



THIS MONTH IN REVIEW

Politicians have been abuzz discussing property this month with Treasurer Scott Morrison warning the states about soaring house prices and pushing to reduce red tape for developers to ensure there's more supply.

But while first timers are expecting a leg up, it won't help everyone. NAB has compiled a list of more than 600 suburbs where lending has been capped due to risks in the housing market. Remote areas and inner city high-density in Western Australia, South Australia, Northern Territory and Queensland have been targeted. Bendigo and Adelaide Bank have also brought in a list of 'high risk' areas.

AUCTION CLEARANCE RATE Source: APM PriceFinder

Table with 4 columns: City, OCT 4, Change, OCT 29. Rows include Sydney, Melbourne, Brisbane, and Adelaide.

MONTHLY UNEMPLOYMENT - SEPT %

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

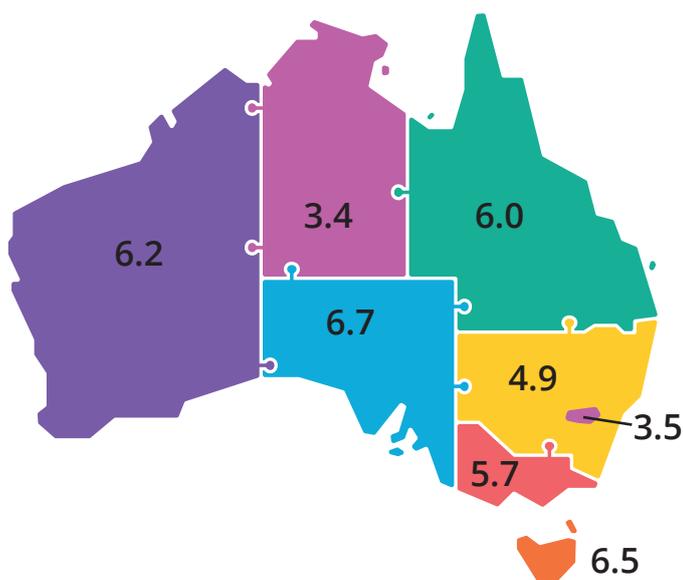


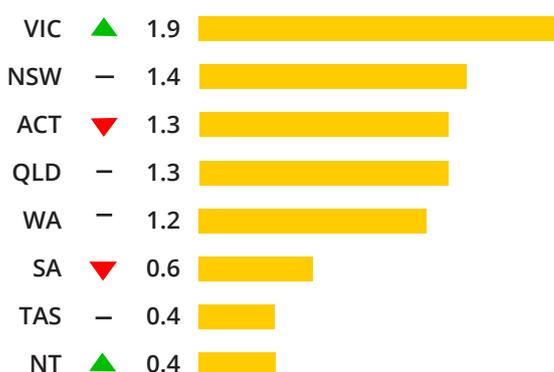
Table with 4 columns: City, YRLY GRWTH, YIELD, MEDIAN. Rows include Sydney, Melbourne, Canberra, Hobart, Brisbane, Adelaide, Perth, and Darwin.

Source: CoreLogic Hedonic Home Value Index

These restrictions all come at a time when the outlook is bleak for high-density apartment buyers. Stephen Walters, a renowned Australian economist, has warned of falls of 10 to 15% for apartment prices in high-building areas over the next two years.

But the apartment glut might not come as a reprieve for renters. A new book, The Australian Dream by UTS academic Alan Morris, has put the plight of older tenants on the record, pointing to 100,000 Age Pensioners living in "dire circumstance" in the rental market. This figure is likely to grow.

POPULATION GROWTH % (Yr ended Mar 2016) Source: ABS



VACANCY RATE % (4th Oct 2016) Source: SQM Research

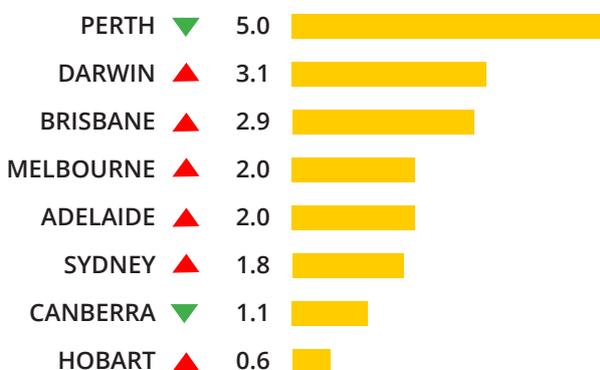


Table with 4 columns: City, YRLY GRWTH, YIELD, MEDIAN. Rows include Sydney, Hobart, Melbourne, Canberra, Darwin, Adelaide, Brisbane, and Perth.

Source: CoreLogic Hedonic Home Value Index

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney's house prices were up 2.7% over the September quarter to \$1.07 million, Domain Group data shows.
- Greater Sydney Commission head Lucy Turnbull will push to change planning laws to require developers to provide 10% of newly developed properties to be mandatory affordable housing.
- The NSW Parliamentary Inquiry into short-term letting has now come to an end after 18 months and it has given a green light to Airbnb to continue without the risk of fines from council.
- Landlords should be prepared for new laws now in place that require disclosure in the tenancy agreement about any loose-fill asbestos in homes.

MELBOURNE VIC

- The Department of Health and Human Services' Rental Report found a 10% drop in affordable rentals in the five years to June 2016 despite a 30% jump in homes built.
- New infrastructure levies being charged on properties in outer suburbs are expected to add \$10,000 to the cost of each new home, the Urban Development Institute of Australia claims.
- The last affordable suburb in Melbourne for first homebuyers within 10 kilometres of Melbourne CBD is Braybrook, Domain Group data shows.
- On the other end of the buying spectrum, the highest apartment in Melbourne - the 86th floor of the Eureka tower - is on the market for \$18 million.

BRISBANE QLD

- Southeast Queensland's housing supply will be 60% infill development, a 25-year government plan claims.
- Queensland's developers are fighting for new laws to be introduced that would allow entire apartment blocks to be sold when 75% of owners agree.
- Brisbane's house and apartment prices have both recorded falls over the September quarter, down 2.9% and 0.9% respectively, Domain Group data shows.
- Residential vacancies doubled in the three months to September on Real Estate Institute of Queensland figures. Kedron, Lutwyche and Carina saw significant jumps in vacancies.
- QBEs Housing Outlook report expects Brisbane apartment prices to fall 8% by 2019, but house prices to climb 6.5%.

PERTH WA

- Perth's median house price is now at its lowest in more than three years, down to \$566,600.
- Housing Industry Association figures have found falling prices and two rate cuts in 2016 have left Perth at its most affordable in 13 years.
- REA Group chief economist Nerida Conisbee has also noticed a drop in demand in Western Australia, she is pointing to a more positive future for Leederville, East Fremantle, Joondanna and Subiaco.
- AMP Capital chief economist Shane Oliver has forecast that the negative price growth and supply issues being seen in Perth "should start to abate next year".

CANBERRA ACT

- Canberra had its most expensive sale for the year so far in October, with a \$3.95 million house selling in Yarralumla - smashing the former \$750,000 suburb record.
- This could continue, with All Homes data recording a median house price of \$661,912 over the September quarter - a record high.
- More than 26,000 square metres of land on the outskirts of Tuggeranong has now come up for sale for development, with the potential for 1000 apartments.

ADELAIDE SA

- Despite having some of the highest unemployment in the country, the Hotspotting Price Predictor Index has pinpointed Adelaide as the top growth spot in the country, as 47 of its suburbs have rising sales activity.
- First homebuyer figures have slumped from 300 a month in 2014/2015 to 140 a month this financial year. Housing Industry Association SA director Brenton Gardner has called on the government to increase the first home owner's grant.
- The South Australian Government has revealed plans to redevelop the Royal Adelaide Hospital into buildings up to 17 storeys high, including 1000 apartments.
- The vacancy rate in Adelaide climbed modestly over the year to September 2016, up to 2% compared to 1.9% last year.

DARWIN NT

- Raine & Horne Darwin's Glenn Grantham is predicting a market 'rebound' on the back of investor activity, with inquiries increasing on high yielding homes.
- New rental data from Rent.com.au shows room-by-room rent in Darwin costs \$175 a week. This is the third highest in Australia, behind Sydney and Canberra.
- Despite this, CoreLogic data found dwelling prices down 4.5% in Darwin over the past three months.



AUD
76^c US

Steady from 76c in Oct
Source: RBA



RBA Cash Rate

1.5%

steady for Nov
Source: RBA



Cash Rate Forecast

1.5%

12 mths to Dec '17

Source: Westpac



Inflation

1.3%

year to Sept qtr

Source: RBA



GDP

3.3%

year to Jun qtr

Source: ABS



Wage Growth

2.1%

year to Jun qtr

Source: ABS



Consumer Confidence

1.1%

up for Oct

Source: Westpac-Melbourne Institute



Disposable Income

2.3%

year to Jun qtr

Source: ABS

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