

**THIS MONTH IN REVIEW**

The topic that has had the market talking in February is the OECD's warning that there is a near-20% risk of Australia entering a recession. They said the biggest risk is a housing "rout" that is non-negligible.

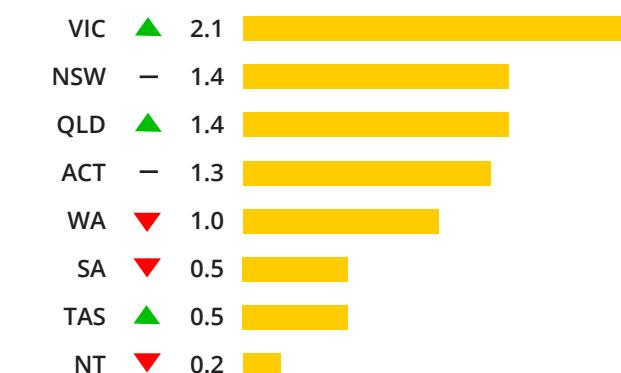
BIS Oxford Economics' Robert Mellor flatly disagreed with the idea of a major downturn, as it's based on a predicted rise in interest rates - something he doesn't consider likely.

At the same time, backbencher Liberal MP John Alexander told the government they need to "have some courage" about the

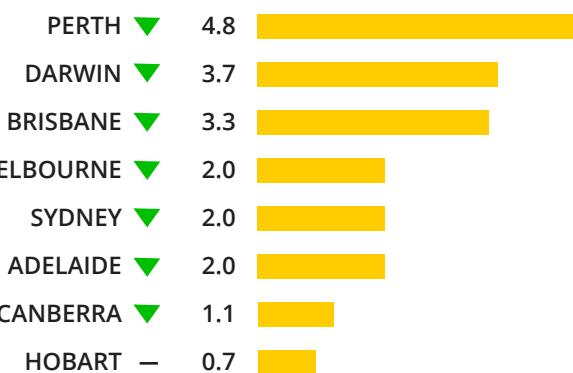
affordability crisis, pointing to the oft-suggested idea that first-home buyers could access their superannuation for a deposit.

Despite the push for progress, a NAB report found that housing affordability was on the top of the list of lifestyle concerns for home buyers across the country for the next decade.

And Lendlease has found longer settlement periods and higher cash buying after the mortgage clampdown from banks has continued. They're saying pre-sales are staying steady, but it's expected to continue to take longer to settle.

AUCTION CLEARANCE RATE Source: APM PriceFinder**MONTHLY UNEMPLOYMENT - JAN %**

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

POPULATION GROWTH % (Yr ended Jun 2016) Source: ABS**VACANCY RATE % (8 MAR 2017)** Source: SQM Research

HOUSES	YRLY GRWTH	YIELD	MEDIAN	UNITS	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	19.1	3.0%	\$1.19M	SYDNEY	15.4	3.9%	\$787K
MELBOURNE	14.2	3.4%	\$943K	CANBERRA	8.8	5.0%	\$449K
CANBERRA	10.5	4.1%	\$725K	MELBOURNE	3.3	4.1%	\$545K
HOBART	6.5	5.0%	\$382K	ADELAIDE	0.9	4.4%	\$352K
ADELAIDE	3.7	4.2%	\$492K	HOBART	-1.4	5.2%	\$306K
BRISBANE	2.6	4.3%	\$553K	BRISBANE	-2.1	5.0%	\$396K
PERTH	-4.4	4.0%	\$578K	DARWIN	-2.3	4.8%	\$405K
DARWIN	-6.0	5.2%	\$495K	PERTH	-5.0	4.5%	\$459K

Source: CoreLogic Hedonic Home Value Index

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CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney was named in the top 10 most expensive rental cities in the world on a cost per square metre basis, Nested's 2017 Rental Index found, joining San Francisco, New York, Boston and Hong Kong.
- Randwick, in Sydney's east, has joined the list of the 10 areas anticipating global interest from wealthy investors, Knight Frank's Wealth Report found. The South East Light Rail, the health hub and the education are all behind the attraction.
- A new development of 690 Mirvac apartments at Sydney Olympic Park is undertaking a new initiative to give first-home buyers the first opportunity to buy so they won't be fighting investors.

MELBOURNE VIC

- The Victorian State Government has abolished stamp duty for first-home buyers purchasing below \$600,000 and as of January 2018. 400 singles or couples will also be able to buy in split-ownership with the government under the new HomesVic program.
- In Melbourne, the average first-home buyer can only afford to purchase in seven suburbs, all around Melton in the west, an analysis by APM's Andrew Wilson found.
- Tenants in Victoria will soon be allowed to have decade-long leases, removing the current five-year cap, under changes announced by Premier Daniel Andrews.
- High-rise apartments are under threat of power shortages that could leave lifts faltering. ASPO advisor Matt Mushalik says there is "no way" skyscrapers can survive the upcoming energy crisis.

BRISBANE QLD

- Brisbane may soon have another tallest apartment tower, with the Queens Wharf development reportedly set to be home to a 90-storey tower that will hit the height limit in the city. It'll be one of three towers together holding 2000 apartments.
- BIS Shrapnel's Robert Mellor has warned of a "massive" oversupply of apartments in the inner-city, that could take five years for the city to work through.
- RPS Consultants have called on Queensland's developers and planners to bring the 'missing middle' to Brisbane, with more terrace homes on smaller blocks needed across the south-east of the state to keep prices affordable.

PERTH WA

- CoreLogic house values in Perth have continued to fall 2.4% in February after a small rise in January.
- The half-yearly results from PEET, a WA-based developer, warned there would be no improvement in Perth's housing market this year.
- Satterley Property Group's Nigel Satterley described the market as 'tough' with another 12 to 18 months until a recovery.
- The first "micro lots" in Perth are expected to come on to the market this year, with 80 square metre housing blocks to go up for sale in Ellenbrook for under \$300,000. They are the smallest green-title lots ever released in WA.

CANBERRA ACT

- Canberra had the biggest jump in price over February - up 3.2%, CoreLogic data shows.
- The capital's record high apartment starts have Allhomes data scientist Nicola Powell concerned that falling prices are "a likely result of copious stock" when the units are built.
- The auction market is surging, with a clearance rate of 74.1% over February on Domain Group data making it the strongest February ever seen in ACT.
- The inner north suburb of Dower smashed a record in February, with a four-bedroom house achieving \$1,009,500 at auction.

ADELAIDE SA

- Harris Real Estate's Nick Baranikow believes Adelaide's eastern prestige market will be an outperformer this year, following on from 2016, with "lower supply in that sector compared to the buyers out there".
- The last hurdle restricting the Glenside Hospital site from being rezoned into highrise apartments has been cleared, with a State Government Committee agreeing not to oppose planning changes to allow eight storeys on the site.
- The Legal Services Commission has found Adelaide's fencing disputes at a record high of 5000 people seeking legal help about the issue - largely due to renovations, inaccurate boundaries and people going straight to legal letters as a first option.

DARWIN NT

- Unemployment post-construction boom is biting in Darwin, with media reports of former-tradies falling behind on rents and being evicted from rental homes in Darwin and Palmerston.
- Rents fell 2.5 per cent over January, SQM Research found, reflecting a continued high vacancy rate.
- Darwin's housing values fell over February by 4.3%, according to CoreLogic data.
- It's taking far longer to sell in the Northern Territory capital, jumping from an average 12 days on market in December 2015 to 86 days by December 2016.



AUD 75.9c US

steady from 75c in Jan
Source: RBA



RBA Cash Rate 1.5%

steady for Feb
Source: RBA



Cash Rate Forecast 1.5%

12 mths to Mar '18
Source: Westpac



Inflation 1.5%

year to Dec qtr
Source: RBA



GDP 2.4%

year to Dec qtr
Source: ABS



Wage Growth 1.9%

year to Dec qtr
Source: ABS



Consumer Confidence 2.3%

positive for Feb
Source: Westpac-Melbourne Institute



Disposable Income 6.8%

year to Dec 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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