

RESIDENTIAL RESEARCH



AUSTRALIAN RESIDENTIAL REVIEW

Q4 2019



A REVIEW OF KEY RESIDENTIAL INDICATORS ACROSS MAJOR AUSTRALIAN CITIES

KEY FINDINGS

Economic growth was recorded at 1.4% annual growth in June 2019. **Unemployment** across Australia was 5.3% in October 2019. The official **cash rate** target was 0.75% on 6 November 2019. In September 2019, **lending to households** was down 15.0% compared to the previous year. Annual growth for residential **building approvals** had fallen 27.0% in September 2019.

Australian median **house values** were down 1.0% in the year ending September 2019 (although rising 2.7% in the last quarter) to \$773,500. **Apartment values** were down 2.0% over the year ending September 2019 (but up 1.8% in the last quarter) to \$539,500.

In the year ending September 2019, the volume of **house sales** across Australia fell 15.7% to 276,275; whilst 80,144 **apartment sales** were recorded (down by 22.7%).

Gross rental yields fell 7 bps in the September 2019 quarter with Australian houses averaging 4.10%; whilst Australian apartments fell 8 bps, to 4.42%.

Australian **house rents** rose 2.4% to \$420 per week in the year ending September 2019; whilst **apartment rents** rose 2.4% to \$430 per week.

The weighted average **total residential vacancy** for Australian capital cities was last recorded at 2.7% in June 2019; increasing 20 bps over the past year.



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AUSTRALIAN RESIDENTIAL

Confidence in the Australian housing market has continued an upward trajectory in the third quarter of 2019.

Since the weeks following the Coalition retaining power in late May 2019, the residential market has continued to gain strength across most Australian cities, supported by the first of lower taxes being introduced for low- and middle-income earners.

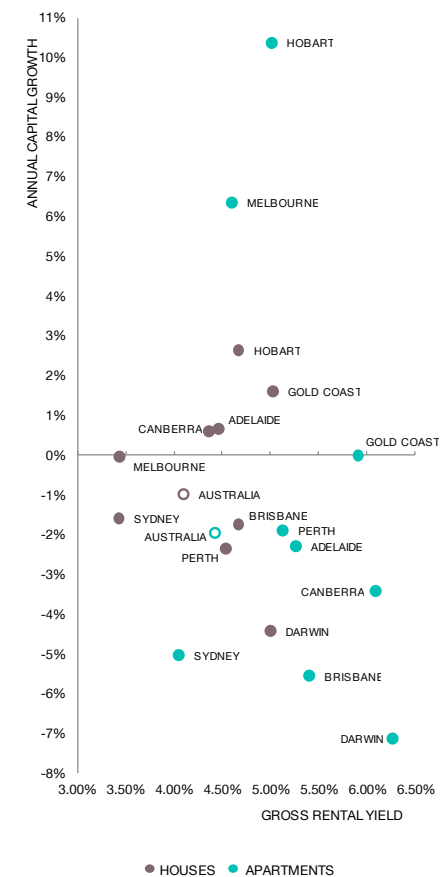
Although it is the relaxed, but responsible lending environment following the Banking Royal Commission, currently stimulating the property market. This is off-the-back of two consecutive 25 bps cuts to the official cash rate in June and July 2019 and a third, shortly after in October to now stand at 0.75%. In most cases, mortgage lenders passed on a reduction, in part, to their customers.

In the September 2019 quarter alone, Australian house values grew by 2.9% and apartment values rose 1.8%. This was led by remarkable quarterly growth in Sydney houses (4.8%), Melbourne houses (4.1%), Melbourne apartments (3.7%), Perth apartments (2.8%) and Sydney apartments (2.6%).

As we head into 2020, key indicators to monitor for further recovery will be the rise in weekly auction numbers, sales volume growth and downward pressure on vacancy across the cities.

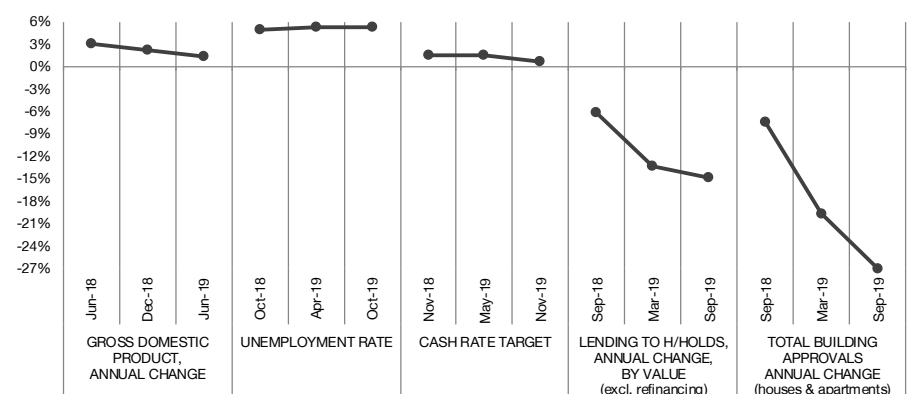
FIGURE 2
Annual Capital Growth & Gross Rental Yield

Greater Capital Cities, Gold Coast LGA & Australia (excl. Greater Darwin), as at 30 September 2019



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 5.2 million persons in June 2018, with annual **population growth** of 1.8%. The **population projection** is forecast at 1.6% per annum until 2041.

New South Wales (NSW) **economic growth** was 2.7% in 2019 with a similar forecast of 2.9% in 2023. Greater Sydney **unemployment** stood at 4.6% as at October 2019, trending 68 bps higher than a year earlier.

Lending to households in NSW fell by 18.6% in the year ending September 2019; down from -9.8% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in NSW fell 3.0% in the month of September 2019, compared to -1.9% a year earlier. This first home buyer group represented 26.4% of all NSW owner occupier loans in September 2019, up from 22.6% a year ago.

Building approvals in the year ending September 2019 totalled 15,583 houses and 21,735 apartments in Greater Sydney. This was trending 16.3% lower for houses and 33.1% lower for apartment approvals compared to a year earlier.

Market Trends in Greater Sydney

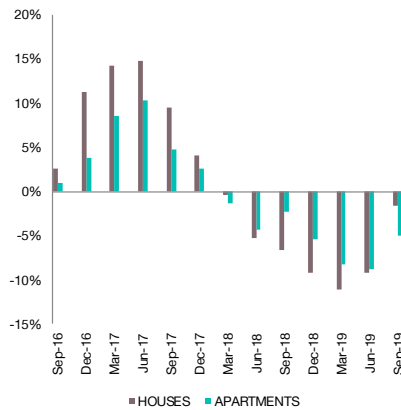
Over the year ending September 2019, **capital growth** decreased 1.6% for houses; although up 4.8% over the past quarter to a **median value** of \$1,079,500. Apartment values fell 5.0% over the past year, but up 2.6% in the last quarter to a median of \$695,000.

The **volume of sales** tallied 38,837 houses (down 11.6%) and 23,620 apartments (down 20.9%) in the year ending September 2019.

The **average days on market** for houses stood at 93 days in the September 2019 quarter. For apartments, this was 103 days. A year earlier, this comparable period was recorded at 67 days and 72 days, respectively.

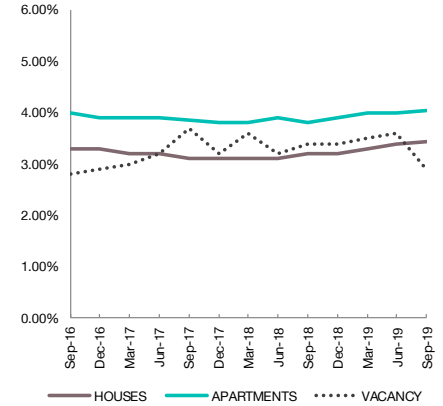
The **auction clearance rate** for the week ending 10 November 2019 was 76.8%

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

from 948 scheduled auctions. This was higher than the week prior, at 74.6% from 843 scheduled auctions, and higher than the comparable week a year earlier when 43.3% (out of 844 auctions) were sold.

Gross rental yields were up 3 bps to 3.43% for houses, and were at 5 bps to 4.05% for apartments over the September 2019 quarter.

Rents fell 4.5% for houses over the year ending September 2019, and fell 4.6% for apartments. Weekly median rents stood at \$525 for houses and \$520 for apartments.

Total vacancy was 2.9% in Greater Sydney, as at September 2019; recording 3.1% in the Inner Suburbs (0-10km from the CBD), 3.0% in the Middle Suburbs (10-25km) and 2.7% in the Outer Suburbs (25km+).

TABLE 1
Key Residential Indicators, 30 September 2019

| 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 | 1,079,500 | 4.8 | -1.6 | 38,837 | 93 | 3.43 | 525 |
| Sydney | Apartments | 695,000 | 2.6 | -5.0 | 23,620 | 103 | 4.05 | 520 |

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

MELBOURNE

Population in Greater Melbourne was estimated at 5.0 million persons in June 2018, with annual **population growth** of 2.5%. The **population projection** is forecast at 1.9% per annum until 2041.

Victoria **economic growth** was 3.8% in 2019 with forecast of 3.1% in 2023. Greater Melbourne **unemployment** stood at 4.7% as at October 2019, trending 44 bps higher than a year earlier.

Lending to households in Victoria fell by 15.6% in the year ending September 2019; down from -0.2% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in Victoria fell 2.6% in the month of September 2019, compared to -2.0% a year earlier. This first home buyer group represented 30.6% of all Victorian owner occupier loans in September 2019, up from 28.3% a year ago.

Building approvals in the year ending September 2019 totalled 24,274 houses and 20,206 apartments in Greater Melbourne. This was trending 14.3% lower for houses and 40.7% lower for apartment approvals compared to a year earlier.

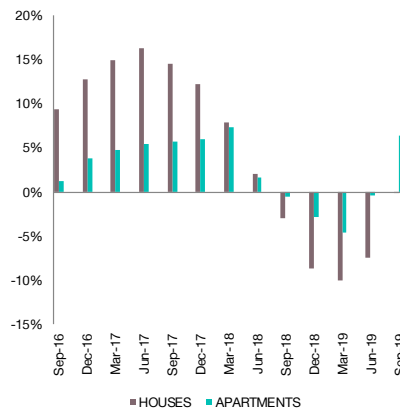
Market Trends in Greater Melbourne

Over the year ending September 2019, **capital growth** remained steady for houses; but rose 4.1% over the past quarter to a **median value** of \$855,500. Apartment values increased 6.3% over the year, and rose 3.7% in the past quarter to a median of \$521,000.

The **volume of sales** tallied 46,581 houses (down 22.1%) and 14,811 apartments (down 25.8%) in the year ending September 2019.

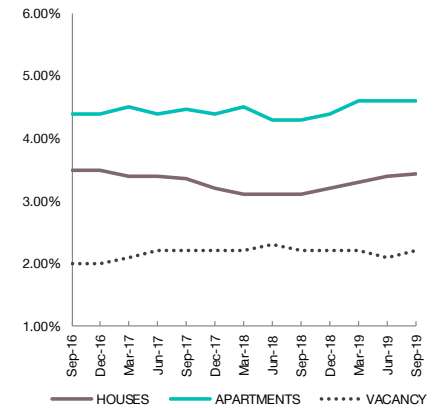
The **average days on market** for houses stood at 86 days in the September 2019 quarter. For apartments, this was 100 days. A year earlier, this comparable period was recorded at 51 days and 82 days, respectively.

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 10 November 2019 was 71.7% from 1,032 scheduled auctions. This was higher than the week prior, at 69.0% from 255 scheduled auctions, and higher than the comparable week a year earlier when 46.2% (out of 1,127 auctions) were sold.

Gross rental yields were up 4 bps to 3.44% for houses but remained steady at 4.60% for apartments over the September 2019 quarter.

Rents for houses remained steady but increased 2.4% for apartments over the year ending September 2019. Weekly median rents stood at \$430 for houses and \$420 for apartments.

Total vacancy was 2.2% in Greater Melbourne, as at September 2019; recording 1.9% in the Inner Suburbs (0-10km from the CBD), 3.1% in the Middle Suburbs (10-25km) and 1.8% in the Outer Suburbs (25km+).

TABLE 2
Key Residential Indicators, 30 September 2019

| 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 | 855,500 | 4.1 | 0.0 | 46,581 | 86 | 3.44 | 430 |
| Melbourne | Apartments | 521,000 | 3.7 | 6.3 | 14,811 | 100 | 4.60 | 420 |

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

BRISBANE

Population in Greater Brisbane was estimated at 2.5 million persons in June 2018, with annual **population growth** of 2.1%. The **population projection** is forecast at 1.7% per annum until 2041.

Queensland **economic growth** was 1.7% in 2019 with forecast of 3.6% in 2023. Greater Brisbane **unemployment** stood at 5.9% as at October 2019, trending 10 bps higher than a year earlier.

Lending to households in Queensland fell by 12.4% in the year ending September 2019; down from -7.2% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in Queensland rose 2.2% in the month of September 2019, compared to -0.5% a year earlier. This first home buyer group represented 26.9% of all Queensland owner occupier loans in September 2019, down from 27.3% a year ago.

Building approvals in the year ending September 2019 totalled 11,184 houses and 5,886 apartments in Greater Brisbane. This was trending down 23.3% for houses and 45.0% lower for apartment approvals compared to a year earlier.

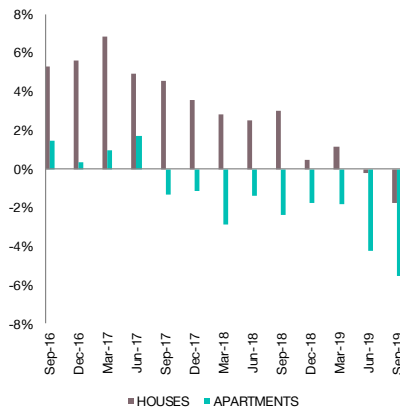
Market Trends in Greater Brisbane

Over the year ending September 2019, **capital growth** decreased 1.8% for houses; and fell 1.0% over the past quarter to a **median value** of \$563,000. Apartment values fell 5.6% over the year, decreasing 3.4% in the past quarter to a median of \$375,000.

The **volume of sales** tallied 27,441 houses (down 20.7%) and 9,474 apartments (down 28.5%) in the year ending September 2019.

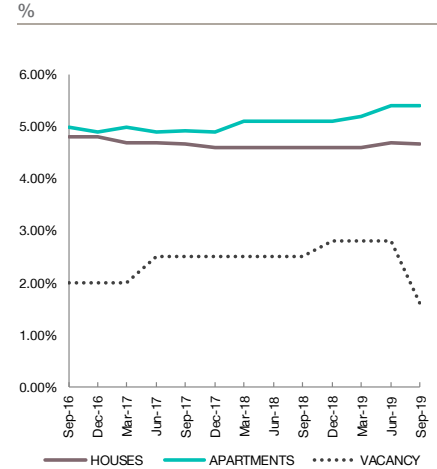
The **average days on market** for houses stood at 100 days in the September 2019 quarter. For apartments, this was 140 days. A year earlier, this comparable period was recorded at 74 days and 133 days, respectively.

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

The **auction clearance rate** for the week ending 10 November was 46.8% from 144 scheduled auctions. This was lower than the week prior, at 51.7% from 177 scheduled auctions, but higher than the comparable week a year earlier when 33.6% (out of 139 auctions) were sold.

Gross rental yields were down 3 bps to 4.67% for houses, but remained steady at 5.40% for apartments over the September 2019 quarter.

Rents rose 1.3% both for houses and apartments over the year ending September 2019. Weekly median rents stood at \$405 for houses and \$380 for apartments.

Total vacancy was 1.7% in the Brisbane LGA as at September 2019; recording 1.9% in the Inner Suburbs (0-5km from the CBD), 1.3% in the Middle Suburbs (5-20km) and 1.9% in the Outer Suburbs (20km+).

TABLE 3
Key Residential Indicators, 30 September 2019

| 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 | 563,000 | -1.0 | -1.8 | 27,441 | 100 | 4.67 | 405 |
| Brisbane | Apartments | 375,000 | -3.4 | -5.6 | 9,474 | 140 | 5.40 | 380 |

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

PERTH

Population in Greater Perth was estimated at 2.1 million persons in June 2018, with annual **population growth** of 1.1%. The **population projection** is forecast at 1.6% per annum until 2041.

Western Australia (WA) **economic growth** was -1.1% in 2019 with forecast of 3.7% in 2023. Greater Perth **unemployment** stood at 5.6% as at October 2019, trending 10 bps lower than a year earlier.

Lending to households in WA fell by 11.9% in the year ending September 2019; down from -10.8% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in WA rose 2.6% in the month of September 2019, compared to 3.8% a year earlier. This first home buyer group represented 35.7% of all WA owner occupier loans in September 2019, up from 34.5% a year ago.

Building approvals in the year ending September 2019 totalled 9,692 houses and 3,506 apartments in Greater Perth. This was trending down 10.7% for houses and 18.2% lower for apartment approvals compared to a year earlier.

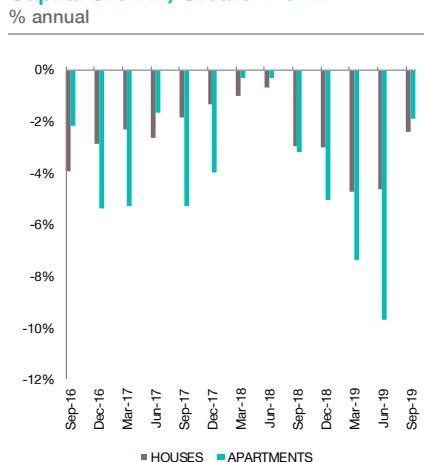
Market Trends in Greater Perth

Over the year ending September 2019, **capital growth** decreased 2.4% for houses and fell 1.0% over the past quarter to a **median value** of \$527,000. Over this year, apartment values decreased 1.9%, but rose 2.8% in the past quarter to a median of \$344,500.

The **volume of sales** tallied 25,756 houses (down 8.3%) and 2,565 apartments (down 27.3%) in the year ending September 2019.

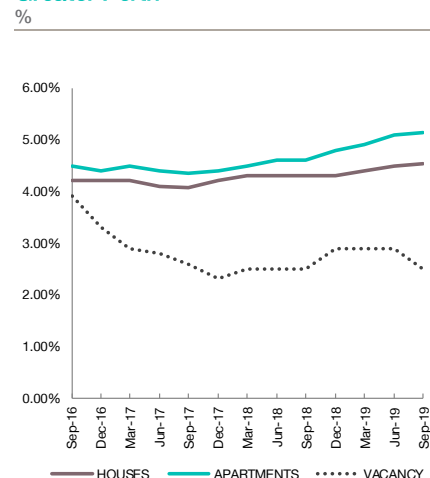
The **average days on market** for houses stood at 148 days in the September 2019 quarter. For apartments, this was 178 days. A year earlier, this comparable period was recorded at 133 days and 142 days, respectively.

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 10 November 2019 was 31.9% from 55 scheduled auctions. This was lower than the week prior, at 35.5% from 40 scheduled auctions, but higher than the comparable week a year earlier when 20.7% (out of 42 auctions) were sold.

Gross rental yields were up 4 bps to 4.54% for houses, and rose 3 bps to 5.13% for apartments over the September 2019 quarter.

Rents increased for houses 5.7% and rose 3.3% for apartments over the year ending September 2019. Weekly median rents stood at \$370 for houses and \$310 for apartments.

Total vacancy was 2.5% in Greater Perth as at September 2019; falling 140 bps from 3.9% recorded one year earlier.

TABLE 4
Key Residential Indicators, 30 September 2019

| 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 | 527,000 | -1.0 | -2.4 | 25,756 | 148 | 4.54 | 370 |
| Perth | Apartments | 344,500 | 2.8 | -1.9 | 2,565 | 178 | 5.13 | 310 |

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

GOLD COAST

Population in the Gold Coast LGA was estimated at 606,750 persons in June 2018, with annual **population growth** of 2.6%. The **population projection** is forecast at 2.1% per annum until 2041.

Queensland **economic growth** was 1.7% in 2019 with forecast of 3.6% in 2023. Gold Coast LGA **unemployment** stood at 4.7% as at March 2019, trending 10 bps higher than a year earlier.

Lending to households in Queensland fell by 12.4% in the year ending September 2019; down from -7.2% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in Queensland rose 2.2% in the month of September 2019, compared to -0.5% a year earlier. This first home buyer group represented 26.9% of all Queensland owner occupier loans in September 2019, down from 27.3% a year ago.

Building approvals in the year ending September 2019 totalled 2,252 houses and 2,331 apartments in the Gold Coast LGA.

Market Trends in Gold Coast LGA

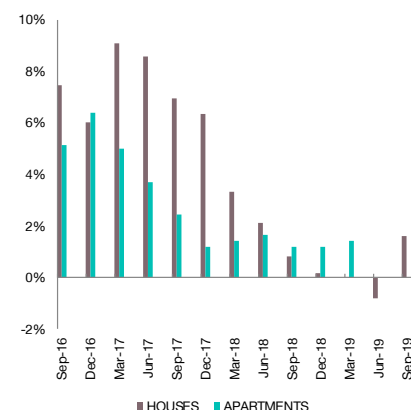
Over the year ending September 2019, **capital values** increased 1.6% for houses and also rose 1.6% over the past quarter to a **median value** of \$630,000.

Apartment values remained stable over the year, although decreased 0.5% in the past quarter to a median of \$425,000.

The **volume of sales** tallied 8,209 houses (falling by 11.6%) and 6,587 apartments (down 20.9%) in the year ending September 2019.

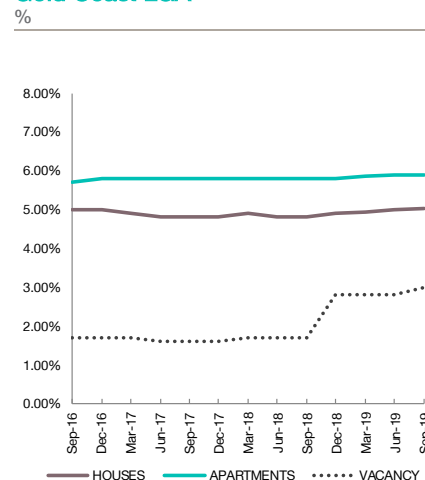
The **average days on market** for houses stood at 107 days in the September 2019 quarter. For apartments, this was 136 days.

FIGURE 11
Capital Growth, Gold Coast LGA
% annual



Source: Knight Frank Research, APM

FIGURE 12
Gross Rental Yield & Total Vacancy
Gold Coast LGA
%



Source: Knight Frank Research, APM, REIQ

A year earlier, this comparable period was recorded at 83 days and 113 days, respectively.

Gross rental yields rose 2 bps to 5.02% for houses, and rose 1 bps to 5.91% for apartments over the September 2019 quarter.

Rents increased for houses 2.0% and rose 1.2% for apartments over the year ending September 2019.

At this time, weekly median rents stood at \$510 for houses and \$425 for apartments.

Total vacancy was 3.0% in the Gold Coast LGA, as at September 2019. This was up 130 bps from 1.7% recorded one year earlier.

TABLE 5
Key Residential Indicators, 30 September 2019

| 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 | 630,000 | 1.6 | 1.6 | 8,209 | 107 | 5.02 | 510 |
| Gold Coast | Apartments | 425,000 | -0.5 | 0.0 | 6,587 | 136 | 5.91 | 425 |

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

ADELAIDE

Population in Greater Adelaide was estimated at 1.3 million persons in June 2018, with annual **population growth** of 0.8%. The **population projection** is forecast at 0.8% per annum until 2041.

South Australian (SA) **economic growth** was 1.9% in 2019 with forecast of 2.7% in 2023. Greater Adelaide **unemployment** stood at 6.0% as at October 2019, trending 65 bps higher than a year earlier.

Lending to households in SA fell by 3.0% in the year ending September 2019; up from -3.3% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in SA fell 2.1% in the month of September 2019, compared to -1.2% a year earlier. This first home buyer group represented 21.5% of all SA owner occupier loans in September 2019, slightly down from 21.8% a year ago.

Building approvals in the year ending September 2019 totalled 6,447 houses and 2,872 apartments in Greater Adelaide. This was trending 1.3% lower for houses and down 30.4% for apartment approvals compared to a year earlier.

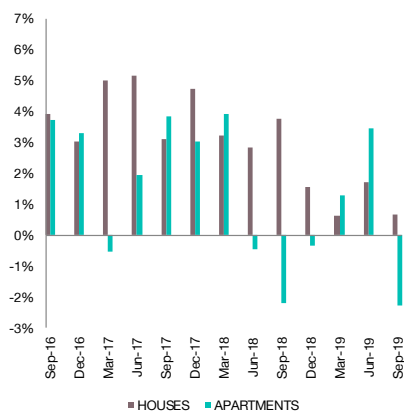
Market Trends in Greater Adelaide

Over the year ending September 2019, **capital growth** increased 0.7% for houses; but fell 0.6% over the past quarter to a **median value** of \$538,500. Apartments decreased 2.3% over the year, and fell 5.2% in the past quarter to a median of \$303,000.

The **volume of sales** tallied 18,357 houses (down 3.2%) and 4,143 apartments (up 3.4%) in the year ending September 2019.

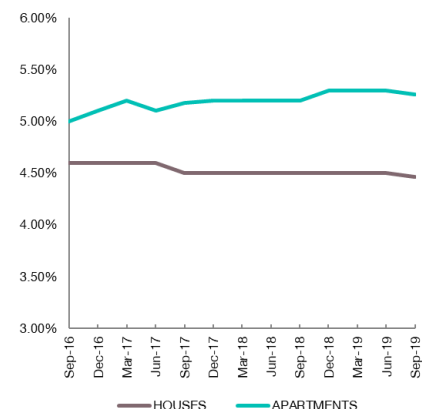
The **average days on market** for houses stood at 103 days in the September 2019 quarter. For apartments, this was 134 days. A year earlier, this comparable period was recorded at 100 days and 126 days, respectively.

FIGURE 13
Capital Growth, Greater Adelaide
% annual



Source: Knight Frank Research, APM

FIGURE 14
Gross Rental Yield
Greater Adelaide
%



Source: Knight Frank Research, APM

The **auction clearance rate** for the week ending 10 November 2019 was 54.1% from 117 scheduled auctions.

This was slightly lower than the week prior, at 54.5% from 145 scheduled auctions, but higher than the comparable week a year earlier when 46.2% (out of 123 auctions) were sold.

Gross rental yields fell 4 bps to 4.46% for houses and 5.26% for apartments over the September 2019 quarter.

Rents increased 2.7% for houses and rose 3.3% for apartments over the year ending September 2019. Weekly median rents stood at \$385 for houses and \$310 for apartments.

TABLE 6
Key Residential Indicators, 30 September 2019

| 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 | 538,500 | -0.6 | 0.7 | 18,357 | 103 | 4.46 | 385 |
| Adelaide | Apartments | 303,000 | -5.2 | -2.3 | 4,143 | 134 | 5.26 | 310 |

Source: Knight Frank Research, APM, CoreLogic, ABS, Oxford Economics

CANBERRA

Population in the Australian Capital Territory (ACT) was estimated at 421,000 persons in June 2018, with annual **population growth** of 2.2%. The **population projection** is forecast at 1.5% per annum until 2041.

ACT **economic growth** was 4.7% in 2019 with forecast of 3.4% in 2023. ACT **unemployment** stood at 2.8% as at October 2019, trending 70 bps lower than a year earlier.

Lending to households in the ACT fell by 8.0% in the year ending September 2019; down from 1.1% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in the ACT fell 2.4% in the month of September 2019, compared to 7.1% a year earlier. This first home buyer group represented 27.2% of all ACT owner occupier loans in September 2019, up from 23.7% a year ago.

Building approvals in the year ending September 2019 totalled 1,205 houses and 4,330 apartments in the ACT. This was trending down 8.9% for houses, and 11.1% lower for apartment approvals compared to a year earlier.

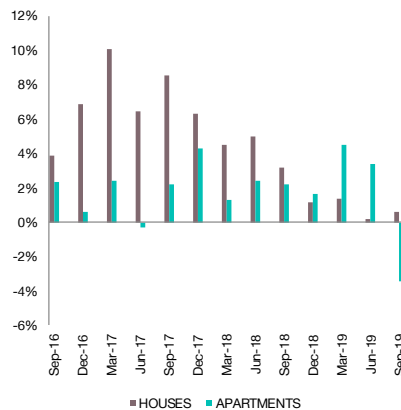
Market Trends in Canberra

Over the year ending September 2019, **capital growth** increased 0.6% for houses; although fell by 0.7% over the past quarter to a **median value** of \$739,000. Apartment values fell 3.4% over the year, falling 4.4% in the past quarter to a median of \$432,500.

The **volume of sales** tallied 4,900 houses (down 8.9%) and 3,756 apartments (down 18.4%) in the year ending September 2019.

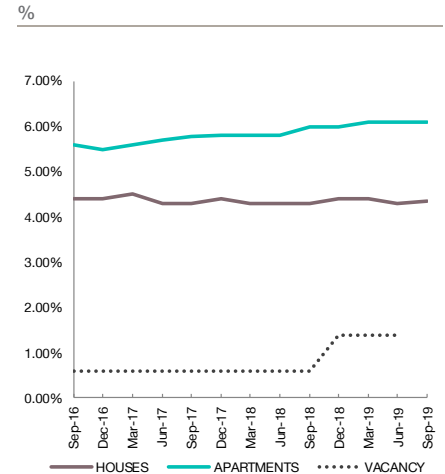
The **average days on market** for houses stood at 86 days in the September 2019 quarter. For apartments, this was 103 days. A year earlier, this comparable period was recorded at 57 days and 111 days, respectively.

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 10 November 2019 was 73.8% from 111 scheduled auctions. This was higher than the week prior, at 71.8% from 89 scheduled auctions, and higher than the comparable week a year earlier when 40.2% (out of 108 auctions) were sold.

Gross rental yields increased 6 bps to 4.36% for houses, but fell 1 bps to 6.09% for apartments over the September 2019 quarter.

Rents remained steady for houses but increased 4.4% for apartments over the year ending September 2019. Weekly median rents stood at \$550 for houses and \$470 for apartments.

Total vacancy was 1.4% in Canberra as at June 2019; rising 60 bps from 0.8% recorded one year earlier.

TABLE 7
Key Residential Indicators, 30 September 2019

| 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 | 739,000 | -0.7 | 0.6 | 4,900 | 86 | 4.36 | 550 |
| Canberra | Apartments | 432,500 | -4.4 | -3.4 | 3,756 | 103 | 6.09 | 470 |

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

HOBART

Population in Greater Hobart was estimated at 232,500 persons in June 2018, with annual **population growth** of 1.5%. The **population projection** is forecast at 0.9% per annum until 2041.

Tasmanian **economic growth** was 3.6% in 2019. Greater Hobart **unemployment** stood at 5.7% as at October 2019, trending 99 bps higher than a year earlier.

Lending to households in Tasmania rose by 3.8% in the year ending September 2019, this was down from 8.2% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in Tasmania rose 9.4% in the month of September 2019, compared to -5.3% a year earlier. This first home buyer group represented 24.7% of all Tasmanian owner occupier loans in September 2019, up from 21.3% a year ago.

Building approvals in the year ending September 2019 totalled 1,347 houses and 216 apartments in Greater Hobart. This was trending 3.0% higher for houses and 2.9% higher for apartment approvals compared to a year earlier.

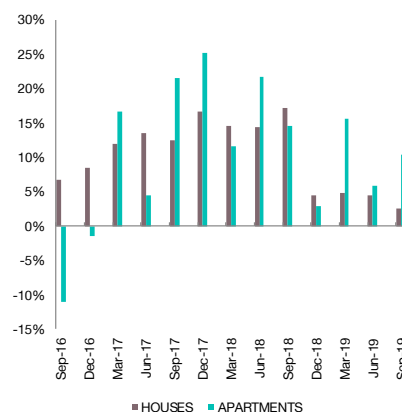
Market Trends in Greater Hobart

Over the year ending September 2019, **capital growth** increased 2.6% for houses; rising 1.3% over the past quarter to a **median value** of \$483,000. Apartment values rose 10.4% over the year, increasing 1.7% in the past quarter, to a median of \$395,500.

The **volume of sales** tallied 3,495 houses (down 15.5%) and 684 apartments (down 4.1%) in the year ending September 2019.

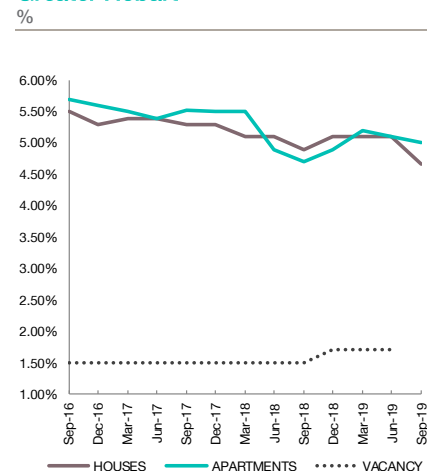
The **average days on market** for houses stood at 56 days in the September 2019 quarter. For apartments, this was 54 days. A year earlier, this comparable period was recorded at 36 days and 39 days, respectively.

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 10 November 2019 was 0% from 5 scheduled auctions. This was the same the week prior, at 0% from 6 scheduled auction, but lower than the comparable week a year earlier when 100% (out of 3 auctions) were sold.

Gross rental yields fell 43 bps to 4.67% for houses, and fell 9 bps to 5.01% for apartments over the September 2019.

Rents increased 9.8% for houses and 12.9% for apartments over the year ending September 2019. Weekly median rents stood at \$450 for houses and \$395 for apartments.

Total vacancy was 1.7% in Greater Hobart as at June 2019; this was the same as recorded one year earlier.

TABLE 8
Key Residential Indicators, 30 September 2019

| 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 | 483,000 | 1.3 | 2.6 | 3,495 | 56 | 4.67 | 450 |
| Hobart | Apartments | 395,500 | 1.7 | 10.4 | 684 | 54 | 5.01 | 395 |

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

DARWIN

Population in Greater Darwin was estimated at 148,500 persons in June 2018, with annual **population growth** of -0.2%. The **population projection** is forecast at 1.8% per annum until 2041.

Northern Territory (NT) **economic growth** was 1.5% in 2019. **Unemployment** stood at 5.5% as at October 2019, trending 60 bps higher than a year earlier.

Lending to households in the NT fell by 16.2% in the year ending September 2019, down from the -10.3% recorded for the previous year.

The number of lending commitments to owner occupier **first home buyers** in NT fell 9.6% in the month of September 2019, compared to 94.0% a year earlier. This first home buyer group represented 38.2% of all NT owner occupier loans in September 2019, down from 47.1% a year ago.

Building approvals in the year ending September 2019 totalled 326 houses and 52 apartments in Greater Darwin. This was trending 31.9% lower for houses and up 225% for apartment approvals compared to a year earlier.

Market Trends in Greater Darwin

Over the year ending September 2019, **capital growth** decreased 4.4% for houses; rising 1.0% in the past quarter to a **median value** of \$521,500. Apartment values fell 7.1% over the year, falling 3.3% in the past quarter to a median of \$295,000.

The **volume of sales** tallied 599 houses (down 10.5%) and 442 apartments (up 9.1%) in the year ending September 2019.

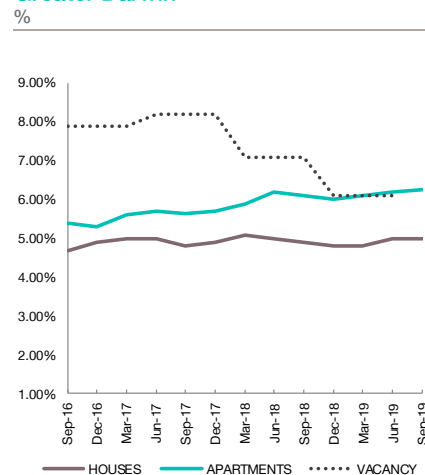
The **average days on market** for houses stood at 145 days in the September 2019 quarter. For apartments, this was 272 days. A year earlier, this comparable period was recorded at 154 days and 201 days, respectively.

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

The **auction clearance rate** for the week ending 10 November 2019 was 0.0% from 3 scheduled auctions. This was lower than the week prior, at 33.0% (from 3 scheduled auctions) and lower than the comparable week a year earlier when 38.0% (out of 11 auctions) were sold.

Gross rental yields remained steady at 5.00% for houses, but rose 7 bps to 6.27% for apartments over the September 2019 quarter.

Rents decreased 2.0% for houses and fell 5.0% for apartments over the year ending September 2019. Weekly median rents stood at \$490 for houses and \$380 for apartments.

Total vacancy was 6.1% in Greater Darwin as at June 2019; increasing 50 bps from 5.6% recorded one year earlier.

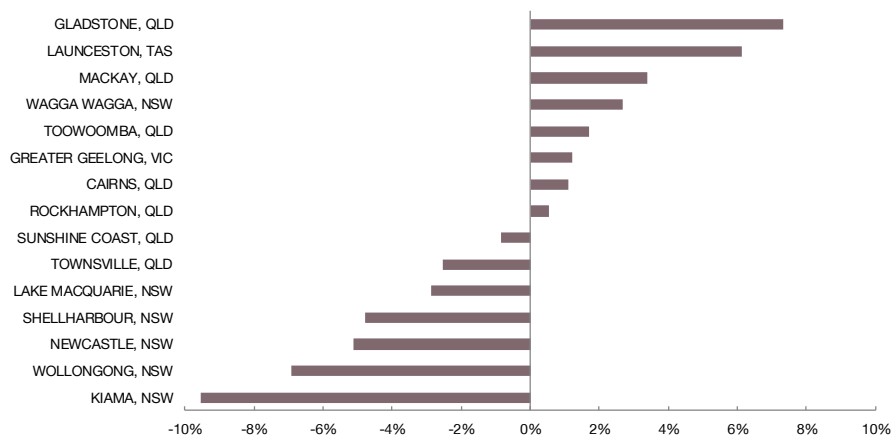
TABLE 9
Key Residential Indicators, 30 September 2019

| 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 | 521,500 | 1.0 | -4.4 | 599 | 145 | 5.00 | 490 |
| Darwin | Apartments | 295,000 | -3.3 | -7.1 | 442 | 272 | 6.27 | 380 |

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

REGIONAL AUSTRALIA

FIGURE 21
Capital Growth, Houses, Key Regional Local Government Areas
 % annual, as at 30 September 2019

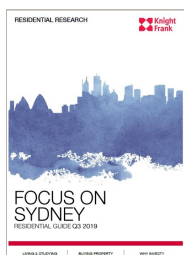


Source: Knight Frank Research

Note: Unless stated, all references to dollars or \$ refer to Australian dollars (AUD).

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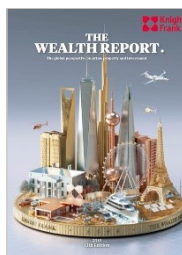
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