

SALES VOLUME CONTINUES AN UPWARD TRAJECTORY

Last month, Melbourne achieved the highest sales volume growth across the capital cities for houses. Rents continued to rise, particularly for houses, with total vacancy continuing to straddle equilibrium as building approvals continue to trend upwards.

Key facts June 2015

Capital growth for houses in the last month was down 1.5% (up 5.6% year-on-year); while apartments fell by 0.2% (up 2.3% year-on-year)

Sales volume was up 16.3% for houses and up 18.4% for apartments year-on-year to April

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

Gross **rental yields** currently average 3.61% for houses and 4.46% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low. The standard variable rate currently stands at circa 5.45% and the 3-year fixed mortgage rate at circa 4.80%.
- Population growth is set to continue for the Melbourne metropolitan area, with an annual rate of 2.0% projected out to 2021. This will be led by net overseas migration.
- The unemployment rate as at April 2015 stands at 6.0% for the metropolitan region (SA4), trending below the 6.4% rate of April 2014.
- Building approvals in the three months to April totalled 6,091 houses and 8,973 apartments approved in the Melbourne metropolitan area. This is trending 14.5% higher for houses and 37.9% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to April tallied 50,658 houses (up 16.3% on previous year) and 39,190 apartments (up 18.4% on prior year).
- House values fell by 1.5% in the month of April (growth of 5.6% over the last year) to a median \$662,500 as apartments followed suit falling 0.2% over the month (albeit modest growth of 2.3% over the year) to record a median of \$469,000.
- Over the year to April rental growth was recorded at 3.4% for houses and 1.3% for apartments. Weekly median rents are currently achieving \$460 for houses and \$400 for apartments.
- Average rolling six month total vacancy was last recorded at 3.0% in May 2015 for metropolitan Melbourne; with 3.6% for the CBD ring (0-4km), 2.7% for the inner ring (4-10km), 3.5% for the middle ring (10-20km) and 2.2% for the outer ring (20km+).
- Gross rental yields across the metropolitan area have increased slightly to stand at 3.61% for houses and 4.46% for apartments.

FIGURE 1
Melbourne Capital Value Growth
12-month rolling

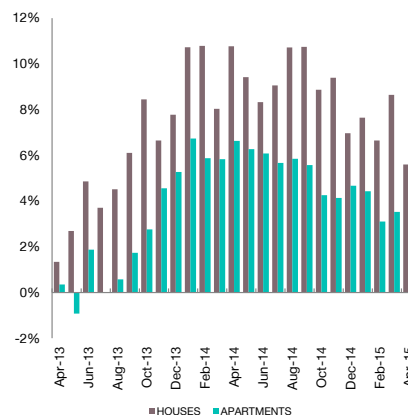
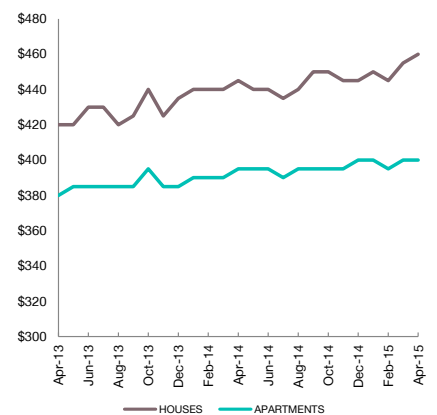


FIGURE 2
Melbourne Rents
Median, weekly



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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
Apr-14	308	10.8%	4.0%	2.1%	1.4%
May-14	308	9.4%	4.3%	1.8%	0.0%
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%

Source: Knight Frank Residential 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
Apr-14	283	6.6%	2.7%	1.4%	1.0%
May-14	283	6.3%	2.3%	1.6%	-0.1%
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%

Source: Knight Frank Residential Research, Residex

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