



THIS MONTH IN REVIEW

The last financial year broke many records in Australia, including for the most homes built in 12 months. The Housing Industry Association's chief economist Harley Dale has warned of an "unprecedented degree of uncertainty regarding the timing and magnitude of the down cycle". This should be on every investor's radar.

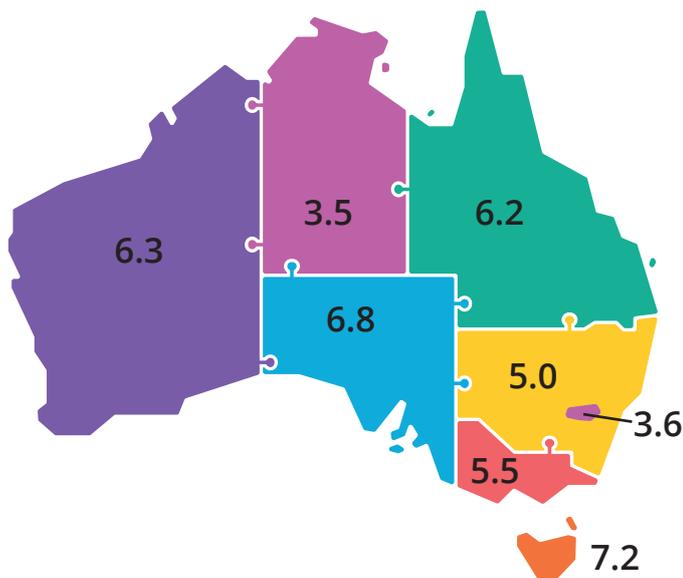
Warnings have also come from United States-based doomsday theorists who were back with a vengeance in September. Washington-based International Strategic Studies Association claimed Australia was 6 weeks from a housing collapse. That was 2 weeks ago.

AUCTION CLEARANCE RATE *Source: APM PriceFinder*

	SEPT 5		OCT 4
SYDNEY	80%	▲	77%
MELBOURNE	78%	▲	87%
BRISBANE	55%	▲	56%
ADELAIDE	74%	▲	0%

MONTHLY UNEMPLOYMENT - AUG %

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



HOUSES

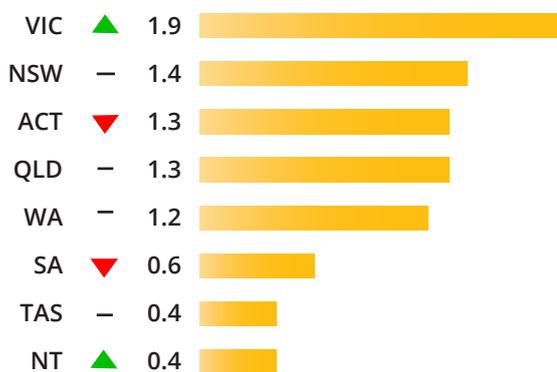
	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	10.6	3.0%	\$1.122M
MELBOURNE	9.4	3.4%	\$897K
CANBERRA	9.2	4.1%	\$699K
HOBART	8.8	5.1%	\$362K
BRISBANE	3.3	4.3%	\$544K
ADELAIDE	6.5	4.2%	\$495K
DARWIN	- 6.8	5.0%	\$503K
PERTH	- 7.1	3.9%	\$576K

Source: CoreLogic Hedonic Home Value Index

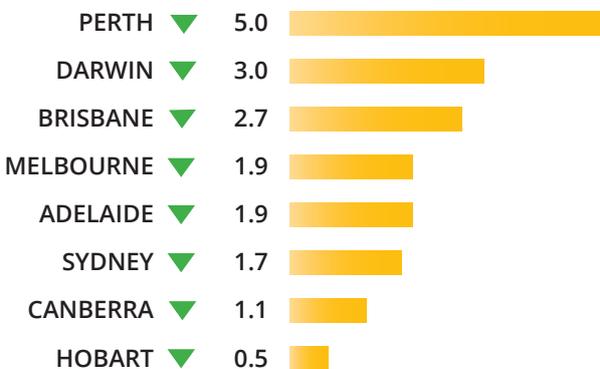
Despite all these concerns, single homebuyers on an average salary still can't buy a median priced home in six of the country's eight capital cities. RateCity research shows the exceptions are Hobart and Adelaide.

Australia's richest man and owner of Meriton, Harry Triguboff, has warned Chinese buyers are failing to settle their purchases of off-the-plan apartments in the new lending environment. Lend Lease chief Steve McCann has made similar statements.

POPULATION GROWTH % (Yr ended Sept 2016) *Source: ABS*



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



UNITS

	YRLY GRWTH	YIELD	MEDIAN
SYDNEY	8.3	3.8%	\$744K
HOBART	7.6	5.2%	\$324K
ADELAIDE	7.1	4.5%	\$351K
CANBERRA	6.5	4.9%	\$434K
MELBOURNE	5.2	4.1%	\$544K
BRISBANE	0.5	5.0%	\$401K
DARWIN	- 2.1	4.9%	\$389K
PERTH	- 5.9	4.6%	\$459K

Source: CoreLogic Hedonic Home Value Index

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney has its biggest auction clearance rate in more than 18 months on September 17, at 85.1 per cent, according to Australian Property Monitors.
- New strata laws for NSW coming into force in November may play havoc for apartment renovators. The new rules may require 'minor' renovations, such as a kitchen renovation, to be passed at a general meeting by three quarters of voters.
- NSW Planning Minister Rob Stokes has said the Great Australian Dream of a quarter acre block with a detached house is unjust, and needs to be changed. His view is for terrace houses to be the way of the future.

MELBOURNE VIC

- While many forecasters have predicted an oversupply of apartments in inner Melbourne, few have called it a good thing. SQM Research managing director Louis Christopher said any extra supply "cannot come soon enough" as renters battle tight vacancy rates and rising rents.
- But off-the-plan sales have been falling for the past year. An analysis of Australian Bureau of Statistics data by BIS Shrapnel senior analyst Angie Zigomanis found approvals data for high-rise towers in Melbourne were down 13%.

BRISBANE QLD

- The Australian Taxation Office has identified seven illegally purchased southeast Queensland homes. The investigation found foreign buyers had spent \$5.9 million on the homes without authorisation and they will now be forcibly sold.
- Those buying via private treaty are increasingly facing up against bullish sellers. The median asking price for Brisbane homes increased 4.2% over the year to September, Domain Group data shows.
- The Property Council of Australia has asked the Queensland Government to reform body corporate legislation to allow apartment blocks to be sold for redevelopment without the consent of 100% of owners. They're recommending 75% instead.

PERTH WA

- One fifth of Perth's home sellers in the June quarter sold their property for less than they bought it for, CoreLogic's Pain & Gain Report found. Those in blue chip areas did well, with no losses recorded for sellers in Peppermint Grove.
- A \$500 million hotel, residential and office precinct is on the cards for Elizabeth Quay. In total, Fini Group and AIG will develop 300 residential apartments.
- While listings are down in most of the country, Perth stock levels are actually up. LJ Hooker figures found a 6% growth in homes on the market.

CANBERRA ACT

- It's the middle-market that's doing most of the outperforming. Allhomes property expert Nicola Powell said this segment of the market grew highest over the year, to \$650,000, on the back of low interest rates. The entry-level bracket grew just 1.5%.
- New construction laws coming into effect next year will protect homebuyers by extending statutory warranties to cover apartment buildings over three-storeys. This will provide high-rise buyers the same protection as those in smaller developments and bring the ACT in line with the rest of the country.

ADELAIDE SA

- Listings are down 20% now compared to the same time in 2015. But the Real Estate Institute of South Across Greater Adelaide, the most successful sellers in the June quarter were those in Walkerville LGA, according to CoreLogic. The median profit was in excess of \$325,000 with just 1.5% of sellers making a loss on their property.
- Rents across Adelaide fell 0.4% over the June quarter, according to the Real Estate Institute/Adelaide Bank report. This has helped affordability across the city.
- Adelaide is yet to be in-vogue with property buyers, with just 9% of property buyers calling it their chosen place to invest, a survey of more than 1000 investors by the Property Investment Professionals of Australia found.

DARWIN NT

- Darwin was the weakest performing capital city over the 12 months to September, with prices down 4.5%, according to CoreLogic. Stock levels are close to record highs leaving buyers the chance to negotiate, but 25% of homes were found to be selling at a loss.
- Real Estate Institute of the Northern Territory chief executive Quentin Killian warned property sales had plunged to lows not seen since records began in 1999. He said many were leaving the state to find employment elsewhere.



AUD
76^c US

Steady from 76c in Sept
Source: RBA



RBA Cash Rate

1.5%

steady in Sept
Source: RBA



Inflation

1.3%

year to Jun qtr
Source: RBA



GDP

3.3%

year to Jun qtr
Source: ABS



Wage Growth

2.1%

year to Jun qtr
Source: ABS



Consumer Confidence

0.3%

up for Sept

Source: Westpac-Melbourne Institute



House Price Expectations

3.0%

up for Sept

Source: Westpac-Melbourne Institute



Disposable Income

2.3%

year to Jun qtr

Source: ABS

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