

# My Market

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Australian Residential Property Outlook

*2nd Quarter, 2017*



# Australia

## Residential Property Market



### Capital City Overview

Conditions in the Australian property market continue to vary across the country. Housing prices have been rising consistently in some markets but the pace of growth appear to be easing. In the eastern capital cities, the supply of new apartments into the market continues to be well absorbed, particularly in Melbourne and Sydney due to strong population growth. This trend is expected to continue over the next 18-24 months, and Brisbane is expected to absorb the supply more robustly moving forward as a result of increasing interstate migration. By mid-2019 the current apartment construction cycle will have completed, and the eastern capitals should start to see strengthening rents.

Melbourne is the strongest property market in Australia right now driven by better than expected population growth, from both interstate and overseas. Sydney has past its strongest growth phase and is now easing giving purchasers more power than this time last year. The Perth market appears to be stabilizing, with vacancy rates remaining at consistent levels, and the market is now prime for counter cyclical investors. The Brisbane market is absorbing the supply of new apartments thanks to interstate migration, as well as a demographic shift as the younger generations are increasing their appetite for inner-city living. The Adelaide market continues to be a consistent performer, with apartments being supported by attractive Government incentives.

### Australian Economy

Conditions in the global economy are continuing to improve despite further

uncertainty in global politics. Within Australia the economy continued to grow over the second quarter by 0.8%. Business confidence has shown strong growth while consumers have become more pessimistic reflected in low wage growth and high levels of household debt. This is likely to result in less consumer spending and higher business investment in 2018.

### Interest Rates

The RBA has left the cash rate unchanged at 1.50% on the 6th of June 2017. Interest rates are expected to remain unchanged for the rest of 2017. As banks have raised their own interest rates, the RBA will be unlikely to raise rates unless there is significantly higher economic growth. It is anticipated interest rates will not move in 2017 and early 2018.

### Housing Finance

There has been tightening of credit conditions by banks following supervisory measures to address the risks associated with rising levels of household debt. Investors are facing slightly higher interest rates than owner occupiers, however the historically low cash rate continues to support residential investment as an attractive option. Owner occupier loans for the purchase of established dwellings increased 0.5% in June, and average loan sizes are gently trending upwards. The number of owner occupiers financing new dwellings has reached its highest level in 38 years.

### Building Activity

Residential construction activity is coming off from high levels. JLL

has stated “developers are finding it increasingly difficult to reach hurdle rates set by lending institutions on the number of pre-sales, resulting in some (projects) being deferred.” As a result, construction activity is expected to continue to decline in 2017 from recent peaks. There have been concerns of high supply across capital city markets however, population growth has proved to be far stronger than anticipated meaning the new supply is being well absorbed.

### Employment

Employment growth has been stronger over recent months and has increased in all states. Australia's unemployment rate remains low at 5.6%, in the quarter ending June 2017. Australia's employment market is expected to strengthen throughout the rest of 2017.

### Australian Outlook

Tighter lending restrictions are having an impact on demand, and this is expected to cause slower price growth in 2018, however supply of new property hitting the market is expected to reduce considerably in 2019. This is anticipated to have a big impact on the rental market with rents and rental yields strengthening. Australia's property market has outperformed most global markets and will continue to as population growth drives demand. Australia has moved up nine places to the 11th spot in the latest Knight Frank Global House Price Index above China, the United Kingdom and United States providing local and international investors confidence in the market.



# Housing Market



## Rental Market

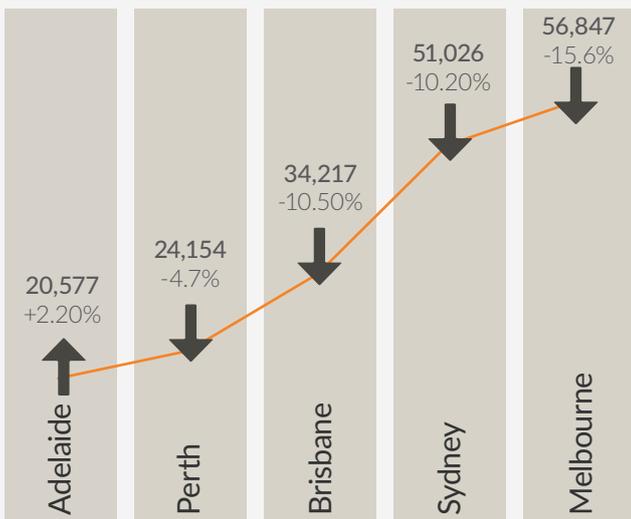
July 2016 - June 2017

Houses	Rental Yield	Median Rent
Adelaide	4.70%	\$350 per week
Brisbane	4.60%	\$410 per week
Melbourne	3.40%	\$410 per week
Perth	4.10%	\$380 per week
Sydney	3.30%	\$520 per week



## Annual Sales Volumes

July 2016 - June 2017



## Capital Growth and Median Values

July 2016 - June 2017

Melbourne:	<b>+13.5%</b>	\$765,899
Sydney:	<b>+12.0%</b>	\$1,075,955
Brisbane:	<b>+4.80%</b>	\$529,953
Adelaide:	<b>+4.20%</b>	\$453,385
Perth:	<b>-4.40%</b>	\$515,480



# Apartment Market



## Rental Market

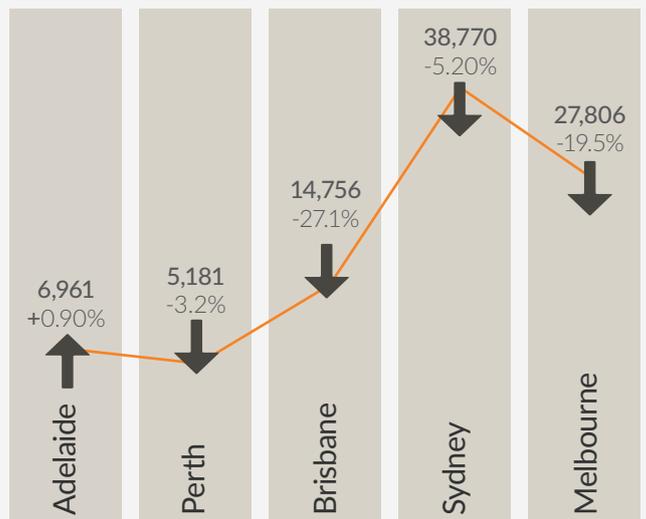
July 2016 - June 2017

Houses	Rental Yield	Median Rent
Adelaide	5.10%	\$300 per week
Brisbane	5.20%	\$385 per week
Melbourne	4.40%	\$390 per week
Perth	4.50%	\$340 per week
Sydney	4.10%	\$520 per week



## Annual Sales Volumes

July 2016 - June 2017



## Capital Growth and Median Values

July 2016 - June 2017

Sydney:	<b>+7.50%</b>	\$762,530
Melbourne:	<b>+5.80%</b>	\$524,577
Brisbane:	<b>-0.80%</b>	\$391,669
Adelaide:	<b>-2.10%</b>	\$331,466
Perth:	<b>-6.50%</b>	\$418,565

# Adelaide

Residential Property Market



## Business Investments Powering Adelaide into the Future

In the next 10 years Adelaide has the potential to be Australia's business investment capital as a future tech and innovation city. South Australia is now Australia's top-ranked state for business investment. Tech billionaire Elon Musk has announced he will build the world's largest lithium-ion battery in South Australia in agreement with Neoen. Neoen's direct investment in South Australia has grown to almost \$1 billion since 2013. Adelaide aims to become the world's first carbon neutral city. The Carbon Neutral Adelaide Action Plan 2016-2021 will achieve the goal throughout the Adelaide CBD and North Adelaide by 2025.

Adelaide will also be Australia's first gig city with ten gigabit fibre-optic network that will carry big data across the globe. This will support Adelaide's investment into the "Internet of Things" (IoT) set to be worth \$4.7 billion across Australia within four years. Bernard Salt stated, 'In the late 2020s and early 2030s, South Australia's quiet investments in technology, innovation, entrepreneurship and niche markets will be paying dividends.'

## Developing Adelaide's Top Lifestyle

Adelaide is the 5th most livable city in the world according to the Economists Intelligence Unit. Key projects underway within the CBD will further increase Adelaide's liveability. The Adelaide SkyCity casino has received the go-ahead on a \$330 million upgrade. The Port Adelaide Master plan is moving forward too with potential for more than \$1 billion in investment and will provide 2,000 new homes and 2,000 ongoing jobs.

## Adelaide Houses Show Consistent Strength

Adelaide house values grew 4.20% in the 12 months to June 2017. The median value for houses is now \$453,385. Rental yields are comparatively high throughout Adelaide, over the past 12 months the average rental yield for houses was 4.70% (\$350 pw). Rental demand remains strong. The vacancy rate has been below market balance at 3% or less for over 5 years and currently sits at only 1.9% for June 2017. In Adelaide in the 12-month period to June 2017, there were 20,577 house sales. This was a 2.2% increase from the previous year. Building approvals for houses totaled 6,245 in the 12 months to June trending 3.2% lower than the same time last year.

## Adelaide Apartments

Adelaide apartment values have trended slightly lower, down 2.10% in the 12 months to June 2017. The median value for apartments is now \$331,446. Rental yields have remained attractive over the past 12 months at 5.10% (\$300 pw). Apartments have also recorded low vacancy, 1.9% for June 2017. Building approvals in the 12 months to June totaled 3,613 trending 11.8% lower than the same time last year.

## Adelaide Outlook

The Adelaide property market offers investors consistency, value for money and low vacancy. The apartment market is supported by state government incentives. The government has extended its stamp duty rebate on all off the plan purchases of up to \$15,500. Land tax exemptions apply for up to five years for off the plan properties purchased before June 2018 plus there is the first home owners grant of \$15,000. The Adelaide City Council

has also introduced a scheme that offers a five-year rate-free period for 'off the plan' properties in the CBD. Strong building activity will put higher supply in the apartment market in the short term but growth is expected to continue over the coming years driven by the downsizer market and demographic shift to apartment living. It is anticipated the housing market will continue its growth trend throughout 2017 driven by owner occupiers looking for high quality homes in close proximity to the CBD.

### Housing Market Highlights

- 4.70% rental yield – the highest of the major capital cities
- Most affordable mainland capital city housing market
- Strong demand from owner occupiers and downsizers

### Apartment Market Highlights

- Government concessions for off the plan properties can save buyers up to \$40,500
- High rental yield of 5.10%
- Approvals have reduced

### Market Strengths

- Most consistent capital growth over time and most affordable
- Strong rental yield and very low vacancy rates
- Government concessions

### Market Challenges

- Slower population growth than other cities
- Above average unemployment rate



## Housing Market

### Median House Value

June 2017

**\$453,385**



1 year ago it was \$435,910

### Capital Growth

July 2016 - June 2017

**+4.20%**

5-yr average: +3.0% p.a.

### Vacancy Rate

**1.6%**

1 year ago it was 1.9%

### Annual Sales

July 2016 - June 2017

**20,577**



Annual Change +2.2%

### Building Approvals

July 2016- June 2017

**6,245**

Annual Change -3.20%

### Median Rental Yield

**4.70%**

Median rent: \$350 p.w.

## 20 Years of Growth

July 1997 - June 2007 (Residex) July 2007 - June 2017 (Corelogic)



## Apartment Market

### Median Apartment Value

June 2017

**\$331,446**



1 year ago it was \$330,105

### Capital Growth

July 2016 - June 2017

**-2.10%**

5-yr average: +2.40% p.a.

### Vacancy Rate

**1.6%**

1 year ago it was 1.9%

### Annual Sales

July 2016 - June 2017

**6,961**



Annual Change +0.90%

### Building Approvals

July 2016- June 2017

**3,613**

Annual Change - 11.8%

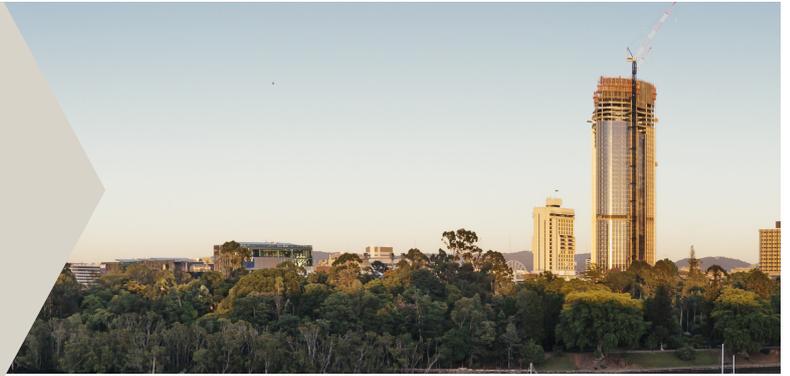
### Median Rental Yield

**5.10%**

Median rent: \$300 p.w.

# Brisbane

## Residential Property Market



### Population Growth Crosses the Border

Queensland now has the highest positive interstate migration rate in Australia. JLL has stated Brisbane's net interstate and overseas migration have continued to improve throughout 2016 growing by 88.2% and 19% year on year respectively. Interstate migration numbers are now sitting above the 10-year average. In June 2017 the unemployment rate showed positive signs reducing to 6.5%.

### On the Cusp of Something Big

Brisbane is undergoing a period of construction and infrastructure building. The delivery of Brisbane's new \$18.2 billion infrastructure pipeline will be completed by 2022 and will cater for new population and economic growth.

Adam Di Marco, Founder and Publisher of The Urban Developer has said, "During construction alone, Queen's Wharf (casino) development will generate 2,000 jobs. After the project is completed in 2022, an additional 8,000 employees will be required to run the operation. These projects are unprecedented for the Queensland capital and will create a new wave of economic activity, tourism and investment. We're on the cusp of something big."

### Building Brisbane Houses

Brisbane house values grew +4.80% in the 12 months to June 2017. The median value for houses is now \$529,953. Rental yields are comparatively high throughout Brisbane over the past 12 months with the average rental yield for houses at 4.60% (\$410 pw). The vacancy rate currently sits at 3.3% for June 2017. In the 12-month period to June 2017, there were 34,217 house sales.

This was a 10.50% decrease from the previous year. Building approvals for houses totaled 12,083 in the 12 months to June trending 4.1% higher than the same time last year.

### Attractive Apartment Yield

Brisbane apartment values have decreased 0.80% in the 12 months to June 2017. The median value for apartments is now \$391,669. Rental yields have remained attractive over the past 12 months at 5.20% (\$385 pw). Building approvals in the 12 months to June totaled 11,442 trending dramatically down 42.1% compared to the same time last year.

### Brisbane Outlook

The Brisbane housing market remains an attractive and affordable investment. The market is expected to strengthen as a result of renewed population growth, driven mainly by interstate migration and employment growth.

Strong demand is expected from first home buyers with budgets that are sub \$500,000 taking advantage of the \$20,000 First Home Buyers Grant. Sales volumes for houses have especially increased in affordable outer ring suburbs such as North Lakes, Springfield Lakes, Forest Lakes and Redbank Plains. Capital gains in the housing market are set to drive the Brisbane property market into 2018.

Overall, the Inner Brisbane apartment market has experienced a significant change over the past 12-month period. Construction activity is expected to subside in the medium term as Brisbane absorbs newly completed apartment stock and continues to grow appetite for the apartment lifestyle. Within Brisbane there remains high demand for high quality projects which may put pressure on vacancies on older apartments as renters have more choice. However, now that developers

have pressed pause on planning new projects, 43% of proposed apartment projects have been deferred and it is expected the Brisbane apartment market will strengthen in 2019 as the supply of new product hitting the market reduces dramatically, and vacancies are expected to tighten.

### Housing Market Highlights

- Strong demand from first home buyers with budgets that are sub \$500,000
- Third highest growth housing market
- Strong rental yield of 4.60% p.a.

### Apartment Market Highlights

- Highest rental yield of the 5 capital cities at 5.20% p.a.
- Large price value gap between Brisbane and Sydney expected to drive demand
- Supply of new apartments expected to reduce significantly in 2019

### Market Strengths

- Population growth is increasing driven by interstate migration
- Top market for rental yield
- Undervalued market

### Market Challenges

- Rental market continues to absorb new supply
- Stronger employment growth required to boost economy



## Housing Market

### Median House Value

June 2017

**\$529,953**



1 year ago it was \$508,341

### Capital Growth

July 2016 - June 2017

**+4.80%**

5-yr average: +3.60% p.a.

### Vacancy Rate

**3.1%**

1 year ago it was 2.7%

### Annual Sales

July 2016 - June 2017

**34,217**



Annual Change -10.50%

### Building Approvals

July 2016- June 2017

**12,083**

Annual Change +4.10%

### Median Rental Yield

**4.60%**

Median rent: \$410 p.w.

## 20 Years of Growth

July 1997 - June 2007 (Residex) July 2007 - June 2017 (Corelogic)



## Apartment Market

### Median Apartment Value

June 2017

**\$391,669**



1 year ago it was \$395,053

### Capital Growth

July 2016 - June 2017

**-0.80%**

5-yr average: +1.50% p.a.

### Vacancy Rate

**3.1%**

1 year ago it was 2.7%

### Annual Sales

July 2016 - June 2017

**14,756**



Annual Change -27.10%

### Building Approvals

July 2016- June 2017

**11,442**

Annual Change -42.10%

### Median Rental Yield

**5.20%**

Median rent: \$385 p.w.

# Melbourne

## Residential Property Market



### Melbourne Economy

Melbourne remains Australia's top growth city for 2017. Melbourne is the fastest growing city in Australia with high international and interstate migration driving demand for property. According to Commsec Victoria remains in 2nd spot on economic performance rankings. Victoria continues to record the strongest annual population growth now 2.07% higher than a year ago and 15% above the decade-average level.

The lower Australian dollar has also supported the tourism sector as 2.6 million people visited Victoria in the 12 months to June 2017, a 12.8% increase from FY2015. Melbourne has once again been ranked the most livable city in the world by the Economist Intelligence Unit for a seventh consecutive year. The index assesses quality of life based on stability, health care, culture, environment, education and infrastructure of over 140 cities globally. Melbourne has recorded 42% economic growth over the last 10 years. The economy now generates \$92.1 billion p.a.

### Melbourne Houses

The Melbourne housing market recorded the highest annual capital growth rate of the mainland capital cities with 13.50% growth in the 12 months to June 2017. The median value for houses is now \$765,899. During the past 12 months the average rental yield was 4.30% (\$410pw). The vacancy rate currently sits at 1.7% for June 2017. In the 12-month period to June 2017, there were 56,847 house sales. This was a 15.60% decrease from the previous year. Building approvals for houses totaled 26,354 in the 12 months to June trending 1% higher than the same time last year.

### Melbourne Apartments

Melbourne apartment values have had steady growth of 5.80% in the 12 months to June 2017. The median value for apartments is now \$524,577. The average rental yield over the past 12 months was 4.40% (\$390 p.w). The median asking rent grew steadily by 2.6% during the same time period. Building approvals in the 12 months to June totaled 28,147 trending significantly down 10.80% than the same time last year.

### Melbourne Outlook

Melbourne's rate of population growth has surpassed expectations and has driven higher than expected property demand. Vacancy rates have fallen to their lowest levels in approximately 7 years. Even though there are still high levels of construction demand has kept pace. Melbourne is predicted to be the best performing market in 2018 driven by continued population growth.

Melbourne's housing market is more affordable than Sydney and this will drive growth from the investor market, and from new migrants coming to Australia. The Victorian Government has abolished stamp duty for first-home buyers purchasing a home no more than \$600,000 starting from July 1st, 2017. These changes are expected to drive further demand for the affordable end of the housing market sub \$600,000 putting pressure on new supply in Melbourne's growing outer ring and middle ring suburbs. The strongest sales demand continues to be in Melbourne's emerging outer suburbs in the West and North West.

The supply of new apartments is predicted to peak in 2017-2018. Developers now face real challenges as the result of a difficult finance landscape, the implementation of the Better Apartment Design Standards and restrictions on foreign

investment. Also, off-the-plan stamp duty concessions no longer apply to investors. These changes are anticipated to greatly reduce new supply into the Melbourne market, and increase demand for existing apartments. Affordability will be key in 2017 as many purchasers have been priced out of Sydney market making Melbourne an attractive option.



#### Housing Market Highlights

- Strongest and fastest growing capital city property market
- Melbourne's outer precincts showing rapid growth
- Strong demand near top schools



#### Apartment Market Highlights

- New development has moved from CBD towers to smaller middle ring projects
- Established apartment market likely to see growth due to July 1 stamp duty changes
- New building approvals are declining rapidly



#### Market Strengths

- Unprecedented population growth is driving demand
- Vacancy rates have reduced and demand is strong



#### Market Challenges

- High number of apartments due for completion in 2018 but expected to be well absorbed
- Expanding population putting pressure on existing infrastructure



## Housing Market

### Median House Value

June 2017

**\$765,899**



1 year ago it was \$670,711

### Capital Growth

July 2016 - June 2017

**+13.50%**

5-yr average: +6.10% p.a.

### Vacancy Rate

**1.7%**

1 year ago it was 1.9%

### Annual Sales

July 2016 - June 2017

**56,847**



Annual Change -15.60%

### Building Approvals

July 2016 - June 2017

**26,354**

Annual Change +1.00%

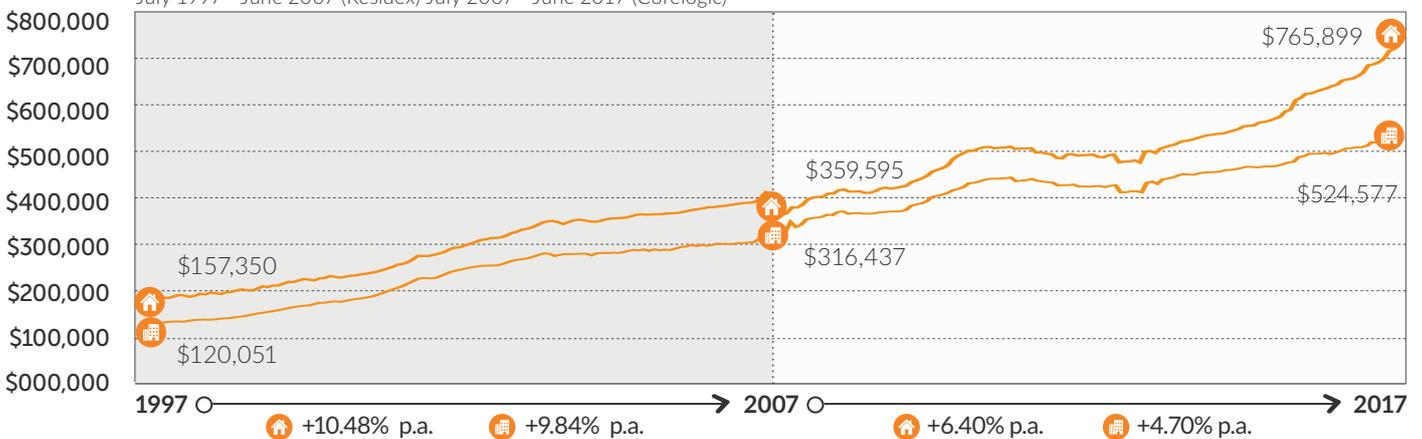
### Median Rental Yield

**3.40%**

Median rent: \$410 p.w.

## 20 Years of Growth

July 1997 - June 2007 (Residex) July 2007 - June 2017 (Corelogic)



## Apartment Market

### Median Apartment Value

June 2017

**\$524,577**



1 year ago it was \$496,943

### Capital Growth

July 2016 - June 2017

**+5.80%**

5-yr average: +2.20% p.a.

### Vacancy Rate

**1.7%**

1 year ago it was 1.9%

### Annual Sales

July 2016 - June 2017

**27,806**



Annual Change -19.50%

### Building Approvals

July 2016 - June 2017

**28,147**

Annual Change -10.80%

### Median Rental Yield

**4.40%**

Median rent: \$390 p.w.

# Perth

## Residential Property Market



### Perth Economy

The economic performance of Western Australia continues to reflect the transition from mining and exports to service and tourism industries. Population growth remains positive albeit at a slower pace at 1.8% p.a. Some areas in Perth have attracted pockets of high growth. During 2015-16 the suburbs of Baldivis and Ellenbrook were ranked as the 6th and 10th largest growth suburbs in Australia respectively.

The unemployment rate has reduced to 5.6% for June 2017 supported by tourism and government incentives. The 2016 census revealed that Perth has the second highest median weekly household income just behind Sydney at \$1,643 per week and significantly higher than the national median of \$1,438 p.w.

### Perth Housing Market

The Perth housing market recorded an average decline of 4.40% in median values over the 12 months to June 2017. The median value for houses is now \$515,480. During the past 12 months the average rental yield for houses was 4.10% (\$380pw). The vacancy rate currently sits at 5% for June 2017. In the 12-month period to June 2017, there were 24,154 house sales. This was a 4.70% decrease from the previous year. Building approvals for houses totaled 12,177 in the 12 months to June trending 14.7% lower than the same time last year.

### Perth Apartment Market

Perth apartment values have declined 6.50% in the 12 months to June 2017. The median value for apartments is now \$418,565. The average rental yield over the past 12 months was 4.50% (\$340p.w). Building approvals in the 12 months to June totaled 4,837

trending significantly lower, down 27.8% than the same time last year.

### Perth Outlook

In WA there is currently no FIRB stamp duty taxes. This is an attractive feature of the Perth property market compared to Sydney, Melbourne and Brisbane where taxes have already been introduced. With affordable pricing, and government incentives the Perth market is an attractive value proposition for first home owners and investors looking to take advantage of current market cycle opportunities. This may see improved interest at the affordable end of the market over the next 12 months. The prestige part of the market continues to adjust.

### Apartment Outlook

Sales volumes for apartments also trended higher over the past year while building approvals have reduced dramatically. Vacancy rates have dropped from 5.2% to 5% a very positive sign for the rental market. Prices and rents are expected to stabilize during 2017. The Perth apartment market is relatively underdeveloped when compared to Sydney and Melbourne. According to the 2016 census 6.6% of properties are represented by apartments in Perth, compared to 28.1% in Sydney and 14.7% in Melbourne. As infrastructure and commercial projects are completed such as the new Perth Stadium and Perth City Link, it is anticipated the demand for inner city living will strengthen and in time vacancy rates will further reduce.

### Housing Outlook

First home buyers remain active in urban fringe locations. The Perth housing market is an affordable market that offers investors and first home buyers a unique value proposition.

Whilst capital values continue to adjust now may represent the opportune time for investors to take advantage of what many commentators are calling the bottom of the housing market. Affordability will be key in 2018. The more affordable end of the market is expected to strengthen as first home buyers and interstate investors look for opportunities.

#### Housing Market Highlights

- Affordable housing market
- Attractive market for first home buyers
- Price of land increasing

#### Apartment Market Highlights

- Healthy rental yield of 4.10% p.a. (higher than Sydney and Melbourne)
- Annual sales have increased
- Building approvals have reduced by 11.8%

#### Market Strengths

- No FIRB state taxes unlike major East Coast cities
- Low supply of new properties
- Counter cyclical investment opportunities

#### Market Challenges

- Low local market sentiment
- Higher than average vacancy rates



## Housing Market

### Median House Value

June 2017

**\$515,480**



1 year ago it was \$538,515

### Capital Growth

July 2016 - June 2017

**-4.40%**

5-yr average: +2.10% p.a.

### Vacancy Rate

**4.6%**

1 year ago it was 5.0%

### Annual Sales

July 2016 - June 2017

**24,154**



Annual Change -4.70%

### Building Approvals

July 2016- June 2017

**12,177**

Annual Change +14.70%

### Median Rental Yield

**4.10%**

Median rent: \$380 p.w.

## 20 Years of Growth



## Apartment Market

### Median Apartment Value

June 2017

**\$418,565**



1 year ago it was \$452,373

### Capital Growth

July 2016 - June 2017

**-6.50%**

5-yr average: 0% p.a.

### Vacancy Rate

**4.6%**

1 year ago it was 5.0%

### Annual Sales

July 2016 - June 2017

**5,181**



Annual Change -3.20%

### Building Approvals

July 2016- June 2017

**4,837**

Annual Change - 27.80%

### Median Rental Yield

**4.50%**

Median rent: \$340 p.w.

# Sydney

## Residential Property Market



### Sydney Economy

NSW remains the top ranked economy in Australia and has maintained its top rankings on both retail trade and dwelling starts. Sydney has a very strong employment market demonstrated by its consistently low unemployment rate. The current unemployment rate is 4.8% as at June 2017.

Sydney's top economic performance has attracted population growth and property demand and remains the second most unaffordable housing market globally behind Hong Kong. As a result, the New South Wales State Government recently implemented a package for first home buyers which abolishes stamp duty on home purchases up to \$650,000 with reduced stamp duty due on home purchases up to \$800,000. A \$10,000 grant is also available for purchasers of new homes up to \$600,000 for first home buyers.

### Sydney Housing Market

The Sydney housing market recorded the second highest annual capital growth rate of the capital cities with 12% growth in the 12 months to June 2017. The median value for houses is now \$1,075,955.

During the past 12 months the average rental yield for houses was 3.30% (\$520pw). The vacancy rate currently sits at 2.1% for June 2017. In the 12-month period to June 2017, there were 51,026 house sales. This was a 10.5% decrease from the previous year. Building approvals for houses totaled 17,627 in the 12 months to June trending 1.5% higher than the same time last year.

### Sydney Apartment Market

Sydney apartment values have had the highest growth of the capital city apartment markets with 7.50% growth in the 12 months to June 2017. The median value for apartments is now \$762,530. The average rental yield over the past 12 months was 4.10% (\$520p.w). Building approvals in the 12 months to June totaled 37,626 trending 5.20% lower than the same time last year.

### Sydney Apartment Demand

Vacancy rates for June 2017 showed 2.2% in the inner ring (0-10km), 1.4% in the middle ring (10-25km) and 1.7% in the outer ring (25km+). Sydney's low vacancy highlights the incredibly strong demand within all segments of the property market. Sydney development approvals for new apartment buildings take the longest time to process of the capital cities. This adds additional pressure on an under-supplied market and will continue to put pressure on prices. As a result, interstate migration away from Sydney is increasing.

### Sydney Outlook

It is anticipated the Sydney market will experience slower growth in 2018. Highest growth expected within the market in 2018 is centered around Sydney's outer suburbs in the west and north western corridors of Sydney that cater to slightly more affordable price points as buyers are priced out of the inner city. These suburbs will be supported by future infrastructure and strong international migration rates.

Despite Sydney's affordability issues the city provides outstanding long term fundamentals of strong

population growth, a healthy economy, low unemployment, low vacancy, under-supply and significant infrastructure investment making it an attractive long-term investment market.

#### Housing Market Highlights

- Strong demand from owner occupiers
- Strong demand for growing west and north west precincts
- First home buyers priced out of the market

#### Apartment Market Highlights

- Highest growth apartment market of the 5 capital cities
- Strong demand for middle and inner ring apartments
- Strong capital growth although now easing slightly

#### Market Strengths

- #1 economy in Australia
- Extremely low vacancy rate
- Constrained new supply

#### Market Challenges

- Unaffordable for most buyers and renters- 2nd most unaffordable city in the world
- Under-supplied market meaning affordability unlikely to improve



## Housing Market

### Median House Value

June 2017

**\$1,075,955**



1 year ago it was \$968,749

### Capital Growth

July 2016 - June 2017

**+12.0%**

5-yr average: +10.50% p.a.

### Vacancy Rate

**2.0%**

1 year ago it was 1.7%

### Annual Sales

July 2016 - June 2017

**51,026**



Annual Change -10.20%

### Building Approvals

July 2016- June 2017

**17,628**

Annual Change +1.50%

### Median Rental Yield

**3.30%**

Median rent: \$520 p.w.

## 20 Years of Growth

July 1997 - June 2007 (Residex) July 2007 - June 2017 (Corelogic)



## Apartment Market

### Median Apartment Value

June 2017

**\$762,530**



1 year ago it was \$710,900

### Capital Growth

July 2016 - June 2017

**+7.50%**

5-yr average: +8.0% p.a.

### Vacancy Rate

**2.0%**

1 year ago it was 1.7%

### Annual Sales

July 2016 - June 2017

**38,770**



Annual Change -5.20%

### Building Approvals

July 2016- June 2017

**37,626**

Annual Change - 5.20%

### Median Rental Yield

**4.10%**

Median rent: \$520 p.w.

# Sources

## Residential Property Market



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# Resources

Residential Property Market



## My City Reports

Our My City reports are an annual series of educational, magazine style publications that are an essential guide for investors to understand each major capital city, their unique qualities and fundamental property market drivers.



## My Market Reports

Our Research team monitors Australia's 5 capital city property markets and publishes a quarterly review that incorporates the latest property data, market commentary and fundamental analysis of issues impacting each market.



## My Property Reports

Extensive due diligence and research is done by Ironfish's Property and Research division on the merits of each approved property, with key project information, demographics and market research presented in a Property Report for investors.



## Portfolio Approach

Our Portfolio Approach to investing is a simple yet powerful strategic approach to build step by step a diverse portfolio of different types and locations and hold onto it over a 10-15 year period.



## Ironfish Seminars

Ironfish provides regular investor educational seminars in English and Chinese around Australia. They provide up to date property market information and effective investment strategies presented by many of Australia's astute property experts.



## PPA Software

Our educational Ironfish PPA Portfolio software tool has been customised to ensure our professional Strategists can help investors understand firsthand how to cash flow an investment property and build equity over time.



## RESEARCH

Knowledge is power when you invest in residential property.



## NEGOTIATION

Group buying will always be more powerful than acting alone.



## TIME-SAVING

In a busy world, it pays to have professionals working for you.



**“It’s not what you buy now, but what you own in 10 or 20 years that will make you wealthy.” – Joseph Chou**



At Ironfish, it’s our mission to help our customers achieve long-term financial security through smart portfolio investing. As an industry leader, with offices in 10 cities across Australia and China, we support our investors in acquiring a diversified property portfolio, backed by the confidence of the latest research, personalised strategies and quality investment opportunities.

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