

RESIDENTIAL RESEARCH



# AUSTRALIAN RESIDENTIAL REVIEW

AUGUST 2017



MARKET ACTIVITY REPORT FOR AUSTRALIAN CAPITAL CITIES & REGIONAL CENTRES

## KEY FINDINGS

The official **cash rate** target remained at 1.50% on 1 August 2017. **Gross Domestic Product** was recorded at 1.7% annual growth to March 2017.

**Unemployment** across Australia remained steady at 5.6%, in the quarter ending June 2017.

The weighted average of Australian capital cities **house values** grew 0.7% in the month of June 2017 (7.6% annual growth) to \$751,450; while **apartment values** were up 0.6% over the month (4.6% annual growth) to \$562,550.

In the year ending June 2017, the volume of **house sales** across Australian capital cities grew 5.5% to 191,010; while 142,496 **apartment sales** were recorded (up by 9.7%).

**Gross rental yields** across Australian capital cities houses recorded a weighted average of 3.62% in June 2017 while apartments achieved 4.36%.

The weighted average of Australian capital cities weekly **house rents** was \$485 in June 2017; whilst **apartment rents** were \$455 per week.

The weighted average **total vacancy** for Australian residential property was last recorded at 2.9% in March 2017; remaining steady over the year.



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## AUSTRALIAN RESIDENTIAL

The Reserve Bank of Australia (RBA) has left the official cash rate target at 1.50% on 1 August 2017, unchanged since dropping 25 bps at their meeting one year ago.

Throughout this time, encouraged by the Australian Prudential Regulatory Authority (APRA), mortgage lending rates have been lifted for housing loans. On an owner-occupier 3-year fixed loan, rates increased 5 bps from the end of August 2016 to the end of June 2017. Over the same time, with a higher focus to cool the heated East Coast market, investor housing loans increased 30 bps for a standard variable and 3-year fixed loan.

Housing finance was impacted by this tightening in lending. By value, when excluding owner-occupier refinancing, annual growth was down 3.8% to the end of November 2016, only recovering to -0.1% per annum in February 2017 before picking up once again in May 2017 with growth of 4.3%, as shown in Figure 1.

The appreciation of the Australian Dollar (AUD) at the tail end of July 2017, could negatively impact economic growth and inflation for the country. It's inevitable that while the AUD remains elevated, any increases to the official cash rate target will remain delayed.

As the overall Australian residential market continues to grow in value, the RBA appears comfortable with APRA's continued influence on the lending environment to dampen speculative activity.

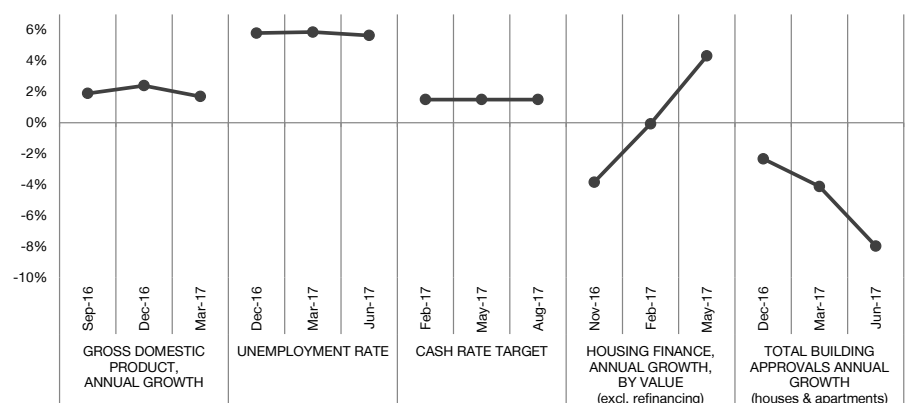
Over the year ending June 2017, the weighted average of Australian capital cities saw the median value of houses grow by 7.6% to stand at \$751,450, while apartment values were up 4.6% over the same time to stand at \$562,550.

In the last three months of this timeframe, house values in Greater Hobart (up 4.8%), Greater Sydney (up 4.1%) and Canberra (up 3.3%) continued to fuel this growth. In the apartment market, Greater Melbourne (up 3.7%), Greater Hobart (up 2.2%) and Greater Adelaide (up 2.0%) saw the strongest growth.

Population growth continues to drive the Greater Melbourne market with 2.5% annual growth estimated in the year ending June 2016, followed by Greater Brisbane (at 1.8%) and Greater Sydney (at 1.7%).

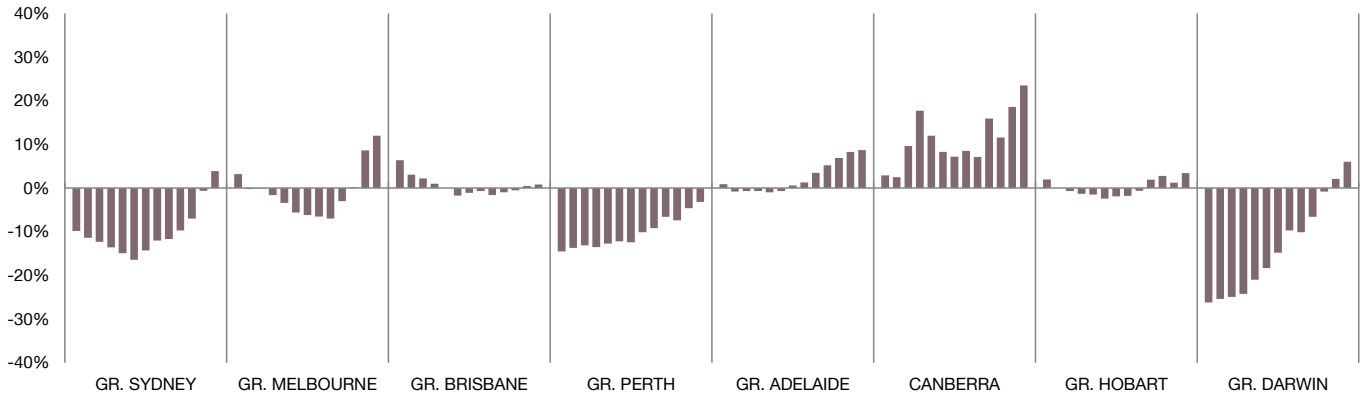
Building approvals for houses and apartments have experienced a strong June, driven by Sydney apartments, although annually, still down 8% in the three months to June 2017.

FIGURE 1  
National Key Economic Indicators



Source: Knight Frank Research, ABS, RBA

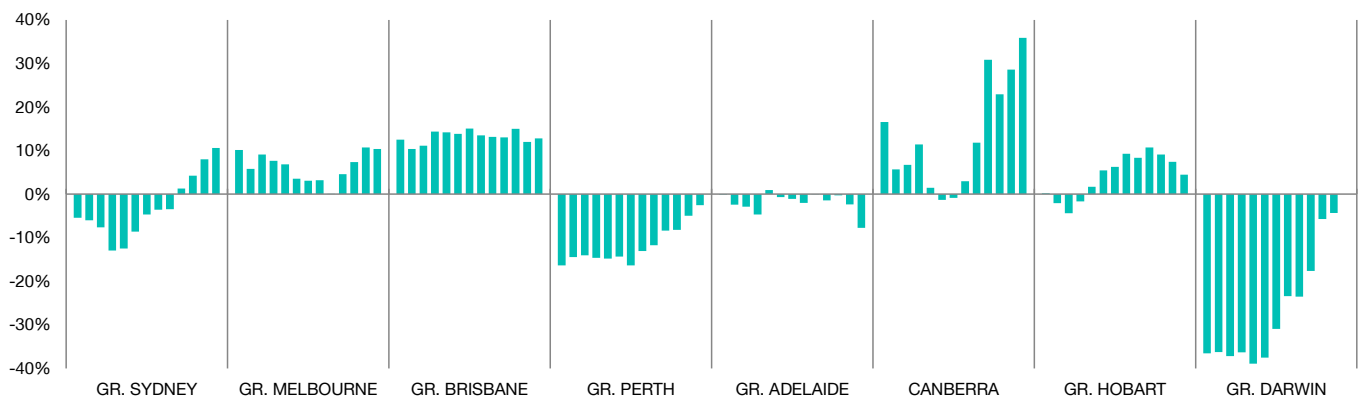
**FIGURE 2**  
**Annual Sales Turnover Growth in the Number of Sales, Houses, by Month**  
 % annual growth starting with the month of June 2016, and ending with the month of June 2017, for each capital city



Source: Knight Frank Research, Residex

GR. refers to the Greater area of the city.

**FIGURE 3**  
**Annual Sales Turnover Growth in the Number of Sales, Apartments, by Month**  
 % annual growth starting with the month of June 2016, and ending with the month of June 2017, for each capital city



Source: Knight Frank Research, Residex

GR. refers to the Greater area of the city.

Seeking development approval in Sydney takes the lengthiest time of all the capital cities for apartment projects. As a result, it's expected Sydney will continue to record an elevated number of approvals compared to other cities, as lagged developments become approved that have been in the pipeline for some time.

In a significant way, this lengthy process is adding more pressure on an undersupplied Sydney market and will continue to push prices upwards for the remainder of the year and into 2018.

The weighted average total vacancy for Australian residential property was last recorded at 2.9% in March 2017, just under market equilibrium of 3.0%. Remaining steady over the past year,

total vacancy would be much lower if Greater Perth (at 7.3%) and Greater Darwin (at 7.1%) were excluded. At this time Greater Sydney and Canberra each recorded total vacancy of only 1.7%.

Charted in Figure 2 and Figure 3 are the annual sales turnover growth of the number of sales for houses and apartments—starting with the month of June 2016 and ending with June 2017—across the Australian capital cities.

Analysing this trend as a potential leading indicator for projected capital growth for houses and apartments, a standout is the moderate strengthening of the Greater Perth and Greater Darwin residential markets. Despite still lingering in negative territory, both are reporting an

improvement in sales turnover, with house sales in Greater Darwin recording 6% growth in the number of annual sales in the year ending June 2017. In saying this, there is still some time before we see capital growth in these markets.

The charts also show a moderate resurgence in the Sydney residential market, after a lull towards the end of 2016. Although this time, capital growth is not likely to be as strong as experienced in the past four years with a tightened lending environment.

Other markets to watch, showing recent sustained appreciation on annual turnover levels were houses in Greater Adelaide and Canberra, and apartments in Sydney and Canberra.

# SYDNEY

**Gross State Product** in New South Wales was recorded at \$531,323 million in the year to June 2016; 3.4% greater than the prior year.

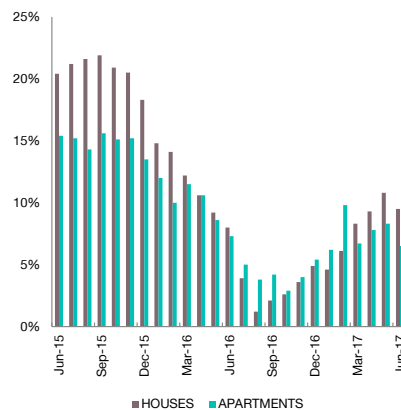
**Unemployment** as at June 2017 stood at 4.4% for Greater Sydney, trending 30 bps lower than the 4.7% recorded in June 2016.

**Population** in Greater Sydney was estimated at 5.0 million persons in June 2016. Greater Sydney experienced **population growth** of 1.7% in the year to June 2016.

## Market Trends

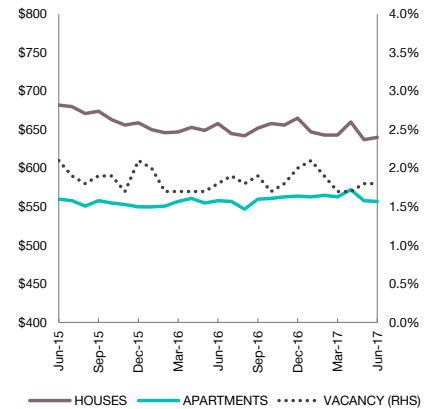
- The value of housing finance commitments in New South Wales in the three months ending May 2017 rose by 2.8% on the previous year, to \$22.6 billion.
- Building approvals in the three months ending June totalled 4,366 houses and 7,743 apartments in Greater Sydney. This is trending 9.6% lower for houses and 24.5% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 70.3% out of 625 scheduled auctions in Greater Sydney. This was slightly higher than the week prior, at 69.2% from 609 scheduled auctions, but lower than the comparable week a year earlier, when 71.5% (out of 473 auctions) were sold.
- Sales transacted in the year ending June tallied 43,750 houses (up 3.9%

FIGURE 4  
**Capital Growth, Greater Sydney**  
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 5  
**Median Rents & Total Vacancy**  
Greater Sydney  
Weekly Rents (LHS) & Vacancy (RHS)



Source: Knight Frank Research, Residex, REINSW

- on previous year) and 48,551 apartments (up 10.6% on prior year).
- House values increased 1.1% in the month of June (rising 9.5% over the last year) to a median of \$1,175,000. Apartment values rose 0.3% over the same month (rising 6.5% over the year) to record a median of \$749,500.
- Over the year to June, median rentals fell 2.7% for houses and 0.2% for apartments. Weekly median rents are currently achieving \$640 for houses and \$557 for apartments.
- Greater Sydney total vacancy was last recorded at 1.8% in June 2017 with 2.2% in the inner ring (0-10km), 1.4% in the middle ring (10-25km) and 1.7% in the outer ring (25km+).
- In June, gross rental yields across Greater Sydney compressed 35 bps (to 2.85%) for houses and 26 bps (to 3.88%) for apartments compared to the previous year.

TABLE 1  
**Key Residential Indicators, June 2017**

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	1,175,000	1.1	4.1	9.5	43,750	640	2.85
Sydney	Apartments	749,500	0.3	1.6	6.5	48,551	557	3.88

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

# MELBOURNE

**Gross State Product** in Victoria was recorded at \$373,624 million in the year to June 2016; 3.5% greater than the prior year.

**Unemployment** as at June 2017 stood at 6.0% for Greater Melbourne, trending 60 bps higher than the 5.4% recorded in June 2016.

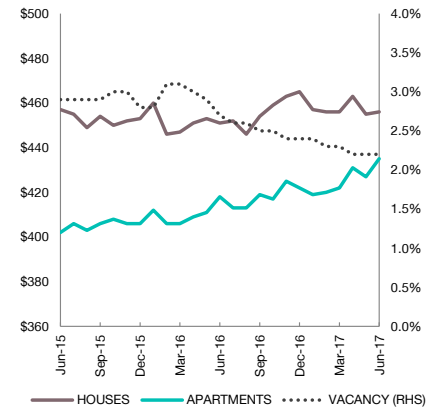
**Population** in Greater Melbourne was estimated at 4.6 million persons in June 2016. Greater Melbourne experienced **population growth** of 2.5% in the year to June 2016.

## Market Trends

- The value of housing finance commitments in Victoria in the three months ending May 2017 grew by 2.7% on the previous year, to \$17.4 billion.
- Building approvals in the three months ending June totalled 6,800 houses and 5,537 apartments in Greater Melbourne. This is trending 0.1% lower for houses and 31.6% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 73.8% out of 833 scheduled auctions in Greater Melbourne. This was lower than the week prior, at 74.9% from 756 scheduled auctions, but higher than the comparable week the year earlier, when 71.6% (out of 572 scheduled auctions) were sold.
- Sales transacted in the year ending June tallied 54,059 houses (up 12.0%

FIGURE 7

**Median Rents & Total Vacancy Greater Melbourne**  
Weekly Rents (LHS) & Vacancy (RHS)



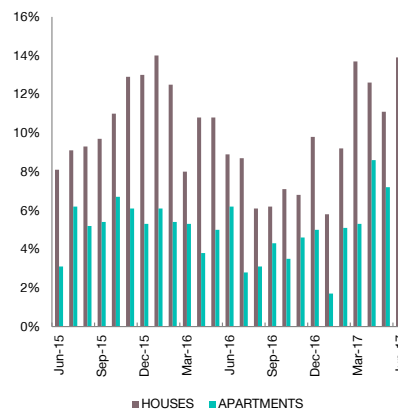
Source: Knight Frank Research, Residex, REIV

on previous year) and 47,062 apartments (up 10.4% on the prior year).

- House values grew 1.3% in the month of June (growth of 13.9% over the last year) to a median of \$846,500, and apartment values were up 1.4% over the month (growth of 6.7% over the year) to record a median of \$540,500.
- Over the year to June, median rentals grew 1.1% for houses and 4.1% for apartments. Weekly median rents are currently achieving \$456 for houses and \$435 for apartments.
- Greater Melbourne total vacancy was last recorded at 2.2% in June 2017 with 2.0% in the inner ring (0-10km), 3.0% in the middle ring (10-20km) and 1.8% in the outer ring (20km+).
- In June, gross rental yields across Greater Melbourne compressed 36 bps (to 2.81%) for houses and 10 bps (to 4.21%) for apartments compared to prior year.

FIGURE 6

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



Source: Knight Frank Research, Residex

TABLE 2

**Key Residential Indicators, June 2017**

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	846,500	1.3	2.5	13.9	54,059	456	2.81
Melbourne	Apartments	540,500	1.4	3.7	6.7	47,062	435	4.21

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

# BRISBANE

**Gross State Product** in Queensland was recorded at \$314,569 million in the year to June 2016; 1.5% greater than the prior year.

**Unemployment** as at June 2017 stood at 6.6% for Greater Brisbane, trending 170 bps lower than the 4.9% recorded in June 2016.

**Population** in Greater Brisbane was estimated at 2.3 million persons in June 2016. Greater Brisbane experienced **population growth** of 1.8% in the year to June 2016.

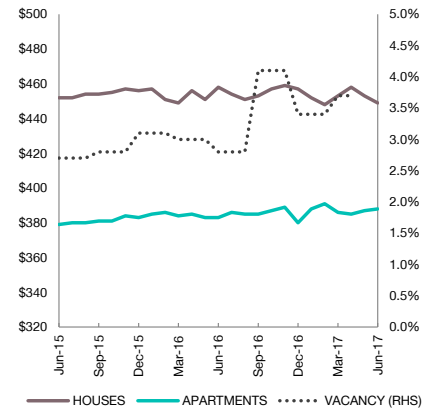
## Market Trends

- The value of housing finance commitments in Queensland in the three months to May 2017 grew by 0.4% on the previous year, to \$10.1 billion.
- Building approvals in the three months to June totalled 3,100 houses and 3,386 apartments in Greater Brisbane. This is trending 1.1% higher for houses and 25.4% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 46.4% out of 128 scheduled auctions in Greater Brisbane. This was higher than the week prior, at 41.7% from 116 scheduled auctions, but lower than the comparable week the year earlier, when 51.7% (out of 139 scheduled auctions) were sold.
- Sales transacted in the year ending June tallied 42,197 houses (up 0.8%

FIGURE 9

### Median Rents & Total Vacancy Greater Brisbane

Weekly Rents (LHS) & Vacancy (RHS)

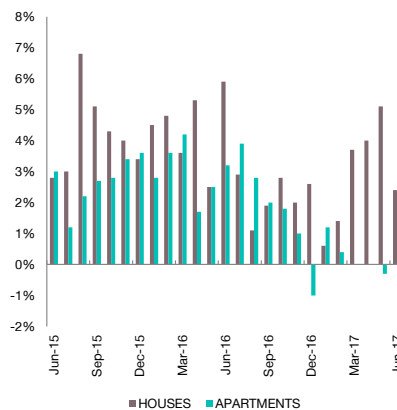


Source: Knight Frank Research, Residex, REIQ

on previous year) and 25,438 apartments (up 12.8% on prior year).

FIGURE 8

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



Source: Knight Frank Research, Residex

- House values fell 0.2% in the month of June (with growth of 2.4% over the last year) to a median of \$521,000. Apartment values rose 0.6% over the month, (up 0.3% over the year), to record a median of \$387,500.
- Over the year to June, median rentals fell 2.0% for houses but rose 1.3% for apartments. Weekly median rents are currently achieving \$449 for houses and \$388 for apartments.
- Greater Brisbane total vacancy was last recorded at 3.3% in June 2017 with 3.5% for the inner ring (0-5km), 3.1% for the middle ring (5-20km) and 2.2% for the outer ring (20km+).
- In June, gross rental yields across Greater Brisbane compressed 20 bps (to 4.50%) for houses and rose 6 bps (to 5.23%) for apartments compared to the previous year.

TABLE 3

### Key Residential Indicators, June 2017

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	521,000	-0.2	1.6	2.4	42,197	449	4.50
Brisbane	Apartments	387,500	0.6	0.3	0.3	25,438	388	5.23

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

# PERTH

**Gross State Product** in Western Australia was recorded at \$255,214 million in the year to June 2016; 4.5% greater than the prior year.

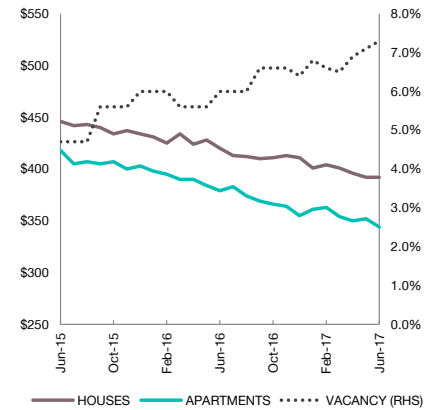
**Unemployment** as at June 2017 stood at 5.7% for Greater Perth, trending 10 bps higher than the 5.6% recorded in June 2016.

**Population** in Greater Perth was estimated at 2.1 million persons in June 2016. Greater Perth experienced **population growth** of 1.3% in the year to June 2016.

## Market Trends

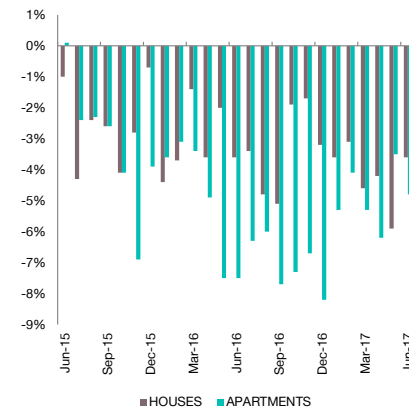
- The value of housing finance commitments in Western Australia in the three months to May 2017 fell by 10.7% on the previous year, to \$5.7 billion.
- Building approvals in the three months to June totalled 2,742 houses and 1,287 apartments in Greater Perth. This is trending 11.3% lower for houses and 7.5% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 57.7% out of 38 scheduled auctions in Greater Perth. This was higher than the week prior, at 46.2% from 35 scheduled auctions, and higher than the comparable week the year earlier, when 33.3% were sold.
- Sales transacted in the year ending June tallied 21,052 houses (down 3.2% on previous year) and 10,108

FIGURE 11  
**Median Rents & Total Vacancy Greater Perth**  
Weekly Rents (LHS) & Vacancy (RHS)



Source: Knight Frank Research, Residex, REIWA

FIGURE 10  
**Capital Growth, Greater Perth**  
12-month rolling



Source: Knight Frank Research, Residex

apartments (down 2.5% on prior year).

- House values were recorded at a median of \$488,500, (up 0.1% in the month of June) and down 3.6% over the last year. Apartment values fell 0.2% over the month, (down 4.8% over the year), to record a median of \$407,500.
- Over the year to June, rental growth was down 6.7% for houses and 9.2% for apartments. Weekly median rents are currently \$392 for houses and \$344 for apartments.
- Across the Greater Perth area, total vacancy was recorded at 7.3% in June 2017; up 90 bps from six months earlier.
- In June, gross rental yields across Greater Perth compressed 14 bps (to 4.19%) for houses and by 21 bps (to 4.41%) for apartments compared to the previous year.

TABLE 4  
**Key Residential Indicators, June 2017**

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	488,500	0.1	-0.8	-3.6	21,052	392	4.19
Perth	Apartments	407,500	-0.2	-0.2	-4.8	10,108	344	4.41

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

# ADELAIDE

**Gross State Product** in South Australia was recorded at \$101,096 million in the year to June 2016; 2.6% greater than the prior year.

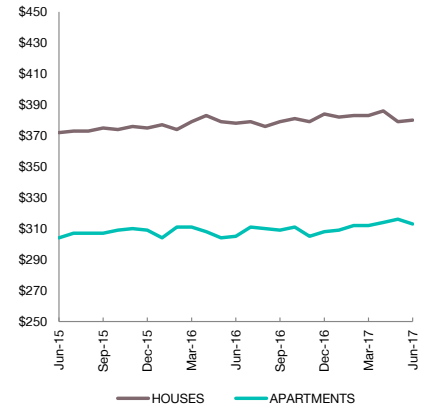
**Unemployment** as at June 2017 stood at 6.5% for Greater Adelaide, trending 50 bps lower, than the 7.0% recorded in June 2016.

**Population** in Greater Adelaide was estimated at 1.3 million persons in June 2016. Greater Adelaide experienced **population growth** of 0.7% in the year to June 2016.

## Market Trends

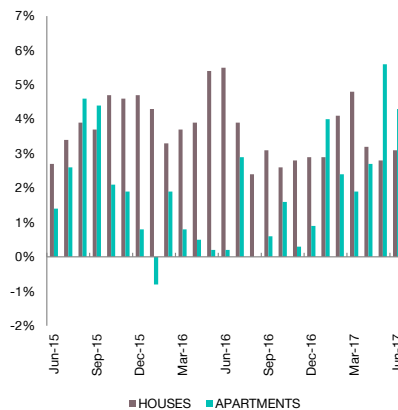
- The value of housing finance commitments in South Australia in the three months to May 2017 fell by 1.1% on the previous year, to \$3.2 billion.
- Building approvals in the three months to June totalled 1,673 houses and 1,264 apartments approved in Greater Adelaide. This is trending 10% lower for houses and 29% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 66.7% out of 74 scheduled auctions in Greater Adelaide. This was lower than the week prior, at 69.0% from 64 scheduled auctions, but higher than the comparable week the year earlier, when 56.3% (out of 68 scheduled auctions) were sold.
- Sales transacted in the year ending June tallied 20,403 houses (up 8.7% on previous year) and 4,958

FIGURE 13  
Median Rents, Greater Adelaide  
Weekly Rents



Source: Knight Frank Research, Residex

FIGURE 12  
Capital Growth, Greater Adelaide  
12-month rolling



Source: Knight Frank Research, Residex

apartments (down 7.8% on prior year).

- House values were down 0.4% in the month of June (3.1% over the last year) to a median of \$456,000. Apartments rose 0.5% over the month to record a median of \$330,000 (rising 4.3% over the past year).
- Over the year to June, rental growth rose 0.5% for houses and 2.6% for apartments. Weekly median rents are currently achieving \$380 for houses and \$313 for apartments.
- In June, gross rental yields across Greater Adelaide compressed 12 bps (to 4.35%) for houses and 8 bps (to 4.95%) for apartments compared to the previous year.

TABLE 5  
Key Residential Indicators, June 2017

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	456,000	-0.4	-0.2	3.1	20,403	380	4.35
Adelaide	Apartments	330,000	0.5	2.0	4.3	4,958	313	4.95

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



# CANBERRA

**Gross State Product** in the ACT was recorded at \$36,225 million in the year to June 2016; 2.4% greater than the prior year.

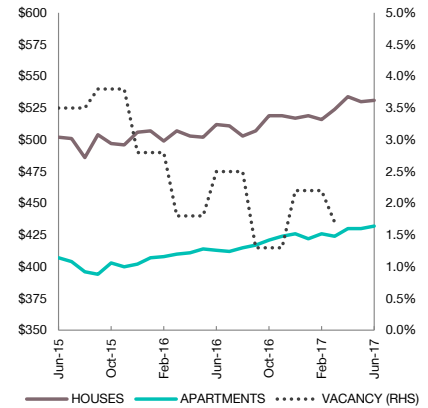
**Unemployment** as at June 2017 stood at 4.7% for the ACT, trending 170 bps higher, than the 3.0% recorded in to June 2016.

**Population** in the ACT was estimated at 396,300 persons in June 2016. The ACT experienced **population growth** of 1.4% in the year to June 2016.

## Market Trends

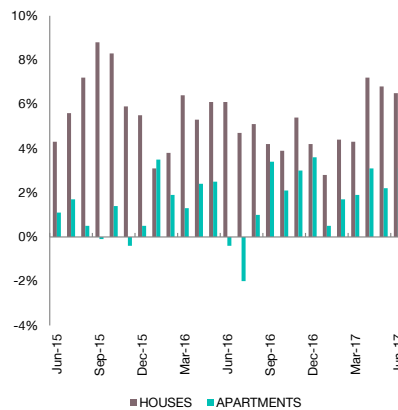
- The value of housing finance commitments in the Australian Capital Territory in the three months to May 2017 grew by 1.3% on the previous year, to \$1.2 billion.
- Building approvals in the three months to June totalled 212 houses and 842 apartments in the ACT. This is trending 46.7% lower for houses and 6% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 71.8% out of 46 scheduled auctions in Canberra. This was higher than the week prior, at 69.4% from 40 scheduled auctions, and higher than the comparable week the year earlier, when 68.9% were sold.
- Sales transacted in the year ending June tallied 5,665 houses (up 23.5% on previous year) and 4,969 apartments (up 35.9% on prior year).

FIGURE 15  
**Median Rents & Total Vacancy Canberra**  
Weekly Rents (LHS) & Vacancy (RHS)



Source: Knight Frank Research, Residex, REIA

FIGURE 14  
**Capital Growth, Canberra**  
12-month rolling



Source: Knight Frank Research, Residex

- House values rose 0.8% in the month of June (with growth of 6.5% over the last year) to a median of \$626,000. Apartment values fell 0.1% over the month (and up 3.1% over the year) to record a median of \$419,500.
- Over the year to June, median rentals grew 3.7% for houses and 4.6% for apartments. Weekly median rents are currently achieving \$531 for houses and \$432 for apartments.
- Total vacancy in Canberra was last recorded at 1.7% in March 2017; down 50 bps on the previous quarter and 10 bps lower compared to the prior year.
- In June, gross rental yields across Canberra fell 11 bps (to 4.43%) for houses but grew by 7 bps (to 5.37%) for apartments compared to the previous year.

TABLE 6  
**Key Residential Indicators, June 2017**

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	626,000	0.8	3.3	6.5	5,665	531	4.43
Canberra	Apartments	419,500	-0.1	1.7	3.1	4,969	432	5.37

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

# HOBART

**Gross State Product** in Tasmania was recorded at \$26,039 million in the year to June 2016; 2.6% greater than the prior year.

**Unemployment** as at June 2017 stood at 5.2% for Greater Hobart, trending 100 bps lower than the 6.2% recorded in June 2016.

**Population** in Greater Hobart was estimated at 222,800 persons in June 2016. Greater Hobart experienced **population growth** of 0.8% in the year to June 2016.

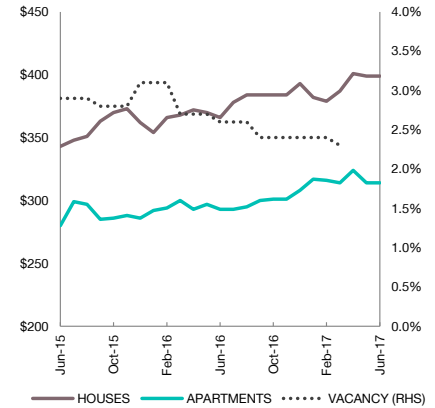
## Market Trends

- The value of housing finance commitments in Tasmania in the three months to May 2017 grew by 12.5% on the previous year, to \$718.7 million.
- Building approvals in the three months to June totalled 228 houses and 58 apartments in Greater Hobart. This is trending 0.4% higher for houses and 41.5% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 100% out of 4 scheduled auctions in Greater Hobart. This was higher than the previous week when 57.1% of 7 scheduled auctions were sold.
- Sales transacted in the year ending June tallied 2,883 houses (up 3.4% on previous year) and 1,052 apartments (up 4.5% on prior year).
- House values rose 1.4% in the month of June (rising 9.1% over the last year)

FIGURE 17

### Median Rents & Total Vacancy Greater Hobart

Weekly Rents (LHS) & Vacancy (RHS)

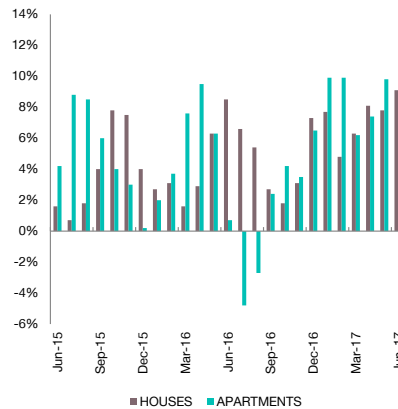


Source: Knight Frank Research, Residex, REIA

FIGURE 16

### Capital Growth, Greater Hobart

12-month rolling



Source: Knight Frank Research, Residex

to a median of \$426,000. Apartments remained steady over the month (but up 12.0% over the year) to record a median of \$307,000.

- Over the year to June, rental growth was 9.0% for houses and 7.2% for apartments. Weekly median rents are currently achieving \$399 for houses and \$314 for apartments.
- Greater Hobart total vacancy was last recorded at 2.3% in March 2017; down 10 bps on the previous quarter and 40 bps lower compared to the prior year.
- In June, gross rental yields across Greater Hobart remained stable for houses (to 4.89%) but compressed 24 bps for apartments (to 5.34%) compared to the previous year.

TABLE 7

### Key Residential Indicators, June 2017

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	426,000	1.4	4.8	9.1	2,883	399	4.89
Hobart	Apartments	307,000	0.0	2.2	12.0	1,052	314	5.34

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

# DARWIN

**Gross State Product** in the Northern Territory was recorded at \$23,648 million in the year to June 2016; 11.5% greater than the prior year.

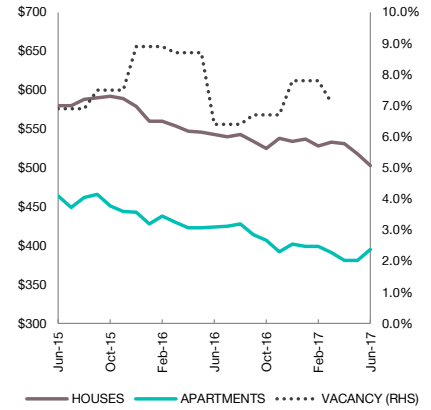
**Unemployment** stood at 3.2% in the Northern Territory as at June 2017, trending 50 bps lower than the 3.7% recorded in June 2016.

**Population** in Greater Darwin was estimated at 143,630 persons in June 2016. Greater Darwin experienced **population growth** of 1.0% in the year to June 2016.

## Market Trends

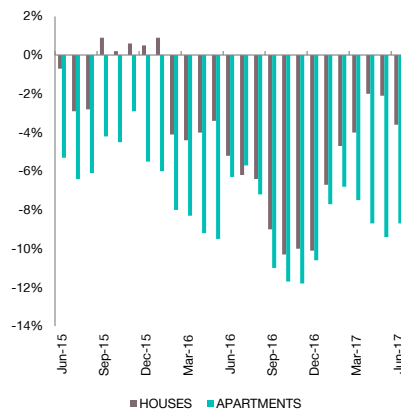
- The value of housing finance commitments in the Northern Territory in the three months to May 2017 fell by 9.6% on the previous year, to \$277.7 million.
- Building approvals in the three months to June totalled 129 houses and 2 apartments in Greater Darwin. This is trending 25.9% lower for houses and 99% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 23 July was 50% out of 4 scheduled auctions in Greater Darwin. This was higher than the previous week when 40% of 8 scheduled auctioned were sold.
- Sales transacted in the year ending June tallied 1,001 houses (up 6.0% on previous year) and 358 apartments remaining steady over the prior year.

FIGURE 19  
**Median Rents & Total Vacancy Greater Darwin**  
Weekly Rents (LHS) & Vacancy (RHS)



Source: Knight Frank Research, Residex, REIA

FIGURE 18  
**Capital Growth, Greater Darwin**  
12-month rolling



Source: Knight Frank Research, Residex

- House values fell 1.8% in the month of June (down 3.6% over the last year) to a median of \$514,500. Apartments fell 1.4% over the month (down 8.7% over the year) to record a median of \$348,500.
- Over the year to June, median rentals were down 7.4% for houses and 6.8% for apartments. Weekly median rents are currently achieving \$503 for houses and \$395 for apartments.
- Greater Darwin total vacancy was last recorded at 7.1% in March 2017; down 70 bps on the previous quarter and trending down 160 bps compared to the prior year.
- In June, gross rental yields across Greater Darwin compressed 22 bps (to 5.10%) for houses and rose 10 bps (to 5.91%) for apartments compare to previous year.

TABLE 8  
**Key Residential Indicators, June 2017**

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	514,500	-1.8	-1.2	-3.6	1,001	503	5.10
Darwin	Apartments	348,500	2.0	-1.4	-8.7	358	395	5.91

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



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