

RESIDENTIAL RESEARCH



AUSTRALIAN RESIDENTIAL REVIEW

MARCH 2017



MARKET ACTIVITY REPORT FOR AUSTRALIAN CAPITAL CITIES & REGIONAL CENTRES

KEY FINDINGS

The official **cash rate** target remained at 1.50% on 7 March 2017. **Gross Domestic Product** was recorded at 2.4% annual growth to December 2016.

Unemployment across Australia rose 20 bps to 5.9%, in the quarter ending February 2017.

The weighted average of Australian capital cities **house values** fell 1.6% in the month of January 2017 (3.1% annual growth) to \$717,500; while **apartment values** were stable over the month (3.1% annual growth) to \$546,500.

In the year ending January 2017, the volume of **house sales** across Australian capital cities was up 2.3% to 199,930; while 130,015 **apartment sales** were recorded (up by 0.9%).

Gross rental yields across Australian capital cities houses recorded a weighted average of 3.76% in January 2017, while Australian apartments achieved 4.45%.

Weighted average of Australian capital cities weekly **house rents** were \$485 in January 2017; whilst **apartment rents** were \$455 per week.

A weighted average **total vacancy** for Australian residential property was last recorded at 2.9% in December 2016; trending down 30 bps over the year.



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AUSTRALIAN RESIDENTIAL

The Knight Frank Global House Price Index, which measures the mainstream housing market, increased by 6% in 2016, up from 4.1% in 2015. With annual capital growth of 3.5%, Australia ranked in 37th position at the end of 2016, as shown in Figure 2. This chart is significantly different from a year earlier when Australia recorded annual capital growth of 10.7%, ranking in 4th place globally. Throughout this time, the ability to source lending finance has tightened for both local and foreign investors. Application fees to the Foreign Investment Review Board (FIRB) were introduced and state-based surcharges on stamp duty were increased in Victoria, and rolled out in NSW and Queensland.

In the year ending January 2017, the weighted average of Australian capital cities house values increased 3.1% to \$717,500, whilst over the same time apartment values also grew 3.1% to \$546,500. In the month of January, house values fell 1.6% while apartment values remained steady.

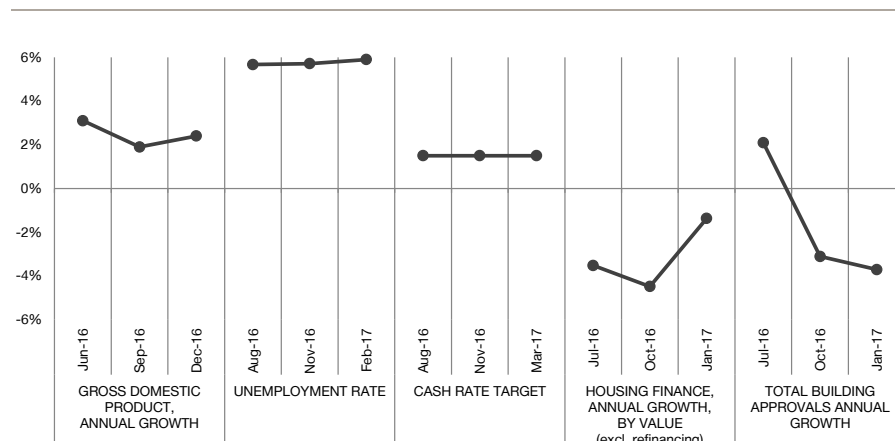
In early March 2017, the Victoria State Government unveiled several policy initiatives to boost housing affordability in Victoria, as well as, a \$1 billion dedicated Social Housing Growth Fund. Stamp duty relief for first home buyers, the removal of stamp duty concessions for investors, the introduction of a vacancy tax and a new

shared equity scheme are all designed to give every Victorian an opportunity to find a home—through ownership or renting. This follows the announcement of the doubling of the First Home Owner Grant to \$20,000 in Regional Victoria to make it easier for people to build and stay in their community.

The NSW Government is also considering several options to combat the housing affordability issue, recently floating the idea of raising the foreign investment stamp duty surcharge.

A change in the Western Australian Government has resulted in the newly elected Labor Party. The challenge continues ahead to rebuild after a decade-long resources boom and generate employment for the state. Throughout the campaign, there was a strong focus on affordable housing and jobs. As seen on the East Coast, the housing industry can stimulate economic activity and generate employment, together with re-directing funding into progressive infrastructure projects which can also result in improved amenity for the community. We await new policy announcements but it's likely the initiatives already in place for those trying to get into the market remain, such as, the First Home Buyers Grant of \$15,000 and the stamp duty exemptions for land up to \$300,000 and new homes up to \$430,000.

FIGURE 1
National Key Economic Indicators

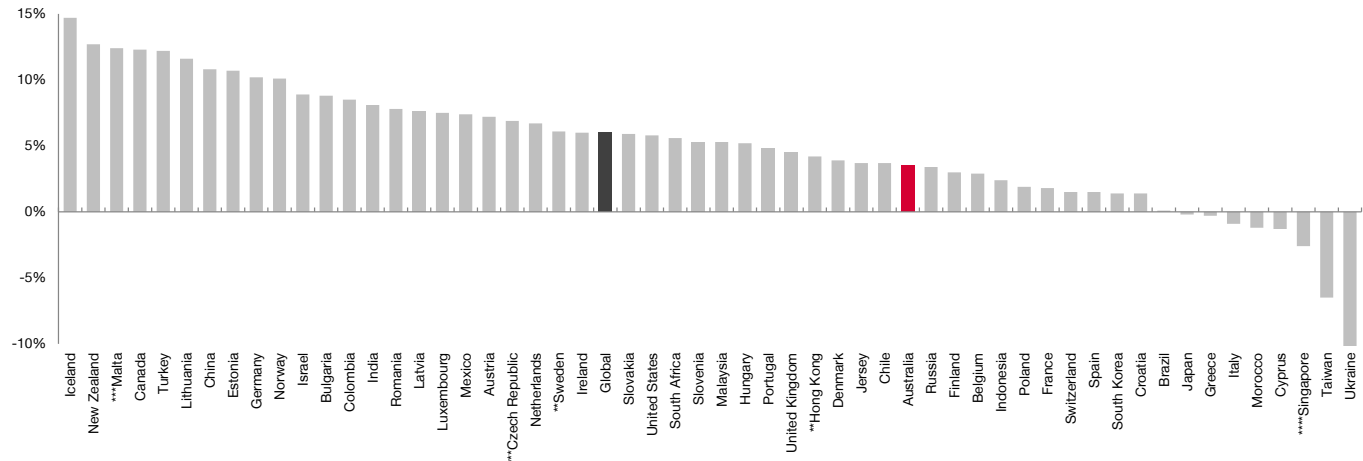


Source: Knight Frank Research, ABS, RBA

FIGURE 2

Knight Frank Global House Price Index

Ranked by 12-month % change (Q4 2015-Q4 2016)



Provisional *Asking prices ****Island-wide price index for non-landed private properties. Data for Australia, Austria, Belgium, Bulgaria, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Finland, Hungary, India, Israel, Italy, Lithuania, Luxembourg, Malaysia, Malta, New Zealand, Romania, Slovenia, South Africa is to Q3 2016; data for Chile and Morocco is to Q2 2016.

Knight Frank's Global House Price Index tracks the performance of 55 mainstream national housing markets around the world using official data from Central Banks or National Statistic Offices in each country.

Source: Knight Frank Research

Changes to Legislation in Victoria

The Victorian State Government recently announced several policy initiatives to boost housing affordability, including, a \$1 billion Social Housing Growth Fund.

Stamp Duty relief for First Home Buyers

From 1 July 2017, stamp duty will be abolished for first home buyers who purchase property valued below \$600,000, while a tapered discount will apply for property purchases valued between \$600,000 and \$750,000—the exemption applying to both new and existing dwellings.

Removal of Stamp Duty Concessions for Investors

The State Government is set to remove the off-the-plan stamp duty concession currently available for investors. This will apply to investment property acquired under contracts entered into from 1 July 2017. Although if you live in the property, the concession will remain in place.

Careful consideration and engagement is now required to ensure no long term

implications occur that impacts the local economy. Off-the-plan stamp duty concessions have long been a competitive advantage for Victoria against other states and territories. This concession has provided a significant saving given stamp duty is based on the value of the land before construction begins. This concession also absorbed much of the 3% foreign investor stamp duty surcharge introduced in 2015 (and the increase to 7% from 1 July 2016). This will effectively remove any residual benefit.

Vacancy Tax

The Government announced the introduction of a Vacant Residential Property Tax (VRPT) to encourage owners who unreasonably leave their investment properties vacant (for a total of six months in a calendar year), to make them available for purchase or rent. This will apply to Local Government Areas in the inner and middle rings including Banyule, Bayside, Boroondara, Darebin, Glen Eira, Hobsons Bay, Manningham, Maribyrnong, Melbourne, Monash, Moonee Valley, Moreland, Port Phillip, Stonnington, Whitehorse and Yarra.

From 1 January 2018, the VRPT will be levied at 1% of the improved capital value of the residential property. The Government will rely on data available from utility companies to determine if the property is vacant (exemption for those residents temporarily overseas, deceased estates and holiday homes etc) if the owner does not notify by 'self-reporting'.

Although not all details are available until the tax is slated, but foreign investors could also be exposed to the 'absentee' land tax (1.5%) if properties are not added to the rental stock.

New Shared Equity Scheme

Establish HomesVic, a new shared equity scheme to assist first home purchasers who are eligible for a bank loan, but need help with a deposit.

Further information can be found at [State Revenue Office Victoria](#) and [Homes for Victorians](#) websites.

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 January 2017 stood at 4.8% for Greater Sydney, trending 60 bps lower than the 5.4% recorded in January 2016.

Population in Greater Sydney was estimated at 4.9 million persons in 2015. Greater Sydney experienced **population growth** of 1.7% in the year to June 2015.

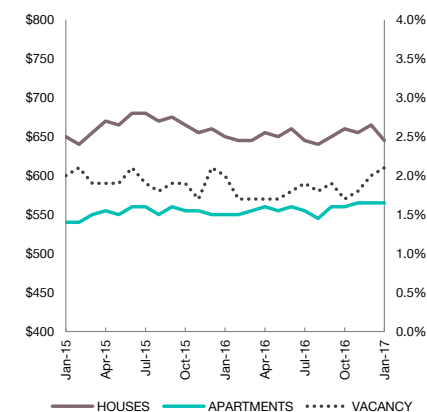
Market Trends

- The value of housing finance commitments in New South Wales in the three months ending January 2017 fell by 4.7% on the previous year, to \$21.7 billion.
- Building approvals in the three months ending January totalled 3,529 houses and 8,459 apartments in Greater Sydney. This is trending 6.6% lower for houses and 10.2% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 80.0% out of 1,210 scheduled auctions in Greater Sydney. This remained steady from the week prior, at 80% from 1,001 scheduled auctions, and higher than the comparable week a year earlier, when 72.1% (out of 919 auctions) were sold.
- Sales transacted in the year to January tallied 46,689 houses (up

FIGURE 4

Median Rents & Total Vacancy Greater Sydney

Weekly Rents & Monthly Vacancy



Source: Knight Frank Research, Residex, REINSW

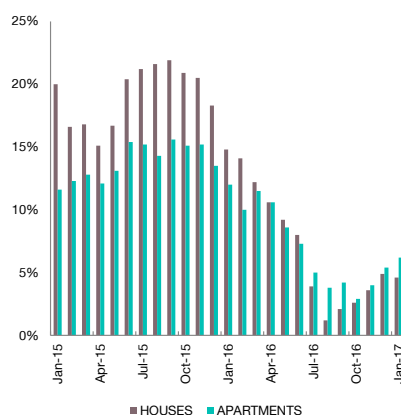
0.4% on previous year) and 46,543 apartments (up 0.6% on prior year).

- House values decreased 2.1% in the month of January (rising 4.6% over the last year) to a median of \$1,094,000. Apartment values rose 0.4% over the same month (rising 6.2% over the year) to record a median of \$728,500.
- Over the year to January, rental growth fell 0.8% for houses but rose 2.7% for apartments. Weekly median rents are currently achieving \$645 for houses and \$565 for apartments.
- Greater Sydney total vacancy was last recorded at 2.1% in January with 1.9% for the inner ring (0-10km), 2.1% for the middle ring (10-25km) and 2.2% for the outer ring (25km+).
- In January, gross rental yields across Greater Sydney compressed 16 bps (to 3.09%) for houses and 15 bps (to 4.03%) for apartments compared to the previous year.

FIGURE 3

Capital Growth, Greater Sydney

12-month rolling



Source: Knight Frank Research, Residex

TABLE 1

Key Residential Indicators, January 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	1,094,000	-2.1	0.7	4.6	46,689	645	3.09
Sydney	Apartments	728,500	0.4	3.4	6.2	46,543	565	4.03

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 January 2017 stood at 6.4% for Greater Melbourne, trending 20 bps lower than the 6.6% recorded in January 2016.

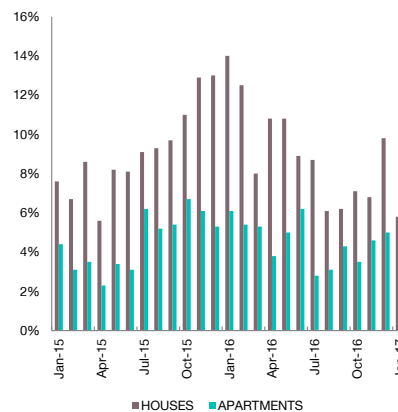
Population in Greater Melbourne was estimated at 4.5 million persons in 2015. Greater Melbourne experienced **population growth** of 2.1% in the year to June 2015.

Market Trends

- The value of housing finance commitments in Victoria in the three months ending January 2017 fell by 0.5% on the previous year, to \$16.9 billion.
- Building approvals in the three months ending January totalled 5,675 houses and 8,523 apartments in Greater Melbourne. This is trending 6.4% higher for houses and 32.2% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 81% out of 1,635 scheduled auctions in Greater Melbourne. This is higher than the week prior, at 75% from 1,185 scheduled auctions, and higher than the comparable week the year earlier, when 74.8% (out of 1,347 scheduled auctions) were sold.
- Sales transacted in the year to January tallied 56,196 houses (up 4.6% on previous year) and 41,860

FIGURE 5

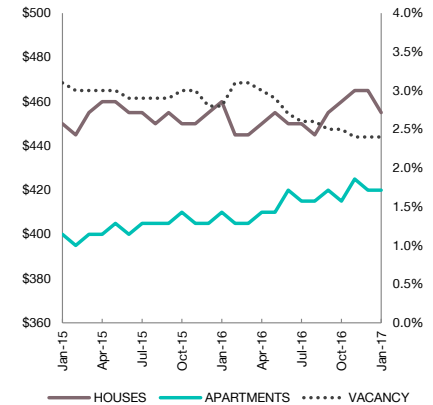
Capital Growth, Greater Melbourne 12-month rolling



Source: Knight Frank Research, Residex

FIGURE 6

Median Rents & Total Vacancy Greater Melbourne Weekly Rents & Monthly Vacancy



Source: Knight Frank Research, Residex, REIV

- apartments (up 3.2% on the prior year).
- House values decreased 1.4% in the month of January (growth of 5.8% over the last year) to a median of \$798,000, and apartment values fell 2.1% over the month (growth of 1.7% over the year) to record a median of \$509,500.
- Over the year to January, rental growth fell 1.1% for houses but grew 2.4% for apartments. Weekly median rents are currently achieving \$455 for houses and \$420 for apartments.
- Greater Melbourne total vacancy was last recorded at 2.4% in January with 2.2% in the inner ring (0-10km), 1.9% in the middle ring (10-20km) and 1.9% in the outer ring (20km+).
- In January, gross rental yields across Greater Melbourne compressed 19 bps (to 2.99%) for houses and 1 bps (to 4.29%) for apartments compared to prior year.

TABLE 2

Key Residential Indicators, January 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	798,000	-1.4	2.1	5.8	56,196	455	2.99
Melbourne	Apartments	509,500	-2.1	-0.9	1.7	41,860	420	4.29

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.

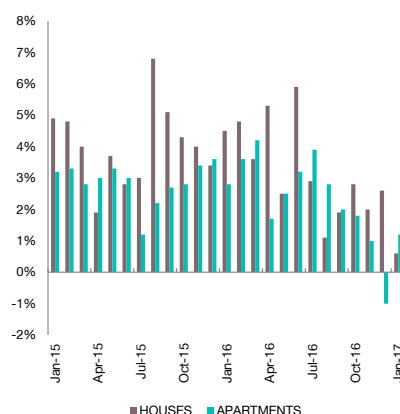
Unemployment as at January 2017 stood at 6.8% for Greater Brisbane, trending 10 bps higher than the 6.7% recorded in January 2016.

Population in Greater Brisbane was estimated at 2.3 million persons in 2015. Greater Brisbane experienced **population growth** of 1.6% in the year to June 2015.

Market Trends

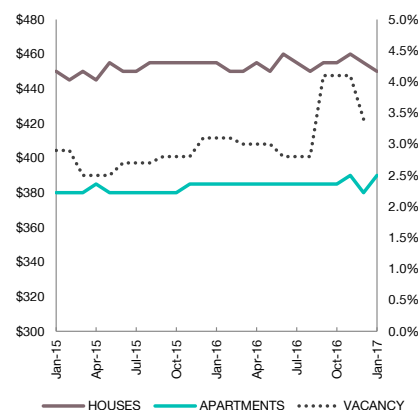
- The value of housing finance commitments in Queensland in the three months to January 2017 grew by 5.6% on the previous year, to \$10.6 billion.
- Building approvals in the three months to January totalled 2,529 houses and 1,601 apartments in Greater Brisbane. This is trending 3.8% lower for houses and 71.7% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 62.1% out of 176 scheduled auctions in Greater Brisbane. This is higher than the week prior, at 51% from 260 scheduled auctions, and higher than the comparable week the year earlier, when 57.4% (out of 179 scheduled auctions) were sold.
- Sales transacted in the year to January tallied 43,284 houses (up 2.2% on previous year) and 21,502 apartments (up 3.1% on prior year).

FIGURE 7
Capital Growth, Greater Brisbane
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 8
Median Rents & Total Vacancy
Greater Brisbane
Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex, REIQ

- House values fell 0.9% in the month of January (with growth of 0.6% over the last year) to a median of \$509,000 while apartment values grew 1.4% (with a increase of 1.2% over the year) to record a median of \$386,000.
- Over the year to January, rental growth fell for houses 1.1% but grew 1.3% for apartments. Weekly median rents are currently achieving \$450 for houses and \$390 for apartments.
- As new supply reached the market, total vacancy was last recorded at 3.4% in December for Greater Brisbane; with 3.6% for the inner ring (0-5km), 3.3% for the middle ring (5-20km) and 2.4% for the outer ring (20km+).
- In January, gross rental yields across Greater Brisbane compressed 9 bps (to 4.63%) for houses and 2 bps (to 5.25%) for apartments compared to the previous year.

TABLE 3
Key Residential Indicators, January 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	509,000	-0.9	-0.3	0.6	43,284	450	4.63
Brisbane	Apartments	386,000	1.4	-0.5	1.2	21,502	390	5.25

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 2015; 4.5% greater than the prior year.

Unemployment as at January 2017 stood at 8.1% for Greater Perth, trending 120 bps higher than the 6.9% recorded in January 2016.

Population in Greater Perth was estimated at 2.0 million persons in 2015. Greater Perth experienced **population growth** of 1.6% in the year to June 2015.

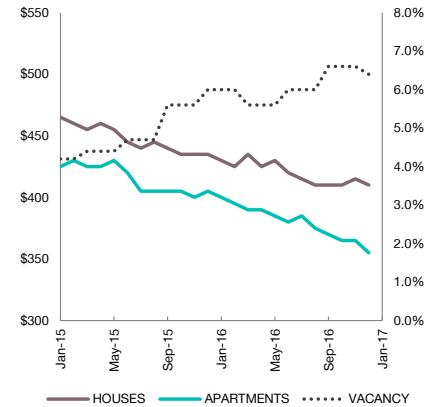
Market Trends

- The value of housing finance commitments in Western Australia in the three months to January 2017 fell by 11.3% on the previous year, to \$5.9 billion.
- Building approvals in the three months to January totalled 2,827 houses and 1,581 apartments in Greater Perth. This is trending 16.8% lower for houses but 13.4% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 30.3% out of 46 scheduled auctions in Greater Perth. This is lower than the week prior, at 35% from 45 scheduled auctions, and lower than the comparable week the year earlier, when 35% were sold.
- Sales transacted in the year to January tallied 22,202 houses (down 7.4% on previous year) and 10,234

FIGURE 10

Median Rents & Total Vacancy Greater Perth

Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex, REIWA

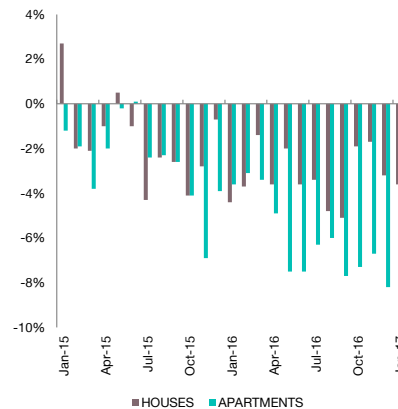
apartments (down 3.3% on prior year).

- House values were recorded at a median of \$498,000, decreasing 2.4% in the month of January and 3.6% over the last year. Apartment values rose 1.1% over the month, down 5.3% over the year, to record a median of \$415,00.
- Over the year to January, rental growth was down 7.0% for houses and down 10.0% for apartments. Weekly median rents are currently \$400 for houses and \$360 for apartments.
- Across the Greater Perth area, total vacancy was recorded at 6.4% in December 2016; down 20 bps from three months earlier.
- In January, gross rental yields across Greater Perth compressed 15 bps (to 4.21%) for houses and down 20 bps (to 4.54%) for apartments compared to the previous year.

FIGURE 9

Capital Growth, Greater Perth

12-month rolling



Source: Knight Frank Research, Residex

TABLE 4

Key Residential Indicators, January 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	498,000	-2.4	-1.0	-3.6	22,202	400	4.21
Perth	Apartments	415,000	1.1	0.2	-5.3	10,234	360	4.54

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.

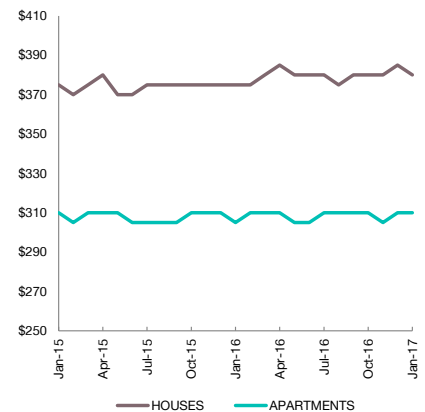
Unemployment as at January 2017 stood at 8.3% for Greater Adelaide, trending 40 bps lower than the 8.7% recorded in January 2016.

Population in Greater Adelaide was estimated at 1.3 million persons in 2015. Greater Adelaide experienced **population growth** of 0.9% in the year to June 2015.

Market Trends

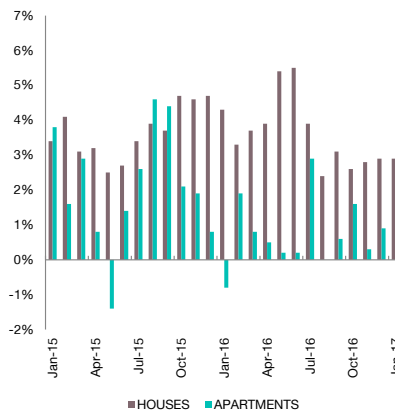
- The value of housing finance commitments in South Australia in the three months to January 2017 grew by 2.2% on the previous year, to \$3.2 billion.
- Building approvals in the three months to January totalled 1,349 houses and 730 apartments approved in Greater Adelaide. This is trending 2.7% lower for houses and 17.2% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 71.6% out of 122 scheduled auctions in Greater Adelaide. This is higher than the week prior, at 66% from 99 scheduled auctions, and higher than the comparable week the year earlier, when 64% (out of 121 scheduled auctions) were sold.

FIGURE 12
Median Rents, Greater Adelaide
Weekly Rents



Source: Knight Frank Research, Residex

FIGURE 11
Capital Growth, Greater Adelaide
12-month rolling



Source: Knight Frank Research, Residex

- Sales transacted in the year to January tallied 22,988 houses (up 14.1% on previous year) and 5,752 apartments (up 9.6% on prior year).
- House values were slightly down 0.2% in the month of January (but rising by 2.9% over the last year) to a median of \$454,500. Apartments grew 1.2% over the month to record a median of \$325,500 (rising 4.0% over the past year).
- Over the year to January, rental growth rose for houses (up 1.3%) and (up 1.6%) for apartments. Weekly median rents are currently achieving \$380 for houses and \$310 for apartments.
- In January, gross rental yields across Greater Adelaide compressed 7 bps (to 4.39%) for houses and 13 bps (to 4.95%) for apartments compared to the previous year.

TABLE 5

Key Residential Indicators, January 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	454,500	-0.2	1.7	2.9	22,988	380	4.39
Adelaide	Apartments	325,500	1.2	0.8	4.0	5,752	310	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.

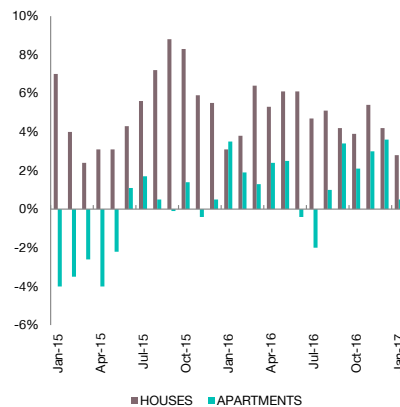
Unemployment as at January 2017 stood at 3.8% for the ACT, trending 80 bps lower than the 4.6% recorded in January 2016.

Population in the ACT was estimated at 391,000 persons in 2015. The ACT experienced **population growth** of 1.4% in the year to June 2015.

Market Trends

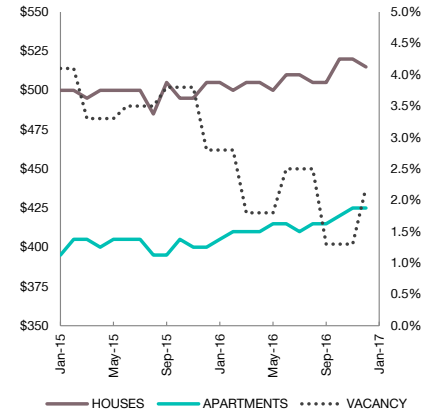
- The value of housing finance commitments in the Australian Capital Territory in the three months to January 2017 grew by 2.0% on the previous year, to \$1.2 billion.
- Building approvals in the three months to January totalled 233 houses and 1,910 apartments in the ACT. This is trending 8.4% higher for houses and 110% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 76.8% out of 103 scheduled auctions in Canberra. This is lower than the week prior, at 81% from 92 scheduled auctions, but higher than the comparable week the year earlier, when 72.3% were sold.
- Sales transacted in the year to January tallied 4,729 houses (down 1.4% on previous year) and 2,812 apartments (down 28.3% on prior year).

FIGURE 13
Capital Growth, Canberra
12-month rolling



Source: Knight Frank Research, Residex

FIGURE 14
Median Rents & Total Vacancy Canberra
Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex, REIA

- House values fell 1.1% in the month of January (with growth of 2.8% over the last year) to a median of \$595,000. Apartment values fell 1.2% over the month (but up 0.5% over the year) to record a median of \$411,000.
- Over the year to January, rental growth grew 3.0% for houses and 3.7% for apartments. Weekly median rents are currently achieving \$520 for houses and \$420 for apartments.
- Total vacancy in Canberra was last recorded at 2.2% in December; up 90 bps on the previous quarter and 60 bps lower compared to the prior year.
- In January, gross rental yields across Canberra fell 1 bps (to 4.56%) for houses and grew by 18 bps (to 5.37%) for apartments compared to the previous year.

TABLE 6

Key Residential Indicators, January 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	595,000	-1.1	-0.3	2.8	4,729	520	4.56
Canberra	Apartments	411,000	-1.2	-0.6	0.5	2,812	420	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 January 2017 stood at 5.0% for Greater Hobart, trending 270 bps lower than the 7.7% recorded in January 2016.

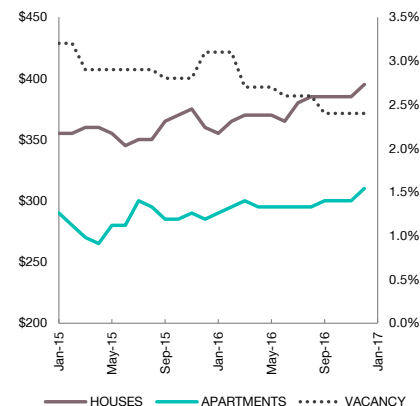
Population in Greater Hobart was estimated at 221,000 persons in 2015. Greater Hobart experienced **population growth** of 0.8% in the year to June 2015.

Market Trends

- The value of housing finance commitments in Tasmania in the three months to January 2017 grew by 8.4% on the previous year, to \$705.1 million.
- Building approvals in the three months to January totalled 191 houses and 55 apartments in Greater Hobart. This is trending 23.2% higher for houses and 19.6% higher for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 57.1% out of 9 scheduled auctions in Greater Hobart. This was higher than the previous week when 33% of 5 scheduled auctions were sold.
- Sales transacted in the year to January tallied 2,643 houses (down 7.5% on previous year) and 796 apartments (down 15.1% on prior year).

FIGURE 16

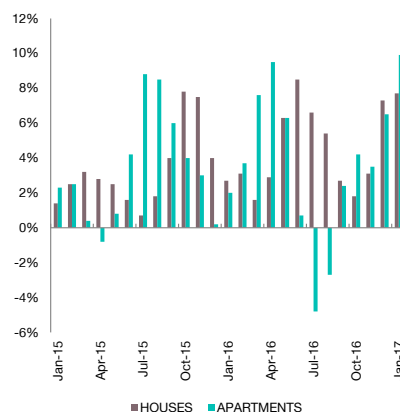
Median Rents & Total Vacancy Greater Hobart Weekly Rents & Quarterly Vacancy



Source: Knight Frank Research, Residex, REIA

FIGURE 15

Capital Growth, Greater Hobart 12-month rolling



Source: Knight Frank Research, Residex

- House values fell 1.3% in the month of January (rising 7.7% over the last year) to a median of \$403,500. Apartments rose 4.5% over the month (up 9.9% over the year) to record a median of \$301,000.
- Over the year to January, rental growth rose 7.0% for houses and 8.6% for apartments. Weekly median rents are currently achieving \$380 for houses and \$315 for apartments.
- Greater Hobart total vacancy was last recorded at 2.4% in December; remaining the same as previous quarter and down 70 bps compared to the prior year.
- In January, gross rental yields across Greater Hobart increased 1 bps for houses (to 4.94%) but fell 7 bps for apartments (to 5.49%) compared to the previous year.

TABLE 7

Key Residential Indicators, January 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	403,500	-1.3	2.8	7.7	2,643	380	4.94
Hobart	Apartments	301,000	4.5	6.5	9.9	796	315	5.49

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 4.9% in Greater Darwin as at January 2017, trending 30 bps higher than the 4.6% recorded in January 2016.

Population in Greater Darwin was estimated at 142,000 persons in 2015. Greater Darwin experienced **population growth** of 1.9% in the year to June 2015.

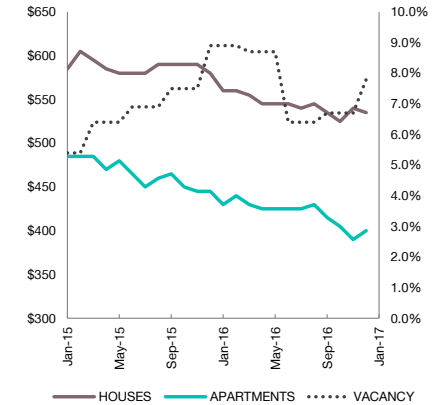
Market Trends

- The value of housing finance commitments in the Northern Territory in the three months to January 2017 fell by 14.5% on the previous year, to \$281.3 million.
- Building approvals in the three months to January totalled 107 houses and 52 apartments in Greater Darwin. This is trending 28.7% lower for houses and 53.6% lower for apartment approvals compared to the same period in 2016.
- The preliminary auction clearance rate for the week ending 26 February was 60% out of 8 scheduled auctions in Greater Darwin. This was lower than the previous week when 67% of 5 scheduled auctioned were sold.
- Sales transacted in the year to January tallied 1,199 houses (up 10.2% on previous year) and 513 apartments (up 13.5% on prior year).

FIGURE 18

Median Rents & Total Vacancy Greater Darwin

Weekly Rents & Quarterly Vacancy

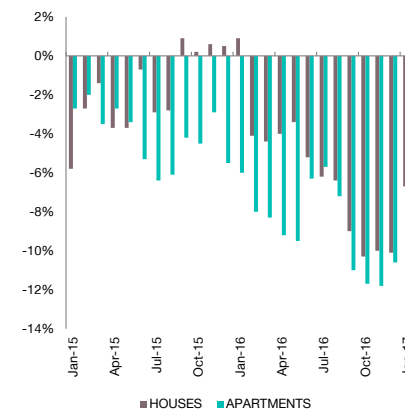


Source: Knight Frank Research, Residex, REIA

FIGURE 17

Capital Growth, Greater Darwin

12-month rolling



Source: Knight Frank Research, Residex

- House values grew 1.5% in the month of January (down 6.7% over the last year) to a median of \$521,000. Apartments grew 1.3% over the month (down 7.7% over the year) to record a median of \$362,000.
- Over the year to January, rental growth was down 4.5% for houses and 7.0% for apartments. Weekly median rents are currently achieving \$535 for houses and \$400 for apartments.
- Greater Darwin total vacancy was last recorded at 7.8% in December; up 110 bps on the previous quarter but trending down 110 bps compared to the prior year.
- In January, gross rental yields across Greater Darwin compressed 15 bps (to 5.38%) for houses and grew 4 bps (to 5.75%) for apartments compare to previous year.

TABLE 8

Key Residential Indicators, January 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	521,000	1.5	-0.2	-6.7	1,199	535	5.38
Darwin	Apartments	362,000	1.3	0.1	-7.7	513	400	5.75

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



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