

THIS MONTH IN REVIEW

In this month's news, the Reserve Bank of Australia has broken a record for the longest stretch without an interest rate change, with rates on hold at 1.5 per cent for the 18th consecutive meeting.

The Grattan Institute's John Daley has warned a 2% rise in rates would be "catastrophic" for new home owners.

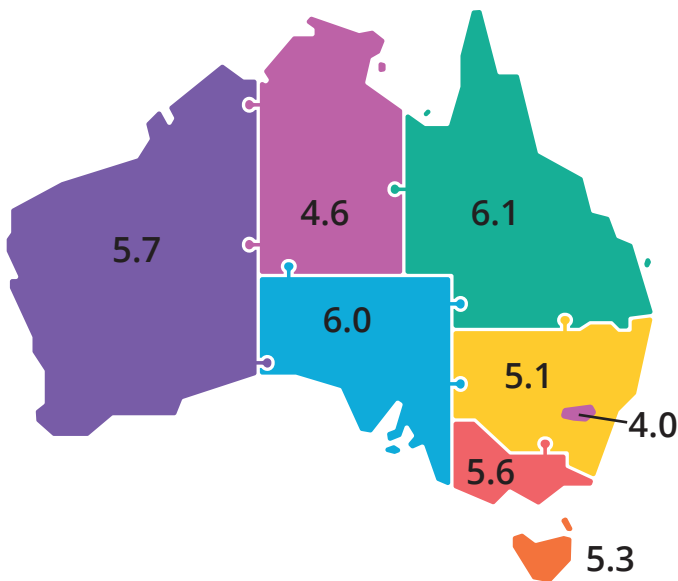
AMP Capital chief economist Shane Oliver believes the "Fear Of Missing Out" (FOMO) era is over, saying the "combination of reduced lending to investors and interest only borrowers, along with tougher restrictions on foreign buyers, rising supply and more realistic price expectations", are taking their toll.

AUCTION CLEARANCE RATE Source: APM PriceFinder

	MAR 3		MAR 31
SYDNEY	65%	▼	46%
MELBOURNE	66%	▼	61%
BRISBANE	56%	—	—
ADELAIDE	63%	—	—

MONTHLY UNEMPLOYMENT - JAN 18 %

Source: ABS (most recent figure at time of publication)



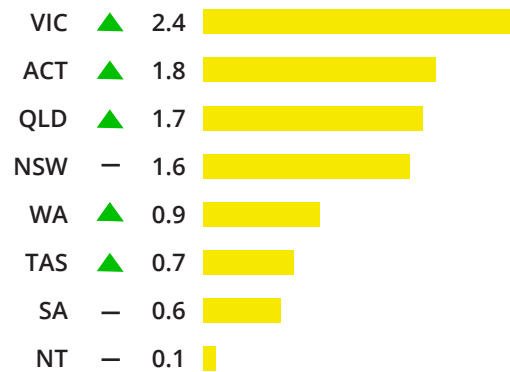
HOUSES	YRLY GRWTH	YIELD	MEDIAN
HOBART	13.4	4.9%	\$400K
MELBOURNE	4.9	3.0%	\$720K
CANBERRA	3.7	4.1%	\$675K
ADELAIDE	1.9	4.2%	\$450K
BRISBANE	1.8	4.1%	\$530K
PERTH	- 2.2	3.7%	\$510K
SYDNEY	- 3.7	2.9%	\$980K
DARWIN	- 6.0	5.4%	\$500K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

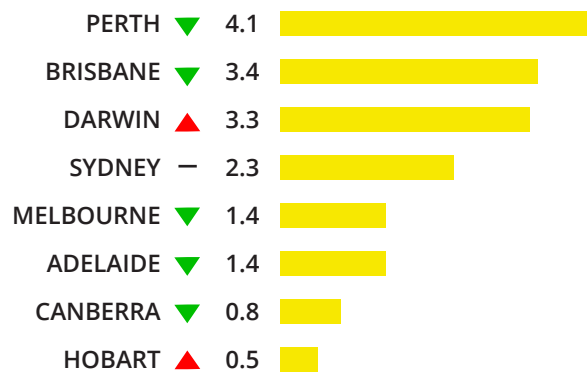
Meanwhile, the banking royal commission is tackling a \$500 billion pool of home loans with falsified borrower details, known as 'liar loans', with some estimates claiming up to a third of mortgage applicants fudge their details.

And a new study from the Australian Housing and Urban Research Institute has found capital gains tax discounts and negative gearing benefits are "heavily skewed" towards affluent Australians. It pushes for a move towards a progressive rental deduction where sophisticated investors are not given as significant tax concessions.

POPULATION GROWTH % (Yr ended SEP 2017) Source: ABS



VACANCY RATE % (18 FEB 2018) Source: SQM Research



UNITS	YRLY GRWTH	YIELD	MEDIAN
HOBART	10.7	5.5%	\$306K
MELBOURNE	6.5	4.0%	\$525K
SYDNEY	1.8	3.8%	\$725K
CANBERRA	0.3	5.0%	\$445K
ADELAIDE	0.04	4.3%	\$375K
BRISBANE	- 1.4	4.8%	\$412K
PERTH	- 3.05	4.2%	\$400K
DARWIN	- 10.4	5.2%	\$398K

Source: CoreLogic Hedonic Home Value Index and Market Trends Report

CAPITAL CITY UPDATES

SYDNEY NSW

- Sydney is still taking the lion's share of new migration, with Australian Bureau of Statistics data showing almost 40% of overseas movers end up in NSW, which is likely to underpin future property price growth.
- Sydney has maintained its rank of tenth best global city to live in on the Mercer 2018 Quality of Living Survey, though cost of living and congestion are taking a toll.
- The latest Knight Frank Wealth Report has placed Sydney's Forest District within the top global destinations for real estate buys of the world's rich, primarily due to education precincts and its transport.
- Sydney has been confirmed the most expensive city in Sydney by Numbeo, with Melbourne, Darwin and Perth not far behind.

MELBOURNE VIC

- CoreLogic data shows Melbourne has the lowest gross rental yields in the country at 2.93% for all dwellings and 2.6% for houses.
- The suburb of Rowville, in the outer east, was the fastest selling in the past 12 months, followed by Frankston North and Carrum Downs, Domain Group research has found.
- A new \$2.18 million pilot program in Victoria will see developers in partnership with the state government to build zero net carbon homes.
- AMP Capital has tipped Melbourne property prices to decline by 5% due to the market slowdown and poor clearance rates.

BRISBANE QLD

- Prices for apartments have plummeted after years of overbuilding in Brisbane, with the price tag for Fortitude Valley's Belise apartments dropping about 25% to achieve sales. A two-bedroom unit was cut from \$632,000 to \$475,000 to nab a buyer.
- Developer Mirvac's Stuart Penklis has suggested social housing within Brisbane property developments could be a new way forward under inclusionary zoning.
- Brisbane's housing affordability has started to struggle, with the average proportion of household income needed to cover mortgage payments now totaling 27.6% on the Adelaide Bank and REIA's housing report.

PERTH WA

- CoreLogic data shows City Beach median prices increased 18.1% in the 12 months to February, with their growth almost matched by Cottesloe and North Fremantle.
- The vacancy rate in Perth has dropped to 5.3%, its best result for investors since mid-2015, on Real Estate Institute of Western Australia figures.
- The Urban Development Institute of Australia's State of the Land report has found lot sales declining with the average price of new land down 1% in Perth, but with declines bottoming out.
- Knight Frank head of residential research Michelle Ciesielski said Perth was an exciting market with its "prime property market up from -6.4% last year to 1.3% this year", with the worst behind the city.

CANBERRA ACT

- Canberra's record for the sale of most apartments in one night was toppled in March, when 250 units were sold at Woden's Grant Central Towers.
- The largest mixed-use development in Canberra has been approved by the government for Belconnen from developer Republic, featuring a 113 metre tall building.
- The Real Estate Institute of Australia has recorded a significant increase in home loans from the ACT, with a 19% increase in loans over the December quarter.
- RiskWise Property Research chief executive Doron Peleg says Canberra is an expanding city, with relatively affordable housing and significant infrastructure projects ahead, all of which will bring "benefits" to the area.

ADELAIDE SA

- CoreLogic's Tim Lawless recorded house prices falling 0.4% in Adelaide in the latest quarter, but said it was a "flat rather than falling" situation.
- Realestate.com.au figures show Adelaide's fastest selling suburbs are North Adelaide, Unley, St Marys, Glandore and Park Holme are in hot demand.
- REISA chief Greg Troughton says investors are coming back to Adelaide "salivating" at its affordability and returns compared to Sydney and Melbourne.

DARWIN NT

- The Grattan Institute has called on the NT Government to scrap stamp duty, including concessions for first-home buyers, and instead impose a rate hike.
- A third of property investors lost money on the resale of their homes in the December quarter, an equal worst with Darwin results on the RPData measure.
- In the three months to December 2017, the Australian Bureau of Statistics recorded Darwin home values declining 1.5%.



AUD
76.6c
US

down from 77.7c in March
Source: RBA



RBA Cash Rate

1.5%

steady for April
Source: RBA



Cash Rate Forecast

1.5%

12 mths to April '19
Source: Westpac



Inflation

1.9%

year to Mar qtr
Source: RBA



GDP

2.4%

up to Dec qtr
Source: ABS



Wage Growth

2.1%

year to Dec qtr
Source: ABS



Consumer Confidence

2.3%

negative for Feb
Source: Westpac-Melbourne Institute



Disposable Income

1.5%

year to Dec qtr
Source: ABS