

ANNUAL SALES VOLUME AND BUILDING APPROVALS SHOW STRONG UPWARD MOMENTUM

Sales volumes for both houses and apartments have trumped all capital city markets in October, while building approvals for apartments have also increased as more projects are added to the Melbourne development pipeline.

Key facts December 2015

Capital growth for houses in the month of October was up 1.6% (up 11.0% YoY); while apartments witnessed monthly growth of 1.4% (up 6.7% YoY)

Sales volumes were up 13.3% for houses and up 10.5% for apartments YoY to October

Annual **rental growth** remained stable for houses and grew by 3.8% for apartments over the year to October

Gross **rental yields** currently average 3.22% for houses and 4.29% for apartments

- The cash rate remained at an historic low of 2.00% in December after falling 25 basis points in May.
- Greater Melbourne experienced 2.2% population growth in the year to June 2014, led by the Cranbourne East SA2 (24.1%), with the largest increase in the number of people being in South Morang (4,235 persons).
- Strong annual population growth is projected out to 2021 at 2.0% for the Greater Melbourne region.
- Unemployment as at October 2015 stood at 5.4% for Greater Melbourne (SA4), trending 90 bps lower than the 6.3% recorded in October 2014.
- Building approvals in the three months to October totalled 6,790 houses and 8,862 apartments approved in Greater Melbourne. This is trending 11.7% higher for houses and 21.0% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the year to October tallied 51,212 houses (up 13.3% on previous year) and 40,152 apartments (up 10.5% on the prior year).
- House values rose by 1.6% in the month of October (growth of 11.0% over the last year) to a median of \$729,500 while apartment values grew 1.4% over the month (growth of 6.7% over the year) to record a median of \$496,500.
- Over the year to October, rental growth remained stable for houses and grew by 3.8% for apartments. Weekly median rents are currently achieving \$450 for houses and \$410 for apartments.
- Six-month average total vacancy trend was recorded at 2.9% in September 2015 for Greater Melbourne; with 2.8% for the inner ring (0-10km), 3.4% for the middle ring (10-20km) and 1.9% for the outer ring (20km+).
- In October 2015, gross rental yields across Greater Melbourne compressed 35bps (to 3.22%) for houses and 16ps (to 4.29%) for apartments compared to the previous year.

FIGURE 1
Greater Melbourne Capital Growth
12-month rolling

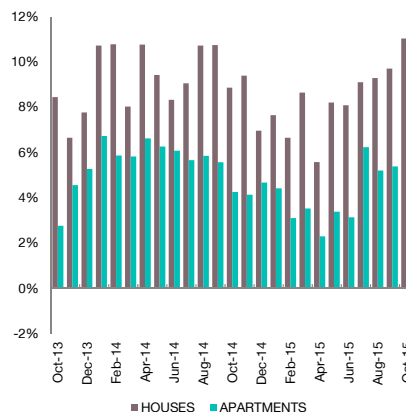
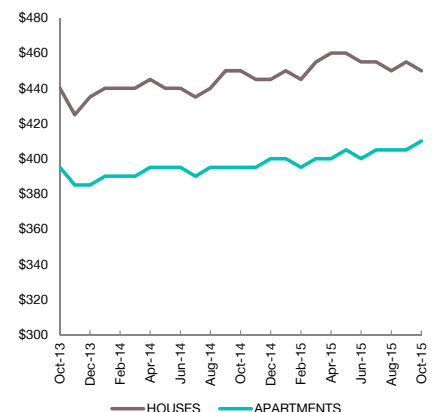


FIGURE 2
Greater Melbourne Rents
Median, weekly



Source: Knight Frank Research, Residex, Dept of Transport, Planning & Land Infrastructure, RBA, ABS, REIV



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Knight Frank House Price Index, Greater Melbourne Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Oct-14	323	8.9%	4.7%	5.0%	0.4%
Nov-14	323	9.4%	4.9%	2.7%	0.2%
Dec-14	321	7.0%	3.4%	-0.3%	-0.8%
Jan-15	325	7.6%	5.7%	0.7%	1.4%
Feb-15	323	6.7%	2.7%	-0.1%	-0.6%
Mar-15	330	8.6%	2.8%	3.1%	2.3%
Apr-15	326	5.6%	0.8%	0.2%	-1.5%
May-15	334	8.2%	3.2%	3.3%	2.5%
Jun-15	335	8.1%	4.5%	1.4%	0.4%
Jul-15	336	9.1%	3.3%	3.1%	0.1%
Aug-15	344	9.3%	6.5%	3.1%	2.5%
Sep-15	353	9.7%	6.8%	5.3%	2.6%
Oct-15	358	11.0%	10.1%	6.8%	1.6%

Source: Knight Frank Research, Residex

Knight Frank Apartment Price Index, Greater Melbourne Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Oct-14	287	4.3%	1.5%	1.9%	0.2%
Nov-14	288	4.1%	1.7%	1.0%	0.1%
Dec-14	290	4.7%	1.7%	1.3%	1.0%
Jan-15	291	4.4%	3.3%	1.4%	0.3%
Feb-15	287	3.1%	0.8%	-0.2%	-1.5%
Mar-15	290	3.5%	1.2%	-0.1%	1.1%
Apr-15	290	2.3%	0.8%	-0.6%	-0.2%
May-15	292	3.4%	1.6%	1.8%	1.0%
Jun-15	294	3.1%	1.4%	1.5%	0.7%
Jul-15	300	6.2%	2.9%	3.5%	1.8%
Aug-15	300	5.2%	4.4%	2.5%	0.0%
Sep-15	302	5.4%	4.1%	2.6%	0.8%
Oct-15	306	6.7%	5.9%	2.3%	1.4%

Source: Knight Frank Research, Residex

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