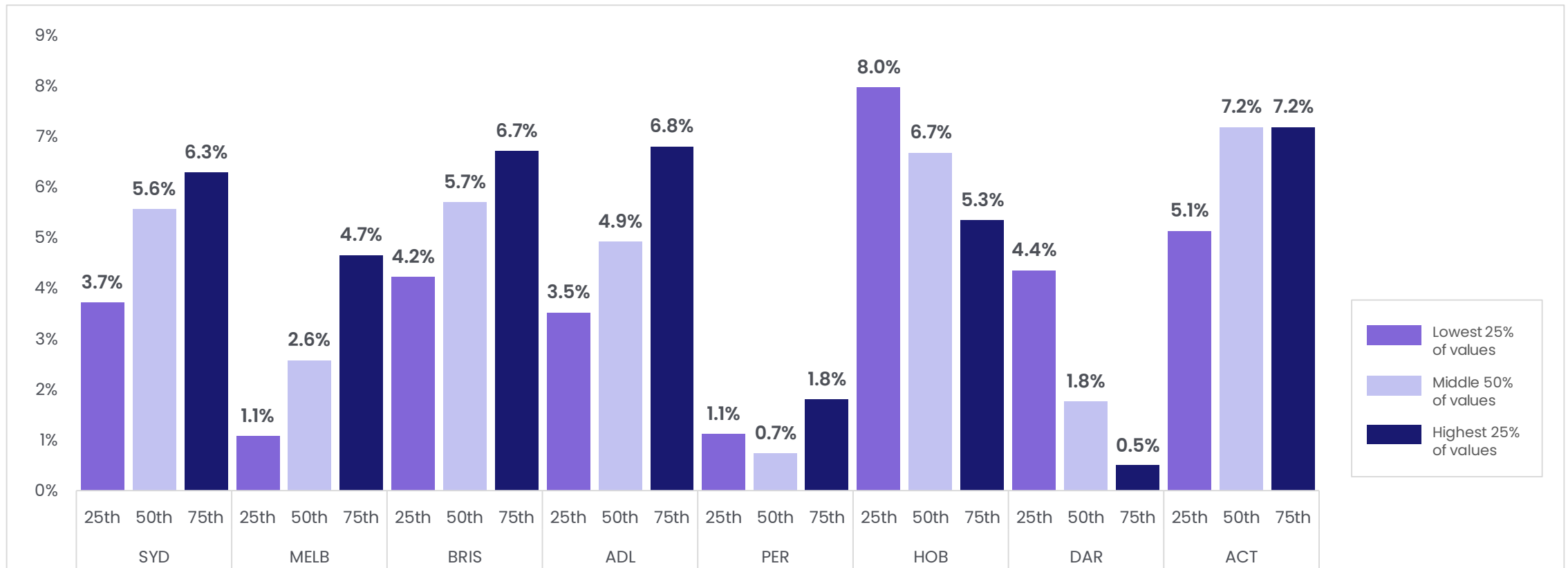
Rolling quarterly change in values, dwellings



AUSTRALIAN DWELLING VALUES

Capital cities

Growth in stratified hedonic dwellings index (3 months to September)



Housing cycles

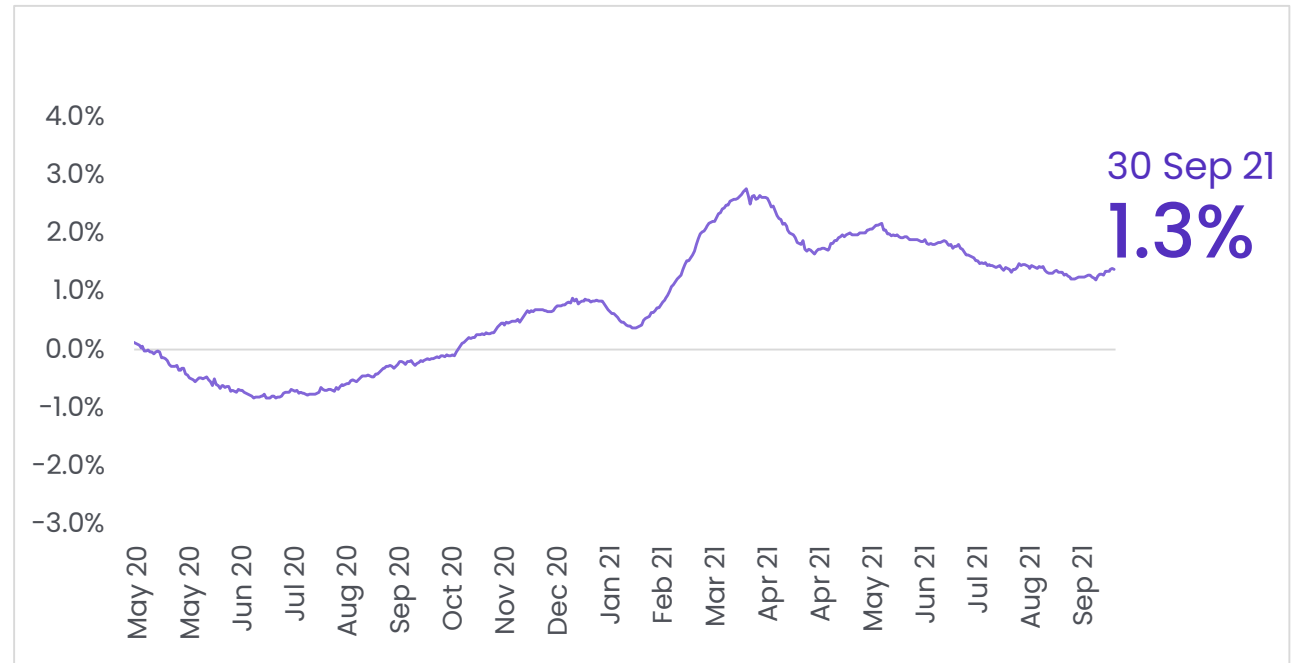
Capital cities



Rolling 28-day growth rate in CoreLogic Home Value index

The 28-day change in the hedonic home value index trended down through June, July and August, but seems to have stabilised a little toward the end of the month. Across the combined capitals, the rolling 28-day growth rate peaked at 2.8% in late March for the current cycle.

Combined capital cities



HOUSING CYCLES

Sydney

In **September** Sydney dwelling values rose by

1.9%

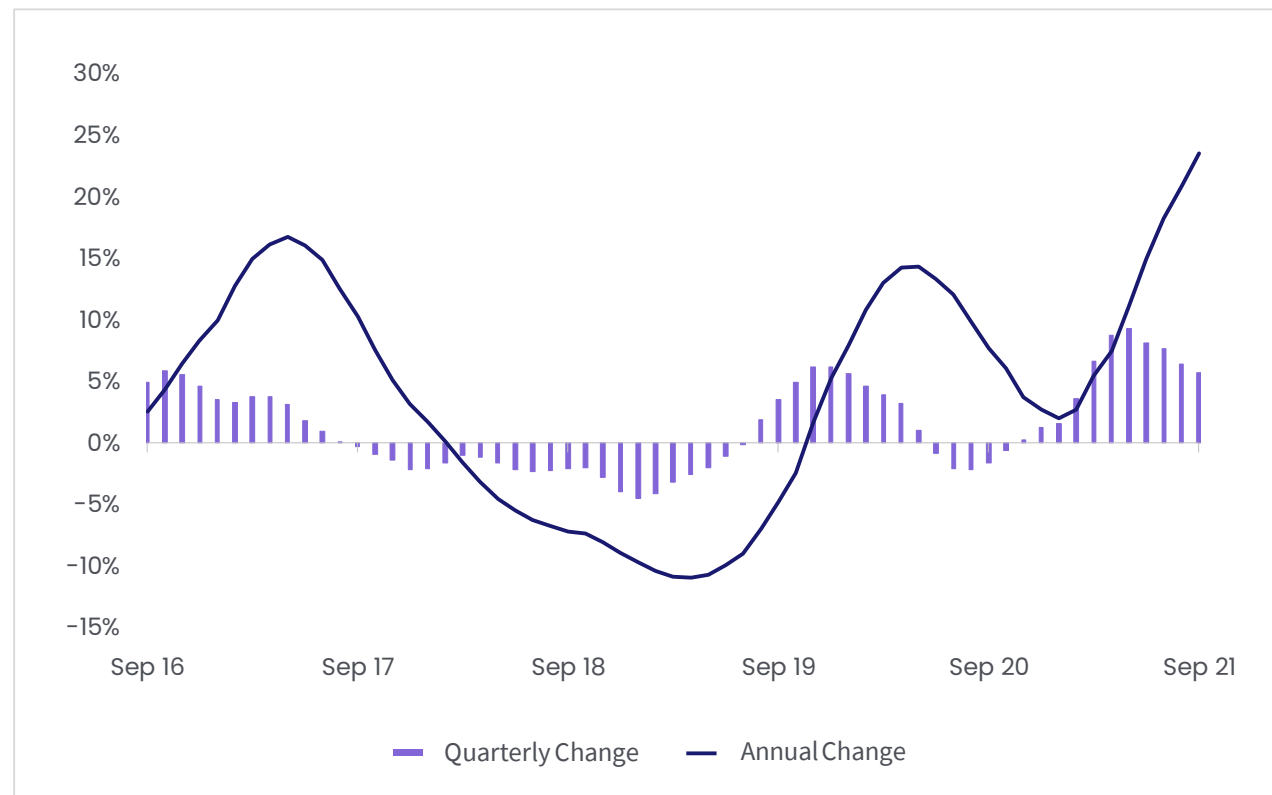
In the **quarter** dwelling values increased by

5.7%

In the **past year** dwelling values increased by

23.6%

Sydney dwelling values are currently at a record high



HOUSING CYCLES

Melbourne

In **September** Melbourne dwelling values rose by

0.8%

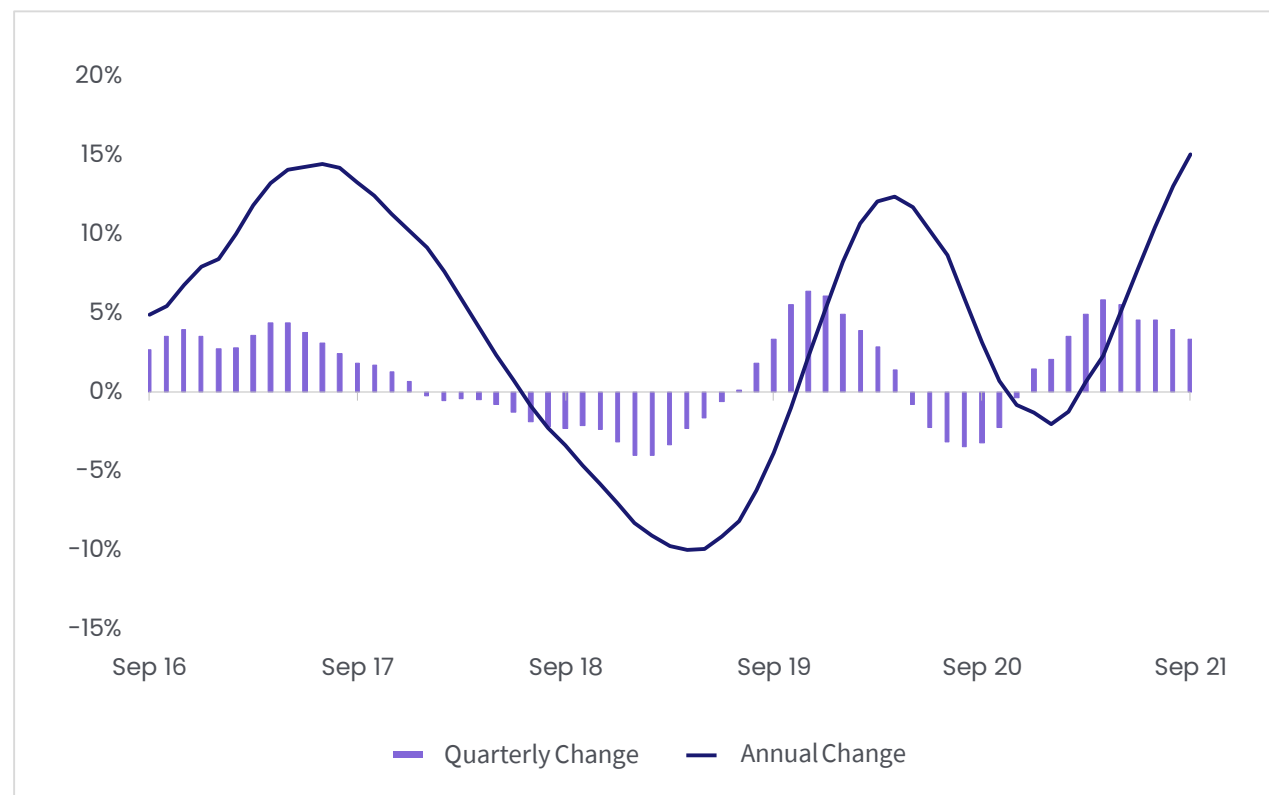
In the **quarter** dwelling values increased by

3.3%

In the **past year** dwelling values increased by

15.0%

Melbourne dwelling values are currently at a record high



HOUSING CYCLES

Brisbane

In **September** Brisbane dwelling values rose by

1.8%

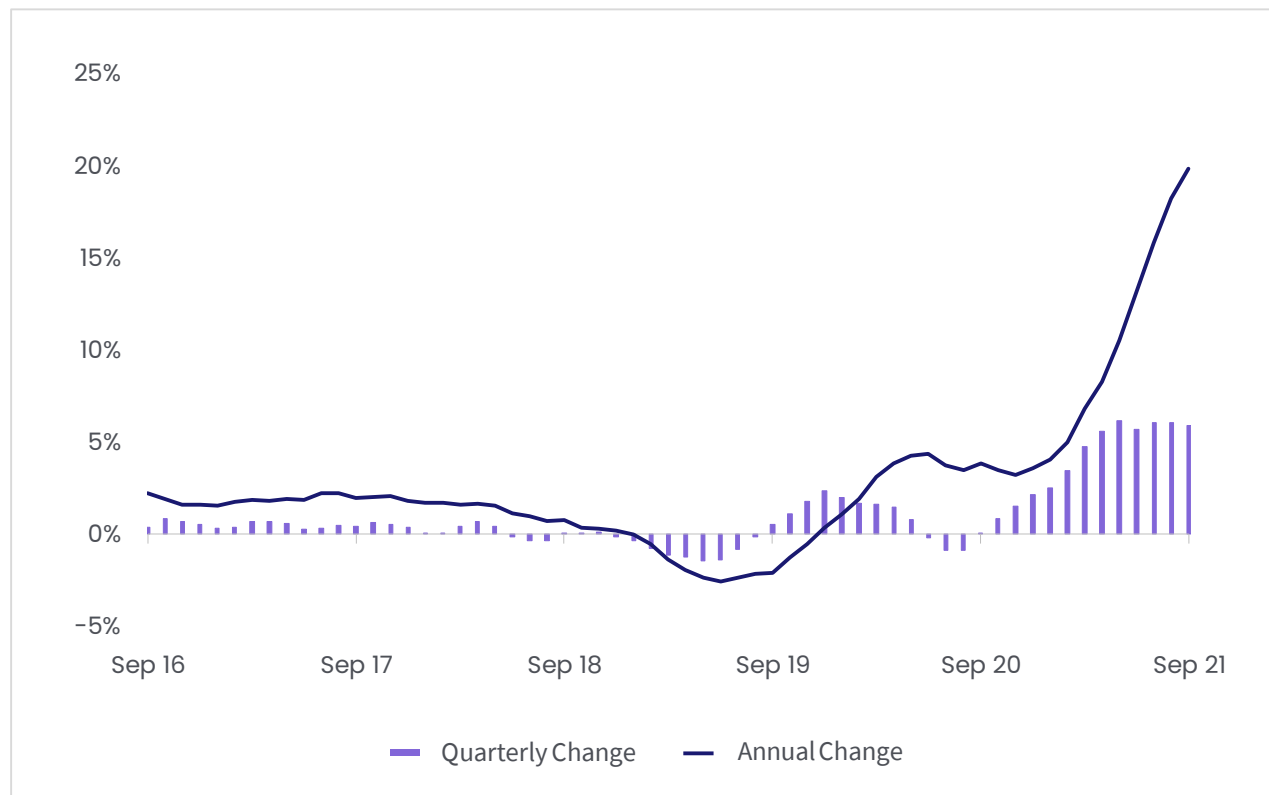
In the **quarter** dwelling values increased by

5.9%

In the **past year** dwelling values increased by

19.9%

Brisbane dwelling values are currently at a record high



HOUSING CYCLES

Adelaide

In **September** Adelaide dwelling values rose by

1.9%

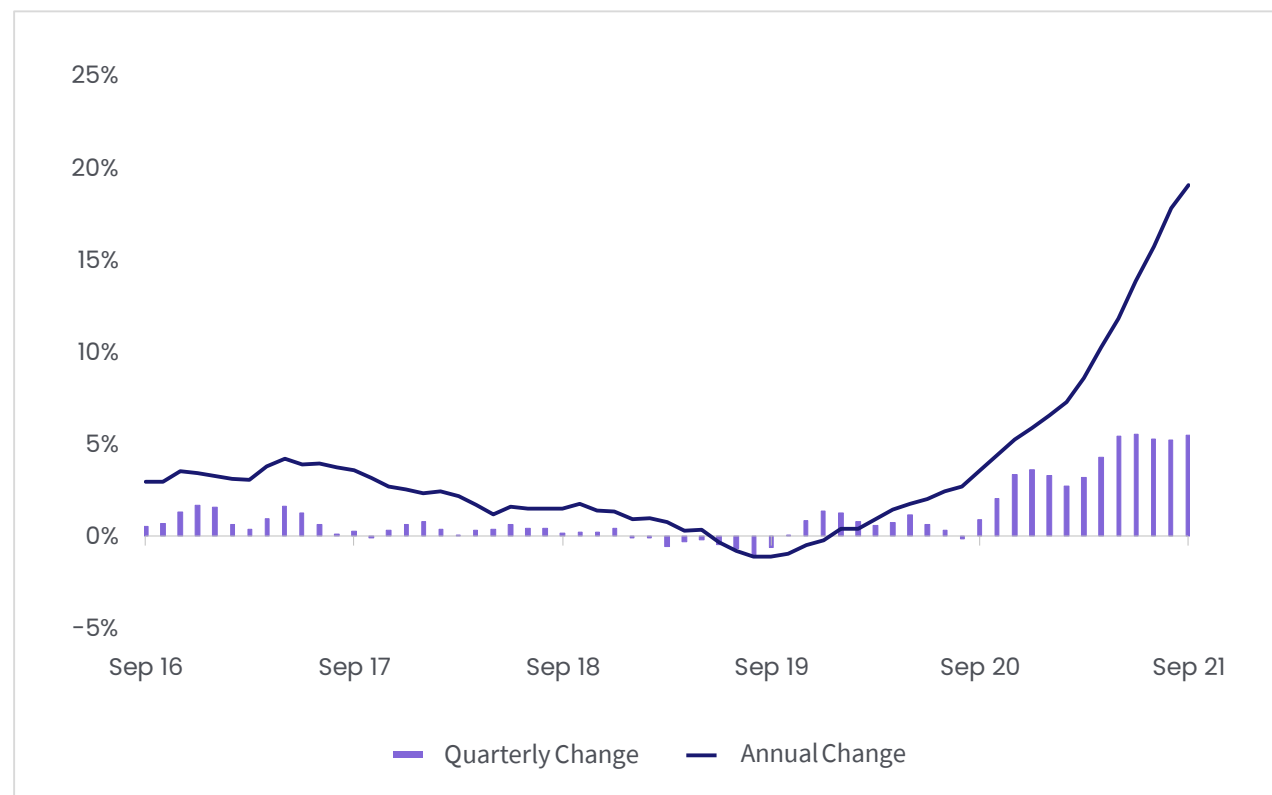
In the **quarter** dwelling values increased by

5.5%

In the **past year** dwelling values increased by

19.1%

Adelaide dwelling values are currently at a record high



HOUSING CYCLES

Perth

In **September** Perth dwelling values rose by

0.3%

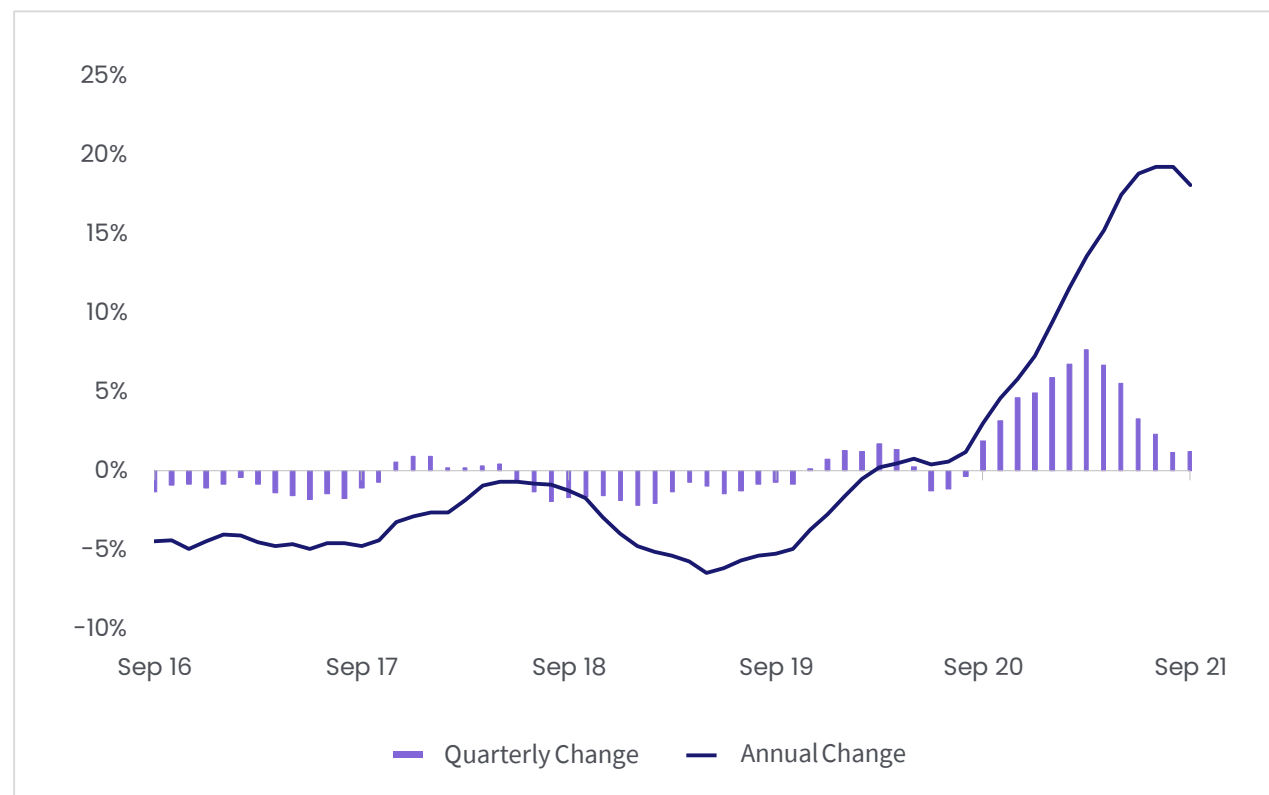
In the **quarter** dwelling values increased by

1.2%

In the **past year** dwelling values increased by

18.1%

Perth dwelling values are now -2.5% below the record high, which was in June 2014



HOUSING CYCLES

Hobart

In **September** Hobart dwelling values rose by

2.3%

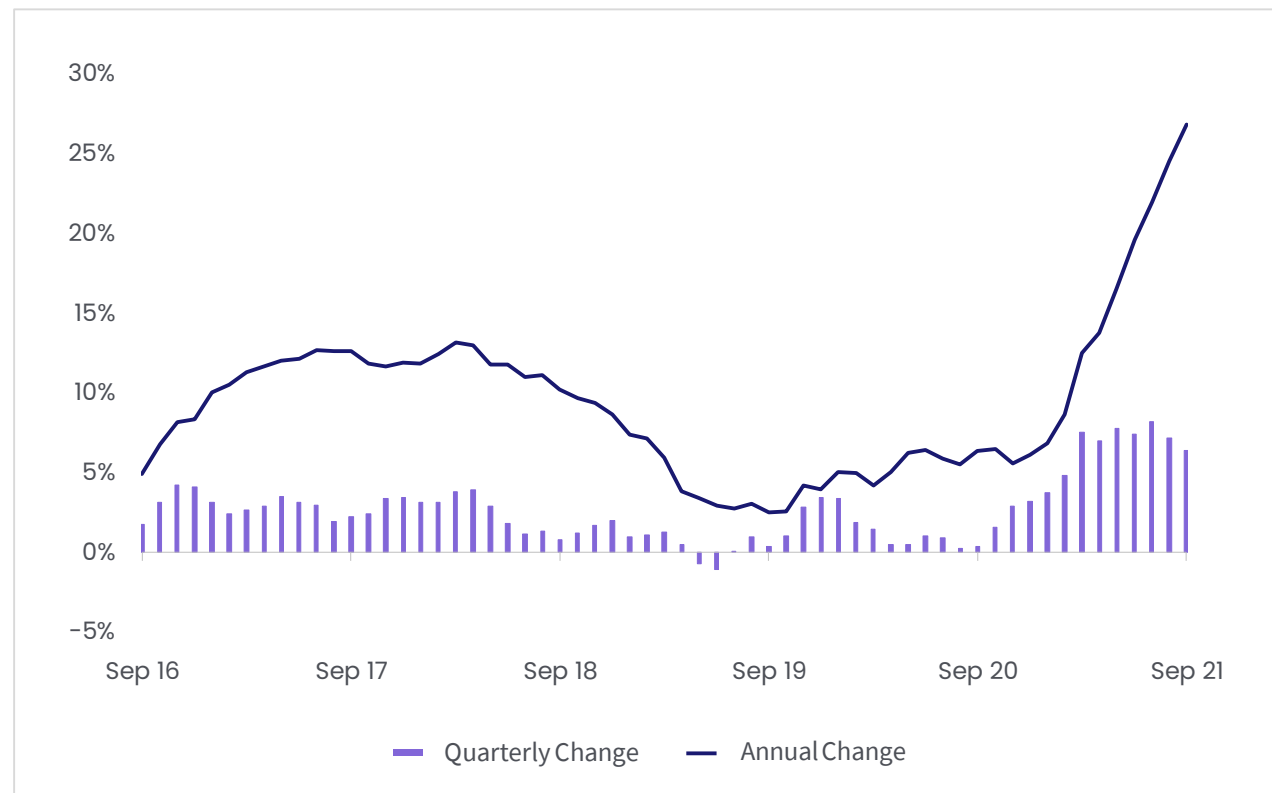
In the **quarter** dwelling values increased by

6.4%

In the **past year** dwelling values increased by

26.8%

Hobart dwelling values are currently at a record high



HOUSING CYCLES

Darwin

In **September** Darwin dwelling values rose by

0.1%

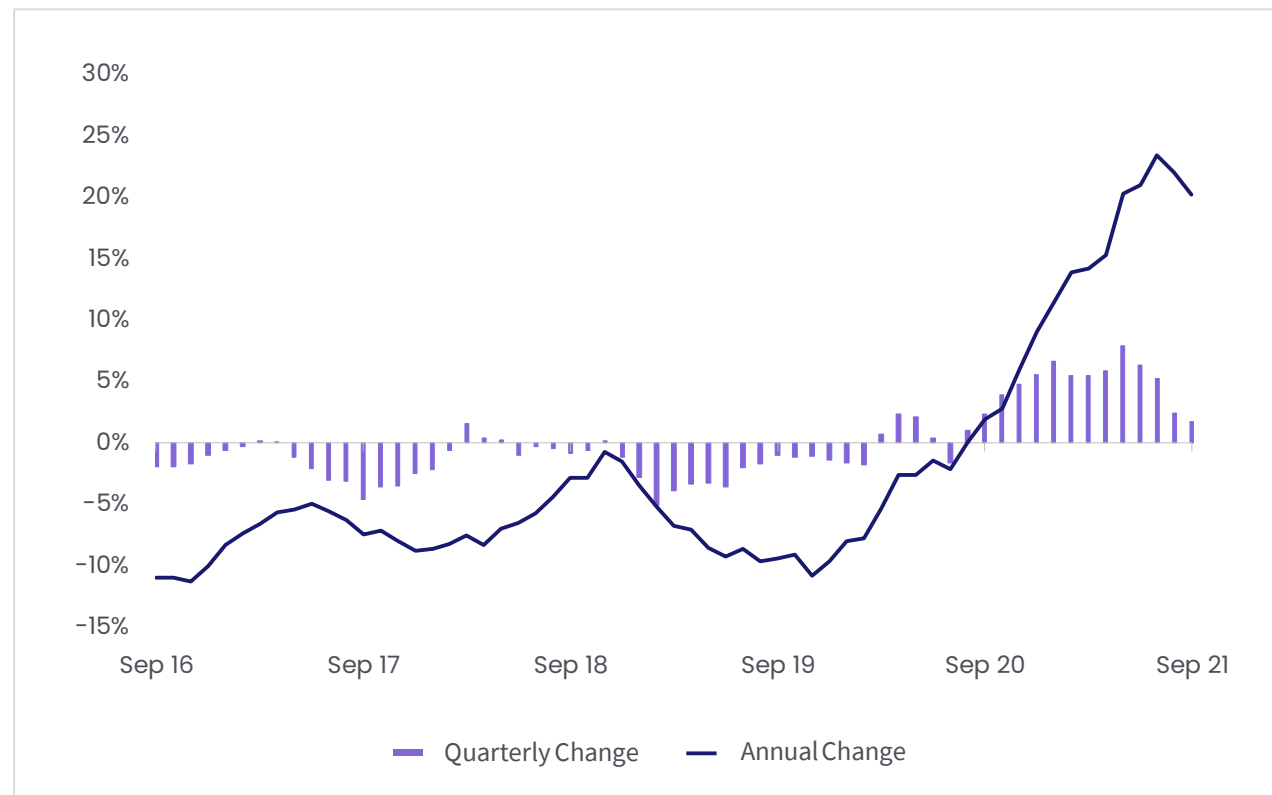
In the **quarter** dwelling values increased by

1.7%

In the **past year** dwelling values increased by

20.2%

Darwin dwelling values are -15.3% below the record high, which was in May 2014



HOUSING CYCLES

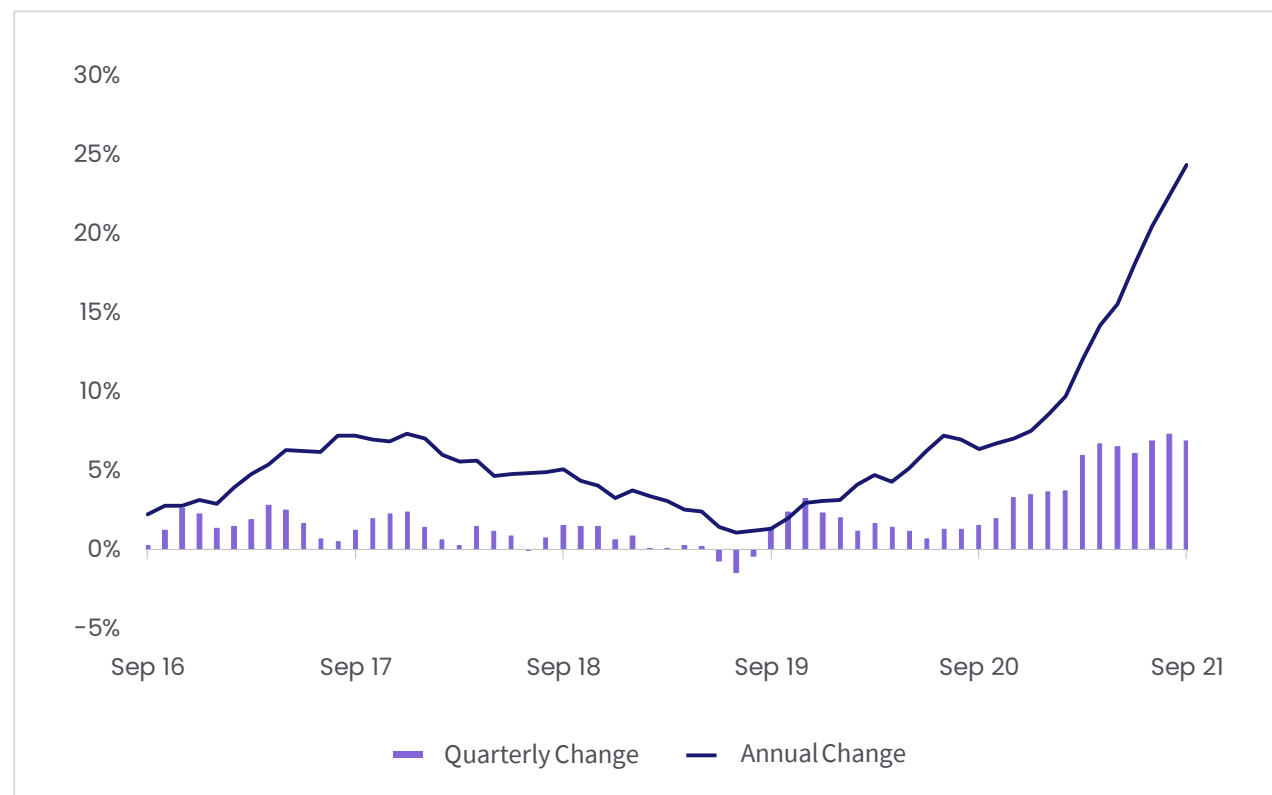
Canberra

In **September** Canberra dwelling values rose by **2.0%**

In the **quarter** dwelling values increased by **6.9%**

In the **past year** dwelling values increased by **24.4%**

Canberra dwelling values are currently at a record high



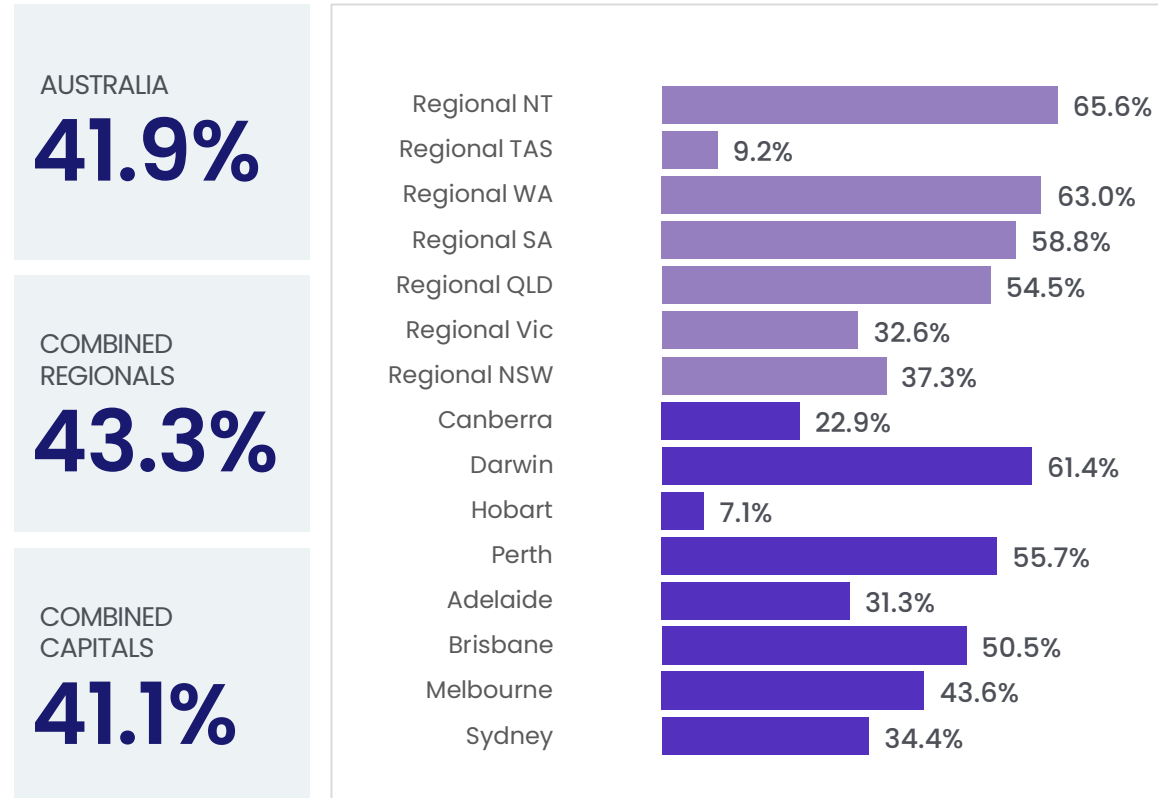
Sales and listings



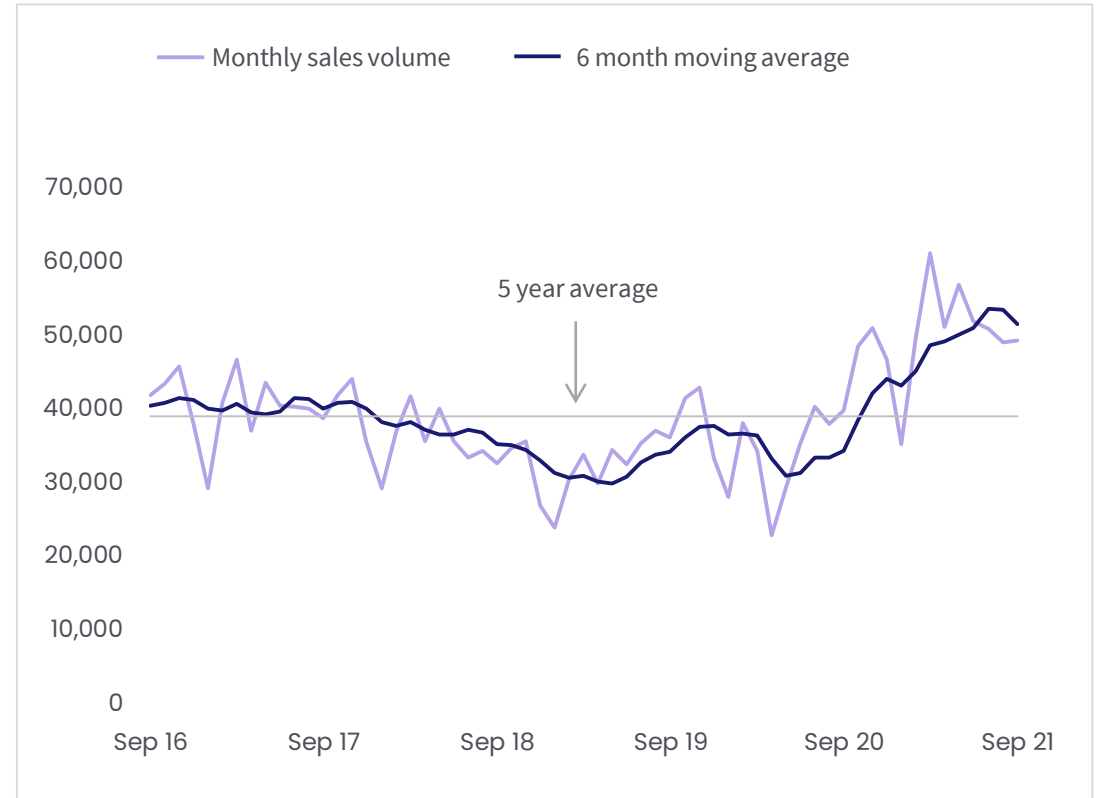
NATIONAL SALES

Sales volumes rose 41.9% in the 12 months to September, and transaction volumes through the month of September were estimated to be 25.5% above the five year average

Change in dwelling values, twelve months to September 2021



Monthly sales with six month moving average, National

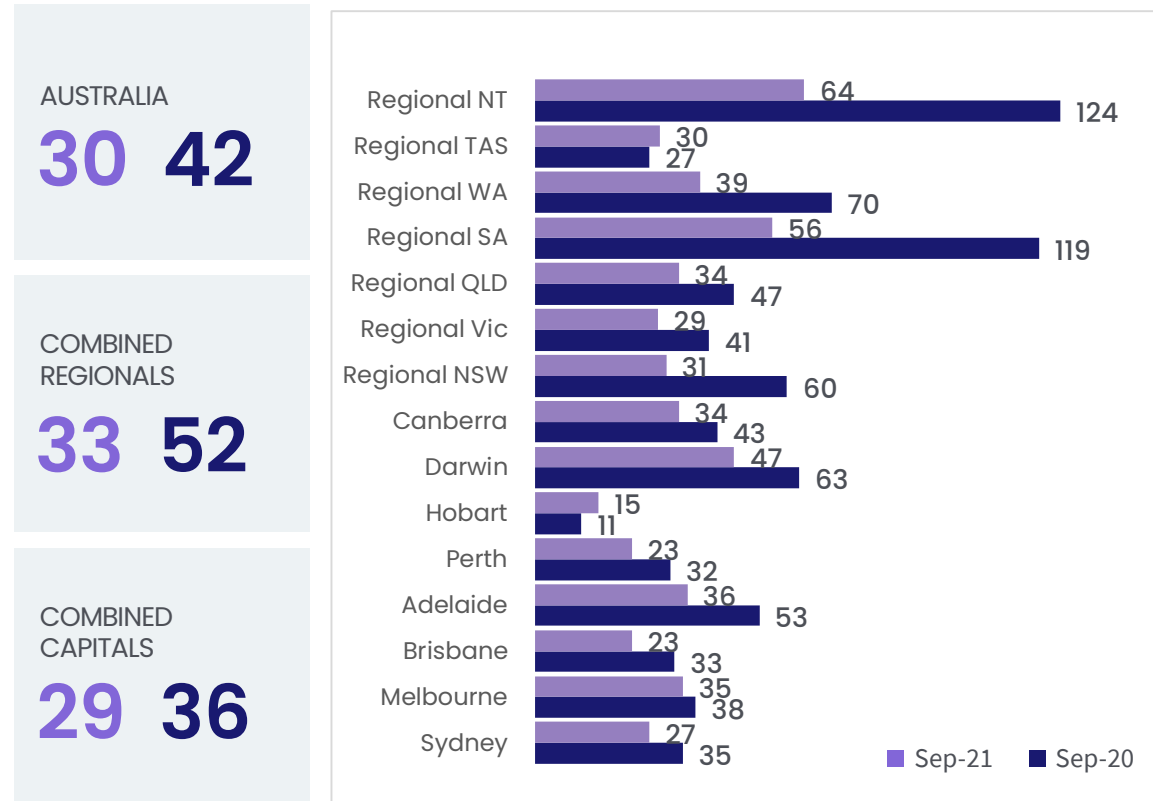


Note: recent months of sales volumes are modelled estimates, and are subject to revision

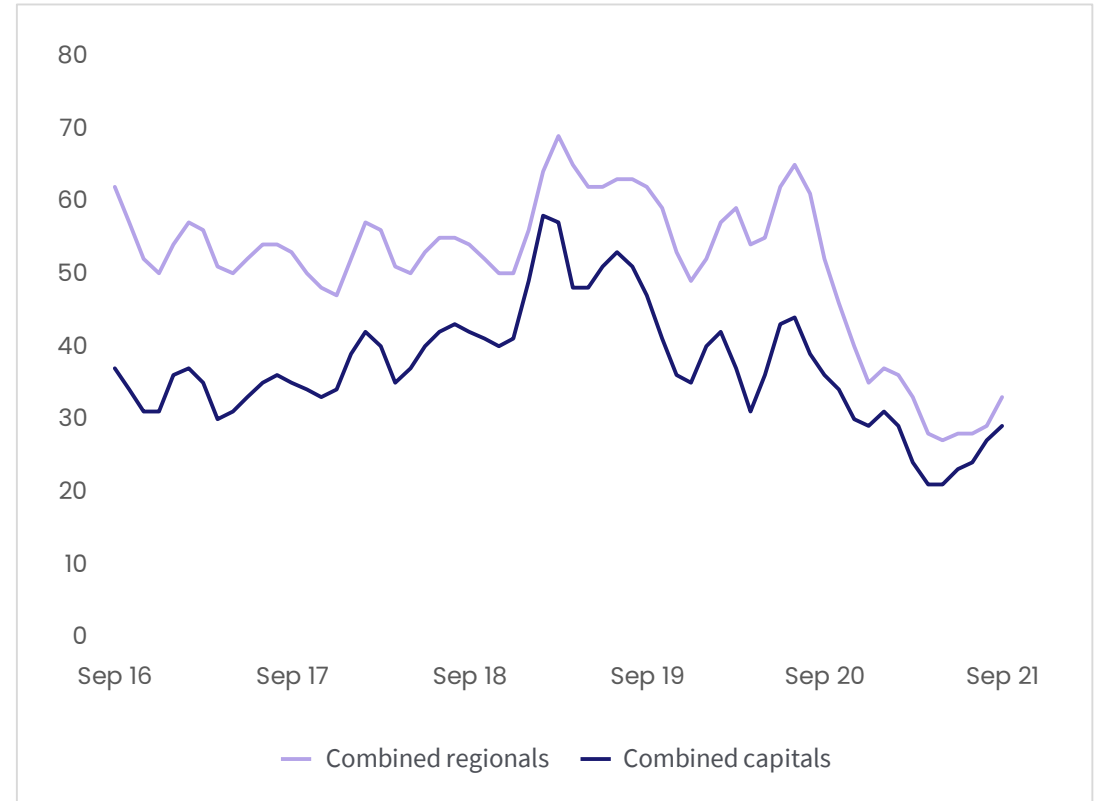
MEDIAN DAYS ON MARKET

In the 3 months to September, Australian properties typically took **30 days to sell**, compared with 42 days over the same period of 2020

Median days on market – three months to July



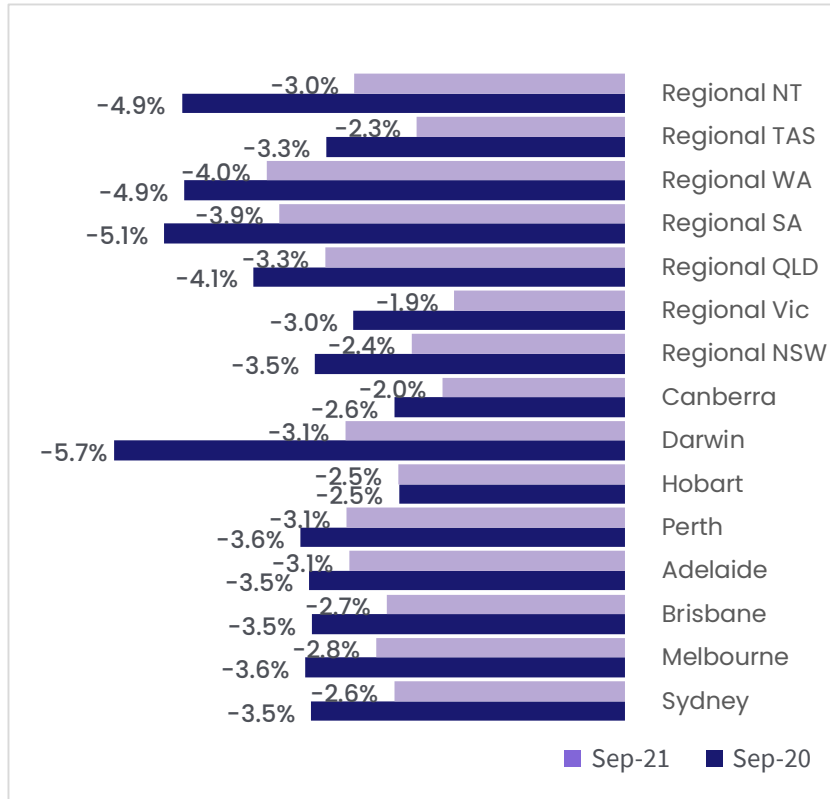
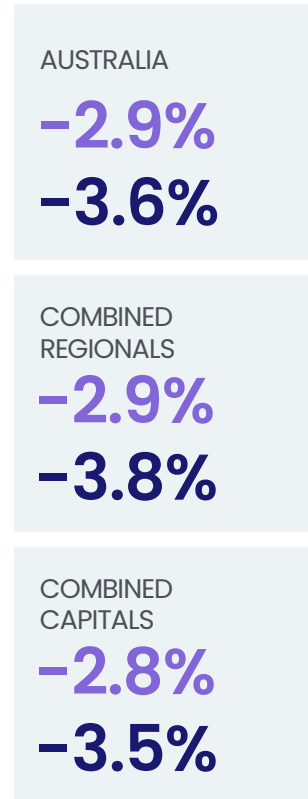
Median days on market



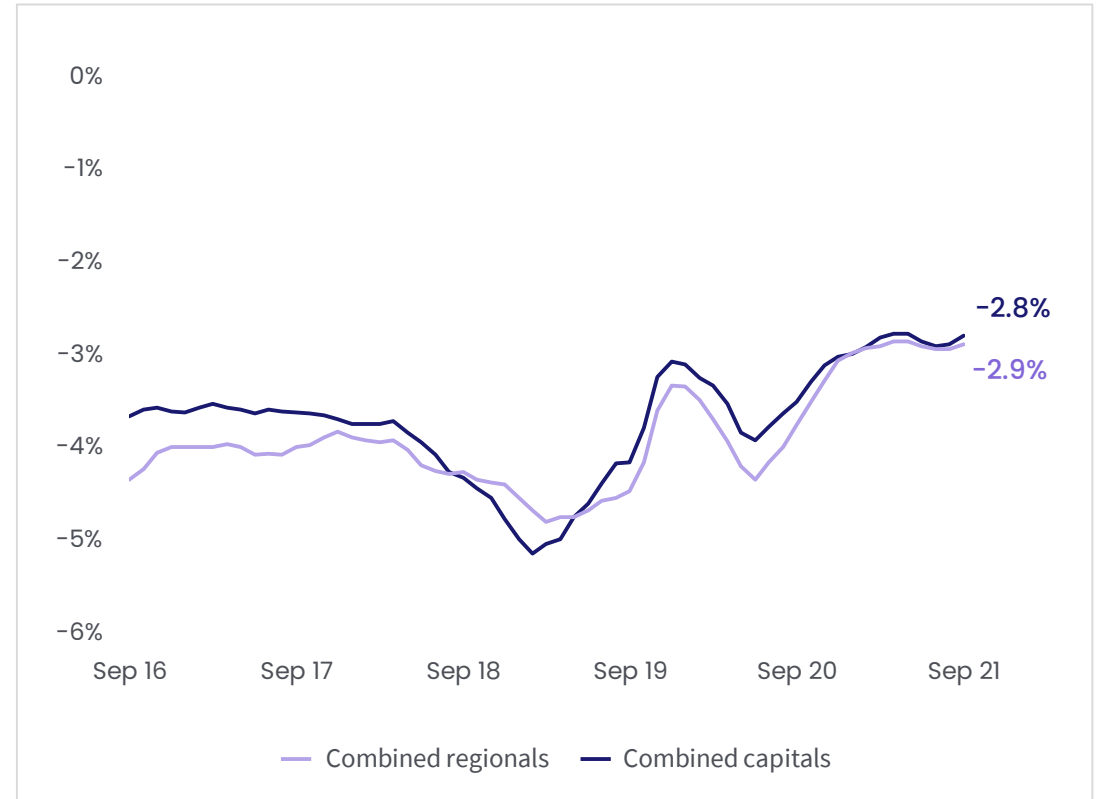
VENDOR DISCOUNT

Vendor discounting remains extremely tight nationally, at **-2.9%** in the three months to September, compared with **-3.6%** in the same period of 2020

Median days on market – three months to July



Median vendor discount



LISTINGS

New listings have trended higher through September, as social distancing restrictions have started to ease and the spring selling season sees a seasonal uplift

Number of new listings, National Dwellings

New listings over the 4 weeks ending 03 Oct

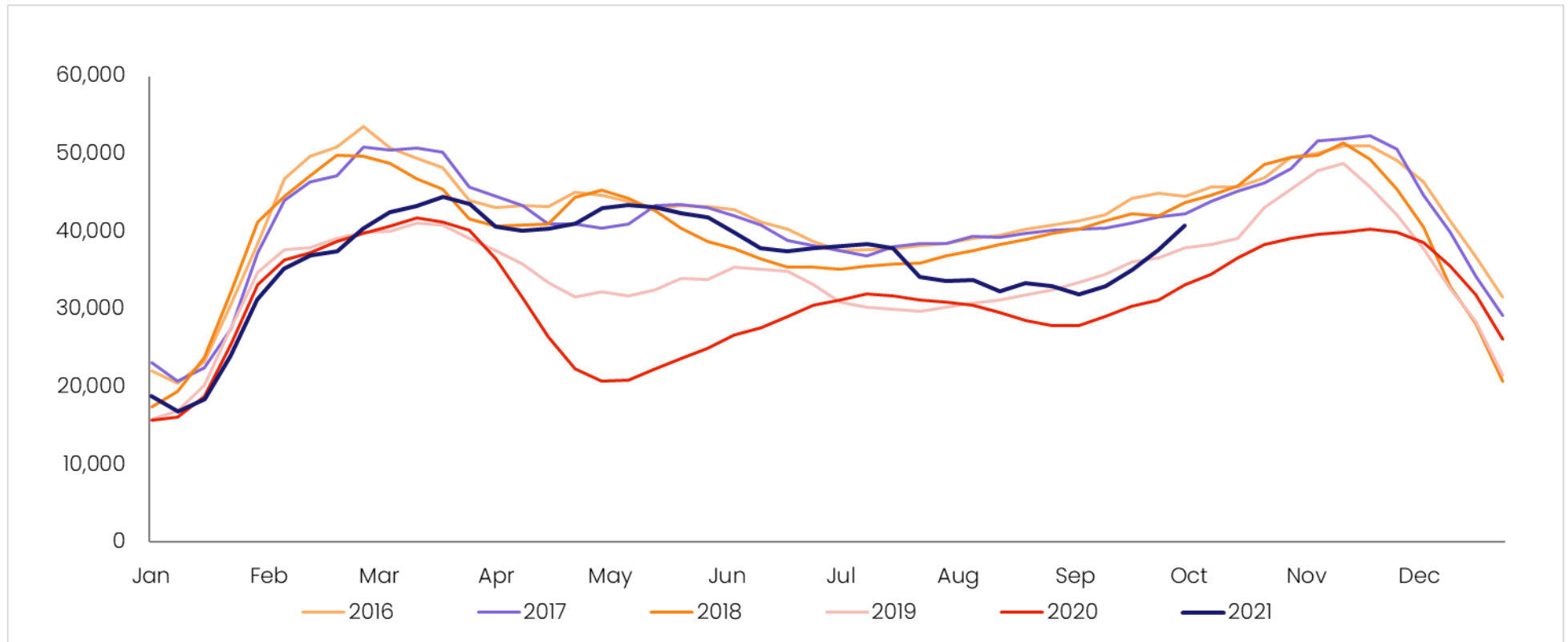
40,760

Compared to same time last year

+23.1%

Compared to 5-year average

+3.0%



LISTINGS

However, total listings remained -27.4% below the 5-year average due to strong absorption from sales

Number of total listings, National Dwellings

Active listings
over the 4 weeks
ending 03 Oct

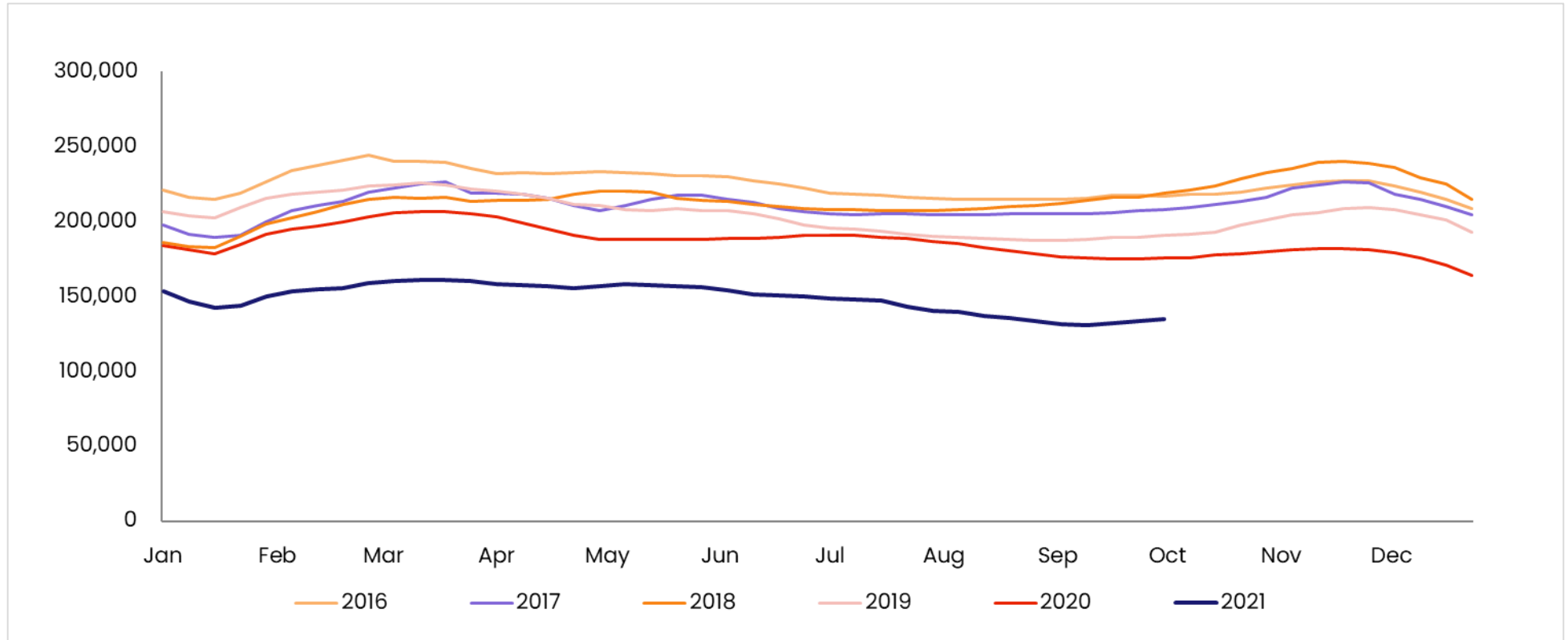
134,655

Compared to
same time last
year

-23.2%

Compared to
5-year average

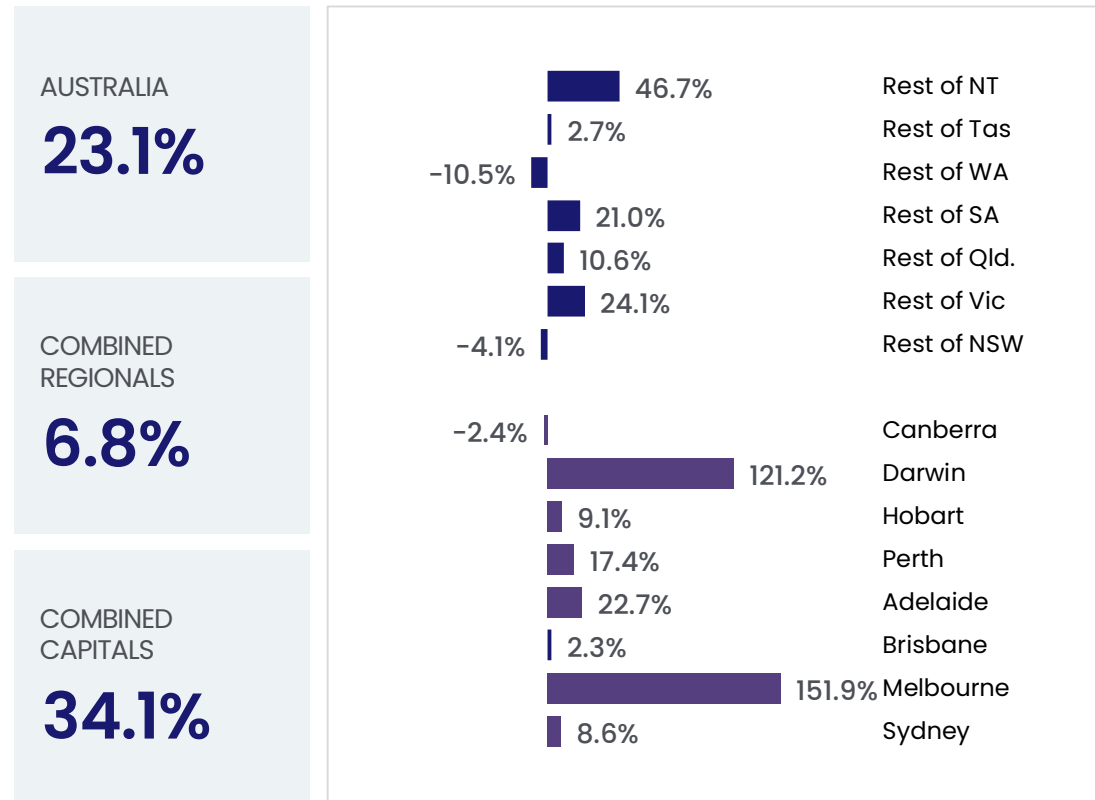
-27.4%



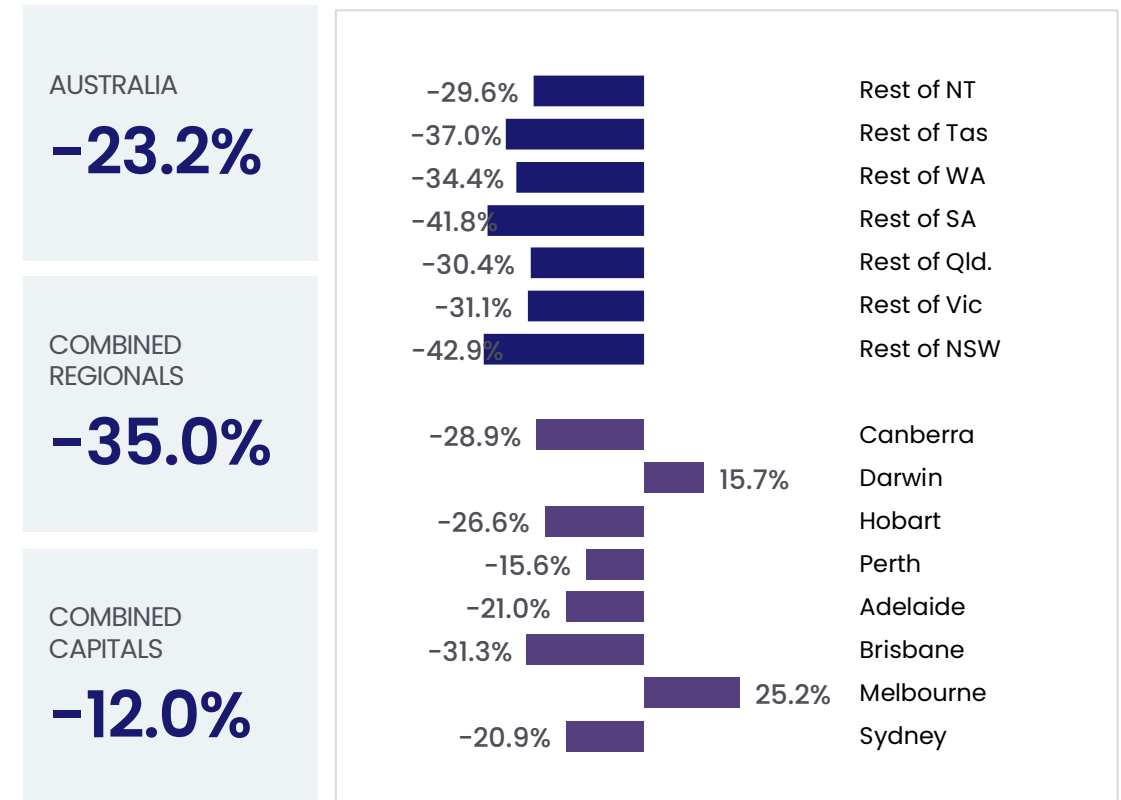
LISTINGS

Total advertised stock remains lower than the equivalent period of 2020 across most regions, with the exception of Melbourne and Darwin

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

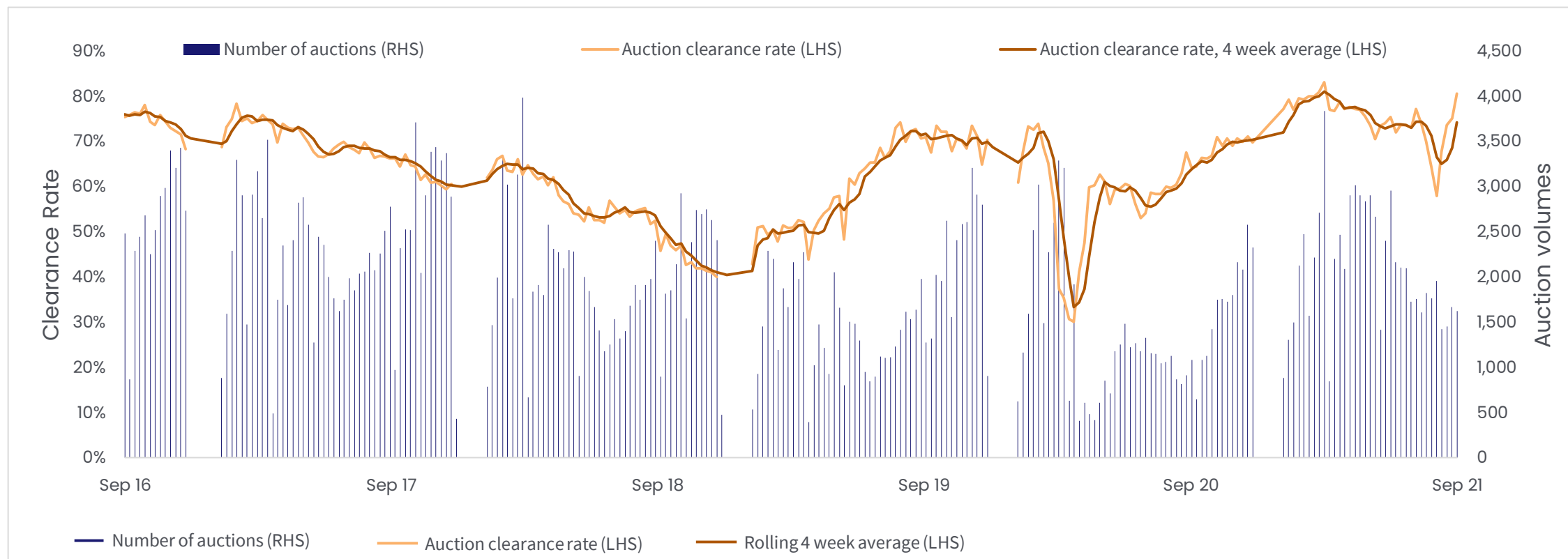


Data is for the four weeks ending 03 Oct

WEEKLY CLEARANCE RATES

Auction clearance rates have recovered strongly through September, as Melbourne and the ACT saw some restrictions eased around property inspections. For the past 4 weeks, the average final clearance rate across the combined capital cities was 74.3%.

Weekly clearance rates, combined capital cities

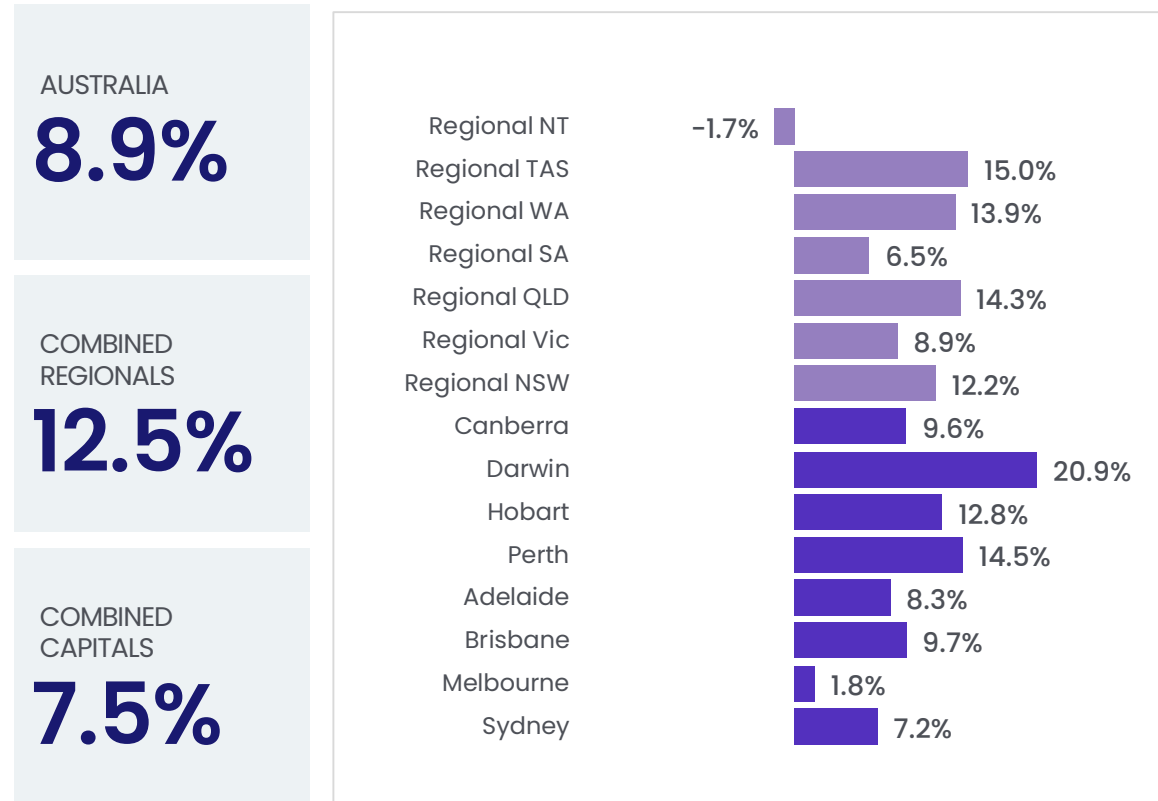


Rental market

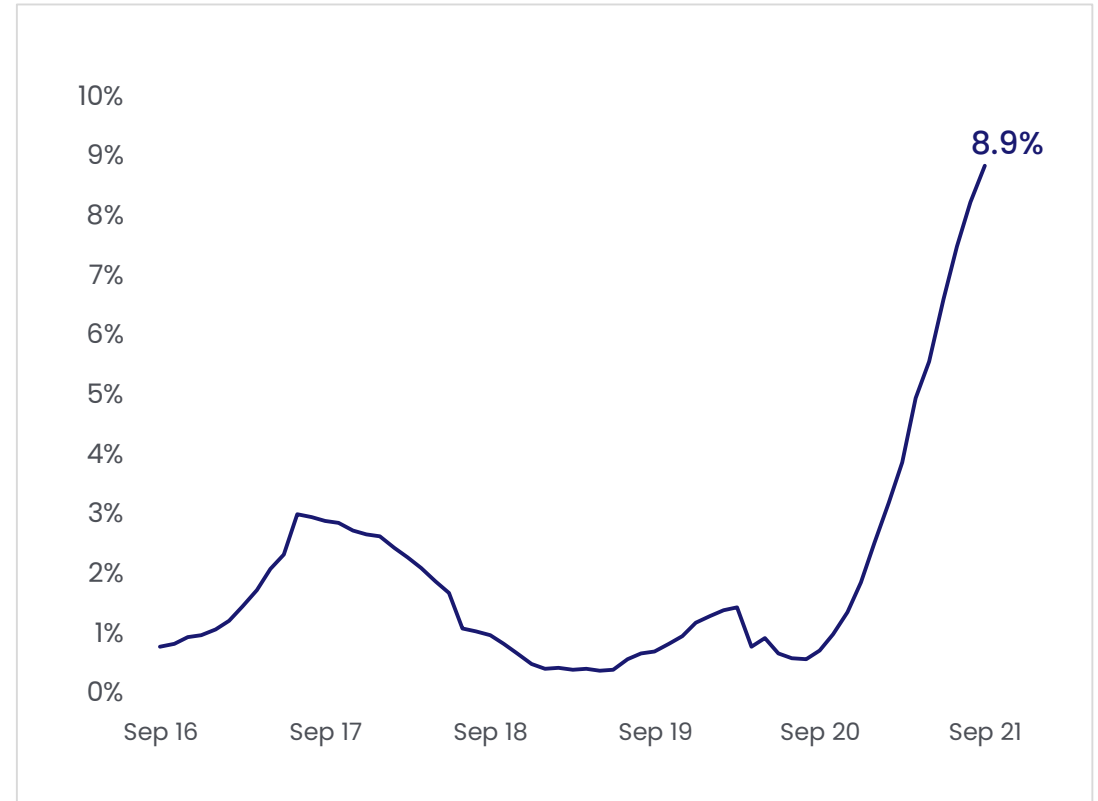
RENTAL RATES

In the year to September, Australian rent values increased 8.9%, which is the strongest annual appreciation in rents since July 2008

Annual change in rental rates to September 21



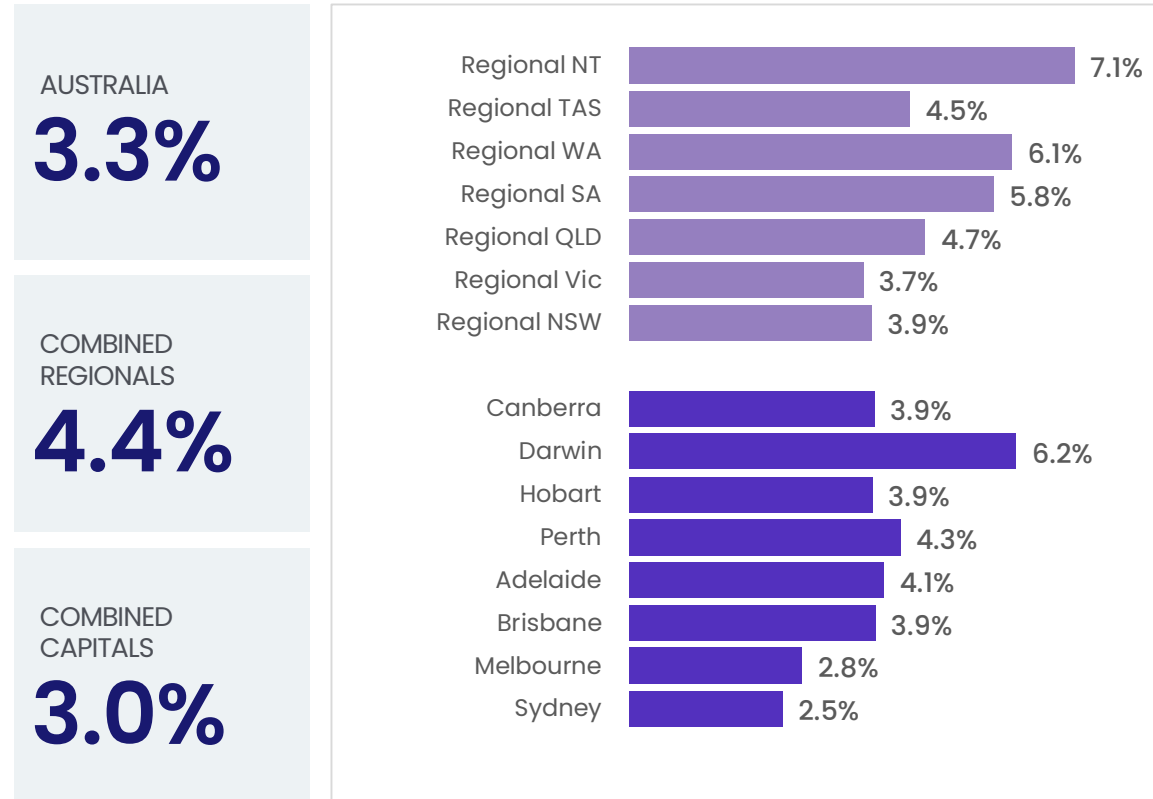
Annual change in rental rates - National



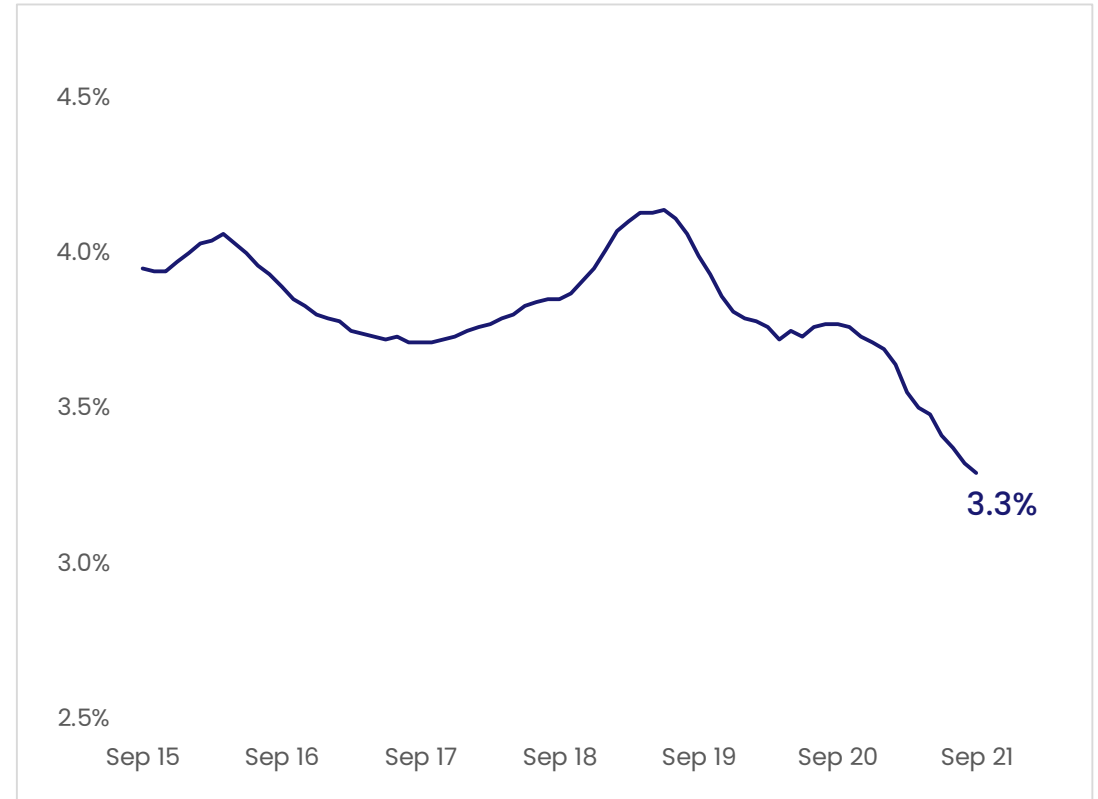
RENTAL YIELDS

Gross rent yields continued to trend lower through September, reaching a fresh record low of 3.3% nationally

Gross rental yields, September 2021



Gross rental yields, September 2021



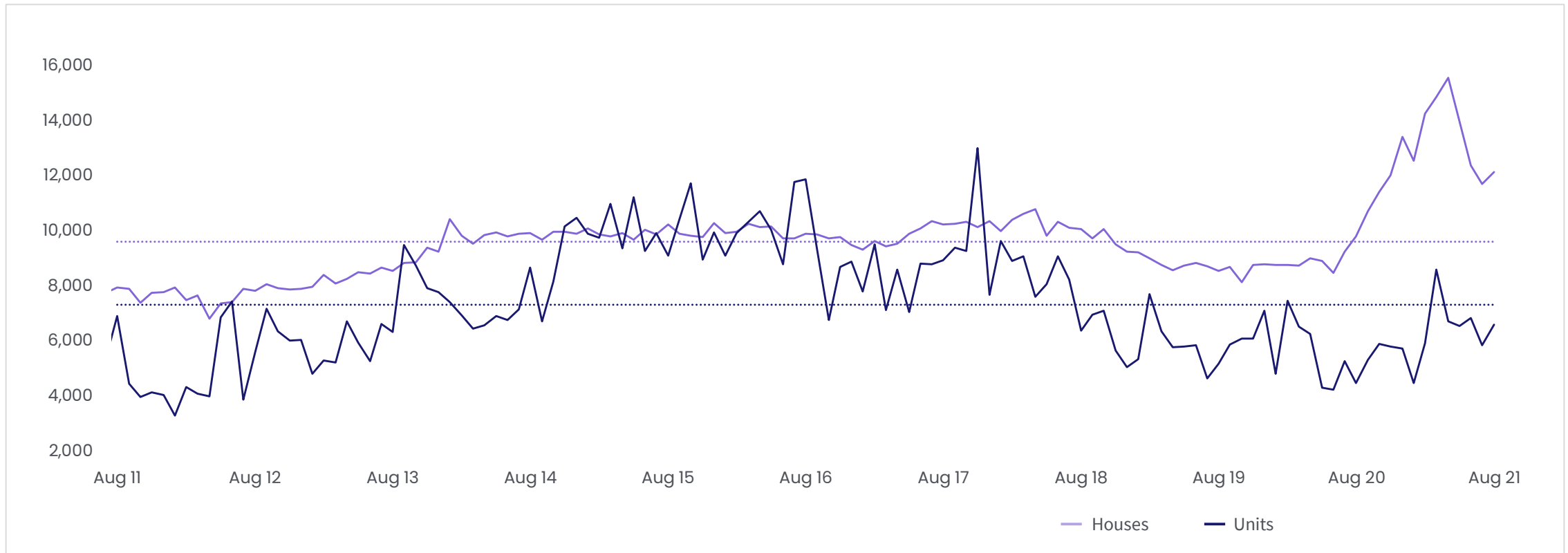
Dwelling approvals & housing credit



DWELLING APPROVALS

House and unit approvals peaked around April 2021. House approvals in the month of August had declined -22.1% since this recent peak, but remained 26.3% higher than the decade average.

Monthly house v unit approvals, National

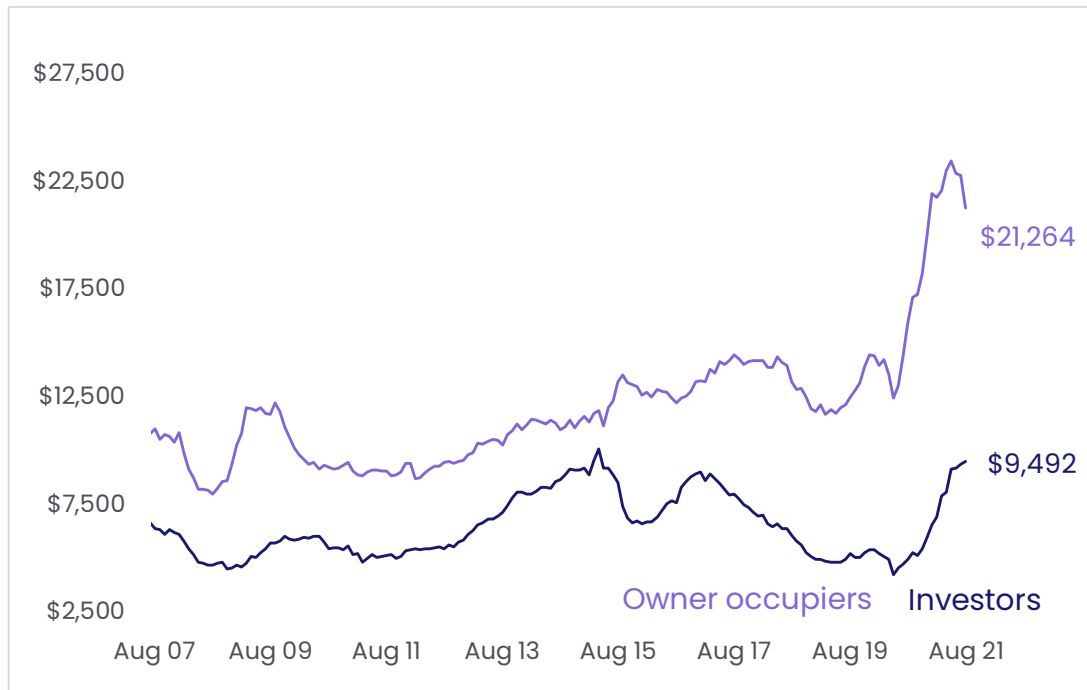


FINANCE & LENDING

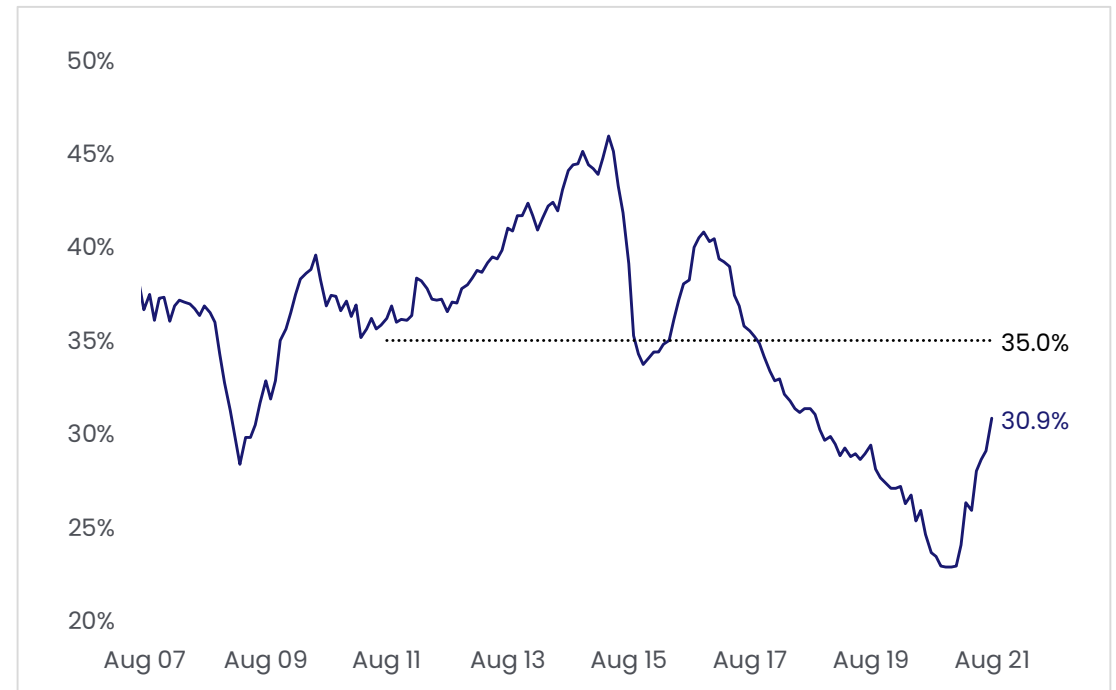
Through August, the combined value of lending for the purchase of housing fell -4.3%, taking total housing finance -5.6% lower through the three months to August.

The monthly decline in secured finance was driven by a -6.6% decline in owner occupier finance, while investor finance rose 1.5% in the month.

Monthly value of new finance commitments, total (\$ millions)



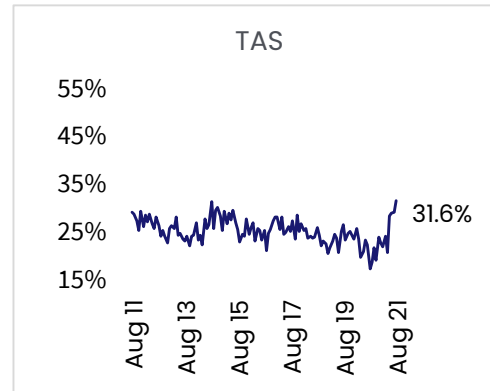
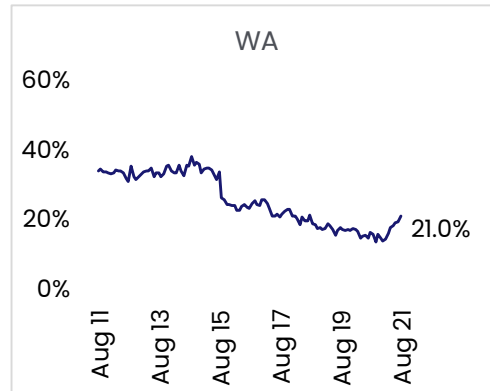
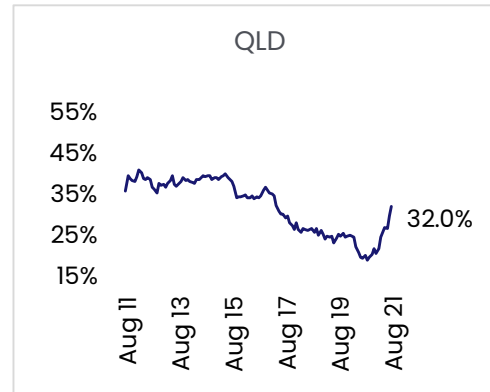
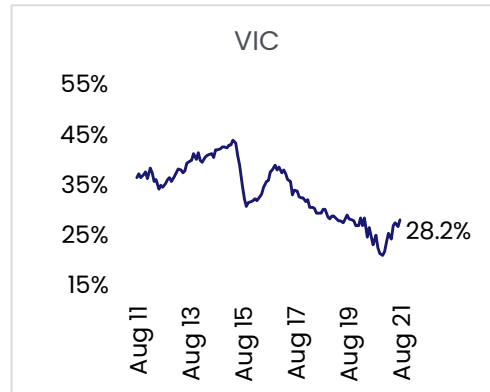
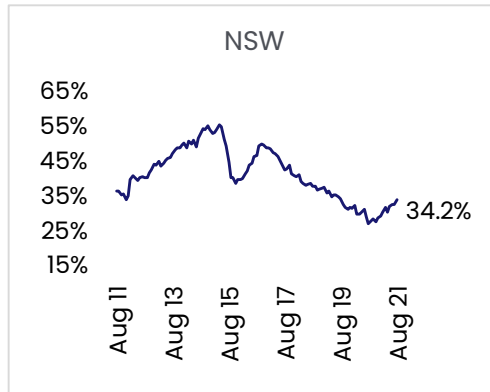
Portion of new lending for investment housing (excluding refinance)



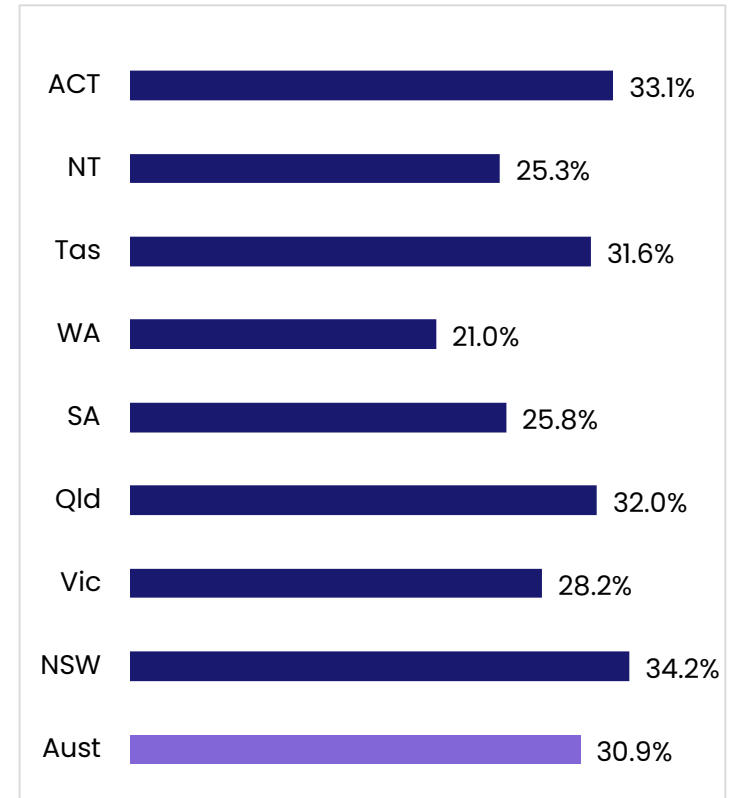
INVESTORS & LENDING

Other than SA, each state and territory has seen a proportional uplift in investor financing for property purchases through August

Investors as a portion of total value of lending (excluding refinancing)



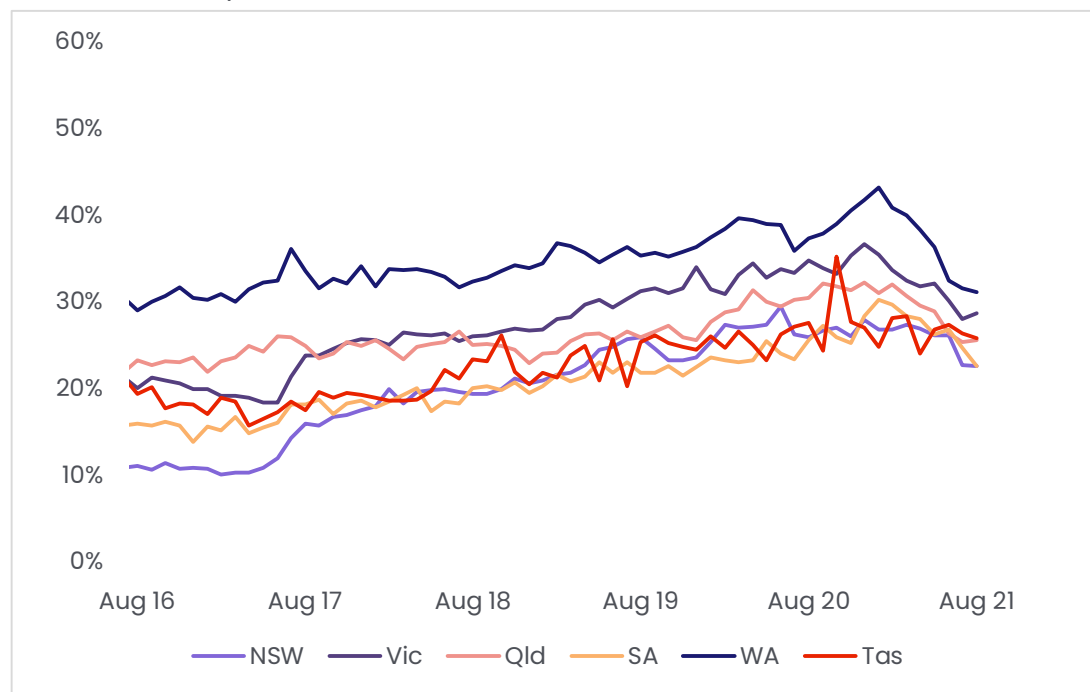
Investors as a % of housing finance commitments by state



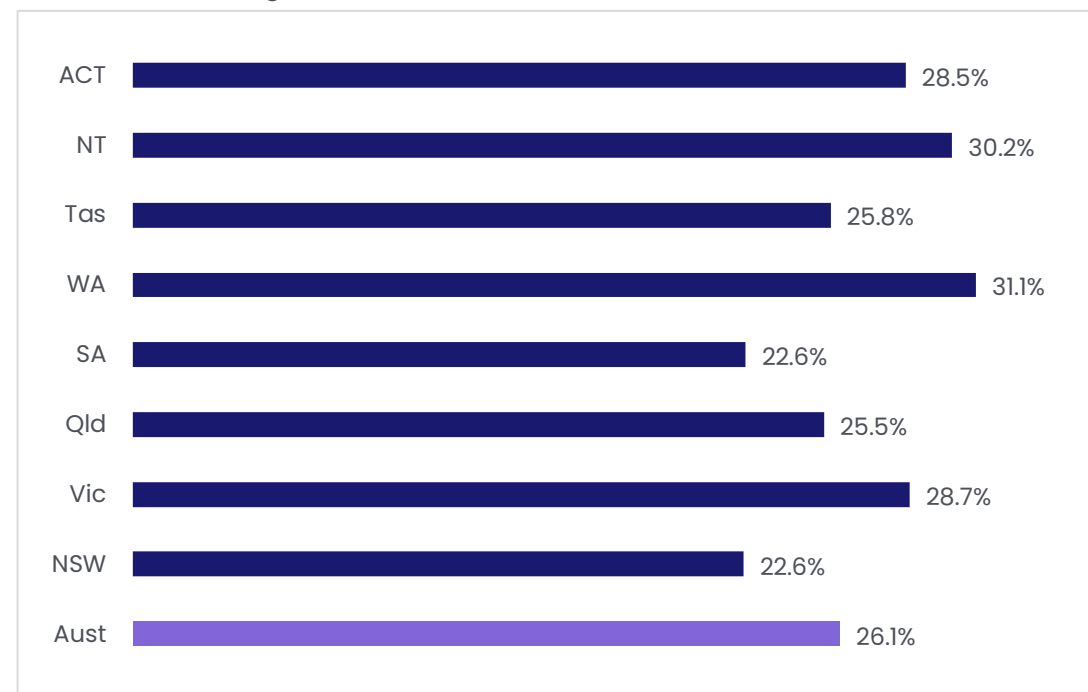
FIRST HOME BUYERS

First home buyers are comprising a smaller portion of market demand across every state, due to affordability constraints and fewer first time buyer incentives available.

First home buyers as a % of owner occupier housing finance commitments by state



First home buyers as a % of owner occupier housing finance commitments (August '21)

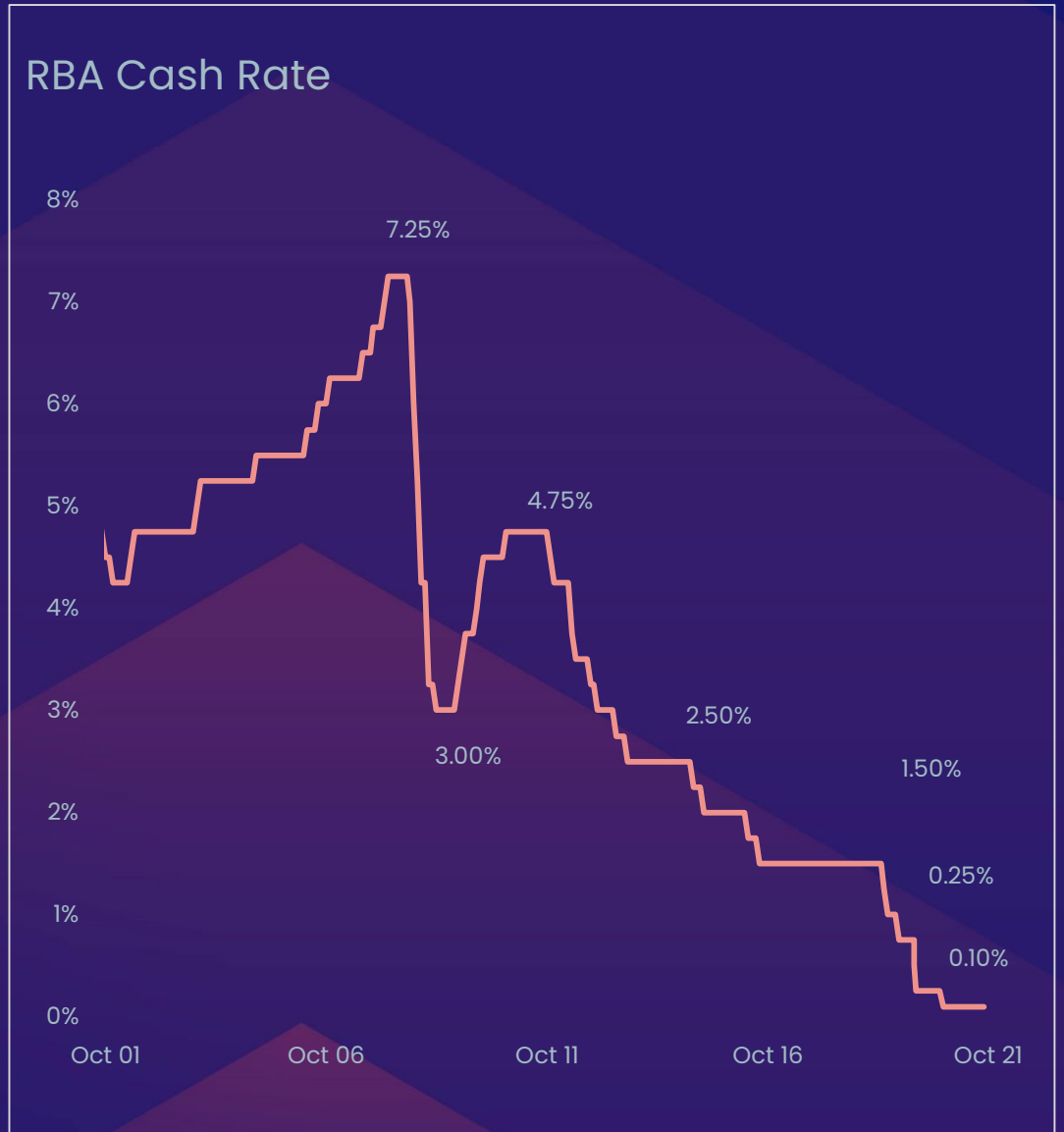


MORTGAGE RATES

The RBA held rates at 0.1% through October

Statement highlights

- ▶ The cash rate target was held at 0.1%, and the interest rate on Exchange Settlement balances was maintained at 0.0%.
- ▶ Government bond purchases were kept at \$4 billion per week, to be maintained until at least February 2022.
- ▶ The RBA expects that economic conditions will not be conducive to a cash rate target rise until 2024 under the central scenario.
- ▶ The Bank flagged the rise in house prices, driven by credit demand from both owner occupiers and investors, emphasised the importance of maintaining lending standards, and the importance of appropriate loan serviceability buffers.

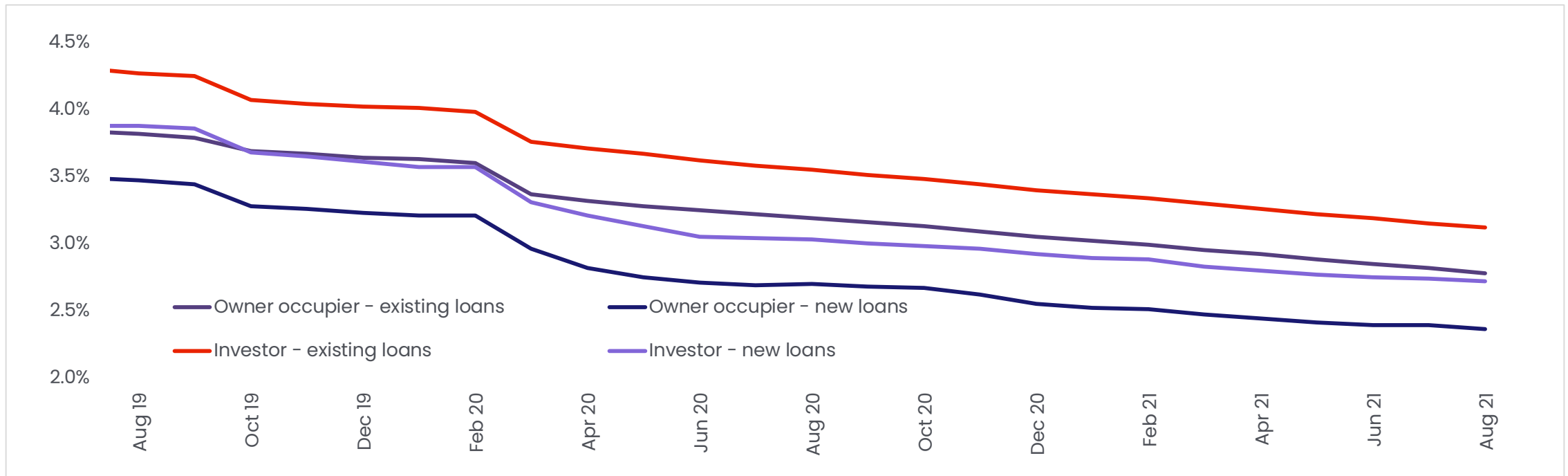


MORTGAGE RATES

Record low mortgage rates

Average new housing lending rates have declined 113 basis points for owner-occupiers, and 116 basis points for investors since mid-2019, but longer term (>3 years) fixed rates are edging higher for new loans as lenders price in higher funding costs.

Average borrowing costs by borrower and loan type, since 2019

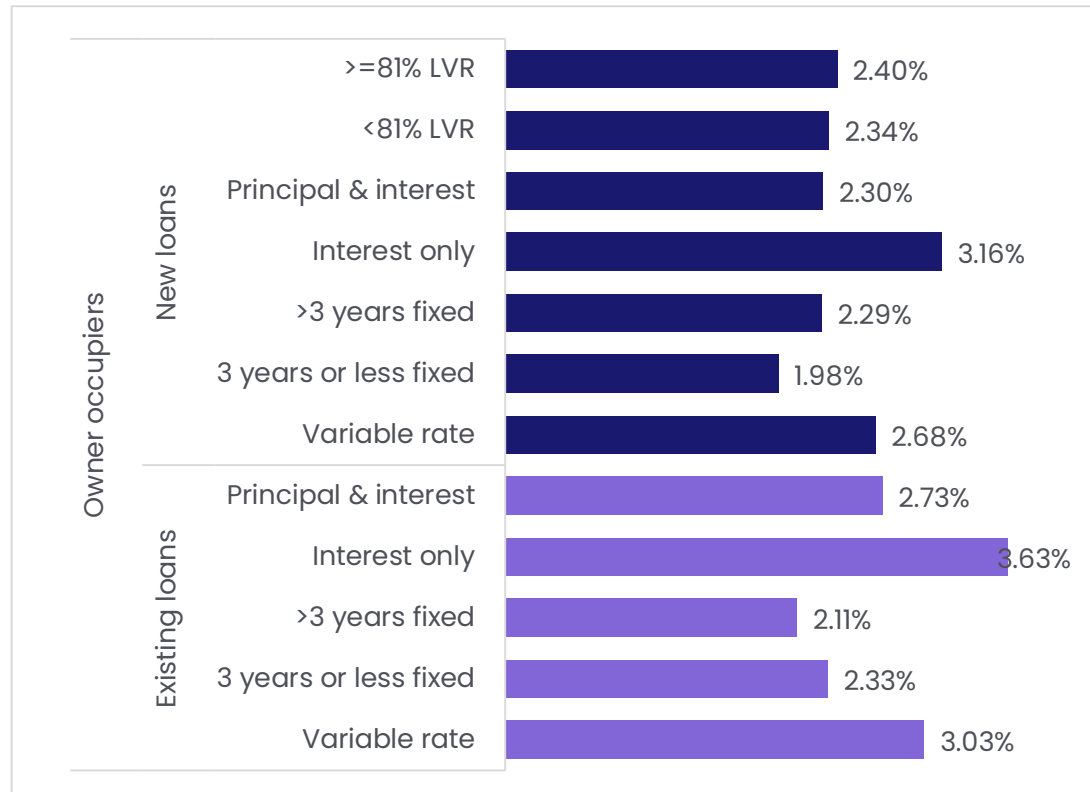


MORTGAGE RATES

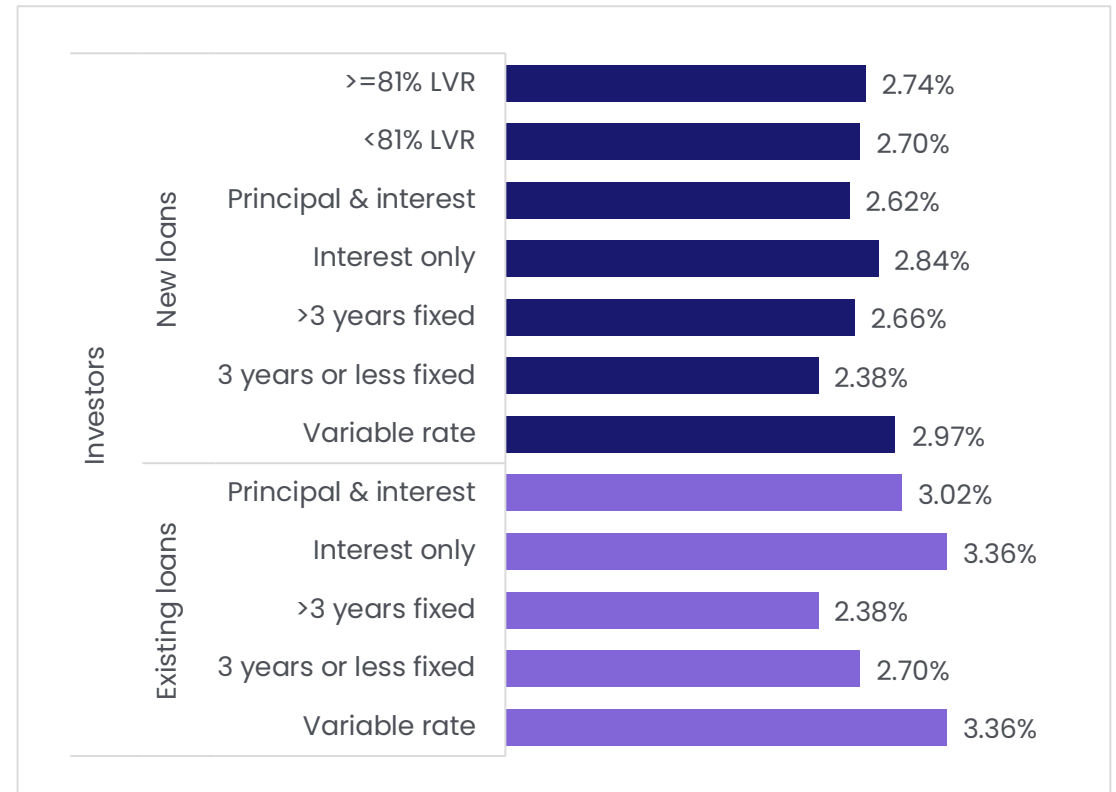
Record low mortgage rates

Average borrowing costs by borrower and loan type, as at August 21

Owner occupiers



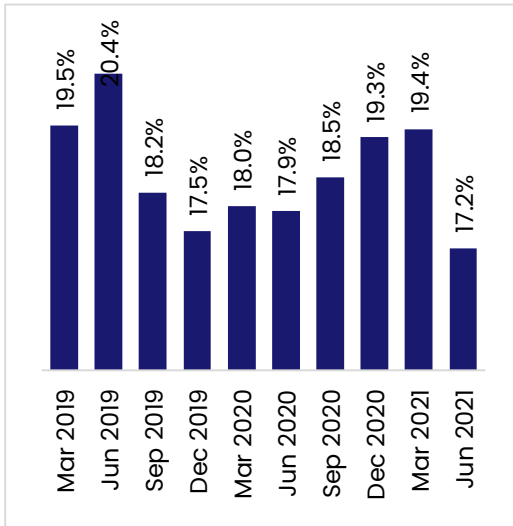
Investors



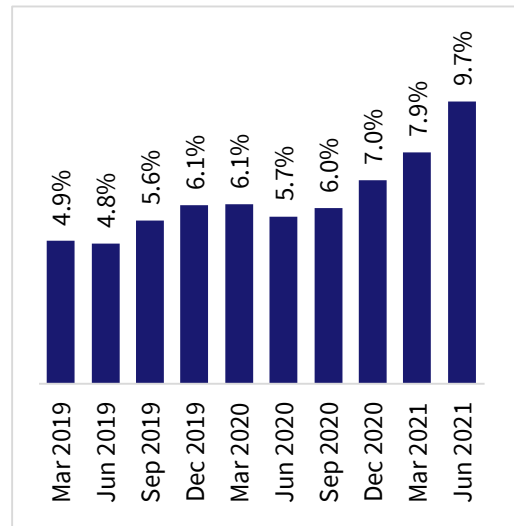
Debt to income ratios of six or more jumped to 21.9% of new mortgage lending

Regulators and policy makers are closely monitoring lending standards. More recently the banking regulator APRA has increased the serviceability assessment rate buffer from 2.5 percentage points to 3.0 percentage points.

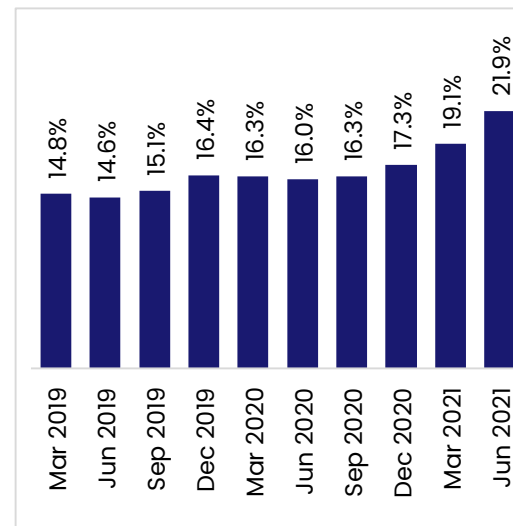
% of loans on interest only terms



% of loans originated with a loan to income ratio >=6x



% of loans originated with a debt to income ratio >=6x



% of loans originated with an LVR >=90%



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