



# Monthly Chart Pack

Our Insights. Your Story.

April 2021



# Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$7.9 Trillion



AUSTRALIAN SUPERANNUATION

\$3.0 Trillion



AUSTRALIAN LISTED STOCKS

\$2.5 Trillion



COMMERCIAL REAL ESTATE

\$958 Billion

Data as at **April 2021**. Note CoreLogic has recently updated its methodology for calculating the total value of commercial real estate, and this figure will not be comparable with previous editions.



**10.6 million**  
Number of dwellings

**\$1.9 trillion**  
Outstanding mortgage debt

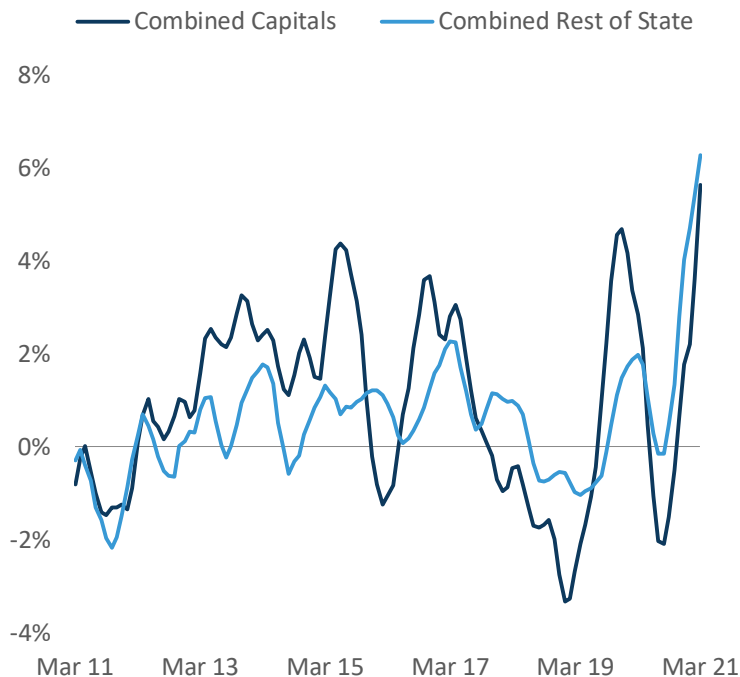
**52.9%**  
Household wealth held in housing

**477,822**  
Total sales p.a.

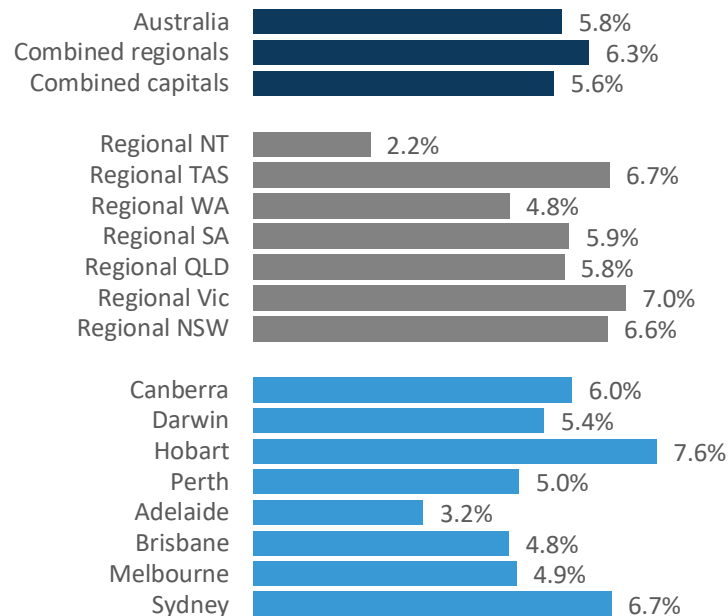
**\$322 billion**  
Gross value of sales p.a.

# In the three months to March, national home values rose 5.8%, which is the highest quarterly growth rate since October 2003

Rolling quarterly change in dwelling values

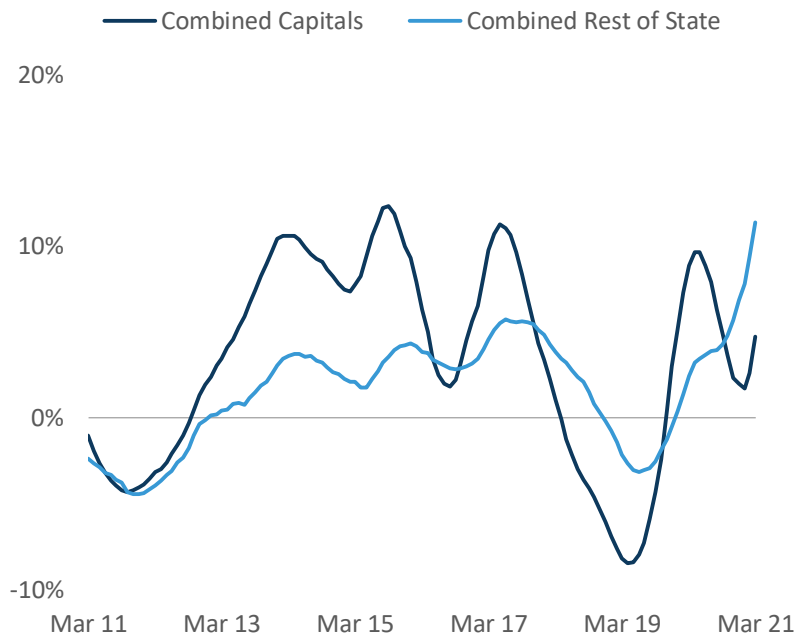


Change in dwelling values, three months to March 2021

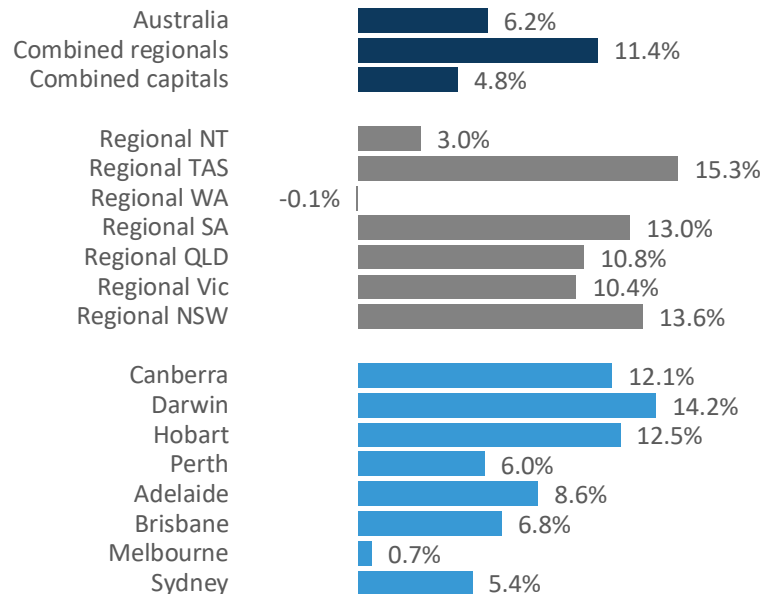


# The combined regional dwelling market was 11.4% higher in value over the year, compared with a lift of 4.8% across the combined capitals

Rolling annual change in dwelling values

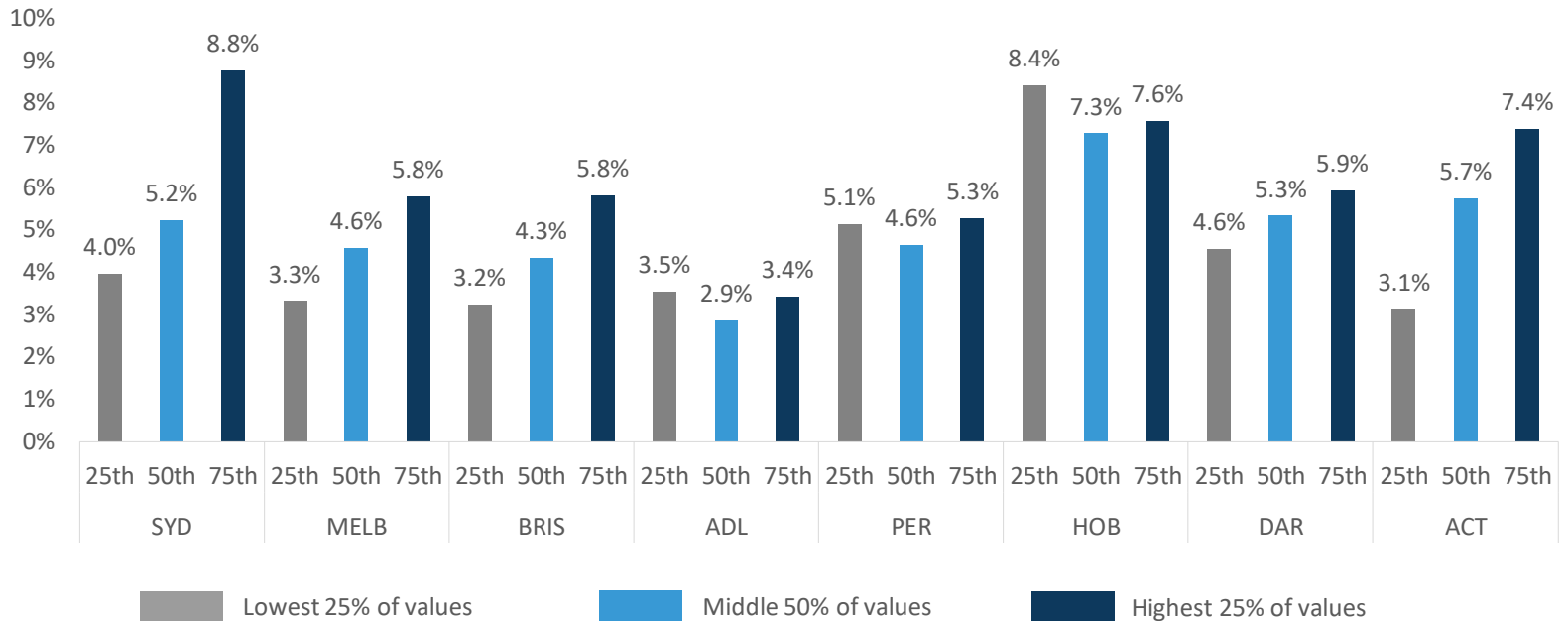


Change in dwelling values, twelve months to March 2021



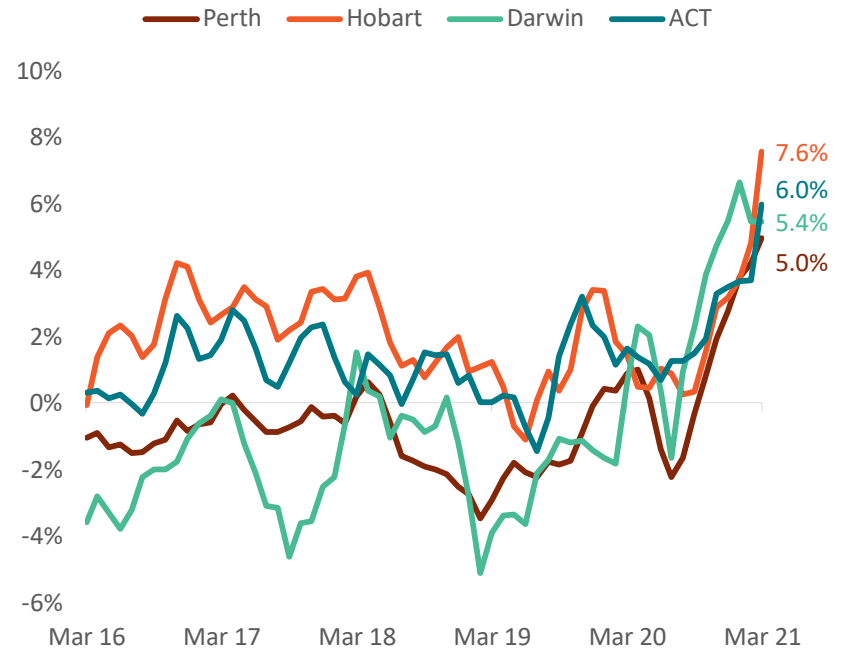
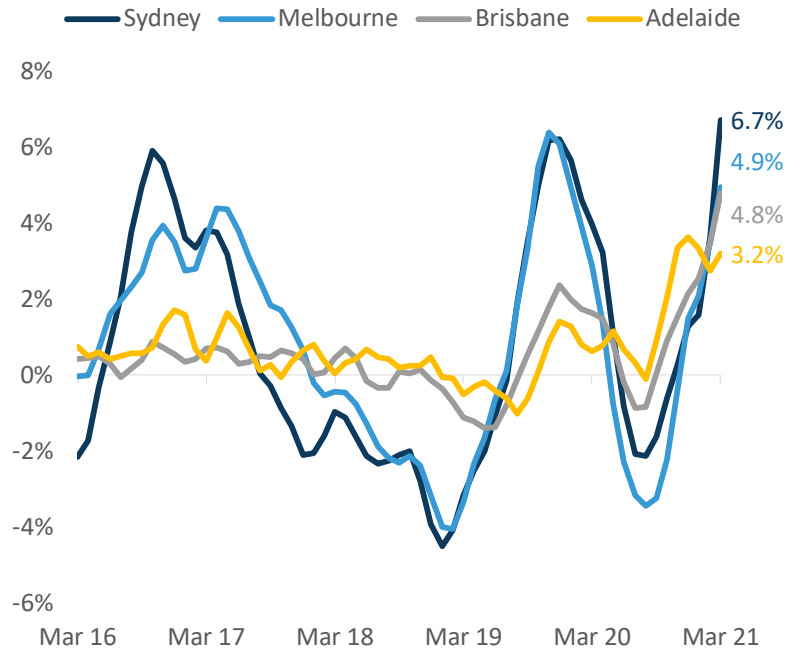
# In the three months to March, the top 25% of values led growth across the dwelling markets of Sydney, Melbourne, Brisbane, Darwin and the ACT

Growth in stratified hedonic dwellings index (3 months)



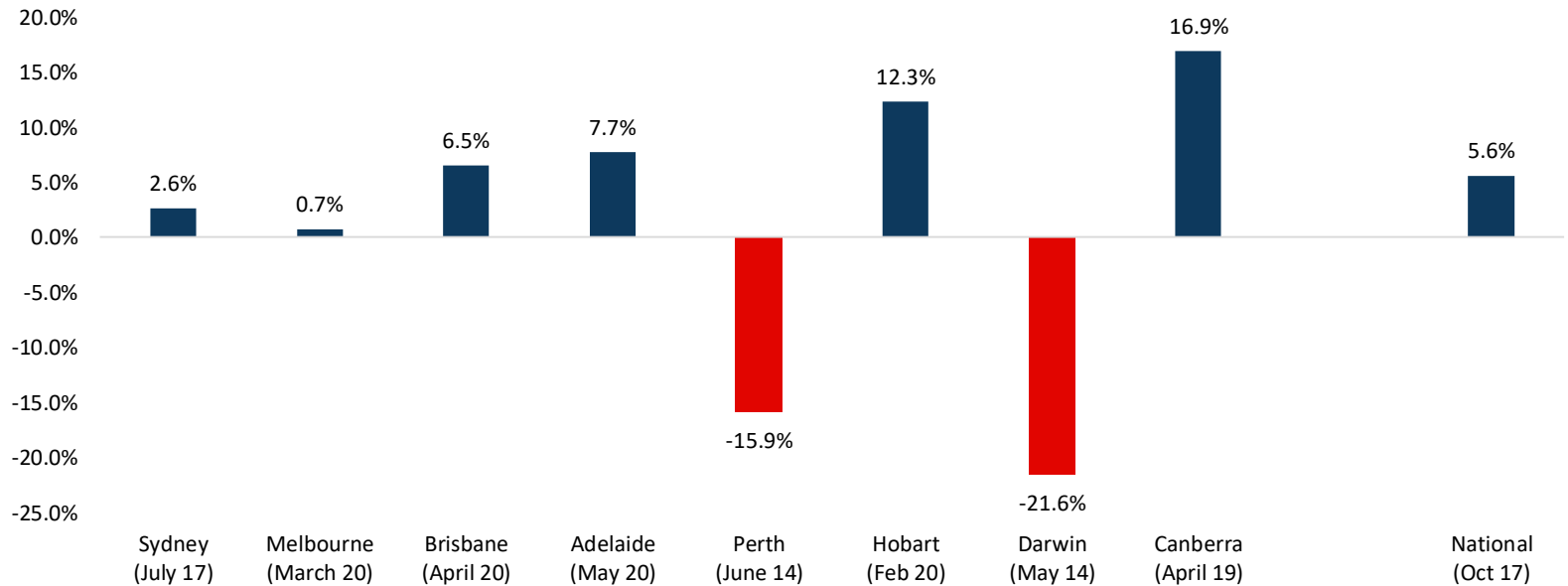
# The highest quarterly change in dwelling values among the capital cities was across Hobart, at 7.6%

Rolling quarterly change in capital city dwelling values

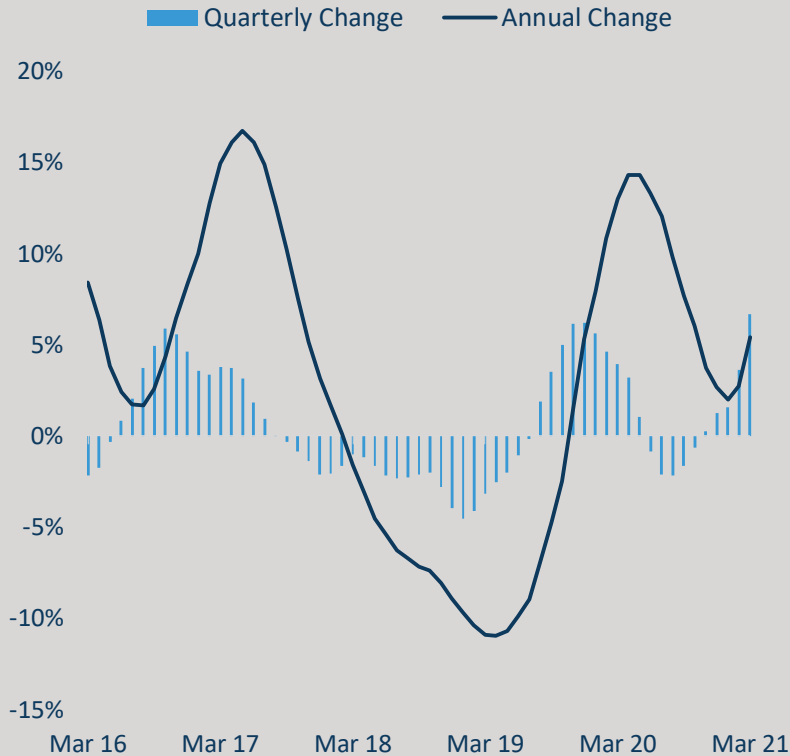


# With the recent surge in housing values, most of the capital cities have seen housing values move to new record highs

How do housing values compare with their previous record highs? *(as at March 31, 2021)*



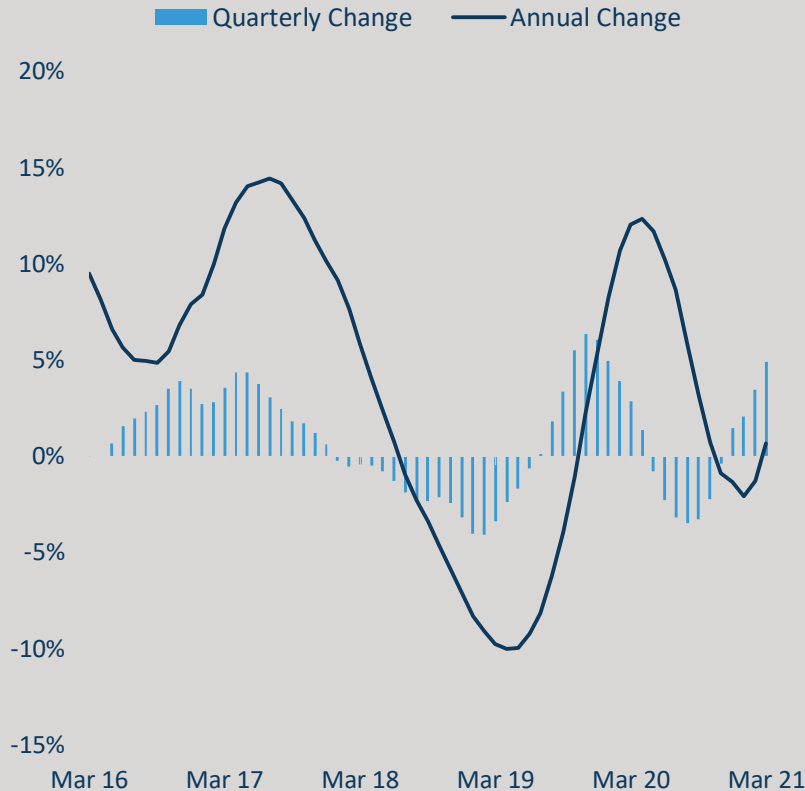
## Quarterly and annual change in dwelling values - Sydney



- Sydney dwelling values rose 3.7% in March
- Dwelling values increased 6.7% in the quarter
- Sydney dwelling values are up by 5.4% in the past year
- Sydney dwelling values are now at a record high

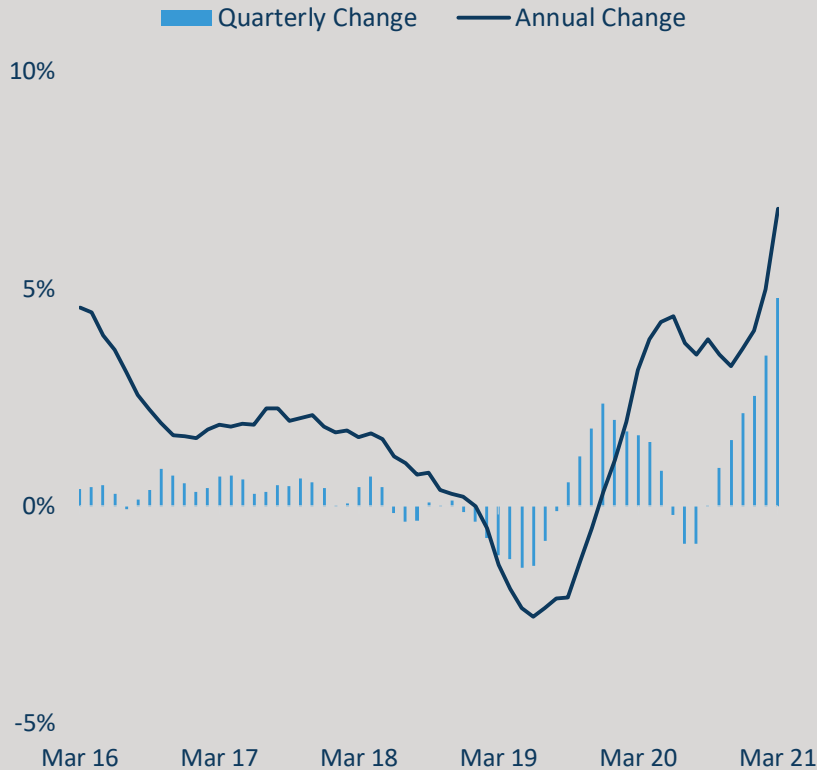


# Quarterly and annual change in dwelling values - Melbourne



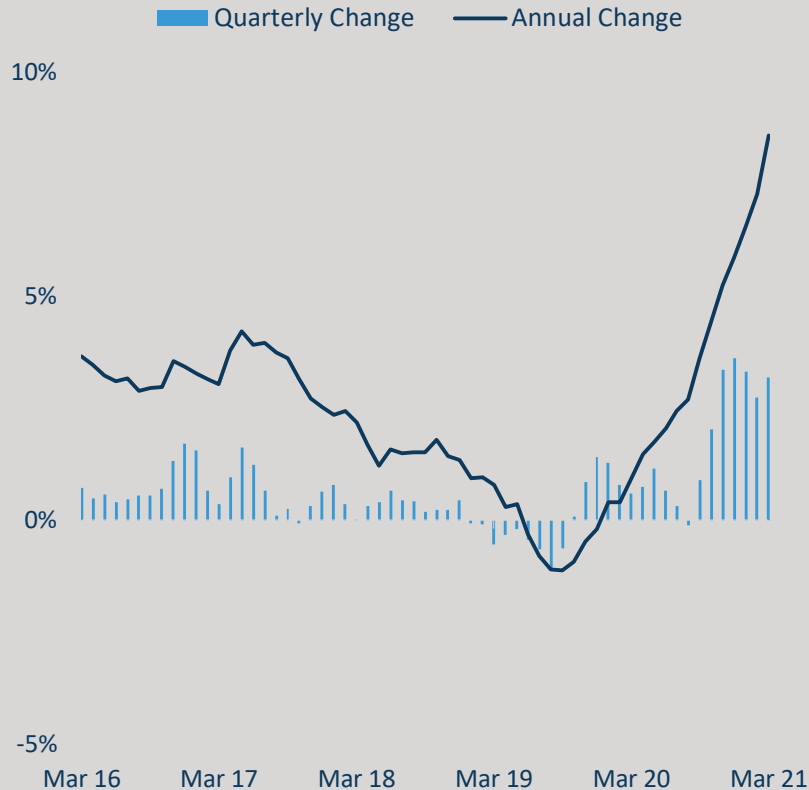
- Melbourne dwelling values rose 2.4% in March
- Dwelling values increased 4.9% in the quarter
- Melbourne dwelling values increased 0.7% in the past year
- Melbourne dwelling values are now at a record high

# Quarterly and annual change in dwelling values - Brisbane



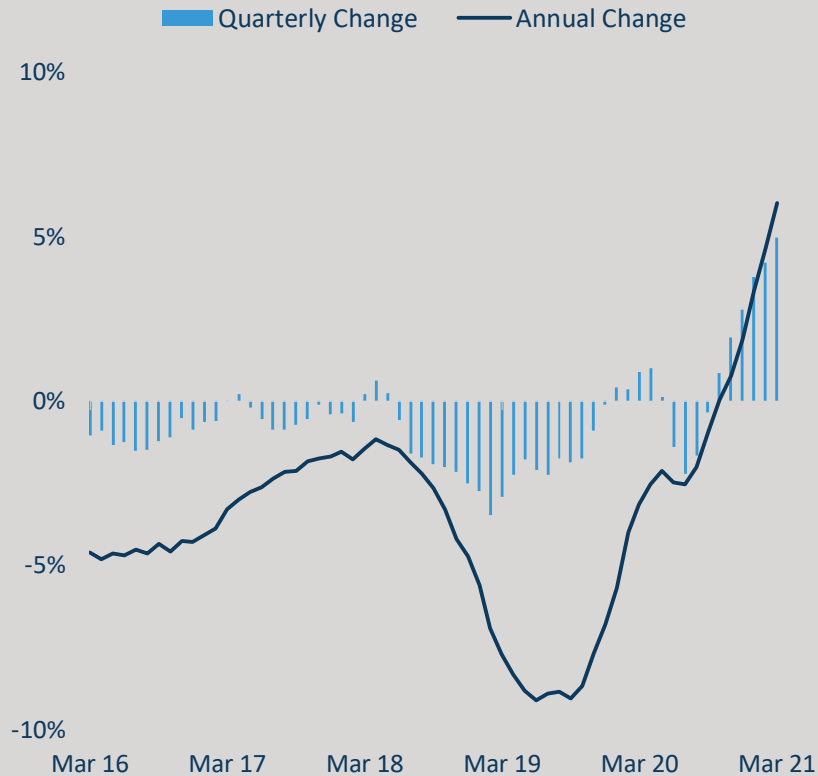
- Brisbane dwelling values increased by 2.4% in March
- Dwelling values increased 4.8% over the quarter
- Brisbane dwelling values are up by 6.8% in the past year
- Brisbane dwelling values are currently at a record high

# Quarterly and annual change in dwelling values - Adelaide



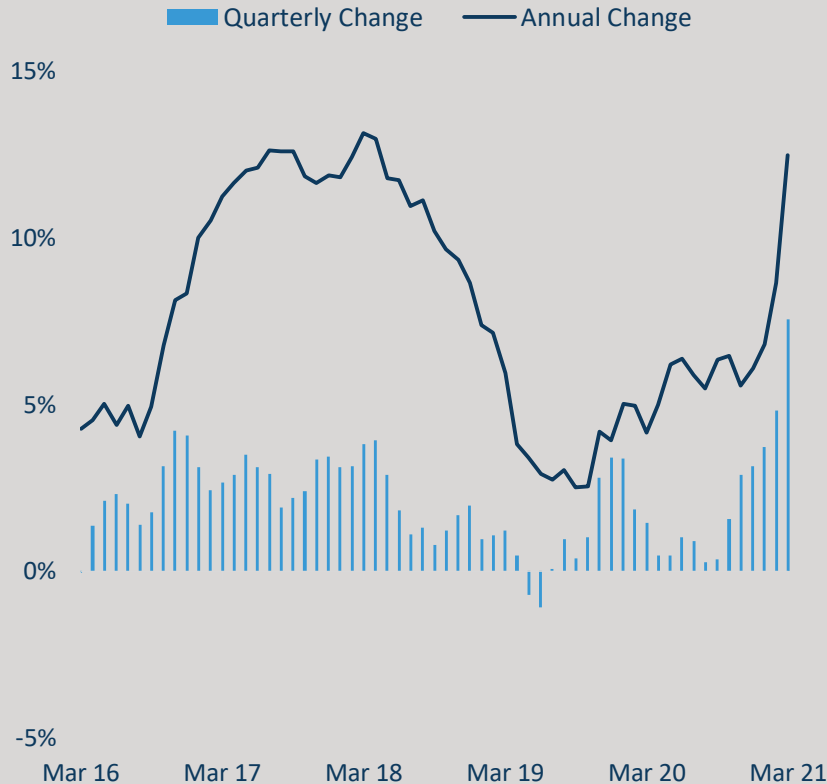
- Adelaide dwelling values increased 1.5% in March
- Dwelling values rose 3.2% in the quarter
- Adelaide dwelling values were up by 8.6% in the past year
- Adelaide dwelling values are currently at a record high

# Quarterly and annual change in dwelling values - Perth



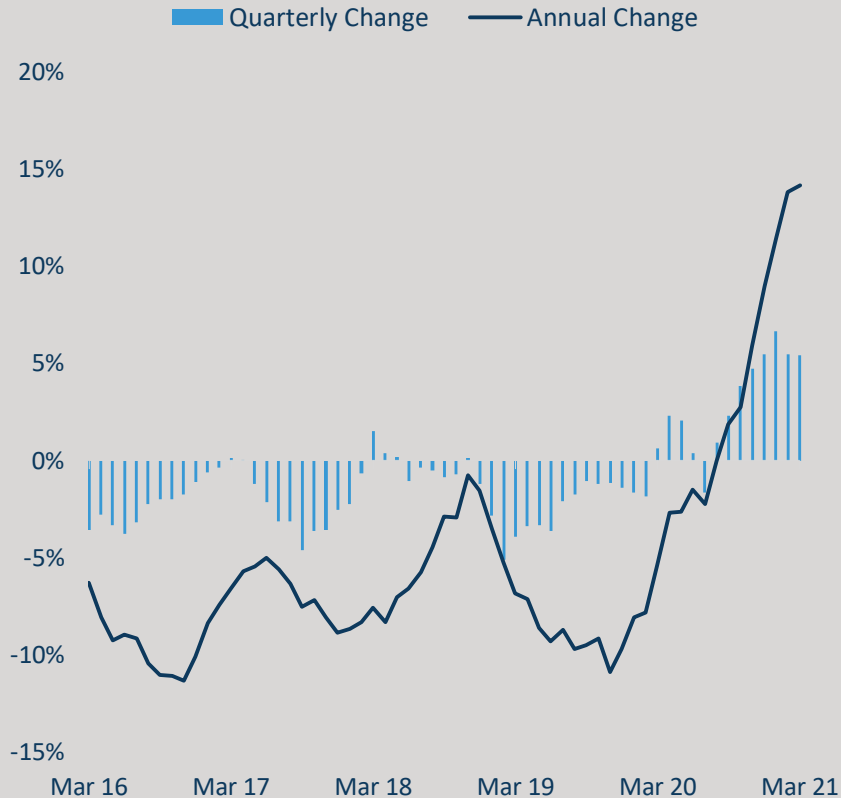
- Perth dwelling values increased 1.8% in March
- Dwelling values increased 5.0% in the quarter
- Perth dwelling values were up 6.0% in the past year
- Perth dwelling values are now -15.9% below the record high, which was in June 2014

## Quarterly and annual change in dwelling values - Hobart



- Hobart dwelling values increased 3.3% in March
- Dwelling values increased 7.6% in the quarter
- Hobart dwelling values are up by 12.5% in the past year
- Hobart dwelling values are currently at a record high

# Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values increased 2.3% in March
- Dwelling values rose 5.4% in the quarter
- Darwin dwelling values were up 14.2% over the year
- Darwin dwelling values are -21.6% below the record high, which was in May 2014

# Quarterly and annual change in dwelling values - ACT

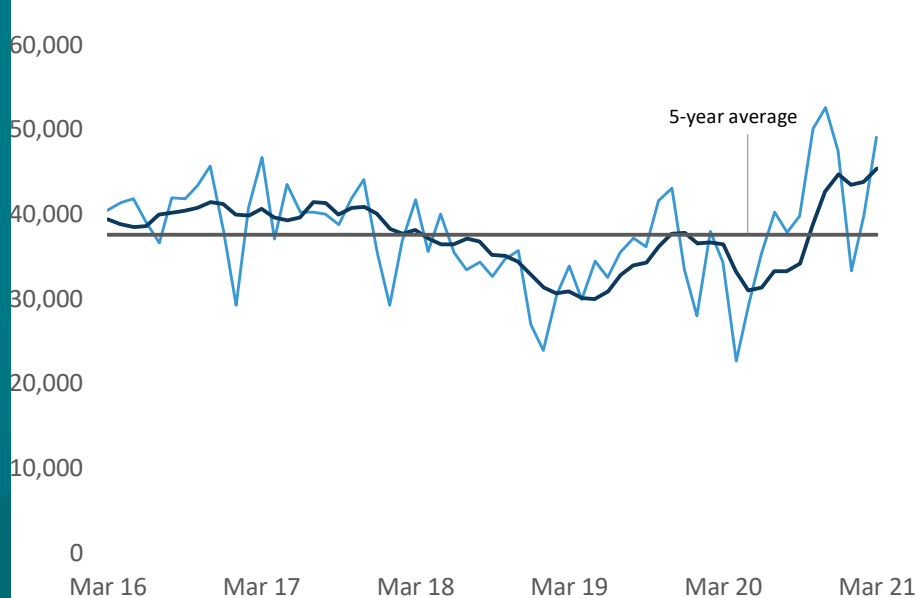


- ACT dwelling values increased 2.8% in March
- Dwelling values were up 6.0% in the quarter
- ACT dwelling values were up by 12.1% in the past year
- The ACT dwelling market is currently at a record high

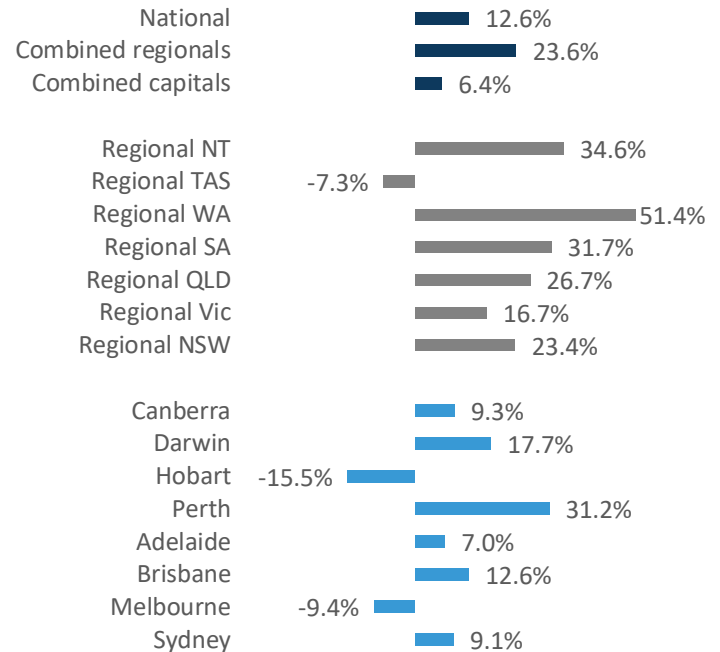


# CoreLogic estimates sales volumes increased 12.6% nationally over the twelve months to March, with over 25% of the uplift stemming from an additional 13,700 sales across regional NSW

Monthly sales with six month moving average, National



Annual change in sales volumes March 21



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

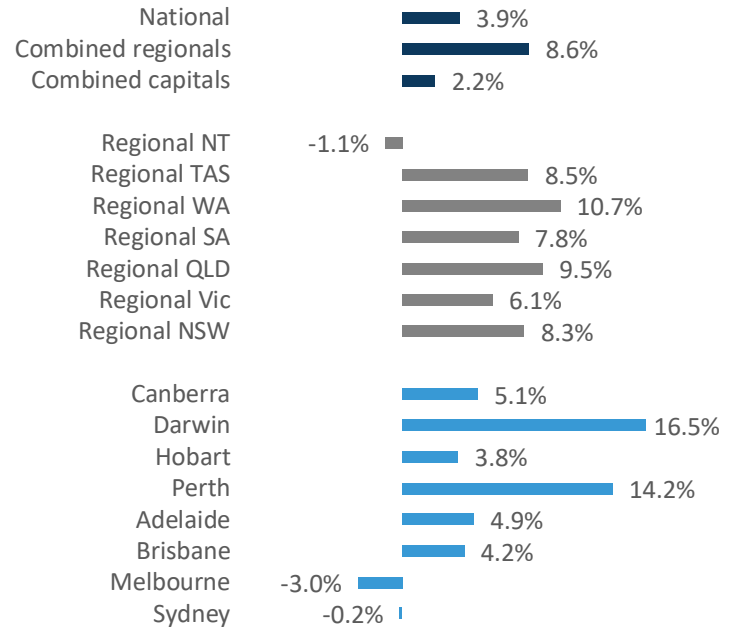


# National rent values have risen 3.9% in the year to March, which is the highest annual growth rate since September 2011

Annual change in rental rates - National



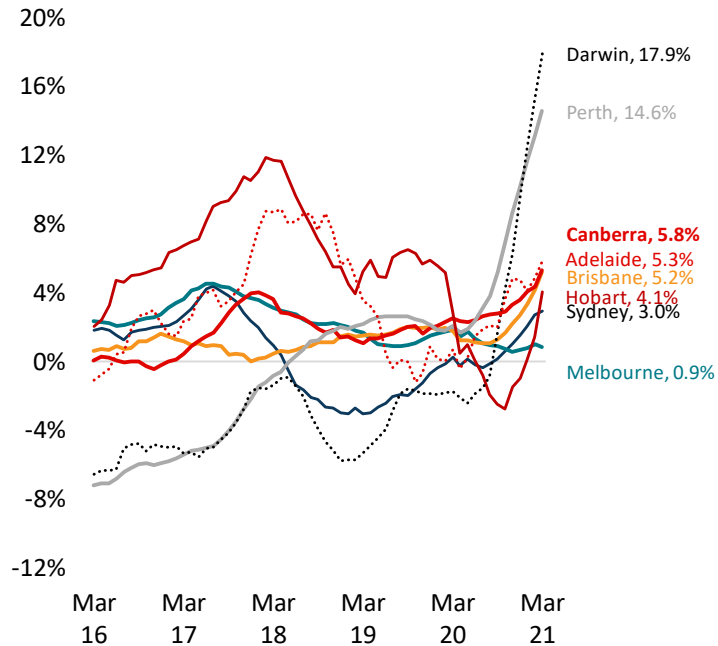
Annual change in rental rates to March 21



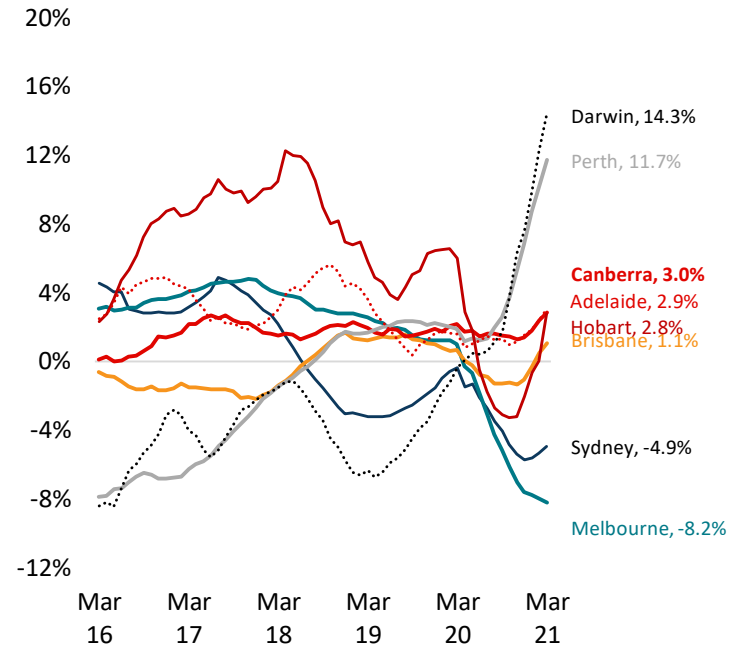
# Rental conditions are stronger outside of Melbourne and Sydney, and also for detached housing rather than units.

## Annual change in rents

### Houses



### Units

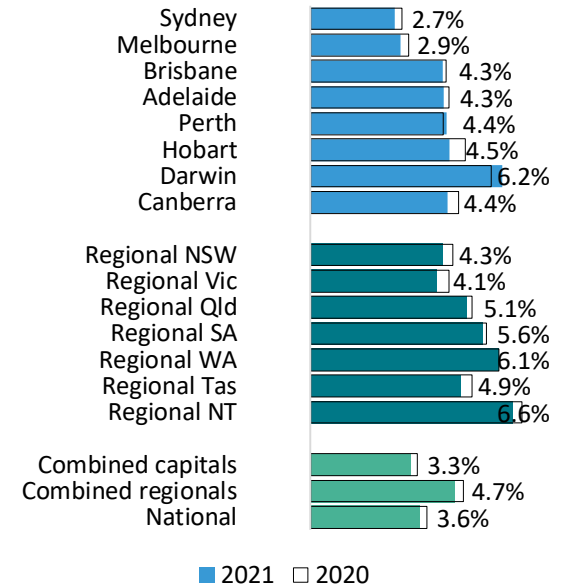


With housing values generally outperforming rents, yields are trending lower, with the exception of Perth and Darwin. However, with mortgage rates so low, there are likely to be more opportunities for positive cash flow investments.

Gross rental yields

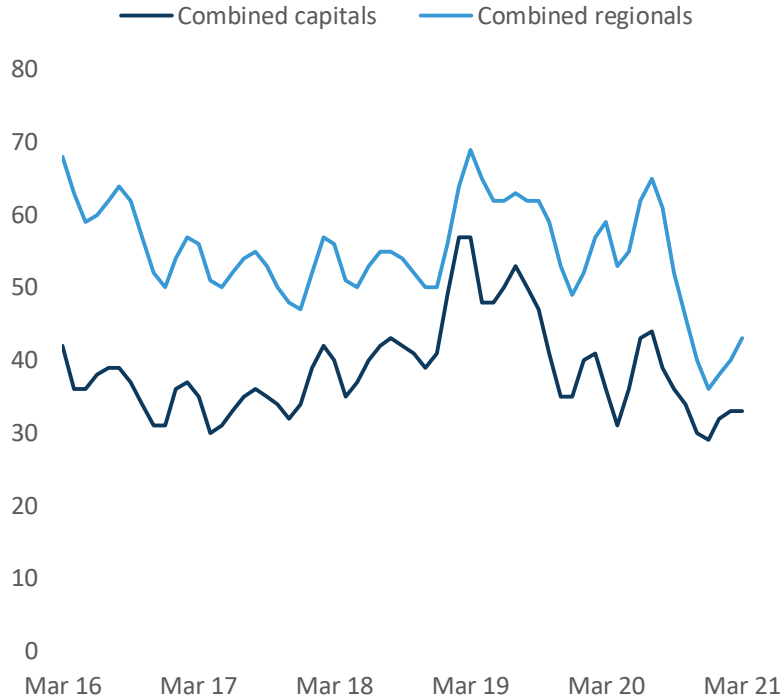


Gross rental yields – March 2021

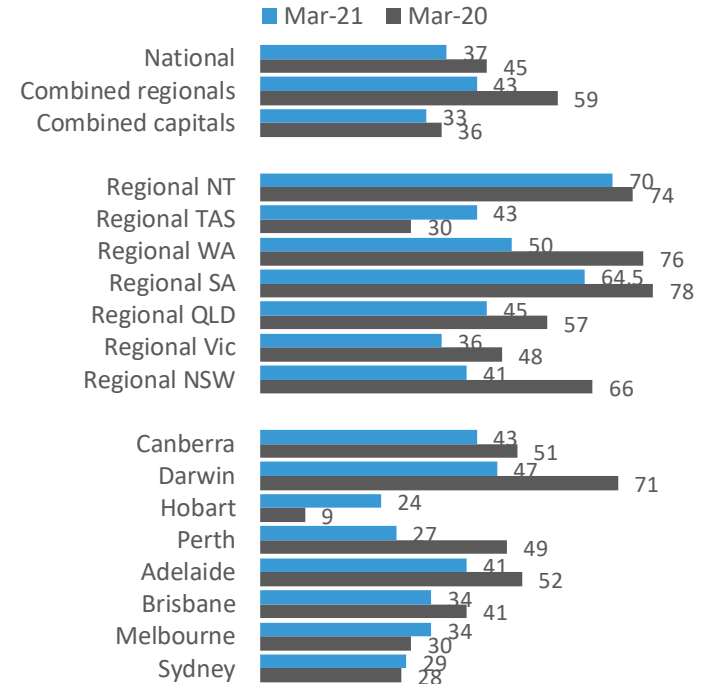


# At the national level, properties typically sold in 37 days in the three months to March 2021; 8 days less than the same period in 2020

Median days on market



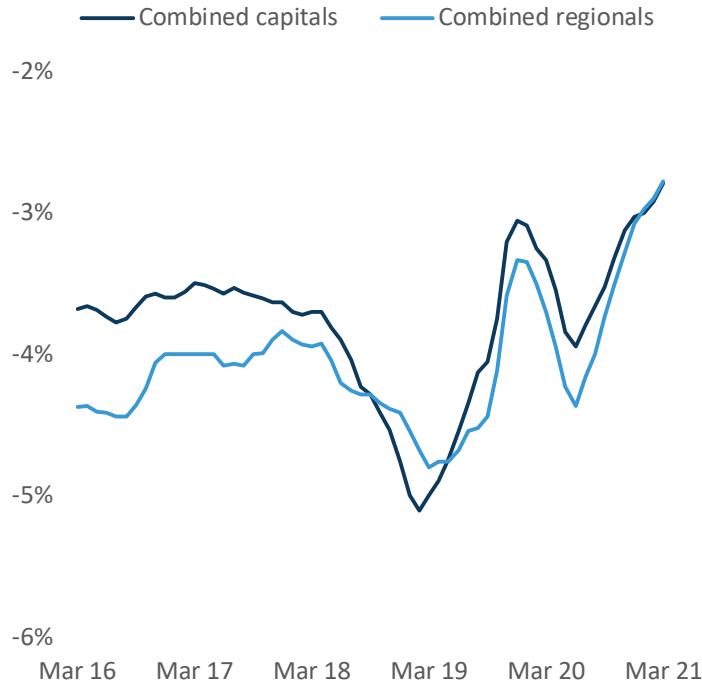
Median days on market March 20 v March 21





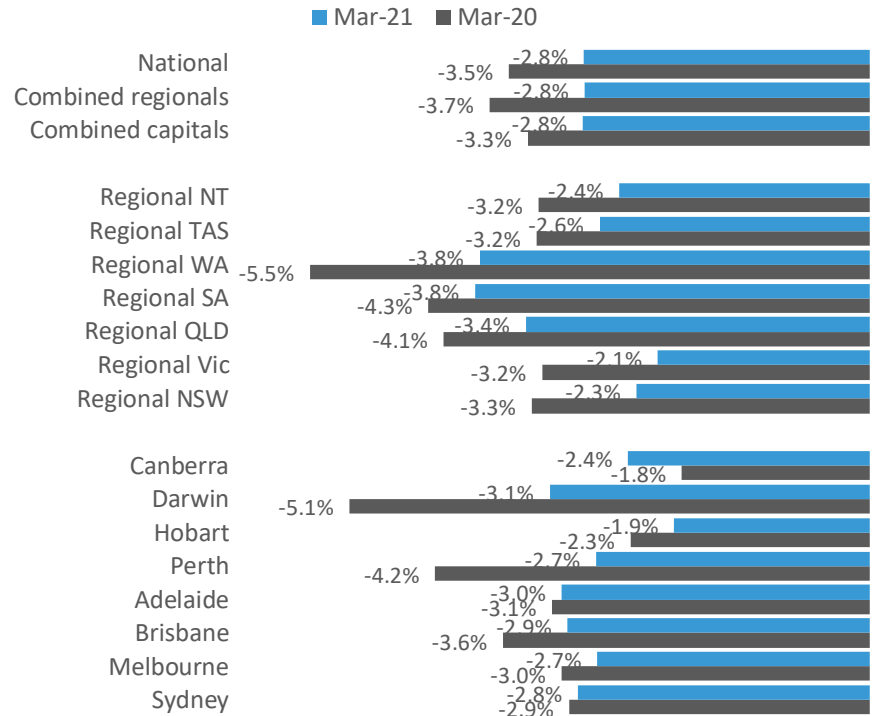
# Nationally, the rate of vendor discounting has tightened by 73 basis points over the year to March

Median vendor discount



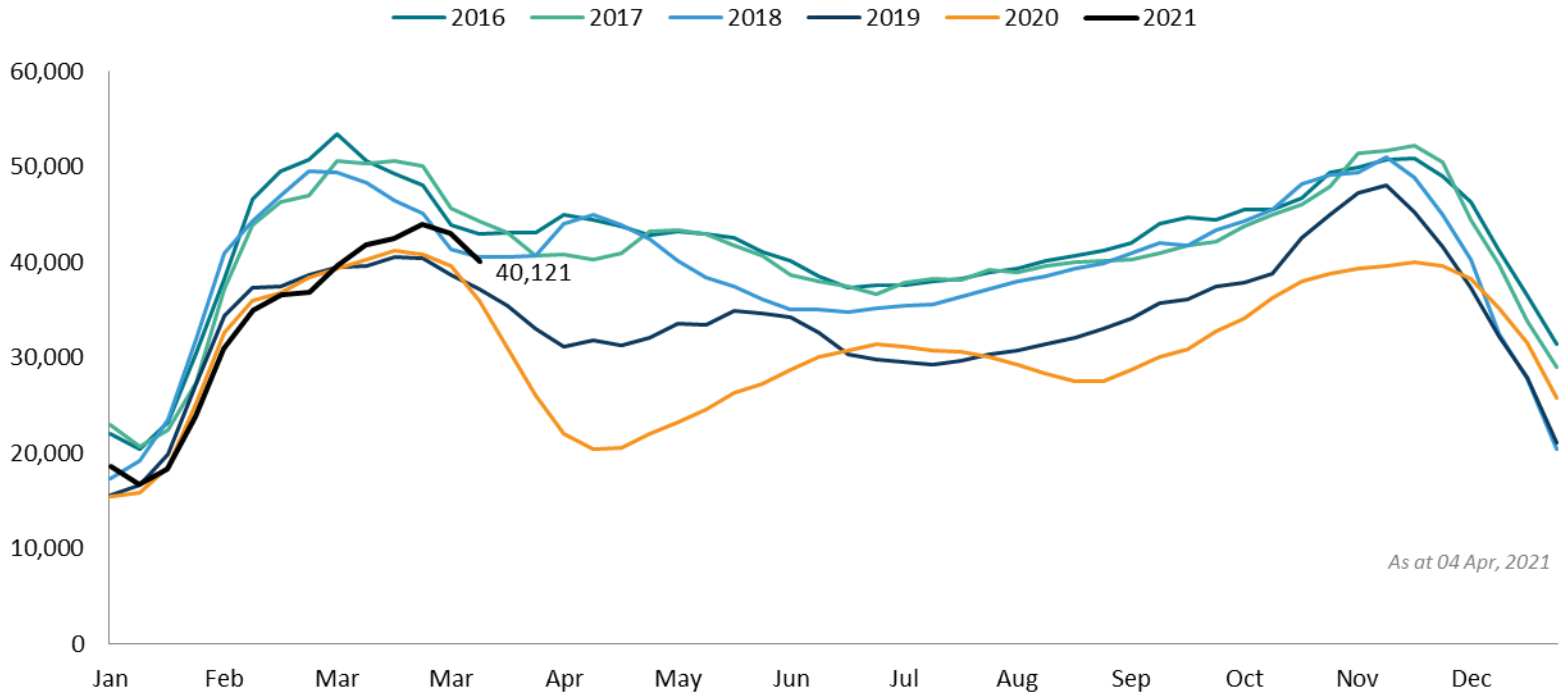
Median vendor discounts are based on a rolling 3-month measure  
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Median vendor discount March 20 v March 21



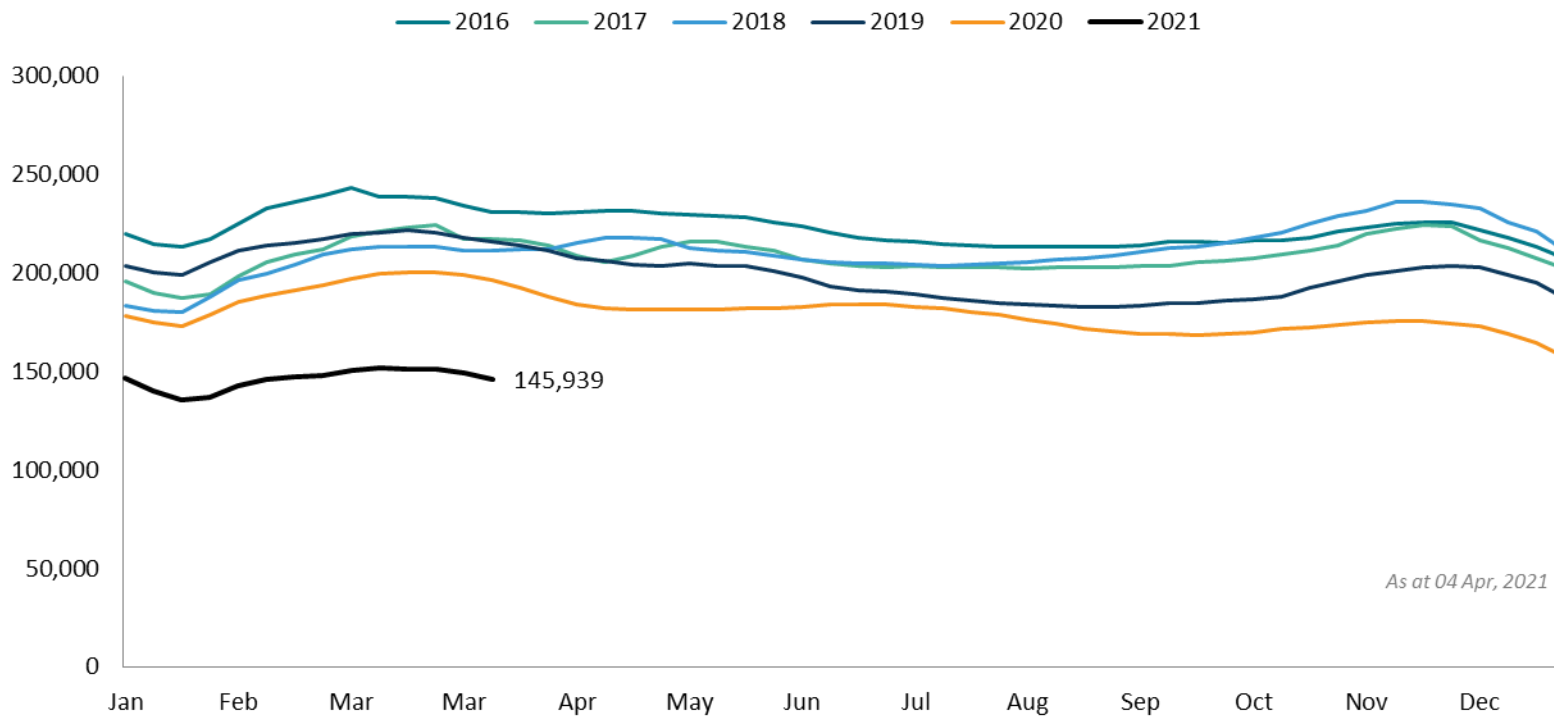
# New listings volumes are commencing a seasonal decline, but should remain far higher than this time last year, when the rollout of stage 2 restrictions halted transaction activity

Rolling 28-day count of new listings, national



# Total listings remain tight due to strong absorption from sales, leaving listings volumes 26.0% below the 5 year average

Rolling 28-day count of total listings, national

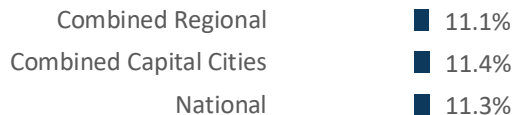
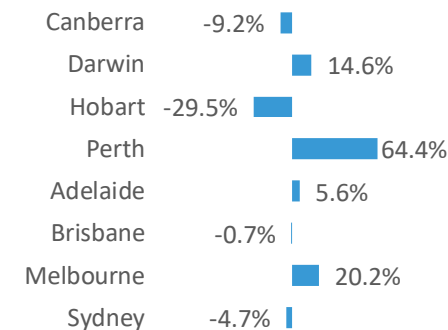
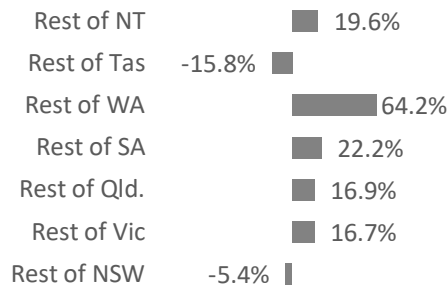




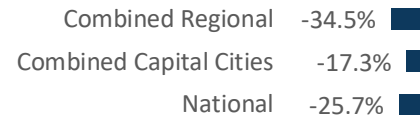
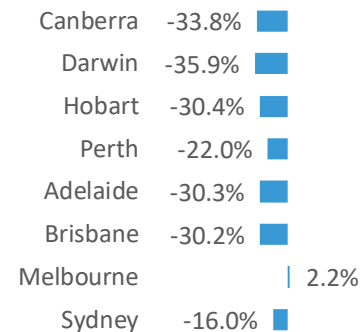
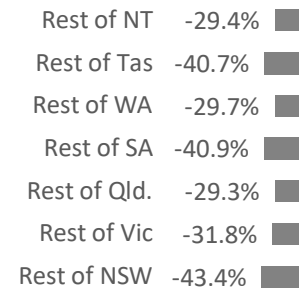
Total listings volumes are lower across each region compared to the previous year, with the exception of Melbourne.

Regional Australia continues to see a particularly large deficit in total listings volumes, which may be partly attributed to less migration away from regions since the onset of COVID-19.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

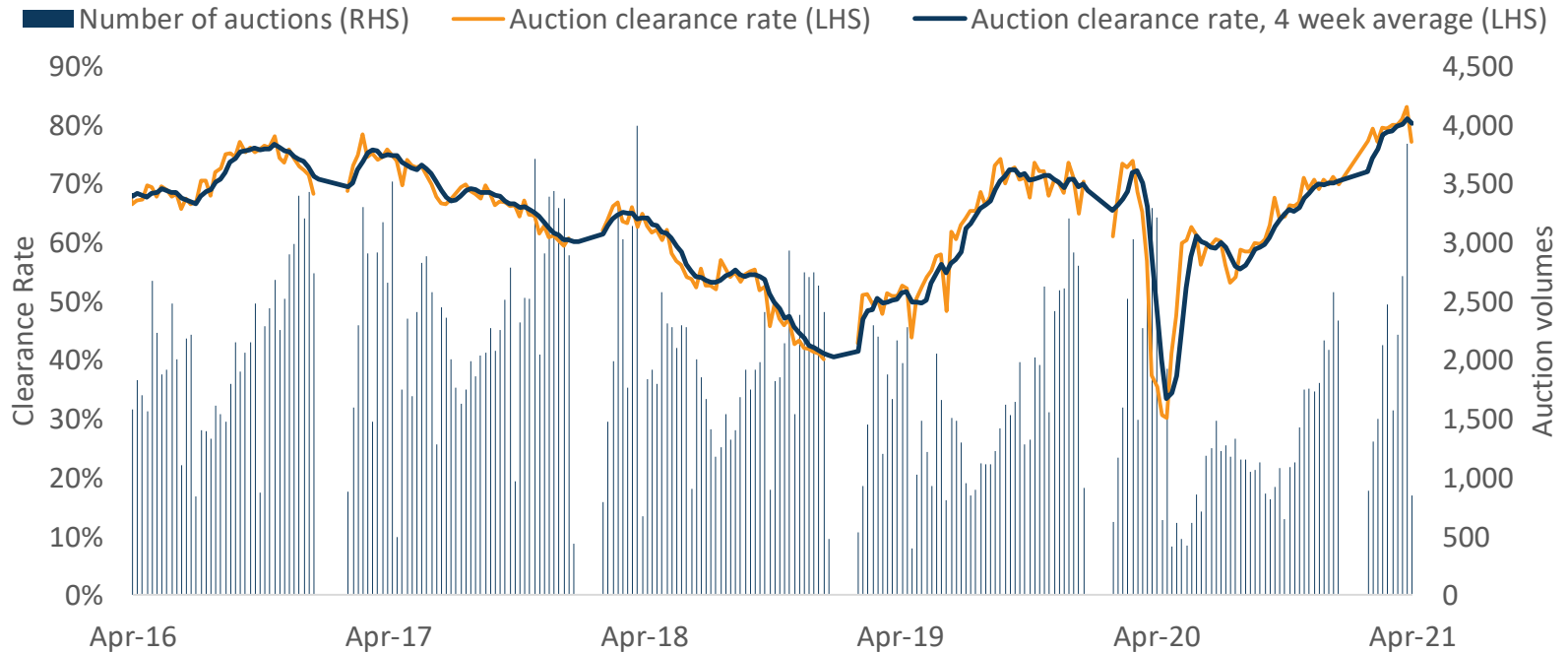






# In the four weeks to April 4th, the combined capital cities auction clearance rate averaged 80.3%, reflecting strong buyer demand

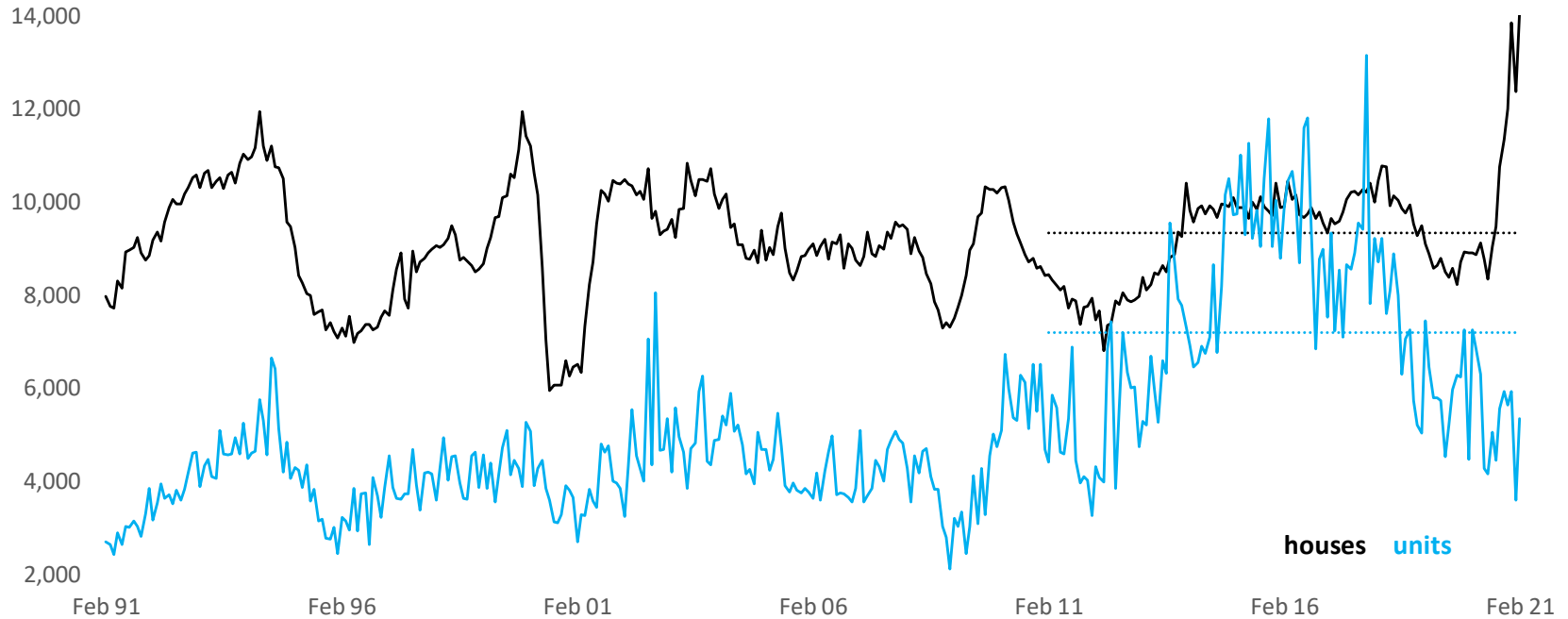
## Weekly clearance rates, combined capital cities



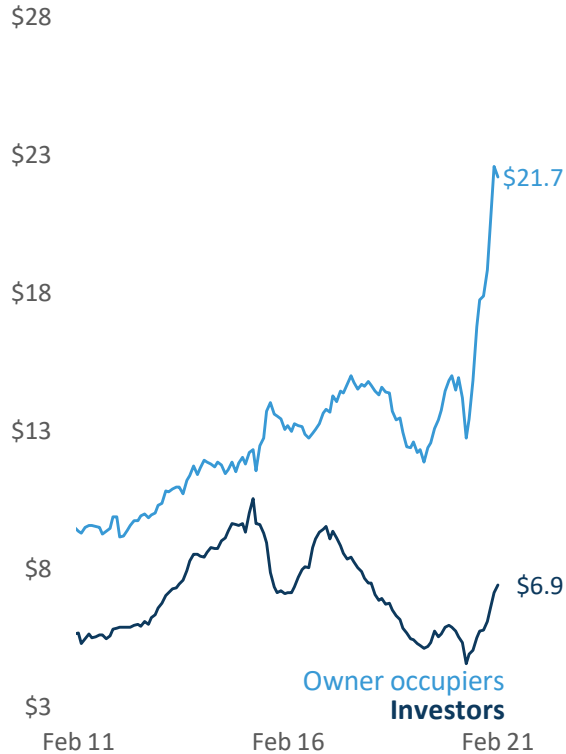


Over February, house approvals reached a record 14,072, which is 50.7% higher than the decade average. Unit approvals rose in the month, but remain -25.7% below the decade average.

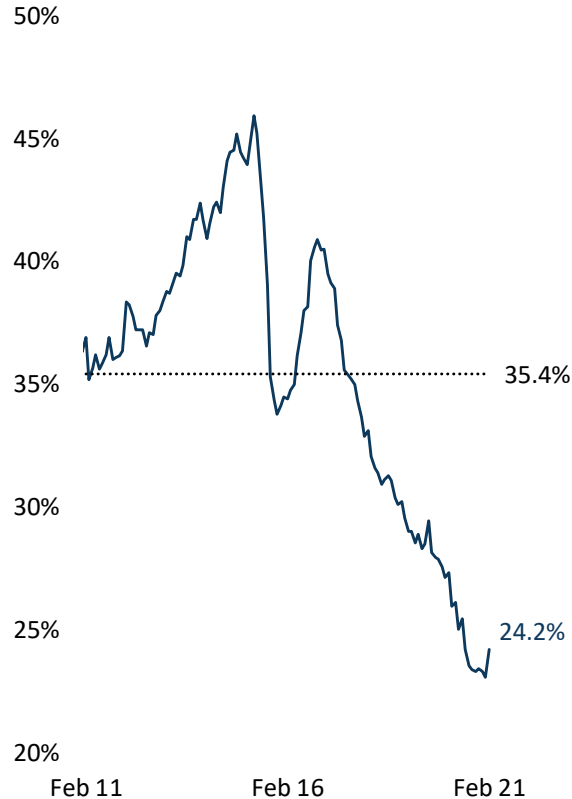
Monthly house v unit approvals, National



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



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

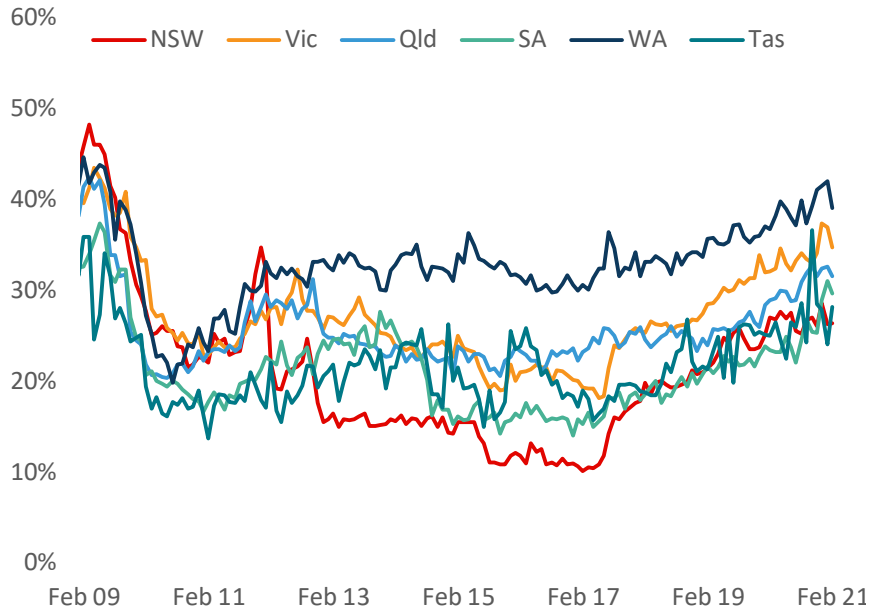


Over February, the value of owner occupier finance commitments for the purchase of property declined -1.8%, while investor lending rose 4.5%.

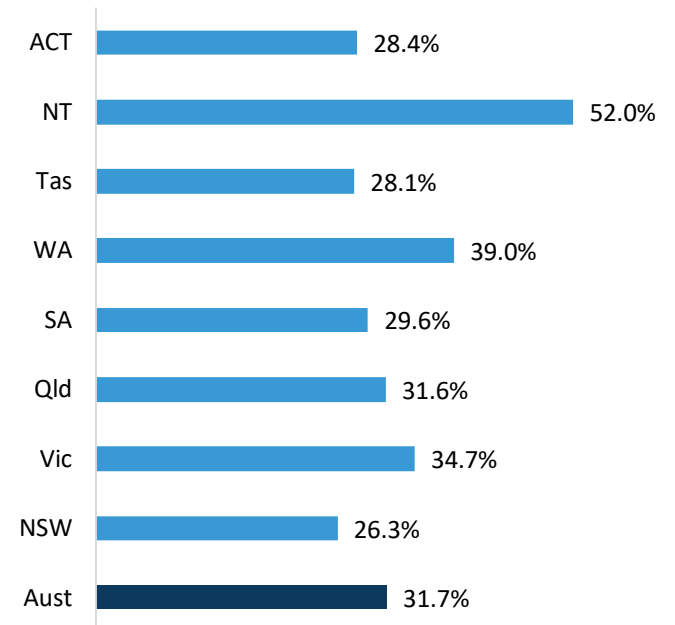
The fall in owner occupier finance was led by a -4.0% decline in first home buyer lending values.

# First home buyer finance, as a portion of lending to owner occupiers, fell nationally to 31.7%, down from 32.4% in the previous month

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

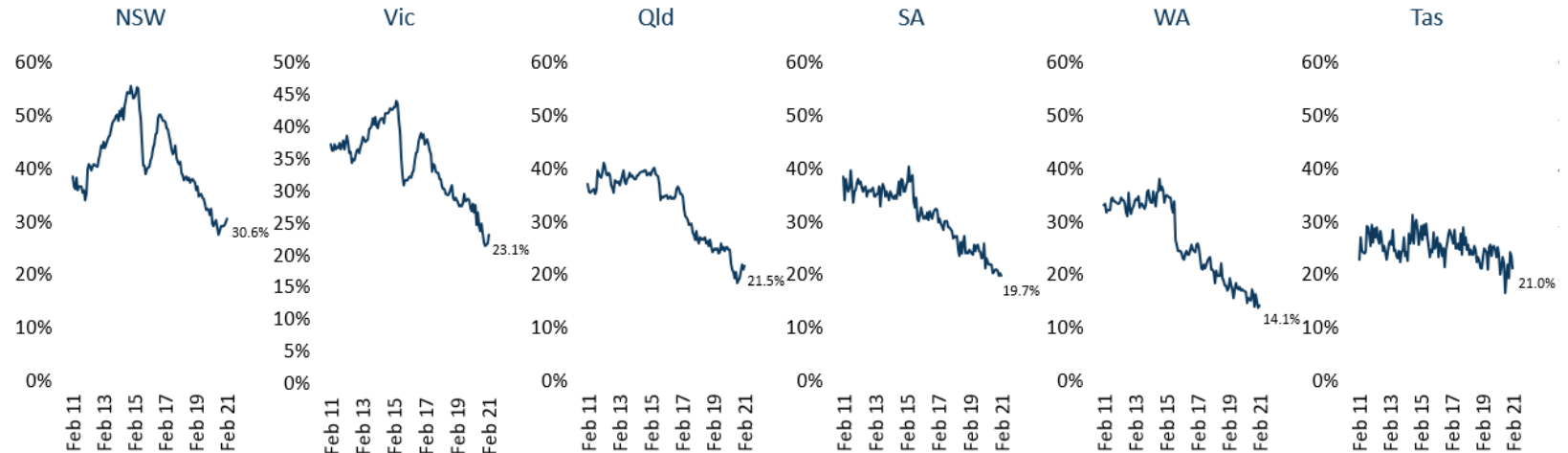


First home buyers as a % of owner occupier housing finance commitments

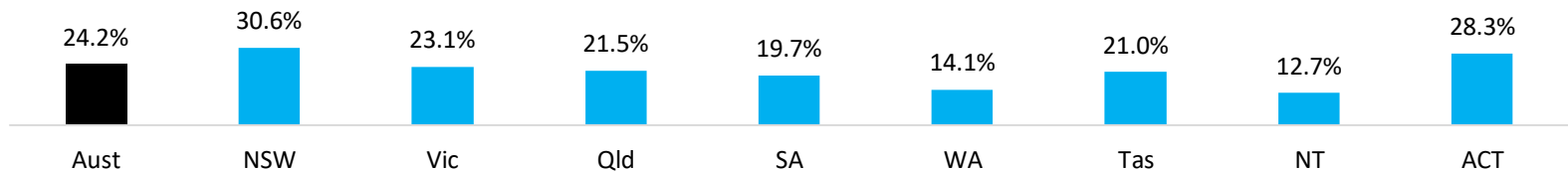


# The trend of declining investor participation has been fairly uniform across the states, with a recent lift apparent in QLD, NSW and TAS

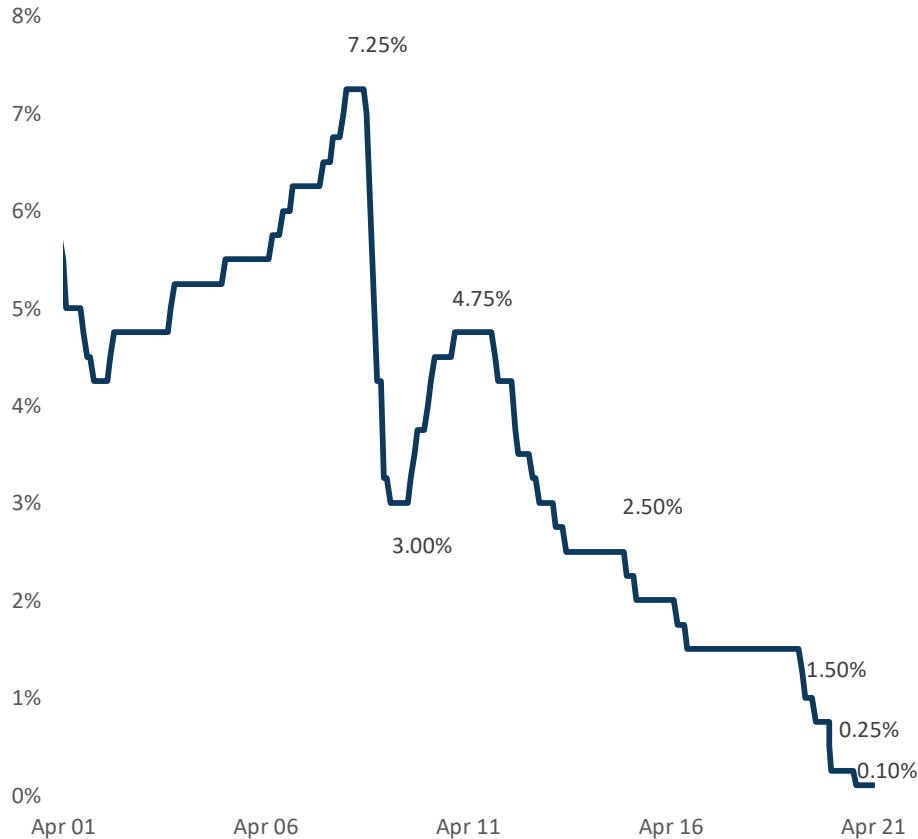
Investors as a portion of total value of lending (excluding refinancing)



Investors as a % of housing finance commitments by state



## RBA Cash Rate



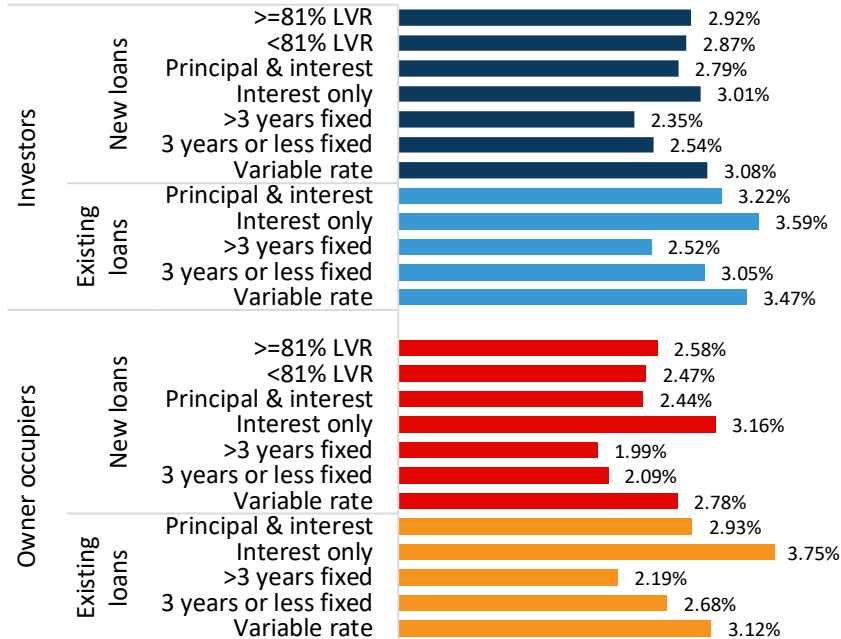
The RBA held rates at 0.1% through April, and reiterated messaging that rates could stay low until 2024

*"The Board is committed to maintaining highly supportive monetary conditions until its goals are achieved. The Board will not increase the cash rate until actual inflation is sustainably within the 2 to 3 per cent target range. For this to occur, wages growth will have to be materially higher than it is currently. This will require significant gains in employment and a return to a tight labour market. The Board does not expect these conditions to be met until 2024 at the earliest."* - Statement by Philip Lowe on Monetary Policy Decision, 2nd of March 2020.

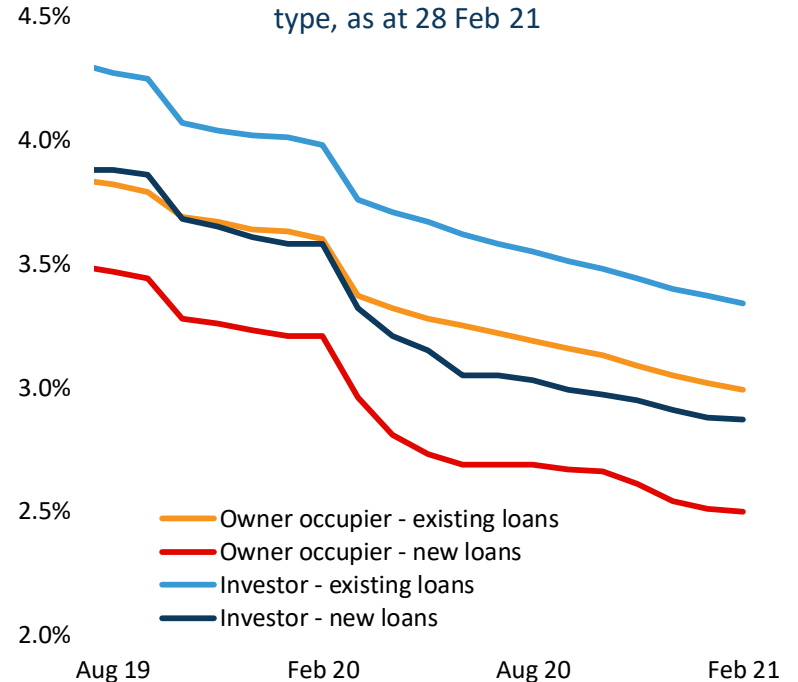
# Low mortgage rates are likely to continue to support housing demand:

*Average housing lending rates for new loans have declined 71 basis points for owner occupiers, and 71 basis points for investors through the year to February*

Average borrowing costs by borrower and loan type, as at 28 Feb 21



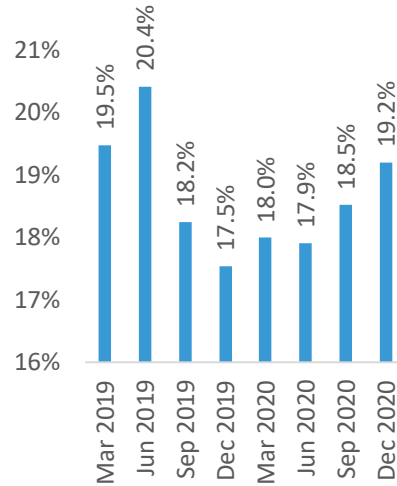
Average borrowing costs by borrower and loan type, as at 28 Feb 21



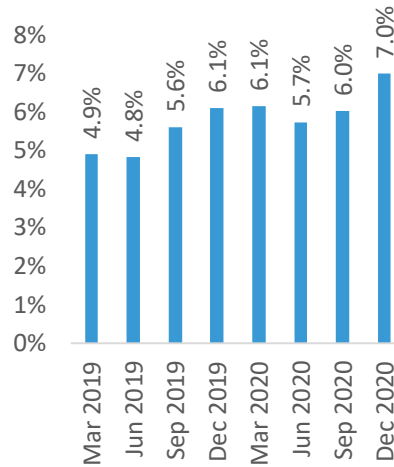
# Could we see another round of credit tightening?

*Riskier types of lending are rising, but probably not enough to trigger a regulatory response yet.... regulators and policy makers are likely to be watchful for any signs of slippage in lending standards.*

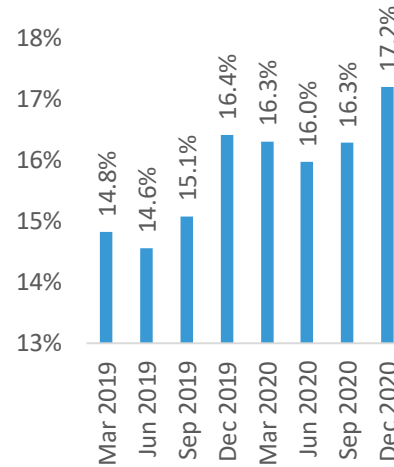
% of loans on interest only terms



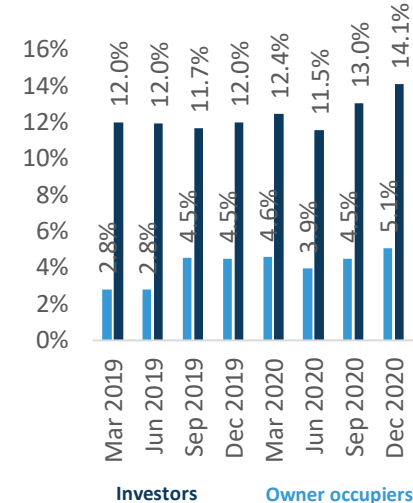
% of loans originated with a LTI ratio >=6x



% of loans originated with a DTI ratio >=6x



% of loans originated with an LVR >=90%







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