

HOUSE SALES VOLUME STRONGEST IN AUSTRALIA

Melbourne has achieved strong capital growth for apartments, second only to Sydney in the month of May. Once again, the city has 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.

Key facts July 2015

Capital growth for houses in the last month was down 2.5% (although up 8.2% year-on-year); while apartments rose by 1.0% (up 3.4% year-on-year)

Sales volume was up 15.3% for houses and up 13.6% for apartments year-on-year to May

Annual **rental growth** was recorded at 4.5% for houses and 2.5% for apartments over the year to May

Gross **rental yields** currently average 3.53% for houses and 4.47% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low.
- In the year to December 2014, Victoria recorded the highest population growth at 1.8%, adding 95,600 residents to the Melbourne metropolitan region. Over the same period, Victoria also recorded the highest net interstate migration figure. Strong annual population growth is projected at 2.0% out to 2021.
- The unemployment rate as at May 2015 stands at 5.3% for the metropolitan region (SA4), trending below the 5.9% rate of May 2014.
- Building approvals in the three months to May totalled 5,986 houses and 9,547 apartments approved in the Melbourne metropolitan area. This is trending 8.1% higher for houses and 63.9% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to May tallied 50,643 houses (up 15.3% on previous year) and 38,523 apartments (up 13.6% on prior year).
- House values fell by 2.5% in the month of May (growth of 8.2% over the last year) to a median \$679,000 while apartment values rose 1.0% over the month (albeit modest growth of 3.4% over the year) to record a median of \$473,500.
- Over the year to May rental growth was recorded at 4.5% for houses and 2.5% for apartments. Weekly median rents are currently achieving \$460 for houses and \$405 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+).
- In May 2015, gross rental yields across the metropolitan area compressed 12bps for houses and 1bps for apartments compared to the year prior.

FIGURE 1
Melbourne Capital Value Growth
12-month rolling

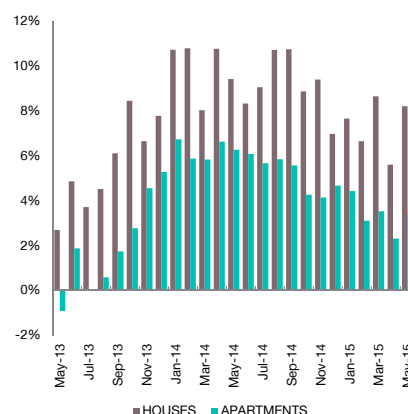
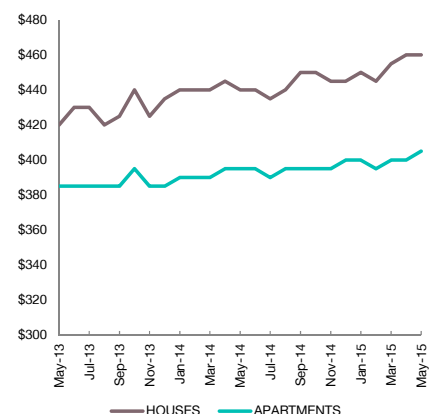


FIGURE 2
Melbourne Rents
Median, weekly



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



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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
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%
May-15	334	8.2%	3.2%	3.3%	2.5%

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
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%
May-15	292	3.4%	1.6%	1.8%	1.0%

Source: Knight Frank Residential Research, Residex

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