

RESIDENTIAL RESEARCH

A photograph of a modern living room interior. In the foreground, a light-colored, three-seater sofa with a metal base is positioned on a light wood floor. To the right, a white vase holds a large arrangement of dried, light-colored branches. The background shows a white wall with a decorative horizontal band and a white door or panel.

# AUSTRALIAN RESIDENTIAL REVIEW

JULY 2016

MARKET ACTIVITY REPORT OF AUSTRALIAN CAPITAL CITIES & KEY SUBURBS

## KEY FINDINGS

The official **cash rate** target remains steady at 1.75% in July 2016. **Gross Domestic Product** (GDP) was recorded at 3.1% annual growth in March 2016 whilst **unemployment** across Australia fell 10 basis points to 5.7% in the three months to May 2016.

Australian **house values** rose by 0.5% in the month of May 2016 (6.1% annual growth) to a median of \$521,000 while **apartment values** were up 0.9% over the month (5.4% annual growth) to a median of \$477,000.

In the year to May 2016, the Australian **house sales volume** was up 6.3% to 347,536 while 171,251 **apartment sales** were recorded (up by 5.5%).

**Gross rental yields** for Australian houses averaged 4.30% in May 2016 while Australian apartments achieved 4.60%.

Remaining mostly steady over the year to May 2016, Australian median **house rents** achieved a weekly rent of \$430, whilst **apartment rents** achieved \$420.

A weighted average **total vacancy** for Australian residential property was last recorded at 2.9% in March 2016; trending down 30bps in the last quarter.



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Knight Frank Residential Research

# AUSTRALIAN RESIDENTIAL

The resilience of the Australian economy with a steady cash rate, low unemployment and strong population growth has prolonged the capital growth for Australian Houses recording 6.1% and 5.4% for Australian Apartments over the past year to May 2016.

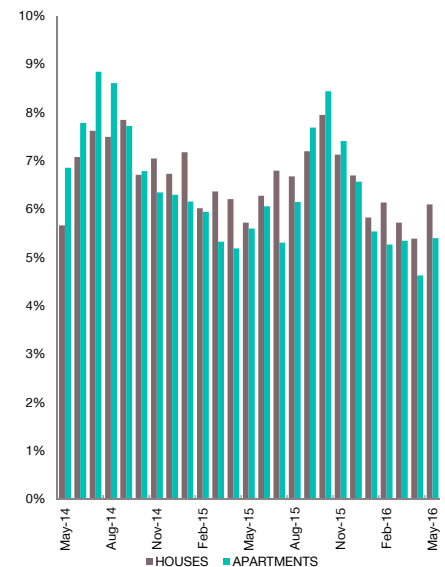
The strength of the economic landscape has begun to shift with an increase of uncertainty around the globe with the result of the Brexit vote and several key elections to be held, including the United States presidency.

Locally, the Federal election held on 2 July resulted with no clear winner following a lengthy election campaign, instead minority parties now have infiltrated both the upper and lower houses of parliament reflecting the unsettled sentiment currently facing Australian households.

By value, growth in housing finance to investors is greater than owner occupiers; as total vacancy fell across the country by 30 bps to 2.9% in the March 2016 quarter. It is still expected as new housing and apartment stock reaches completion, in multiple pockets throughout the capital cities, it is likely growth in rents will continue to be subdued as vacancy may rise as this new stock is absorbed.

The recently released New South Wales

FIGURE 2  
**Capital Growth, Australia**  
12-month rolling

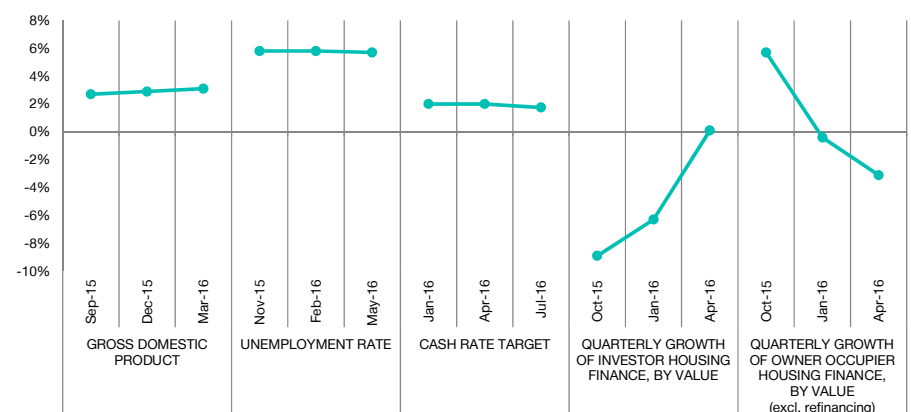


Source: Knight Frank Research, Residex

and Queensland state budgets for 2016/17 have introduced foreign investor levies, following the lead of the Victorian government when they first announced their foreign investor levies in mid-2015.

Also announced in the Queensland budget—an increase to the First Home Buyers Grant to \$20,000 for a newly constructed property (under a \$750,000 threshold) in an attempt to continue to boost residential construction.

FIGURE 1  
**National Key Economic Indicators**



Source: Knight Frank Research, ABS, RBA

# FOREIGN INVESTORS FEES & DUTIES

## Applying

From 1 December 2015, all foreign investors are required to pay a fee to the Australian Taxation Office (ATO) before their foreign investment application (FIRB) will be processed and stricter penalties have been ramped up by the ATO for those who breach the rules. For a property with a value of \$1 million or less, \$5,000 is payable per application. When a property valued over \$1 million, \$10,000 is payable with \$10,000 increments per additional \$1 million in value; uncapped. The fees apply for each individual property and do not provide any assurance of securing the property.

## Purchasing

Foreign investors must now pay a duty surcharge **in addition to standard state-based stamp duty rates** in New South Wales, Victoria and Queensland. The duty is levied on the market value of a residential property at the time of sale.

**New South Wales**—including the capital city of **Sydney**—has introduced a flat transfer duty of 4% applicable to all acquisitions from 21 June 2016. Additionally, foreign persons purchasing off-the-plan properties will no longer be

entitled to the 12 month deferral period for the payment of stamp duty.

**Victoria**—including the capital city of **Melbourne**—since 1 July 2015 has imposed a duty surcharge on foreign investors at 3% of the purchase price; although from 1 July 2016, this rises to 7%. For off-the-plan sales, the additional duty will be calculated on the whole of the consideration paid. Current off-the-plan concessions will still be available to foreign purchasers when calculating the normal stamp duty rate payable.

**Queensland**—including the capital city of **Brisbane** and the **Gold Coast**—a foreign investor duty will be applied at a rate of 3% for contracts signed on or after 1 October 2016; where the purchaser has a greater than 50% offshore component.

## Owning

An annual surcharge is now applicable for foreign investors owning a residential property in NSW and Victoria; effective for the 2017 Land Tax year.

**New South Wales**—including the capital city of **Sydney**—an annual land tax surcharge of 0.75% will be enforced from Midnight on 31 December 2016. There

will be no tax-free threshold and no principal place of residence exemption for the tax.

**Victoria**—including the capital city of **Melbourne**—an absentee person, considered to be a foreign purchaser not residing in the property will be levied an annual 1.5% surcharge on the land value; from 1 January 2017. This foreign investor land tax was first applicable in the 2016 Land Tax year at 0.5%.

Across Australia, no other states have introduced similar surcharges for foreign investors when buying and owning a residential property.

## Selling

The Capital Gains Withholding Tax for foreign investors has come into effect for all contracts with a market value of \$2 million+ when signed on or after the 1st July 2016. This requires 10% of the purchase price to be withheld by the purchaser and remitted to the ATO **unless a clearance certificate has been provided by the vendor**. The ATO can only grant a clearance certificate to a vendor who is considered to be an Australian resident.

TABLE 1

### Duties payable for Foreign Investors, Residential property

Based on Property Value, AUD, Payable in addition to standard state-based stamp duties and FIRB application fees

	New South Wales; including Sydney	Victoria; including Melbourne	Queensland; including Brisbane & Gold Coast
<b>Buying a Residential property</b>			
<b>Duty Surcharge on Purchase Price</b>	<b>4%</b>	<b>7%</b>	<b>3%</b>
Applicable on or after:	21 June 2016	1 July 2016	1 October 2016
<b>Owning a Residential property</b>			
<b>Annual Land Tax Surcharge on Taxable Value</b>	<b>0.75%</b>	<b>1.5%</b>	<b>N/A</b>
Applicable on or after:	Midnight, 31 December 2016 for 2017 Land Tax year	1 January 2017 for 2017 Land Tax year	N/A
Further Information	<a href="http://www.osr.nsw.gov.au">www.osr.nsw.gov.au</a>	<a href="http://www.sro.vic.gov.au">www.sro.vic.gov.au</a>	<a href="http://www.qld.gov.au/housing">www.qld.gov.au/housing</a>

For further information on FIRB applications, or to use the [on-line fee estimator](http://www.firb.gov.au), please refer to the FIRB website [www.firb.gov.au](http://www.firb.gov.au) and for further information on foreign resident capital gains withholding payments please refer to <http://www.ato.gov.au/FRCGW>

Source: NSW Office of State Revenue, State Revenue Office Victoria, Queensland Government



# SYDNEY

The New South Wales **Gross State Product** was recorded at \$506,918 million in the year to June 2015; 2.4% greater than the prior year.

**Unemployment as at May 2016** stood at 4.4% for Greater Sydney (SA4), trending 10 bps higher than the 4.3% recorded in May 2015.

The estimated population of Greater Sydney in 2015 was 4.9 million persons. Greater Sydney experienced 1.7% **population growth** in the year to June 2015.

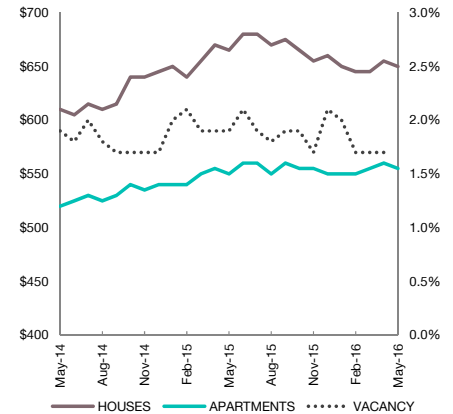
## Market Trends

- The value of housing finance commitments in New South Wales in the three months to April 2016 grew by 18.3% on the previous year, to \$22.8 billion.
- Building approvals in the three months to May totalled 4,040 houses and 9,698 apartments approved in Greater Sydney. This is trending 4.0% lower for houses and 10.4% higher for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 80% out of 341 scheduled auctions in Greater Sydney. This is higher than the week prior, at 74% from 816 scheduled auctions, but less than the comparable week a year prior, when 82% out of 734 auctions were sold.
- Sales transacted in the year to May tallied 47,974 houses (up 2.6% on previous year) and 46,921 apartments (up 2.8% on prior year).

FIGURE 4

### Median Rents & Total Vacancy Greater Sydney

Weekly Rents & Monthly Vacancy



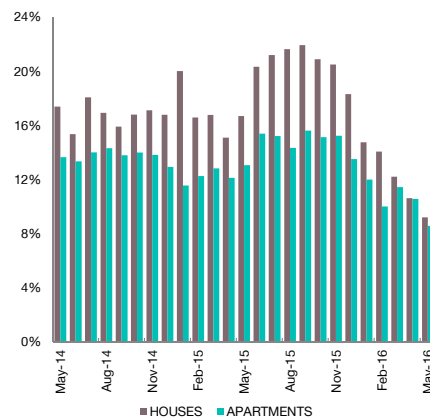
Source: Knight Frank Research, Residex

- House values rose 0.3% in the month of May (rising 9.2% over the last year) to a median of \$1,049,500. Apartment values fell 0.7% over the month (but up 8.6% over the year) to record a median of \$690,000.
- Over the year to May, rental growth fell 2.3% for houses and rose 0.9% for apartments. Weekly median rents are currently achieving \$650 for houses and \$555 for apartments.
- Greater Sydney total vacancy was last recorded at 1.7% in April 2016; with 1.3% for the inner ring (0-10km), 1.6% for the middle ring (10-25km) and 1.9% for the outer ring (25km+).
- In May 2016, gross rental yields across Greater Sydney compressed 39 bps (to 3.23%) for houses and 33 bps (to 4.20%) for apartments compared to the previous year.

FIGURE 3

### Capital Growth, Greater Sydney

12-month rolling



Source: Knight Frank Research, Residex

TABLE 2

### Key Residential Indicators, May 2016

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Sydney	Houses	1,049,500	0.3	0.3	9.2	47,974	650	3.23
Sydney	Apartments	690,000	-0.7	2.2	8.6	46,921	555	4.20

Source: Knight Frank Research, Residex, CoreLogic, ABS, REINSW

# MELBOURNE

The Victorian **Gross State Product** was recorded at \$355,580 million in the year to June 2015; 2.5% greater than the prior year.

**Unemployment as at May 2016** stood at 5.4% for Greater Melbourne (SA4), trending 10 bps higher than the 5.3% recorded in May 2015.

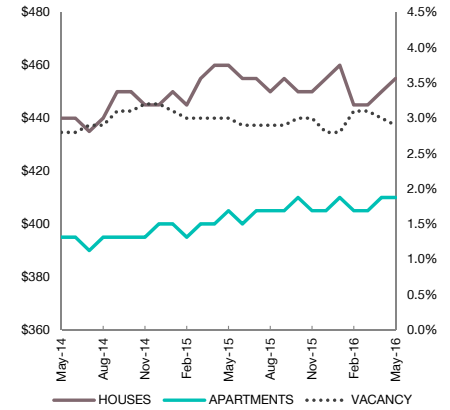
The estimated population of Greater Melbourne in 2015 was 4.5 million persons. Greater Melbourne experienced 2.1% **population growth** in the year to June 2015.

## Market Trends

- The values of housing finance commitments in Victoria in the three months to April 2016 grew by 20.0% on the previous year, to \$18.1 billion.
- Building approvals in the three months to May totalled 6,954 houses and 7,538 apartments approved in Greater Melbourne. This is trending 16.1% higher for houses and 23.1% lower for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 72% out of 268 scheduled auctions in Greater Melbourne. This is higher than the week prior, at 67% from 1,029 scheduled auctions, but lower than the comparable week the year prior, when 79% out of 640 scheduled auctions were sold.
- Sales transacted in the year to May tallied 57,401 houses (up 22.8% on previous year) and 41,715 apartments (up 7.5% on the prior year).

FIGURE 6

### Median Rents & Total Vacancy Greater Melbourne Weekly Rents & Monthly Vacancy

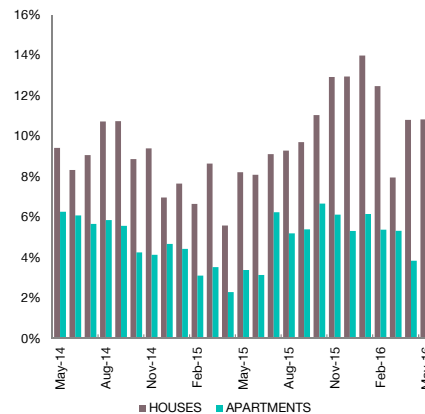


Source: Knight Frank Research, Residex

- House values rose by 2.5% in the month of May (growth of 10.8% over the last year) to a median of \$752,500, while apartment values also rose 2.1% over the month (growth of 5.0% over the year) to record a median of \$497,000.
- Over the year to May, rental growth fell by 1.1% for houses but rose 1.2% for apartments. Weekly median rents are currently achieving \$455 for houses and \$410 for apartments.
- Six-month average total vacancy trend was recorded at 2.9% in May 2016 for Greater Melbourne; with 2.5% for the inner ring (0-10km), 3.6% for the middle ring (10-20km) and 2.2% for the outer ring (20km+).
- In May 2016, gross rental yields across Greater Melbourne compressed 39 bps (to 3.14%) for houses and 14 bps (to 4.32%) for apartments compared to the previous year.

FIGURE 5

### Capital Growth, Greater Melbourne 12-month rolling



Source: Knight Frank Research, Residex

TABLE 3

### Key Residential Indicators, May 2016

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Melbourne	Houses	752,500	2.5	1.8	10.8	57,401	455	3.14
Melbourne	Apartments	497,000	2.1	1.4	5.0	41,715	410	4.32

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIV

# BRISBANE

The Queensland **Gross State Product** was recorded at \$300,270 million in the year to June 2015; 0.5% greater than the prior year.

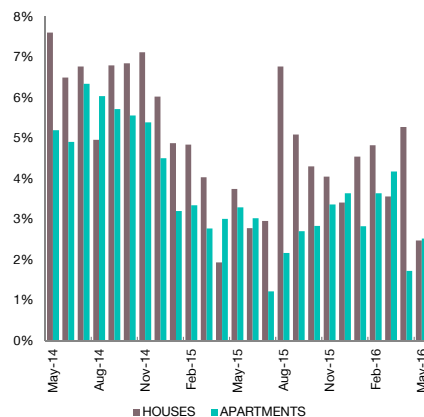
**Unemployment as at May 2016** stood at 5.6% for Greater Brisbane (SA4), trending 10 bps higher than the 5.5% recorded in May 2015.

The estimated population of Greater Brisbane in 2015 was 2.3 million persons. Greater Brisbane experienced 1.6% **population growth** in the year to June 2015.

## Market Trends

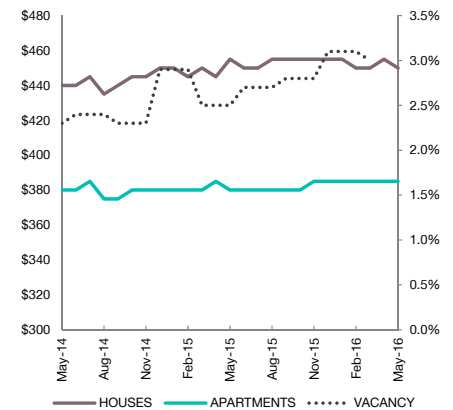
- The value of housing finance commitments in Queensland in the three months to April 2016 grew by 3.5% on the previous year, to \$9.9 billion.
- Building approvals in the three months to May totalled 2,737 houses and 5,205 apartments approved in Greater Brisbane. This is trending 6.8% higher for houses and 6.3% lower for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 39% out of 66 scheduled auctions in Greater Brisbane. This is lower than the week prior, at 42% from 175 scheduled auctions, and lower than the comparable week the year prior, when 64% out of 115 scheduled auctions were sold.
- Sales transacted in the year to May tallied 44,414 houses (up 13.9% on previous year) and 21,294 apartments

FIGURE 7  
**Capital Growth, Greater Brisbane**  
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 8  
**Median Rents & Total Vacancy**  
Greater Brisbane  
Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex

- (up 8.5% on prior year).
- House values fell 0.5% in the month of May (with growth of 2.5% over the last year) to a median of \$496,500 while apartment values rose 0.8% over the month (with growth of 2.5% over the year) to record a median of \$386,000.
- Over the year to May, rental growth fell 1.1% for houses and rose 1.3% for apartments. Weekly median rents are currently achieving \$450 for houses and \$385 for apartments.
- Total vacancy was last recorded at 3.0% in March 2016 for Greater Brisbane; with 3.3% for the inner ring (0-5km), 2.5% for the middle-outer ring (5-20km) and 2.0% for the surrounds.
- In May 2016, gross rental yields across Greater Brisbane compressed 15 bps (to 4.74%) for houses and 12 bps (to 5.18%) for apartments compared to the previous year.

TABLE 4  
**Key Residential Indicators, May 2016**

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Brisbane	Houses	496,500	-0.5	-0.6	2.5	44,414	450	4.74
Brisbane	Apartments	386,000	0.8	0.4	2.5	21,294	385	5.18

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIQ

# PERTH

The Western Australian **Gross State Product** was recorded at \$276,312 million in the year to June 2015; 3.5% greater than the prior year.

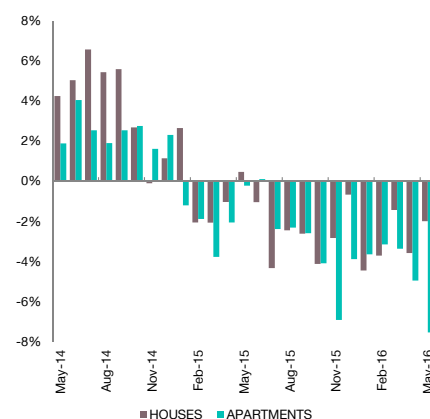
**Unemployment as at May 2016** stood at 6.2% for Greater Perth (SA4), trending 90 bps higher than the 5.3% recorded in May 2015.

The estimated population of Greater Perth in 2015 was 2.0 million persons. Greater Perth experienced 1.6% **population growth** in the year to June 2015.

## Market Trends

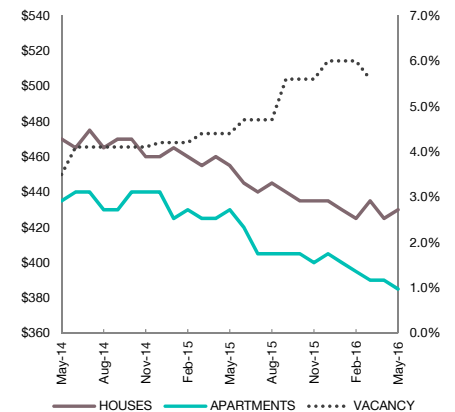
- The value of housing finance commitments in Western Australia in the three months to April 2016 fell by 9.1% on the previous year, to \$6.4 billion.
- Building approvals in the three months to May totalled 3,034 houses and 1,694 apartments approved in Greater Perth. This is trending 37.5% lower for houses and 33.0% lower for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 46% out of 30 scheduled auctions in Greater Perth. This is lower than the week prior, at 21% from 42 scheduled auctions, and higher than the comparable week the year prior, when 22% out of 20 scheduled auctions were sold.
- Sales transacted in the year to May tallied 22,727 houses (down 12.3% on previous year) and 9,924 apartments (down 14.0% on prior year).

FIGURE 9  
**Capital Growth, Greater Perth**  
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 10  
**Median Rents & Total Vacancy**  
Greater Perth  
Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex

- House values were recorded at a median of \$518,000, rising 1.3% in the month of May but falling 2.0% over the last year. Apartment values fell 2.1% over the month, and still down 7.5% over the year, to record a median of \$423,500.
- Over the year to May, rental growth was recorded at -5.5% for houses and -10.5% for apartments. Weekly median rents are currently \$430 for houses and \$385 for apartments.
- Across the Greater Perth area, total vacancy was recorded at 5.6% in March 2016; down 40 bps on the previous quarter although an increase of 120 bps from the same period in 2015.
- In May 2016, gross rental yields across Greater Perth compressed 19 bps (to 4.32%) for houses and 15 bps (to 4.74%) for apartments compared to the previous year.

TABLE 5  
**Key Residential Indicators, May 2016**

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Perth	Houses	518,500	1.3	2.1	-2.0	22,727	430	4.32
Perth	Apartments	423,500	-2.1	-1.9	-7.5	9,924	385	4.74

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIWA

# ADELAIDE

The South Australian **Gross State Product** was recorded at \$98,539 million in the year to June 2015; 1.6% greater than the prior year.

## Unemployment as at May

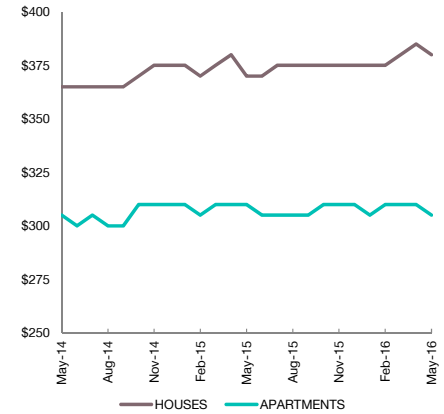
2016 stood at 7.9% for Greater Adelaide (SA4), trending 60 bps lower than the 8.5% recorded in May 2015.

The estimated population of Greater Adelaide in 2015 was 1.3 million persons. Greater Adelaide experienced 0.9% **population growth** in the year to June 2015.

## Market Trends

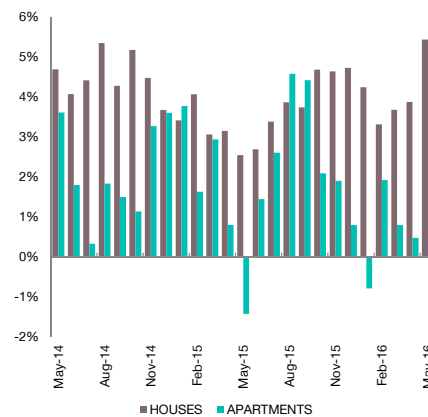
- The value of housing finance commitments in South Australia in the three months to April 2016 grew by 11.3% on the previous year, to \$3.1 billion.
- Building approvals in the three months to May totalled 1,688 houses and 892 apartments approved in Greater Adelaide. This is trending 21.2% higher for houses and 33.5% higher for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 74% out of 69 scheduled auctions in Greater Adelaide. This is greater than the week prior, at 60% from 90 scheduled auctions, and lower than the comparable week the year prior, when 76% out of 85 scheduled auctions were sold.
- Sales transacted in the year to May tallied 21,268 houses (up 12.2% on previous year) and 5,532 apartments

FIGURE 12  
Median Rents, Greater Adelaide  
Weekly Rents



Source: Knight Frank Research, Residex

FIGURE 11  
Capital Growth, Greater Adelaide  
12-month rolling



Source: Knight Frank Research, Residex

(up 10.1% on prior year).

- House values rose 0.8% in the month of May (rising by 5.4% over the last year) to a median of \$445,500. Apartments fell 1.9% over the month (up 0.2% over the year) to record a median of \$311,000.
- Over the year to May, rental growth rose 2.7% for houses and fell 1.6% for apartments. Weekly median rents are currently achieving \$380 for houses and \$305 for apartments.
- In May 2016, gross rental yields across Greater Adelaide compressed 16 bps (to 4.44%) for houses and 11 bps (to 5.10%) for apartments compared to the previous year.

TABLE 6

## Key Residential Indicators, May 2016

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Adelaide	Houses	445,500	0.8	2.2	5.4	21,268	380	4.44
Adelaide	Apartments	311,000	-1.9	-2.2	0.2	5,532	305	5.10

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIA



# CANBERRA

The Australian Capital Territory (ACT) **Gross State Product** was recorded at \$34,866 million in the year to June 2015; 1.4% greater than the prior year.

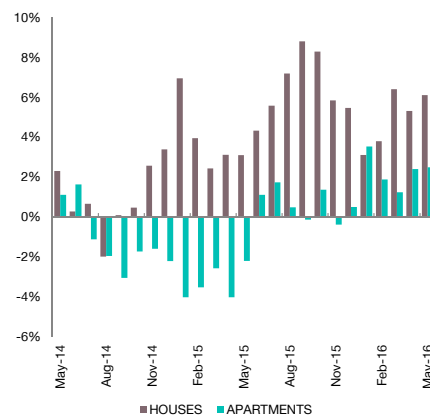
**Unemployment as at May 2016** stood at 3.6% for the ACT, trending 10 bps higher than the 3.5% recorded in May 2015.

The estimated population of the ACT in 2015 was 391,000 persons. The ACT experienced 1.4% **population growth** in the year to June 2015.

## Market Trends

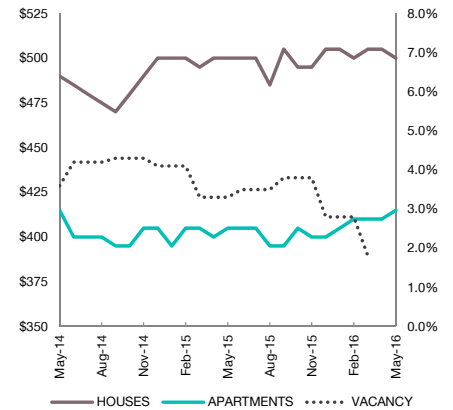
- The value of housing finance commitments in the Australian Capital Territory (ACT) in the three months to April 2016 grew by 12.4% on the previous year, to \$1.1 billion.
- Building approvals in the three months to May totalled 332 houses and 1,163 apartments approved in the ACT. This is trending 2.9% lower for houses but 12.3% higher for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 50% out of 26 scheduled auctions in Canberra. This is lower than the week prior, at 71% from 56 scheduled auctions, and less than the comparable week the year prior, when 75% out of 57 scheduled auctions were sold.
- Sales transacted in the year to May tallied 4,869 houses (up 8.9% on previous year) and 3,589 apartments (up 19.4% on prior year).

FIGURE 13  
**Capital Growth, Canberra**  
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 14  
**Median Rents & Total Vacancy**  
Canberra  
Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex

- House values rose 1.3% in the month of May (with growth of 6.1% over the last year) to a median of \$581,500. Apartment values rose 1.7% over the month (up 2.5% over the year) to record a median of \$411,000.
- Over the year to May, rental growth remained stable for houses and rose 2.5% for apartments. Weekly median rents are currently achieving \$500 for houses and \$415 for apartments.
- Total vacancy in Canberra was last recorded at 1.8% in March 2016; down 100 bps on the previous quarter and 150 bps lower compared to the prior year.
- In May 2016, gross rental yields across Canberra compressed 25 bps (to 4.51%) for houses and 1 bp (to 5.26%) for apartments compared to the previous year.

TABLE 7  
**Key Residential Indicators, May 2016**

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Canberra	Houses	581,500	1.3	1.5	6.1	4,869	500	4.51
Canberra	Apartments	411,000	1.7	1.5	2.5	3,589	415	5.26

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIA

# HOBART

**Gross State Product** in Tasmania was recorded at \$25,419 million in the year to June 2015; 1.6% greater than the prior year.

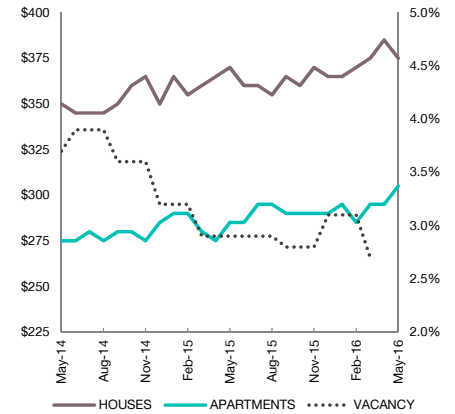
**Unemployment as at May** 2016 stood at 5.7% for Greater Hobart (SA4), trending 250 bps lower than the 7.2% recorded in May 2015.

The estimated population of Greater Hobart in 2015 was 221,000 persons. Greater Hobart experienced 0.8% **population growth** in the year to June 2015.

## Market Trends

- The value of housing finance commitments in Tasmania in the three months to April 2016 fell by 1.0% on the previous year, to \$605 million.
- Building approvals in the three months to May totalled 225 houses and 36 apartments approved in Greater Hobart. This is trending 34.4% lower for houses and 64.7% lower for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 33% out of 11 scheduled auctions sold in Greater Hobart.
- Sales transacted in the year to May tallied 2,130 houses (up 1.2% on previous year) and 510 apartments (down 24.8% on prior year).
- House values fell 0.8% in the month of May (rising 3.0% over the last year) to a median of \$395,500. Apartments rose 1.4% over the month (up 7.7%

FIGURE 16  
**Median Rents & Total Vacancy  
Greater Hobart**  
Weekly Rents & Quarterly Vacancy

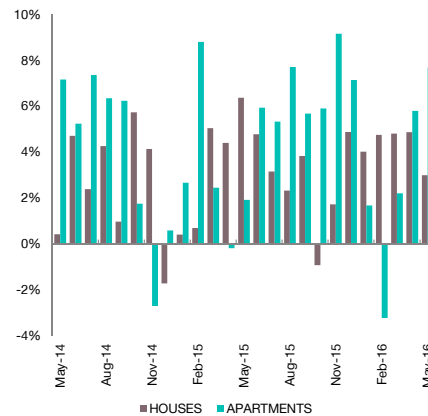


Source: Knight Frank Research, Residex

over the year) to record a median of \$287,000.

- Over the year to May, rental growth rose 1.4% for houses and 7.0% for apartments. Weekly median rents are currently achieving \$375 for houses and \$305 for apartments.
- Greater Hobart total vacancy was last recorded at 2.7% in March 2016; down 40 bps on the previous quarter and down 20 bps compared to the prior year.
- In May 2016, gross rental yields across Greater Hobart compressed 6 bps for houses (to 4.95%) and 1 bp for apartments (to 5.53%) compared to the previous year.

FIGURE 15  
**Capital Growth, Greater Hobart**  
12-month rolling



Source: Knight Frank Research, Residex

TABLE 8  
**Key Residential Indicators, May 2016**

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Hobart	Houses	395,500	-0.8	2.6	3.0	2,130	375	4.95
Hobart	Apartments	287,000	1.4	6.7	7.7	510	305	5.53

Source: Knight Frank Research, Residex, CoreLogic, ABS, REIA

# DARWIN

The Northern Territory **Gross State Product** was recorded at \$22,450 million in the year to June 2015; 10.5% greater than the prior year.

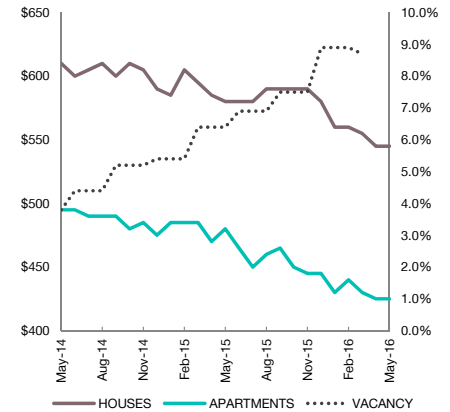
**Unemployment as at May 2016** stood at 3.3% for the Northern Territory, trending 210 bps lower than the 5.4% recorded in May 2015.

The estimated population of Greater Darwin in 2015 was 142,000 persons. Greater Darwin experienced 1.9% **population growth** in the year to June 2015.

## Market Trends

- The value of housing finance commitments in the Northern Territory in the three months to April 2016 fell by 14.2% on the previous year, to \$307 million.
- Building approvals in the three months to May totalled 170 houses and 200 apartments approved in Greater Darwin. This is trending 25.1% lower for houses but 9.3% higher for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 3 July was 25% from 9 scheduled auctions sold in Greater Darwin.
- Sales transacted in the year to May tallied 1,099 houses (down 14.5% on previous year) and 486 apartments (also down 19.8% on prior year).
- House values remained stable over the month of May (down 3.4% over the

FIGURE 18  
**Median Rents & Total Vacancy Greater Darwin**  
Weekly Rents & Quarterly Vacancy

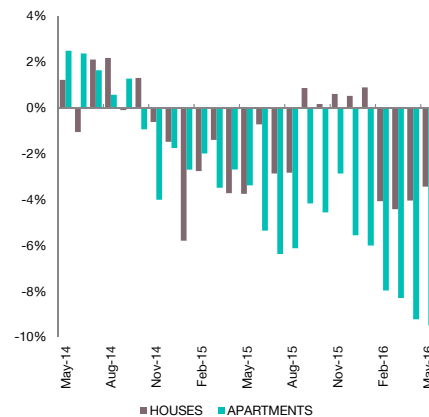


Source: Knight Frank Research, Residex

last year) to a median of \$535,000. Apartments fell 0.7% over the month (down 9.5% over the year) to record a median of \$377,000.

- Over the year to May, rental growth was recorded at -6.0% for houses and -11.5% for apartments. Weekly median rents are currently achieving \$545 for houses and \$425 for apartments.
- Greater Darwin total vacancy was last recorded at 8.7% in March 2016; down 20 bps on the previous quarter however 230 bps higher compared to the prior year.
- In May 2016, gross rental yields across Greater Darwin compressed 15 bps (to 5.33%) for houses and 18 bps (to 5.86%) for apartments compared to the previous year.

FIGURE 17  
**Capital Growth, Greater Darwin**  
12-month rolling



Source: Knight Frank Research, Residex

TABLE 9  
**Key Residential Indicators, May 2016**

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a)
Darwin	Houses	535,000	0.0	-1.7	-3.4	1,099	545	5.33
Darwin	Apartments	377,000	-0.7	-2.7	-9.5	486	425	5.86

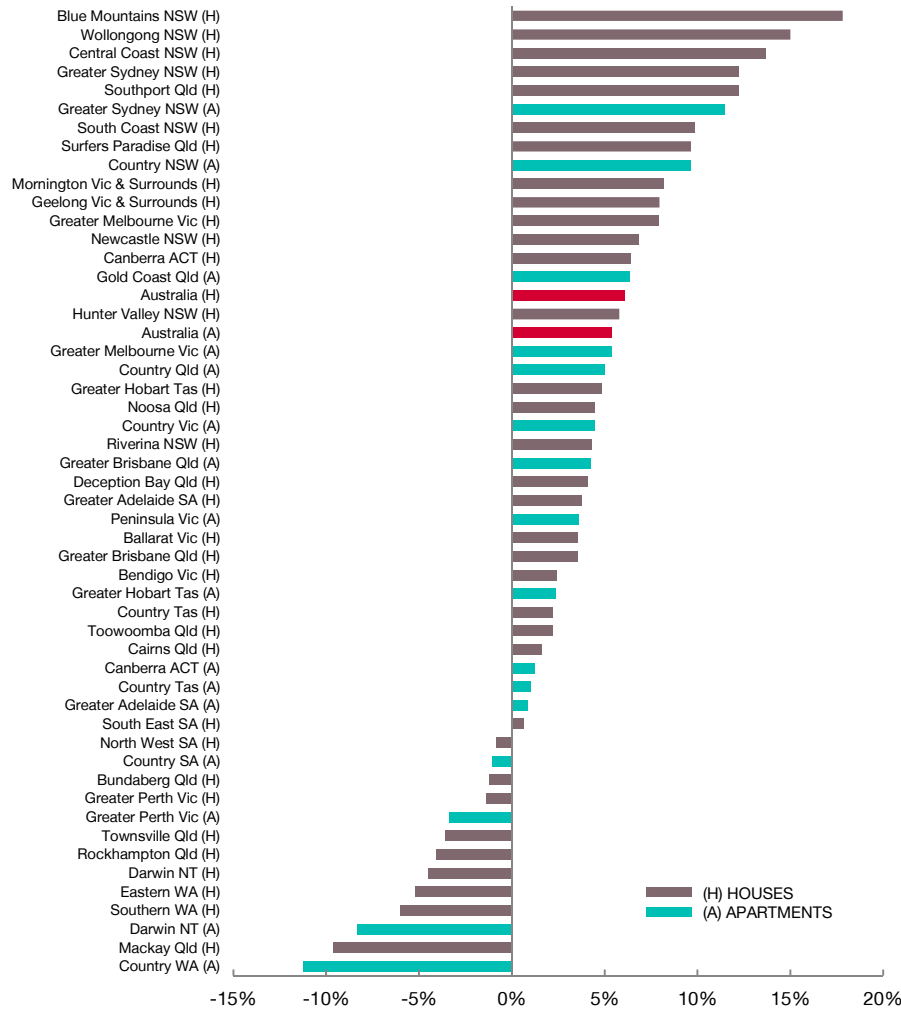
Source: Knight Frank Research, Residex, CoreLogic, ABS, REIA



FIGURE 19

### Capital Growth Performance by Region, Houses & Apartments

Annual % change to Q1 2016



Source: Knight Frank Research, Residex

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