

HIGHEST VOLUME OF HOUSE SALES IN AUSTRALIA

In June, Melbourne had the highest volume of house sales in Australia, also recording strong capital growth for houses and apartments, second only to Sydney. Rents were weaker this month, although total vacancy continued to trend below three per cent.

Key facts August 2015

Capital growth for houses in the last month was up 0.4% (up 8.1% year-on-year); while apartments rose by 0.7% (up 3.1% year-on-year)

Sales volume was up 15.3% for houses and up 8.0% for apartments year-on-year to June

Annual **rental growth** was recorded at 3.4% for houses and 1.3% for apartments over the year to June

Gross **rental yields** currently average 3.50% for houses and 4.40% for apartments

- The cash rate remained stable at 2.00% in August after falling 25 basis points in May, to an all-time historic low.
- Greater Melbourne experienced 2.2% population growth between June 2013 and June 2014, led by Cranbourne East (24.1%), Truganina (16.8%) and Tarneit (11.7%). Strong annual population growth is projected out to 2021 at 2.0%.
- Unemployment as at June 2015 stands at 5.7% for the metropolitan region (SA4), trending below the 6.4% recorded in June 2014.
- Building approvals in the three months to June totalled 5,802 houses and 8,460 apartments approved in the Melbourne metropolitan area. This is trending 4.4% higher for houses and 37.9% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to June tallied 51,231 houses (up 15.3% on previous year) and 37,993 apartments (up 8.0% on prior year).
- House values rose by 0.4% in the month of June (growth of 8.1% over the last year) to a median of \$682,000 while apartment values rose 0.7% over the month (albeit modest growth of 3.1% over the year) to record a median of \$477,000.
- Over the year to June rental growth was recorded at 3.4% for houses and 1.3% for apartments. Weekly median rents are currently achieving \$455 for houses and \$400 for apartments.
- Average rolling six month total vacancy was last recorded at 2.9% in June 2015 for metropolitan Melbourne; with 3.4% for the CBD ring (0-4km), 2.7% for the inner ring (4-10km), 3.3% for the middle ring (10-20km) and 2.2% for the outer ring (20km+).
- In June 2015, gross rental yields across the metropolitan area compressed 13bps (to 3.50%) for houses and 7bps (to 4.40%) for apartments compared to the previous year.

FIGURE 1
Melbourne Capital Value Growth
12-month rolling

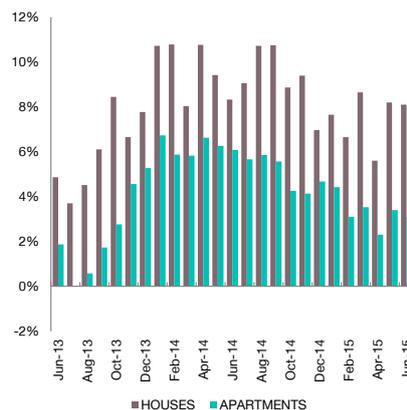
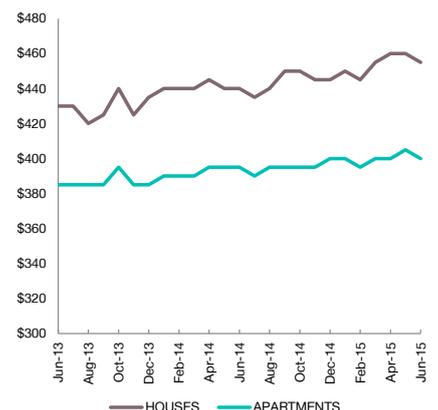


FIGURE 2
Melbourne Rents
Median, weekly



MICHELLE CIESIELSKI
Knight Frank Residential Research

Follow Michelle at @MCiesielski_AU

For the latest news, views and analysis on the world of residential property, visit knightfrank.com.au/research or Global Briefing or [@kfglobalbrief](https://twitter.com/kfglobalbrief)

Source: Knight Frank Research, Residex, Department of Transport, Planning and Land Infrastructure, RBA, ABS, REIV



Knight Frank House Price Index, Melbourne Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Jun-14	310	8.3%	3.4%	1.9%	0.6%
Jul-14	308	9.1%	1.9%	-0.2%	-0.8%
Aug-14	315	10.7%	3.9%	2.1%	2.3%
Sep-14	322	10.7%	5.7%	3.7%	2.2%
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%

Source: Knight Frank Research, Residex

Knight Frank Apartment Price Index, Melbourne Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Jun-14	285	6.1%	2.9%	1.9%	1.0%
Jul-14	282	5.7%	1.1%	-0.3%	-1.2%
Aug-14	285	5.8%	2.3%	0.8%	1.0%
Sep-14	287	5.6%	2.3%	0.4%	0.7%
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%

Source: Knight Frank Research, Residex

Knight Frank Residential Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Australian Residential Market Apartments Overview Q2 2015



Sydney Residential Market Update August 2015



Brisbane Residential Market Update August 2015



Perth Residential Market Update August 2015

Knight Frank Research Reports are available at KnightFrank.com.au/Research

RESIDENTIAL RESEARCH

Michelle Ciesielski

Director
+61 2 9036 6659
Michelle.Ciesielski@au.knightfrank.com

Bradley Rehn

Assistant Analyst
+61 2 9036 6656
Bradley.Rehn@au.knightfrank.com

Matt Whitby

Head of Research and Consulting
+61 2 9036 6616
Matt.Whitby@au.knightfrank.com

PROJECT MARKETING MELBOURNE

Daniel Cashen

Director
+61 3 9604 4749
Daniel.Cashen@au.knightfrank.com

Richard Drummond

Director
+61 3 9604 4610
Richard.Drummond@au.knightfrank.com

INTERNATIONAL PROJECT MARKETING

Erin Van Tuil

Director
+61 2 9036 6699
Erin.VanTuil@au.knightfrank.com

PROPERTY MANAGEMENT

Jennelle Marden

Head of Property Management
+61 2 9604 4721
Jennelle.Marden@au.knightfrank.com

VICTORIA

James Templeton

Managing Director
+61 3 9604 4724
James.Templeton@au.knightfrank.com



© Knight Frank 2015 This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not permitted without prior consent of, and proper reference to Knight Frank Research.