

May 2022

Monthly Housing Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.98 Trillion



AUSTRALIAN SUPERANNUATION

\$3.5 Trillion



AUSTRALIAN LISTED STOCKS

\$2.9 Trillion



COMMERCIAL REAL ESTATE

\$1.2 Trillion

NUMBER OF DWELLINGS

10.8 Million

OUTSTANDING MORTGAGE DEBT

\$2.1 Trillion

HOUSEHOLD WEALTH HELD IN HOUSING

56.6%

TOTAL SALES P.A.

597,506

GROSS VALUE OF SALES P.A.

\$515.4 Billion

Australian dwelling values

Overview

3 MONTHS

↑ **1.9%**

National home values rose 1.9% in the March quarter, the lowest quarterly growth rate since November 2020.

12 MONTHS

↑ **16.7%**

Dwelling values in Australia are 16.7% higher over the past 12 months, down from a cyclical peak of 22.4% in the 12 months to January 2022.

CAPITAL CITIES

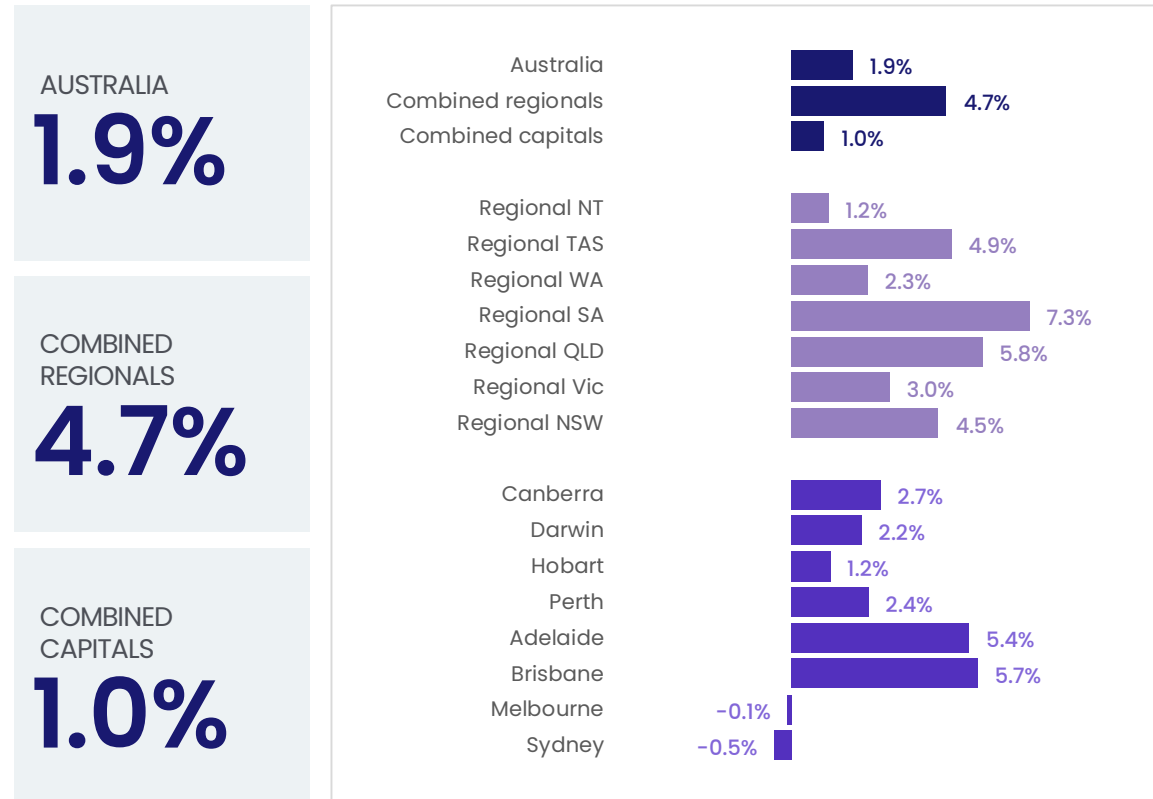
Lower value segments continue to lead growth

In the three months to April, capital city homes saw upper quartile values fall -0.5%, compared to a rise of 3.6% across the lowest quartile of values.

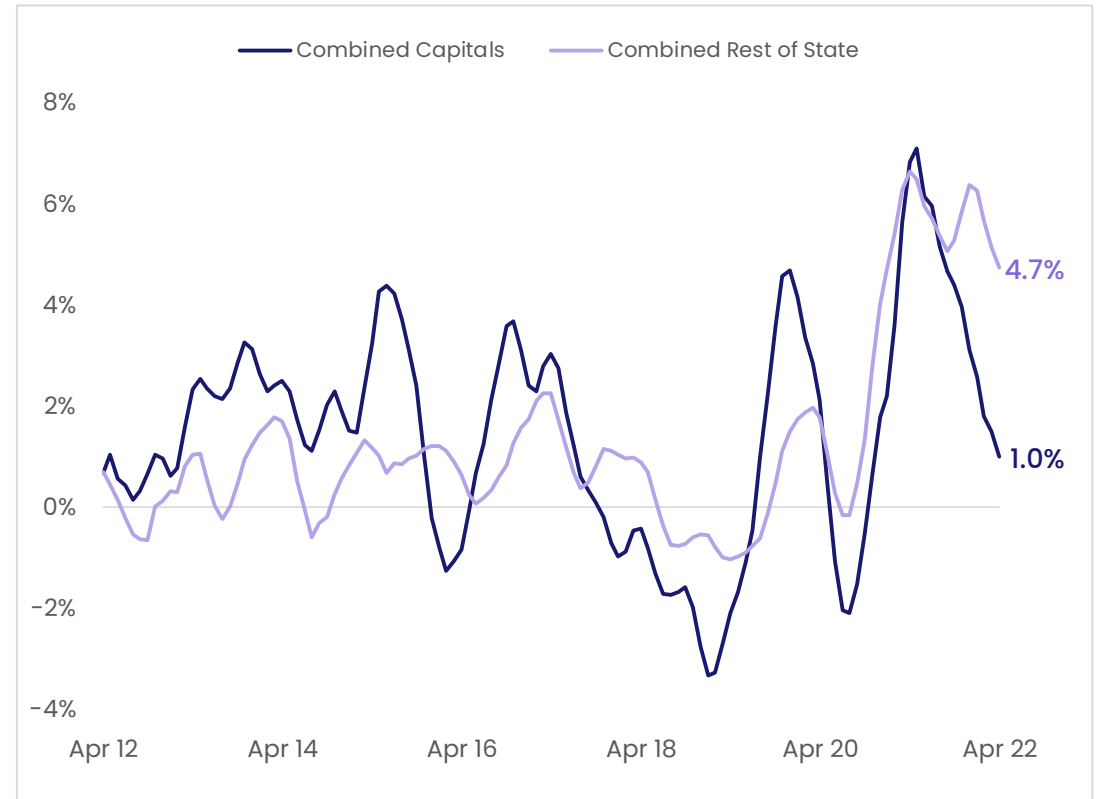
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to April 2022



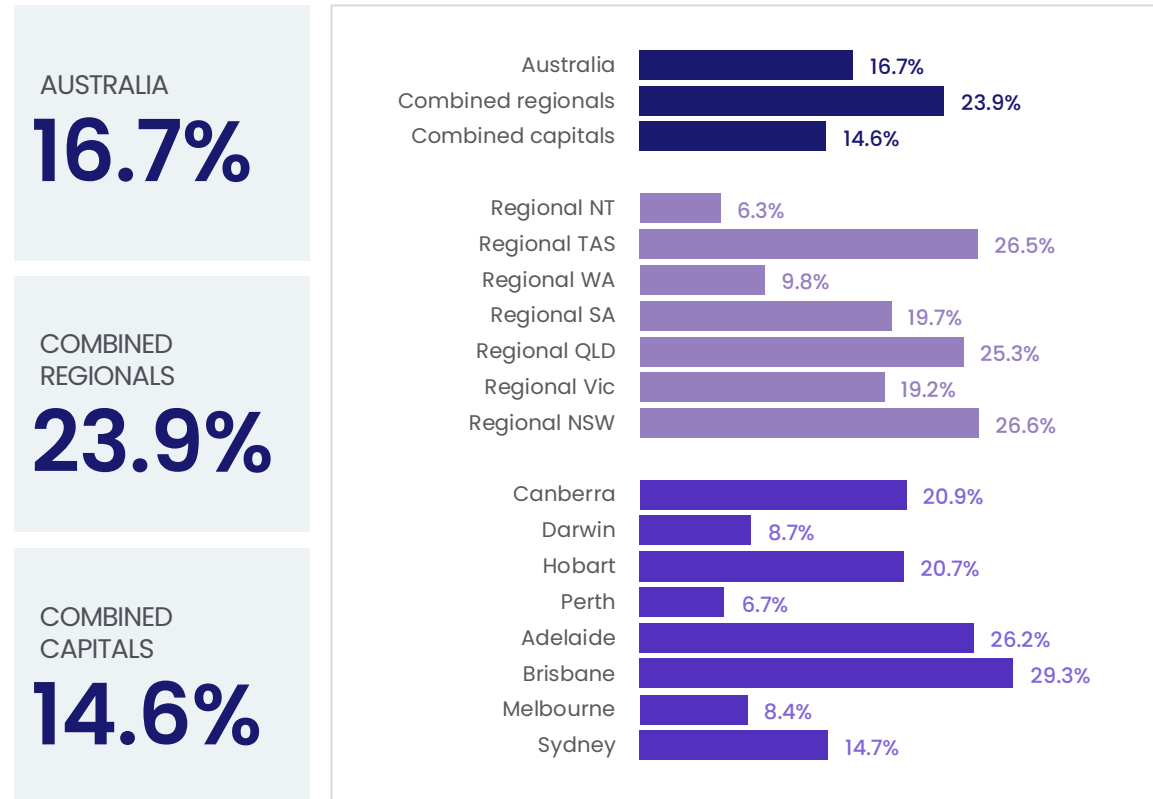
Rolling quarterly change in dwelling values



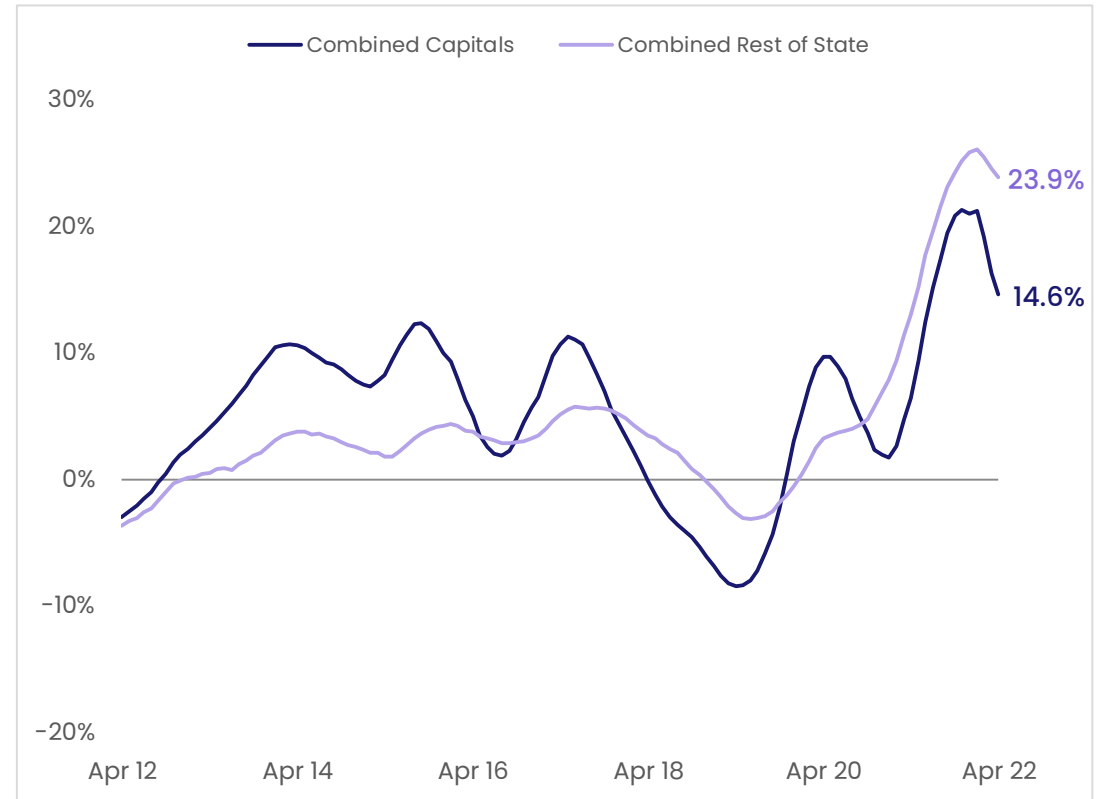
AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to April 2022



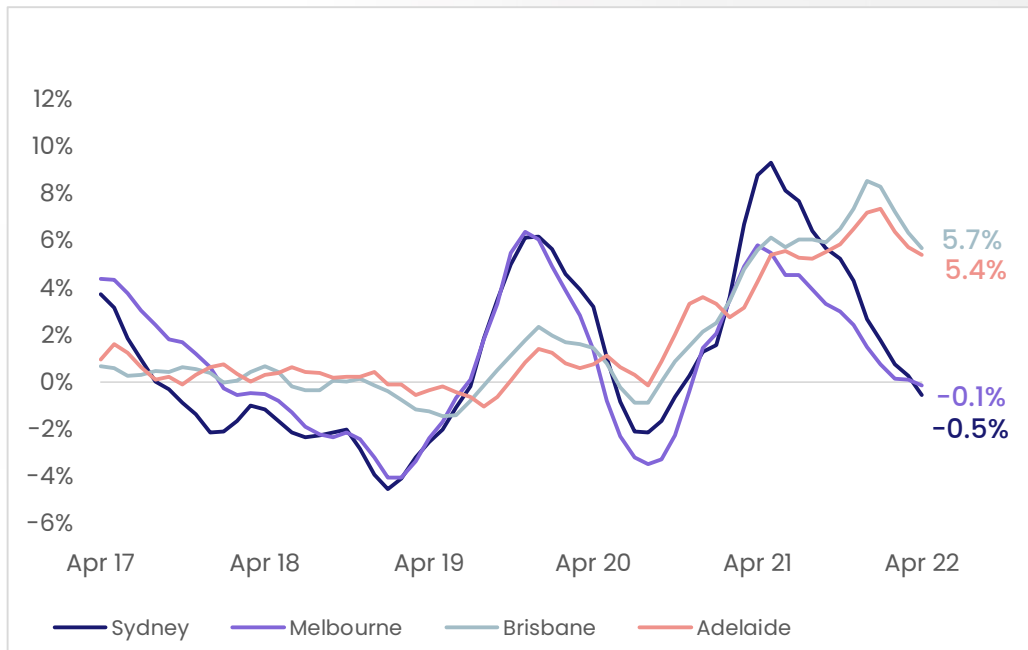
Rolling annual change in dwelling values



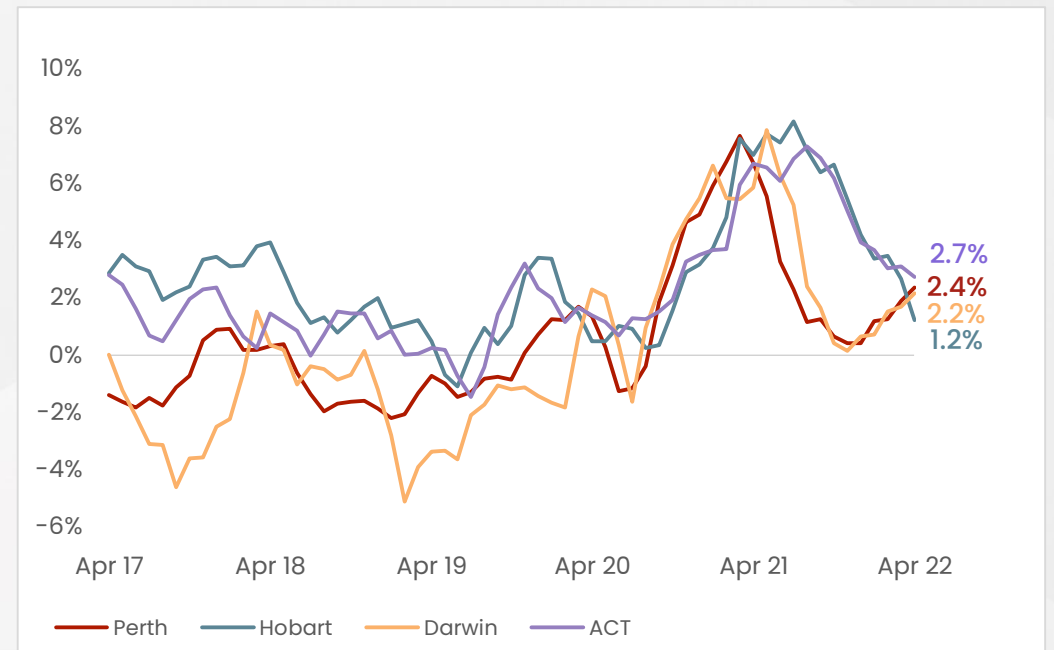
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings



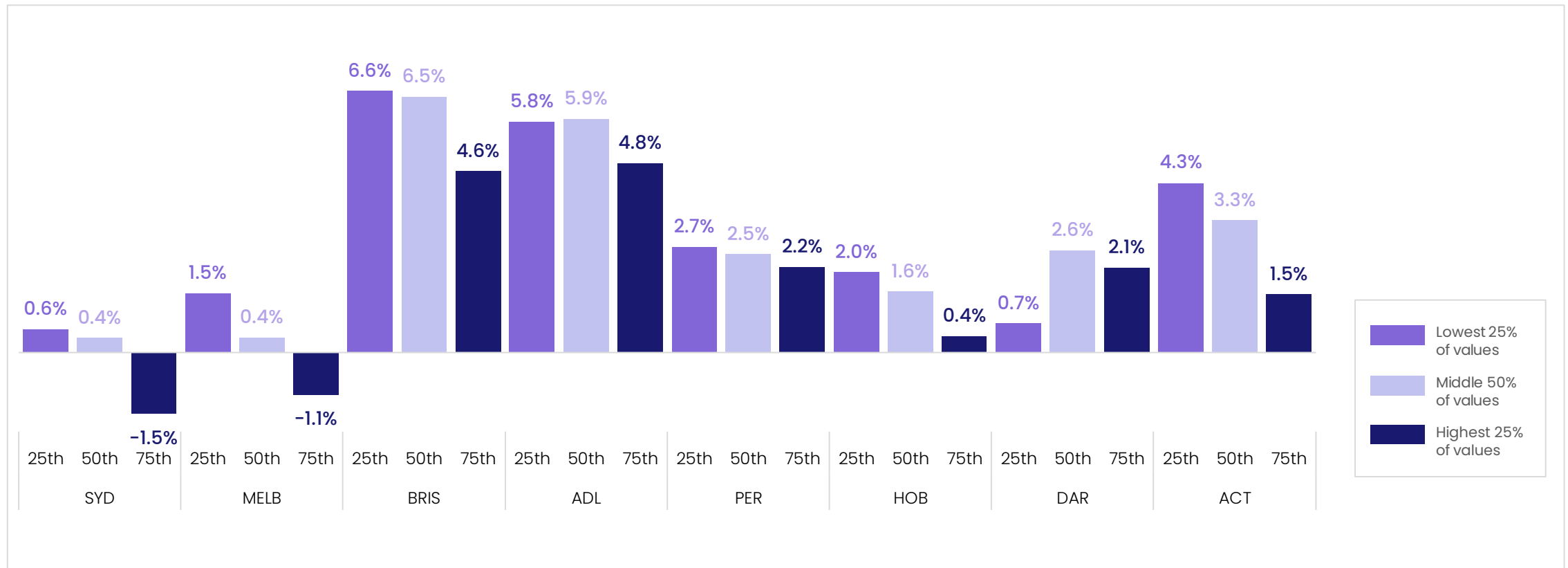
Rolling quarterly change in values, dwellings



AUSTRALIAN DWELLING VALUES

Capital cities

Quarterly change in stratified hedonic dwellings index (3 months to April)



Housing cycles

Capital cities

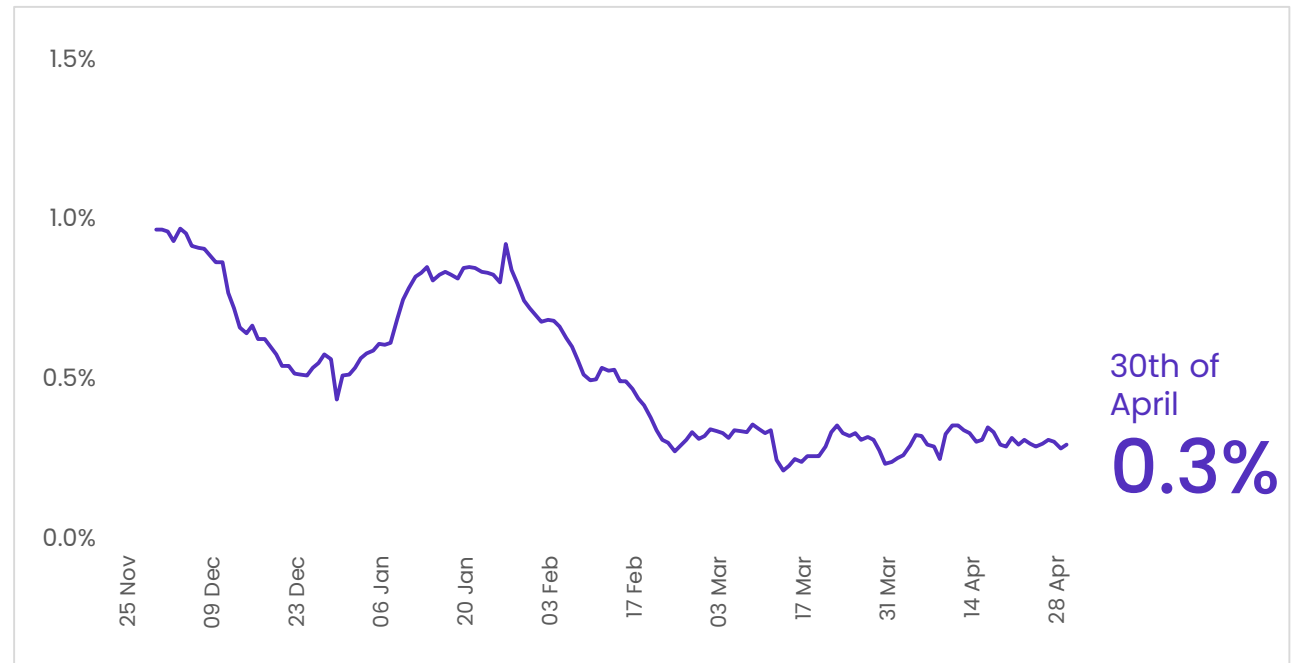


Rolling 28-day growth rate in CoreLogic Daily Home Value index

The rolling 28-day growth rate in the combined capitals home value index stabilised at 0.3% through April.

Demand for housing credit is expected to slow amid higher interest rates, which may put further downward pressure on growth rates through May.

Combined capital cities



HOUSING CYCLES

Sydney

In **April** Sydney dwelling values declined

-0.2%

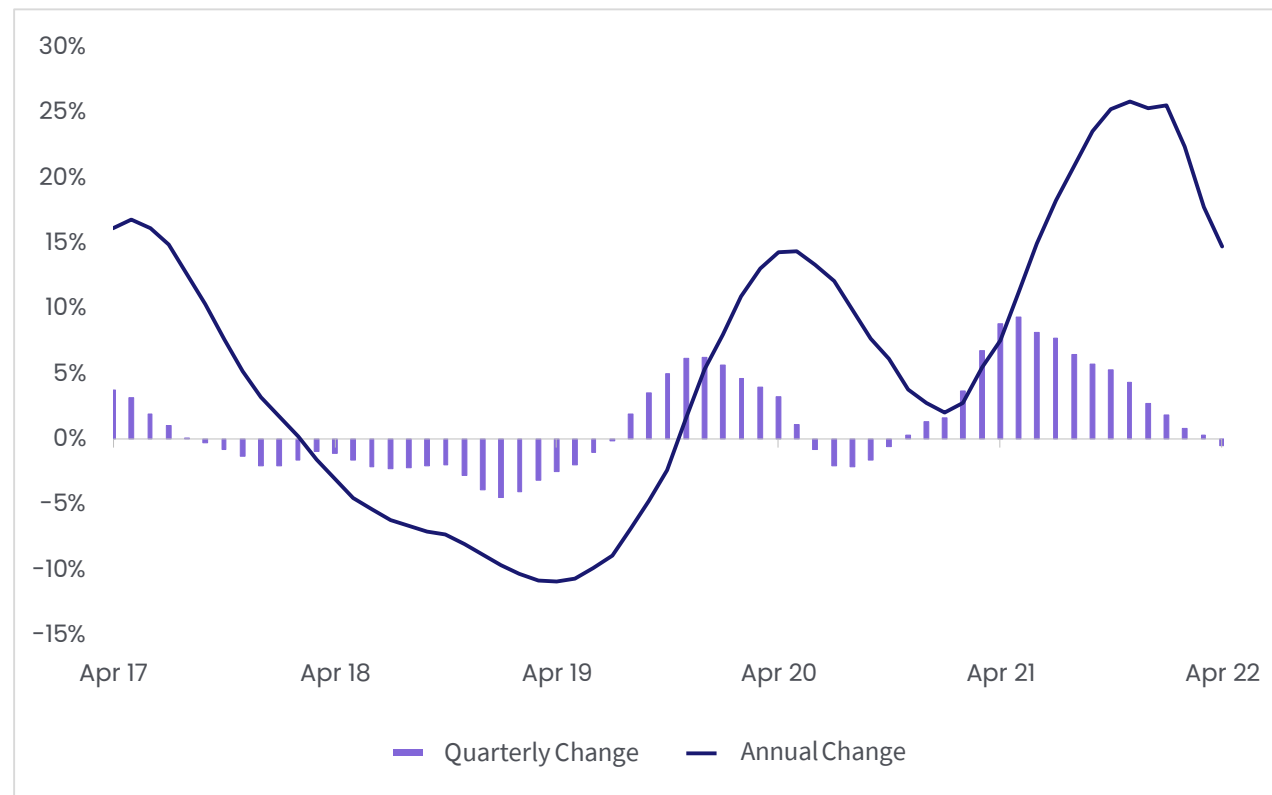
Over the **quarter** dwelling values decreased by

-0.5%

Over the **past year** dwelling values increased by

14.7%

Sydney dwelling values are now -0.5% below the previous record high recorded in January 2022.



HOUSING CYCLES

Melbourne

In **April** Melbourne dwelling values were unchanged

0.0%

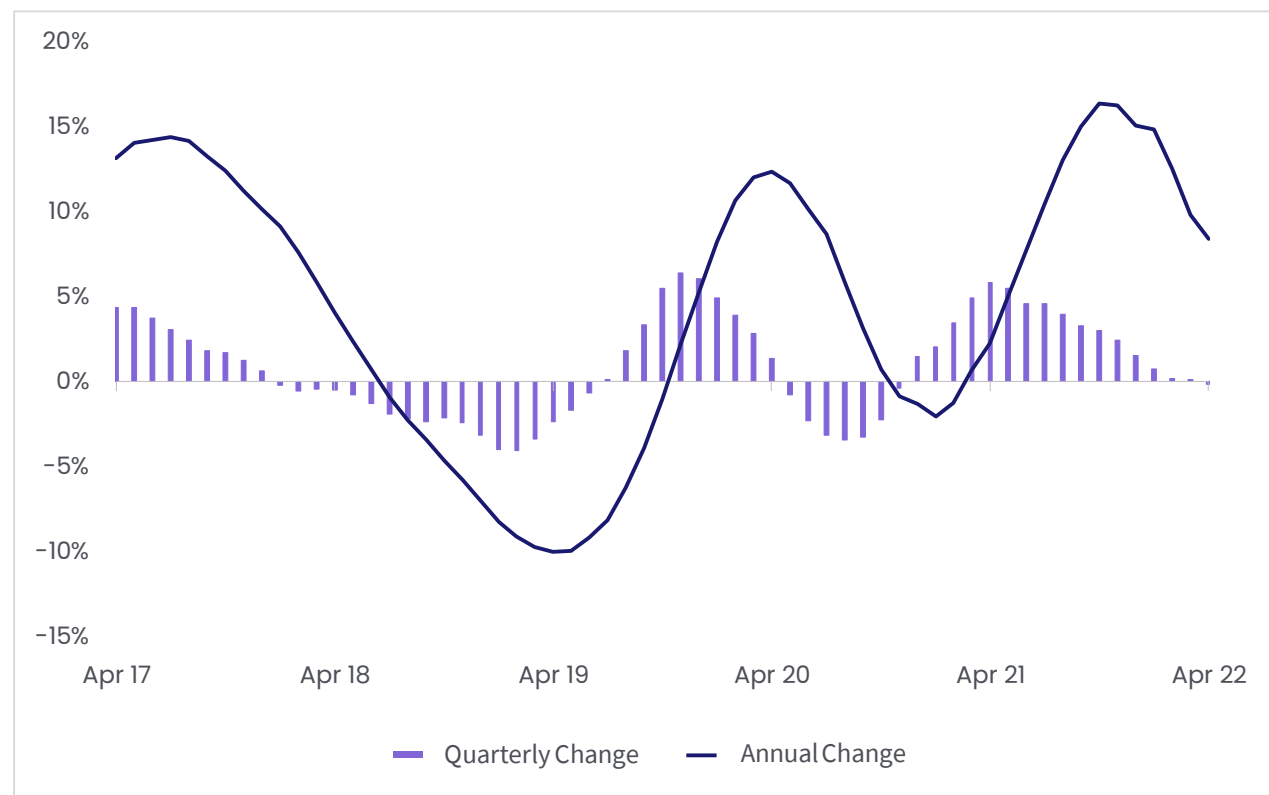
Over the **quarter** dwelling values decreased by

-0.1%

Over the **past year** dwelling values increased by

8.4%

Melbourne dwelling values are currently -0.1% below the record high recorded in February 2022.



HOUSING CYCLES

Brisbane

In **April** Brisbane dwelling values rose by

1.7%

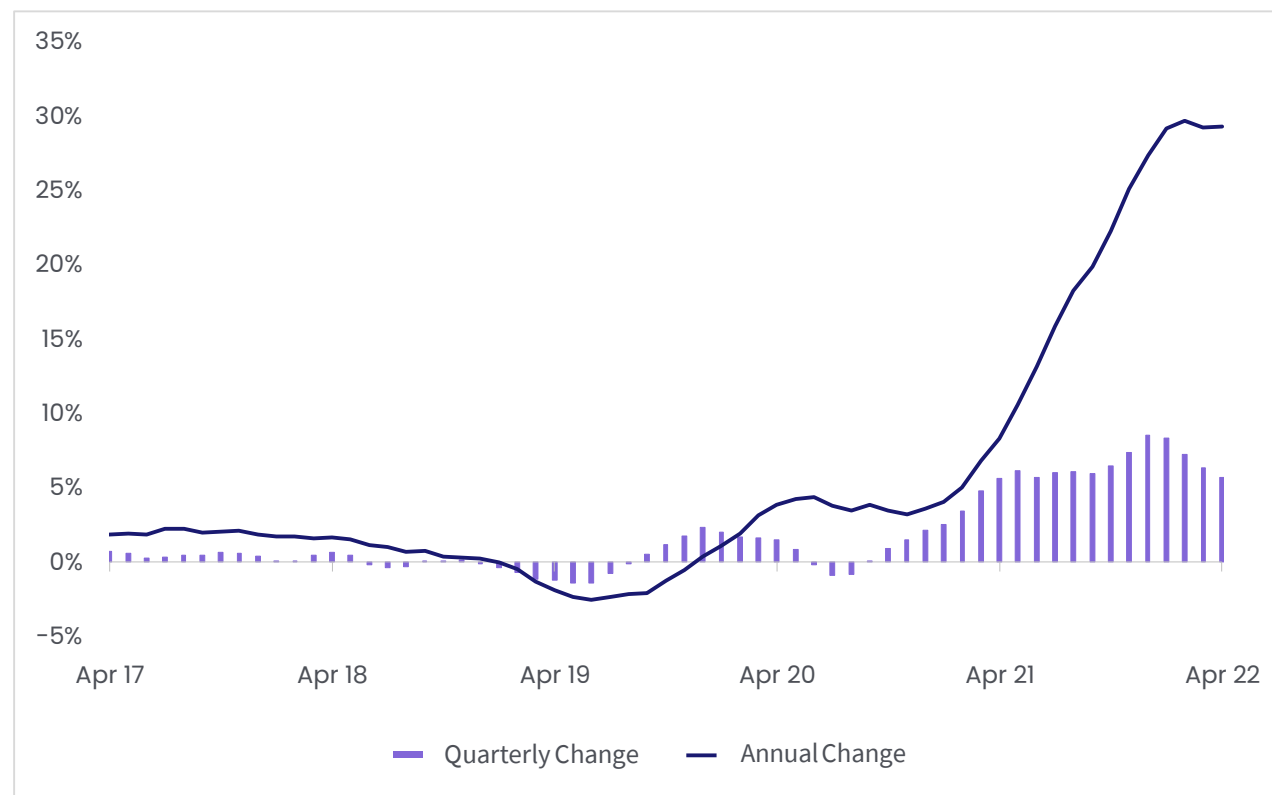
Over the **quarter** dwelling values increased by

5.7%

Over the **past year** dwelling values increased by

29.3%

Brisbane dwelling values are currently at a record high.



HOUSING CYCLES

Adelaide

In **April** Adelaide dwelling values rose by

1.9%

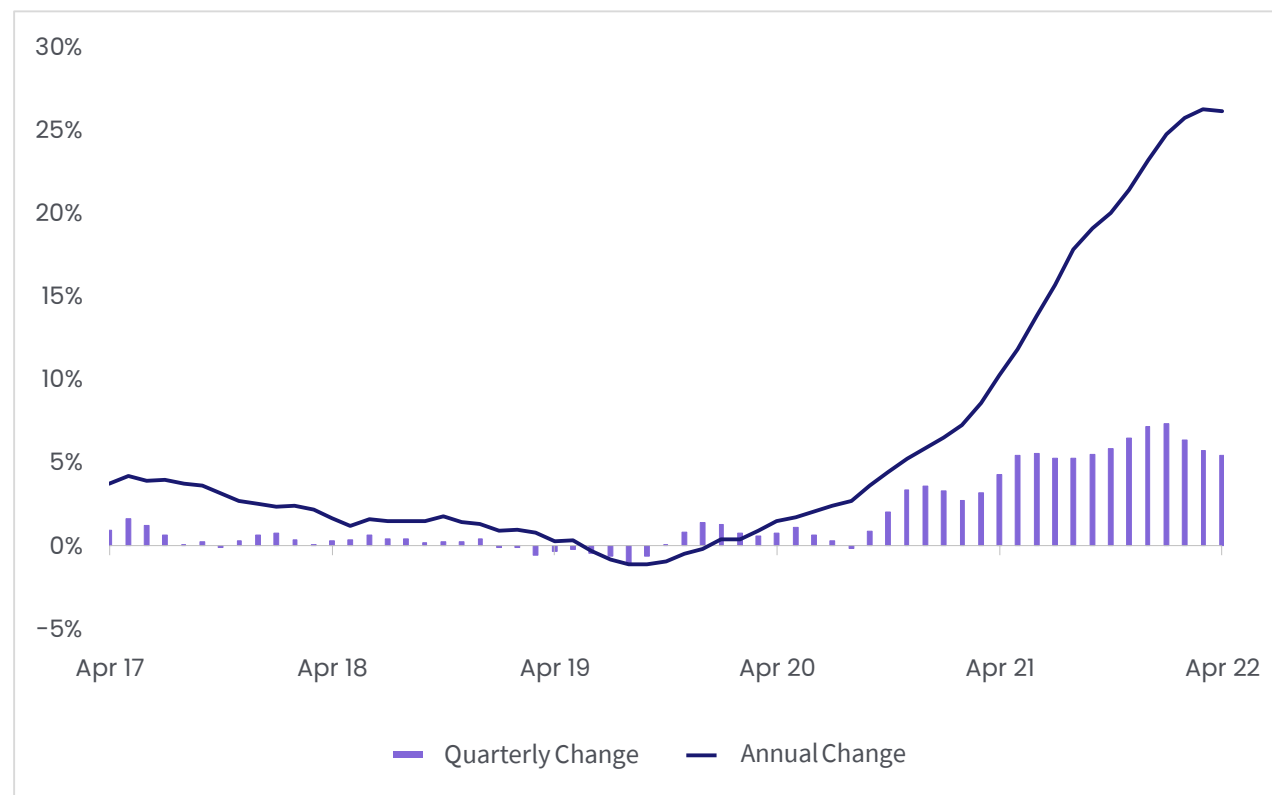
Over the **quarter** dwelling values increased by

5.4%

Over the **past year** dwelling values increased by

26.2%

Adelaide dwelling values are currently at a record high.



HOUSING CYCLES

Perth

In **April** Perth dwelling values rose by

1.1%

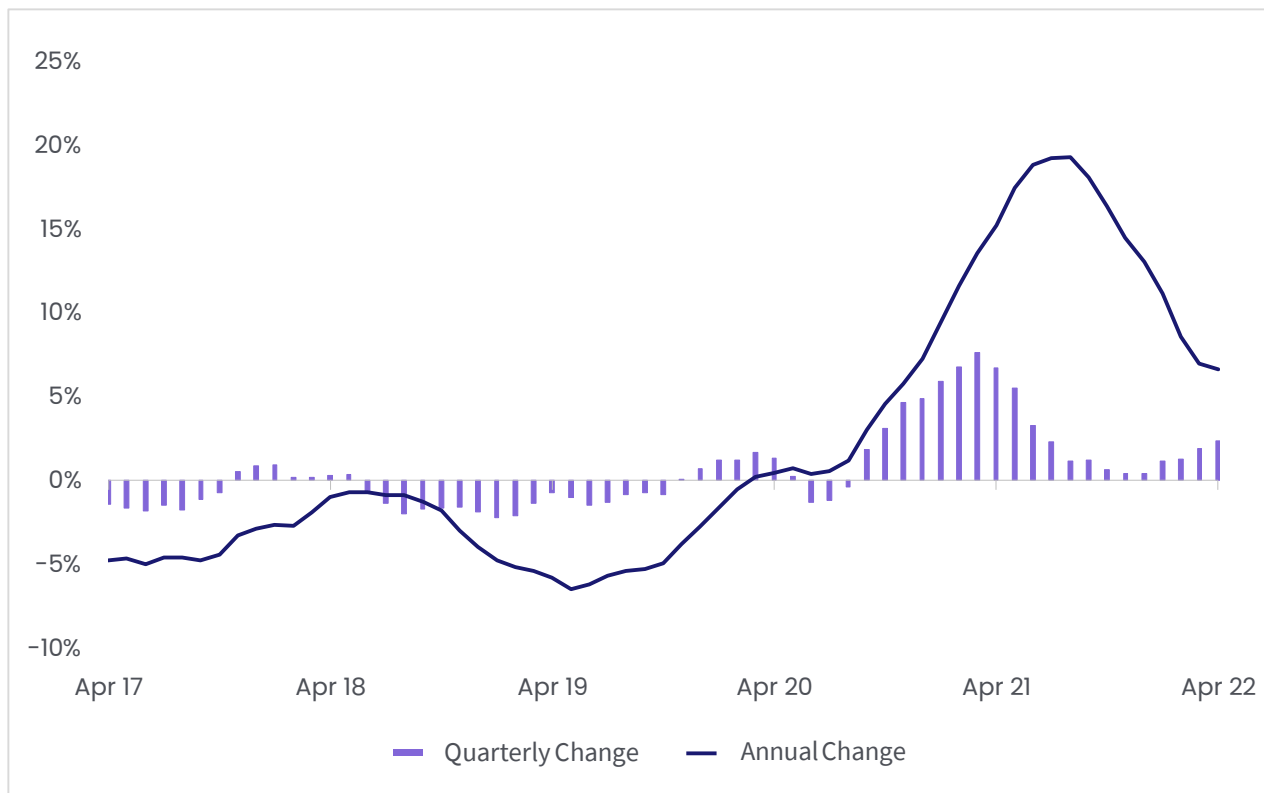
Over the **quarter** dwelling values increased by

2.4%

Over the **past year** dwelling values increased by

6.7%

Perth dwelling values are currently at a record high.



HOUSING CYCLES

Hobart

In **April** Hobart dwelling values declined by

-0.3%

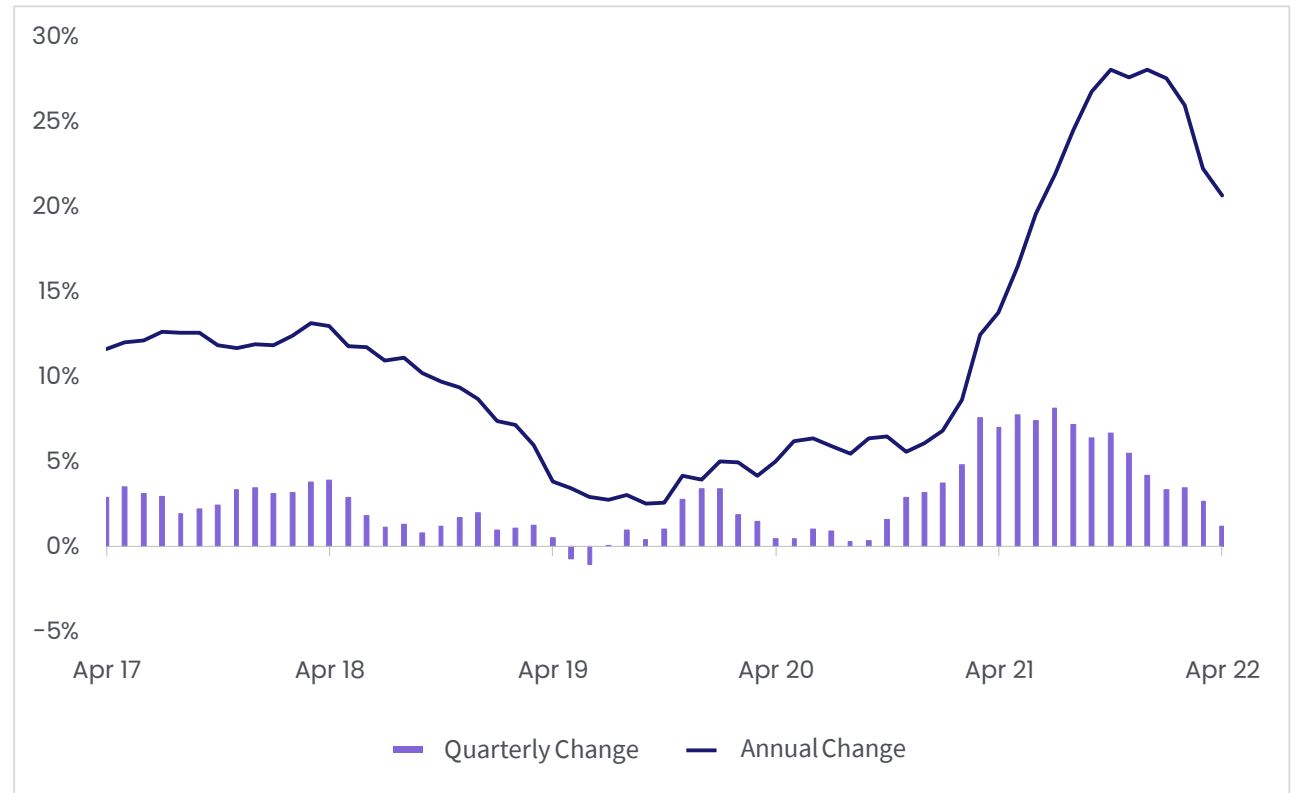
Over the **quarter** dwelling values increased by

1.2%

Over the **past year** dwelling values increased by

20.7%

Hobart dwelling values are currently -0.3% below the record high recorded in March 2022



HOUSING CYCLES

Darwin

In **April** Darwin dwelling values fell by

0.9%

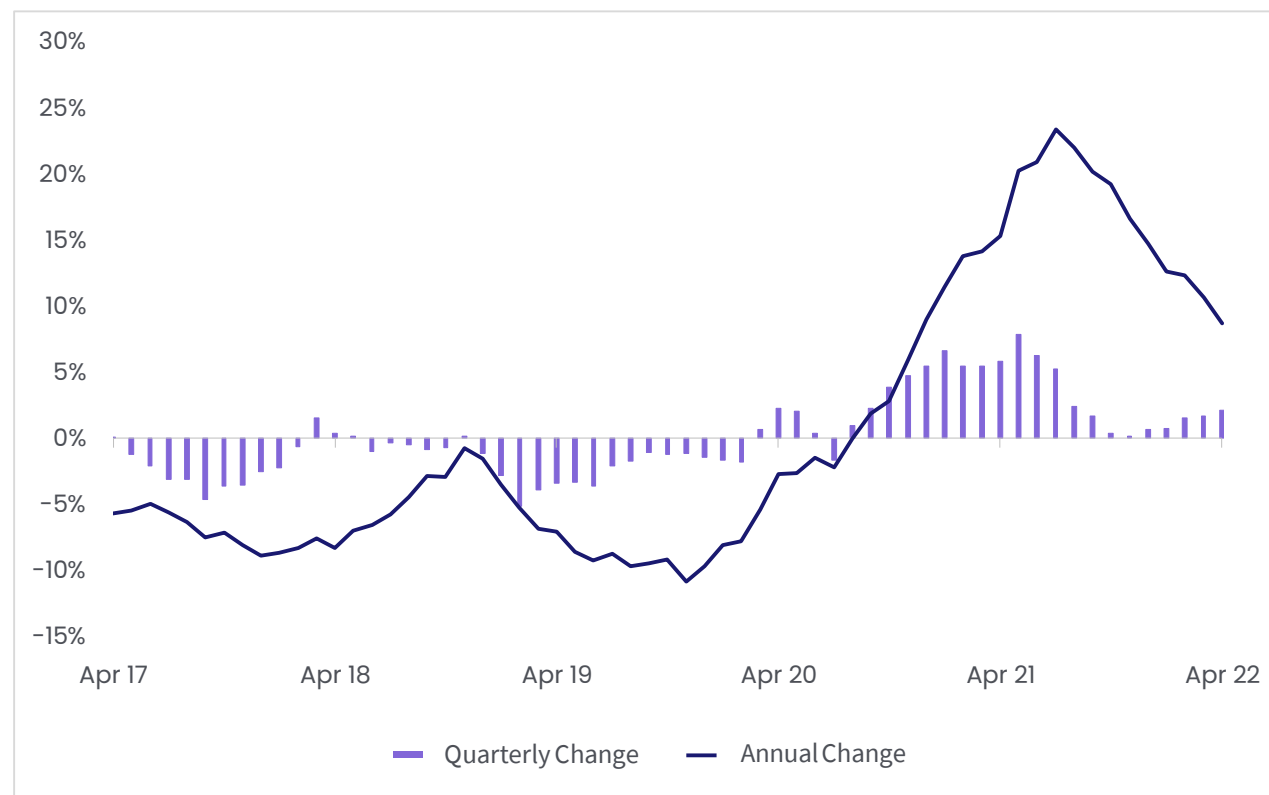
Over the **quarter** dwelling values increased by

2.2%

Over the **past year** dwelling values increased by

8.7%

Darwin dwelling values are -12.5% below the record high recorded in May 2014.



HOUSING CYCLES

Canberra

In **April** Canberra dwelling values rose by

1.3%

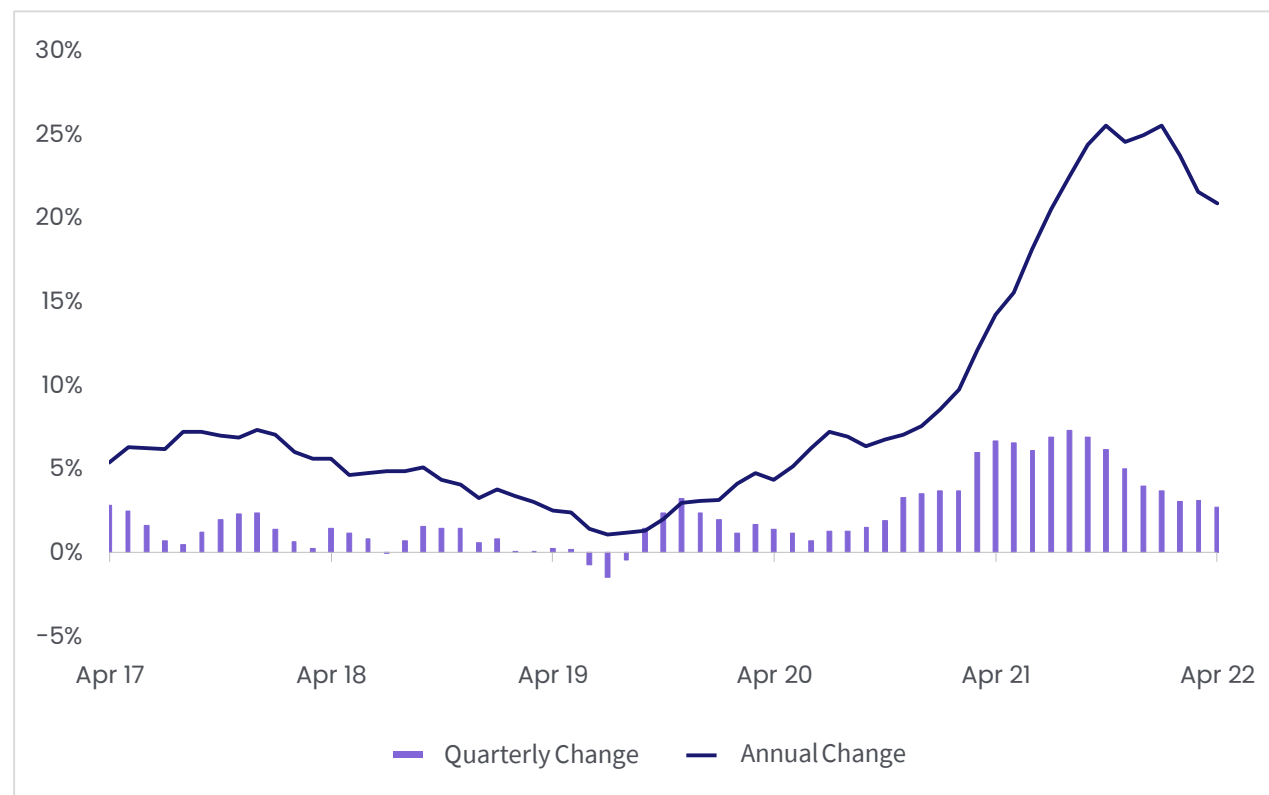
Over the **quarter** dwelling values increased by

2.7%

Over the **past year** dwelling values increased by

20.9%

Canberra dwelling values are currently at a record high.



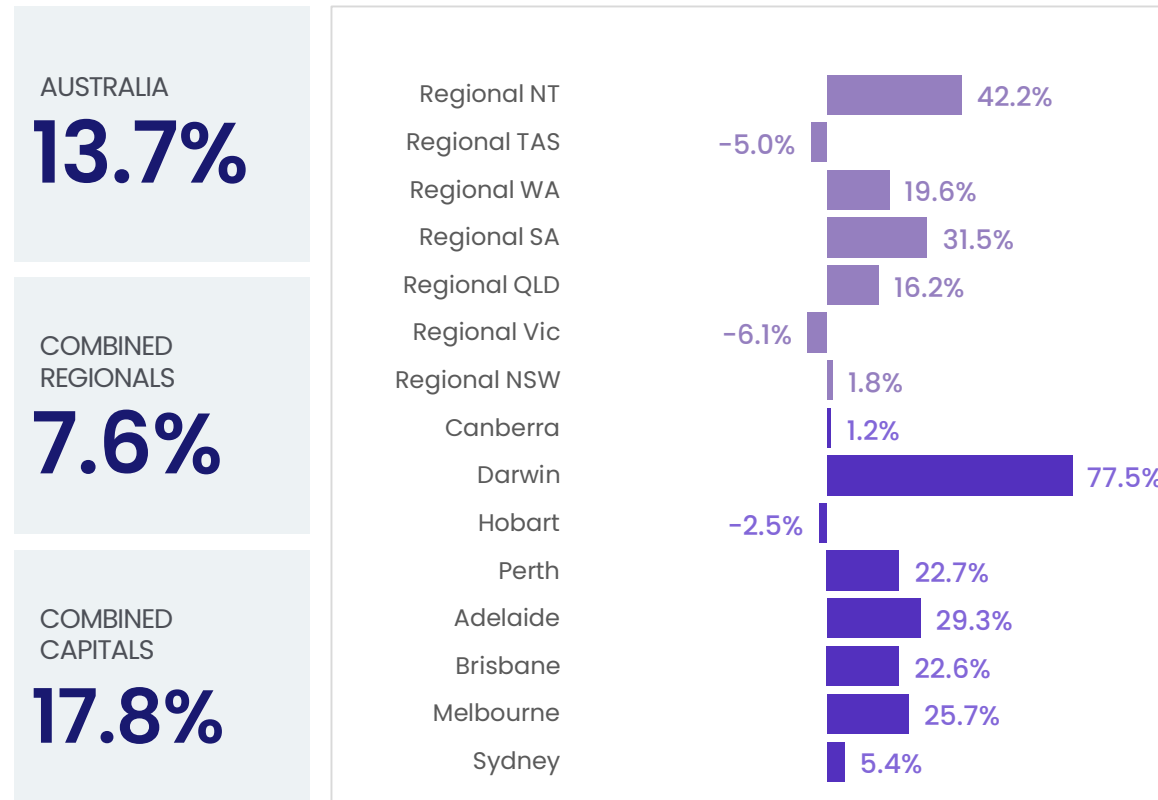
Sales and listings



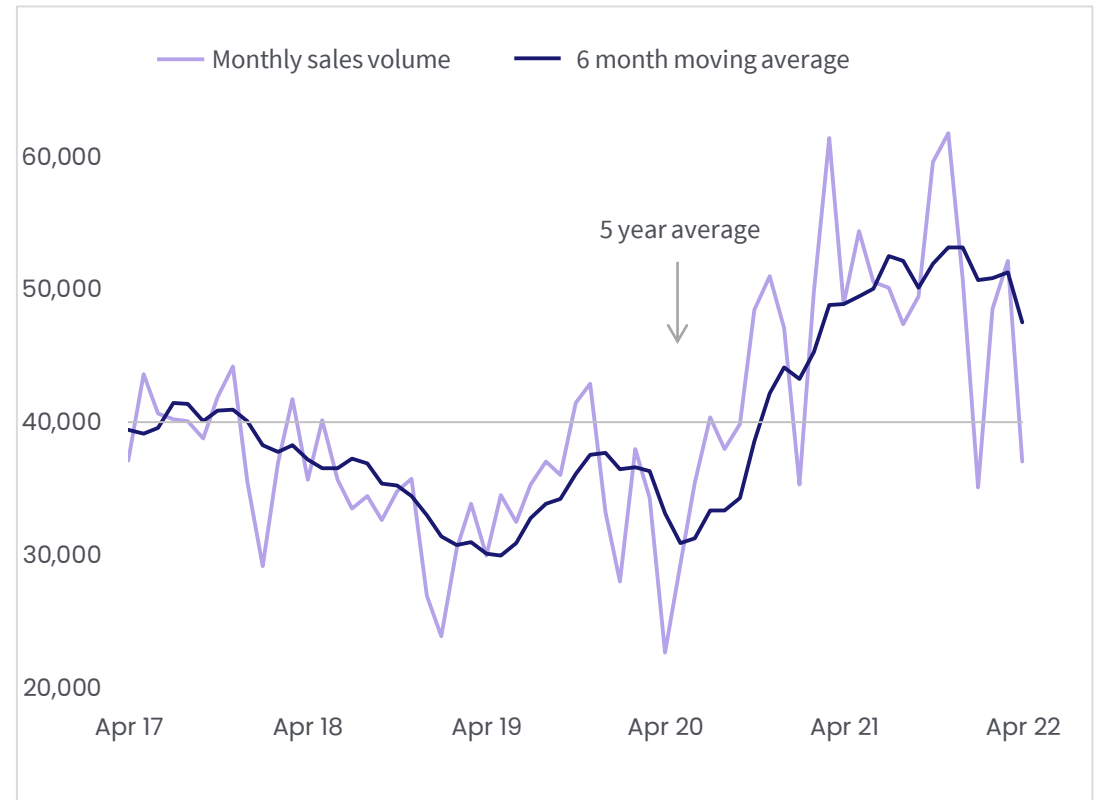
NATIONAL SALES

Sales volumes rose 13.7% in the 12 months to April, to an estimated 597,506. Sales volumes were an estimated 117,698 through the three months to April, which is down on the same period of 2021, but 17.1% higher than the previous 5-year average.

Change in sales volumes, twelve months to April 2022



Monthly sales with six month moving average, National

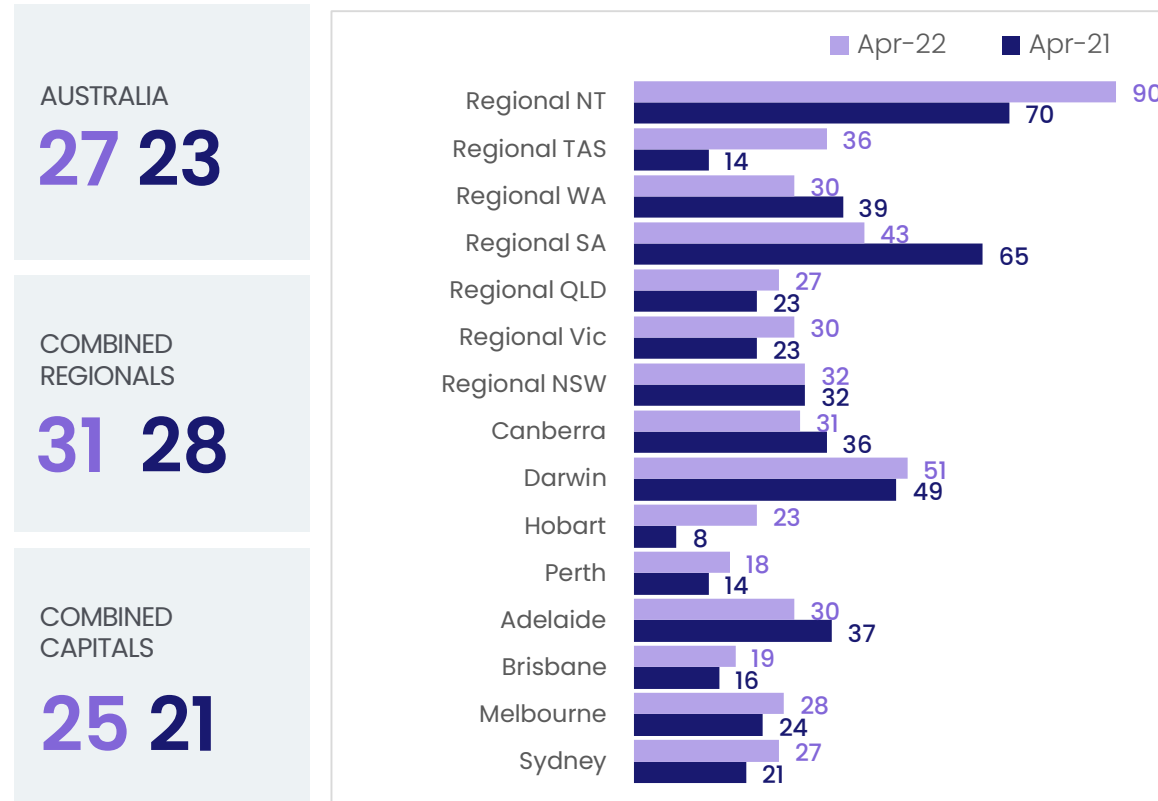


Note: recent months of sales volumes are modelled estimates, and are subject to revision

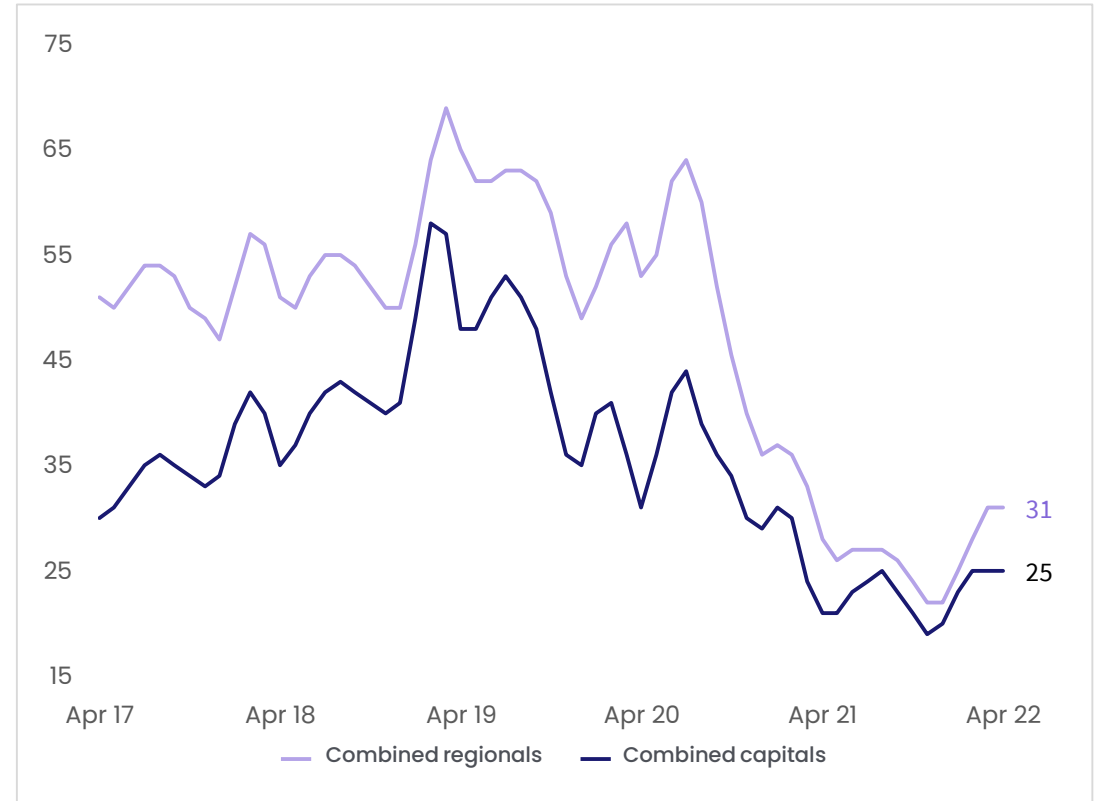
MEDIAN DAYS ON MARKET

At the national level, properties are taking slightly longer to sell. In the three months to April, the median days on market was recorded at 27, up from a recent low of 21 days in the three months to December.

Median days on market – three months to April 2022



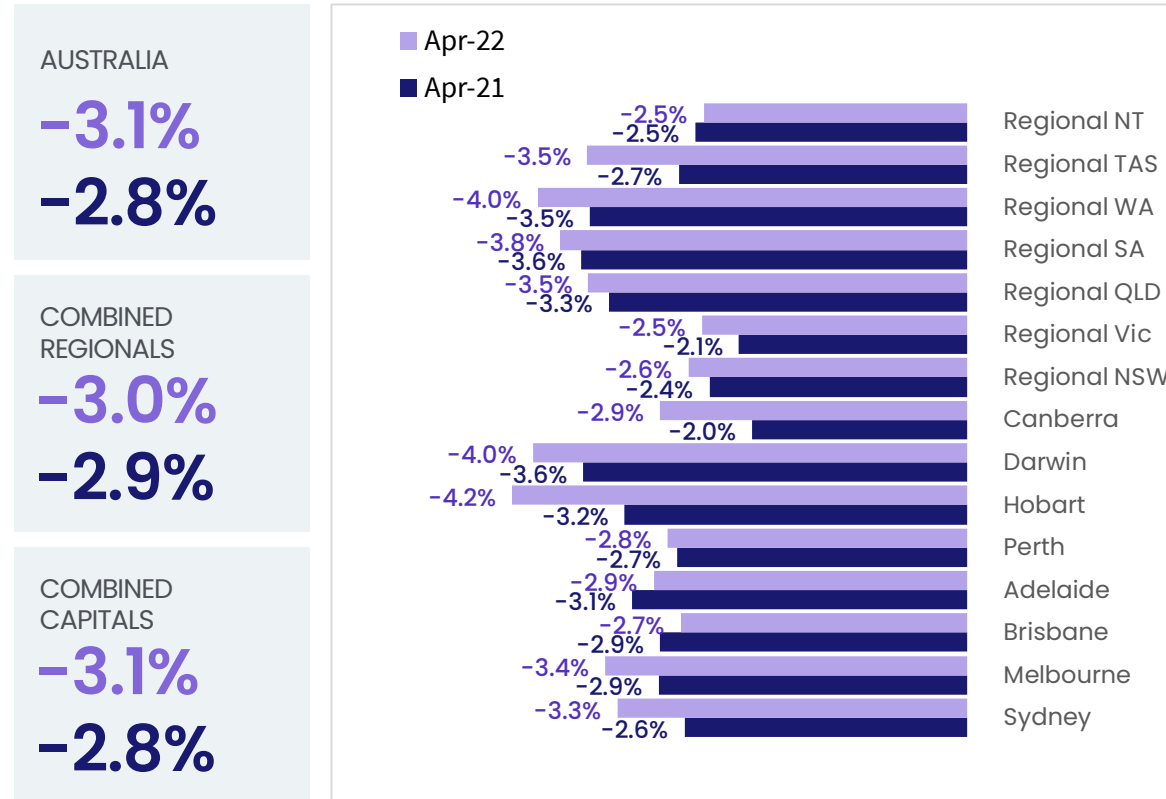
Median days on market



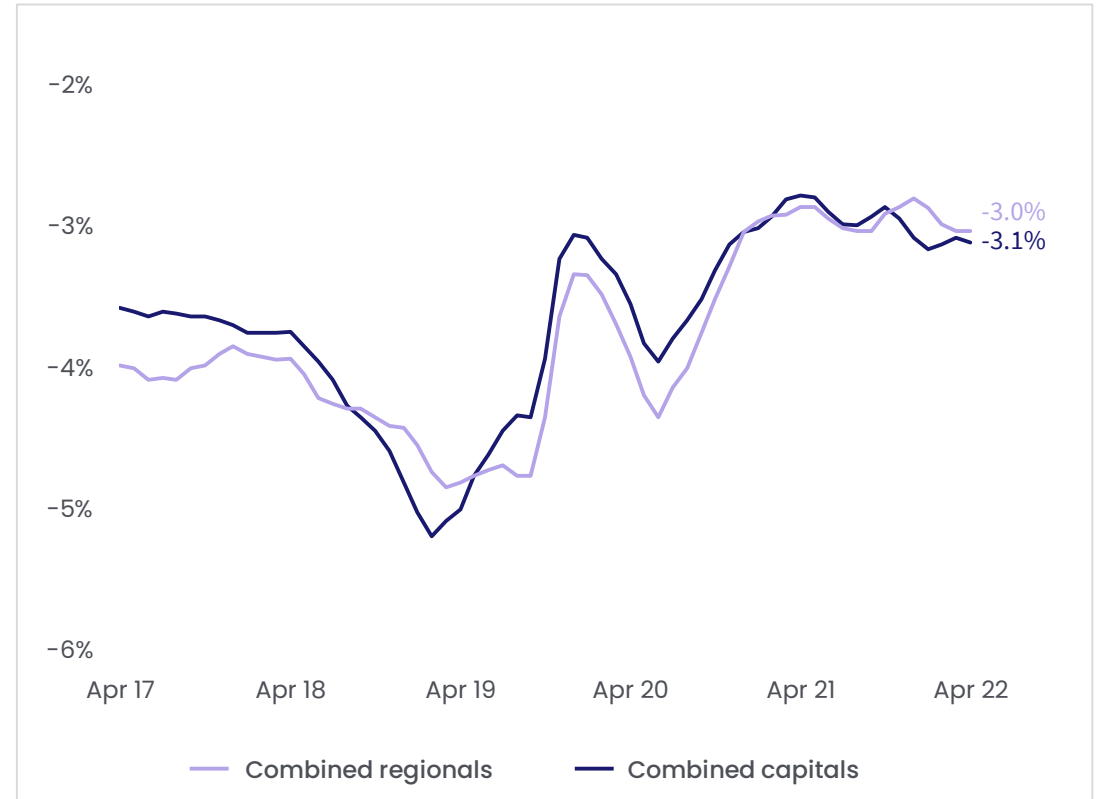
VENDOR DISCOUNT

Discounting levels are gradually expanding from recent lows of 2.8% nationally, and rose to 3.1% in the three months to April 2022. Discounting remains tighter across the combined regional markets.

Median vendor discount – three months to April 2022



Median vendor discount



LISTINGS

More advertised stock is being added to the market than usual. At the national level, the four weeks to 1st of May saw new listings trend 6.3% higher than the previous five-year average. However, new listings have dipped lower than this time last year.

Number of new listings, National Dwellings

New listings over the 4 weeks ending 01 May

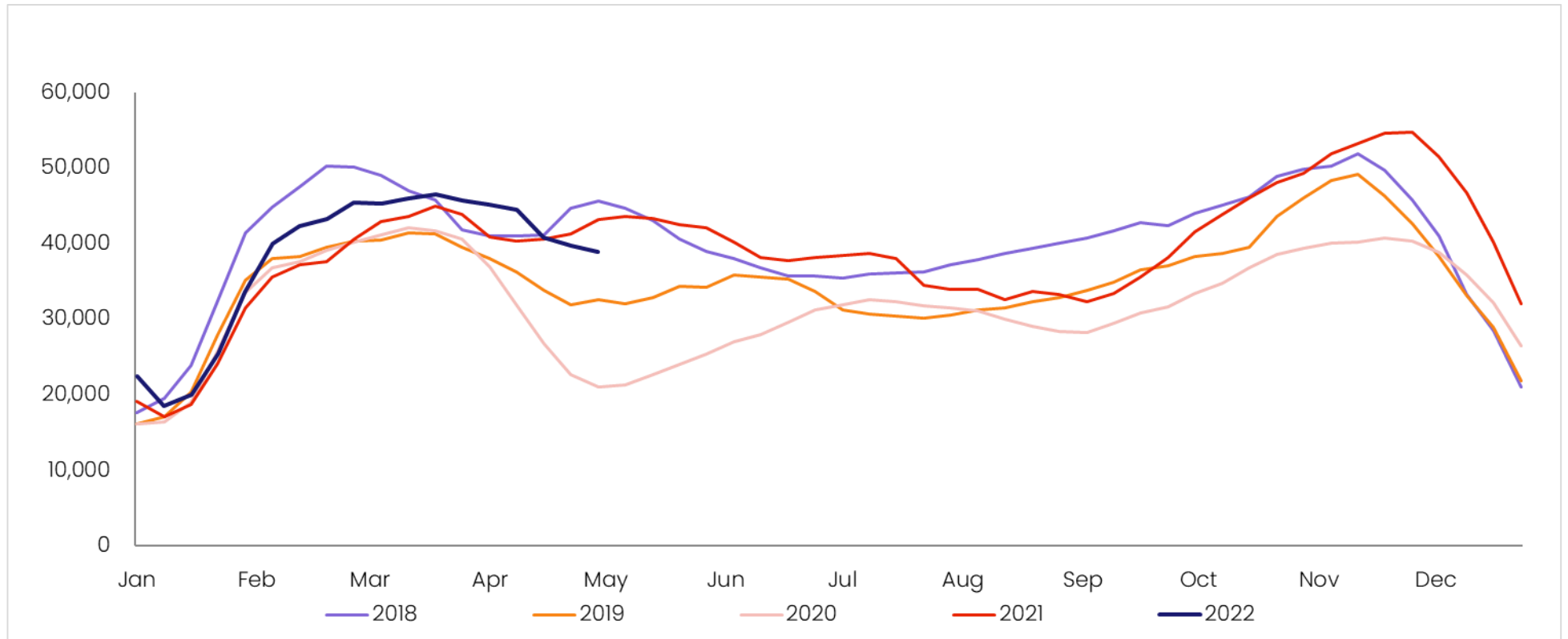
38,930

Compared to same time last year

-9.8%

Compared to 5-year average

6.3%



LISTINGS

At the national level, total listings remain well below the average for this time of the year, as high sales volumes have helped absorb advertised stock. Total stock levels remain -30.3% below the five-year average.

Number of total listings, National Dwellings

Total listings over the 4 weeks ending 01 May

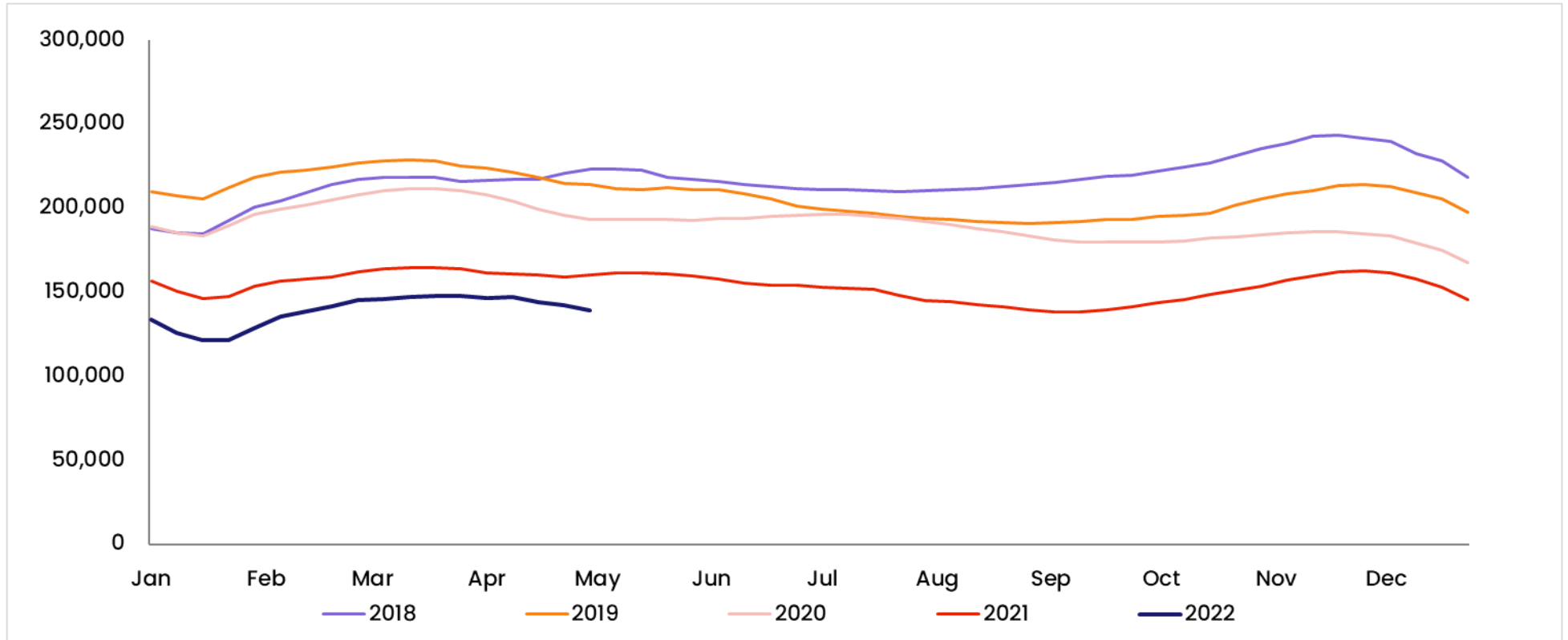
139,390

Compared to same time last year

-12.9%

Compared to 5-year average

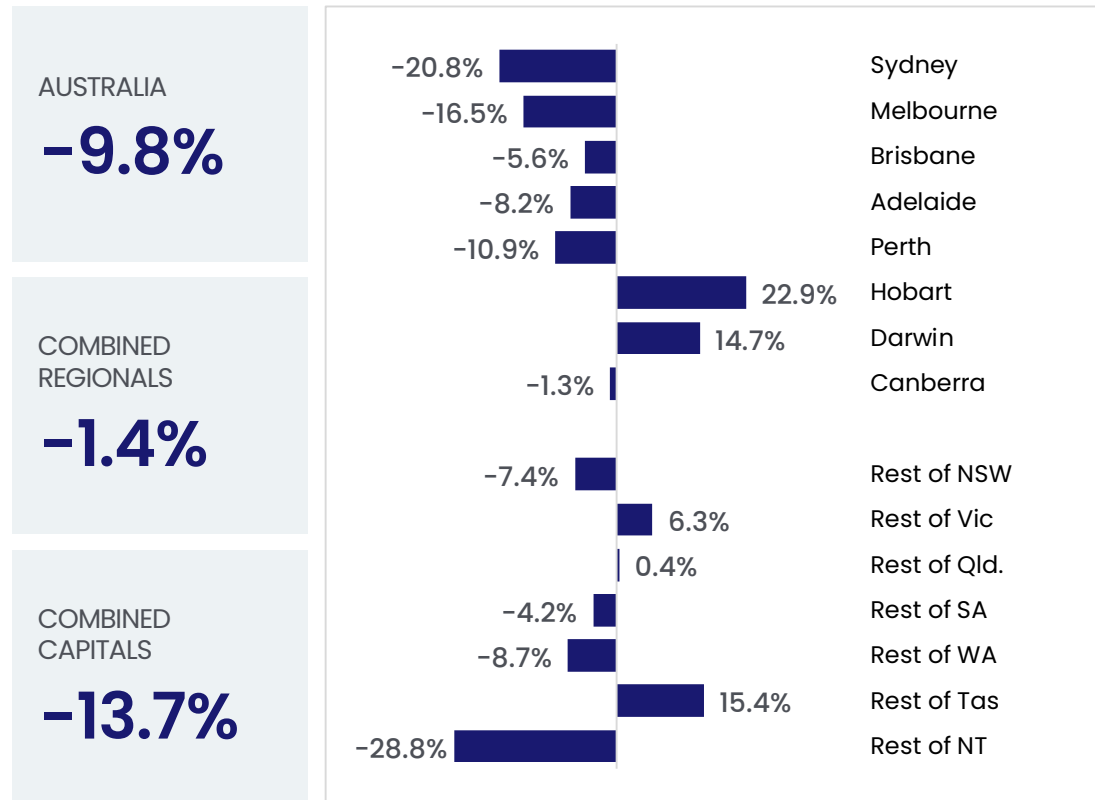
-30.3%



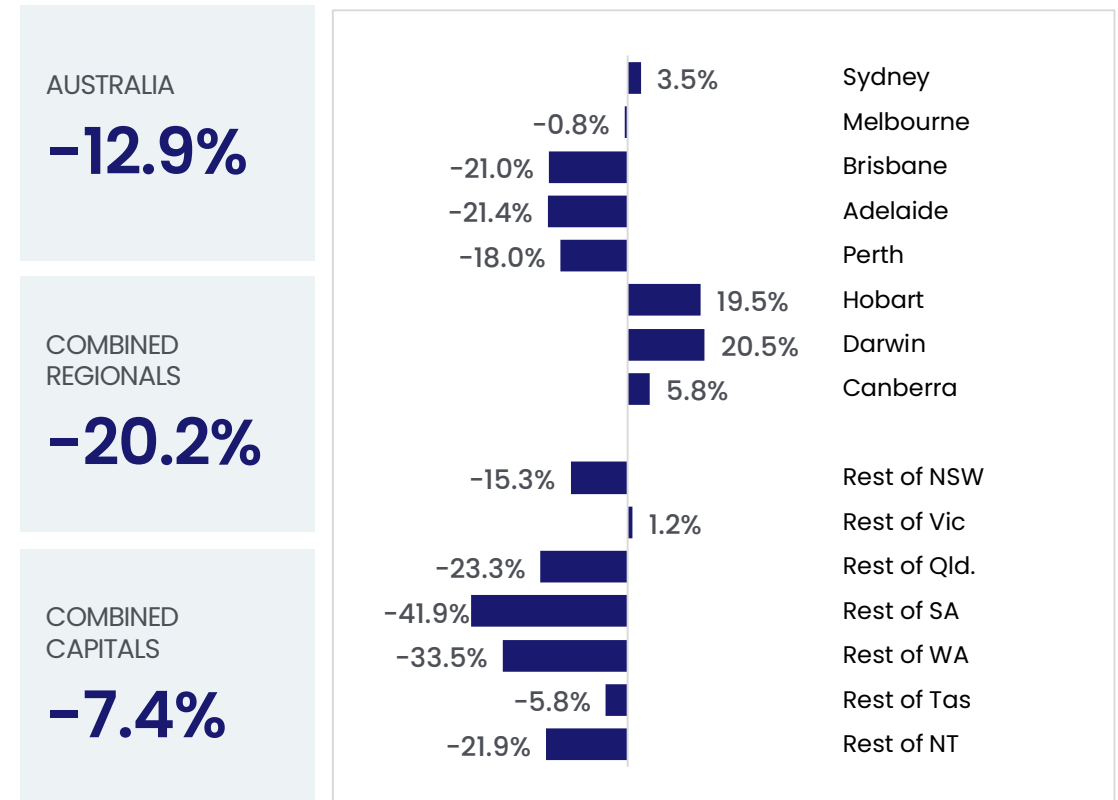
LISTINGS

Total advertised stock levels remain particularly low in regional Australia. Across the capital cities, total listings in Sydney and Melbourne are close to where they were this time last year.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

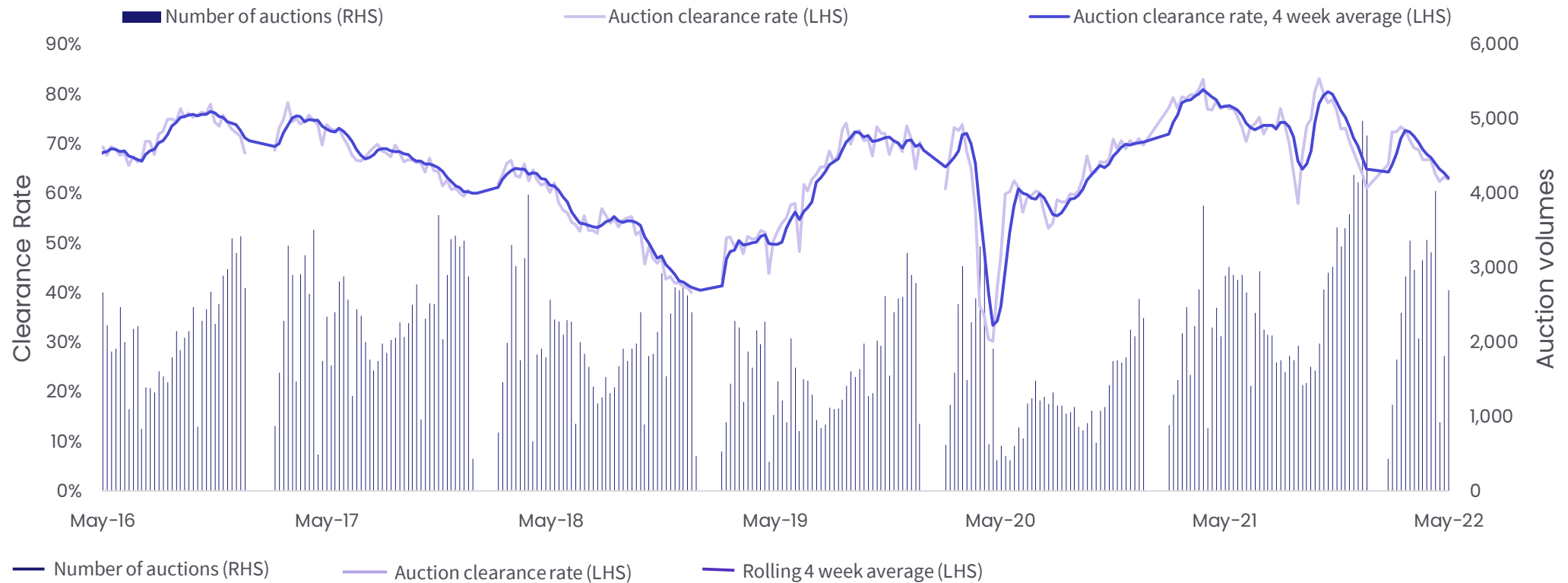


Data is for the four weeks ending 01 May

WEEKLY CLEARANCE RATES

Clearance rates averaged 63.2% in the four weeks to May 1st, down from 77.6% in the equivalent period of 2021. Clearance rates are expected to trend lower amid softer housing value growth.

Weekly clearance rates, combined capital cities

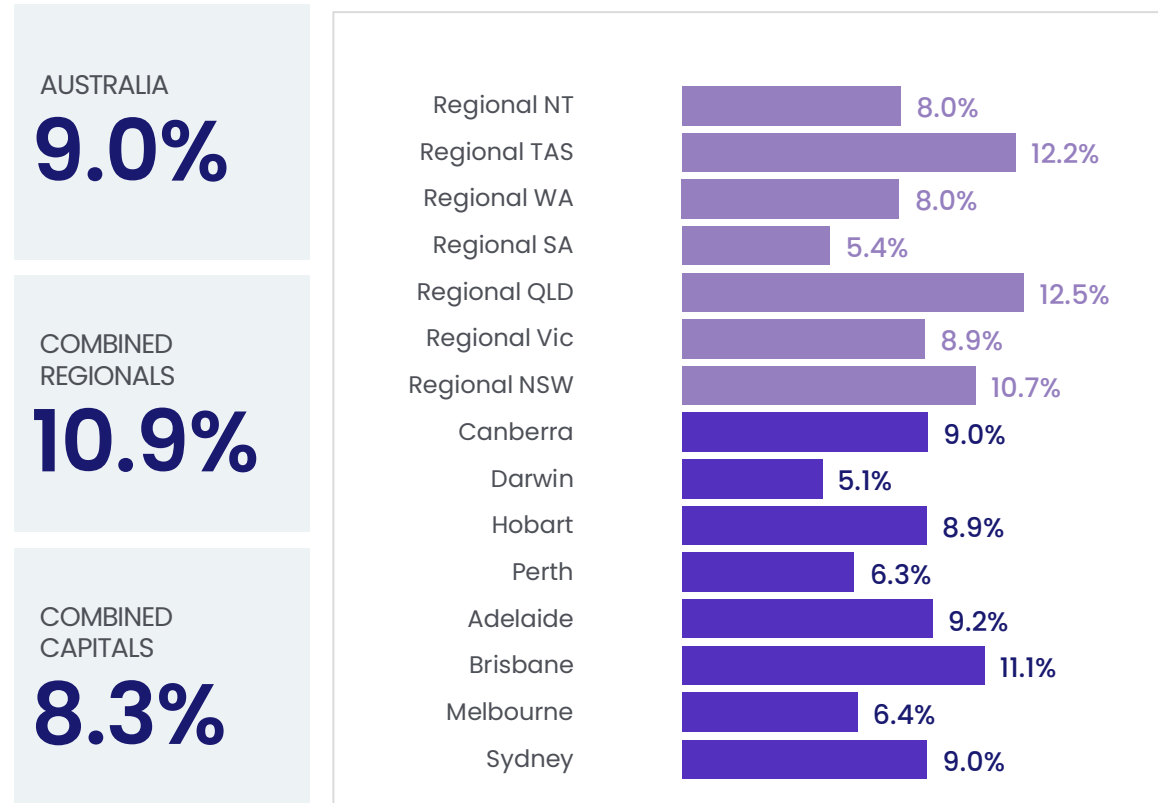


Rental market

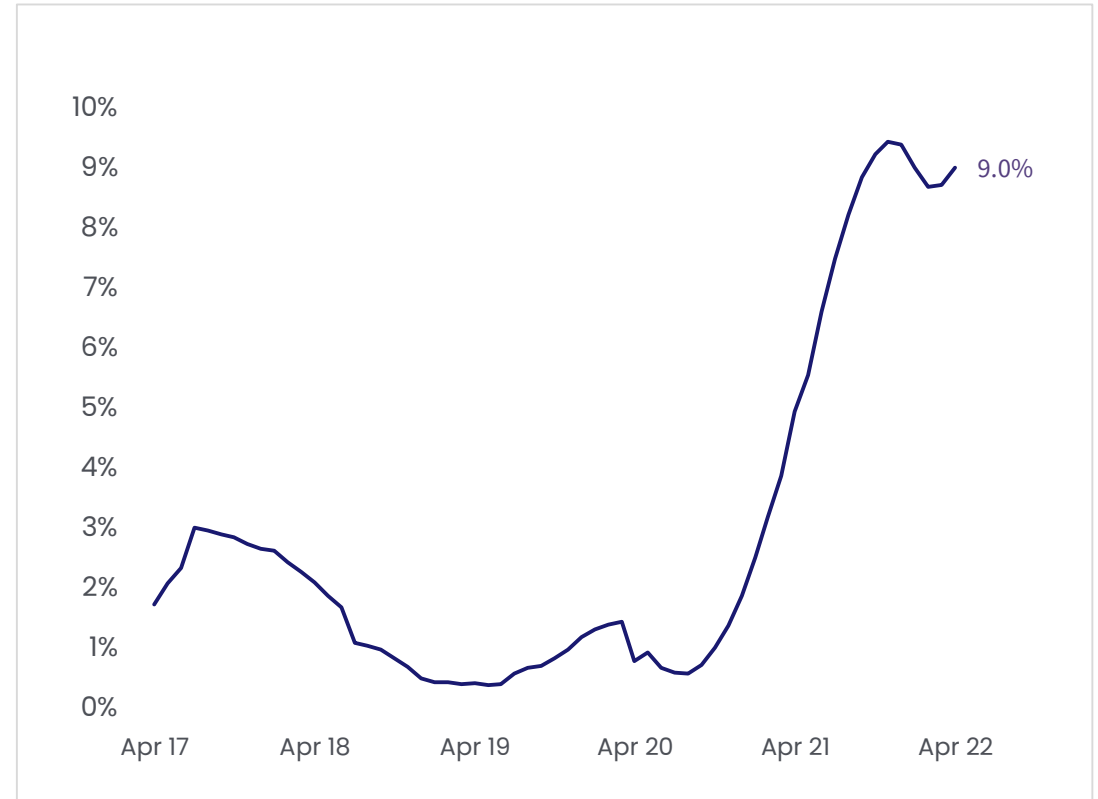
RENTAL RATES

Growth in the Australian rental market has accelerated through the start of 2022. Monthly growth in Australian rent values was 0.9% national, pushing annual growth back up to 9.0% in the 12 months to April.

Annual change in rental rates to April 2022



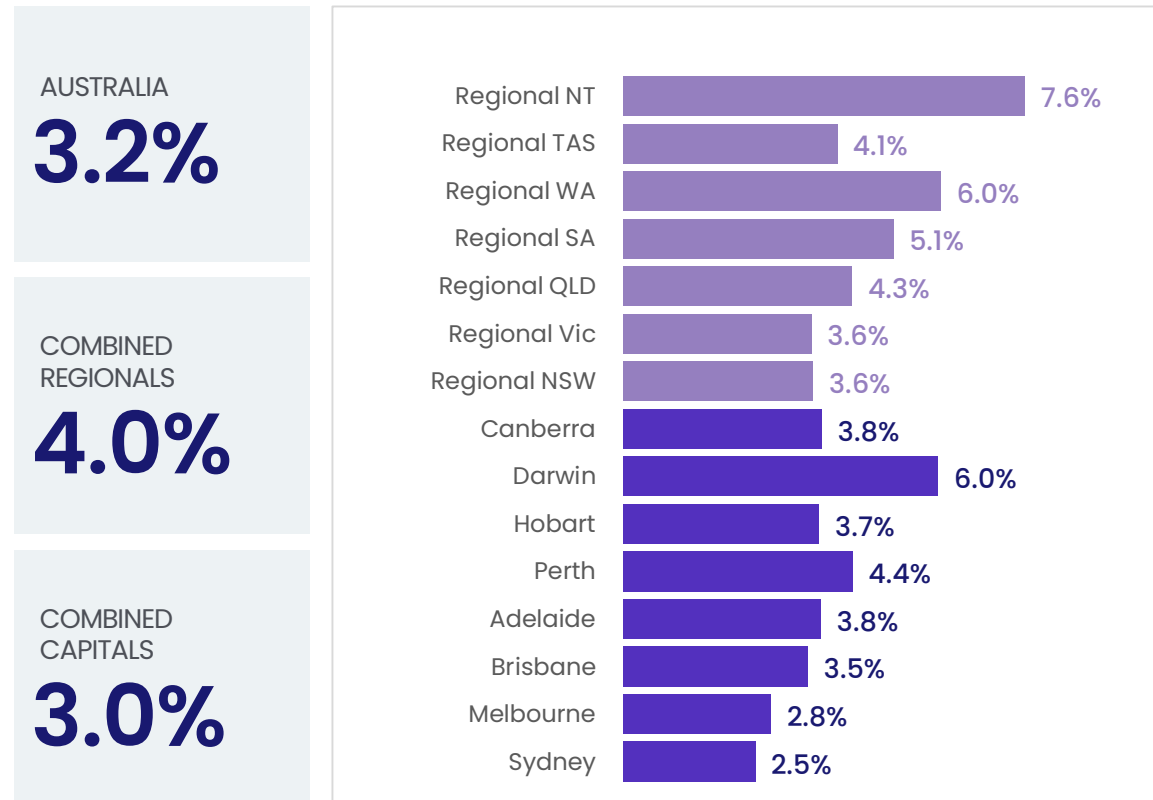
Annual change in rental rates - National



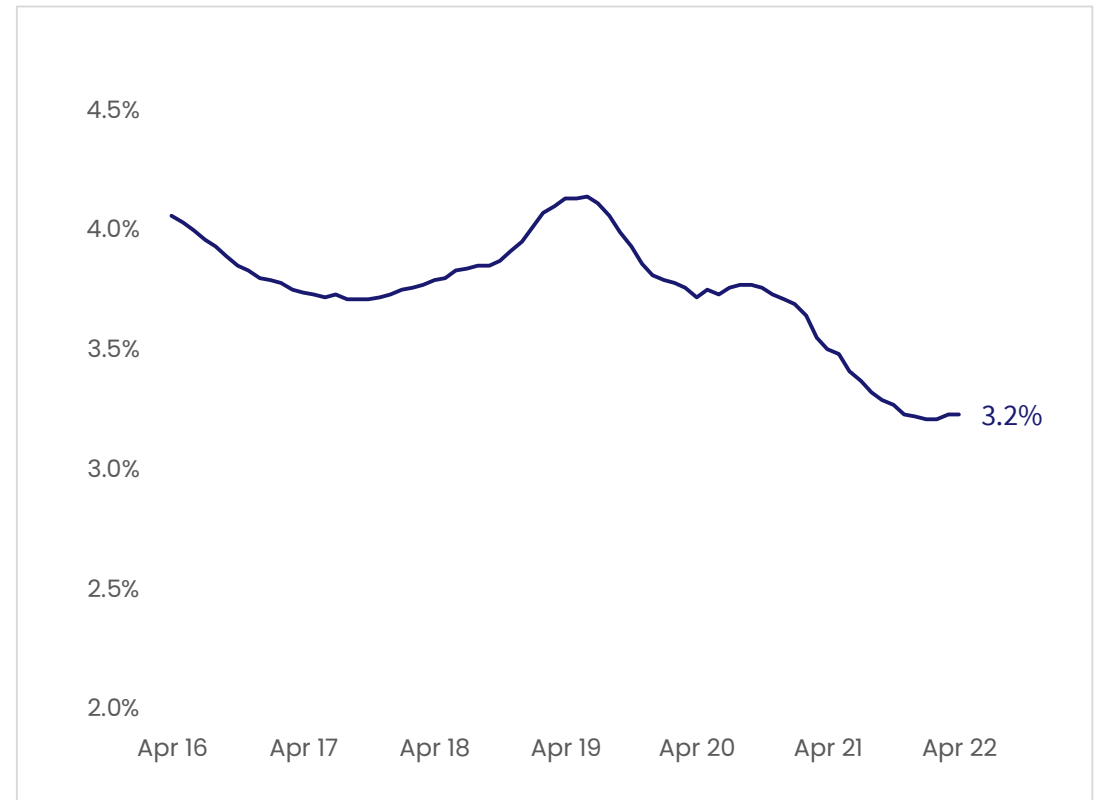
RENTAL YIELDS

Through April, Australian gross rent yields held at 3.23%, up from a recent low of 3.21% through January this year. Since January, gross rent yields in Sydney have lifted 9 basis points, and 7 basis points in Melbourne.

Gross rental yields, April 2022



Gross rental yields

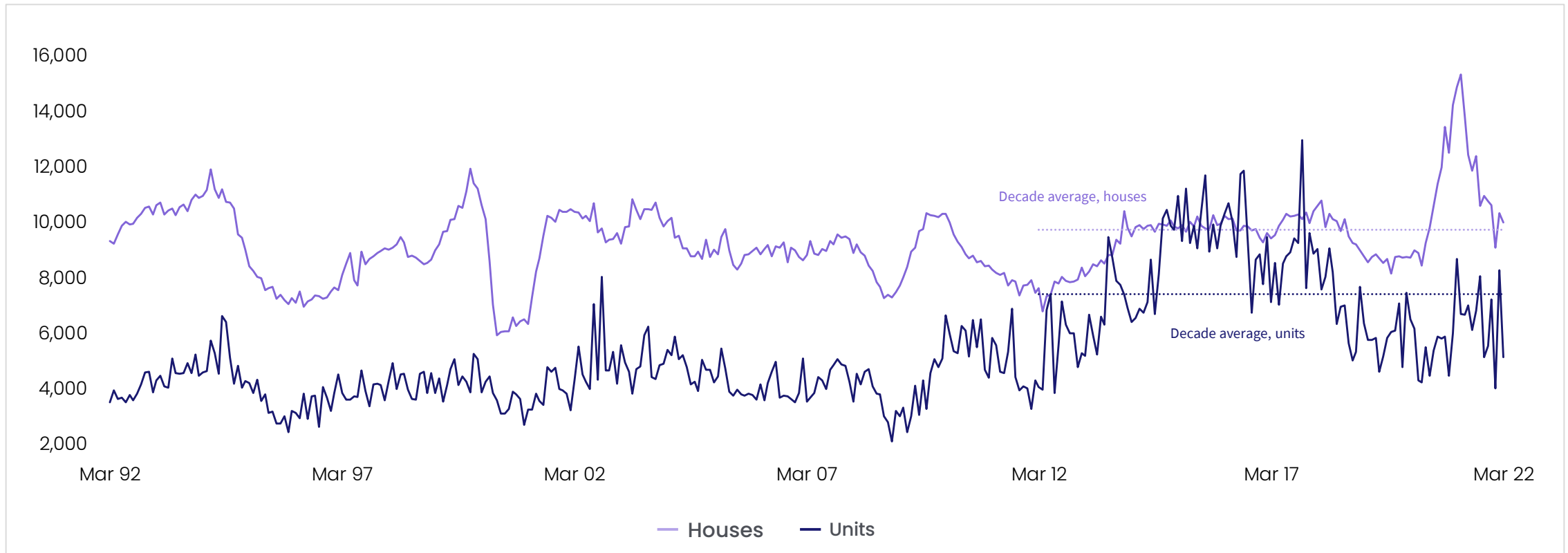


Dwelling approvals & housing credit

DWELLING APPROVALS

Total dwelling approvals saw a relatively sharp drop of -18.5% through the month of March, driven by a -37.7% decline in unit approvals. While monthly movements can be quite volatile, unit approvals are still 14.9% higher in the 12 months to April 2022, compared to the previous 12 month period.

Monthly house v unit approvals, National

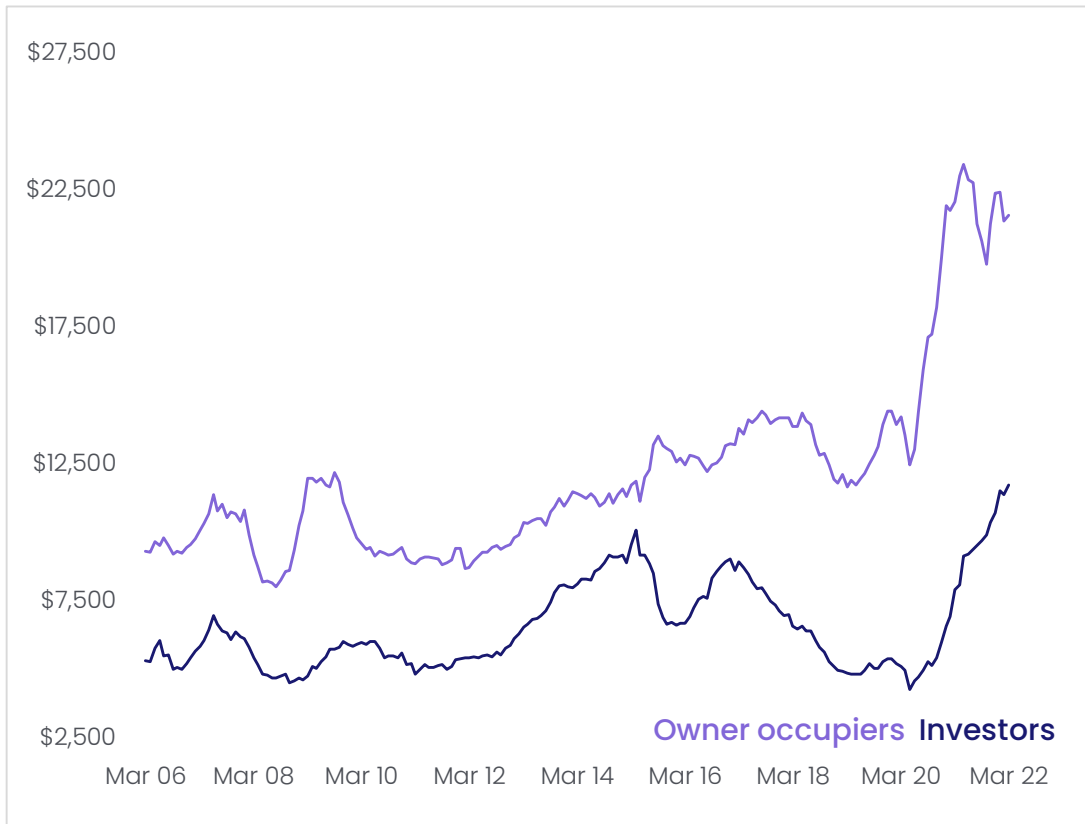


Source: ABS

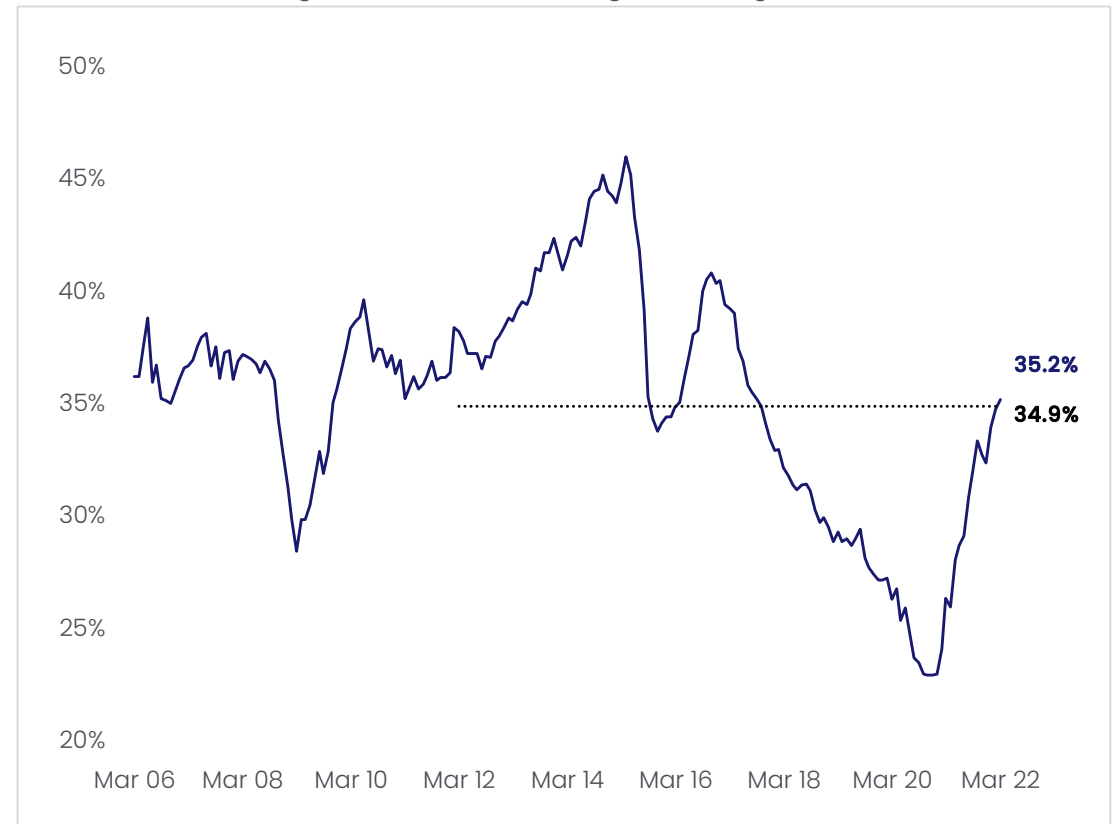
FINANCE & LENDING

Lending for property purchases increased 1.6% in the month of March, driven by investor lending (up \$327 m, or 2.9%), and first homebuyer lending (\$285m, or 5.9%).

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



Portion of new lending for investment housing (excluding refinance)

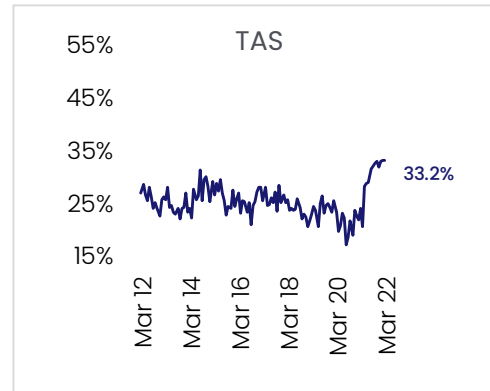
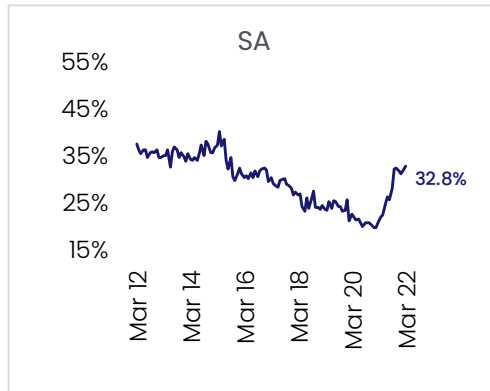
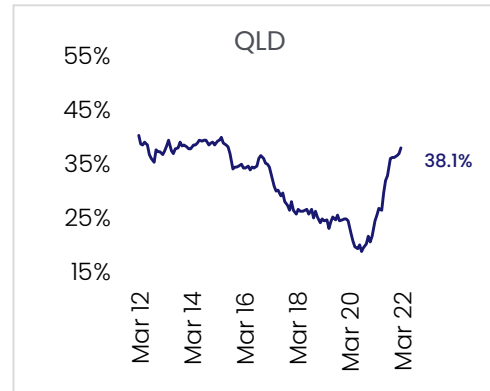
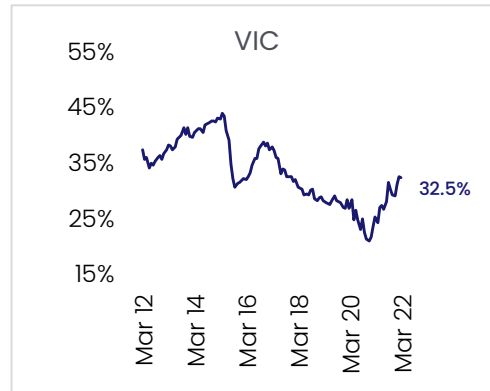
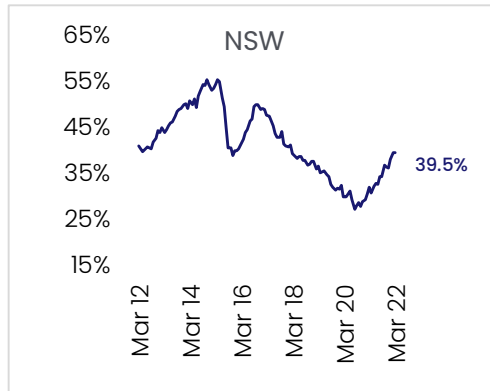


Source: ABS

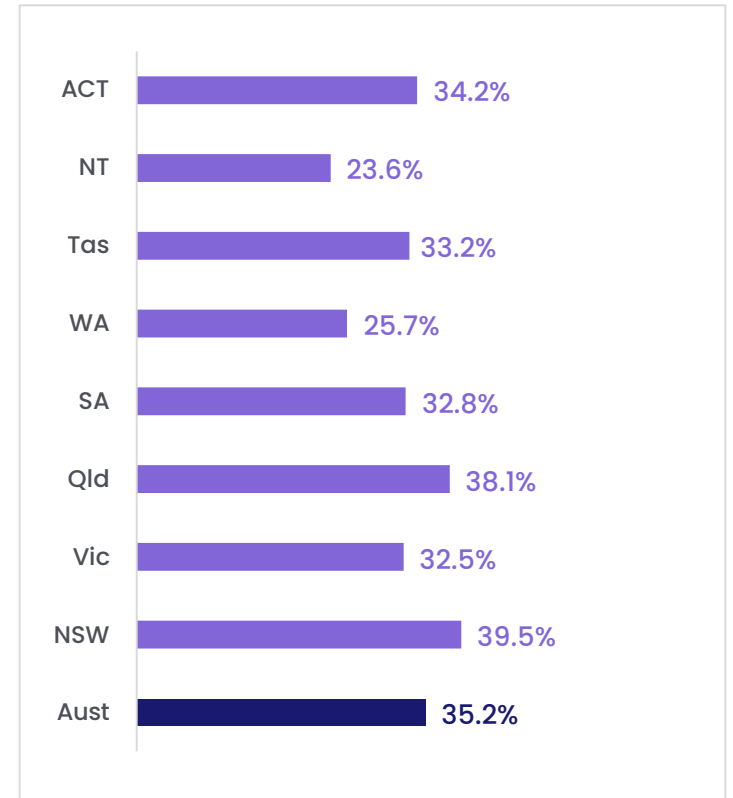
INVESTORS & LENDING

Nationally, investor finance comprised 35.2% of new mortgage lending through the month of March. This is above the decade average of 34.9%, and was driven by strong monthly growth in NSW and VIC investor financing

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



Investors as a % of housing finance commitments by state (Mar '22)

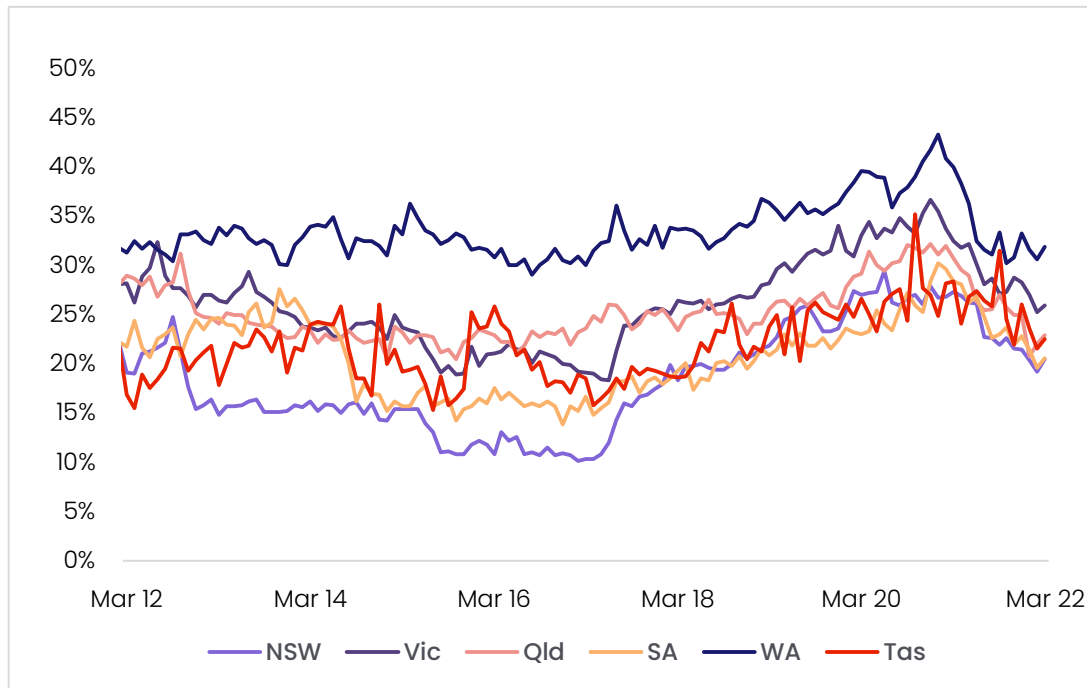


Source: ABS

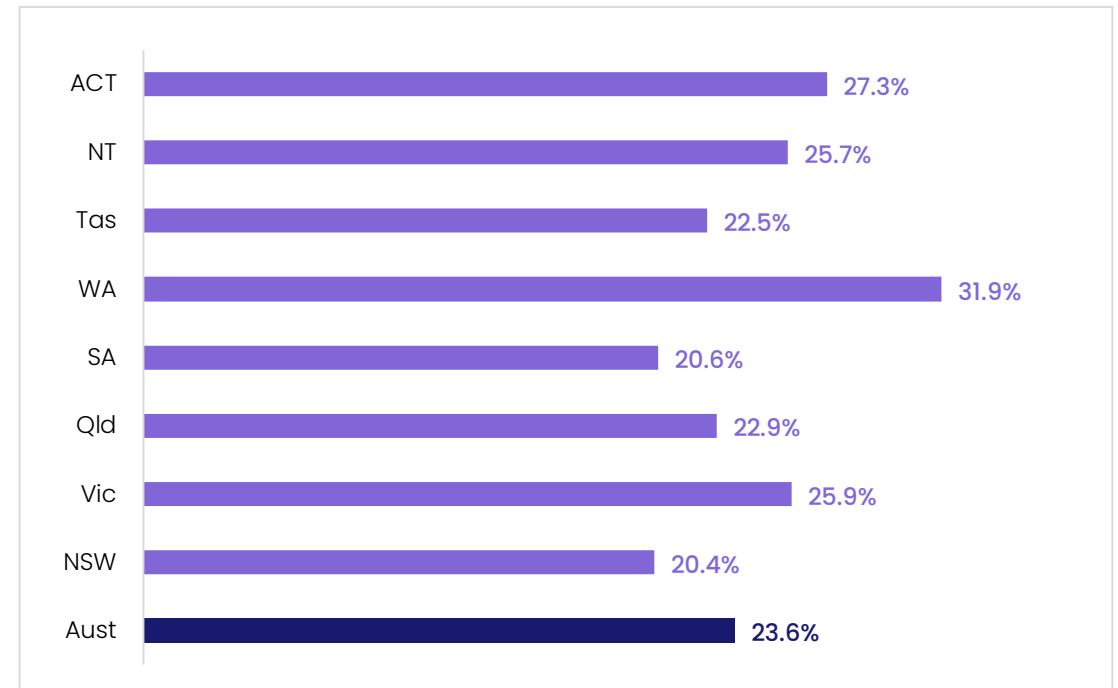
FIRST HOME BUYERS

Nationally, first home buyer finance as a portion of total owner occupier finance picked up to 23.6%. This is up from 22.5% in Feb 2022, and coincides with growth in FHB finance of 5.9% nationally through March

First home buyers as a % of owner occupier housing finance commitments by state



First home buyers as a % of owner occupier housing finance commitments (March '22)



Source: ABS

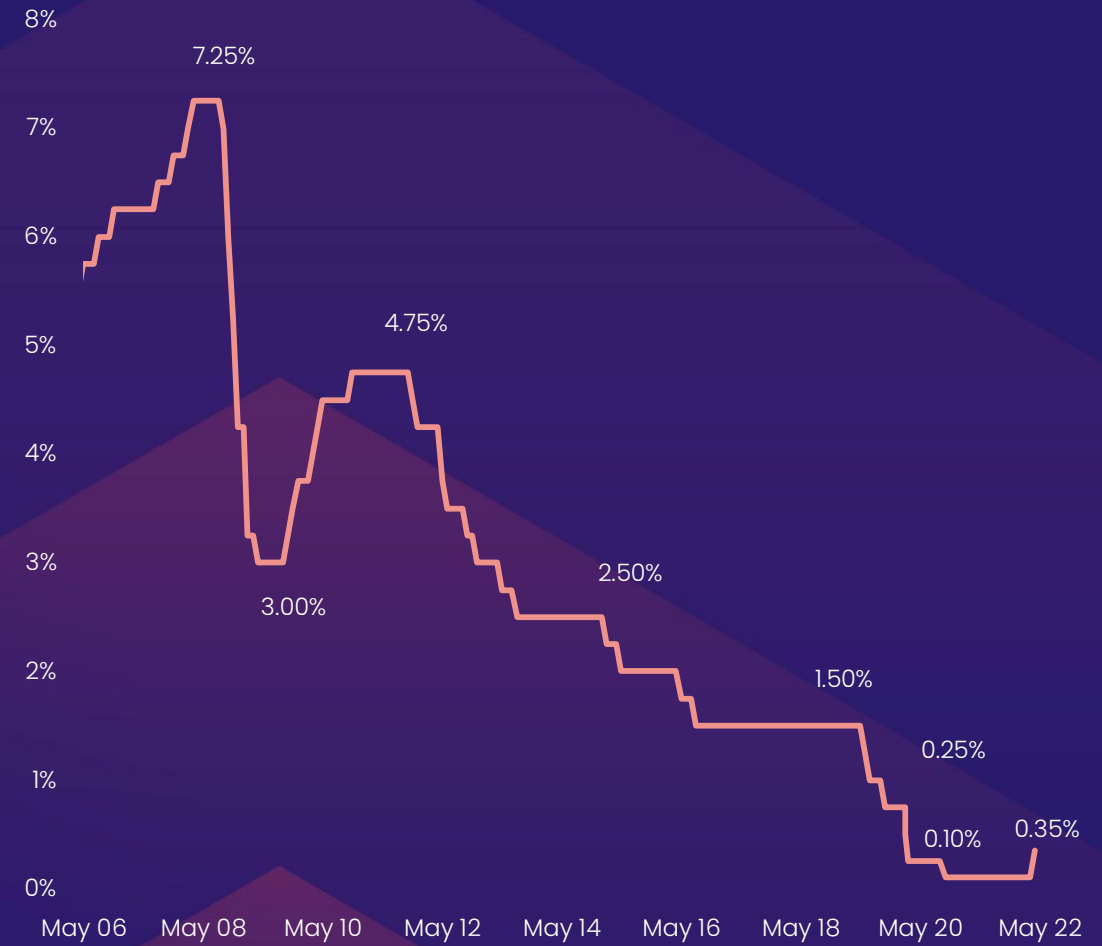
MORTGAGE RATES

The RBA lifted rates to 0.35% through May

Statement highlights

- ▶ The RBA noted it was time to start normalising monetary policy amid stronger than expected inflation through the March quarter, and evidence of stronger wages growth;
- ▶ The RBA business liaison program points to larger wage increases across many private-sector firms trying to retain and attract talent;
- ▶ The RBA now expects the unemployment rate to bottom out at 3.5% in 2023, lower than the 3.75% forecast in February;
- ▶ The RBA expects underlying inflation to get back to its target range by mi-2024, assuming further interest rate rises.

RBA Cash Rate



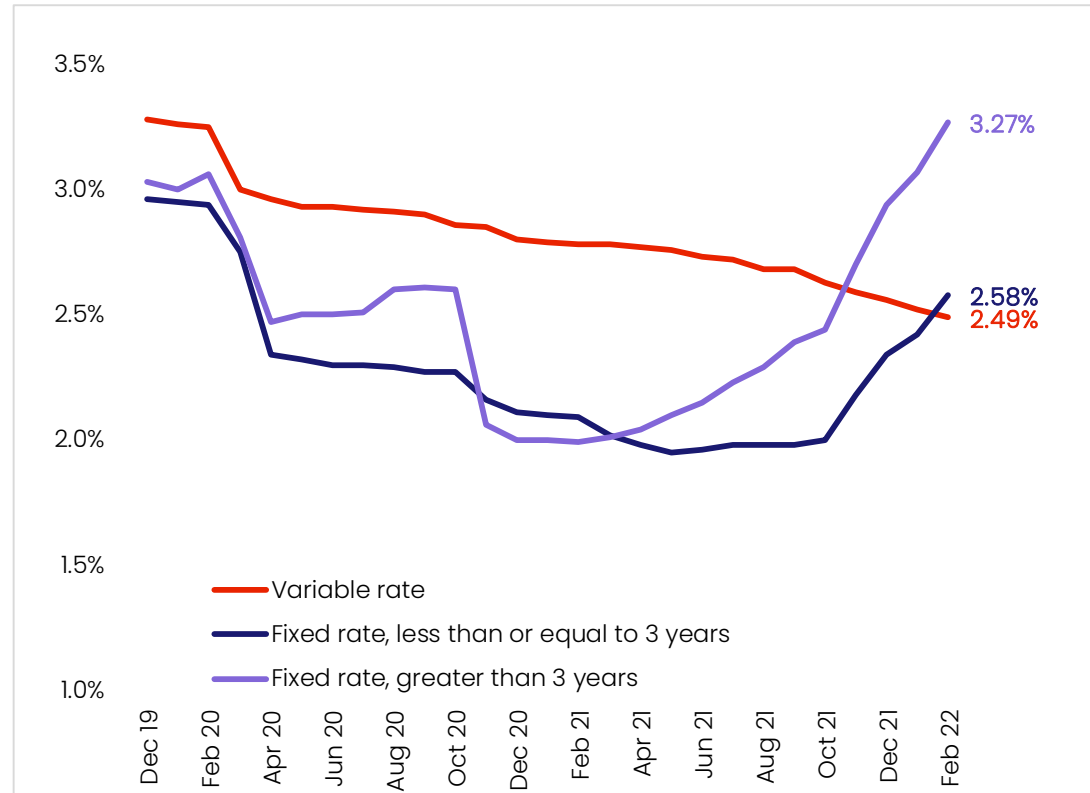
Source: RBA

HOUSING CREDIT

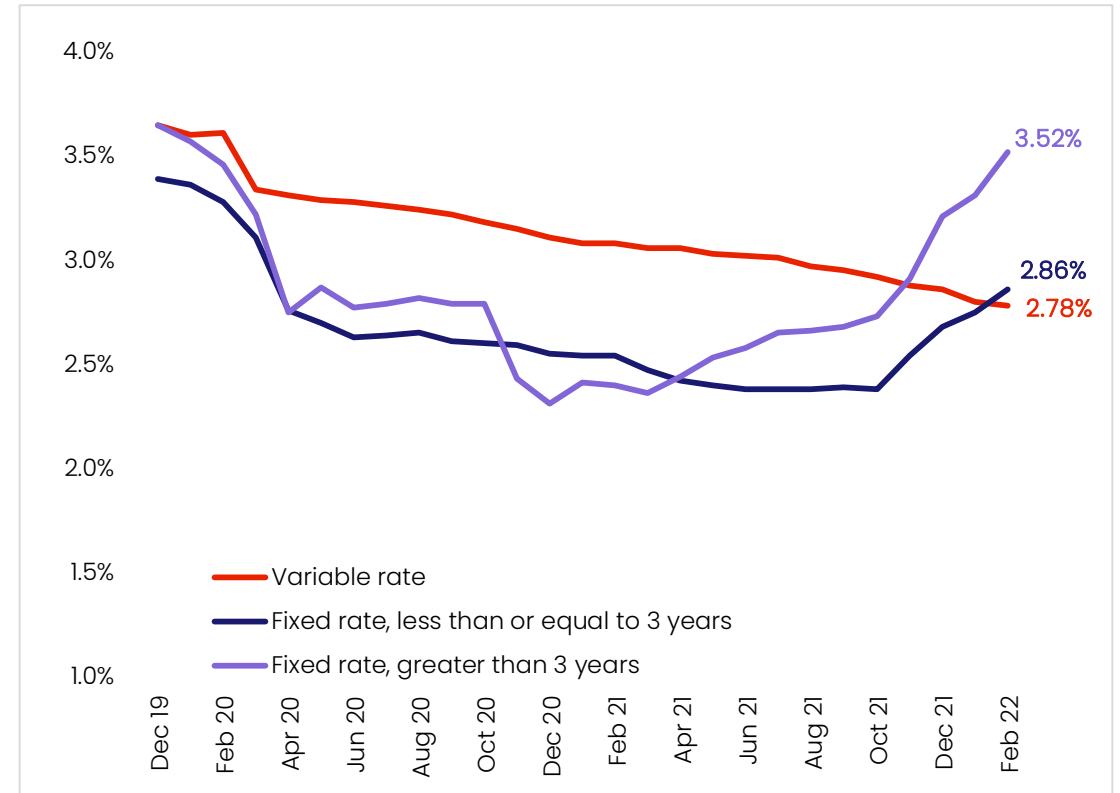
Low mortgage rates have incentivised home buying activity, but fixed rates have been rising. Variable rates are also now starting to lift off the back of cash rate increases, which is expected to put downward pressure on values and sales volumes.

Average borrowing costs by borrower and loan type

Owner occupiers



Investors

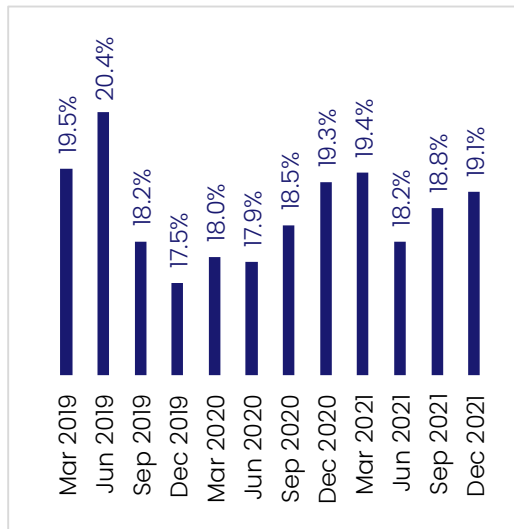


Source: RBA

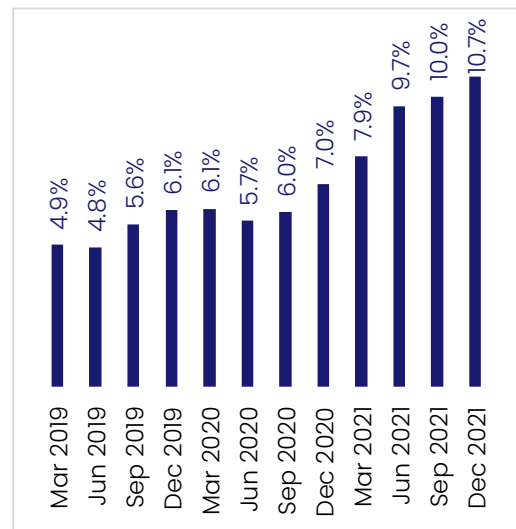
Debt to income ratios of six or more rose to 24.4% of new mortgage lending in the December quarter, a small increase from the previous quarter.

Regulators and policy makers are closely monitoring lending standards. The December quarter data captures the period following the increase to the serviceability assessment buffer for new home loan borrowers, which was enacted 1st November.

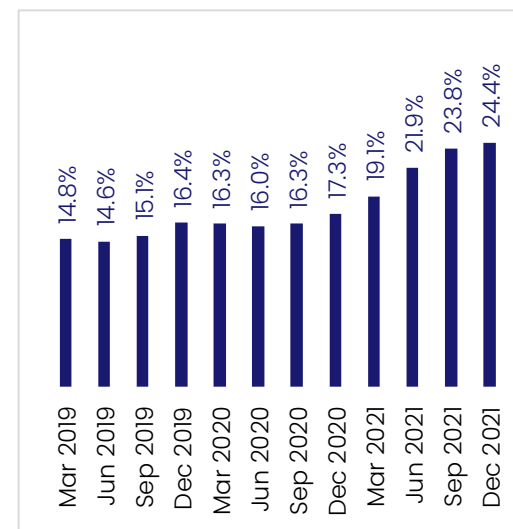
% of loans on interest only terms



% of loans originated with a loan to income ratio >=6x



% of loans originated with a debt to income ratio >=6x



% of loans originated with an LVR >=90%



■ Investors
■ Owner occupiers

Source: APRA

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