



# Monthly Chart Pack

Our Insights. Your Story.

September 2020



# Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$7.0 Trillion



AUSTRALIAN SUPERANNUATION

\$2.9 Trillion



AUSTRALIAN LISTED STOCKS

\$2.0 Trillion



COMMERCIAL REAL ESTATE

\$1.0 Trillion

Data as at September 2020



10.5 million  
Number of dwellings

\$1.85 trillion  
Outstanding mortgage debt

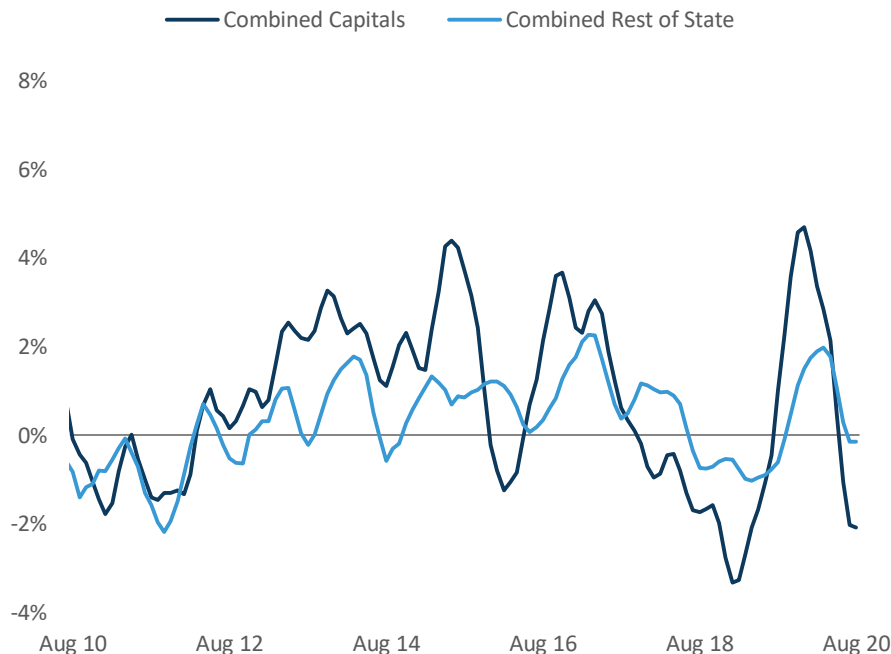
53.9%  
Household wealth held in housing

407,293  
Total sales p.a.

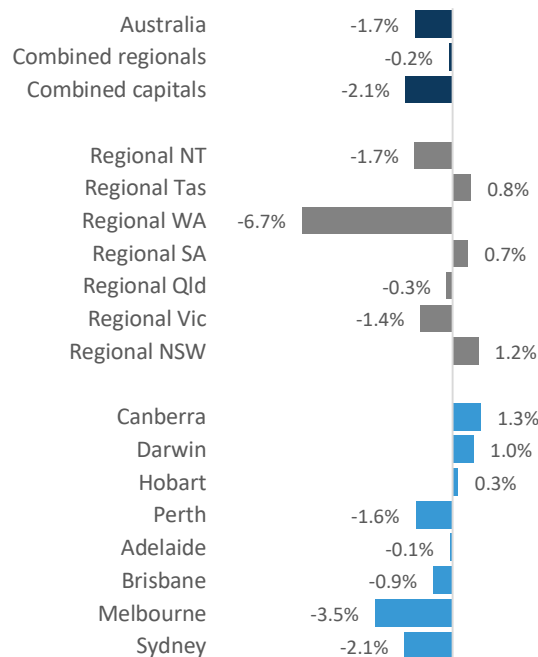
\$275.1 billion  
Gross value of sales p.a.

# The quarterly change in national dwelling values was -1.7%, with capital cities exhibiting a steeper fall in value through the pandemic relative to the regional markets

Rolling quarterly change in dwelling values

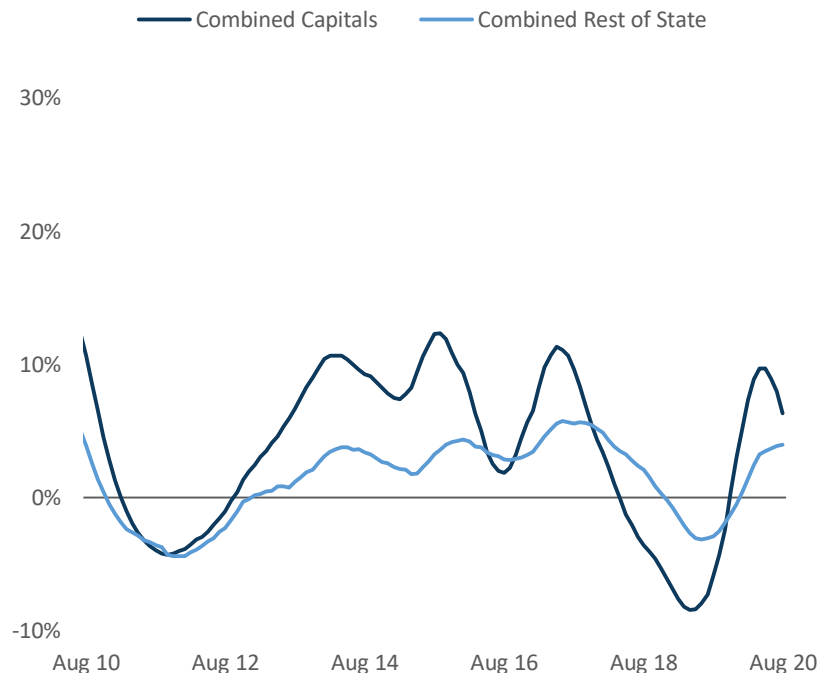


Change in dwelling values, three months to August 2020

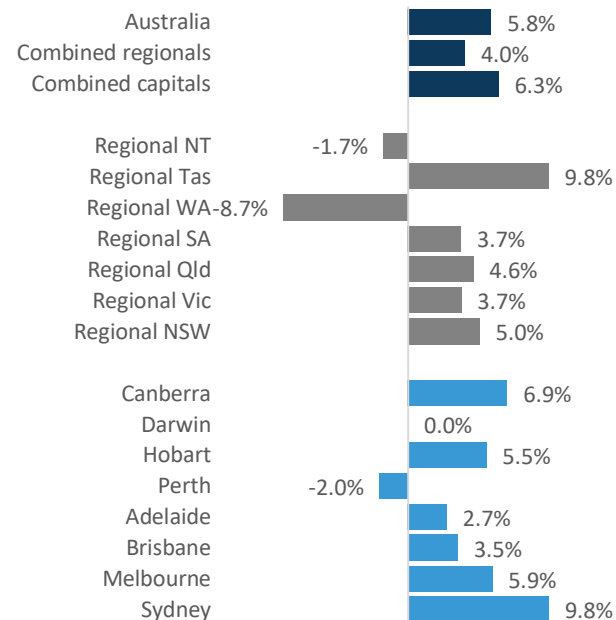


# The risk of negative equity has been somewhat mitigated by the strong upswing in housing values from mid-2019, with national dwelling values remaining 5.8% higher over the year to August

Rolling annual change in dwelling values

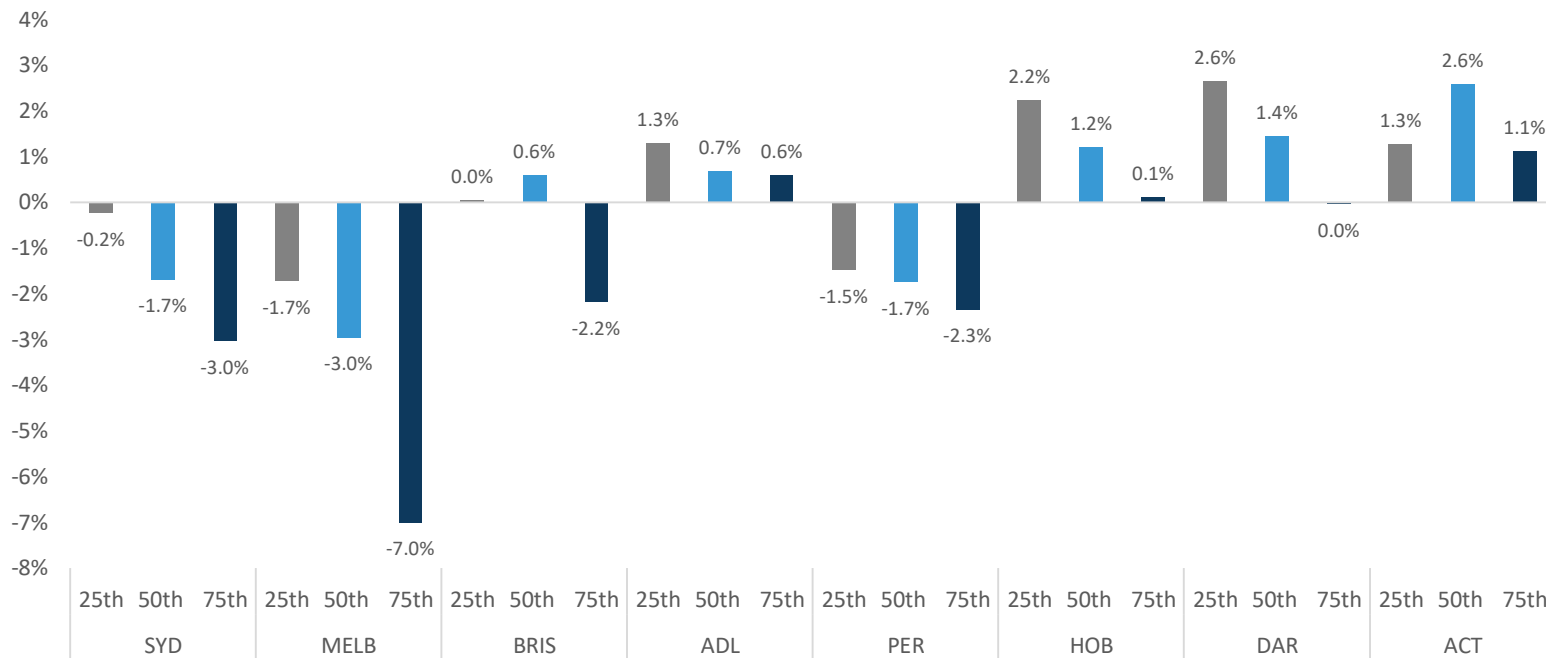


Change in dwelling values, twelve months to August 2020



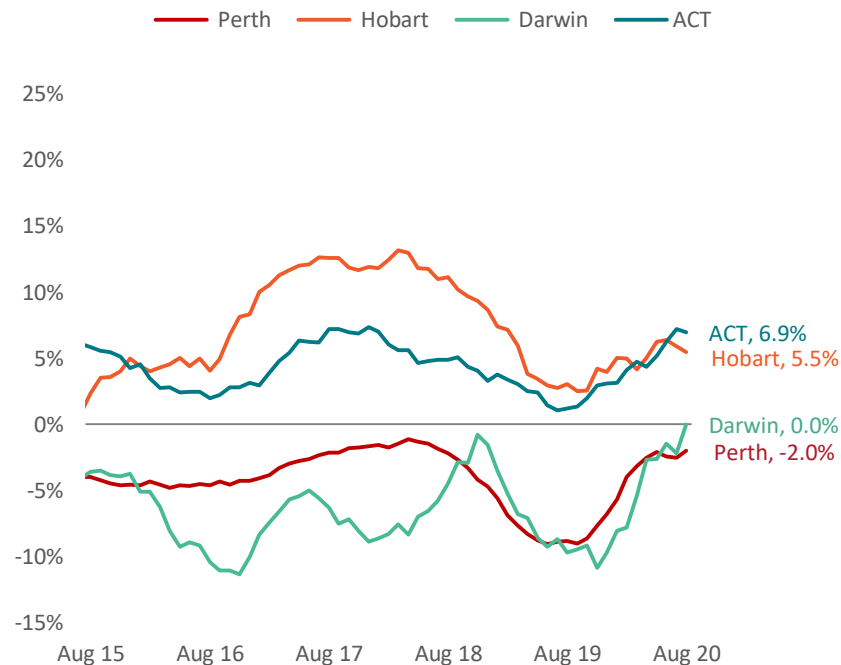
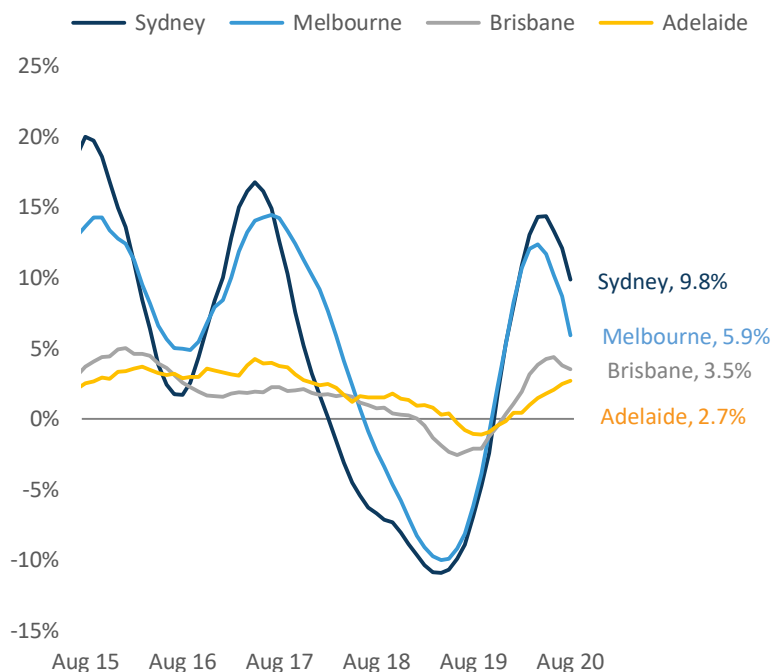
# When looking at different value segments of the capital city markets, steeper declines have generally been observed in the top 25% of values since the start of the pandemic

Change in quartile dwelling values, Greater Capital City Regions – End of March to August 2020



# The ACT market has so far been resilient amid the pandemic, and now has the second-highest annual growth rate of the capital city markets

## Annual change in dwelling values



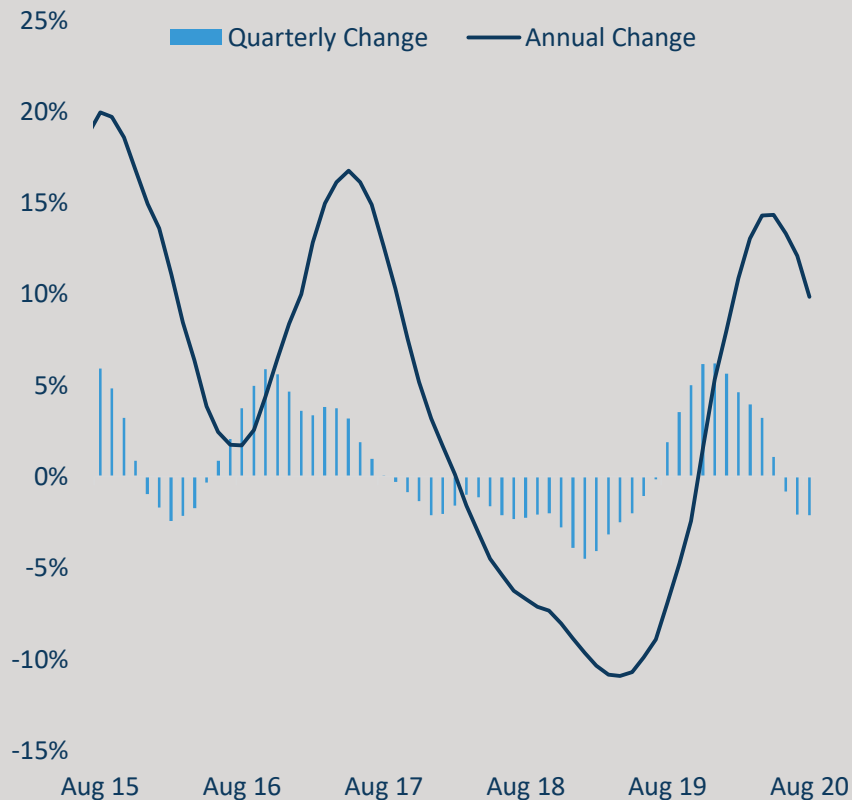
## Rolling 28-day change in daily home value index, combined capitals - 2020



The CoreLogic *daily* home value index for the combined capital cities was -0.4% lower over the past 28 days to 7<sup>th</sup> of September.

The rate of decline slowed in the past month, but the resurgence of COVID-19 cases in Victoria presents high uncertainty.

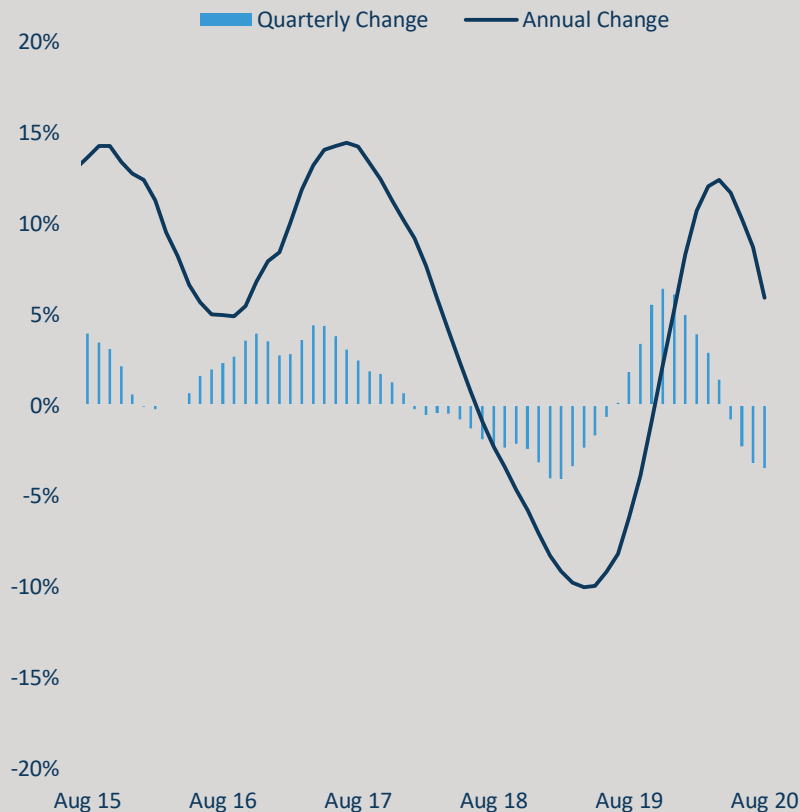
## Quarterly and annual change in dwelling values - Sydney



- Sydney dwelling values fell by -0.5% in August
- Dwelling values were down -2.1% in the quarter
- Sydney dwelling values are up by 9.8% in the past year
- Sydney dwelling values are -4.8% below the record high, which was in July 2017

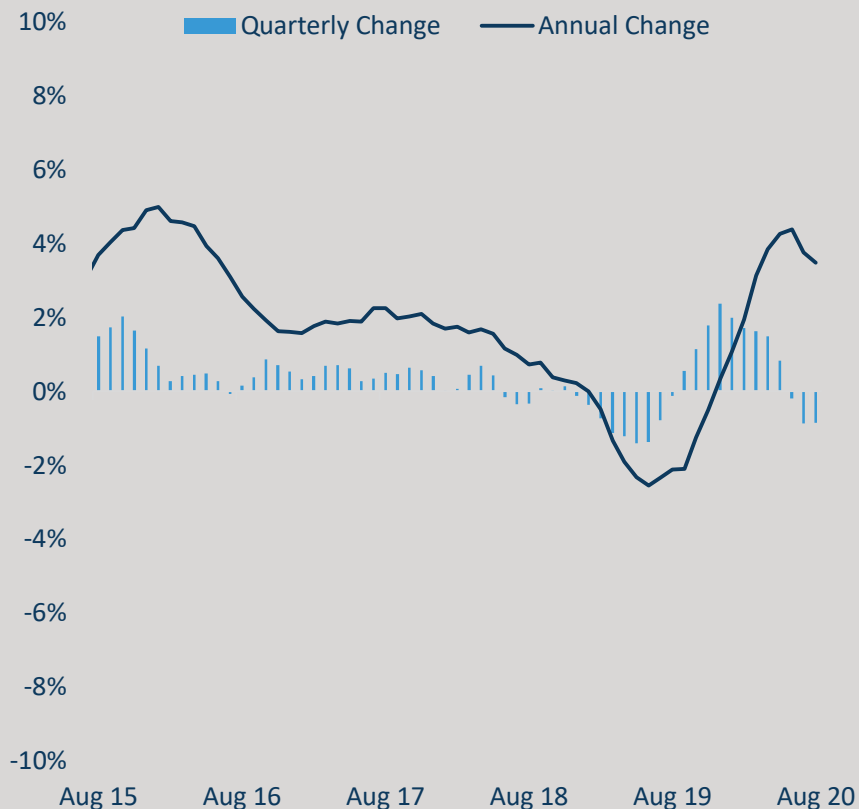


## Quarterly and annual change in dwelling values - Melbourne



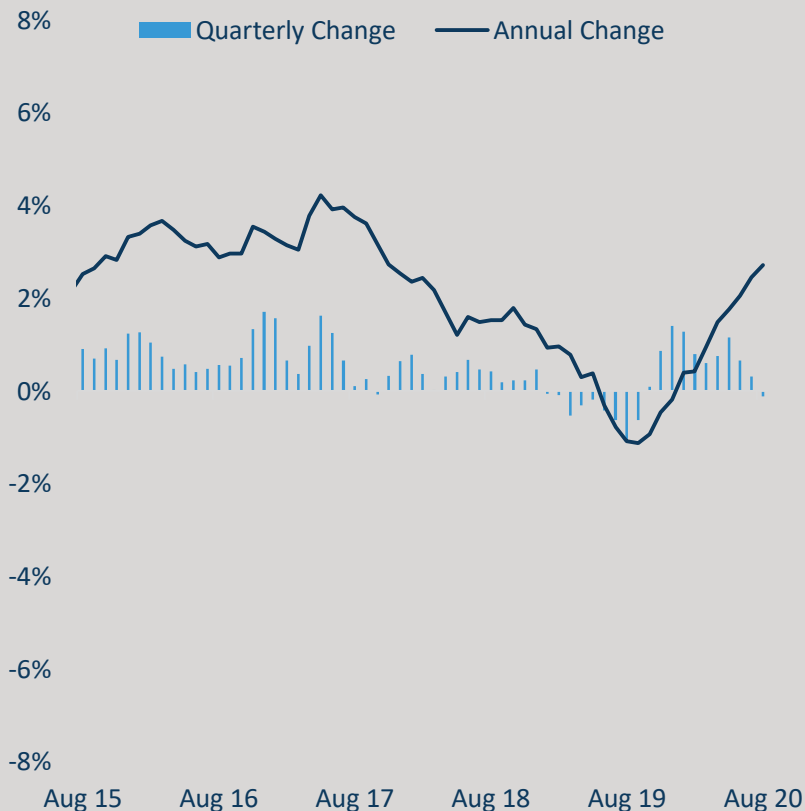
- Melbourne dwelling values fell by -1.2% in August
- Dwelling values fell -3.5% in the quarter
- Melbourne dwelling values are up by 5.9% in the past year
- Melbourne dwelling values are -4.6% from the record high, which was in March 2020

## Quarterly and annual change in dwelling values - Brisbane



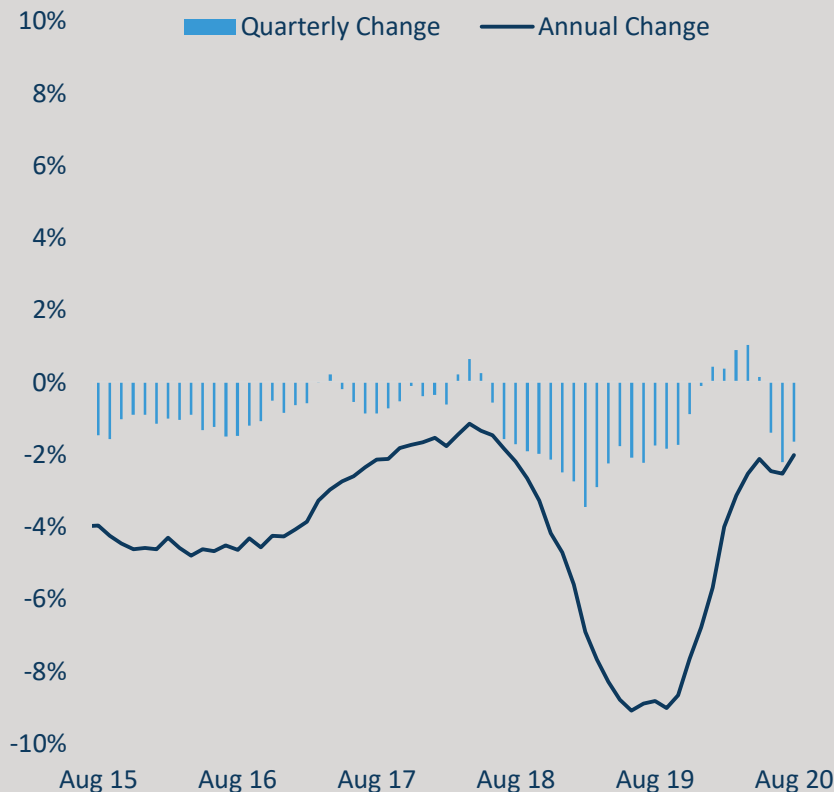
- Brisbane dwelling values fell by -0.1% in August
- Dwelling values declined -0.9% in the quarter
- Brisbane dwelling values are up by 3.5% in the past year
- Brisbane dwelling values are -0.9% below the record high, which was in April 2020

# Quarterly and annual change in dwelling values - Adelaide



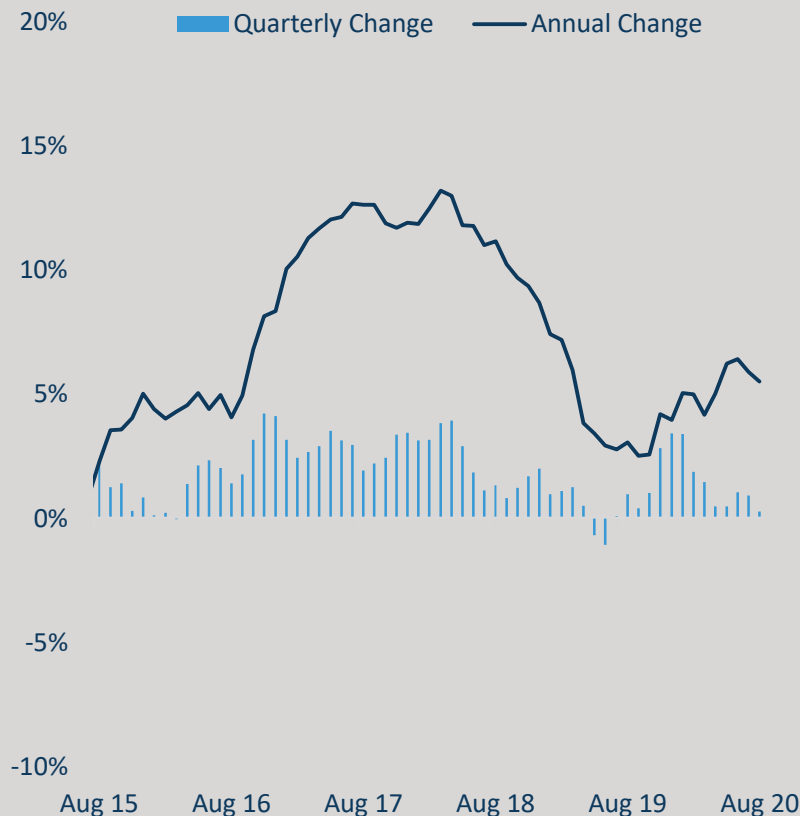
- Adelaide dwelling values were flat over August
- Dwelling values fell -0.1% in the quarter
- Adelaide dwelling values were up by 2.7% in the past year
- Adelaide dwelling values are -0.1% below the record high, which was in May 2020

## Quarterly and annual change in dwelling values - Perth



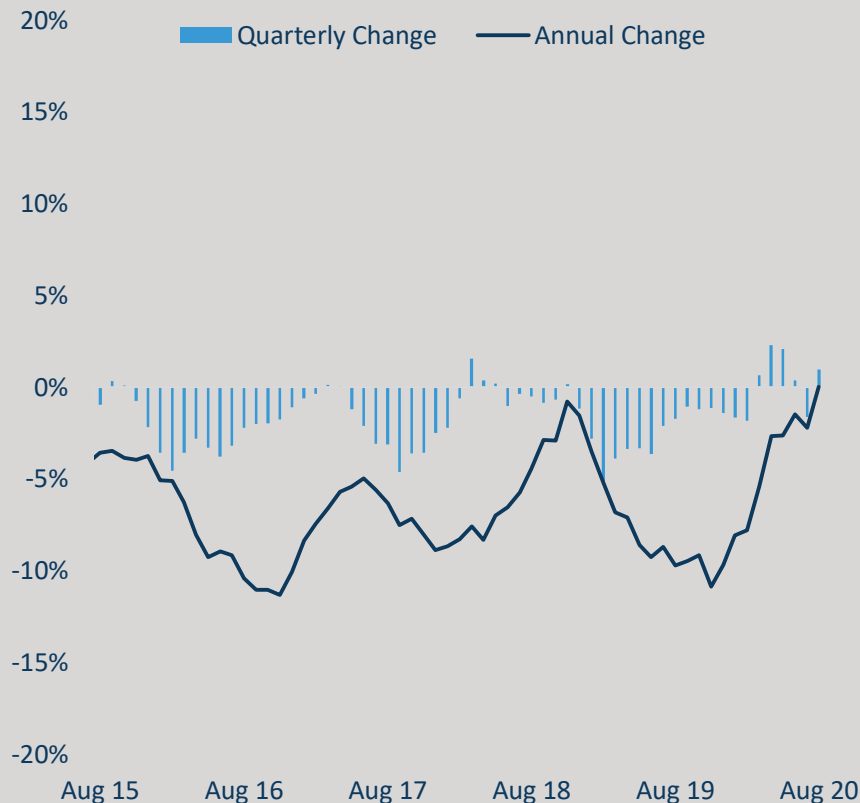
- Perth dwelling values were flat over August
- Dwelling values decreased -1.6% in the quarter
- Perth dwelling values are down by -2.0% in the past year
- Perth dwelling values are now -22.2% below the record high, which was in June 2014

## Quarterly and annual change in dwelling values - Hobart



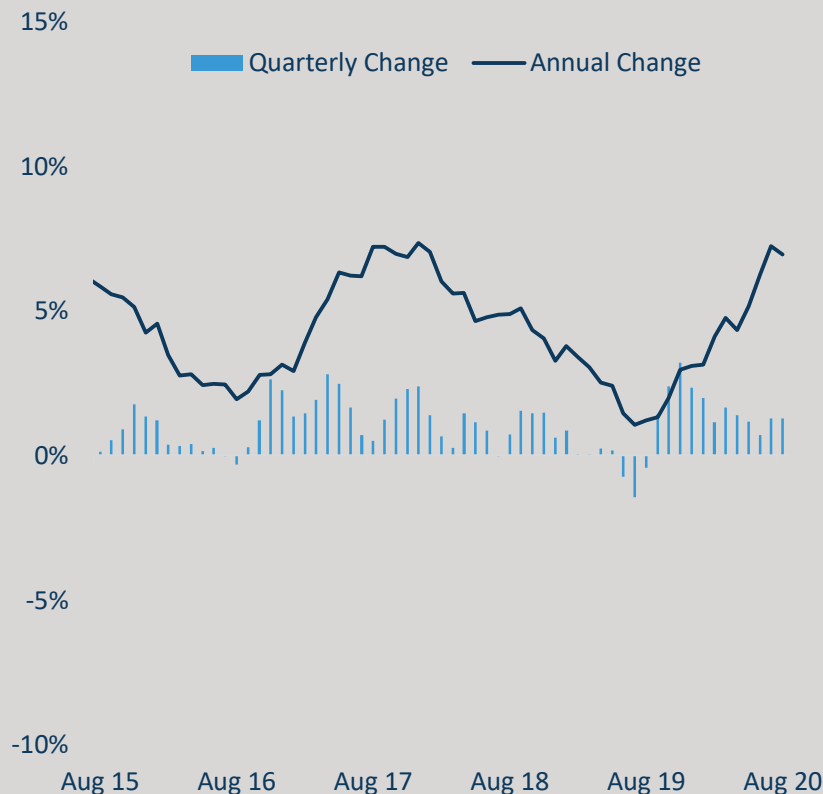
- Hobart dwelling values increased 0.1% in August
- Dwelling values increased 0.3% in the quarter
- Hobart dwelling values are up by 5.5% in the past year
- Hobart dwelling values are -0.1% below the record high, which was in June 2020

## Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values increased 1.0% in August
- Dwelling values rose 1.0% in the quarter
- Darwin dwelling values were flat over the year
- Darwin dwelling values are -30.7% below the record high, which was in May 2014

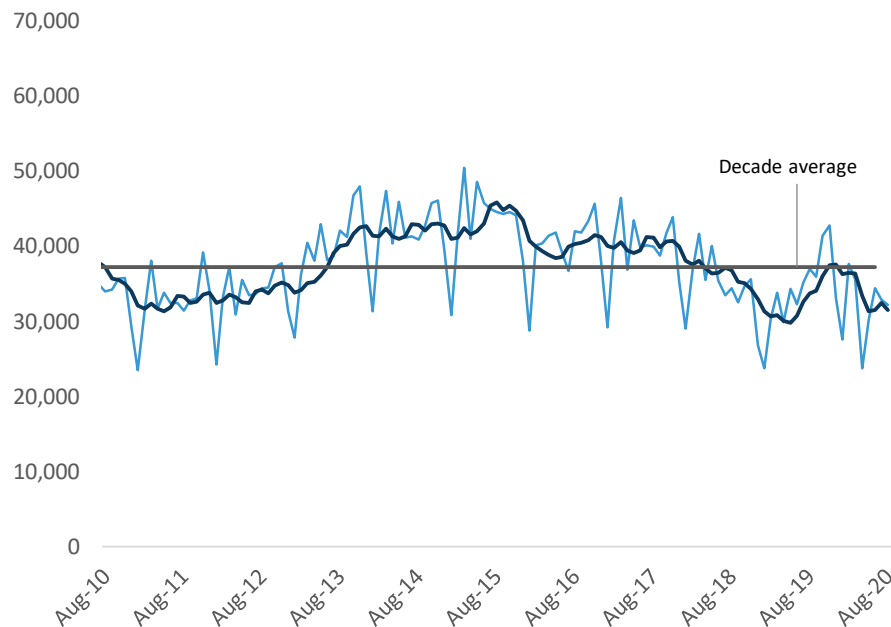
## Quarterly and annual change in dwelling values - ACT



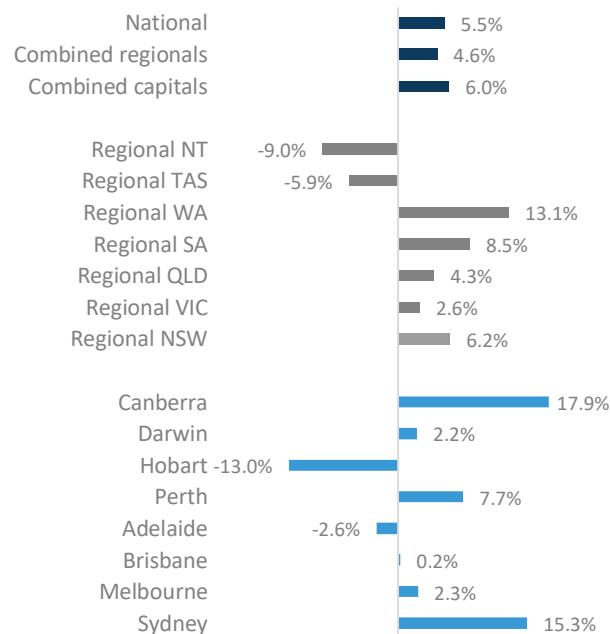
- ACT dwelling values increased 0.5% in August
- Dwelling values were up 1.3% in the quarter
- ACT dwelling values were up by 6.9% in the past year
- The ACT dwelling market is currently at a record high value

# Revised national sales volumes suggest a strong bounce-back in sales over May and June. However, volumes were more subdued in recent months, declining 1.9% in August

Monthly sales with six month moving average, National



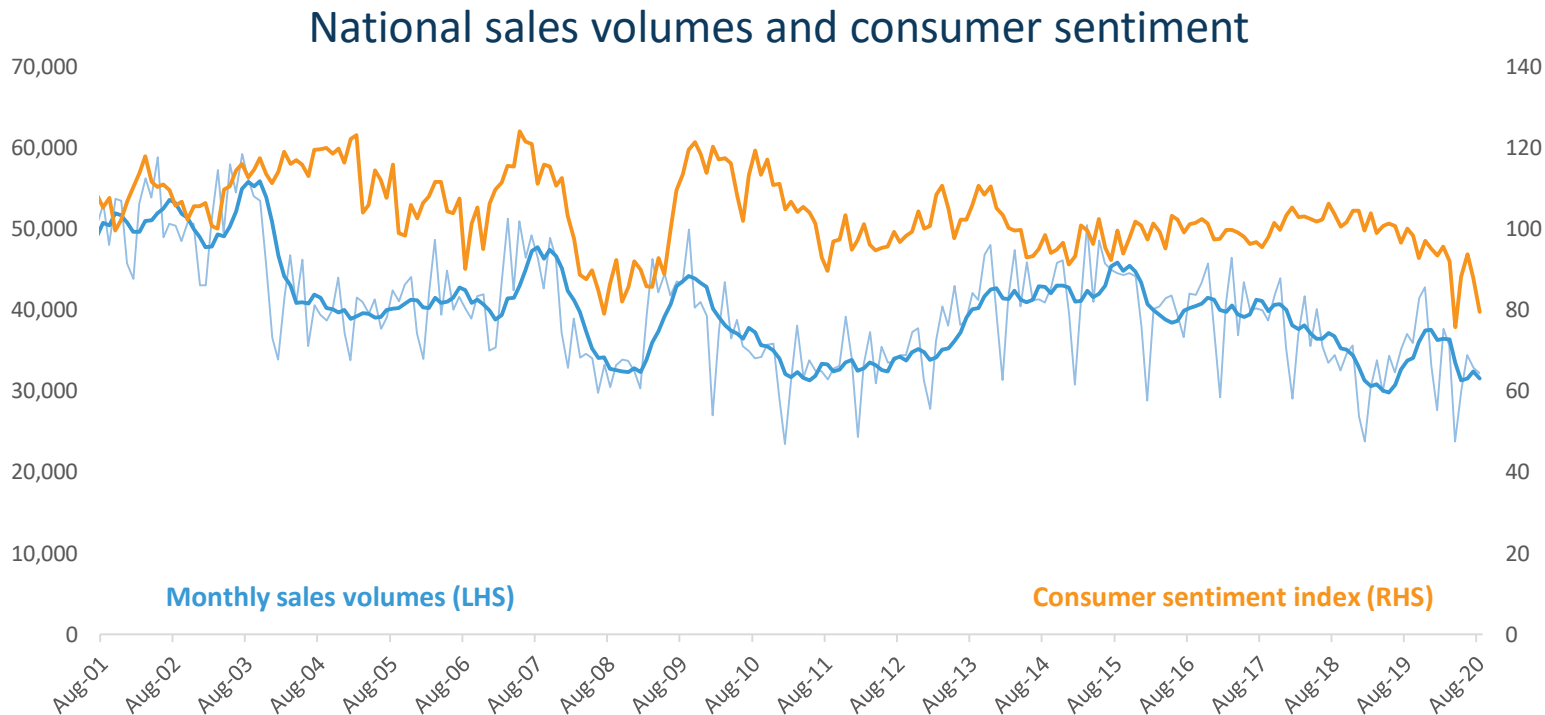
Annual change in sales volumes Aug 20



Note: recent months of sales volumes are modelled estimates, and are subject to revision



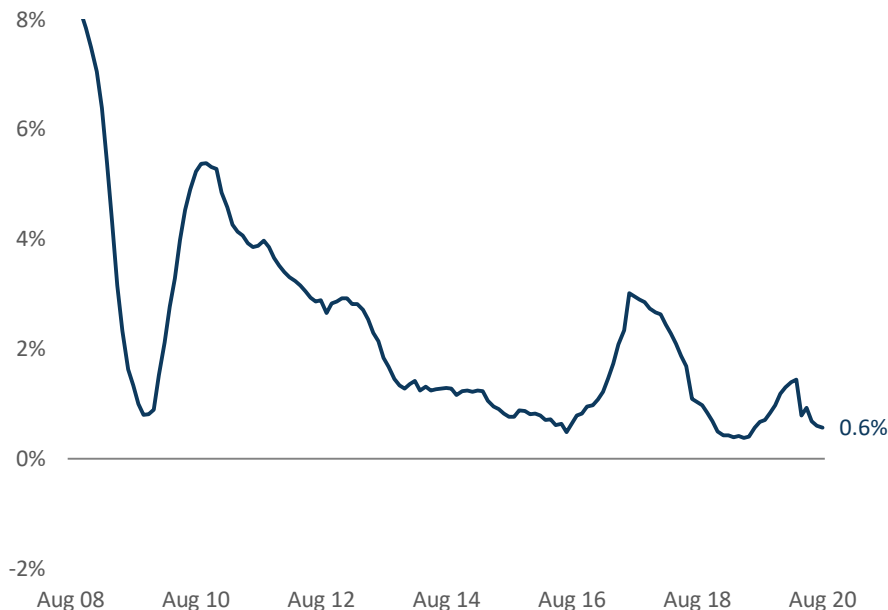
# Consumer confidence fell 9.5% over August, coinciding with the decline in sales volumes



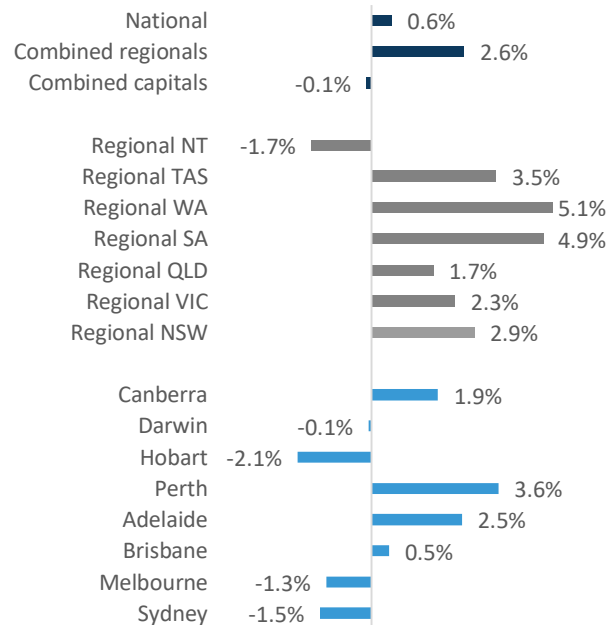
Note: recent months of sales volumes are modelled estimates, and are subject to revision

# Annual growth in rent values fell to 0.6%, and rents have declined -0.8% since March. Unit markets saw more significant downwards pressure on rents relative to houses

Annual change in rental rates - National



Annual change in rental rates

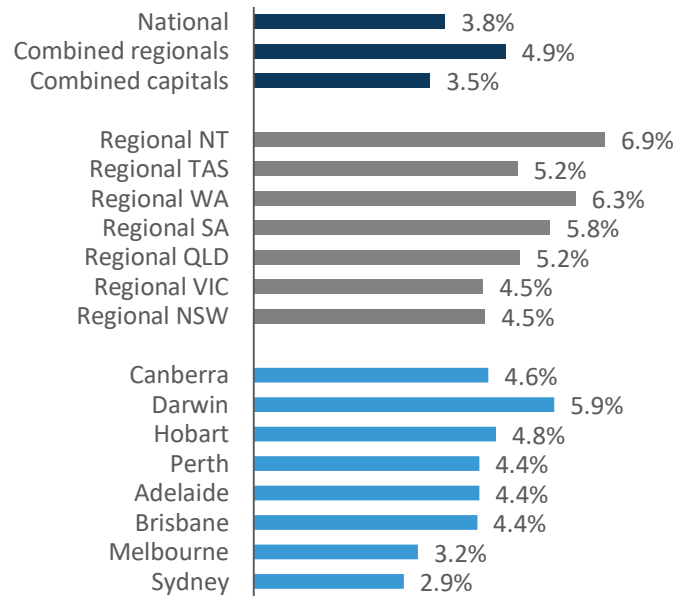


Nationally, dwelling value falls have been larger than rent value falls, which has led to a subtle rise in rent yields since the onset of the pandemic

Gross rental yields - National

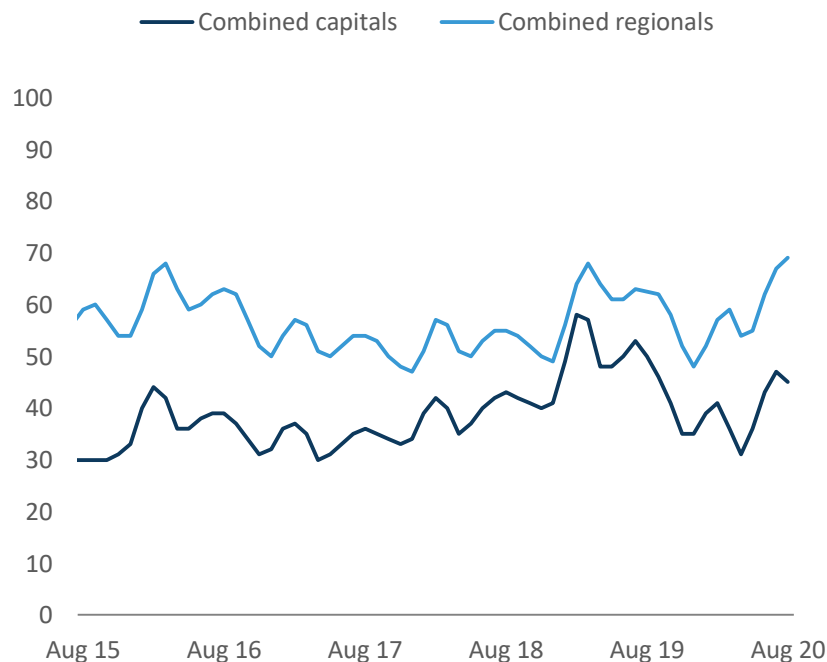


Gross rental yields as at Aug-20

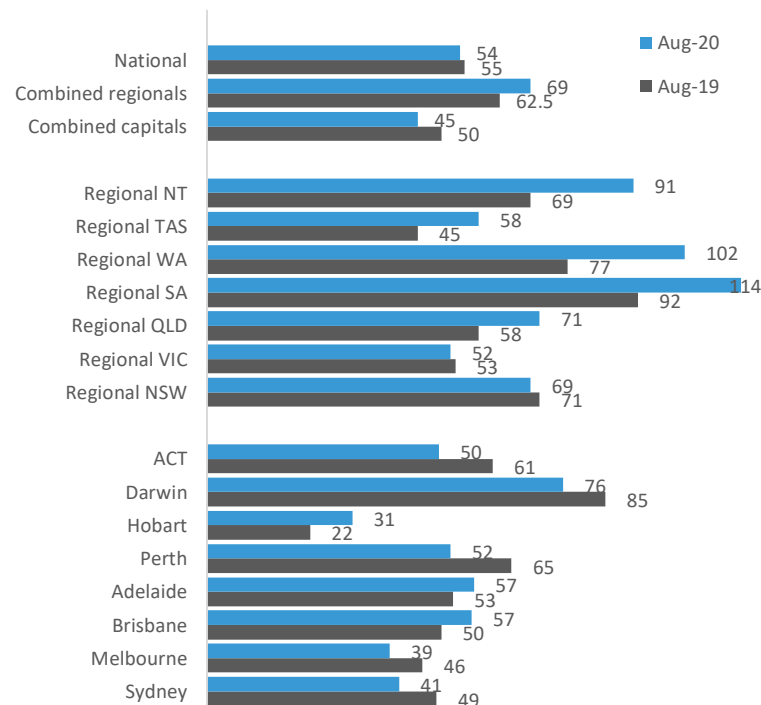


# In the 3 months to August, typical days on market was 45 days across the capital cities, which eased from 47 days in the 3 months to July

## Median days on market

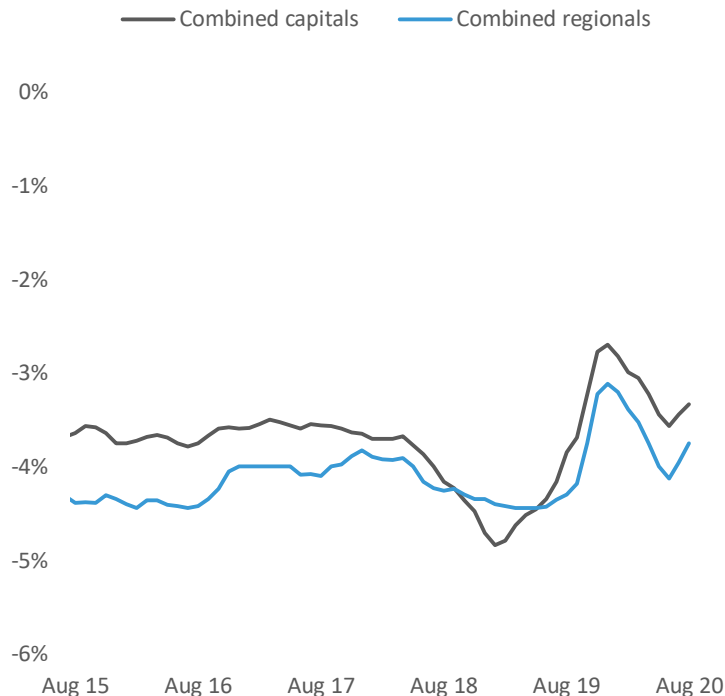


## Median days on market August 2019 v August 2020

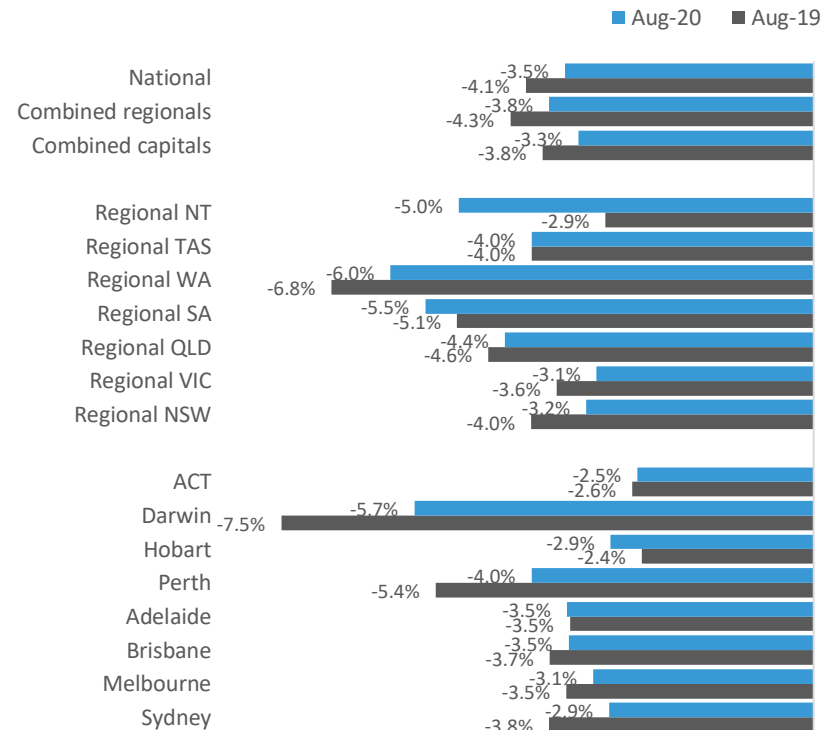


# Vendor discounting also eased, with the typical discounting rate contracting to 3.3% in the 3 months to August

Median vendor discount

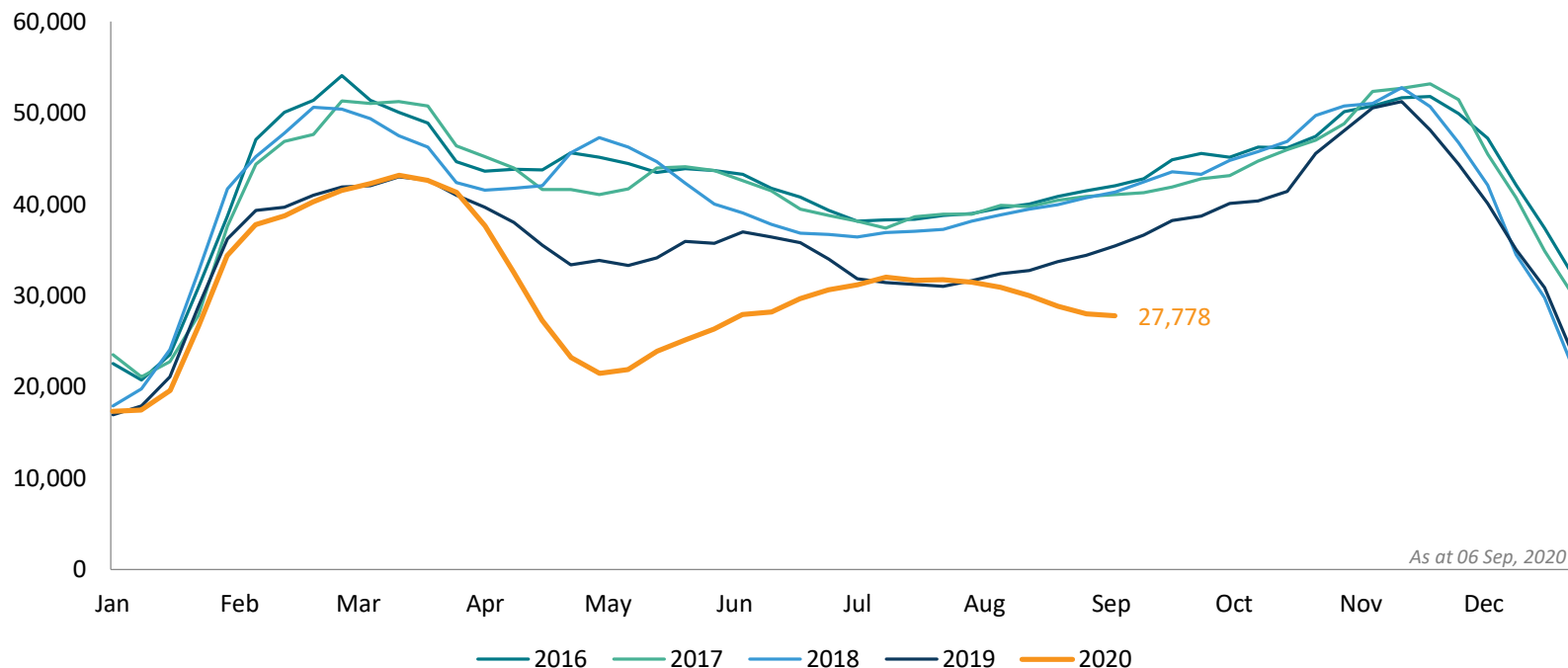


Median vendor discount Aug 2019 v Aug 2020



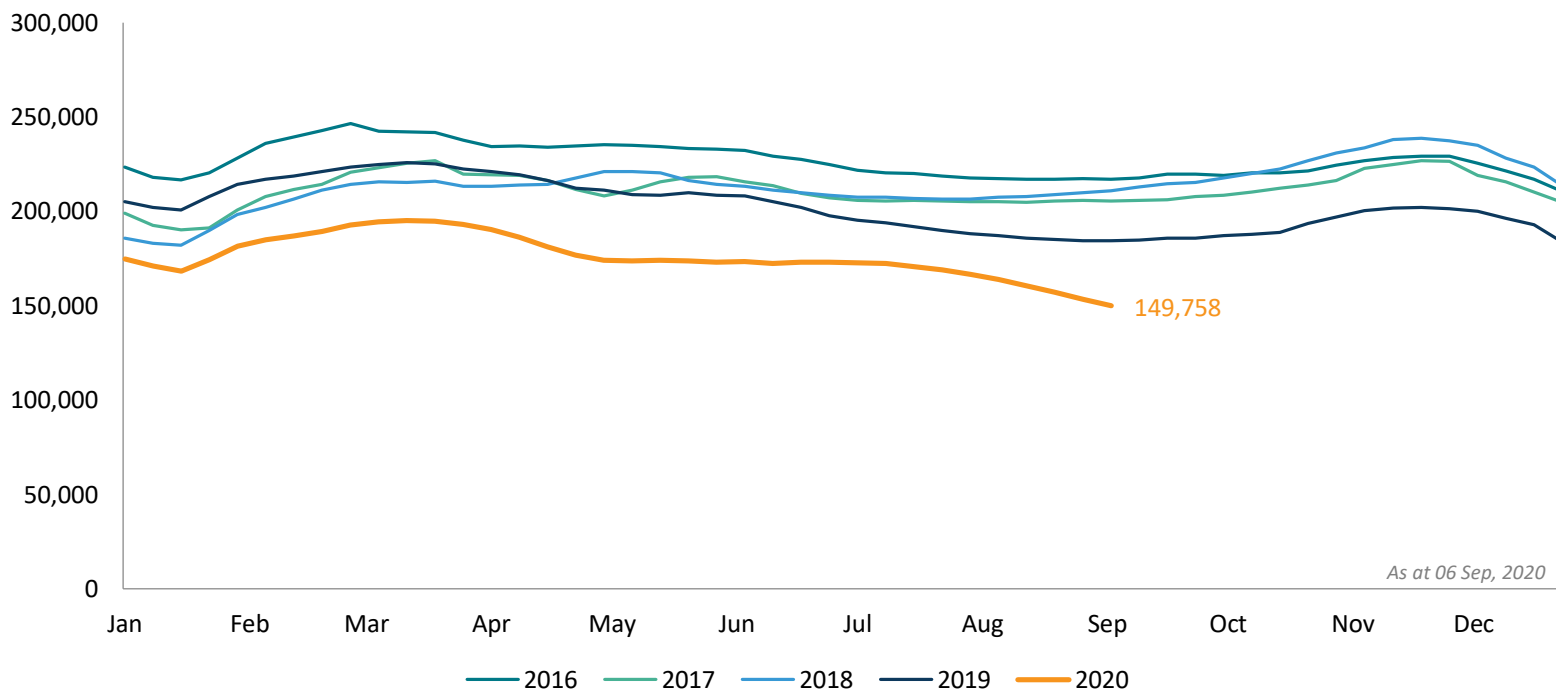
# Amid renewed restrictions across Melbourne, vendor activity declined. At a time when listings would be rising, new listings fell 10.1% in the 4 weeks to September 6<sup>th</sup>

New Listings, rolling 28-day count, national



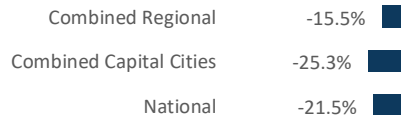
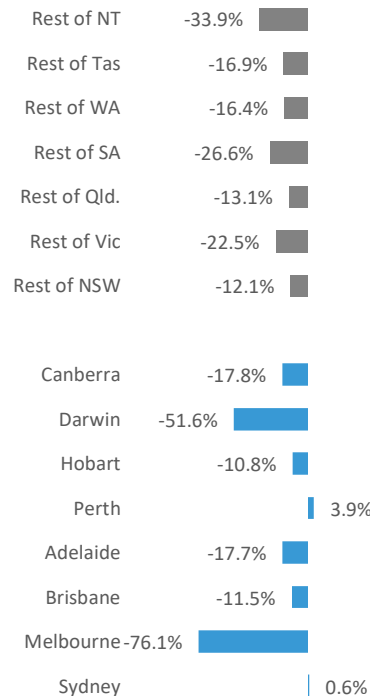
# Total stock for sale is very low, having fallen a further 8.6% in the 4 weeks to September 6<sup>th</sup>.

Total listings, rolling 28-day count, national

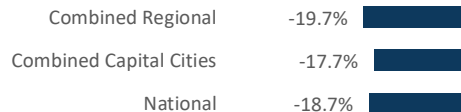
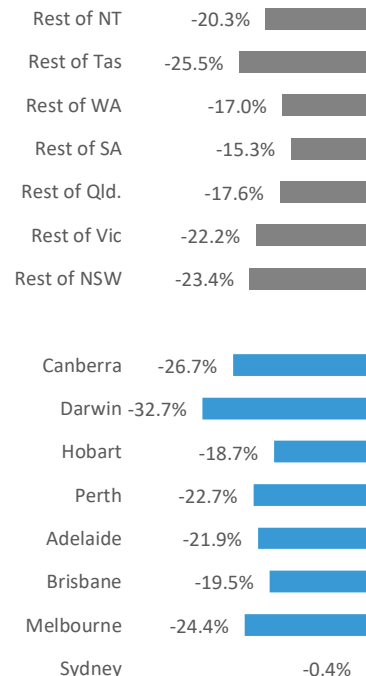


The decline in new listings was largely driven by Melbourne, where the new stock added to market was almost 80% lower than what it was this time last year.

## New listings, change from equivalent period last year



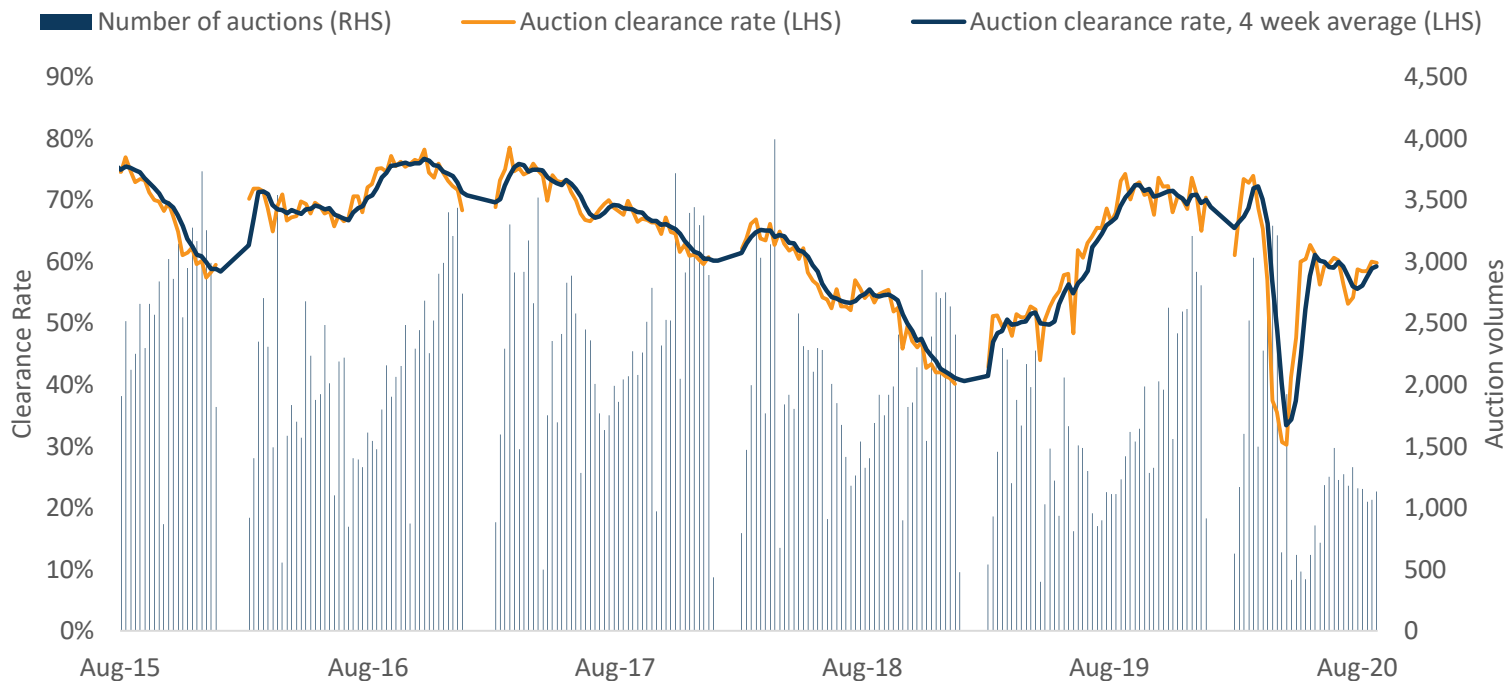
## Total listings, change from equivalent period last year



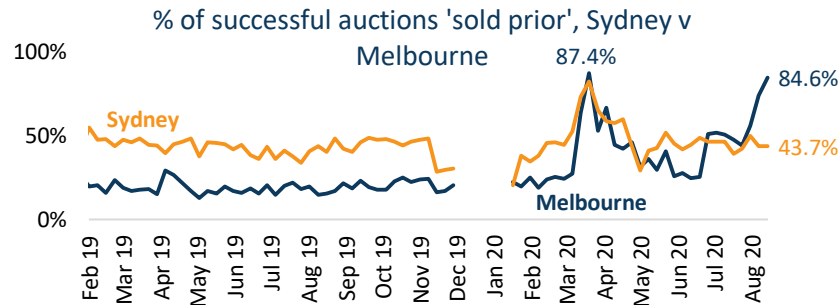
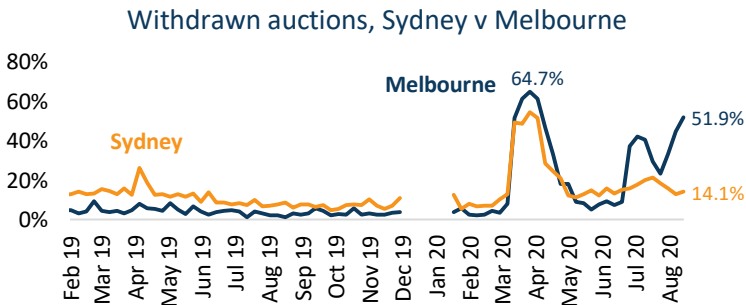
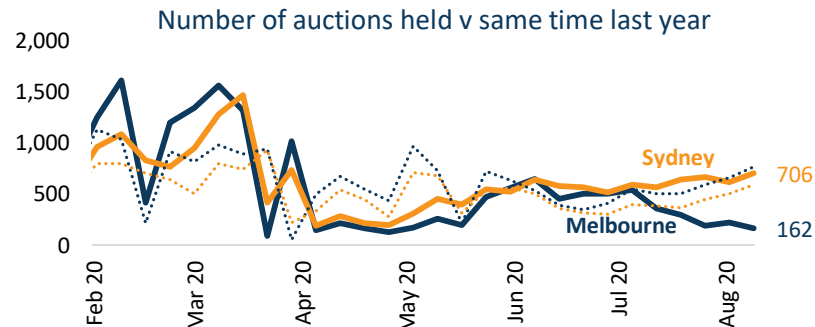
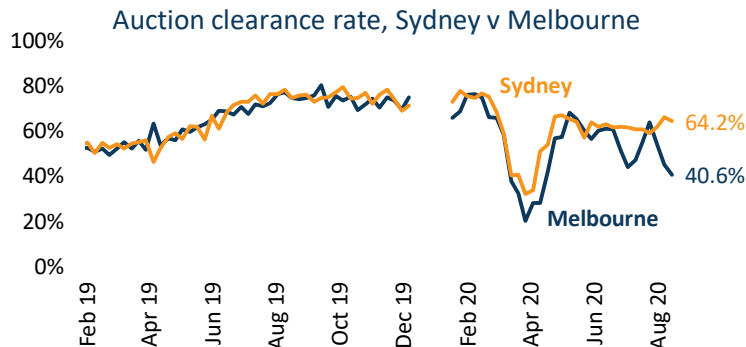


The auction clearance rate over August rose to 59.1%, up from 56.5% in July. Average auction volumes declined in the period, and are likely to stay subdued over September.

Weekly clearance rates, combined capital cities

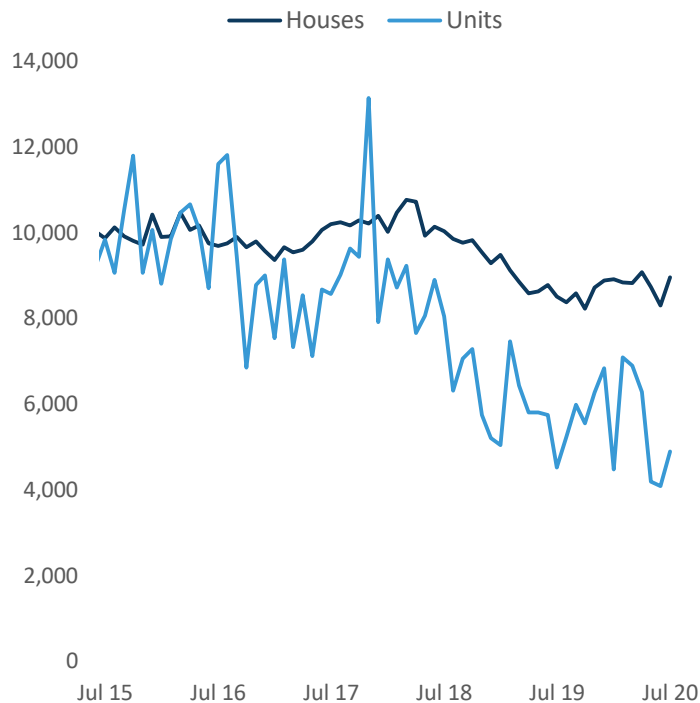


# The contrast between Sydney and Melbourne auction markets highlights the impact of stage four restrictions on activity

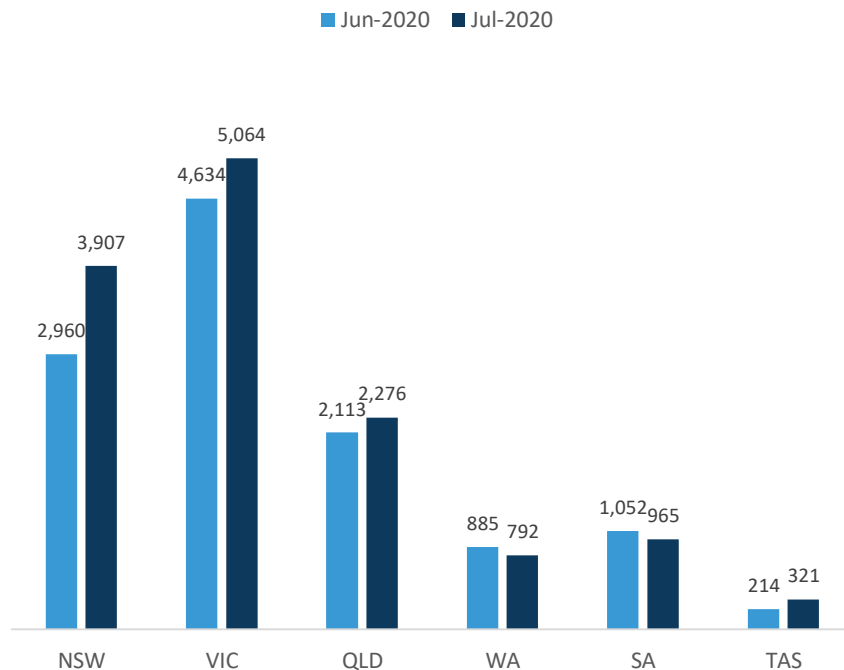


# Dwelling approvals lifted 12.0% in the month of July, but were still down 16.7% in the rolling quarter

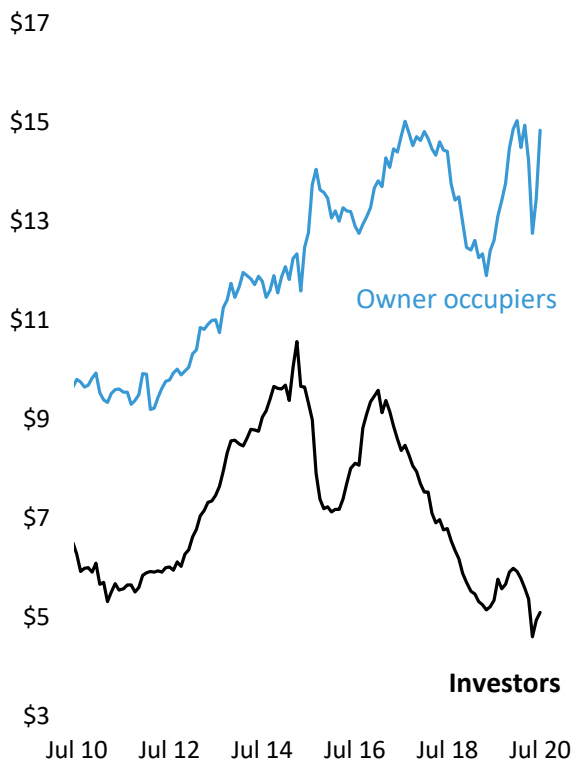
Monthly number of dwellings approved for construction, national (Seasonally adjusted)



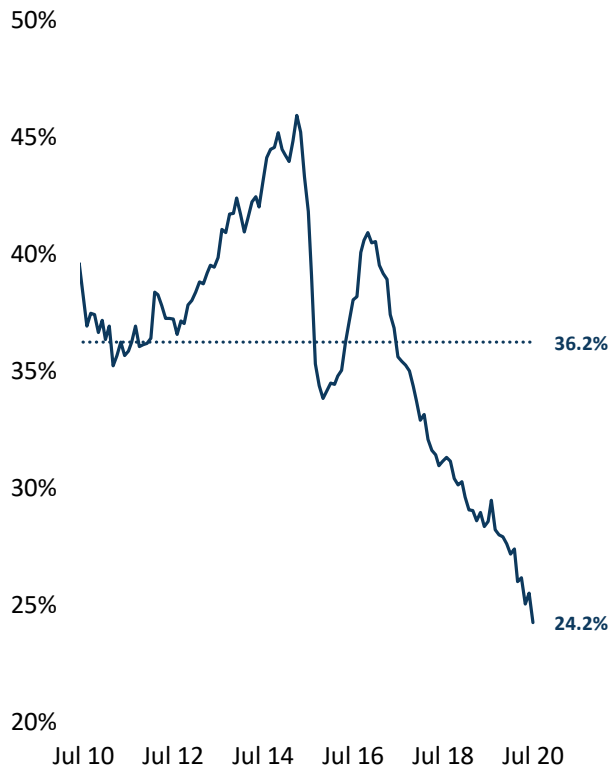
Monthly dwelling approvals by state, seasonally adjusted



## Monthly value of new finance commitments, total (\$ billions)



## Portion of new lending for investment housing (excluding refinance)

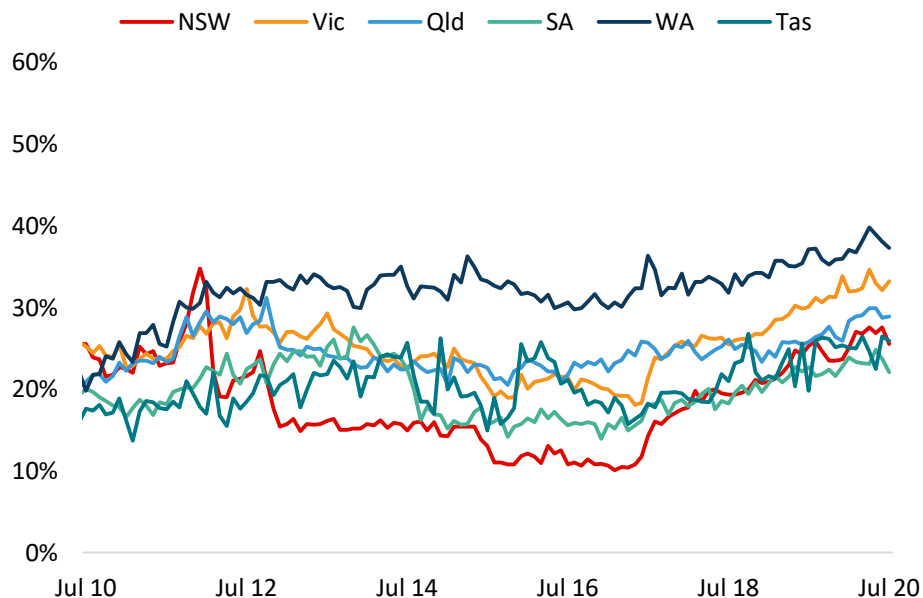


The value of finance secured for the purpose of housing purchases has increased 15.8% since a record drop in May.

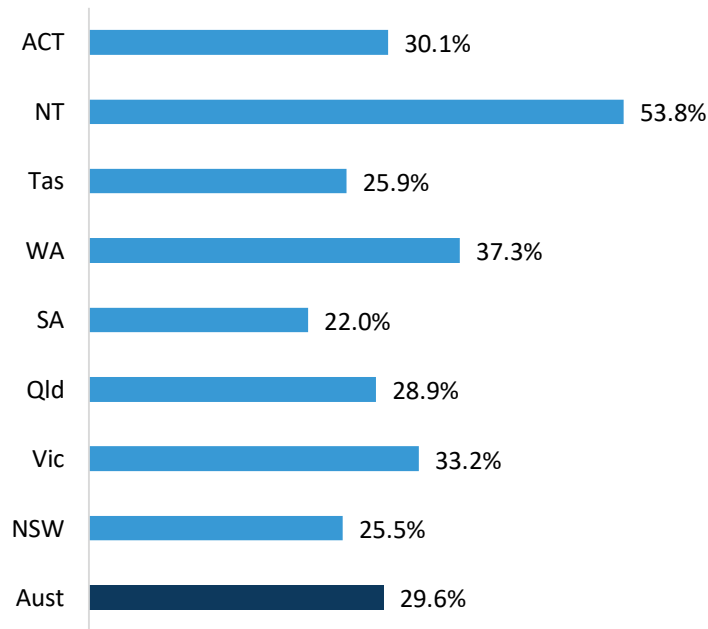
Investor lending rose 12.1%, while owner occupier finance recovered 17.1%. Investor lending as a portion of finance secured for purchases is at a record low.

# In the month of July, the portion of first home buyers as a portion of owner occupied lending was steady on the previous month, at 29.6%

## First home buyers as a portion of owner-occupier finance commitments (values)

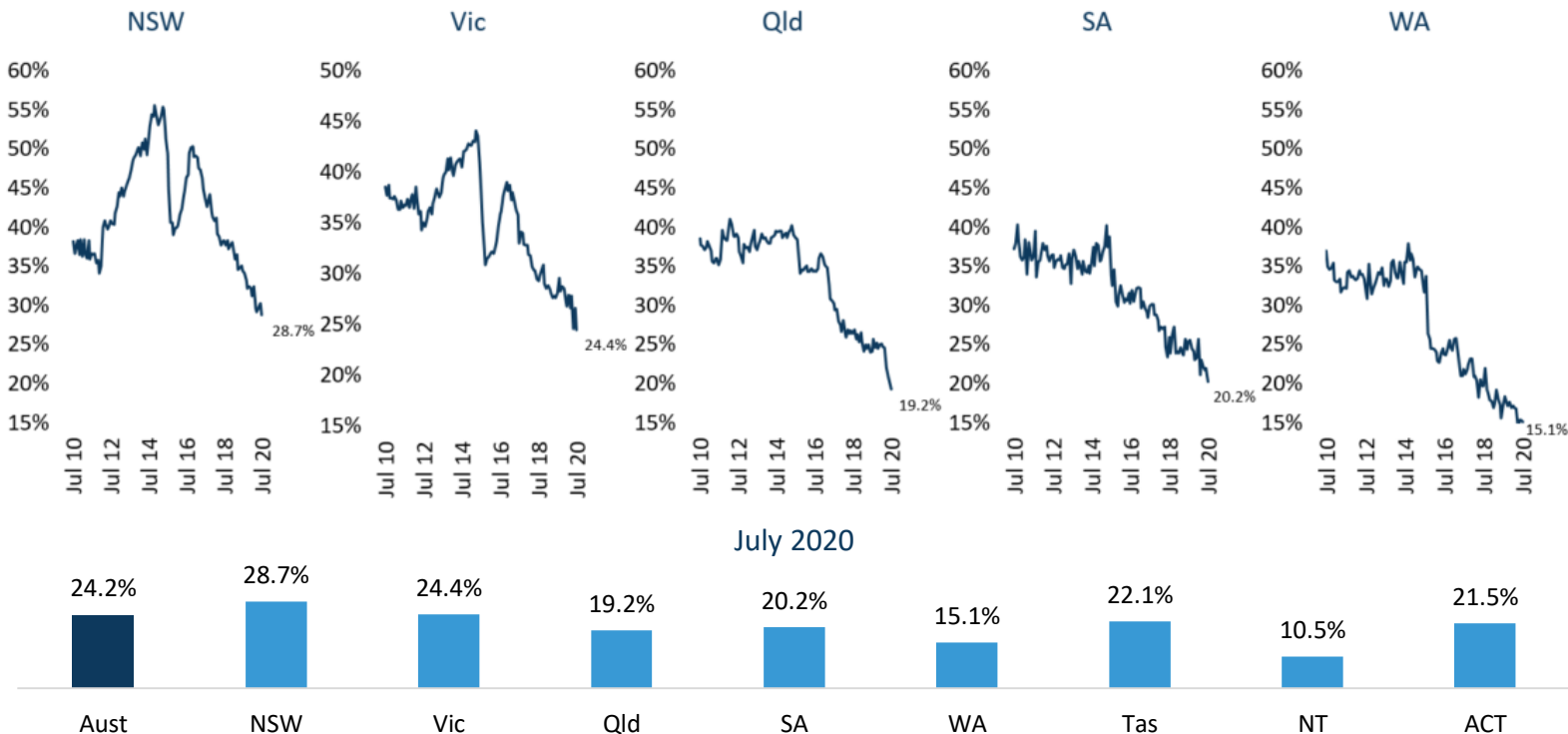


July 2020



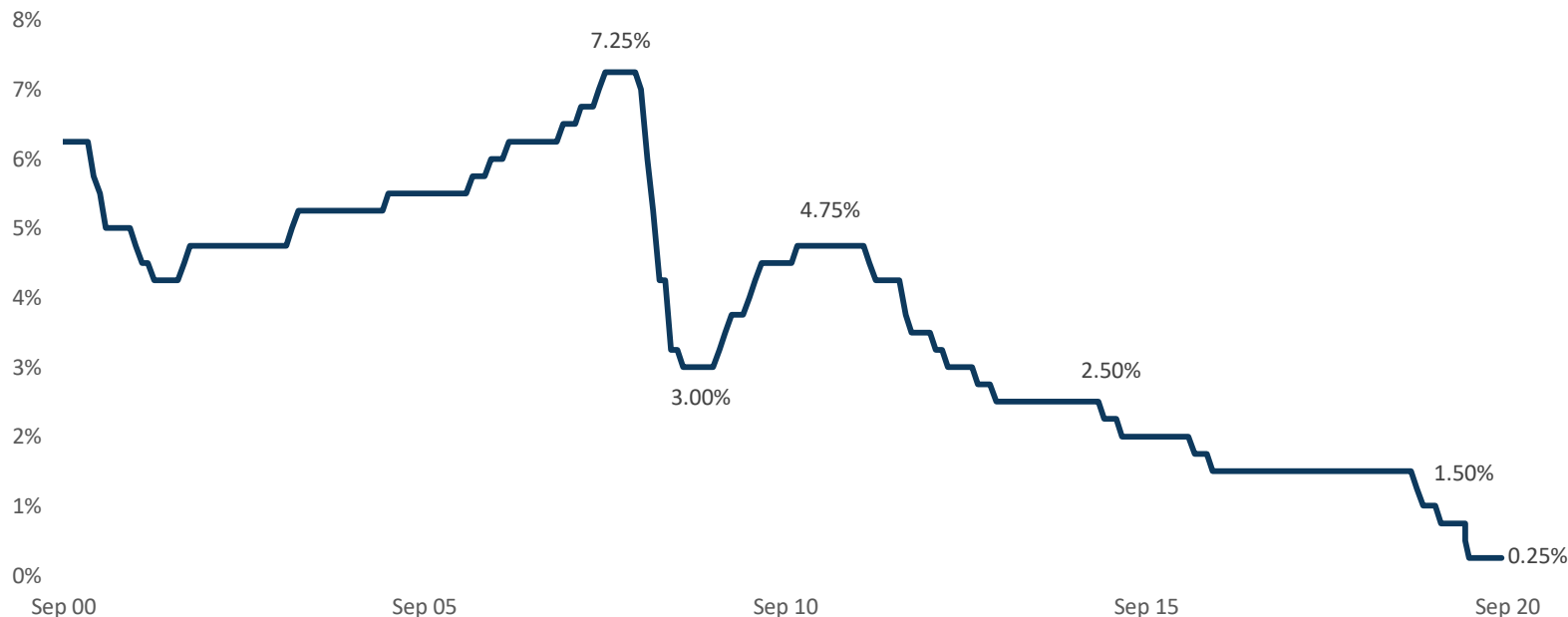
# The trend of declining investor participation has been fairly uniform across the states

Investors as a portion of total value of lending (excluding refinancing)



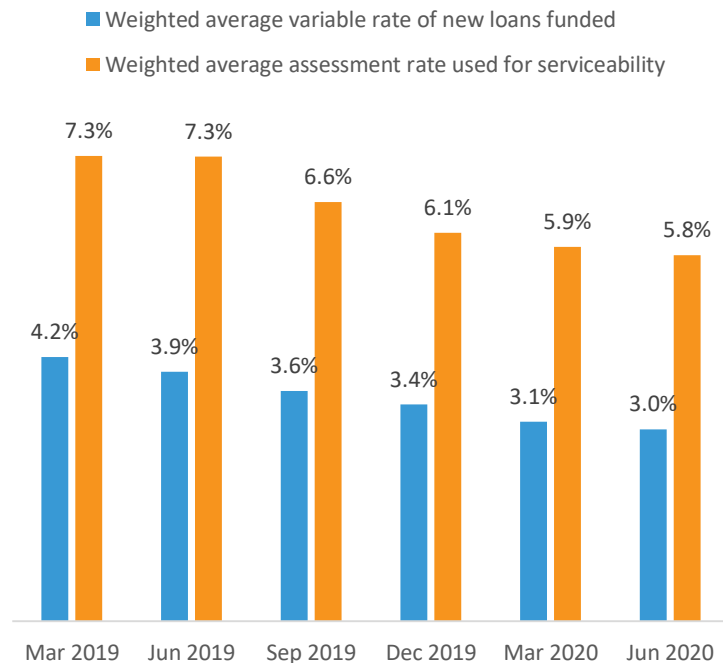
In September, the RBA kept the cash rate on hold, but increased the size of the Term Funding Facility, and extended withdrawals to the end of June 2021

RBA Cash Rate

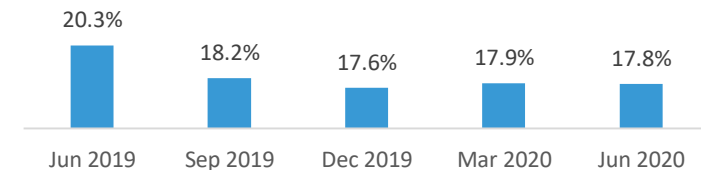


# Lending conditions were more conservative in the June quarter despite lower rates. A smaller portion of loans were funded on high LVRs, and on interest-only terms

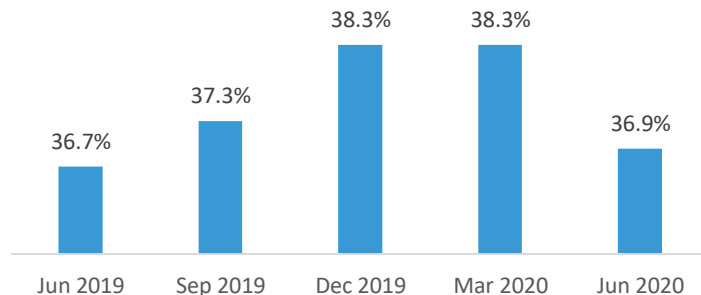
## Interest rates for new loans funded



## Portion of new loans funded on interest-only terms



## Portion of new loans funded with an LVR 80% ≤





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