

RESIDENTIAL RESEARCH



AUSTRALIAN RESIDENTIAL REVIEW

Q2 2018



A REVIEW OF KEY RESIDENTIAL INDICATORS ACROSS MAJOR AUSTRALIAN CITIES

KEY FINDINGS

Economic growth was recorded at 2.4% annual growth in December 2017. **Unemployment** across Australia remained steady at 5.5% in the March 2018 quarter. The official **cash rate** target remained unchanged at 1.50% on 1 May 2018. In March 2018 **housing finance** annual growth was 3.7%. Annual growth for residential **building approvals** was down 0.9% in March 2018.

Australian **house values** were up 2.3% in the year ending March 2018 (although falling 1.2% in the last quarter) to \$809,000.

Apartment values were up 0.6% over the year ending March 2018 (though falling 0.9% in the last quarter) to \$555,500.

In the year ending March 2018, the volume of **house sales** across Australia fell 10.1% to 313,697; whilst 95,254 **apartment sales** were recorded (falling by 14.2%).

Gross rental yields for Australian houses were stable in Q1 2018 averaging 4.20%; whilst apartments were up 10 bps to average 4.40%.

Australian **house rents** rose 1.3% to \$400 per week in the year ending March 2018; whilst **apartment rents** rose 3.8% to \$410 per week.

The weighted average **total residential vacancy** for Australian capital cities was last recorded at 2.6% in December 2017; down 30 bps over the year.



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AUSTRALIAN REVIEW

Cooling measures encouraged by the Australian Prudential Regulation Authority (APRA) continue to challenge investors for both established and off-the-plan residential properties.

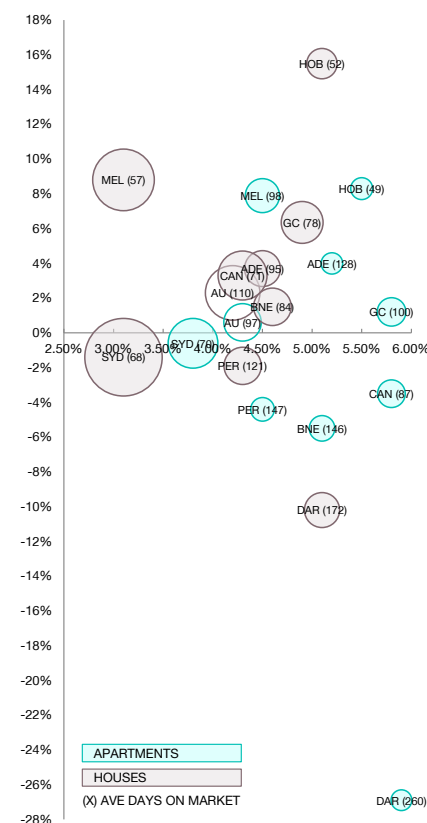
The Reserve Bank of Australia (RBA), left the official cash rate target unchanged at 1.50% in May 2018, and continues to support APRA's supervisory measures and tighter credit standards to contain the build-up of risk on household balance sheets, noting that the level of household debt remains high.

With this backdrop, a risk-adverse lending environment is likely to be the new norm for the housing sector, and the current banking royal commission may lead to further steps to restrain lending to investors.

Greater Sydney capital values eased in the year ending March 2018, although this is likely to only be short-lived given a reasonably strong local economy, rising population growth, continued lowered vacancy and rising apartment rents.

Greater Melbourne continues to have the strongest capital growth along the East Coast capital cities, with the Gold Coast LGA next best. Greater Hobart is once again the best performer of all Australian capital cities and this was reflected in its global 12th ranking in the Knight Frank Global Residential Cities Index Q4 2017.

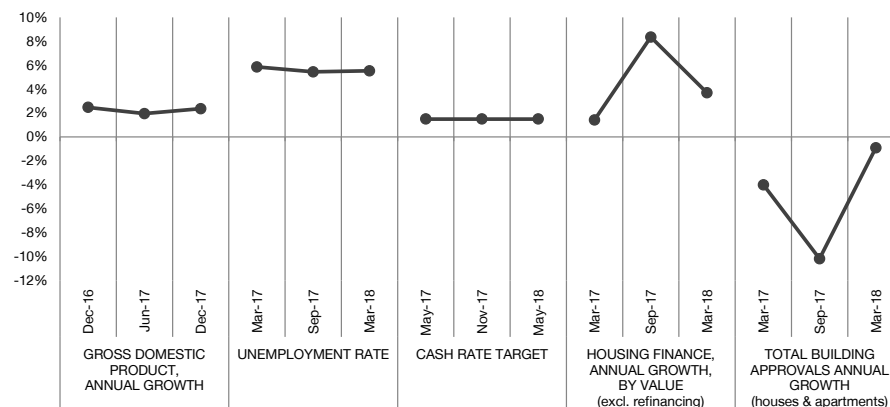
FIGURE 2
Annual Capital Growth & Gross Rental Yield & Median Capital Value
Greater Capital Cities, Gold Coast LGA & Australia (excl. Greater Darwin), as at 31 March 2018



Bubble size reflects median capital value, while gross rental yield is represented on the x-axis & annual capital growth on the y-axis.

Source: Knight Frank Research, APM

FIGURE 1
National Key Economic Indicators



Source: Knight Frank Research, ABS, RBA

SYDNEY

Population in Greater Sydney was estimated at 5.1 million persons in June 2017, experiencing annual **population growth** of 2.0%. The **population projection** is currently set at 1.4% per annum until 2036.

Unemployment stood at 5.1% in Greater Sydney as at March 2018, trending 21 bps lower than recorded in March 2017.

Gross State Product in New South Wales (NSW) was recorded at \$557,861 million in 2016/17; 2.9% greater than the prior year.

The value of NSW **housing finance** commitments rose by 4.9% in the year ending March 2018; up from -0.1% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 18,007 houses and 35,902 apartments in Greater Sydney. This was trending 0.9% lower for houses and 13.5% lower for apartment approvals compared to a year earlier.

Market Trends in Greater Sydney

Over the year ending March 2018, **capital growth** decreased 1.4% for houses; decreasing 2.6% over the past quarter to a **median value** of \$1,150,500. Apartment values falling 0.6% over the year, and decreasing 0.5% in the past quarter to a median of \$740,000.

The **volume of sales** tallied 43,878 houses (down 15.1%) and 27,285 apartments (down 20.6%) in the year ending March 2018.

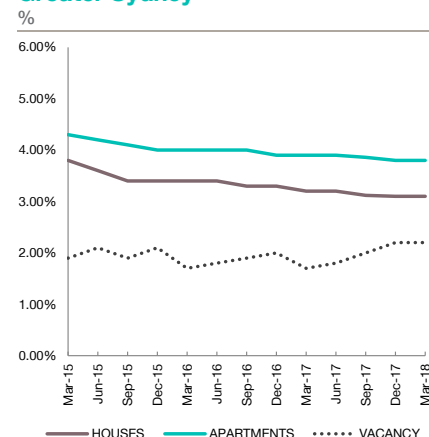
The **average days on market** for houses stood at 68 days in the March 2018 quarter. For apartments this was 70 days. A year earlier, this comparable period was recorded at 52 days and 60 days, respectively.

FIGURE 3
Capital Growth, Greater Sydney
% annual



Source: Knight Frank Research, APM

FIGURE 4
Gross Rental Yield & Total Vacancy Greater Sydney
%



Source: Knight Frank Research, APM, REINSW

The **auction clearance rate** for the week ending 6 May 2018 was 63.1% out of 797 scheduled auctions. This was higher than the week prior, at 55.8% from 829 scheduled auctions, but lower than the comparable week a year earlier when 73.8% (out of 592 auctions) were sold.

Gross rental yields remained steady to 3.10% for houses, and 3.80% for apartments over the March 2018 quarter.

Rents remained steady for houses although rose 3.8% for apartments over the year ending March 2018. Weekly median rents stood at \$550 for houses and \$550 for apartments.

Total vacancy was 2.2% as at March 2018; recording 1.9% in the Inner Suburbs (0-10km from the CBD), 2.6% in the Middle Suburbs (10-25km) and 2.3% in the Outer Suburbs (25km+).

TABLE 1
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Sydney	Houses	1,150,500	-2.6	-1.4	43,878	68	3.10	550
Sydney	Apartment	740,000	-0.5	-0.6	27,285	70	3.80	550

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

MELBOURNE

Population in Greater Melbourne was estimated at 4.8 million persons in June 2017, experiencing annual **population growth** of 2.7%. The **population projection** is currently set at 1.7% per annum until 2036.

Unemployment stood at 5.5% in Greater Melbourne as at March 2018, trending 123 bps lower than recorded in March 2017.

Gross State Product in Victoria was recorded at \$399,009 million in 2016/17; 3.3% greater than the prior year.

The value of Victorian **housing finance** commitments rose by 12.1% in the year ending March 2018; up 4.2% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 28,019 houses and 33,158 apartments in Greater Melbourne. This was trending 5.9% higher for houses and 6.0% higher for apartment approvals compared to a year earlier.

Market Trends in Greater Melbourne

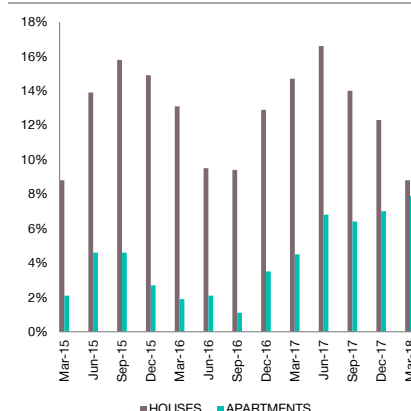
Over the year ending March 2018, **capital growth** increased 8.8% for houses; rising 0.1% over the past quarter to a **median value** of \$914,500.

Apartment values rose 7.9% over the year, rising 0.7% in the past quarter to a median of \$506,000.

The **volume of sales** tallied 58,359 houses (down 10.3%) and 20,303 apartments (down 12.6%) in the year ending March 2018.

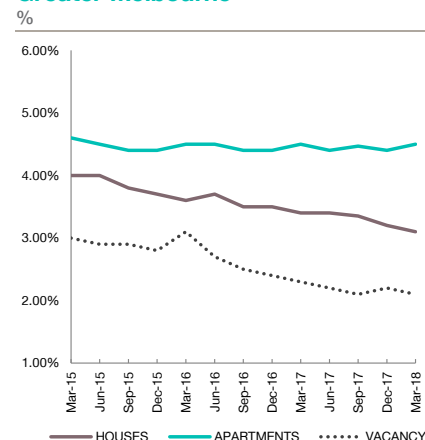
The **average days on market** for houses stood at 57 days in the March 2018 quarter. For apartments this was 98 days. A year earlier, this comparable period was recorded at 52 days and 98 days, respectively.

FIGURE 5
Capital Growth, Greater Melbourne
% annual



Source: Knight Frank Research, APM

FIGURE 6
Gross Rental Yield & Total Vacancy Greater Melbourne
%



Source: Knight Frank Research, APM, REIV

The **auction clearance rate** for the week ending 6 May 2018 was 63.7% out of 1,144 scheduled auctions. This was slightly lower than the week prior, at 63.9% from 1,334 scheduled auctions, but lower than the comparable week a year earlier when 77.5% (out of 792 auctions) were sold.

Gross rental yields fell 10 bps to 3.10% for houses, but rose 10 bps to 4.50% for apartments over the March 2018 quarter.

Rents for houses increased 2.4% and 3.8% for apartments over the year ending March 2018. Weekly median rents stood at \$430 for houses and \$410 for apartments.

Total vacancy was 2.1% as at March 2018; recording 1.8% in the Inner Suburbs (0-10km from the CBD), 3.0% in the Middle Suburbs (10-25km) and 1.7% in the Outer Suburbs (25km+).

TABLE 2
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Melbourne	Houses	914,500	0.1	8.8	58,359	57	3.10	430
Melbourne	Apartment	506,000	0.7	7.9	20,303	98	4.50	410

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

BRISBANE

Population in Greater Brisbane was estimated at 2.4 million persons in June 2017, experiencing annual **population growth** of 2.0%. The **population projection** is currently set at 1.8% per annum until 2036.

Unemployment stood at 6.2% in Greater Brisbane as at March 2018, trending 45 bps lower than recorded in March 2017.

Gross State Product in Queensland was recorded at \$308,709 million in 2016/17; 1.8% greater than the prior year.

The value of Queensland **housing finance** commitments rose by 0.2% in the year ending March 2018; up from 5.8% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 13,903 houses and 11,802 apartments in Greater Brisbane. This was trending 15.1% higher for houses but 11.6% lower for apartment approvals compared to a year earlier.

Market Trends in Greater Brisbane

Over the year ending March 2018, **capital growth** increased 1.5% for houses; although falling 0.6% over the past quarter to a **median value** of \$557,000. Apartment values fell 5.5% over the year, decreasing 4.3% in the past quarter to a median of \$380,000.

The **volume of sales** tallied 32,186 houses (down 18.1%) and 10,790 apartments (down 25.8%) in the year ending March 2018.

The **average days on market** for houses stood at 84 days in the March 2018 quarter. For apartments this was 146 days. A year earlier, this comparable period was recorded at a similar 80 days and 122 days, respectively.

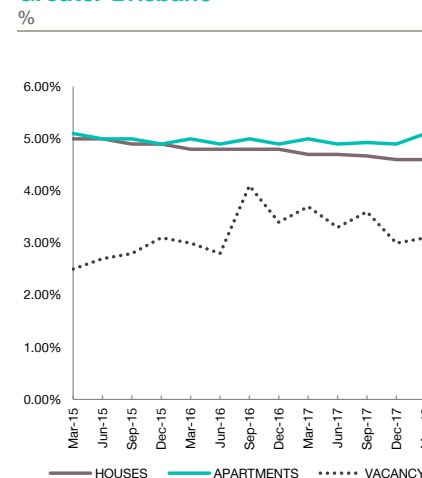
The **auction clearance rate** for the week ending 6 May 2018 was 47.3% out of

FIGURE 7
Capital Growth, Greater Brisbane
% annual



Source: Knight Frank Research, APM

FIGURE 8
Gross Rental Yield & Total Vacancy Greater Brisbane
%



Source: Knight Frank Research, APM, REIQ

127 scheduled auctions. This was lower than the week prior, at 54.2% from 142 scheduled auctions, and lower than the comparable week a year earlier when 59.6% (out of 107 auctions) were sold.

Gross rental yields remained steady at 4.60% for houses, and increased 20 bps to 5.10% for apartments over the March 2018 quarter.

Rents decreased 1.2% for houses 1.3% for apartments over the year ending March 2018. Weekly median rents stood at \$400 for houses and \$375 for apartments.

Total vacancy was 3.1% as at March 2018; recording 3.5% in the Inner Suburbs (0-5km from the CBD), 2.8% in the Middle Suburbs (5-20km) and 2.0% in the Outer Suburbs (20km+).

TABLE 3
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Brisbane	Houses	557,000	-0.6	1.5	32,186	84	4.60	400
Brisbane	Apartments	380,000	-4.3	-5.5	10,790	146	5.10	375

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

PERTH

Population in Greater Perth was estimated at 2.1 million persons in June 2017, experiencing annual **population growth** of 1.0%. The **population projection** is currently set at 2.5% per annum until 2036.

Unemployment stood at 7.9% in Greater Perth as at March 2018, trending 64 bps higher than recorded in March 2017.

Gross State Product in Western Australia was recorded at \$233,152 million in 2016/17; 2.7% lower than the prior year.

The value of Western Australian **housing finance** commitments fell by 7.9% in the year ending March 2018; lower than the -11.1% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 11,140 houses and 4,776 apartments in Greater Perth. This was trending 12.3% lower for houses and 10.5% lower for apartment approvals compared to a year earlier.

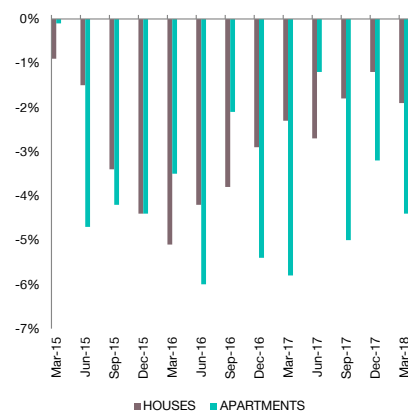
Market Trends in Greater Perth

Over the year ending March 2018, **capital growth** decreased 1.9% for houses falling 2.0% over the past quarter to a **median value** of \$553,500. Over this year, apartment values decreased 4.4%, falling 3.7% in the past quarter to a median of \$351,000.

The **volume of sales** tallied 26,527 houses (down 7.8%) and 3,381 apartments (down 1.9%) in the year ending March 2018.

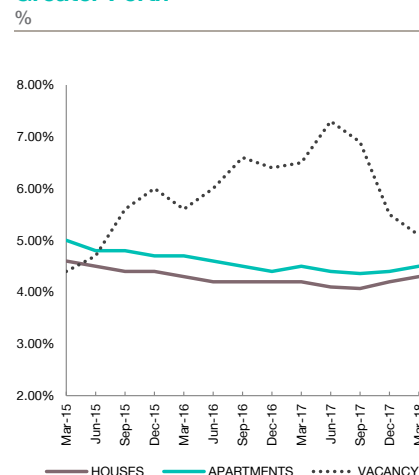
The **average days on market** for houses stood at 121 days in the March 2018 quarter. For apartments this was 147 days. A year earlier, this comparable period was recorded at 117 days and 134 days, respectively.

FIGURE 9
Capital Growth, Greater Perth
% annual



Source: Knight Frank Research, APM

FIGURE 10
Gross Rental Yield & Total Vacancy Greater Perth
%



Source: Knight Frank Research, APM, REIWA

The **auction clearance rate** for the week ending 6 May 2018 was 21.9% out of 39 scheduled auctions. This was lower than the week prior, at 48.4% from 39 scheduled auctions, and lower than the comparable week a year earlier when 43.8% (out of 34 auctions) were sold.

Gross rental yields were up 10 bps to 4.30% for houses, and up 10 bps to 4.50% for apartments over the March 2018 quarter.

Rents decreased 5.4% for houses but remained steady for apartments over the year ending March 2018. Weekly median rents stood at \$350 for houses and \$300 for apartments.

Total vacancy was 5.1% as at March 2018; down from 6.5% one year earlier.

TABLE 4
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Perth	Houses	553,500	-2.0	-1.9	26,527	121	4.30	350
Perth	Apartment	351,000	-3.7	-4.4	3,381	147	4.50	300

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

GOLD COAST

Population in the Gold Coast LGA was estimated at 576,900 persons in June 2017, experiencing annual **population growth** of 2.4%. The **population projection** is currently set at 2.2% per annum until 2036.

Unemployment stood at 5.0% for the Gold Coast LGA as at 31 December 2017, trending 50 bps lower than recorded a year earlier.

Gross State Product in Queensland was recorded at \$308,709 million in 2016/17; 1.8% greater than the prior year.

The value of Queensland **housing finance** commitments rose by 0.2% in the year ending March 2018; down from 5.8% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 2,750 houses and 2,975 apartments in the Gold Coast LGA.

Market Trends in Gold Coast LGA

Over the year ending March 2018, **capital growth** increased 3.3% for houses; also rising 0.2% over the past quarter to a **median value** of \$620,000.

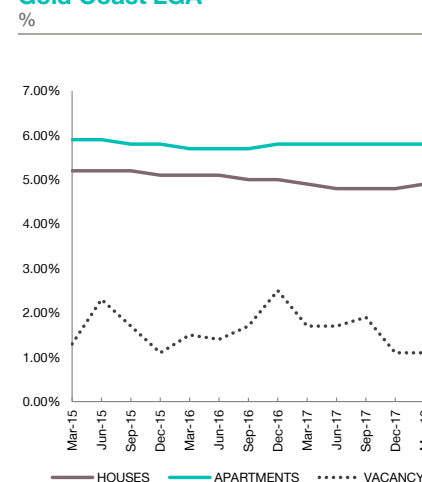
Apartment values rose 1.4% over the year, also rising 1.0% in the past quarter to a median of \$424,000.

The **volume of sales** tallied 9,697 houses (falling by 19.8%) and 8,427 apartments (down 19.8%) in the year ending March 2018.

The **average days on market** for houses stood at 78 days in the March 2018 quarter. For apartments this was 100 days. A year earlier, this comparable

FIGURE 12

Gross Rental Yield & Total Vacancy Gold Coast LGA

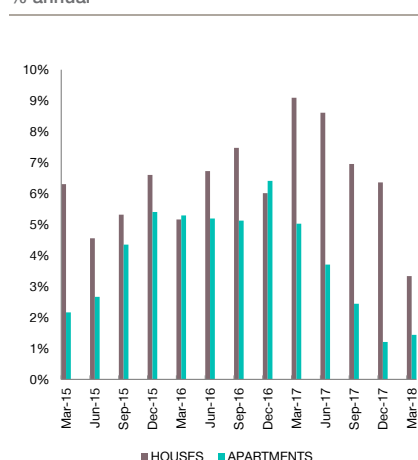


Source: Knight Frank Research, APM, REIQ

FIGURE 11

Capital Growth, Gold Coast LGA

% annual



Source: Knight Frank Research, APM

period was recorded at 76 days and 100 days, respectively.

Gross rental yields were up 10 bps to 4.90% for houses, but remained steady at 5.80% for apartments over the March 2018 quarter.

Rents increased 4.3% for houses and rose 5.0% for apartments over the year ending March 2018. Weekly median rents stood at \$490 for houses and \$420 for apartments.

Total vacancy was 1.1% as at March 2018 falling from 1.7% one year earlier.

TABLE 5

Key Residential Indicators, 31 March 2018

LGA	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Gold Coast	Houses	620,000	0.2	3.3	9,697	78	4.90	490
Gold Coast	Apartments	424,000	1.0	1.4	8,427	100	5.80	420

Source: Knight Frank Research, National Institute of Economic and Industry Research (NIEIR), APM, ABS, Dept of Jobs and Small Business, REIQ

ADELAIDE

Population in Greater Adelaide was estimated at 1.3 million persons in June 2017, experiencing annual **population growth** of 0.7%. The **population projection** is currently set at 1.0% per annum until 2036.

Unemployment stood at 6.1% in Greater Adelaide as at March 2018, trending 162 bps lower than recorded in March 2017.

Gross State Product in South Australia was recorded at \$101,791 million in 2016/17; 2.2% greater than the prior year.

The value of South Australian **housing finance** commitments fell by 3.4% in the year ending March 2018; down from 8.5% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 6,743 houses and 3,947 apartments in Greater Adelaide. This was trending 5.9% higher for houses and 17.6% higher for apartment approvals compared to a year earlier.

Market Trends in Greater Adelaide

Over the year ending March 2018, **capital growth** increased 3.7% for houses; rising 0.8% over the past quarter to a **median value** of \$533,500.

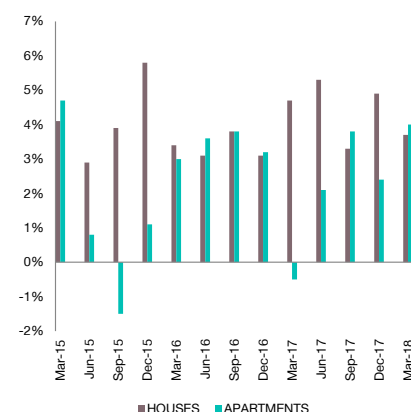
Apartment values rose 4.0% over the year, but remained steady in the past quarter to a median of \$317,000.

The **volume of sales** tallied 19,862 houses (up 2.5%) and 4,304 apartments (up 5.8%) in the year ending March 2018.

The **average days on market** for houses stood at 95 days in the March 2018 quarter. For apartments this was 128 days. A year earlier, this comparable period was recorded at 100 days and 137 days, respectively.

FIGURE 13

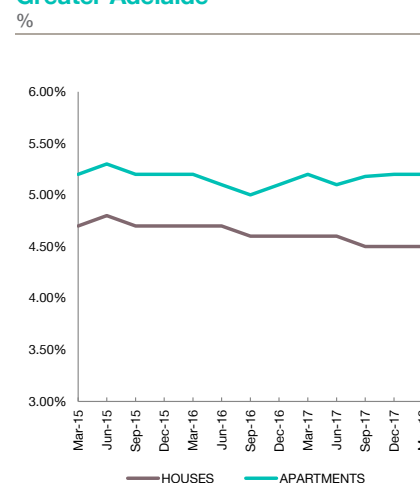
Capital Growth, Greater Adelaide % annual



Source: Knight Frank Research, APM

FIGURE 14

Gross Rental Yield & Total Vacancy Greater Adelaide



Source: Knight Frank Research, APM

The **auction clearance rate** for the week ending 6 May 2018 was 59.1% out of 97 scheduled auctions. This was slightly lower than the week prior, at 60.2% from 133 scheduled auctions, and lower than the comparable week a year earlier when 62.5% (out of 100 auctions) were sold.

Gross rental yields remained steady at 4.50% for houses, and 5.20% for apartments over the March 2018 quarter.

Rents increased 4.2% for houses and rose 1.7% for apartments over the year ending March 2018. Weekly median rents stood at \$375 for houses and \$300 for apartments.

TABLE 6

Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Adelaide	Houses	533,500	0.8	3.7	19,862	95	4.50	375
Adelaide	Apartments	317,000	0.0	4.0	4,304	128	5.20	300

Source: Knight Frank Research, APM, CoreLogic, ABS

CANBERRA

Population in the Australian Capital Territory (ACT) was estimated at 410,300 persons in June 2017, experiencing annual **population growth** of 1.7%. The **population projection** is currently set at 1.6% per annum until 2036.

Unemployment stood at 4.2% in the ACT as at March 2018, trending 24 bps higher than recorded in March 2017.

Gross State Product in the ACT was recorded at \$37,566 million in 2016/17; 4.6% greater than the prior year.

The value of ACT **housing finance** commitments rose by 10.0% in the year ending March 2018; up from 6.3% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 1,088 houses and 4,184 apartments in the ACT. This was trending 12.3% lower for houses and 2.0% lower for apartment approvals compared to a year earlier.

Market Trends in Canberra

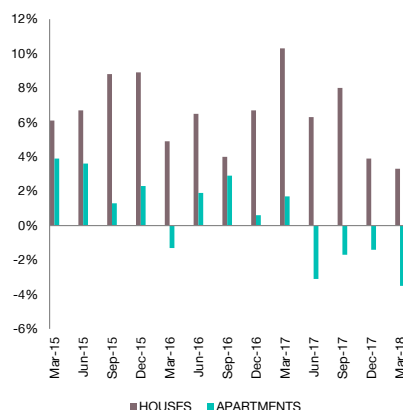
Over the year ending March 2018, **capital growth** increased 3.3% for houses; rising 0.8% over the past quarter to a **median value** of \$728,000.

Apartment values fell 3.5% over the year, falling 2.2% in the past quarter to a median of \$411,000.

The **volume of sales** tallied 5,379 houses (down 1.1%) and 3,627 apartments (down 22.4%) in the year ending March 2018.

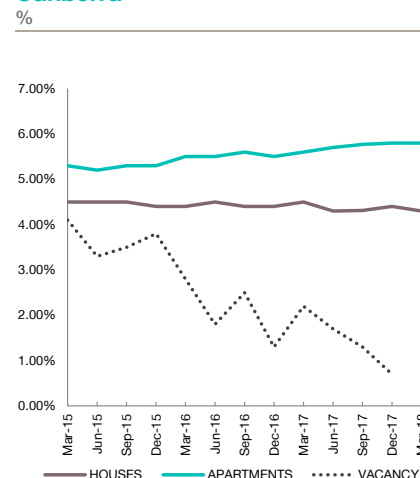
The **average days on market** for houses stood at 71 days in the March 2018 quarter. For apartments this was 87 days. A year earlier, this comparable period was recorded at 54 days and 102 days, respectively.

FIGURE 15
Capital Growth, Canberra
% annual



Source: Knight Frank Research, APM

FIGURE 16
Gross Rental Yield & Total Vacancy Canberra
%



Source: Knight Frank Research, APM, REIA

The **auction clearance rate** for the week ending 6 May 2018 was 73.9% out of 102 scheduled auctions. This was higher than the week prior, at 66.7% from 92 scheduled auctions, and higher than the comparable week a year earlier when 64.7% (out of 58 auctions) were sold.

Gross rental yields fell 10 bps to 4.30% for houses, and remained steady at 5.80% for apartments over the March 2018 quarter.

Rents increased 6.0% for houses and rose 4.7% for apartments over the year ending March 2018. Weekly median rents stood at \$530 for houses and \$450 for apartments.

Total vacancy was 1.1% as at December 2017; falling from 2.2% one year earlier.

TABLE 7
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Canberra	Houses	728,000	0.8	3.3	5,379	71	4.30	530
Canberra	Apartment	411,000	-2.2	-3.5	3,627	87	5.80	450

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

HOBART

Population in Greater Hobart was estimated at 226,900 persons in June 2017, experiencing annual **population growth** of 1.1%. The **population projection** is currently set at 0.6% per annum until 2036.

Unemployment stood at 6.3% in Greater Hobart as at March 2018, trending 11 bps lower than recorded in March 2017.

Gross State Product in Tasmania was recorded at \$28,577 million in 2016/17; 1.1% greater than the prior year.

The value of Tasmanian **housing finance** commitments rose by 5.7% in the year ending March 2018, this was up from 15.9% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 950 houses and 320 apartments in Greater Hobart. This was trending 21.5% higher for houses and 41.6% higher for apartment approvals compared to a year earlier.

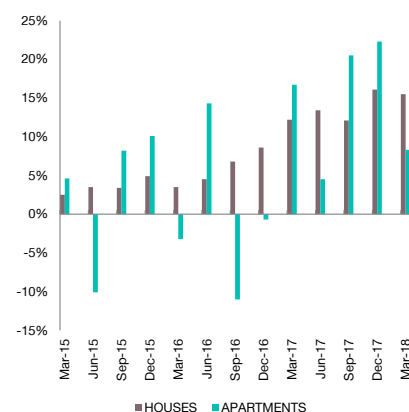
Market Trends in Greater Hobart

Over the year ending March 2018, **capital growth** increased 15.5% for houses; rising 2.7% over the past quarter alone to a **median value** of \$450,500. Apartment values rose 8.3% over the year but fell 5.7% in the past quarter to a median of \$326,000.

The **volume of sales** tallied 3,941 houses (down 8.0%) and 686 apartments (down 12.4%) in the year ending March 2018.

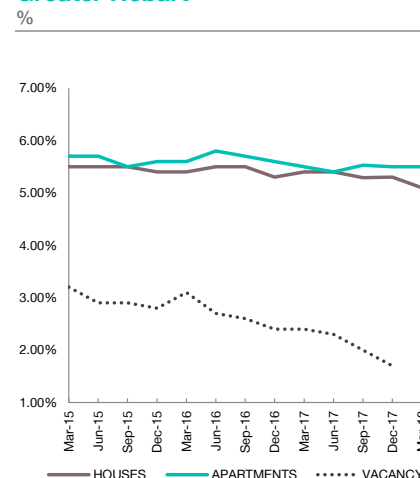
The **average days on market** for houses stood at 52 days in the March 2018 quarter. For apartments this was 49 days. A year earlier, this comparable period was recorded at 88 days and 85 days, respectively.

FIGURE 17
Capital Growth, Greater Hobart
% annual



Source: Knight Frank Research, APM

FIGURE 18
Gross Rental Yield & Total Vacancy Greater Hobart
%



Source: Knight Frank Research, APM, REIA

The **auction clearance rate** for the week ending 6 May 2018 was 50% out of 5 scheduled auctions. This was higher than the week prior, at 25% from 8 scheduled auctions, but lower than the comparable week a year earlier when 66.7% (out of 6 auctions) were sold.

Gross rental yields fell 20 bps to 5.10% for houses, and remained steady at 5.50% for apartments over the March 2018 quarter.

Rents increased 15.1% for houses and rose 14.8% for apartments over the year ending March 2018. Weekly median rents stood at \$420 for houses and \$350 for apartments.

Total vacancy was 1.4% as at December 2017; falling from 2.4% one year earlier.

TABLE 8
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Hobart	Houses	450,500	2.7	15.5	3,941	52	5.10	420
Hobart	Apartment	326,000	-5.7	8.3	686	49	5.50	350

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

DARWIN

Population in Greater Darwin was estimated at 146,600 persons in June 2017, experiencing annual **population growth** of 0.5%. The **population projection** is currently set at 1.2% per annum until 2036.

Unemployment stood at 3.9% in Greater Darwin as at March 2018, trending 10 bps higher than recorded in March 2017.

Gross State Product in the Northern Territory was recorded at \$25,427 million in 2016/17; 4.0% greater than the prior year.

The value of Northern Territory **housing finance** commitments fell by 10.7% in the year ending March 2018, this was down from the -12.6% recorded for the previous year.

Building approvals in the year ending March 2018 totalled 482 houses and 48 apartments in Greater Darwin. This was trending 16.0% lower for houses and 85.6% lower for apartment approvals compared to a year earlier.

Market Trends in Greater Darwin

Over the year ending March 2018, **capital growth** decreased 10.2% for houses; falling 7.5% in the past quarter to a **median value** of \$520,000.

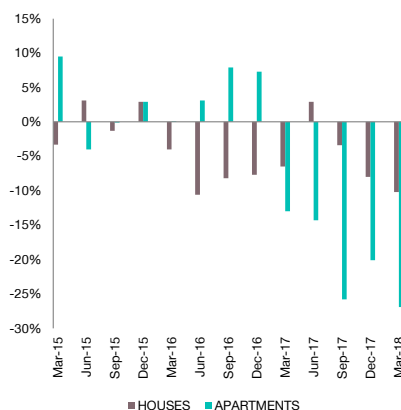
Apartment values decreased 26.9% over the year, and fell 15.9% in the past quarter to a median of \$309,000.

The **volume of sales** tallied 661 houses (down 17.2%) and 525 apartments (down 9.3%) in the year ending March 2018.

The **average days on market** for houses stood at 172 days in the March 2018 quarter. For apartments this was 260 days. A year earlier, this comparable period was recorded at 174 days and 227 days, respectively.

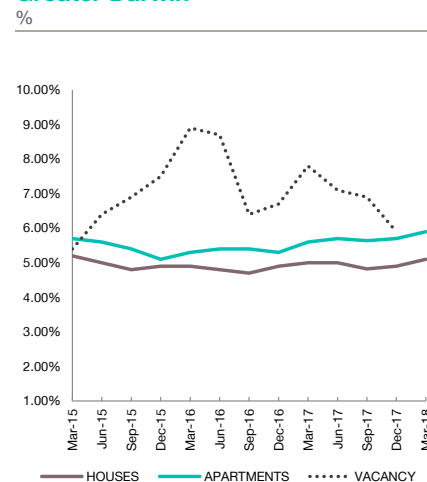
The **auction clearance rate** for the week

FIGURE 19
Capital Growth, Greater Darwin
% annual



Source: Knight Frank Research, APM

FIGURE 20
Gross Rental Yield & Total Vacancy Greater Darwin
%



Source: Knight Frank Research, APM, REIA

ending 6 May 2018 was 50% out of 7 scheduled auctions. This was higher than the week prior, at 40% (from 12 scheduled auctions) and higher than the comparable week a year earlier when 33% (out of 3 auctions) were sold.

Gross rental yields were up 20 bps to 5.10%, for houses, and up 20 bps to 5.90%, for apartments over the March 2018 quarter.

Rents decreased 3.6% for houses and fell 2.4% for apartments over the year ending March 2018. Weekly median rents stood at \$530 for houses and \$410 for apartments.

Total vacancy was 6.3% as at December 2017; falling from 7.8% one year earlier.

TABLE 9
Key Residential Indicators, 31 March 2018

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Average Days on Market (no.)	Gross Rental Yield (%)	Median Weekly Rent (\$)
Darwin	Houses	520,000	-7.5	-10.2	661	172	5.10	530
Darwin	Apartments	309,000	-15.9	-26.9	525	260	5.90	410

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



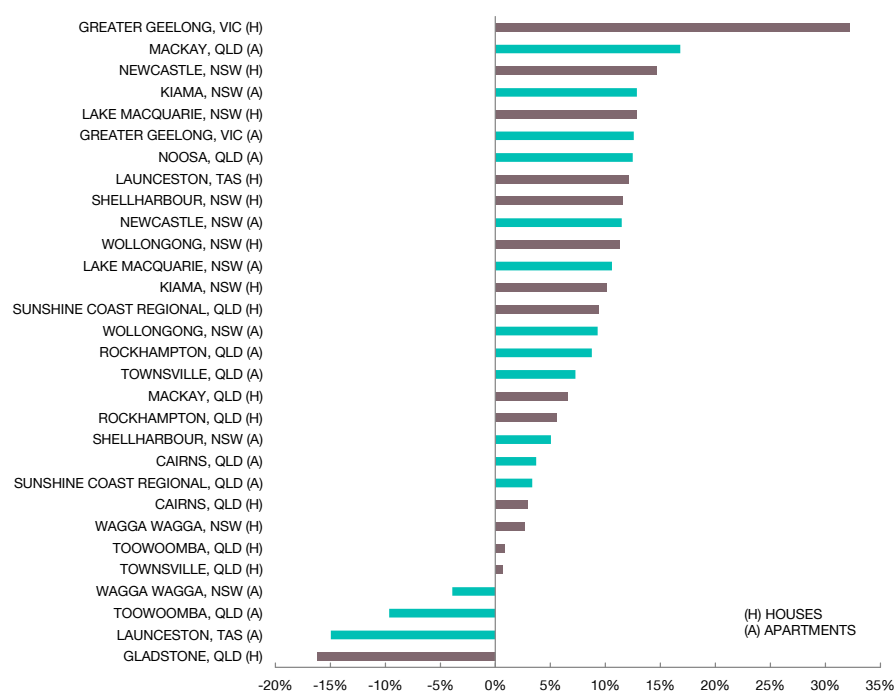
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REGIONAL AUSTRALIA

FIGURE 21

Capital Growth, Key Regional Local Government Areas

% annual, as at 31 March 2018



Source: Knight Frank Research

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