



# Monthly Chart Pack

Our Insights. Your Story.

August 2021



# Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$8.8 Trillion



AUSTRALIAN SUPERANNUATION

\$3.1 Trillion



AUSTRALIAN LISTED STOCKS

\$2.8 Trillion



COMMERCIAL REAL ESTATE

\$978 Billion

Data as at August 2021.



10.6 million  
Number of dwellings

\$1.9 trillion  
Outstanding mortgage debt

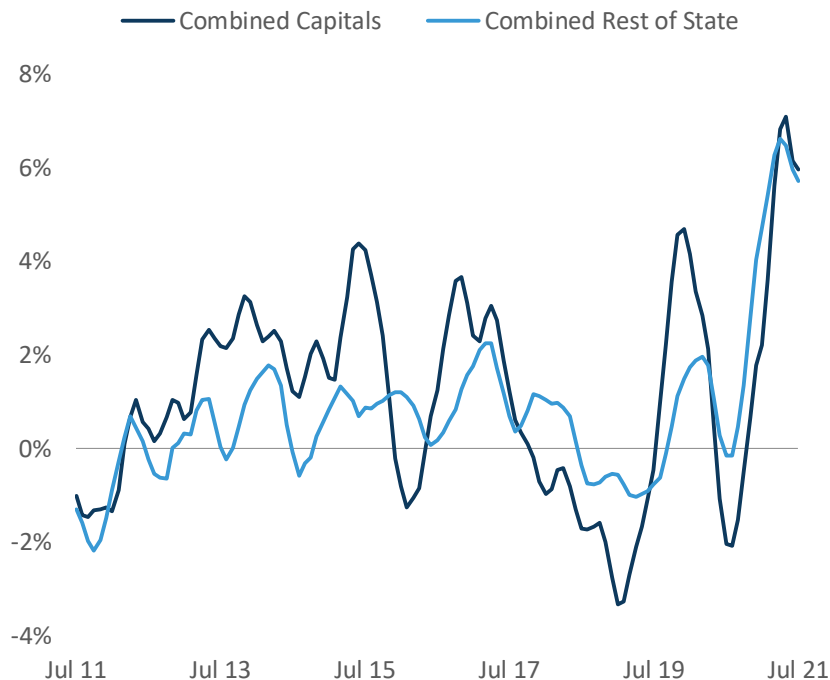
54.3%  
Household wealth held in housing

596,622  
Total sales p.a.

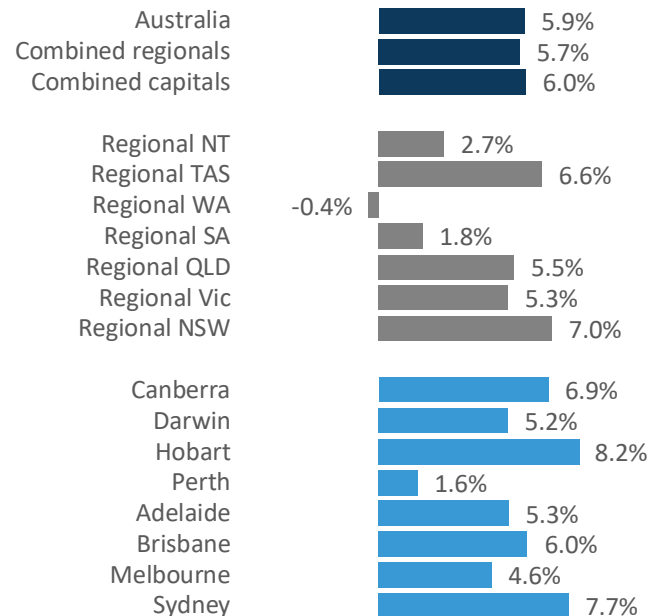
\$404 billion  
Gross value of sales p.a.

# Australian dwelling values rose 5.9% in the three months to July, down from a recent peak of 7.0% in the three months to May 2021

Rolling quarterly change in dwelling values

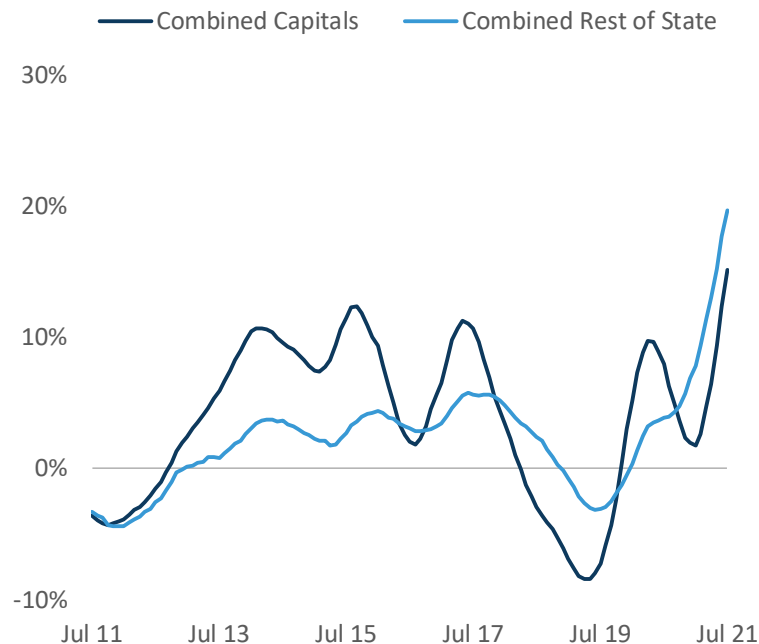


Change in dwelling values, three months to July 2021

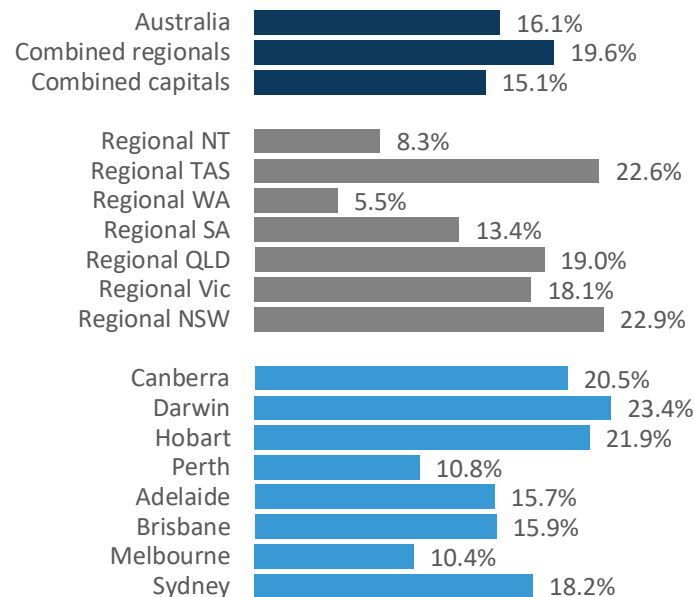


# Australian dwelling values rose 16.1% in the 12 months to July, the highest annual growth rate since February 2004

Rolling annual change in dwelling values

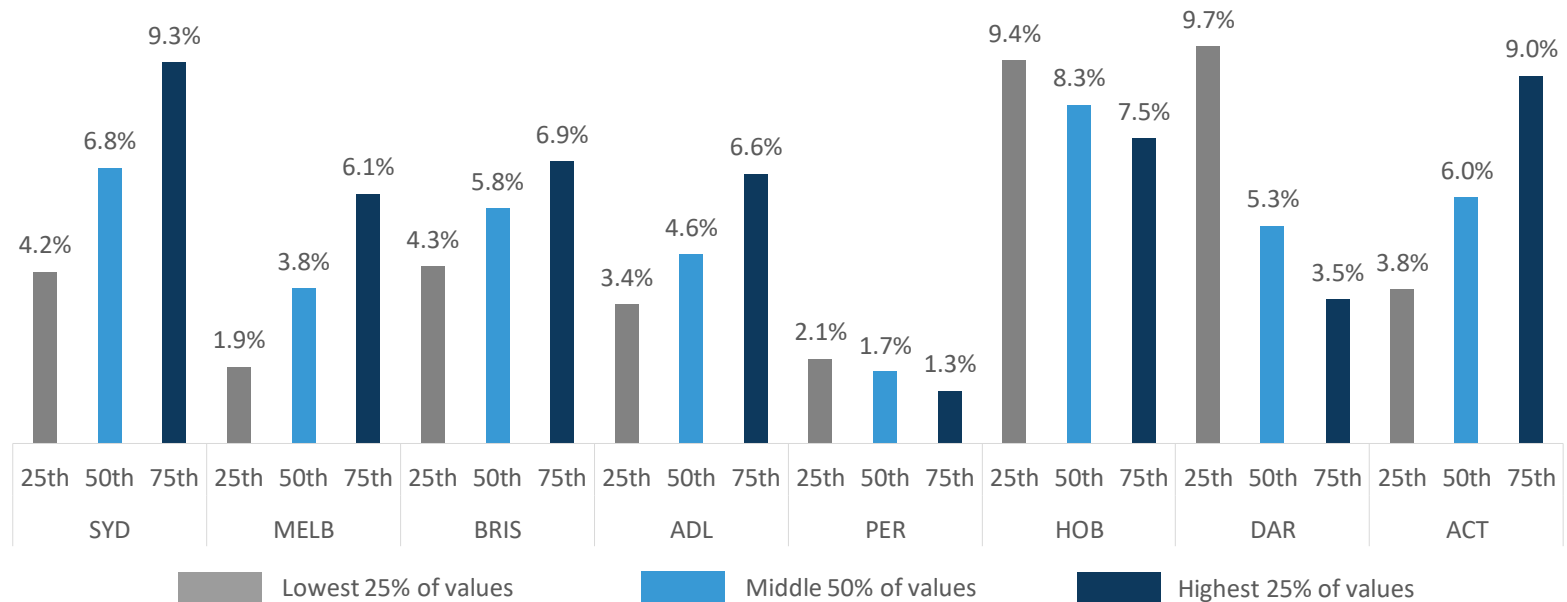


Change in dwelling values, twelve months to July 2021



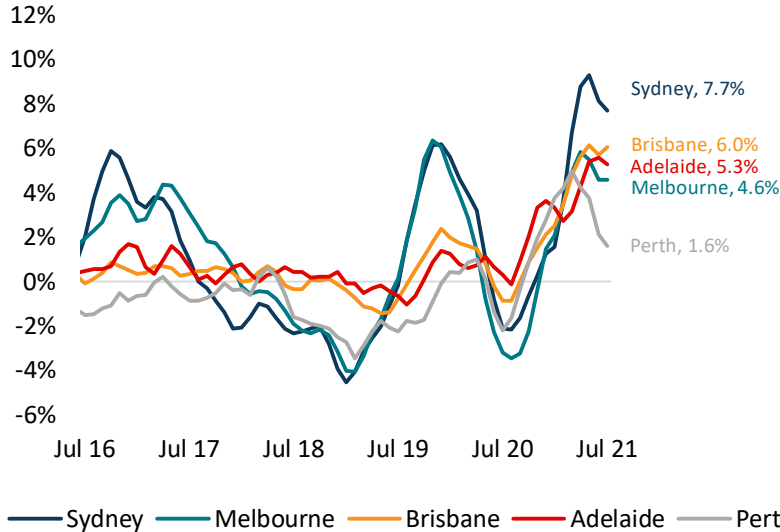
# In the three months to July, the top 25% of values continued to lead growth across the largest capital city markets

Growth in stratified hedonic dwellings index (3 months)

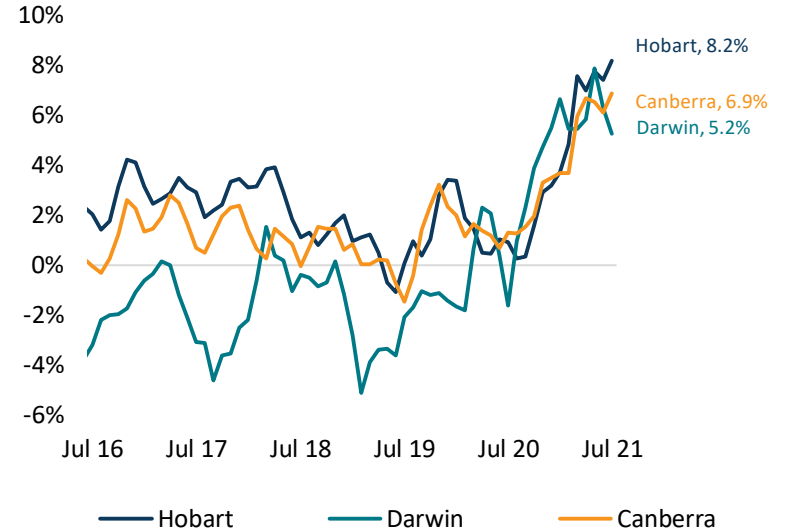


# The current cycle continues to be fairly synchronized across the capital cities, with quarterly growth rates now slowing in most dwelling markets

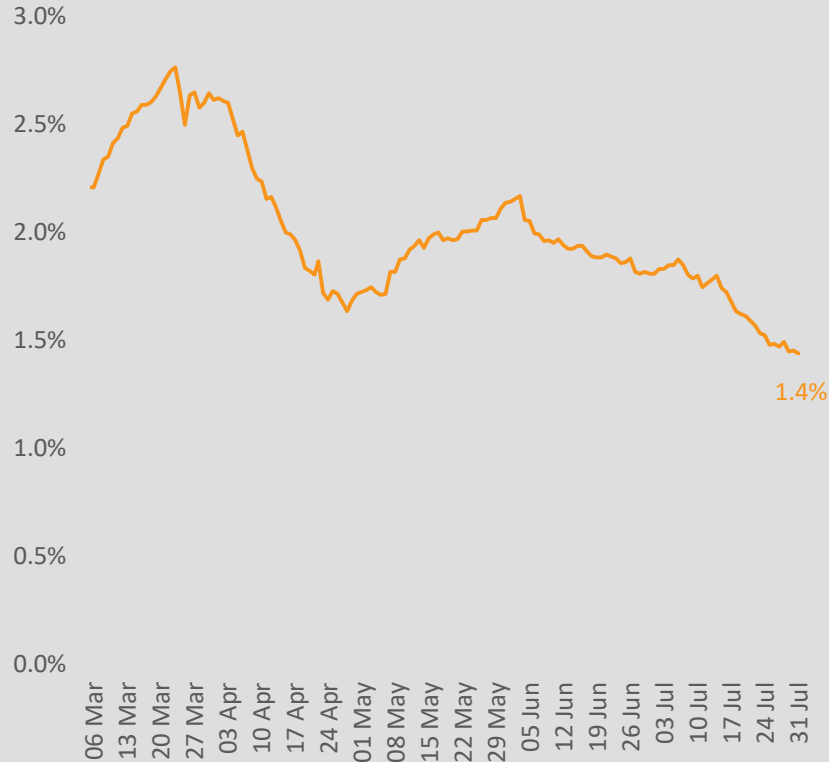
Rolling quarterly change in values, Dwellings



Rolling quarterly change in values, Dwellings

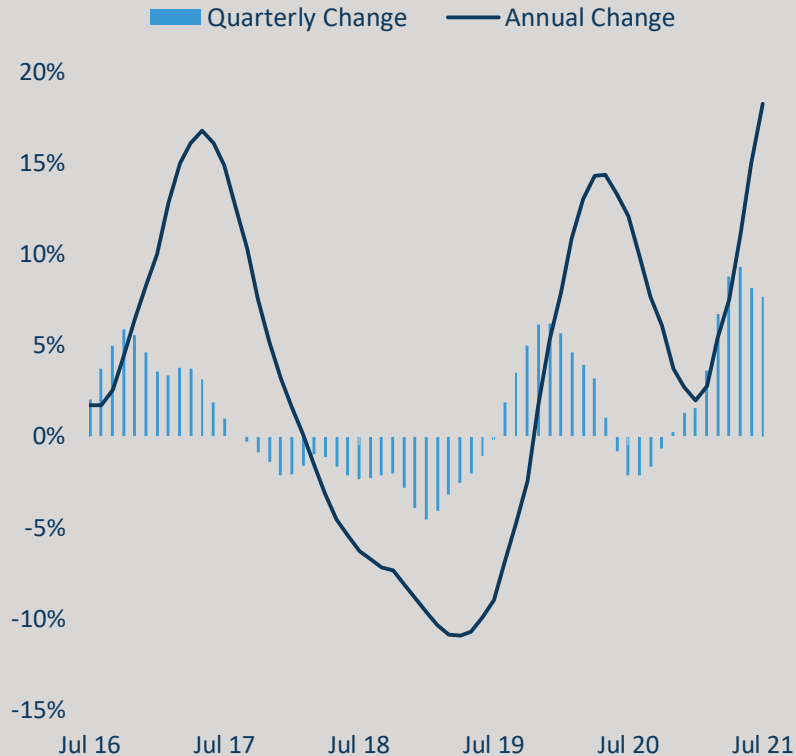


## Rolling 28-day growth rate in CoreLogic Home Value index - combined capital cities



28-day changes in the daily Home Value Index continues to show a loss of momentum in growth across the combined capital cities, which is likely a reflection of increased affordability constraints easing demand for housing

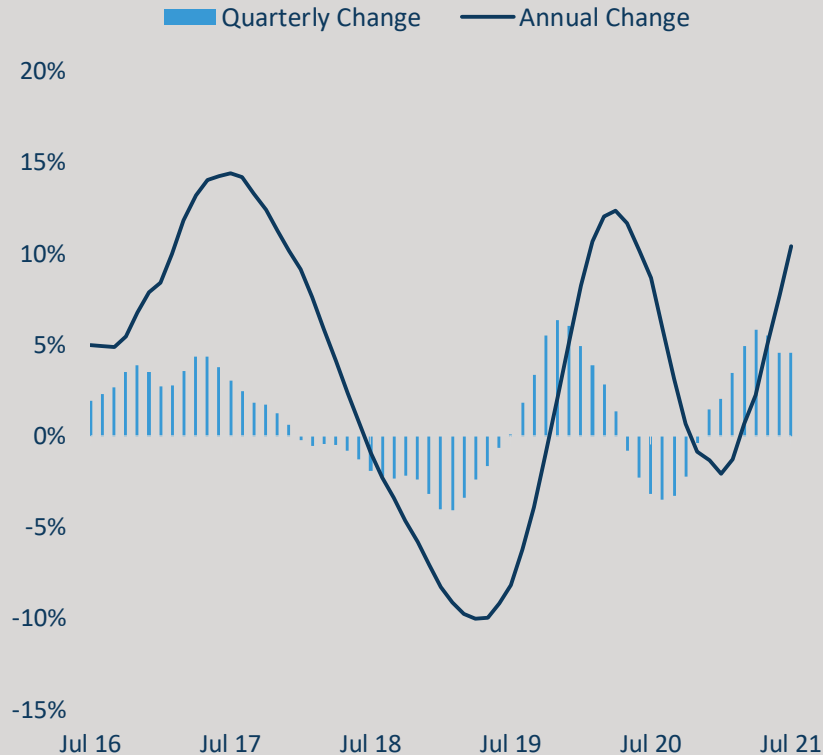
## Quarterly and annual change in dwelling values - Sydney



- Sydney dwelling values rose 2.0% in July
- Dwelling values increased 7.7% in the quarter
- Sydney dwelling values are up by 18.2% in the past year
- Sydney dwelling values are currently at a record high

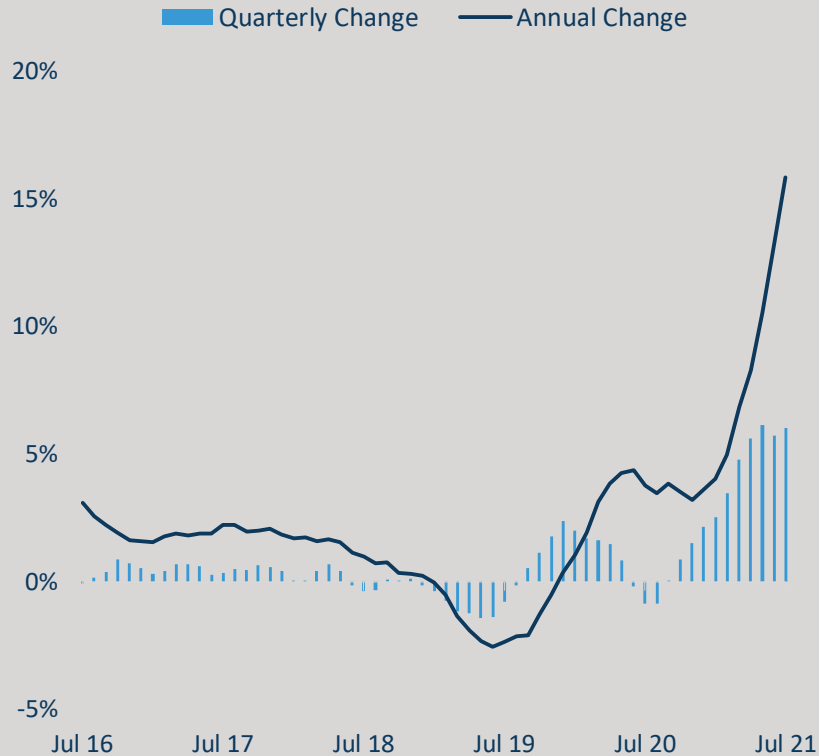


## Quarterly and annual change in dwelling values - Melbourne



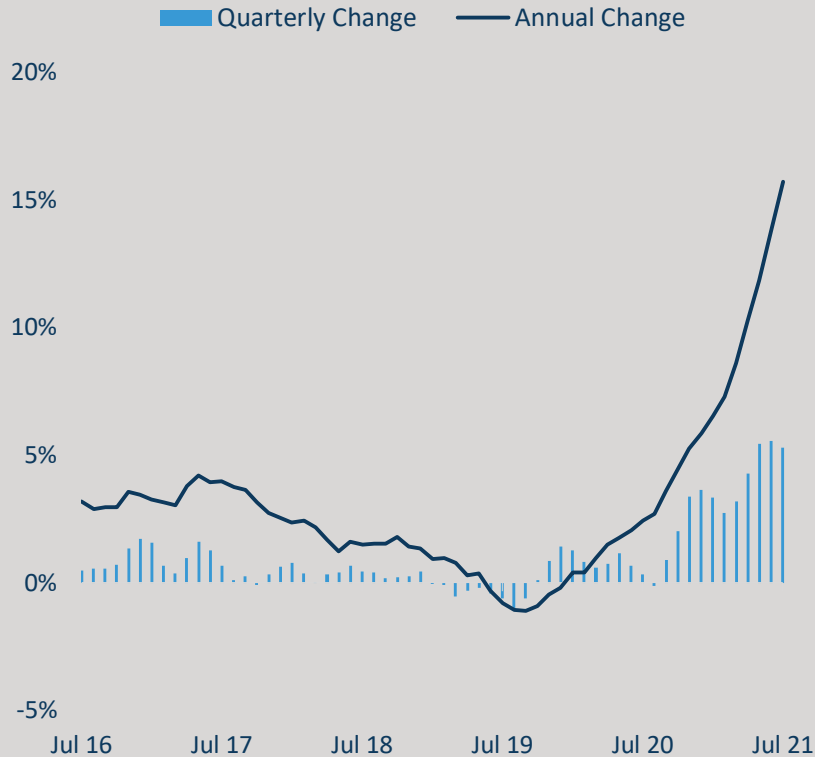
- Melbourne dwelling values rose 1.3% in July
- Dwelling values increased 4.6% in the quarter
- Melbourne dwelling values increased 10.4% in the past year
- Melbourne dwelling values are currently at a record high

## Quarterly and annual change in dwelling values - Brisbane



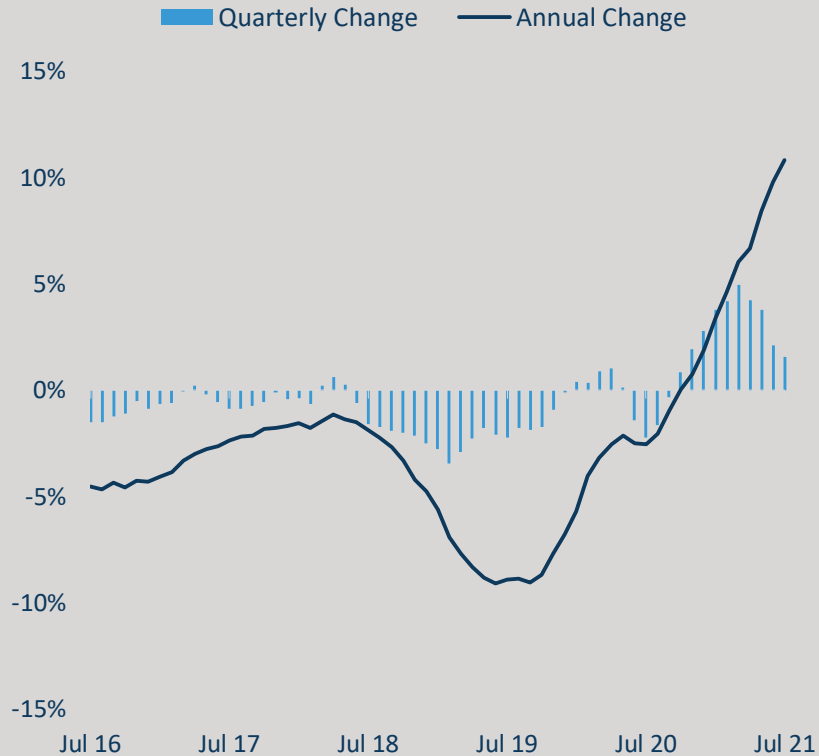
- Brisbane dwelling values increased by 2.0% in July
- Dwelling values increased 6.0% over the quarter
- Brisbane dwelling values are up by 15.9% in the past year
- Brisbane dwelling values are currently at a record high

## Quarterly and annual change in dwelling values - Adelaide



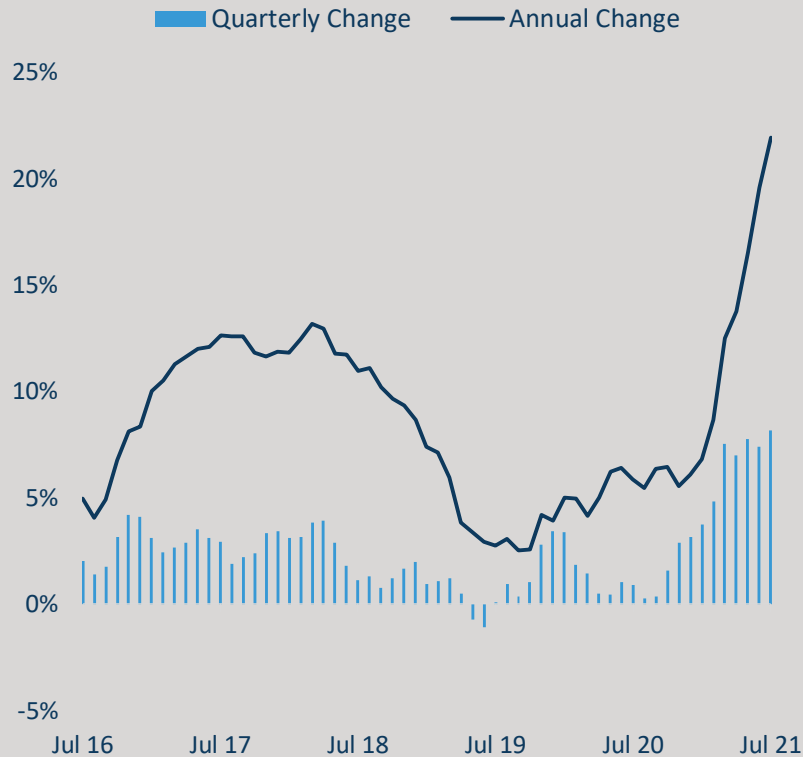
- Adelaide dwelling values increased 1.7% in July
- Dwelling values rose 5.3% in the quarter
- Adelaide dwelling values were up by 15.7% in the past year
- Adelaide dwelling values are currently at a record high

## Quarterly and annual change in dwelling values - Perth



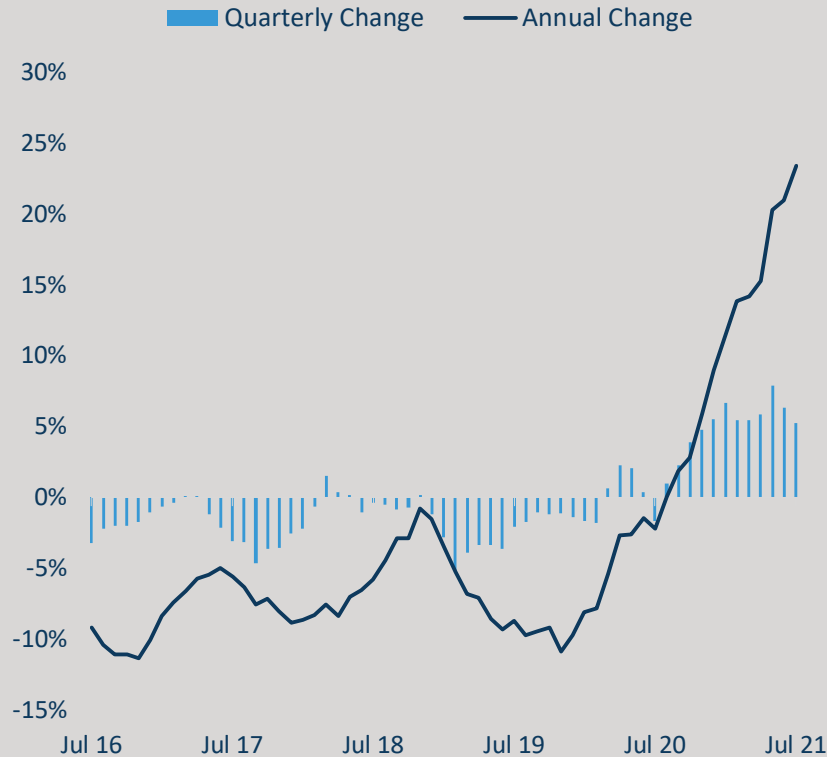
- Perth dwelling values increased 0.3% in July
- Dwelling values increased 1.6% in the quarter
- Perth dwelling values were up 10.8% in the past year
- Perth dwelling values are now -13.8% below the record high, which was in June 2014

# Quarterly and annual change in dwelling values - Hobart



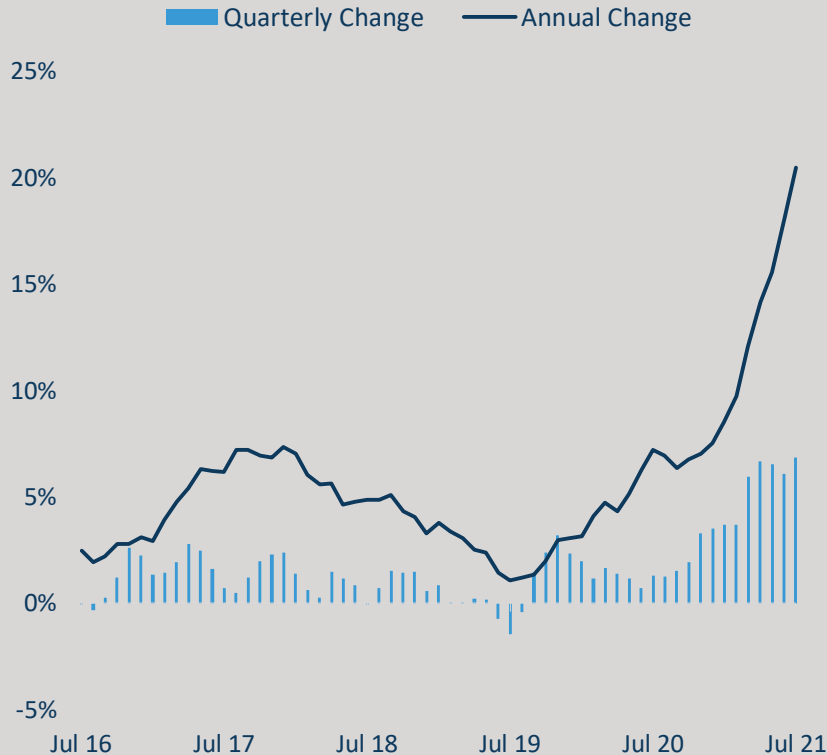
- Hobart dwelling values increased 1.7% in July
- Dwelling values increased 8.2% in the quarter
- Hobart dwelling values are up by 21.9% in the past year
- Hobart dwelling values are currently at a record high

# Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values increased 1.7% in July
- Dwelling values rose 5.2% in the quarter
- Darwin dwelling values were up 23.4% over the year
- Darwin dwelling values are -15.3% below the record high, which was in May 2014

## Quarterly and annual change in dwelling values - ACT

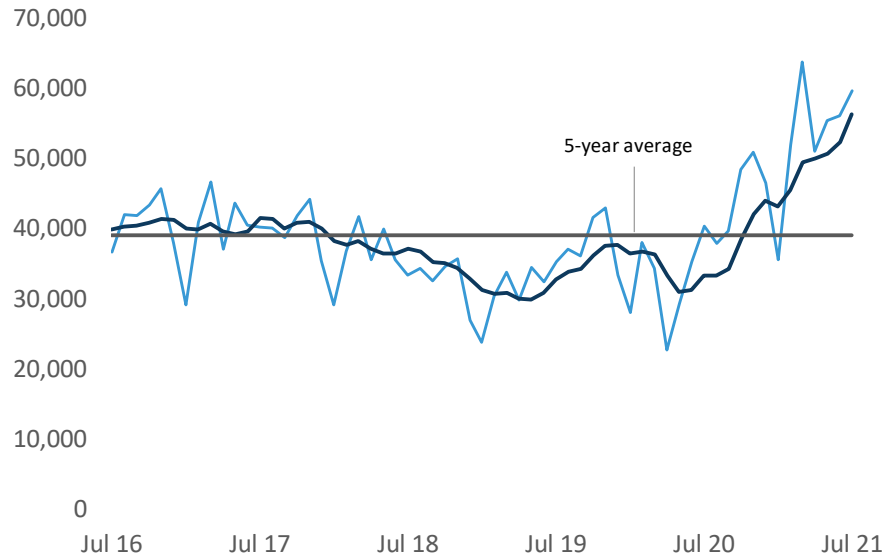


- ACT dwelling values increased 2.6% in July
- Dwelling values were up 6.9% in the quarter
- ACT dwelling values were up by 20.5% in the past year
- The ACT dwelling values are currently at a record high

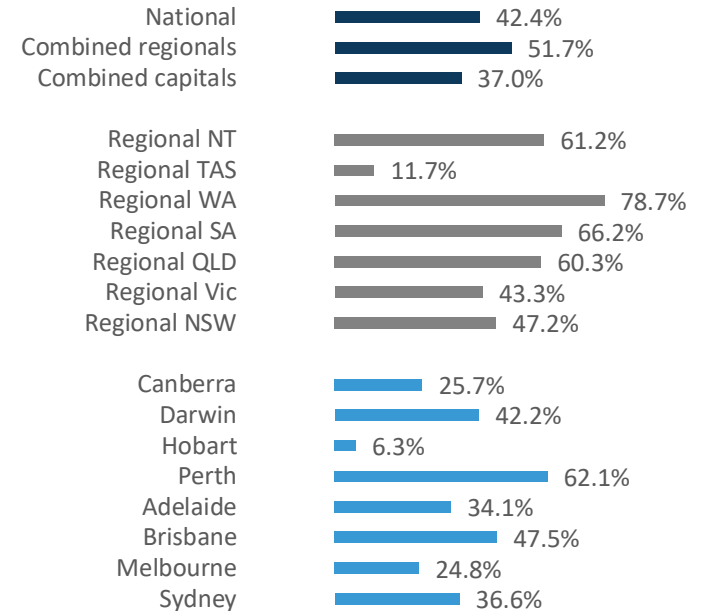


# Sales volumes rose 42.4% in the year to July, and transaction volumes through July were estimated to be 42.6% above the five year average

### Monthly sales with six month moving average, National



### Annual change in sales volumes July 21



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

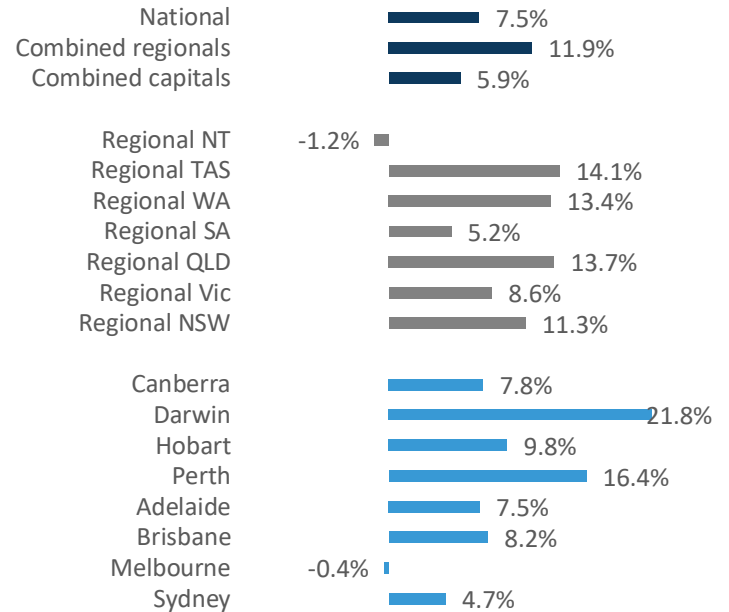


# In the year to July, Australian rent values increased 7.5%, which is the strongest annual appreciation in rents since December 2008

Annual change in rental rates - National



Annual change in rental rates to July 21

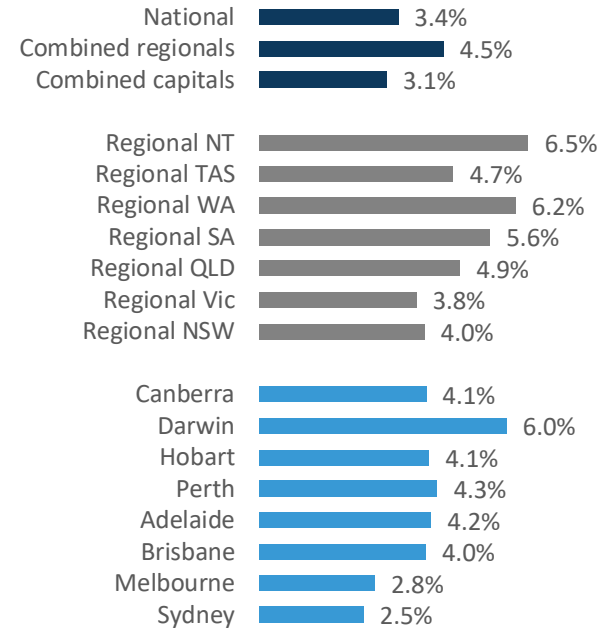


# Despite rapid growth in rent values, growth in purchase values has been higher, meaning gross rental yields have generally continued to decline

Gross rental yields, national

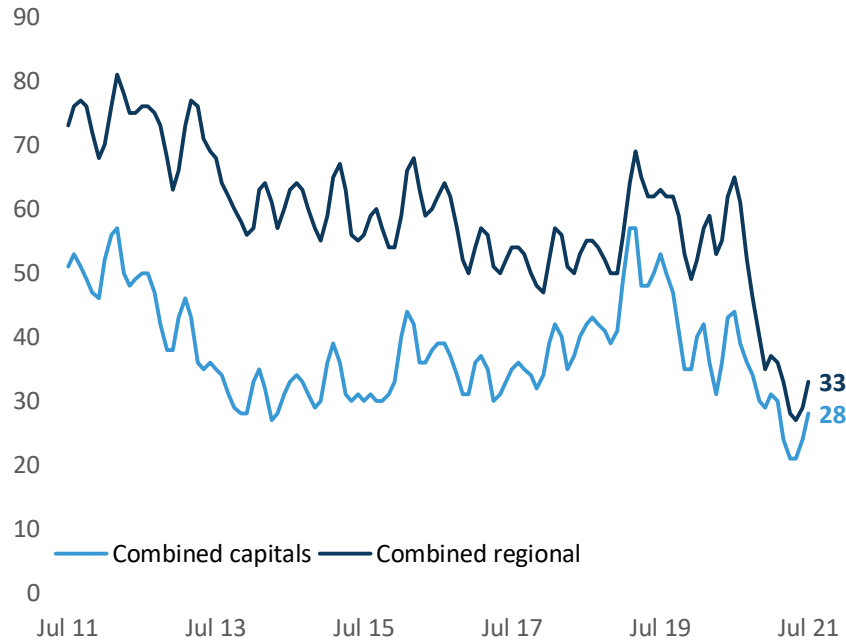


Gross rental yields, July 2021



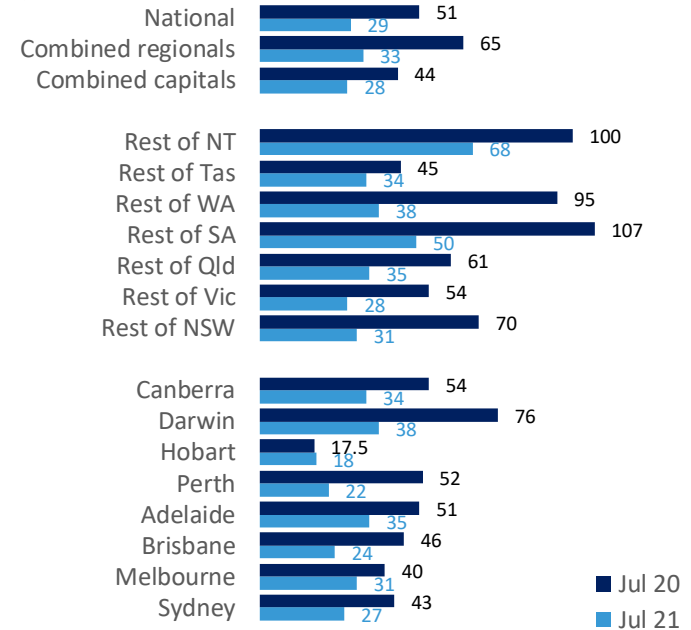
# In the 3 months to July, Australian properties typically took 29 days to sell, compared with 51 days over the same period of 2020

Median days on market



Median time on market based on a rolling three month period

Median days on market – three months to July



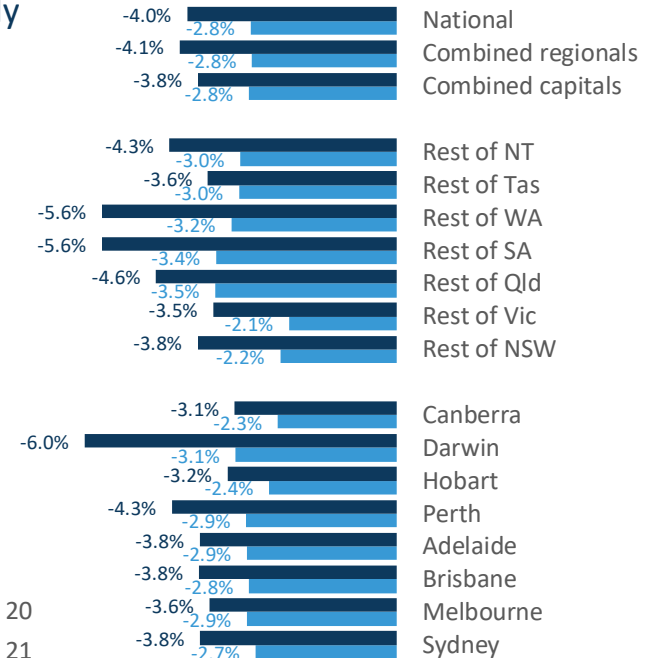
# Vendor discounting remains extremely tight nationally, at -2.8% in the three months to July, compared with -4.0% in the same period of 2020

Median vendor discount



Median vendor discount based on a rolling three month period

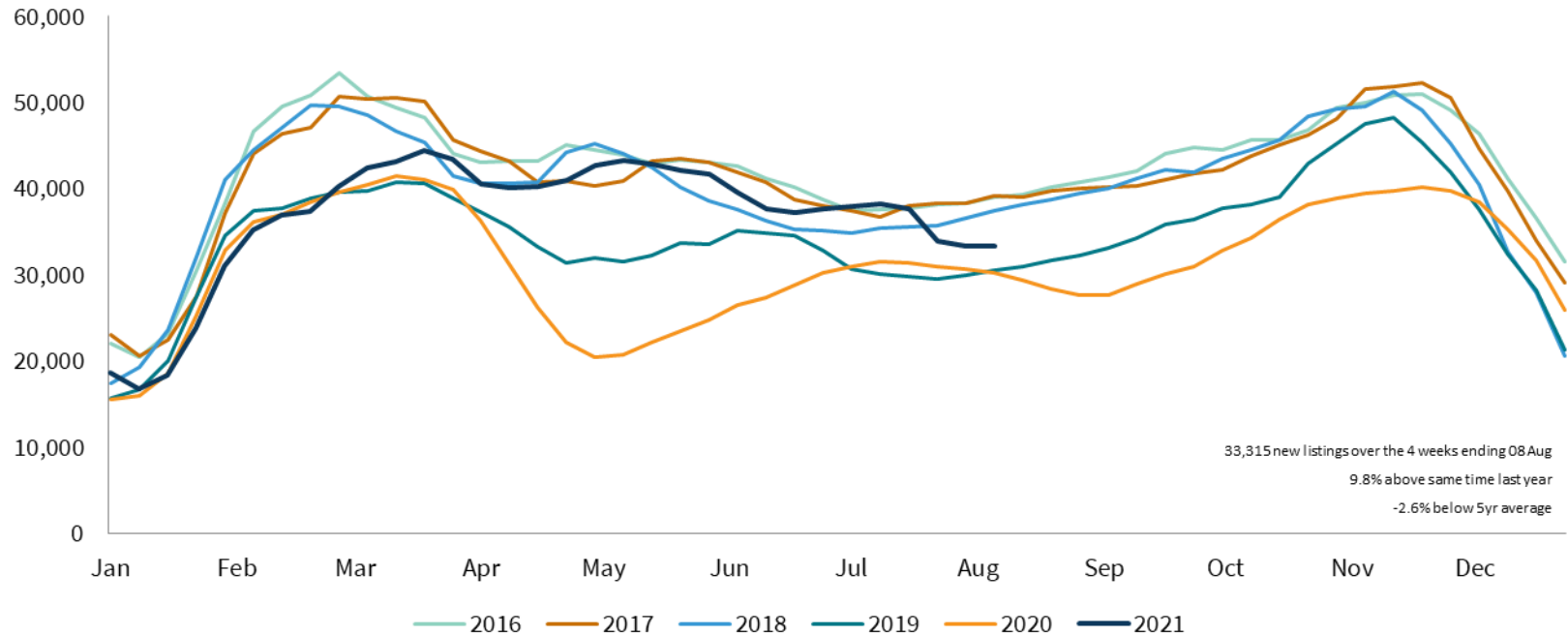
Median vendor discount – 3 months to July





# New listings have trended lower through July, largely as a result of lockdown conditions in Sydney, with volumes added to the market -2.6% below the five year average

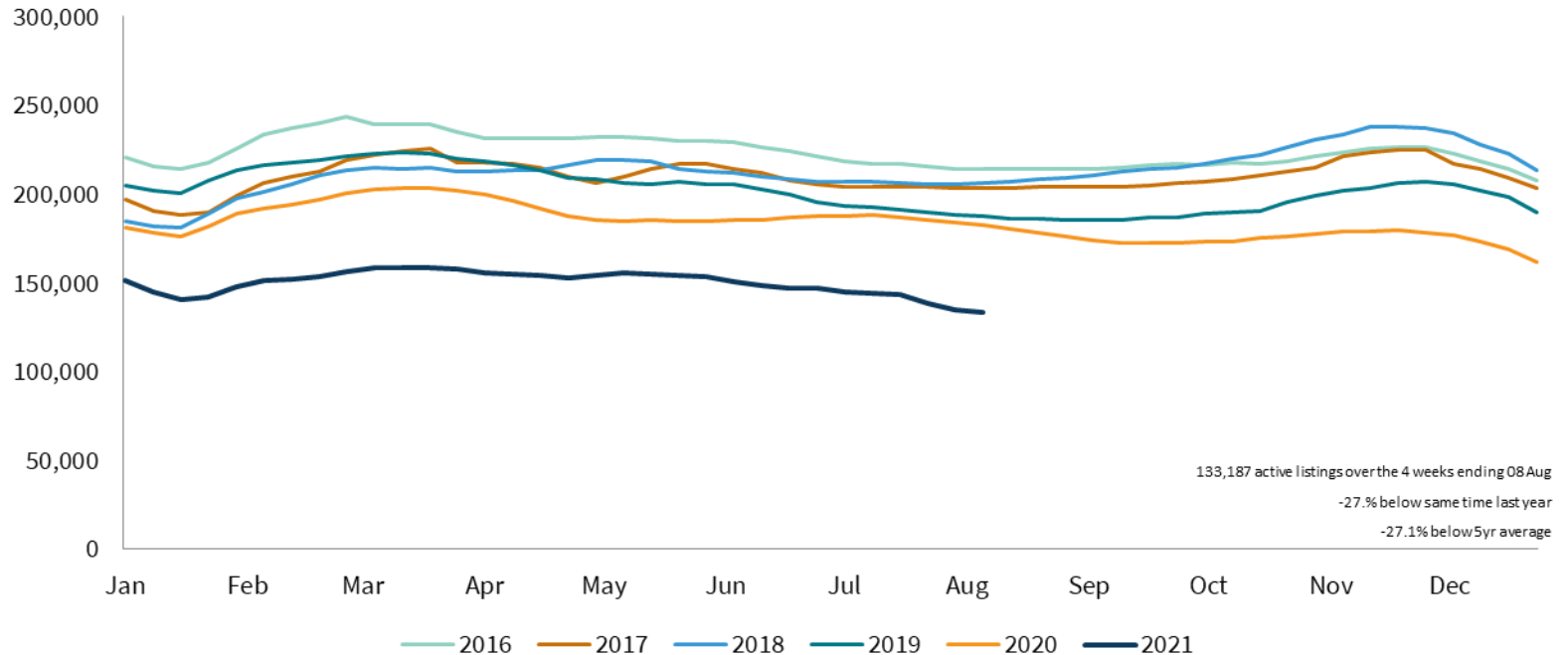
Number of new listings, National Dwellings





# Total stock advertised is -27.1% below the five year average nationally, as a decline in new listings, and strong sales volumes, led to a depletion in total stock levels

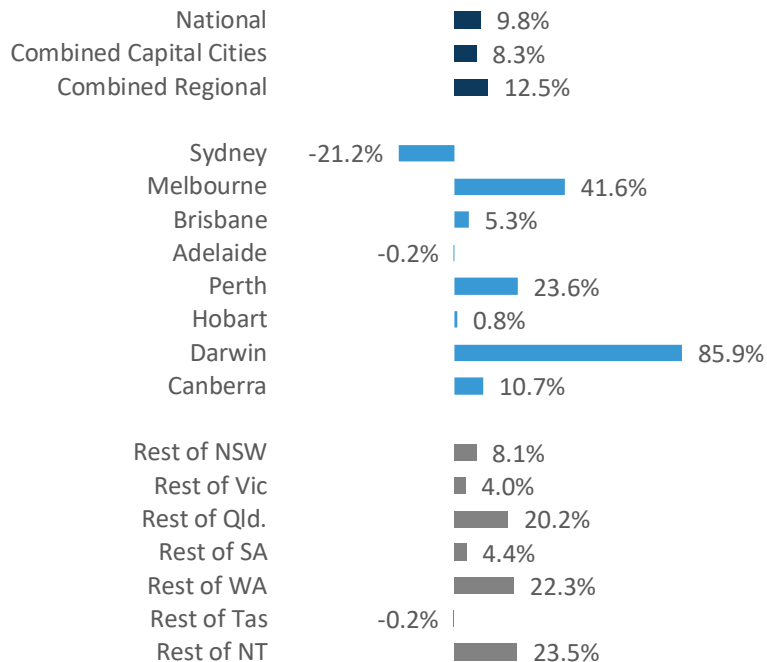
Number of total listings, National Dwellings



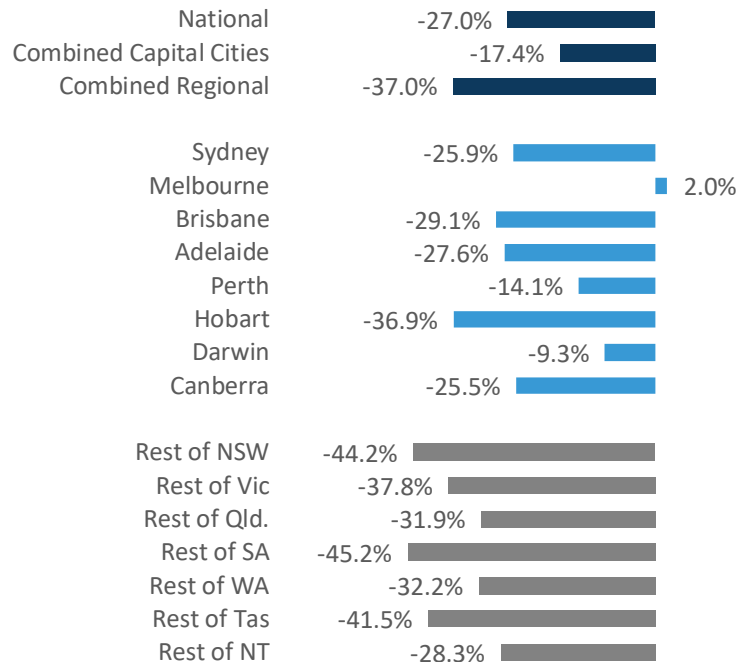


# Total advertised stock remains lower than the equivalent period of 2020 across most regions, with the exception of Melbourne

New listings, change from equivalent period last year

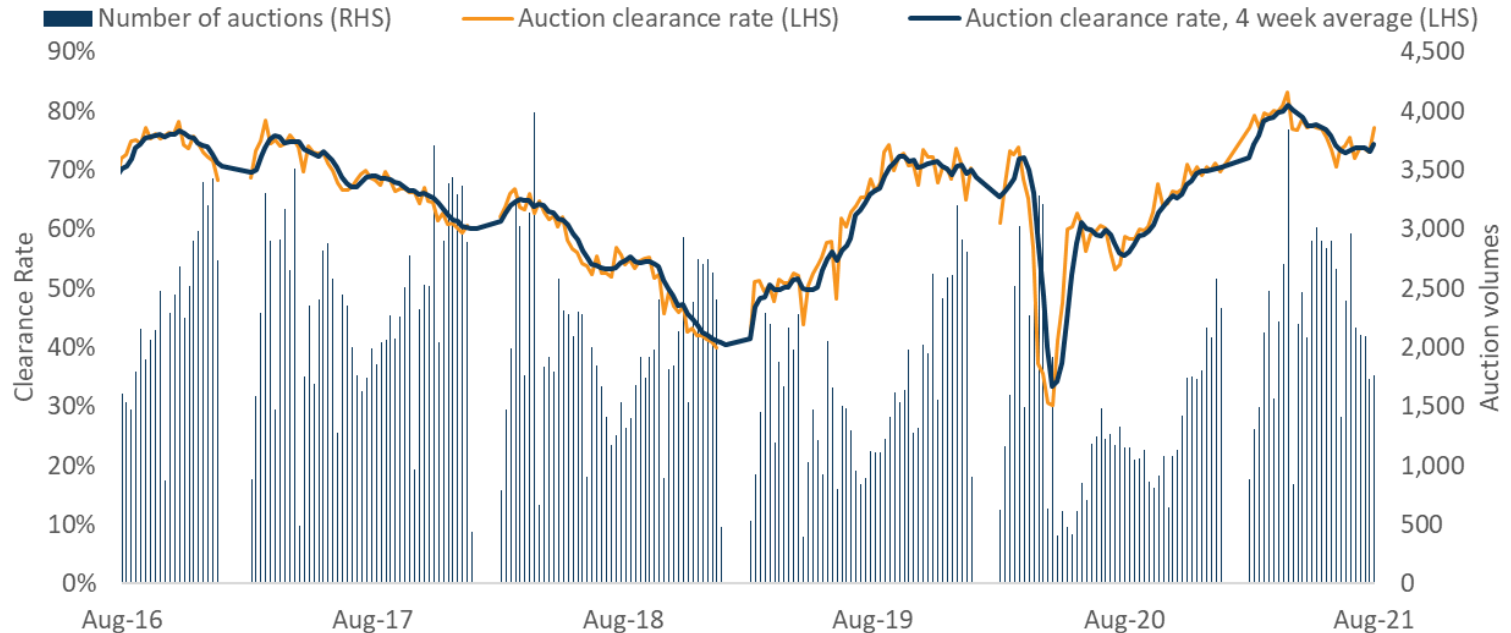


Total listings, change from equivalent period last year



For the week ending 1st of August, the four week average clearance rate across the capital cities was resilient at 74.4% - however, auction volumes have tapered through lockdowns

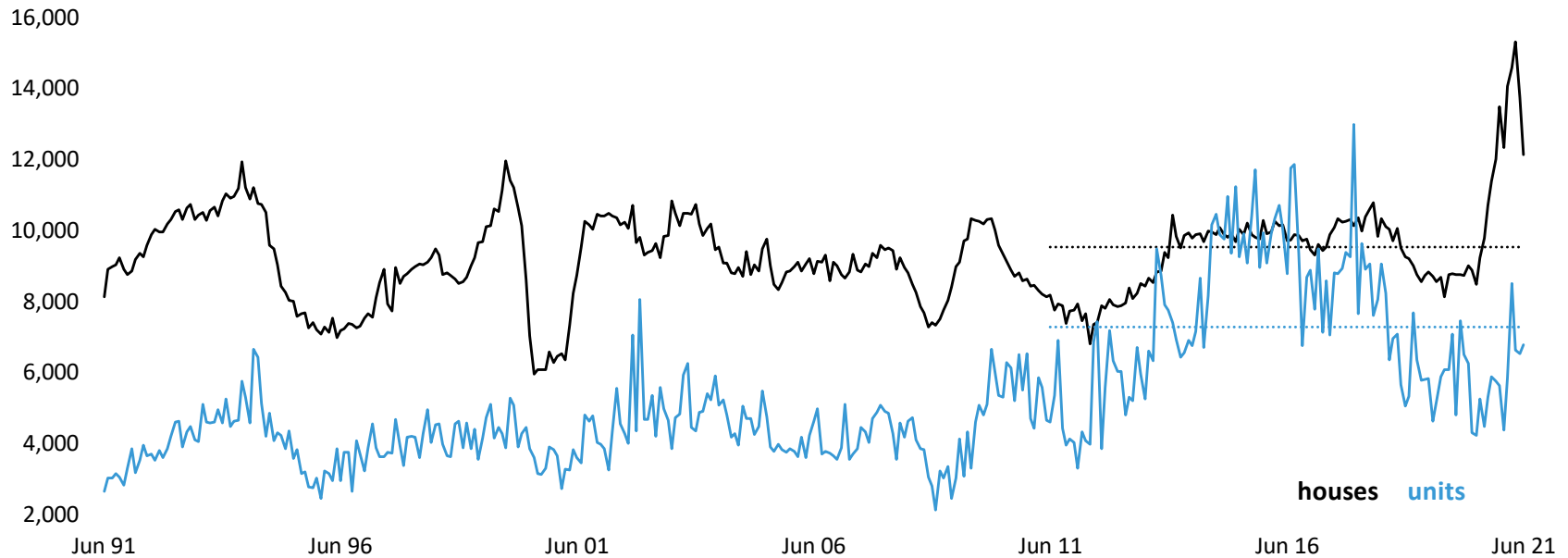
### Weekly clearance rates, combined capital cities





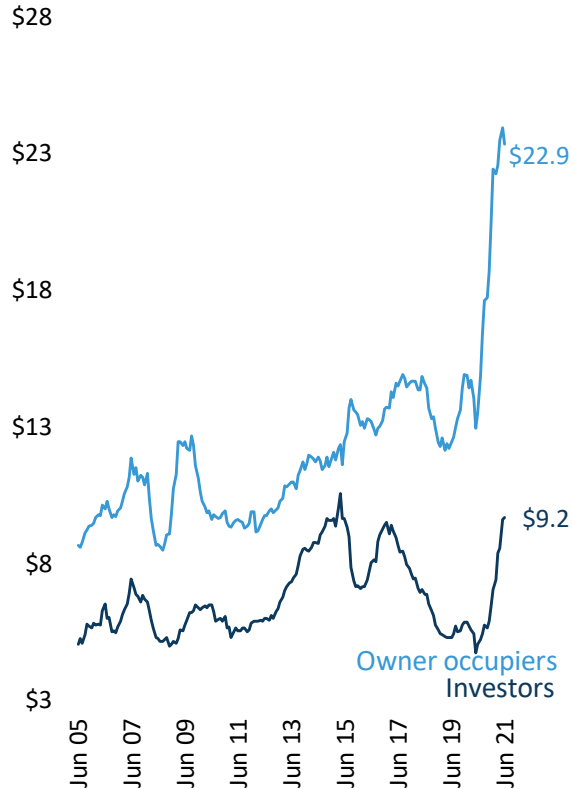
# New house approvals have been trending lower since a peak in April 2021, but remain 27.5% higher than the decade average

Monthly house v unit approvals, National

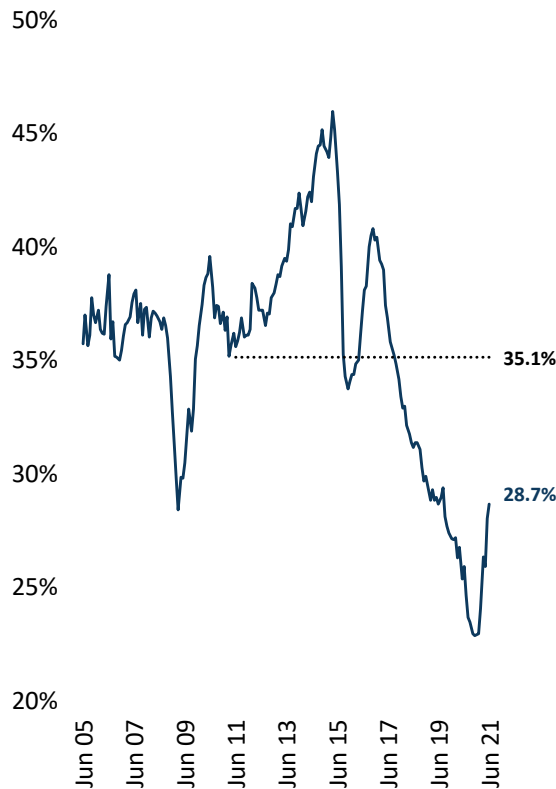




## Monthly value of new finance commitments, total (\$ billions)



## Portion of new lending for investment housing (excluding refinance)

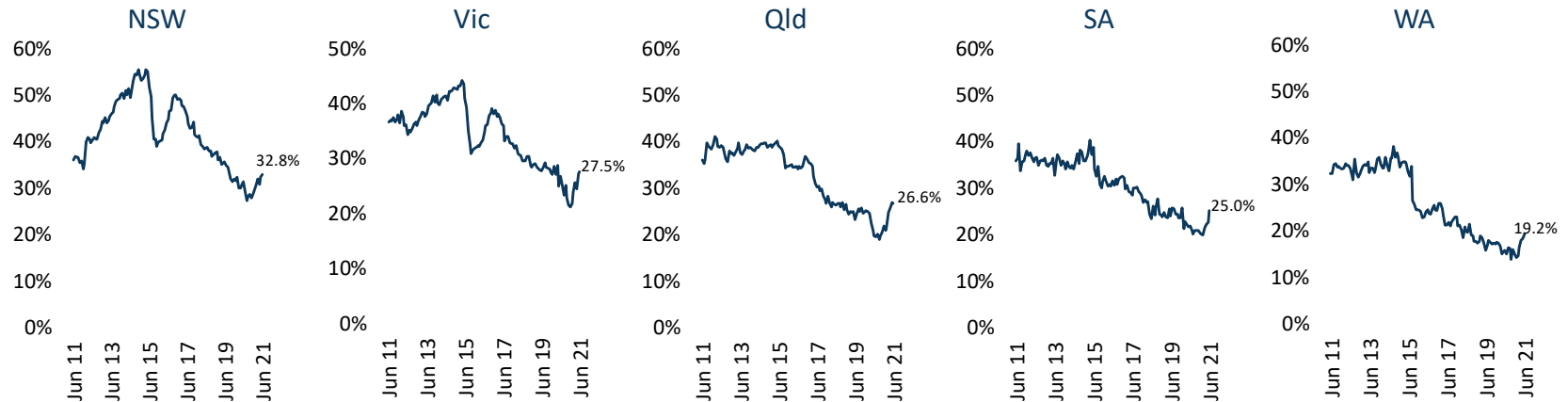


Through June, the combined value of lending for the purchase of housing fell -1.6%. This marks the first decline in housing finance since October 2020.

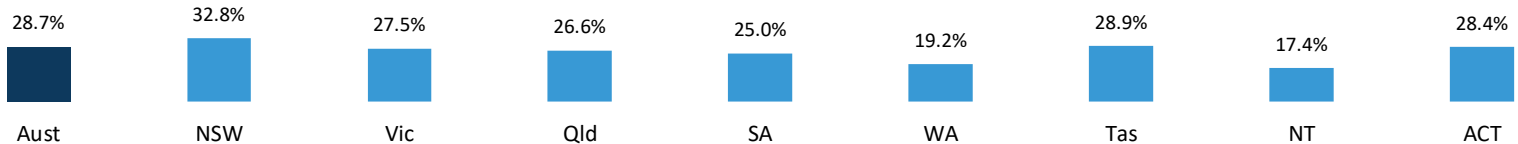
The monthly decline in secured finance was driven by a -7.8% decline in first home buyer finance, while investor finance rose 0.7% in the month.

# Investor participation rose in each state and territory over June, with the exception of Queensland, where investor lending was dwarfed by a 1.8% lift in owner occupier lending

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

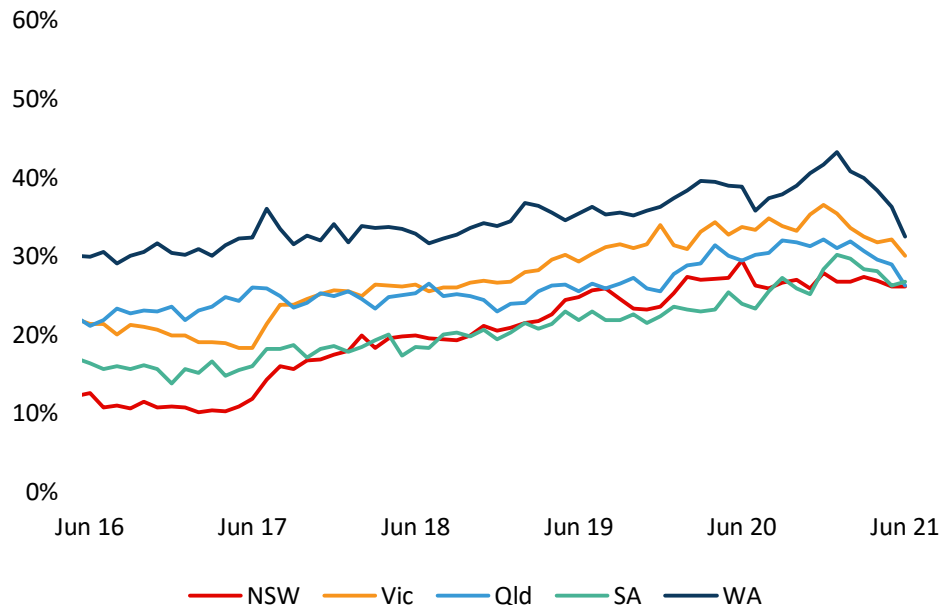


Investors as a % of housing finance commitments by state

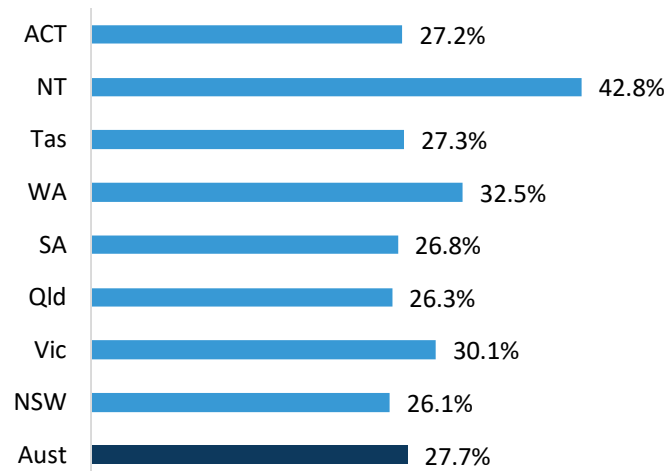


# First home buyers are comprising a smaller portion of market demand across every state, due to affordability constraints and fewer first time buyer incentives available

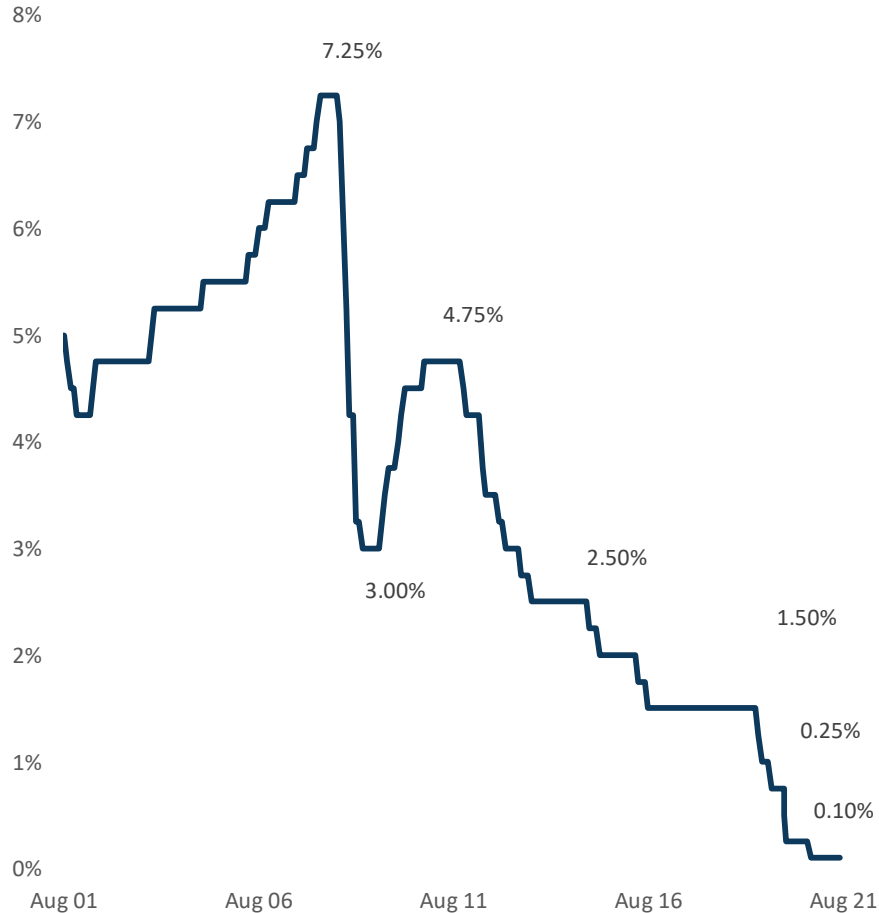
First home buyers as a % of owner occupier housing finance commitments by state



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



## RBA Cash Rate



# The RBA held rates at 0.1% through August

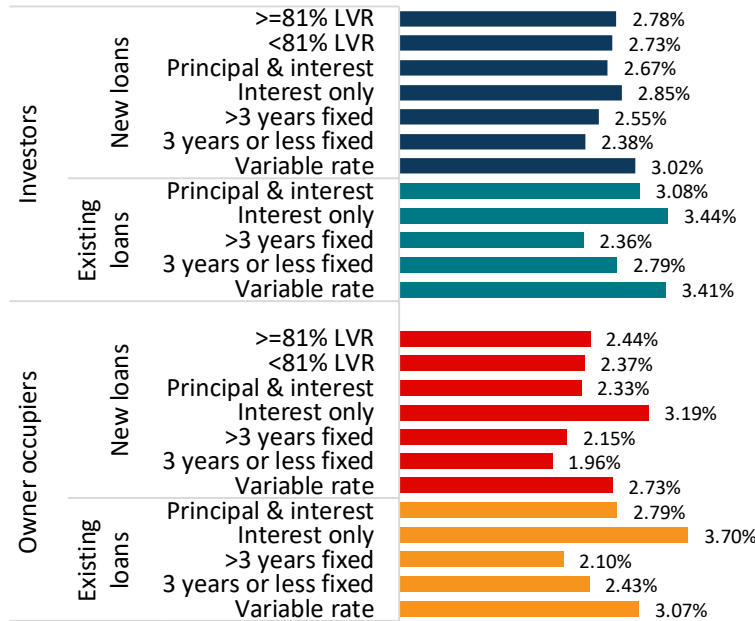
## Statement highlights

- 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 its decision to taper the purchase of government securities to \$4 billion per week in September. However, bond purchases may be reviewed in light of economic conditions.
- The Board outlined central scenario forecasts of 4 per cent GDP growth for 2022, and 2.5 per cent growth for 2023, as well as underlying inflation forecasts of 1.75 per cent over 2022 and 2.25 per cent over 2023. The central scenario is that economic conditions for a rate hike will not be met until 2024.

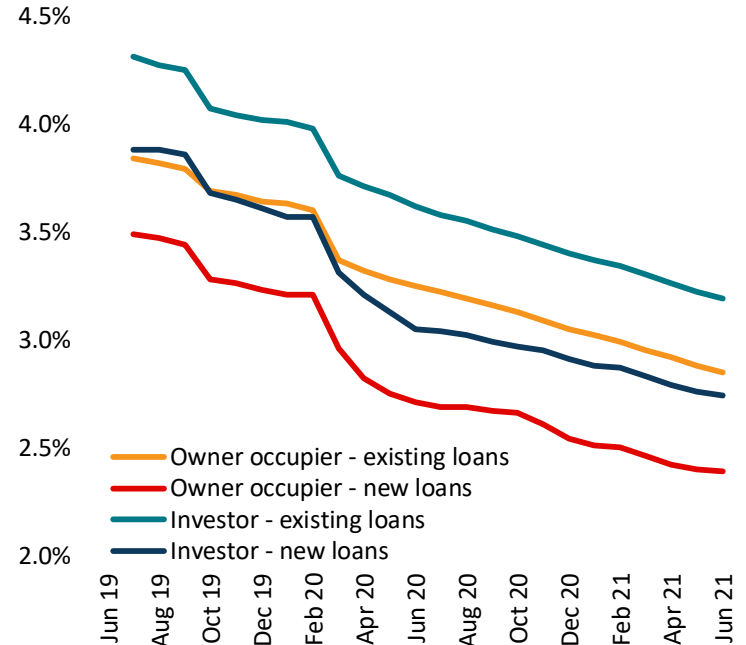
# Record low mortgage rates

*Average new housing lending rates have declined 110 basis points for owner-occupiers, and 114 basis points for investors since mid-2019, but longer term (>3 years) fixed rates are now edging higher for new loans as lenders price in higher funding costs.*

Average borrowing costs by borrower and loan type, as at 30 Jun 21



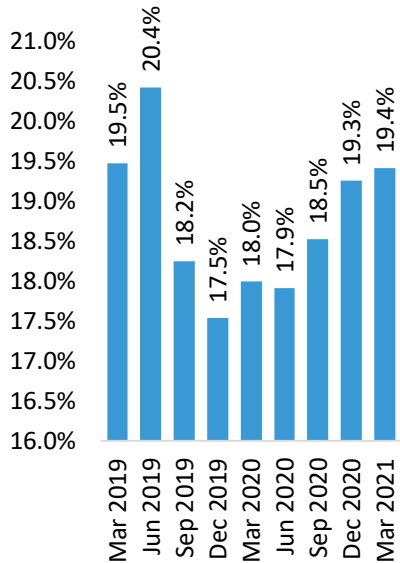
Average borrowing costs by borrower and loan type, since 2019



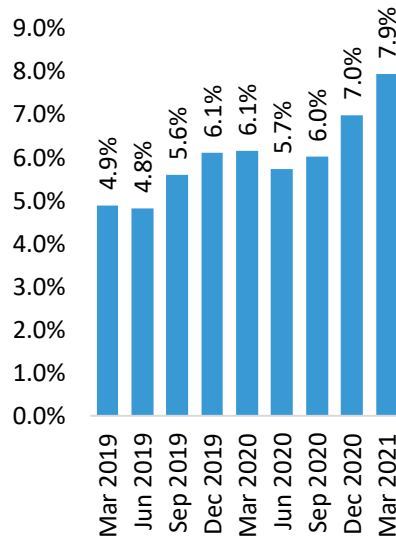
# Could we see another round of credit tightening?

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

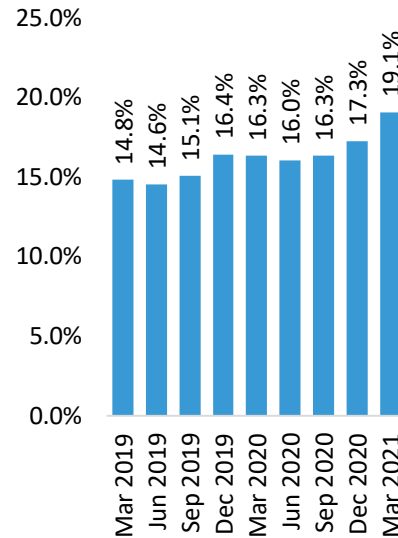
% of loans on interest only terms



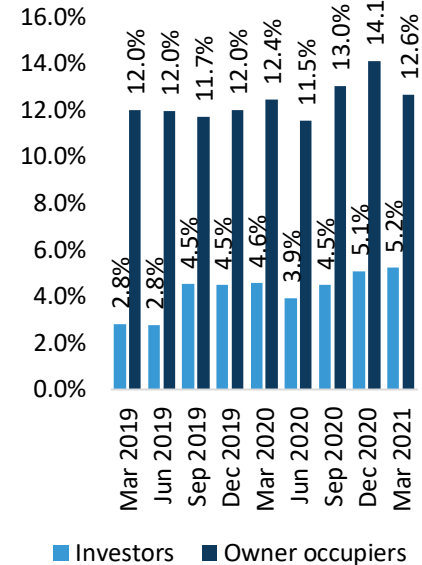
% of loans originated with a loan to income ratio >=6x



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



% of loans originated with an LVR >=90%





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