



Monthly Chart Pack

Our Insights. Your Story.

July 2021



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$8.6 Trillion



AUSTRALIAN SUPERANNUATION

\$3.1 Trillion



AUSTRALIAN LISTED STOCKS

\$2.8 Trillion



COMMERCIAL REAL ESTATE

\$975 Billion

Data as at July 2021.



10.6 million
Number of dwellings

\$1.9 trillion
Outstanding mortgage debt

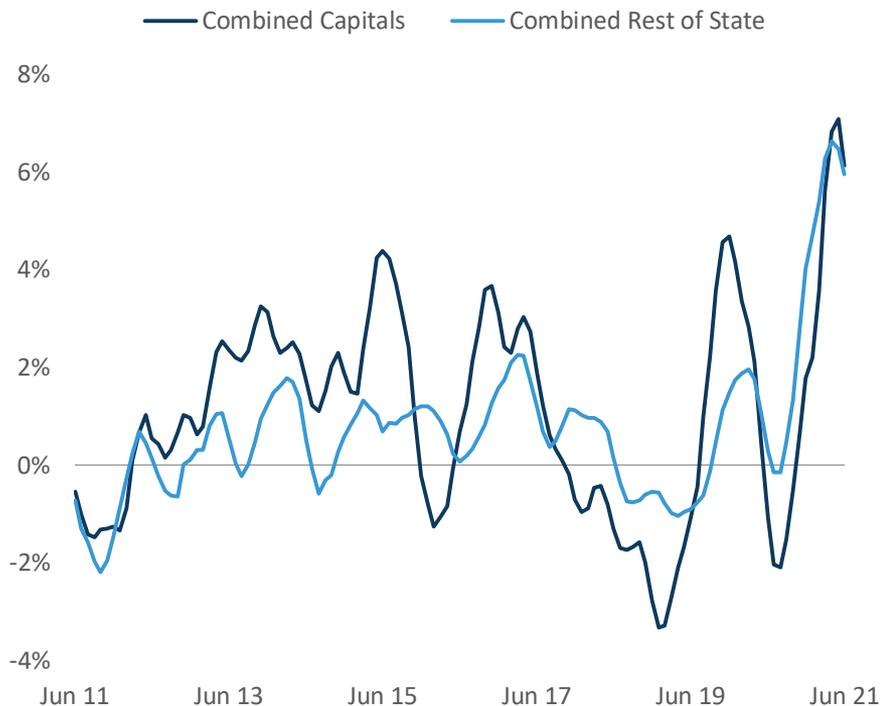
54.3%
Household wealth held in housing

582,913
Total sales p.a.

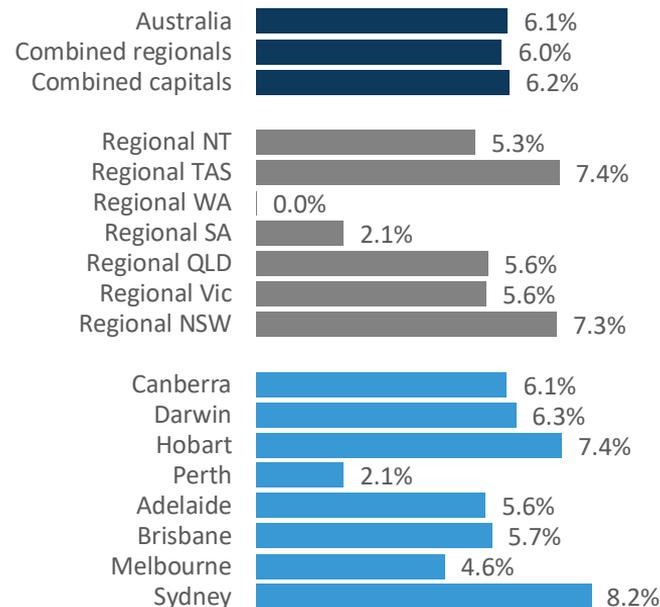
\$376 billion
Gross value of sales p.a.

Australian dwelling values rose 6.1% in the June quarter, down from a recent peak of 7.0% in the three months to May 2021

Rolling quarterly change in dwelling values

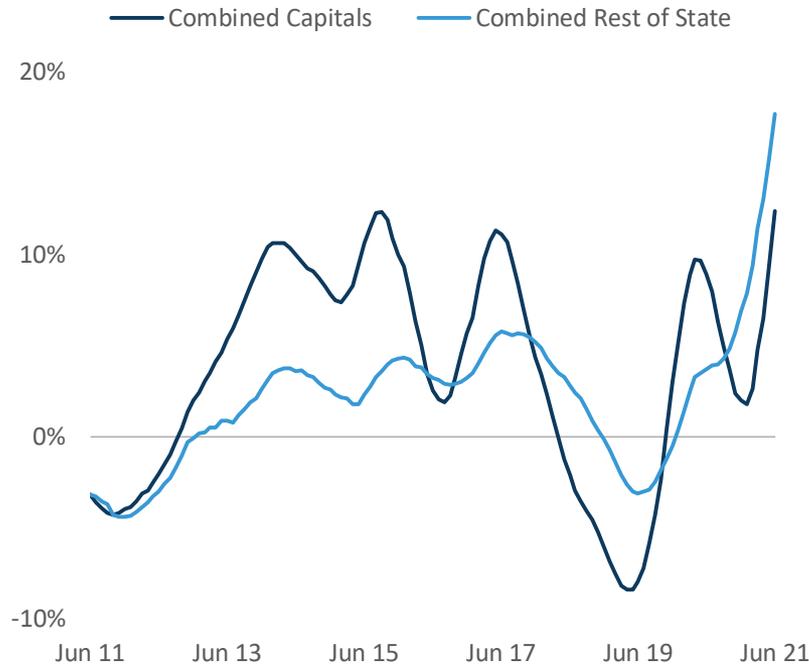


Change in dwelling values, three months to June 2021

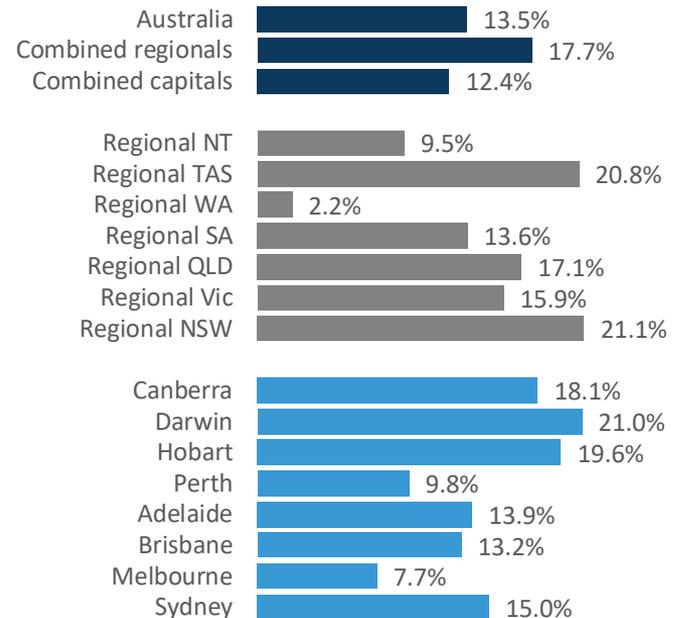


Australian dwelling values rose 13.5% in the 2020-21 financial year, the highest annual growth rate since April 2004

Rolling annual change in dwelling values

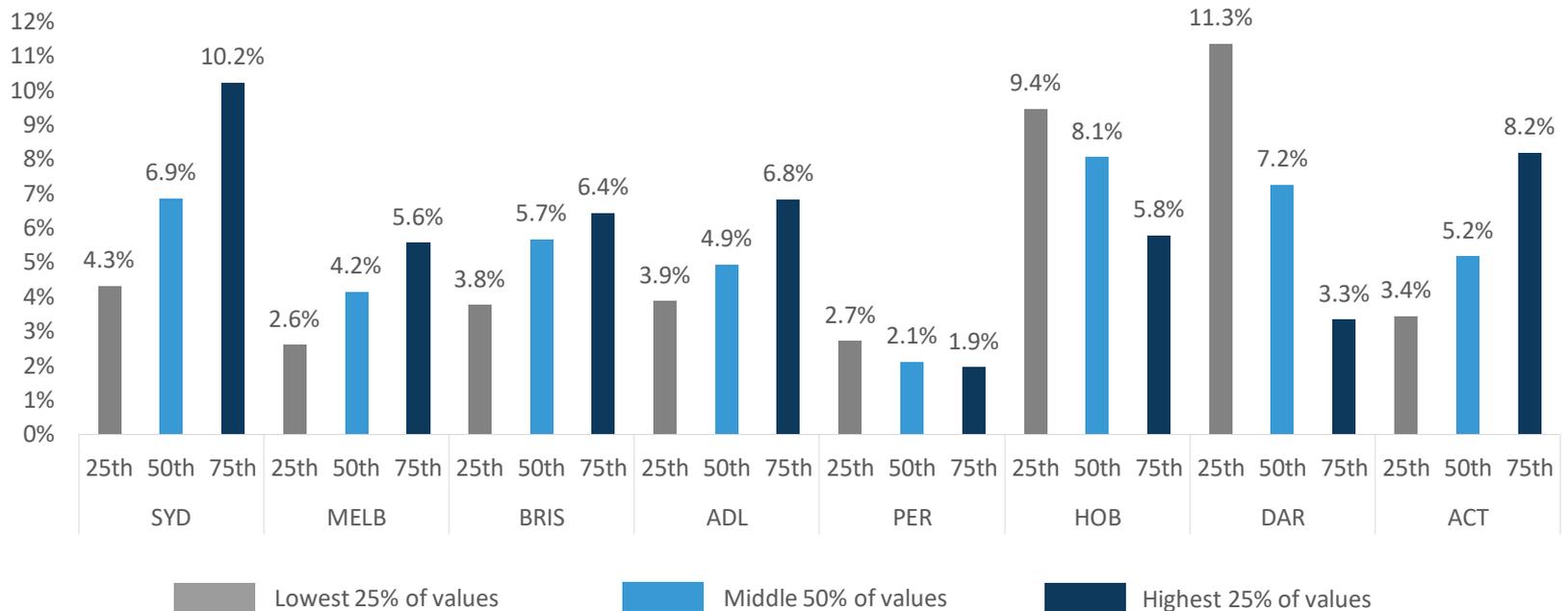


Change in dwelling values, twelve months to June 2021



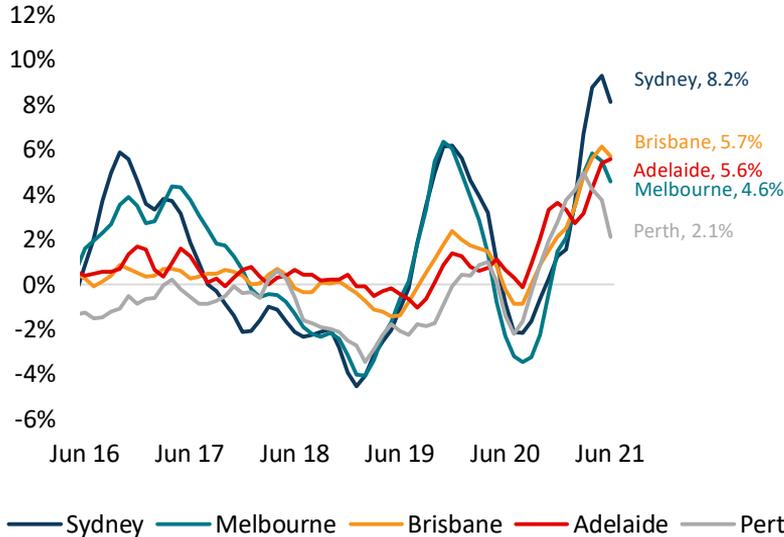
In the three months to June, most capital cities saw the strongest dwelling value growth across the top 25% of values, however Perth, Hobart and Darwin growth was led by the low end of market values

Growth in stratified hedonic dwellings index (3 months)

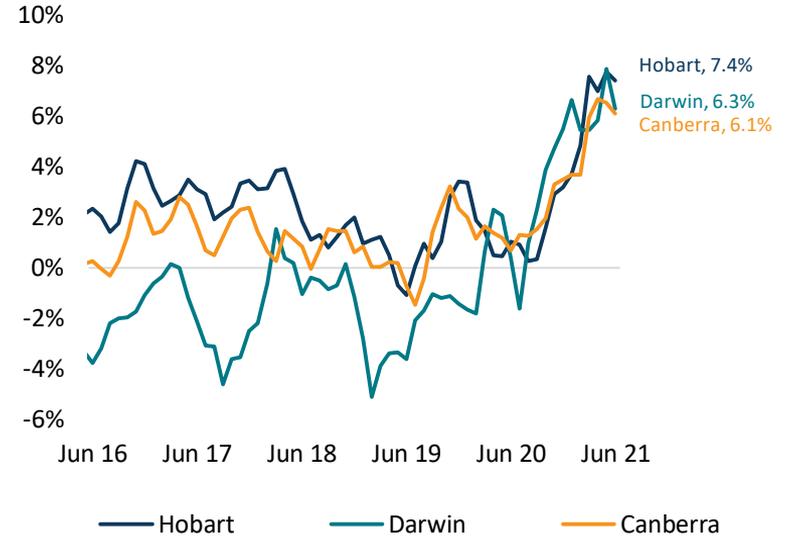


Quarterly dwelling value increases have ranged from 2.1% across Perth, to 8.2% across Sydney. Slowing growth rates are evident across most capital city dwelling markets.

Rolling quarterly change in values, Dwellings

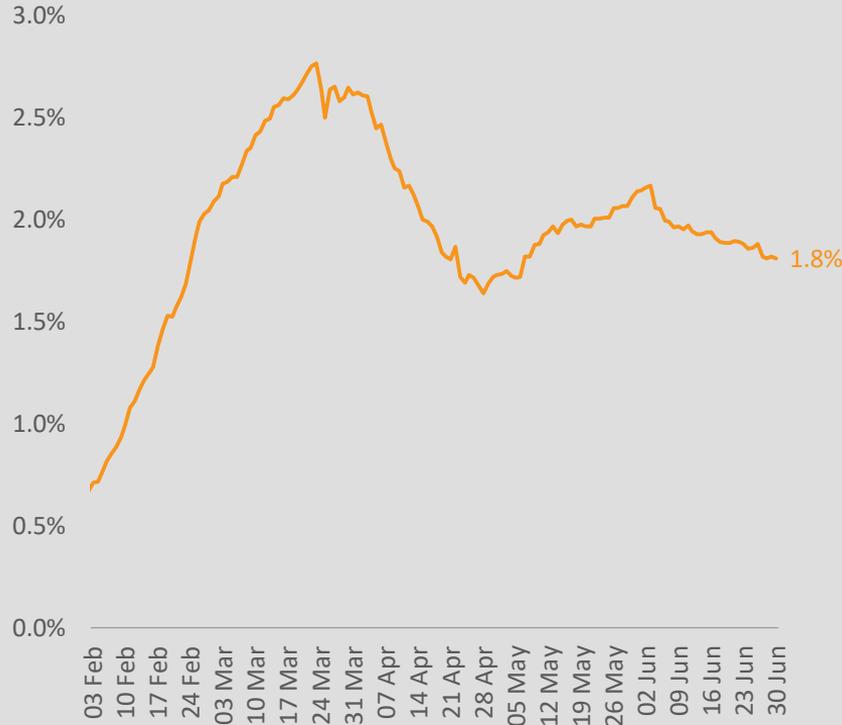


Rolling quarterly change in values, Dwellings



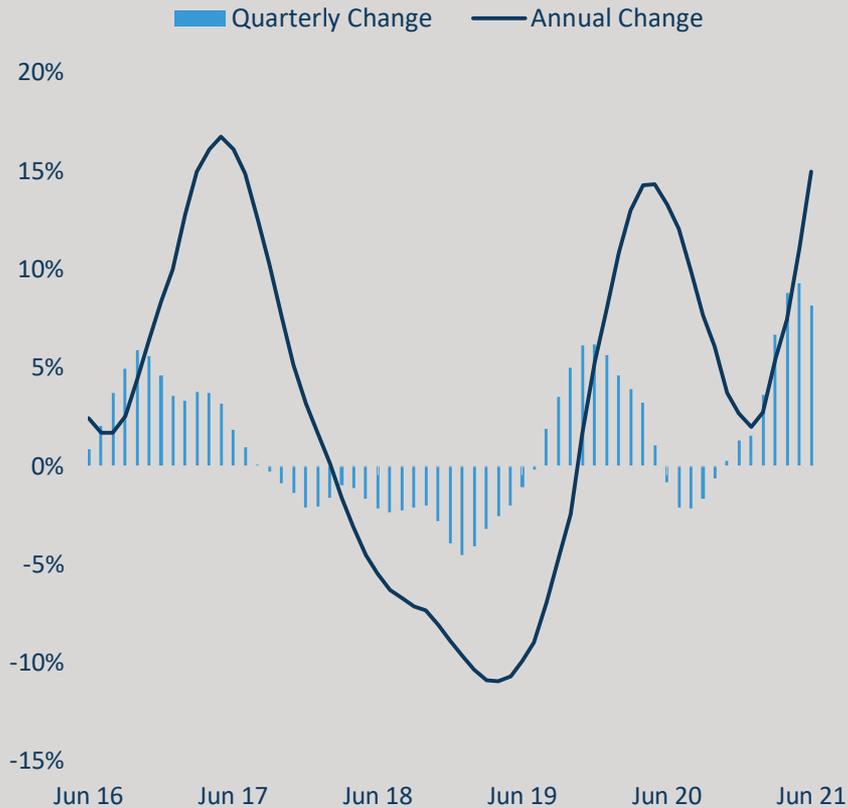


Rolling 28-day growth rate in CoreLogic Home Value index - combined capital cities



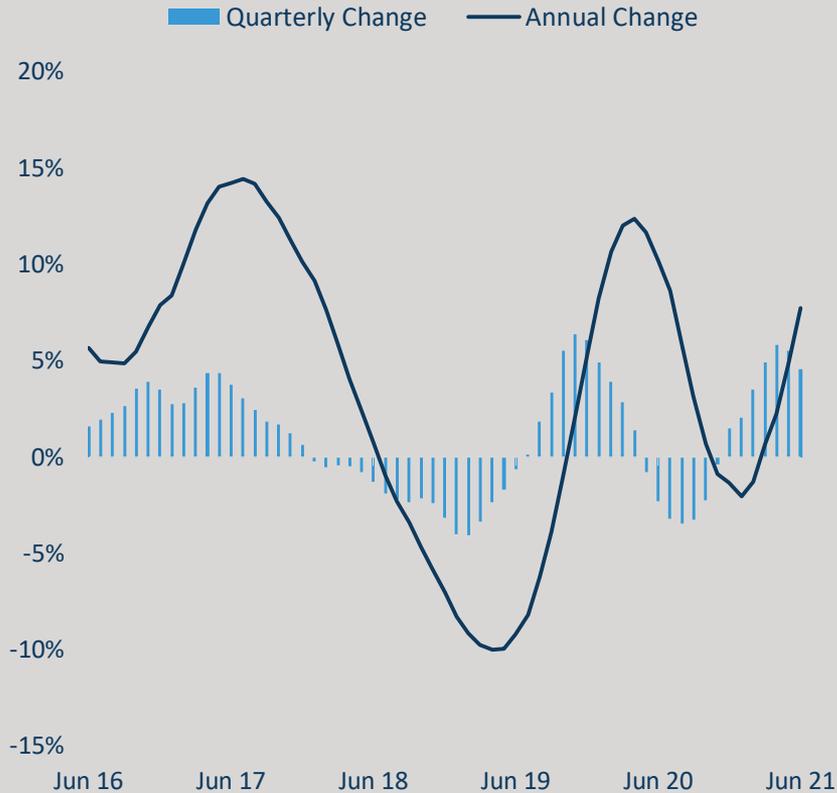
The 28-day rolling change in the CoreLogic Home Value index has seen a slowdown in growth across the combined capitals. It is likely the monthly growth rate for this upswing peaked in March 2021.

Quarterly and annual change in dwelling values - Sydney



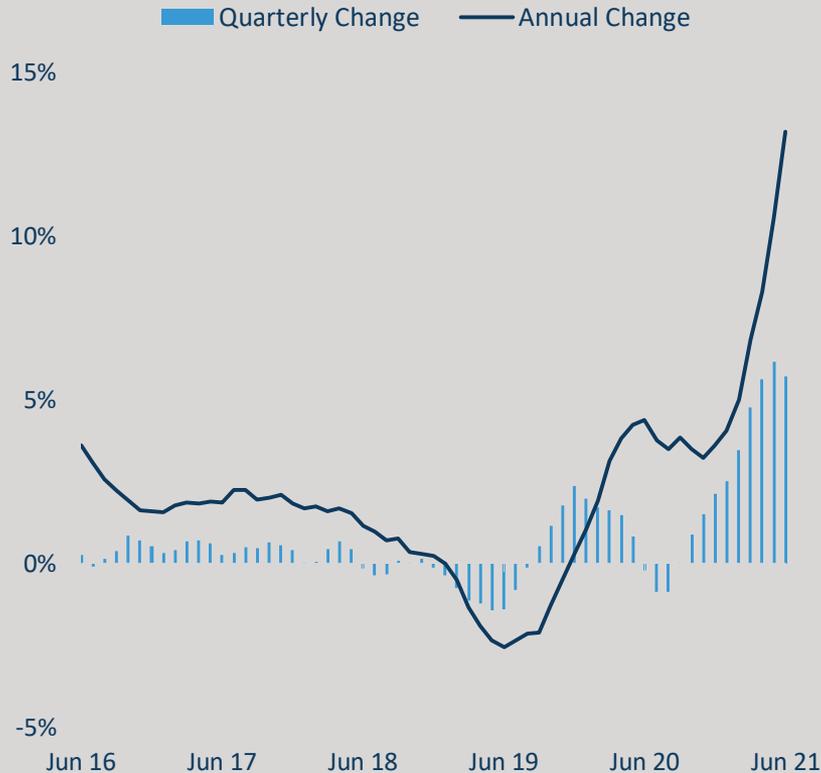
- Sydney dwelling values rose 2.6% in June
- Dwelling values increased 8.2% in the quarter
- Sydney dwelling values are up by 15.0% in the past year
- Sydney dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Melbourne



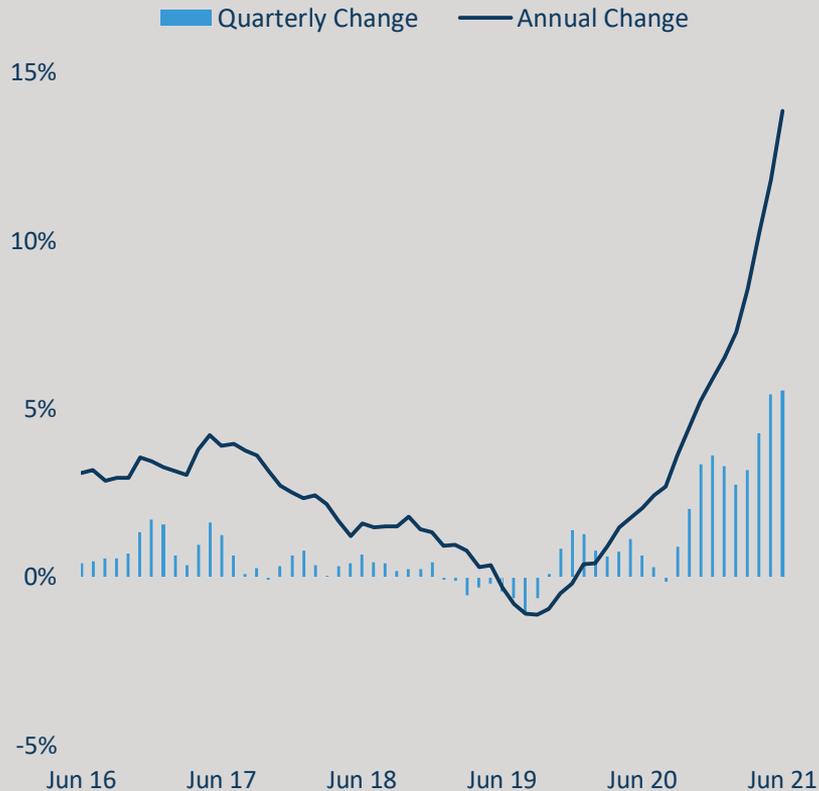
- Melbourne dwelling values rose 1.5% in June
- Dwelling values increased 4.6% in the quarter
- Melbourne dwelling values increased 7.7% in the past year
- Melbourne dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Brisbane



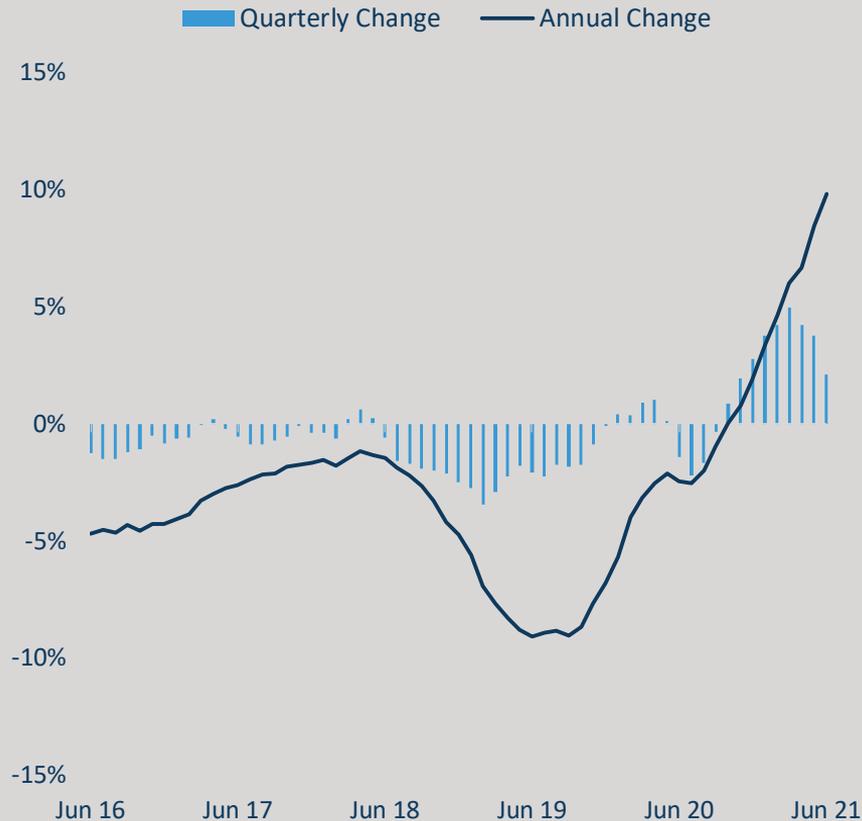
- Brisbane dwelling values increased by 1.9% in June
- Dwelling values increased 5.7% over the quarter
- Brisbane dwelling values are up by 13.2% in the past year
- Brisbane dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Adelaide



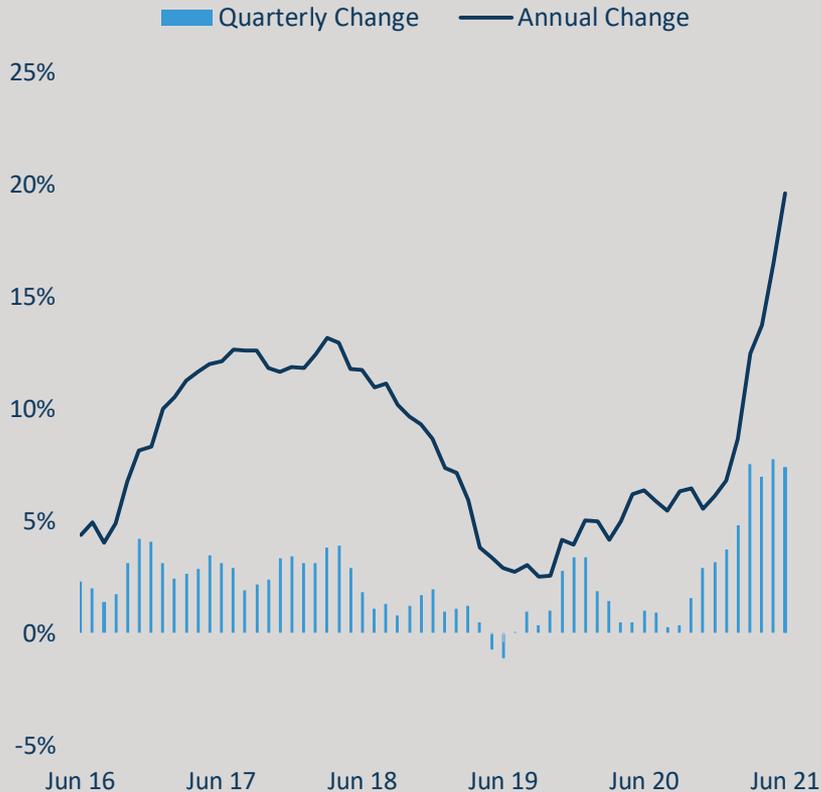
- Adelaide dwelling values increased 1.6% in June
- Dwelling values rose 5.6% in the quarter
- Adelaide dwelling values were up by 13.9% in the past year
- Adelaide dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Perth



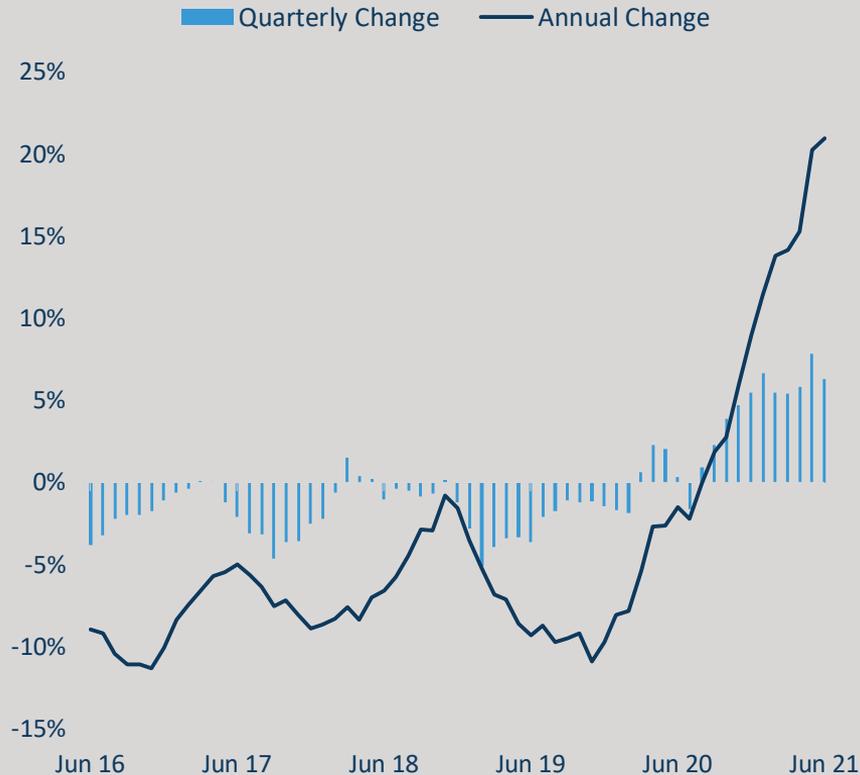
- Perth dwelling values increased 0.2% in June
- Dwelling values increased 2.1% in the quarter
- Perth dwelling values were up 9.8% in the past year
- Perth dwelling values are now -14.1% below the record high, which was in June 2014

Quarterly and annual change in dwelling values - Hobart



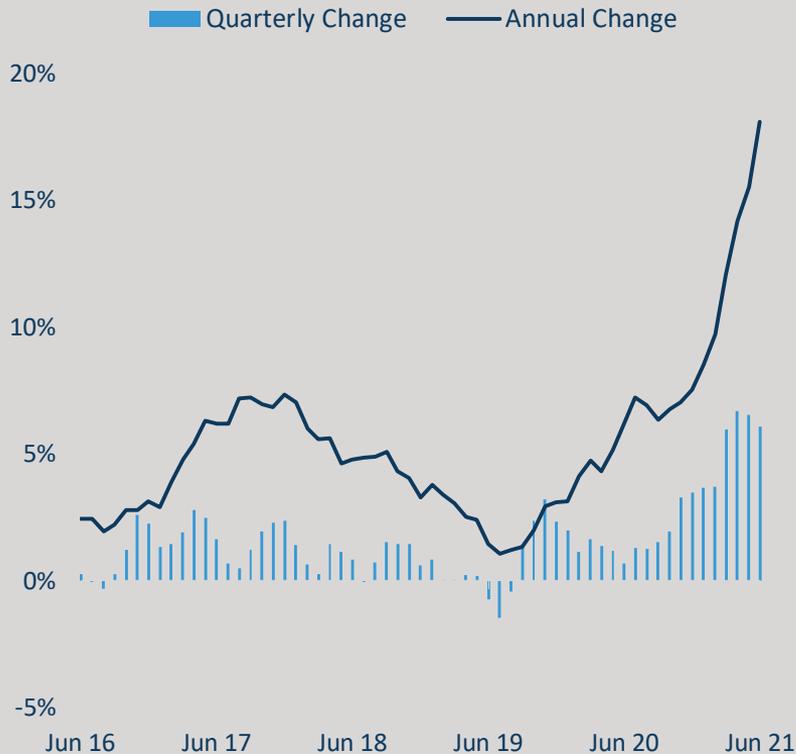
- Hobart dwelling values increased 3.0% in June
- Dwelling values increased 7.4% in the quarter
- Hobart dwelling values are up by 19.6% in the past year
- Hobart dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values increased 0.8% in June
- Dwelling values rose 6.3% in the quarter
- Darwin dwelling values were up 21.0% over the year
- Darwin dwelling values are -16.7% below the record high, which was in May 2014

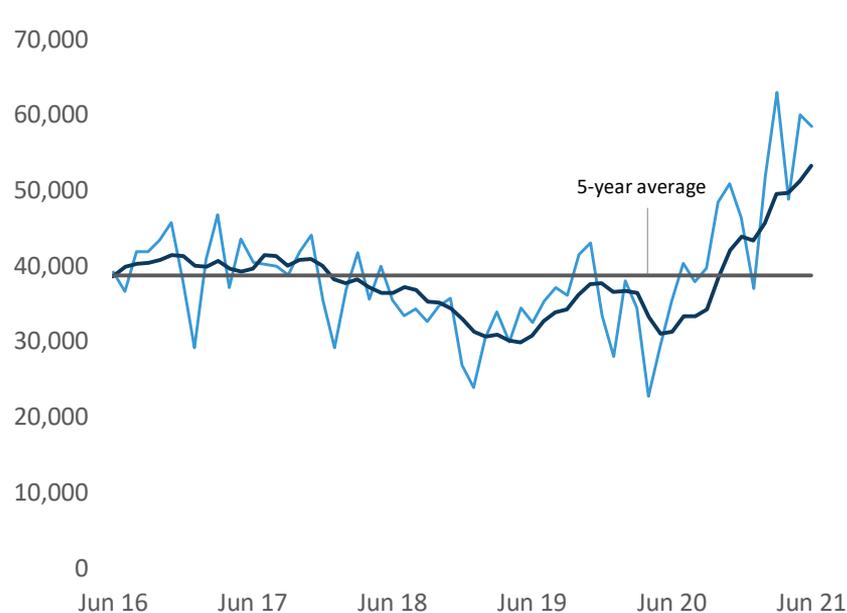
Quarterly and annual change in dwelling values - ACT



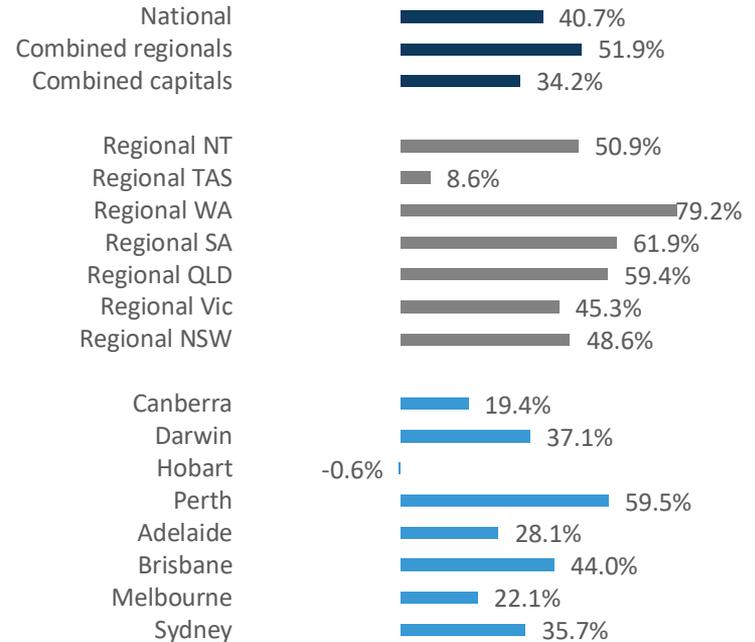
- ACT dwelling values increased 2.3% in June
- Dwelling values were up 6.1% in the quarter
- ACT dwelling values were up by 18.1% in the past year
- The ACT dwelling values are currently at a record high

Sales volumes have risen 40.7% in the financial year compared with the previous year. Hobart was the only region to see an annual decline in volumes, attributable to low levels of stock.

Monthly sales with six month moving average, National



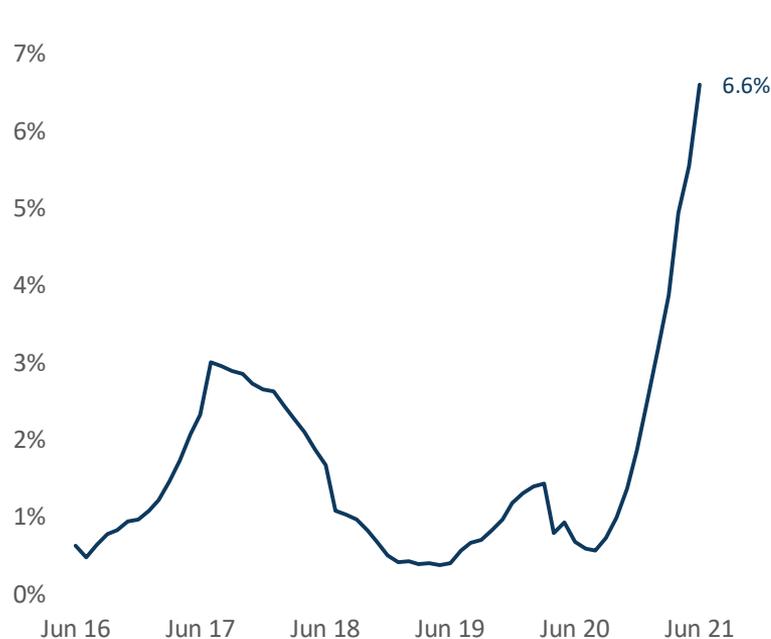
Annual change in sales volumes June 21



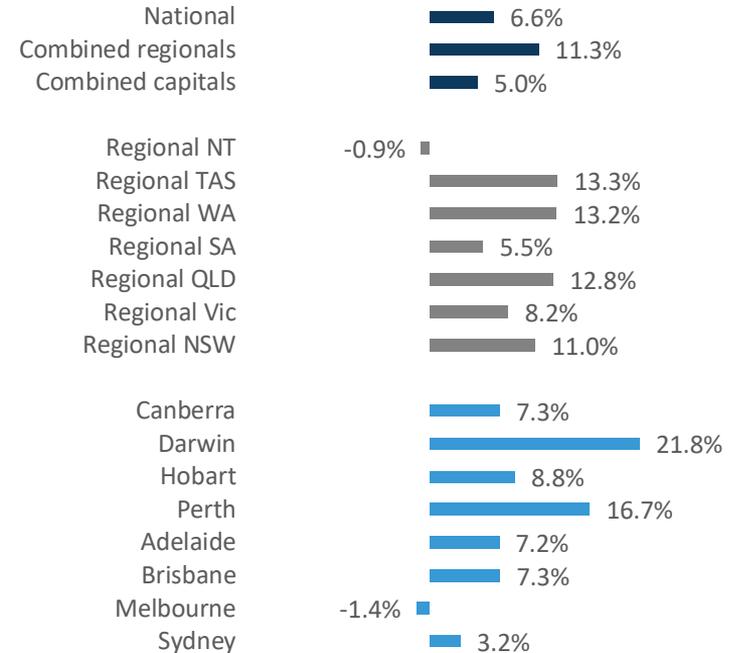
Note: recent months of sales volumes are modelled estimates, and are subject to revision

In the year to June, Australian rent values increased 6.6%, which is the strongest annual appreciation in rents since February 2009

Annual change in rental rates - National



Annual change in rental rates to June 21



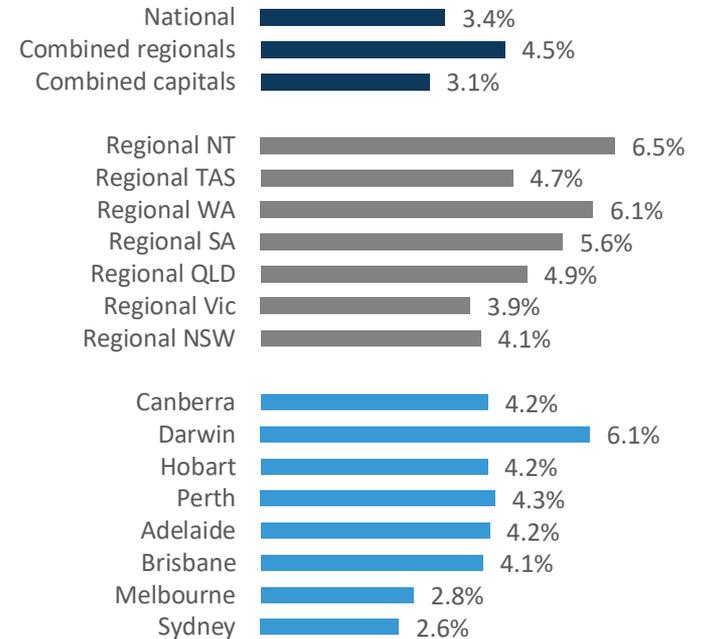


Gross rental yields compressed further through June due to value increases outpacing rent rises. Gross rental yields hit a record low 3.4% nationally.

Gross rental yields, national

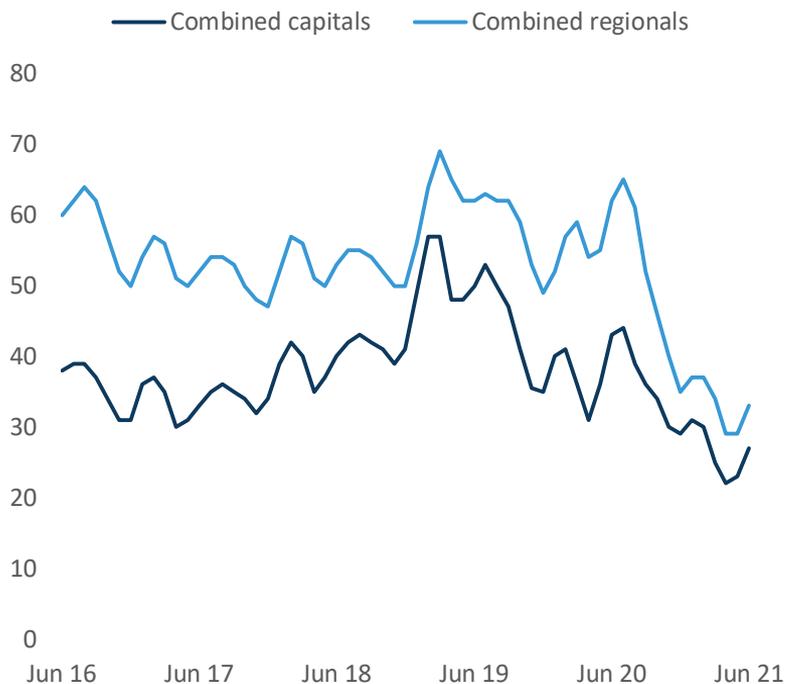


Gross rental yields, June 2021

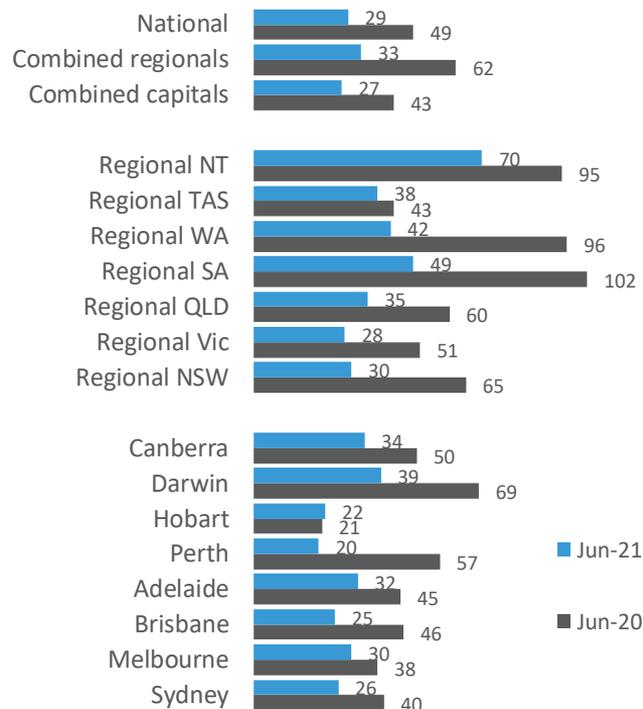


Days on market have crept slightly higher from recent lows in April, through this may be partly seasonal

Median days on market



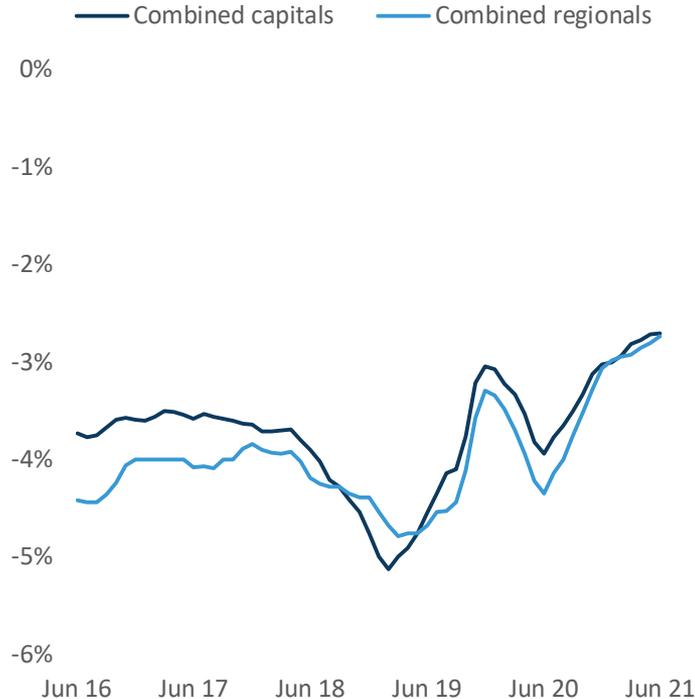
Median days on market June 20 v June 21





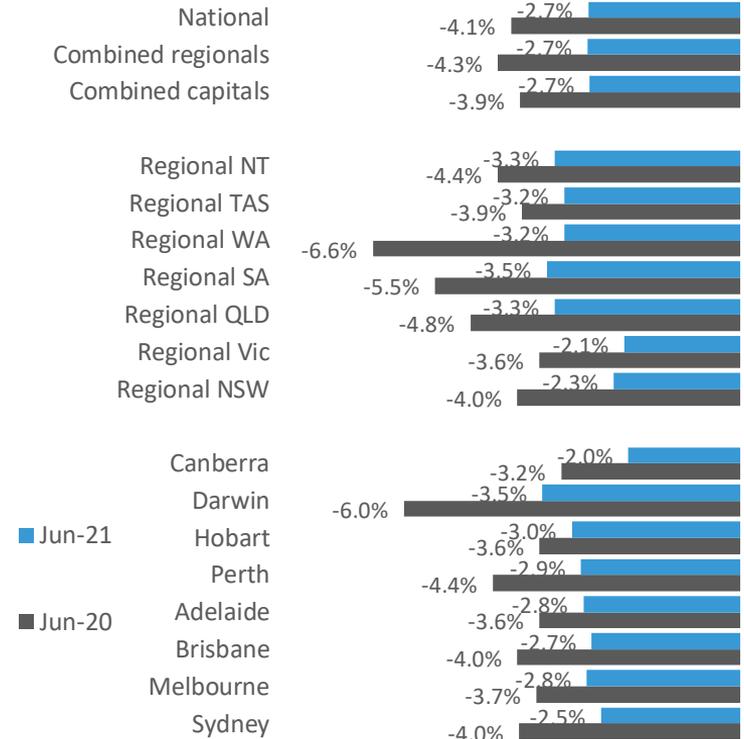
Nationally, the typical vendor discount rate tightened to -2.7% in the three months to June, compared with -4.1% in the same period last year

Median vendor discount



Median vendor discounts are based on a rolling 3-month measure
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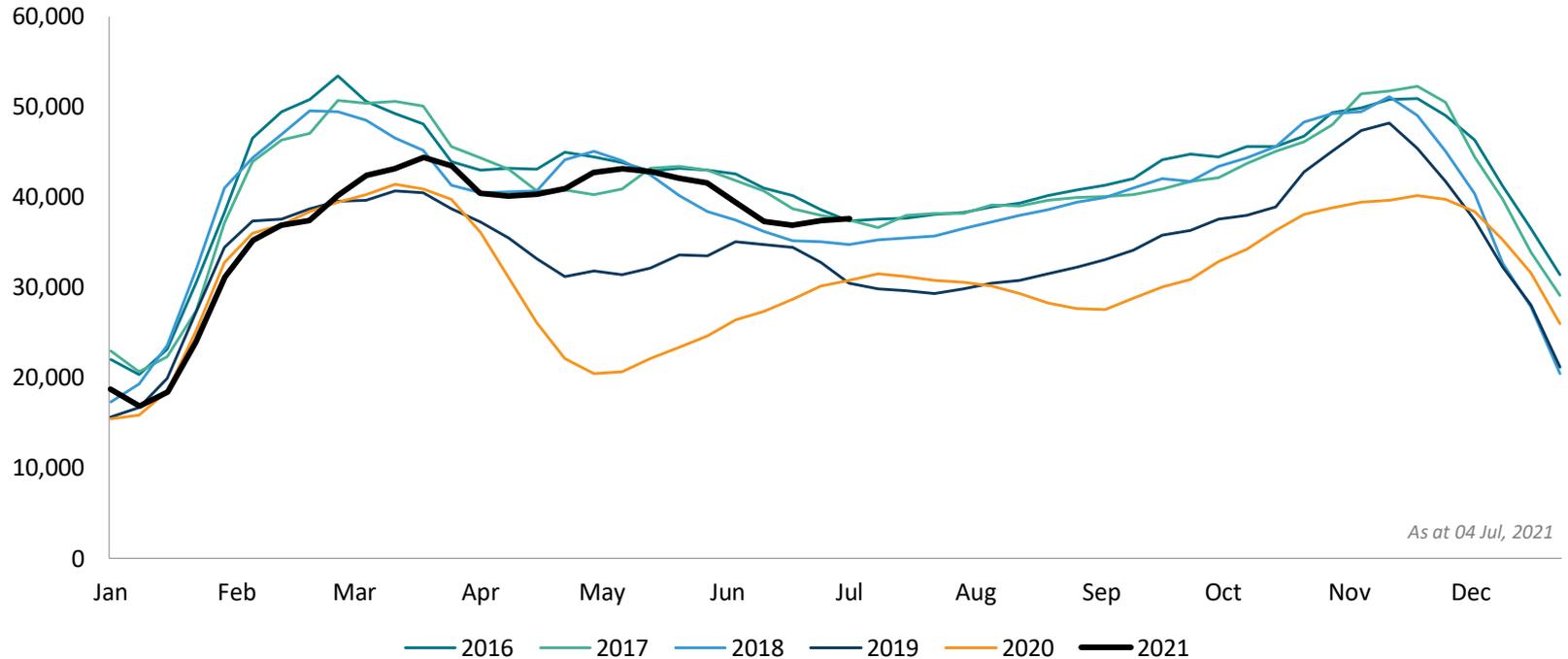
Median vendor discount June 20 v June 21





In the 28 days to July 4th, there were 37,681 new listings added to market nationally, which is 10% higher than the 5 year average

Number of new listings, National Dwellings

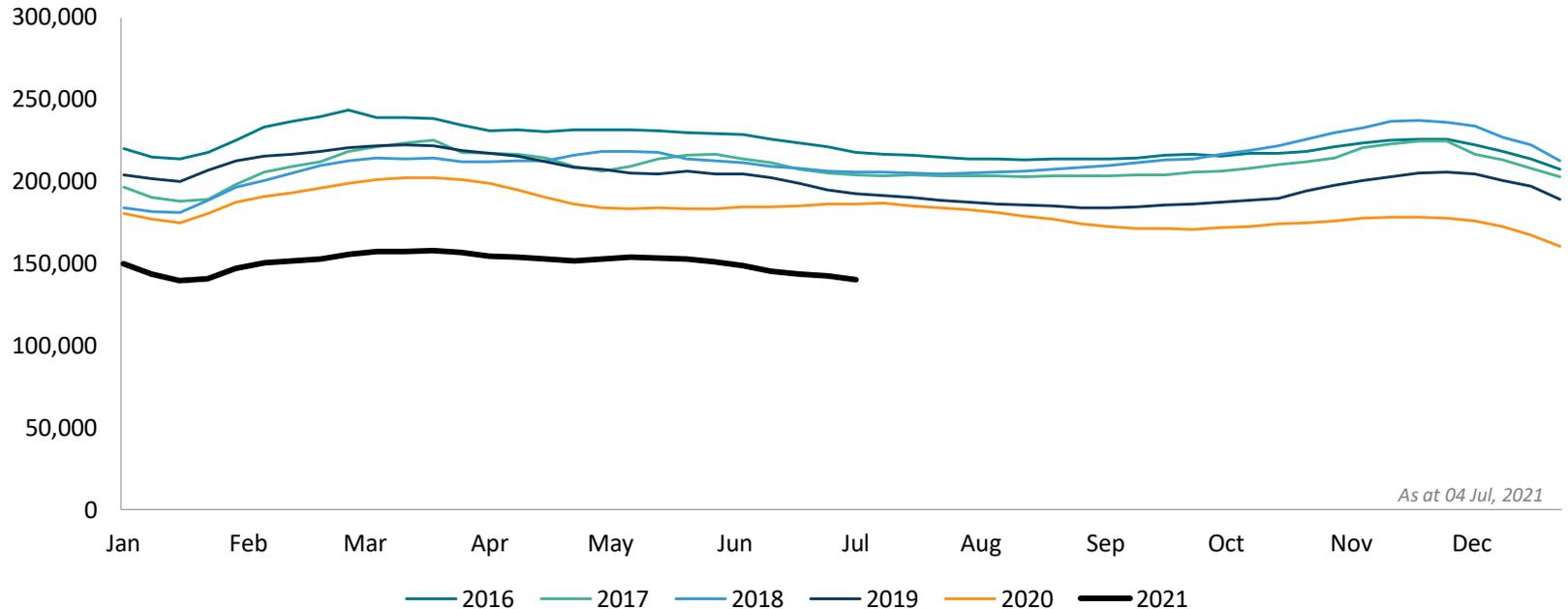


As at 04 Jul, 2021



Total listings volumes were 139,897 in the 28 days to July 4th. Due to high sales volumes, total listings remain -24.7% below the 5 year average.

Number of total listings, National Dwellings

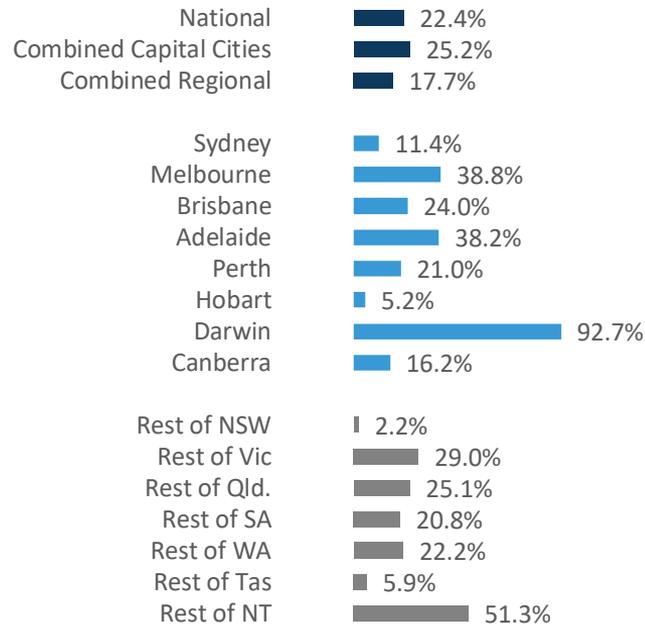


As at 04 Jul, 2021

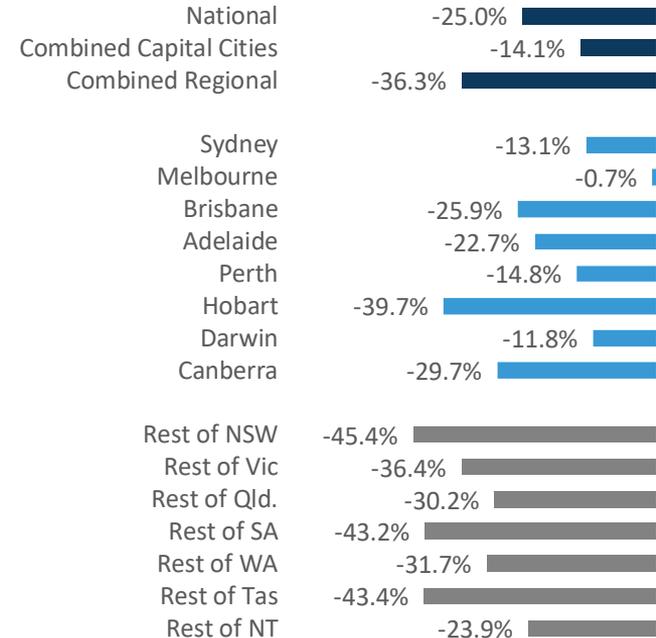


Total listings levels remain lower than in the same period of 2020 across every broad region of the country, with particularly depleted stock across regional Australia.

New listings, change from equivalent period last year



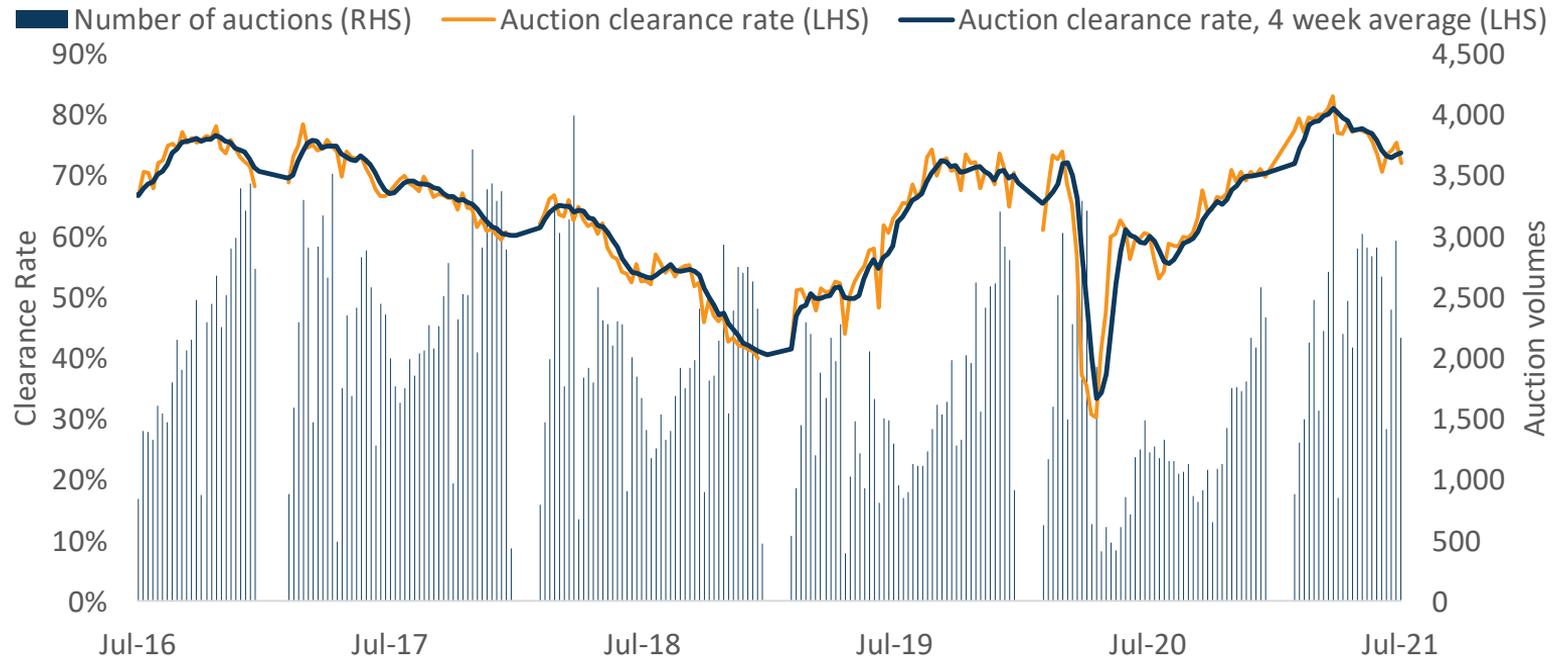
Total listings, change from equivalent period last year





For the week ending 4th of July, the four week average clearance rate across the capital cities was 73.8%, well above the decade average of 63.5%.

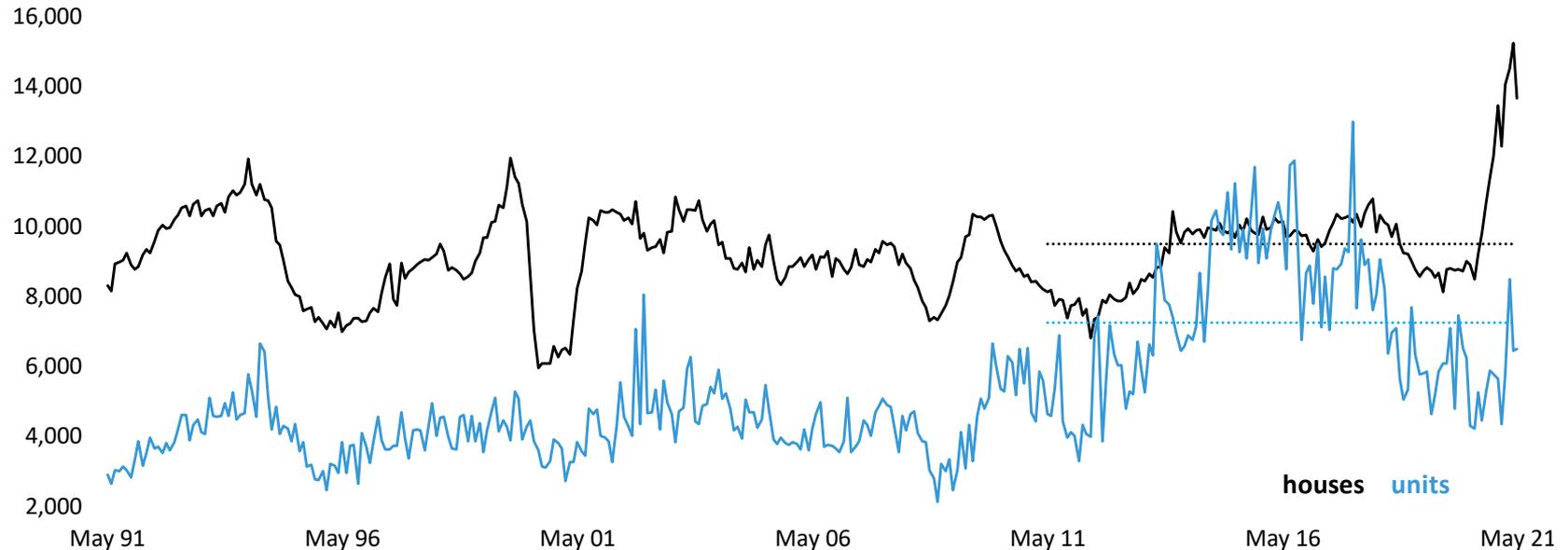
Weekly clearance rates, combined capital cities





As the HomeBuilder scheme has tapered, house building approvals are coming off record highs, down -10.3% over May. Unit approvals ticked up 0.7% in the month, but are -10.5% below the decade average.

Monthly house v unit approvals, National





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



Portion of new lending for investment housing (excluding refinance)



Investor housing finance jumped 13.3% in the month of May, reaching the highest level of new finance for the purchase of investment housing since June 2015.

Investor lending remains proportionately low, as owner occupier housing finance for property purchases grew 1.9%, reaching new record highs.

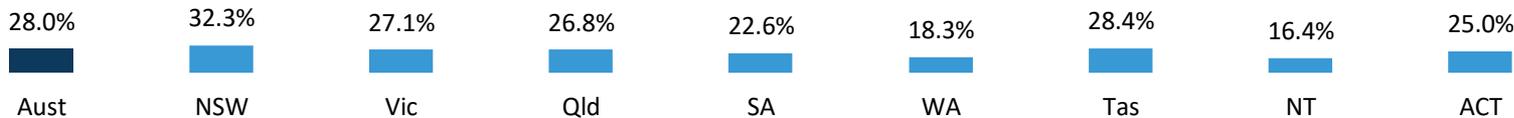
Investors are comprising a larger portion of market activity across each of the states

Although investors comprise a smaller than average proportion of housing market activity, the trend is shifting higher.

Investors as a % of total housing finance commitments (based on value exc refi)



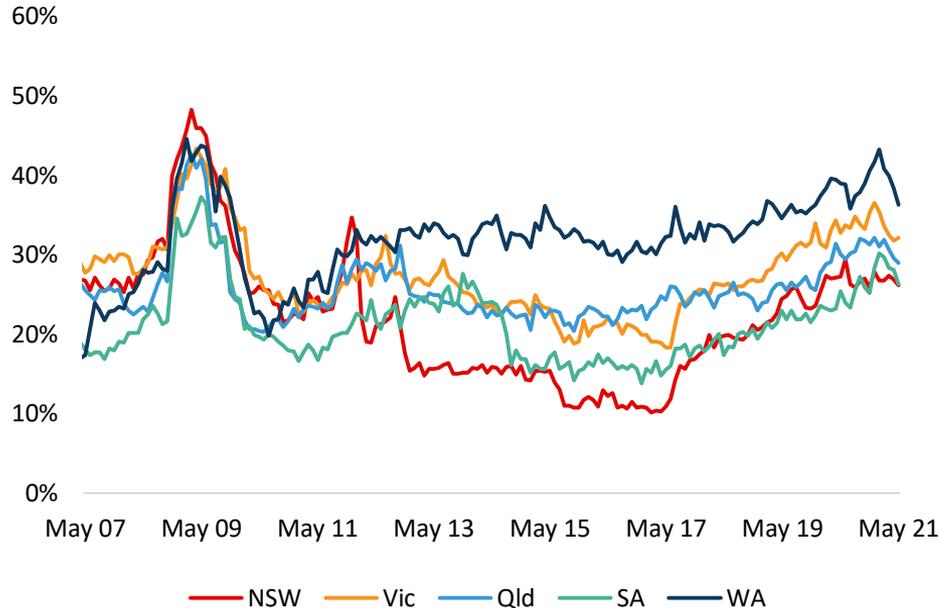
Investors as a % of housing finance commitments by state



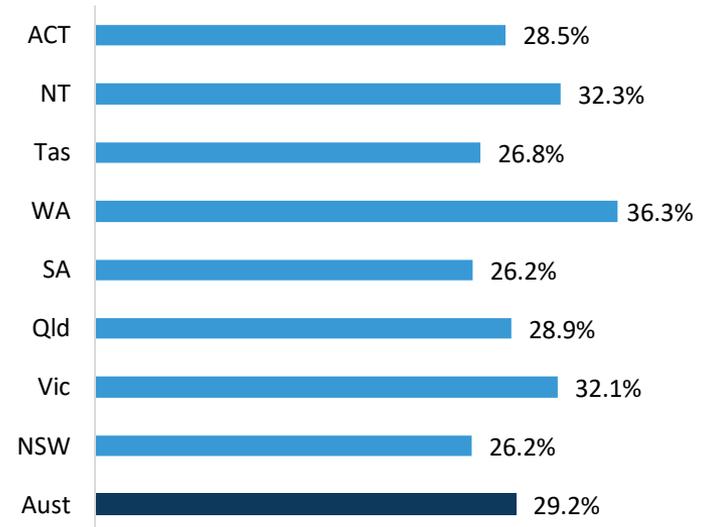
First home buyers are comprising a smaller portion of market demand across every state

Worsening affordability and fewer incentives has seen first time buyer activity trending lower

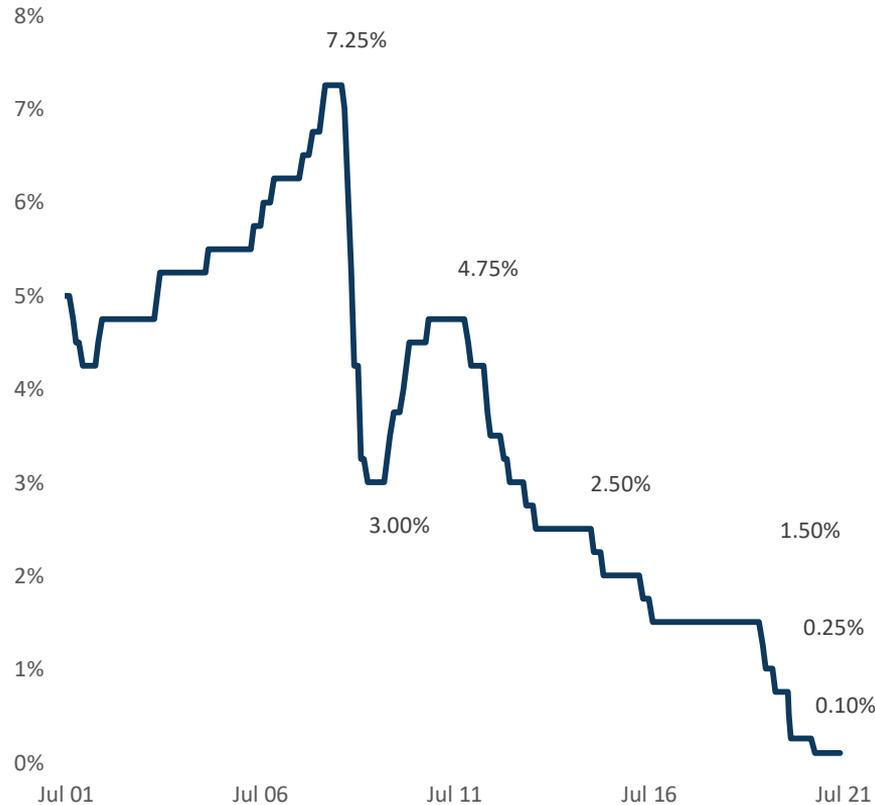
First home buyers as a % of owner occupier housing finance commitments by state



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



RBA Cash Rate



The RBA held rates at 0.1% through July

Statement highlights

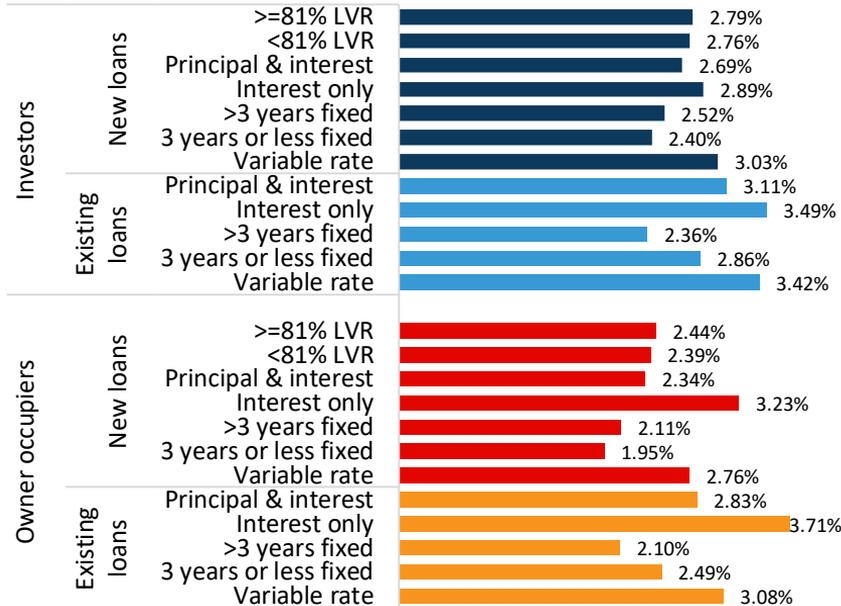
- The cash rate target was maintained at 0.1%.
- The interest rate on exchange settlement balances was maintained at zero per cent.
- The board retained the April 2024 bond as the maturity for purchases, and will adjust the weekly amount purchased due to the “stronger-than-expected economic recovery”.
- On housing, the RBA noted “Housing credit growth has picked up, with strong demand from owner-occupiers, including first-home buyers. There has also been increased borrowing by investors. Given the environment of rising housing prices and low interest rates, the Bank will be monitoring trends in housing borrowing carefully and it is important that lending standards are maintained.”



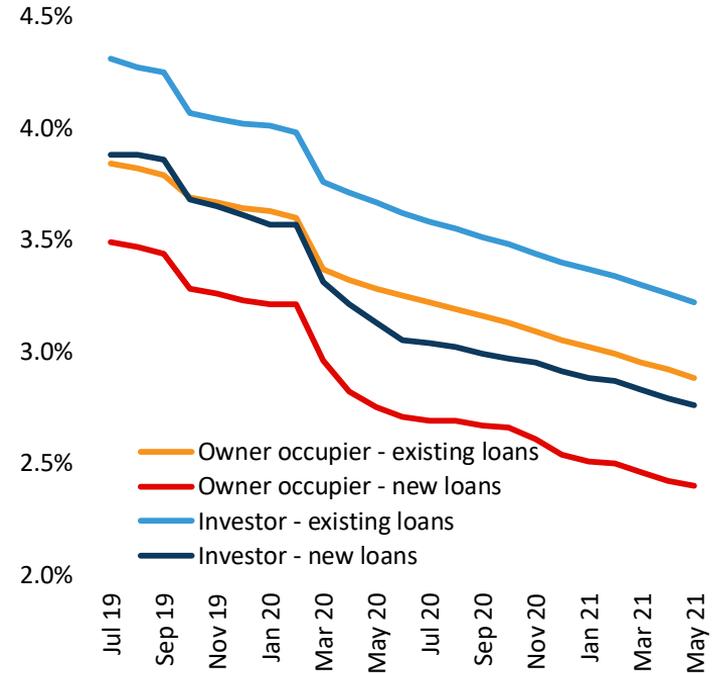
Record low mortgage rates

Average housing lending rates have declined 109 basis points for owner-occupiers, and 112 basis points for investors since mid-2019, but longer term (>3 years) fixed rates are trending higher as lenders price in higher funding costs.

Average borrowing costs by borrower and loan type, as at 31 May 21



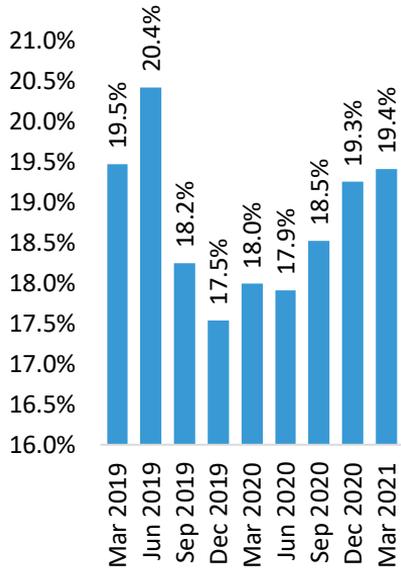
Average borrowing costs by borrower and loan type, since 2019



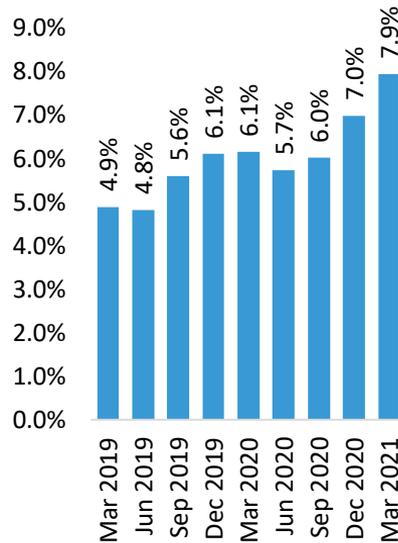
Could we see another round of credit tightening?

Riskier types of lending are rising, but probably not enough to trigger a regulatory response.... regulators and policy makers are closely monitoring lending standards.

% of loans on interest only terms



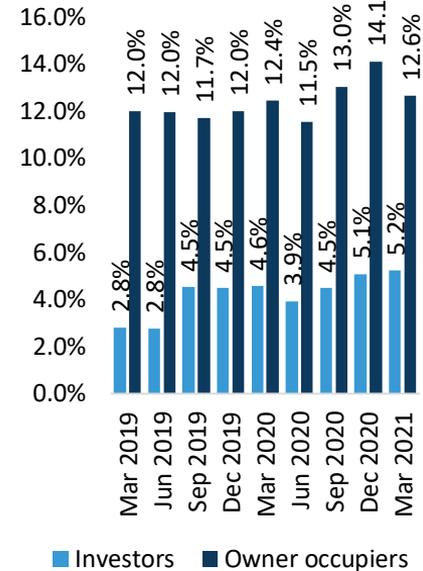
% of loans originated with a loan to income ratio >=6x



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



% of loans originated with an LVR >=90%





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