

February 2022

Monthly Housing Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.7 Trillion



AUSTRALIAN SUPERANNUATION

\$3.4 Trillion



AUSTRALIAN LISTED STOCKS

\$3.0 Trillion



COMMERCIAL REAL ESTATE

\$1.1 Trillion

NUMBER OF DWELLINGS

10.7 Million

OUTSTANDING MORTGAGE DEBT

\$2.0 Trillion

HOUSEHOLD WEALTH HELD IN HOUSING

55.6%

TOTAL SALES P.A.

651,667

GROSS VALUE OF SALES P.A.

\$508.4 Billion

Australian dwelling values

Overview

3 MONTHS

↑ **3.4%**

National home values rose 3.4% in the three months to January, which has eased from a recent peak of 7.0% in the three months to May 2021.

12 MONTHS

↑ **22.4%**

Dwelling values in Australia are 22.4% higher over the past 12 months, which is a new cyclical high.

CAPITAL CITIES

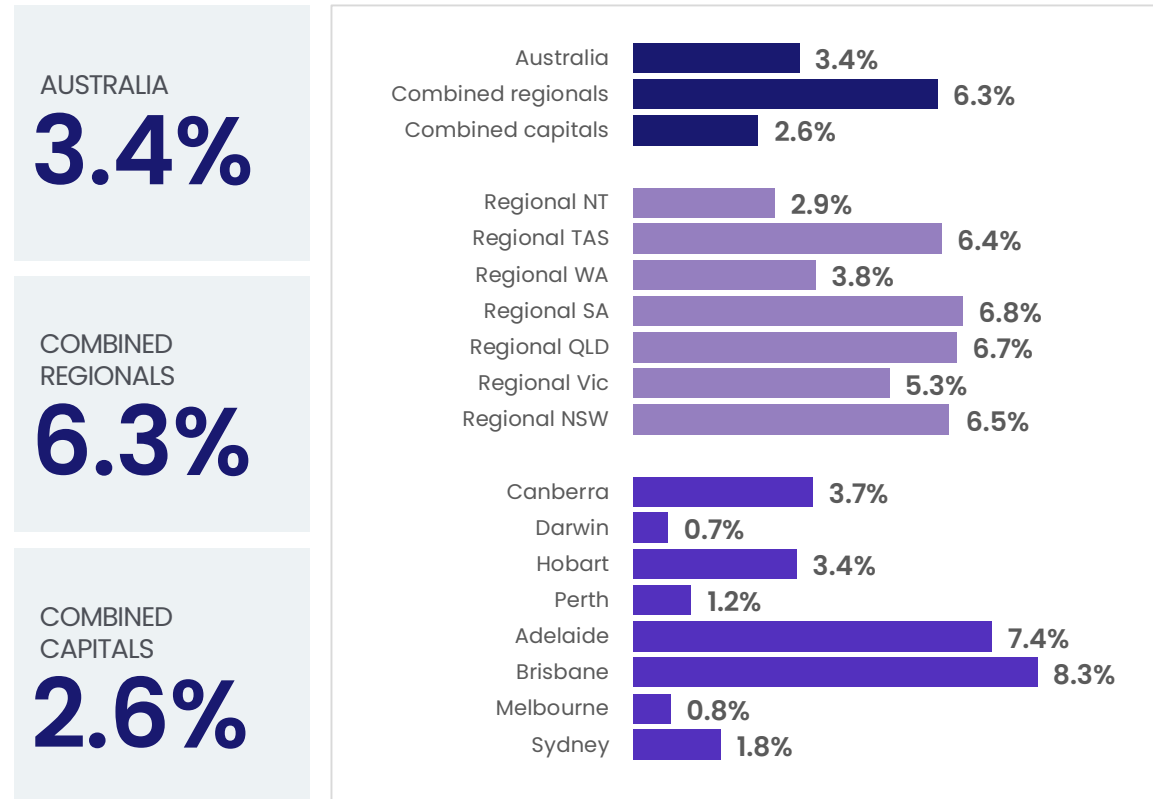
Lower value segments now leading growth

In the three months to January, capital city homes saw the top 25% of values rise 1.9%, compared to 3.5% across the lowest 25% of values.

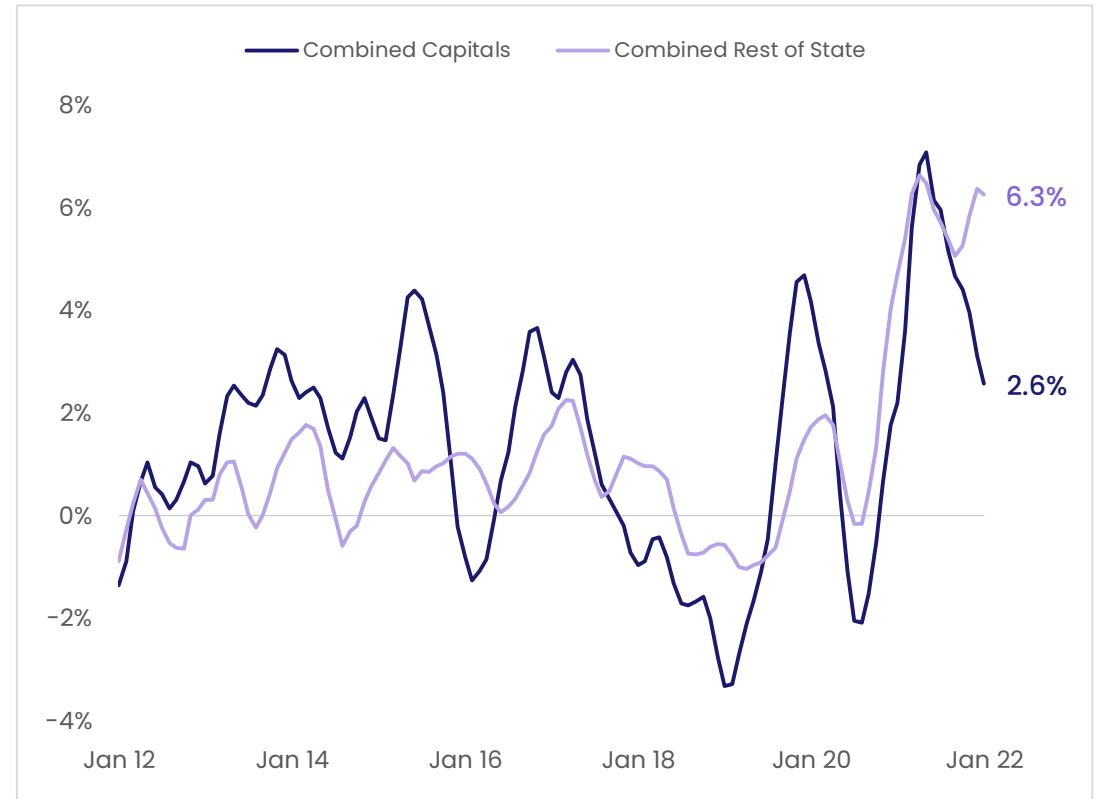
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to January 2022



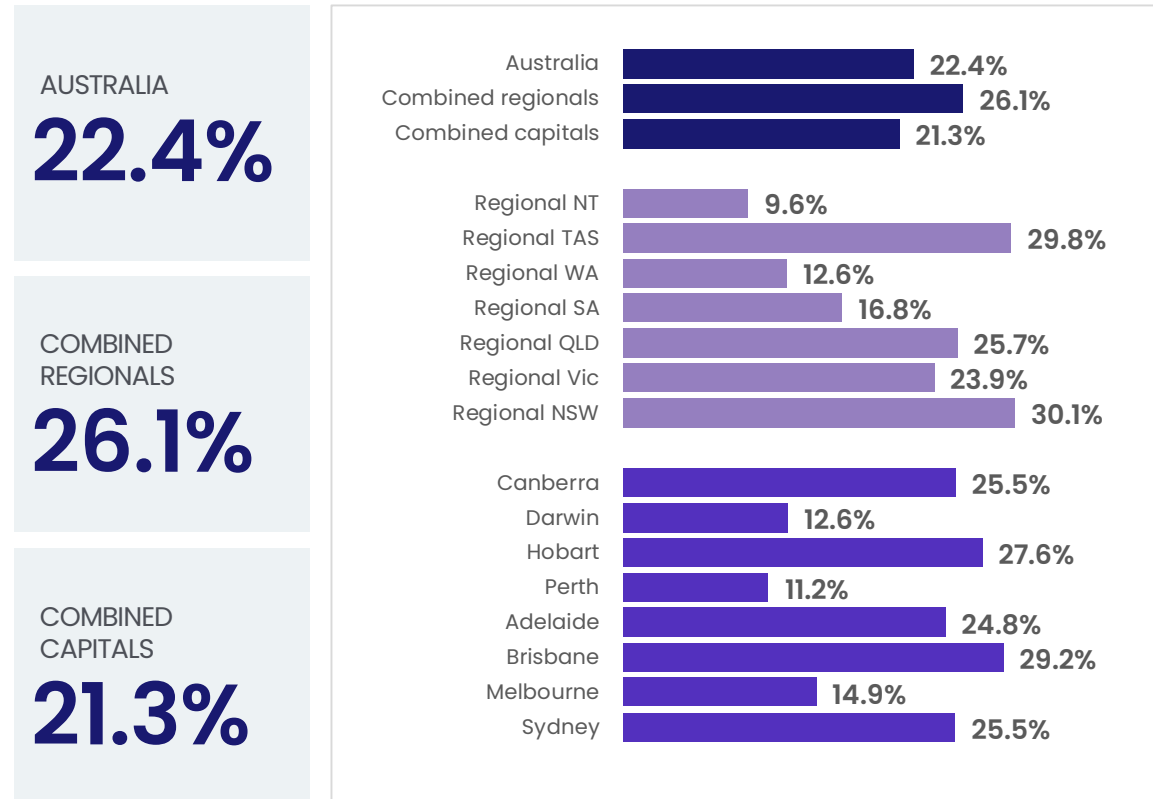
Rolling quarterly change in dwelling values



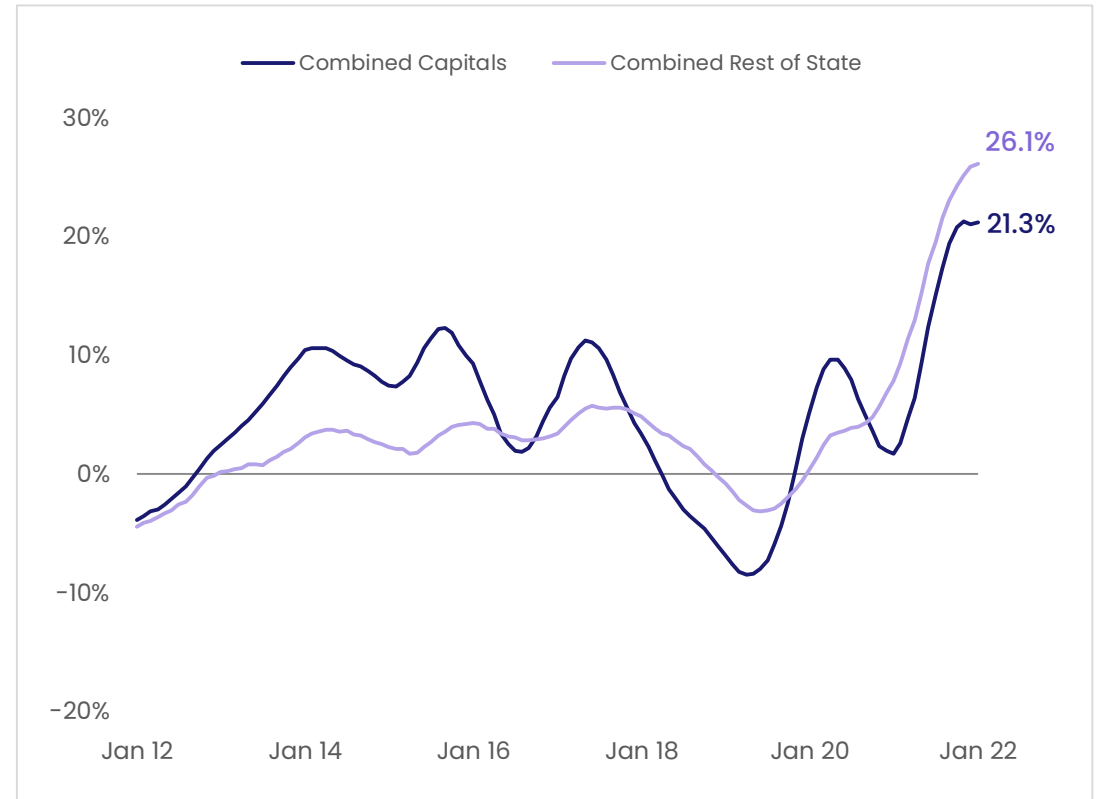
AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to January 2022



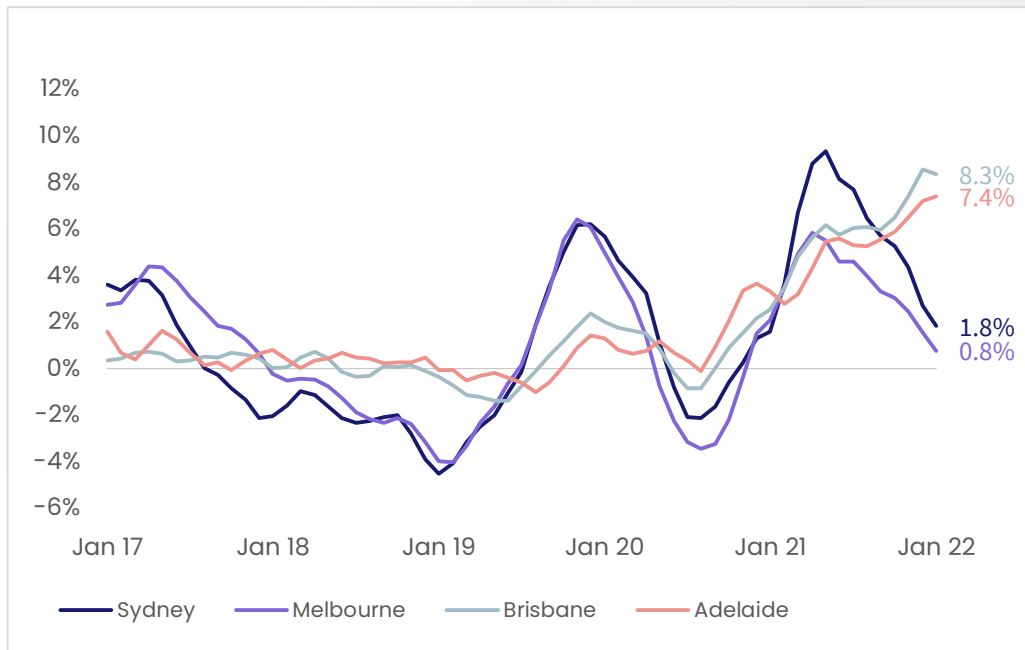
Rolling annual change in dwelling values



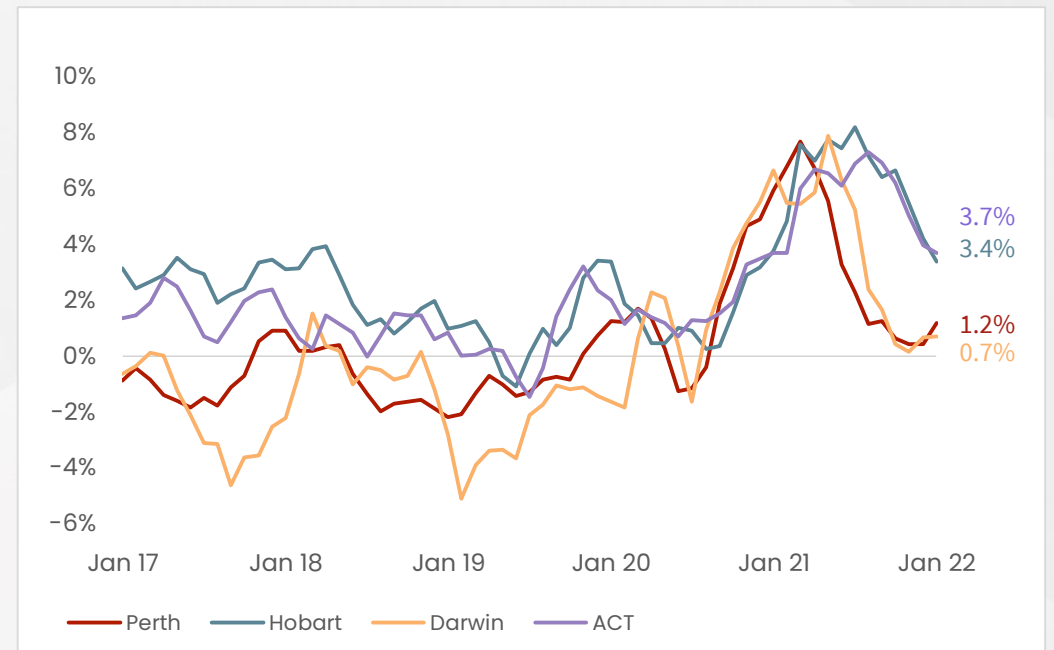
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings



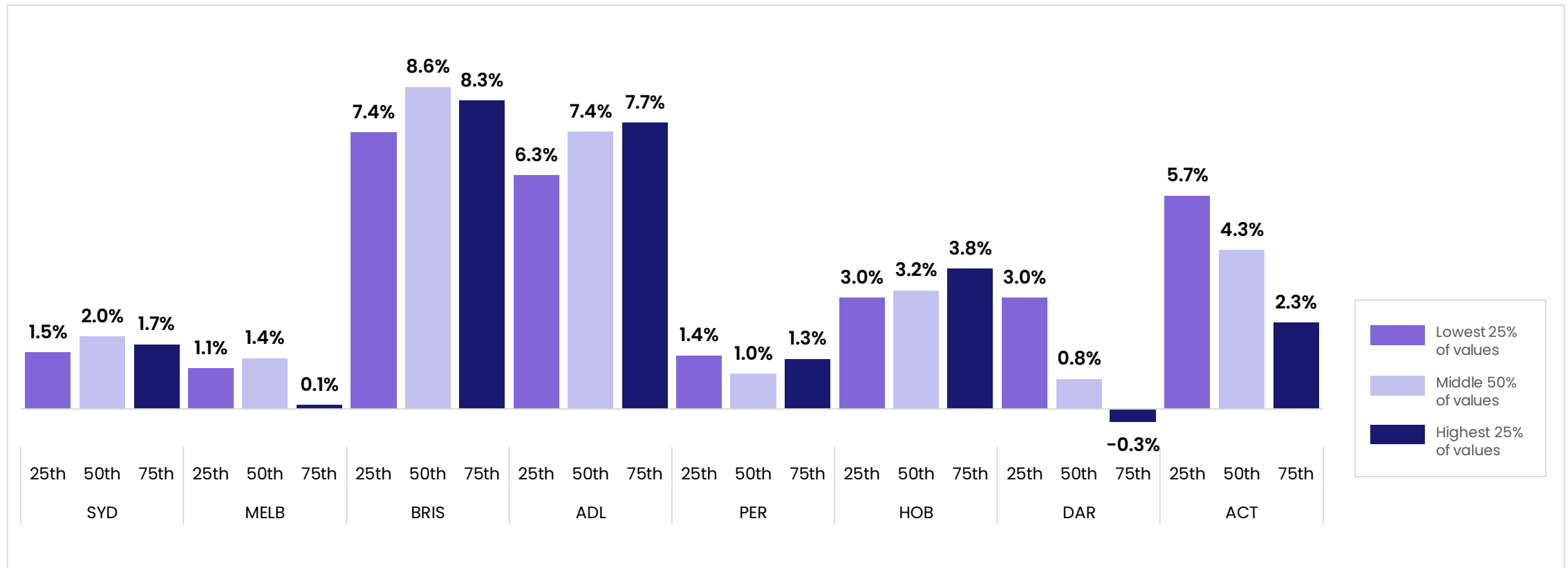
Rolling quarterly change in values, dwellings



AUSTRALIAN DWELLING VALUES

Capital cities

Quarterly growth in stratified hedonic dwellings index (3 months to January)



Housing cycles

Capital cities

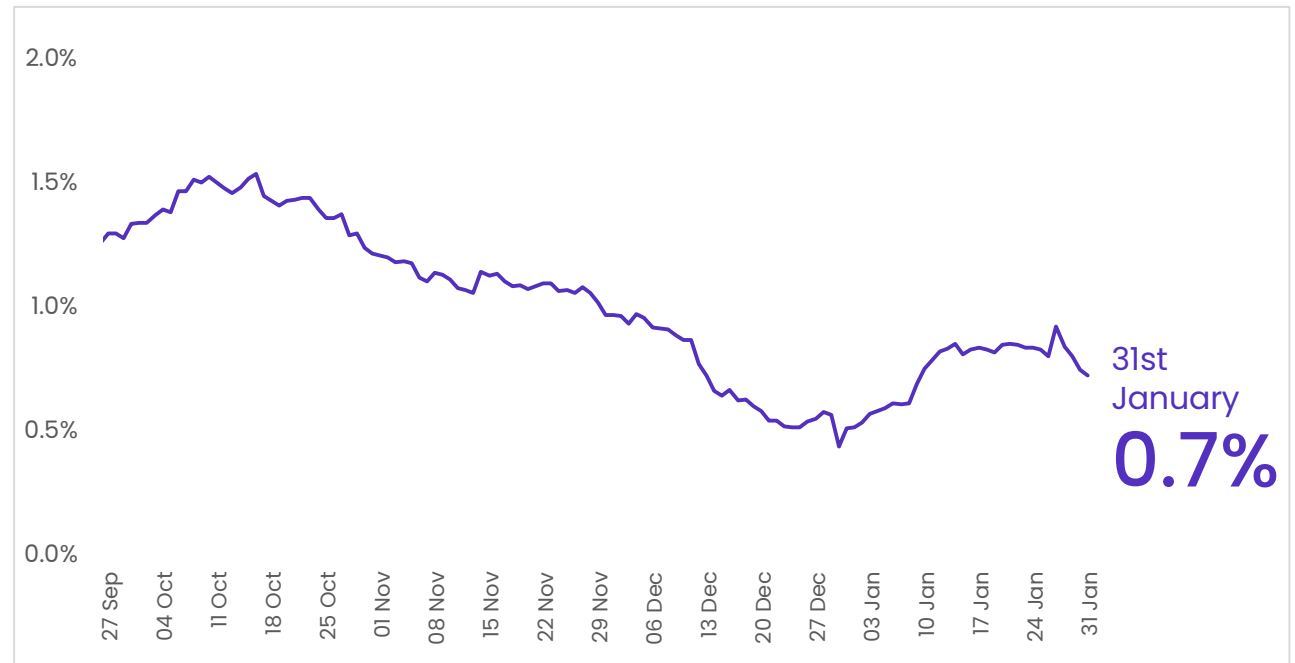


Rolling 28-day growth rate in CoreLogic Daily Home Value index

The 28-day change in the hedonic home value index saw some buoyancy through January.

Market conditions over the start of 2022 may have been accelerated by social distancing restrictions being eased toward the end of 2021, and a sense of urgency to buy amid the prospect of rising mortgage rates.

Combined capital cities



HOUSING CYCLES

Sydney

In **January** Sydney dwelling values rose by

0.6%

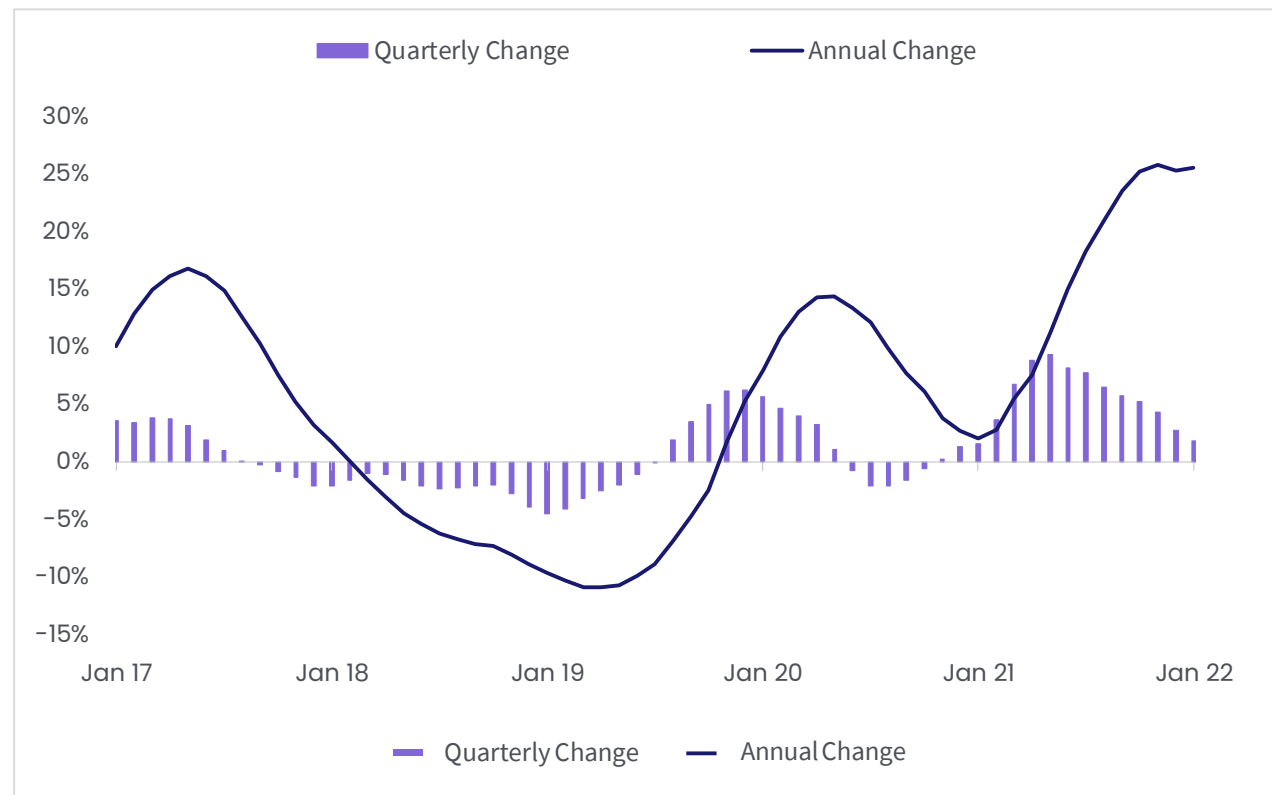
Over the **quarter** dwelling values increased by

1.8%

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

25.5%

Sydney dwelling values are currently at a record high



HOUSING CYCLES

Melbourne

In **January** Melbourne dwelling values fell by

0.2%

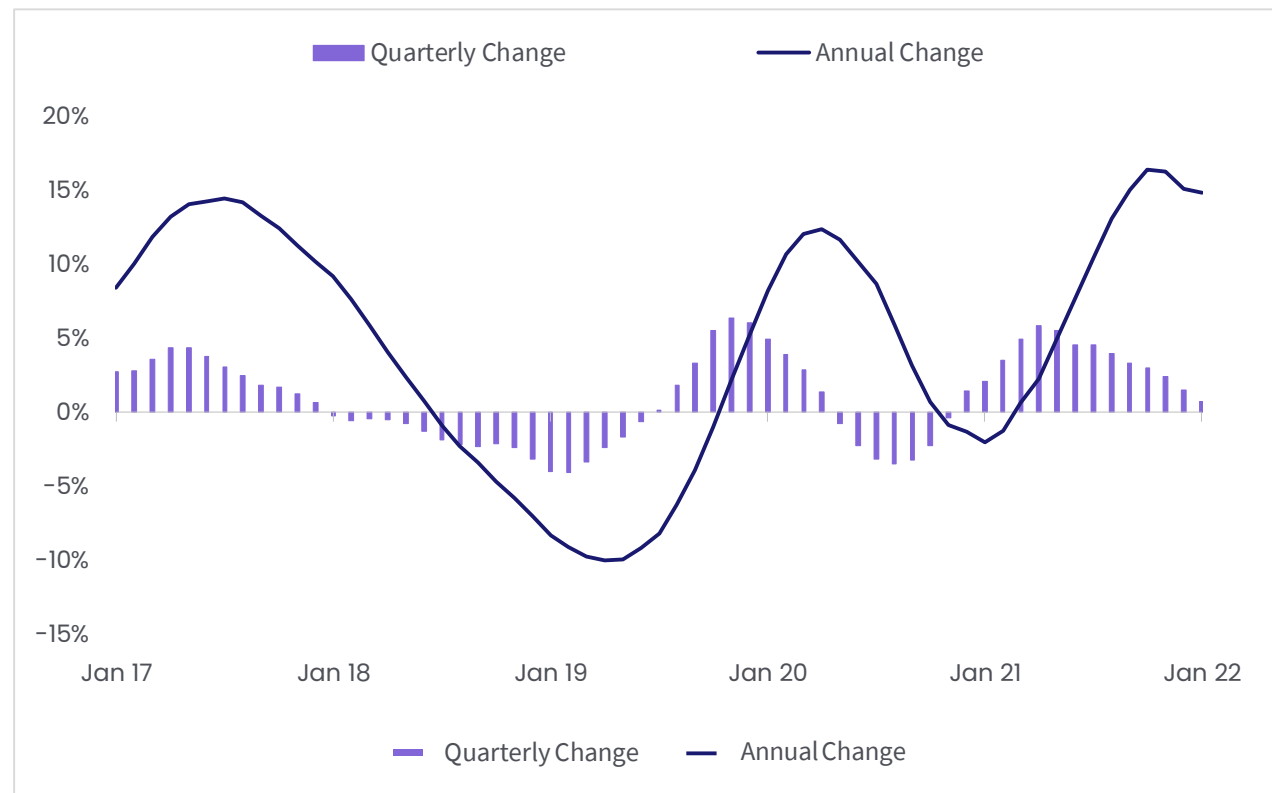
Over the **quarter** dwelling values increased by

0.8%

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

14.9%

Melbourne dwelling values are currently at a record high



HOUSING CYCLES

Brisbane

In **January** Brisbane dwelling values rose by

2.3%

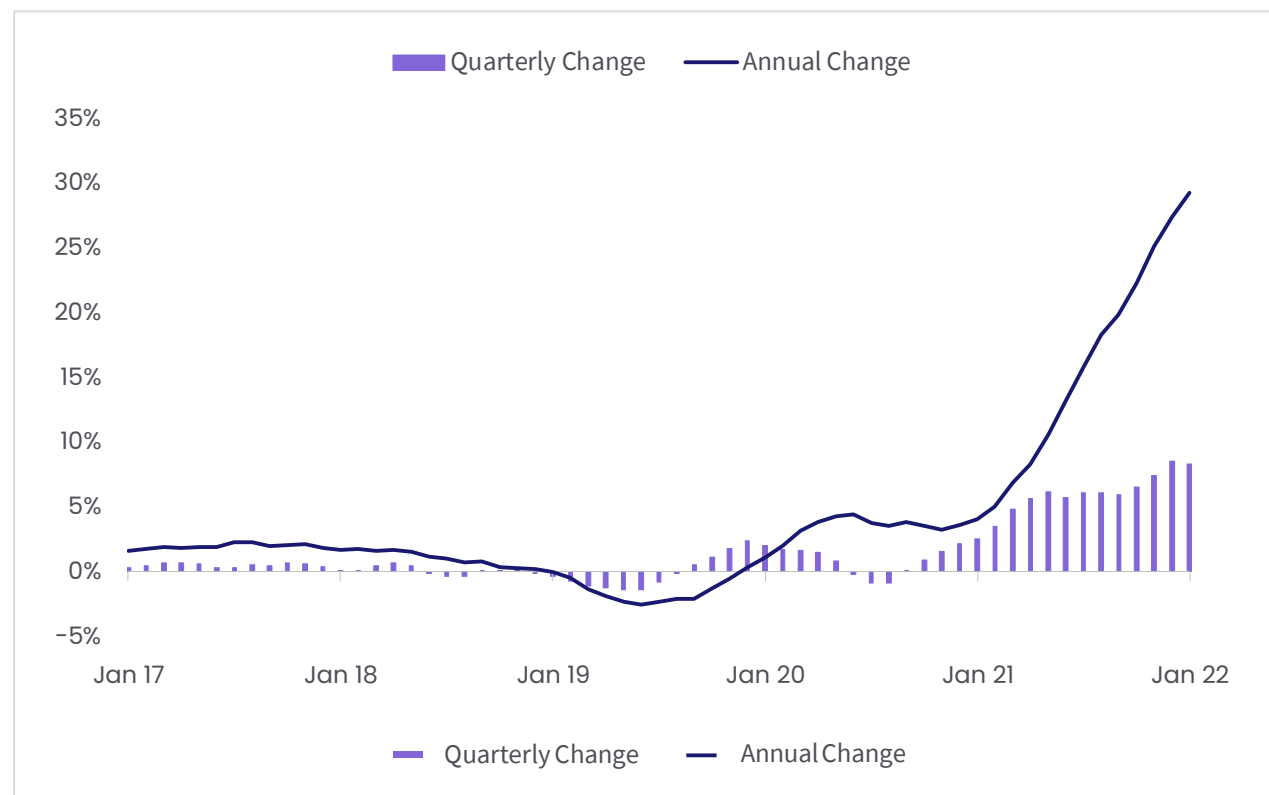
Over the **quarter** dwelling values increased by

8.3%

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

29.2%

Brisbane dwelling values are currently at a record high



HOUSING CYCLES

Adelaide

In **January** Adelaide dwelling values rose by

2.2%

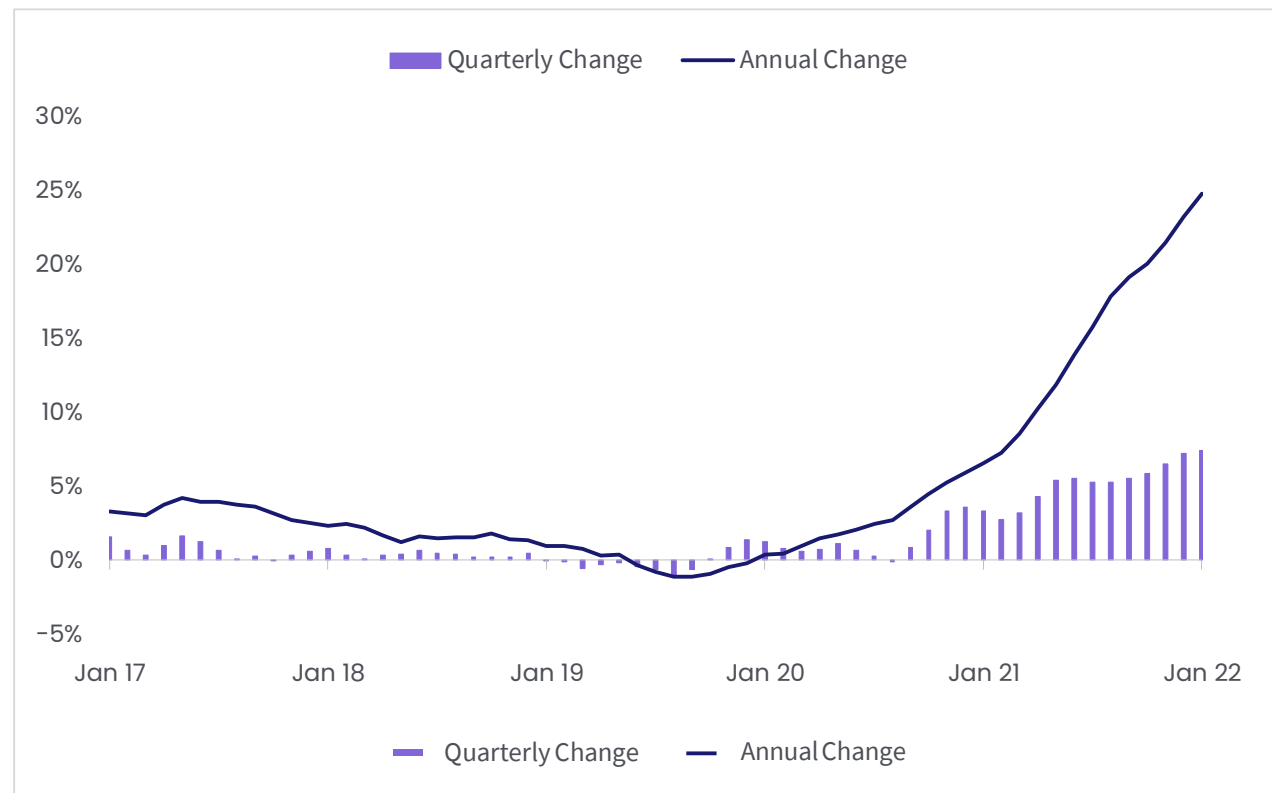
Over the **quarter** dwelling values increased by

7.4%

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

24.8%

Adelaide dwelling values are currently at a record high



HOUSING CYCLES

Perth

In **January** Perth dwelling values rose by

0.6%

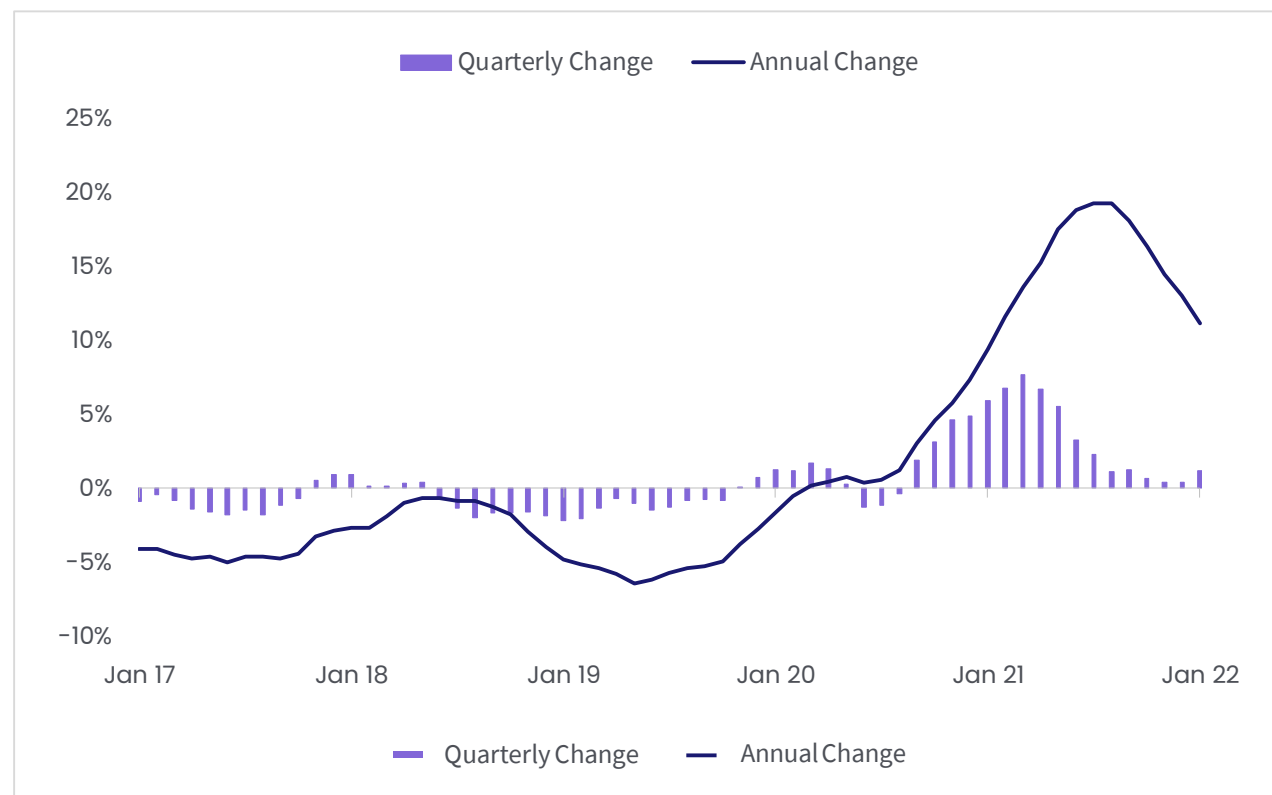
Over the **quarter** dwelling values increased by

1.2%

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

11.2%

Perth dwelling values are now -1.4% below the record high, which was in June 2014



HOUSING CYCLES

Hobart

In **January** Hobart dwelling values rose by

1.2%

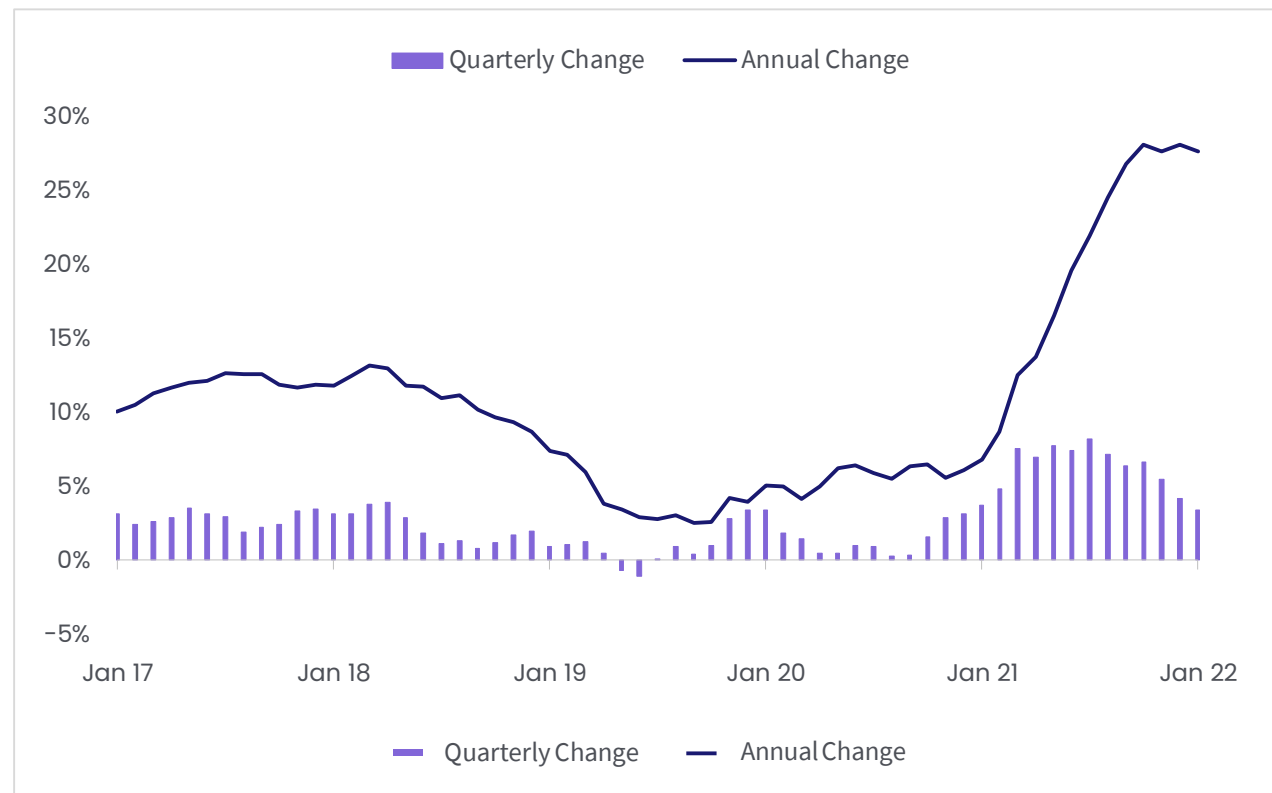
Over the **quarter** dwelling values increased by

3.4%

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

27.6%

Hobart dwelling values are currently at a record high



HOUSING CYCLES

Darwin

In **January** Darwin dwelling values fell by

0.5%

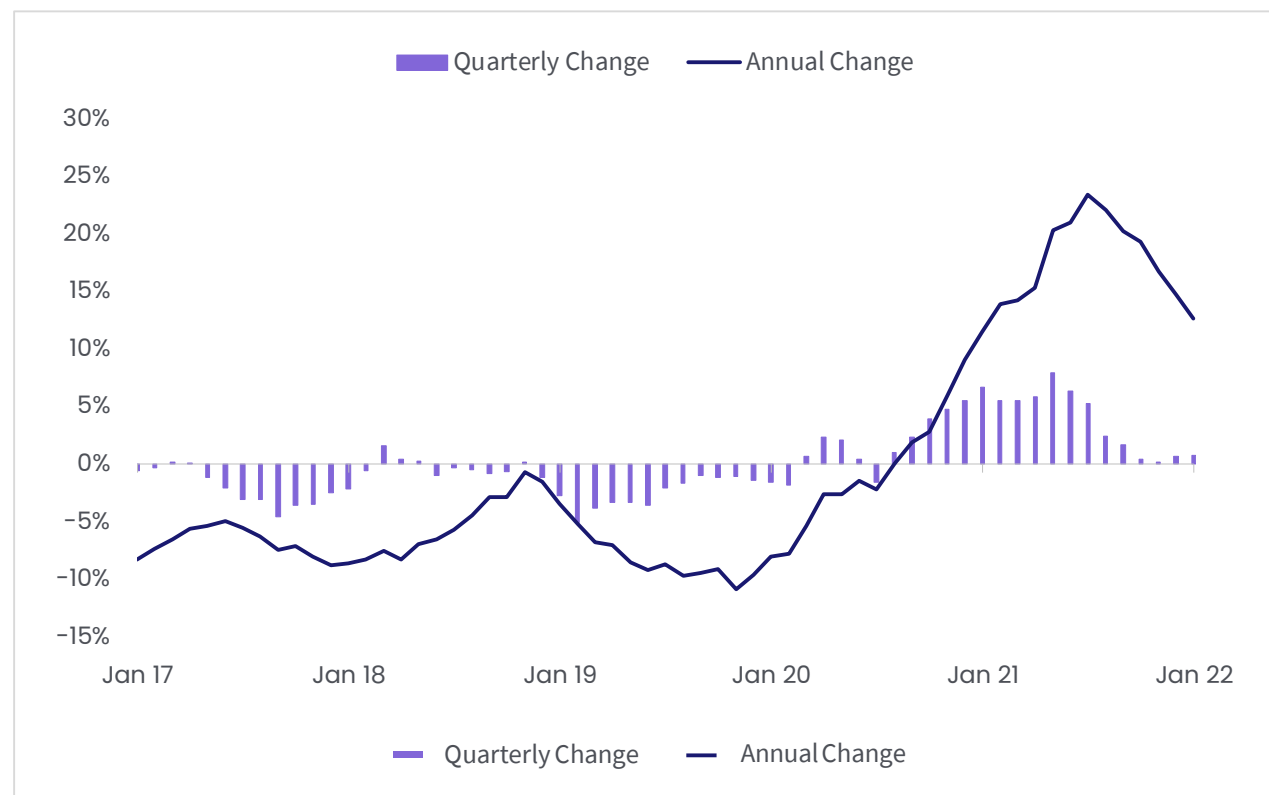
Over the **quarter** dwelling values increased by

0.7%

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

12.6%

Darwin dwelling values are -14.4% below the record high, which was in May 2014



HOUSING CYCLES

Canberra

In **January** Canberra dwelling values rose by

1.7%

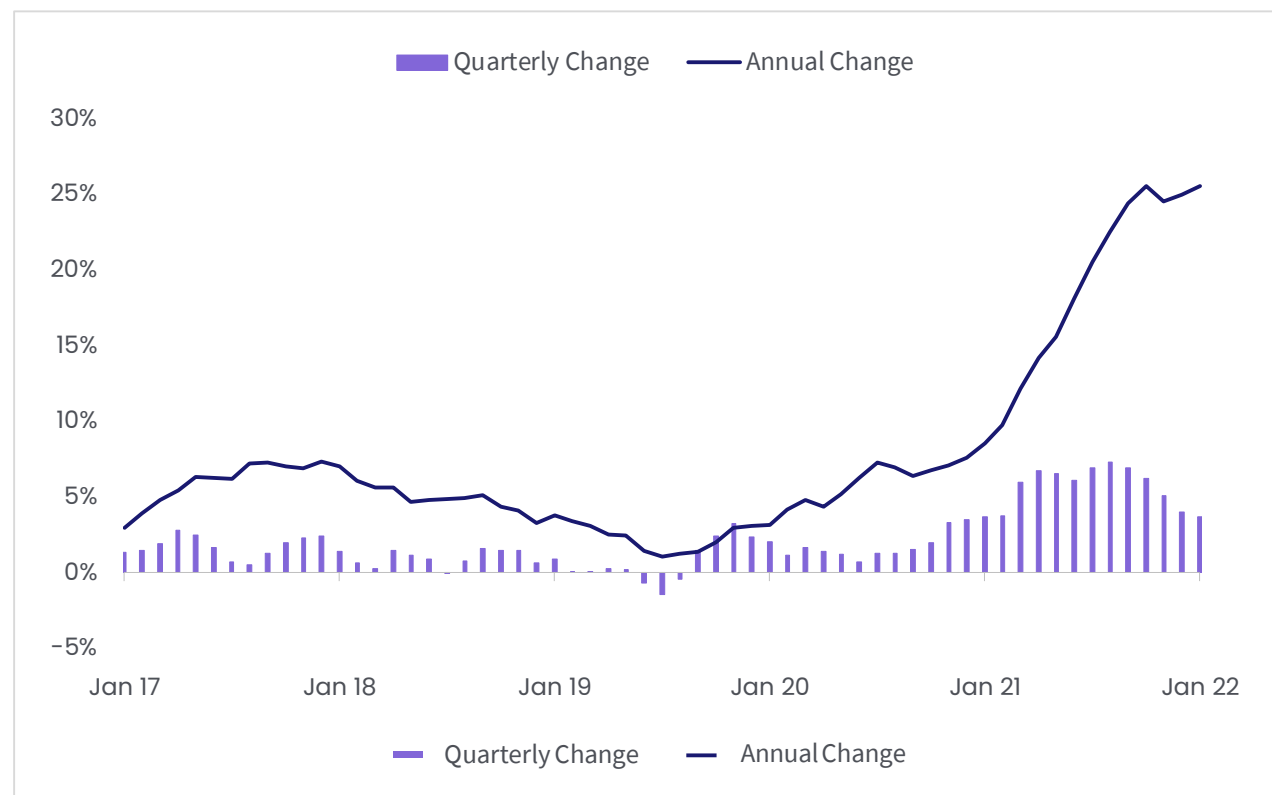
Over the **quarter** dwelling values increased by

3.7%

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

25.5%

Canberra dwelling values are currently at a record high



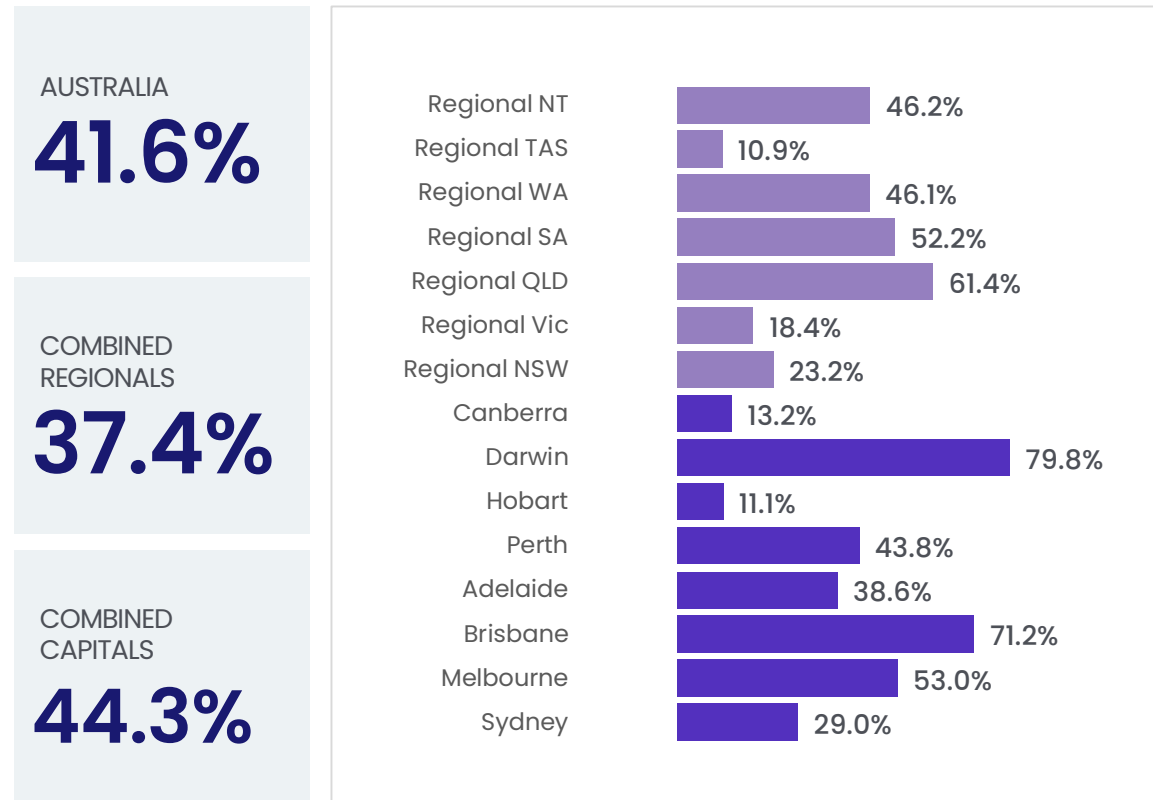
Sales and listings



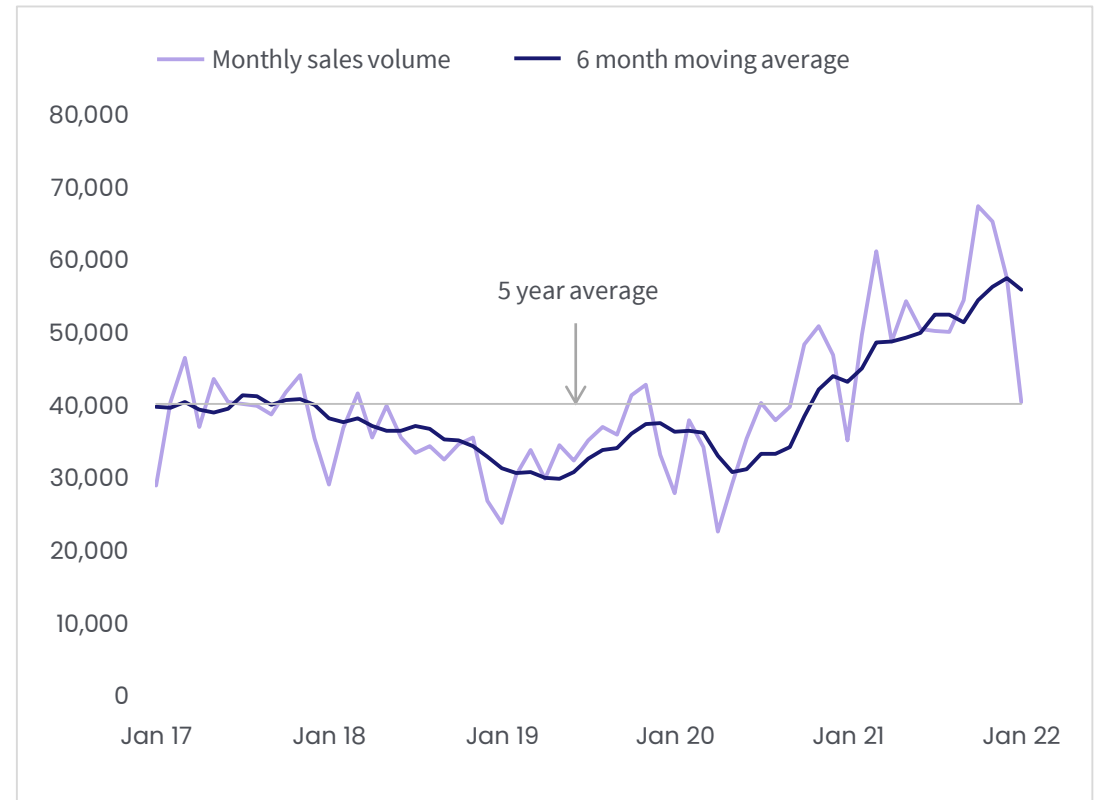
NATIONAL SALES

Sales volumes rose 41.6% in the 12 months to January, to an estimated record high of 651,667. Transaction volumes through the *month* of January saw a seasonal slowdown, but were estimated to be 39.4% above the previous five-year January average, at 40,560.

Change in sales volumes, twelve months to January 2022



Monthly sales with six month moving average, National

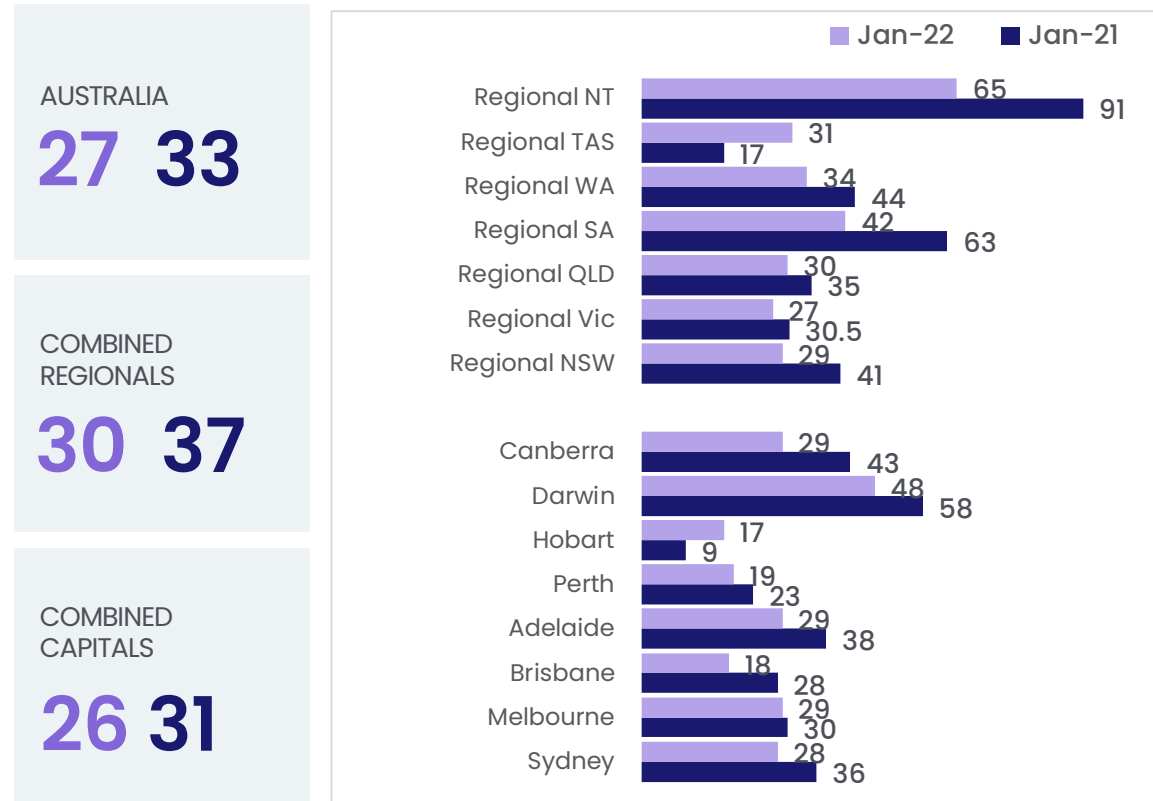


Note: recent months of sales volumes are modelled estimates, and are subject to revision

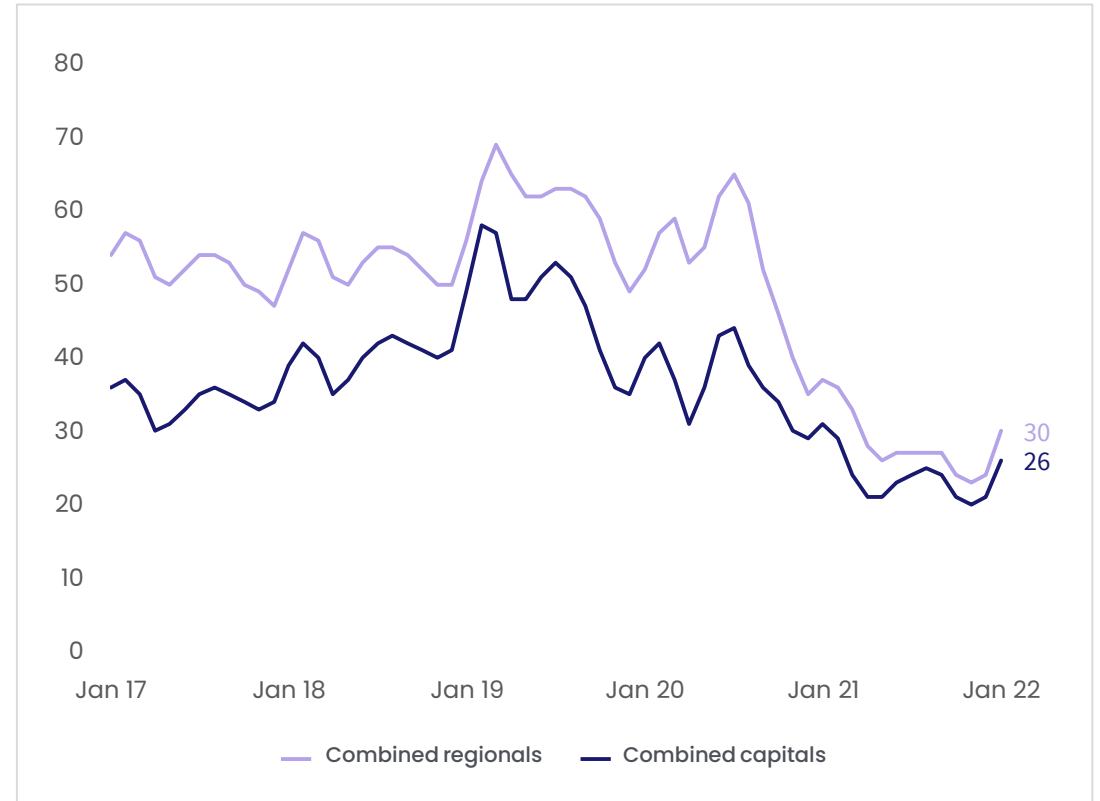
MEDIAN DAYS ON MARKET

At the national level, median days on market rose slightly from a recent low of 21 days in the three months to November, however this may in part be due to seasonal effects.

Median days on market – three months to January 2022



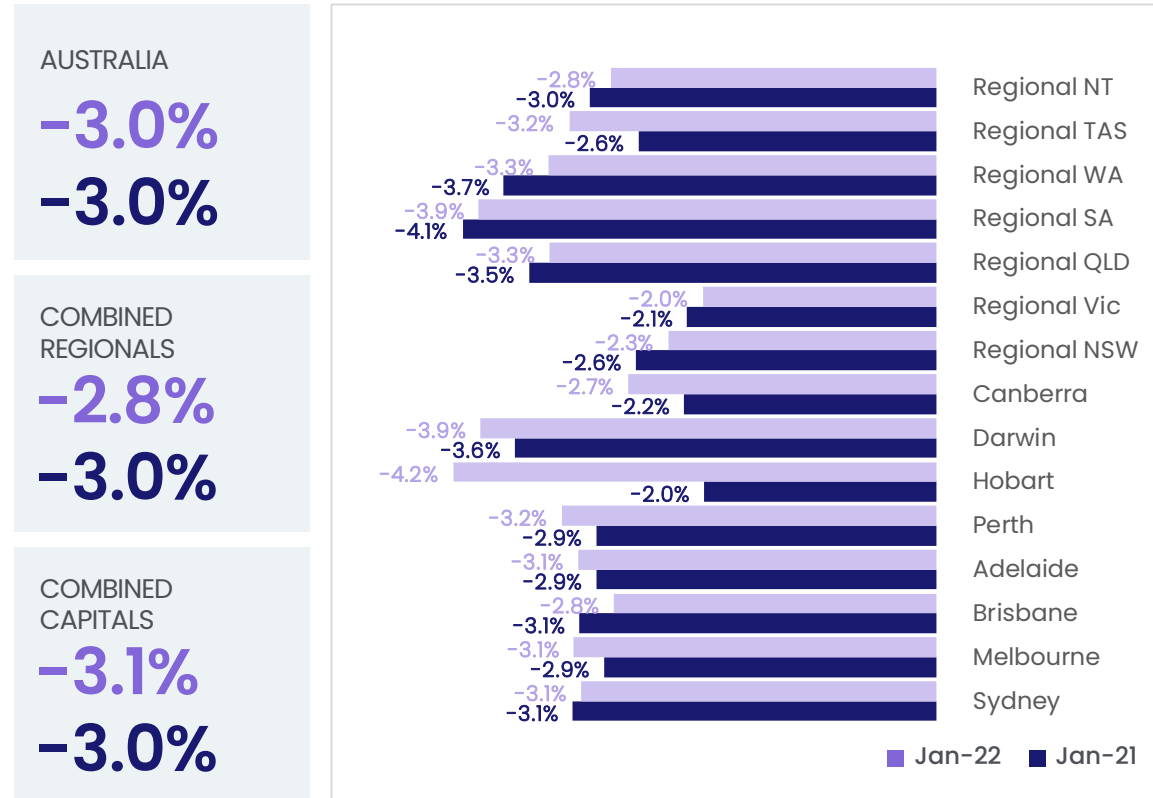
Median days on market



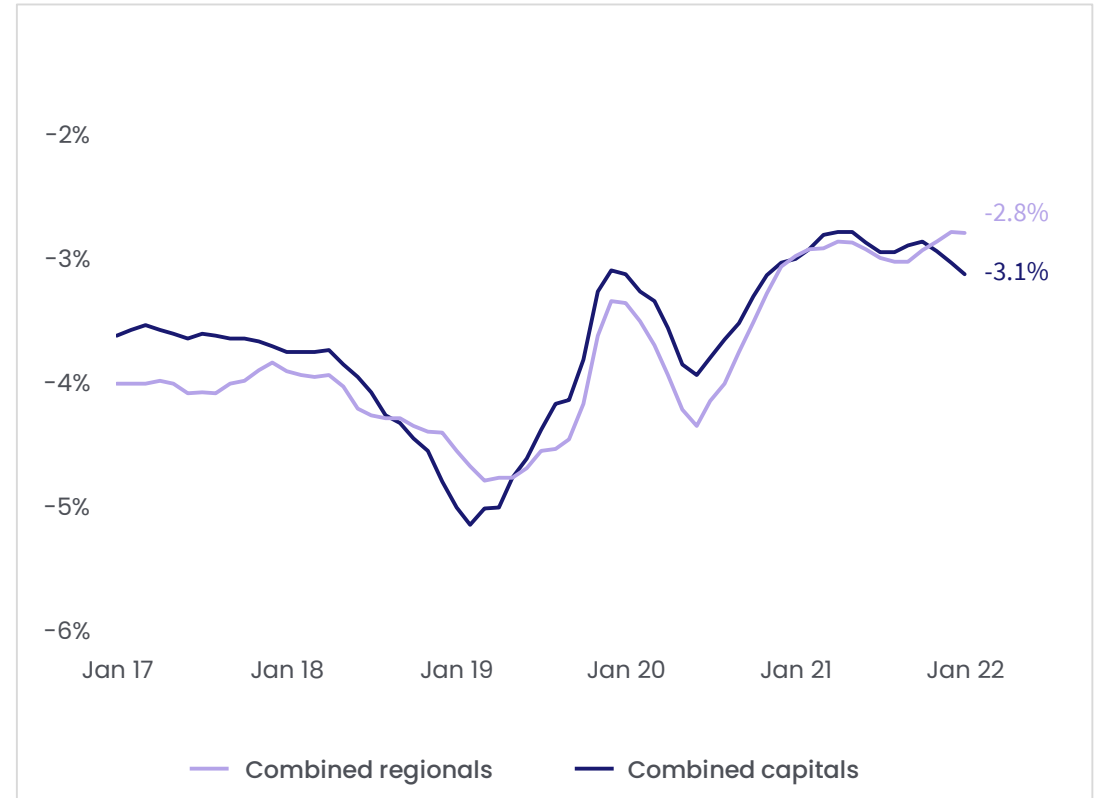
VENDOR DISCOUNT

Discounting levels are around record lows, reflecting strong selling conditions. However, vendor discounting has deepened slightly across the combined capital city market in recent months.

Median vendor discount – three months to January 2022



Median vendor discount



LISTINGS

At the national level, the four weeks to January 30th saw new listings trend 5.7% higher than the equivalent period of 2021.

Number of new listings, National Dwellings

New listings over the 4 weeks ending 30 Jan

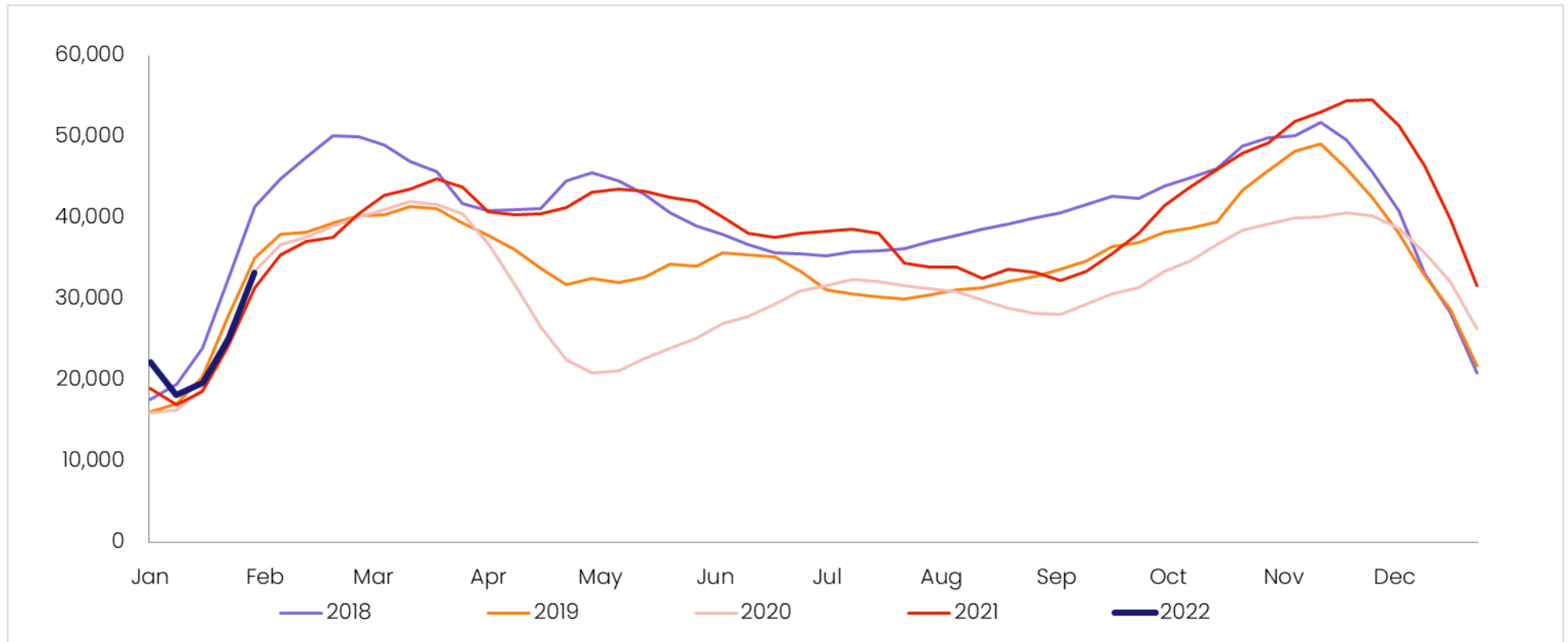
33,160

Compared to same time last year

+5.7%

Compared to 5-year average

-7.1%



LISTINGS

At the national level, total listings remain well below the average for this time of the year, despite the number of new listings added to the market tracking higher than a year ago. This implies a greater number of sales than new listings added to the market.

Number of total listings, National Dwellings

Total listings over the 4 weeks ending 30 Jan

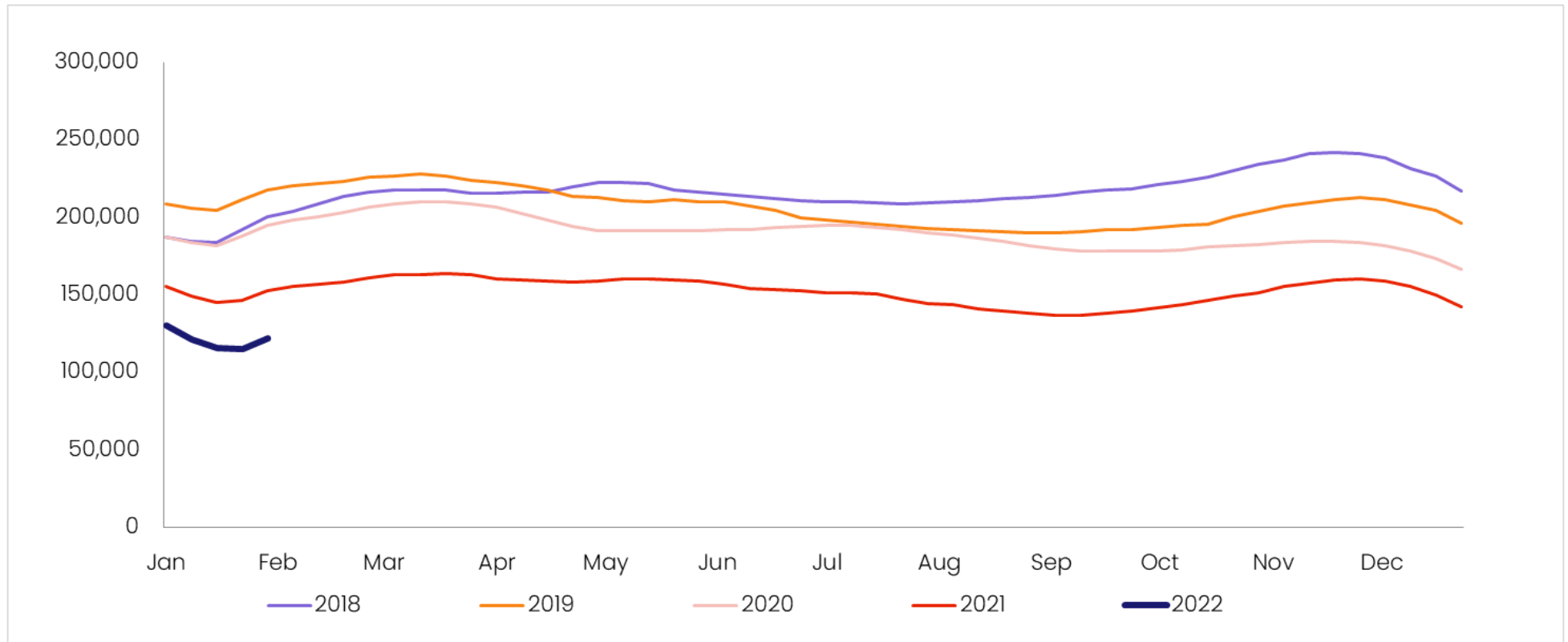
121,909

Compared to same time last year

-20.0%

Compared to 5-year average

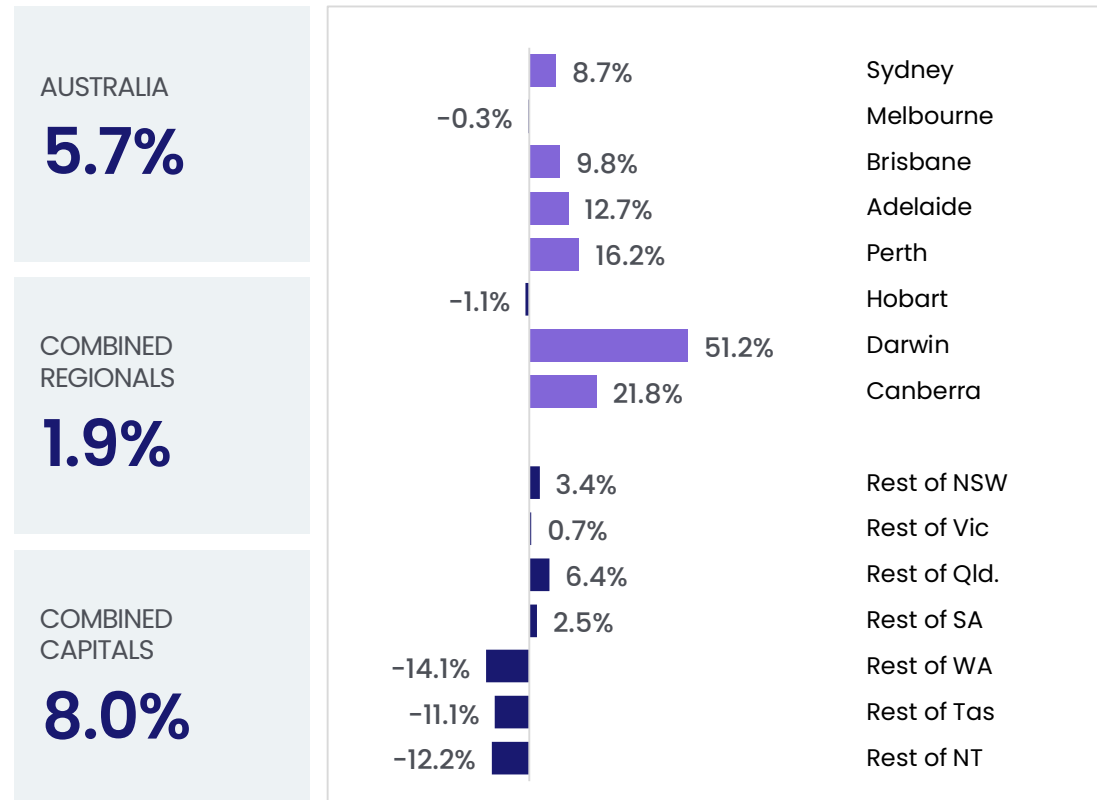
-36.9%



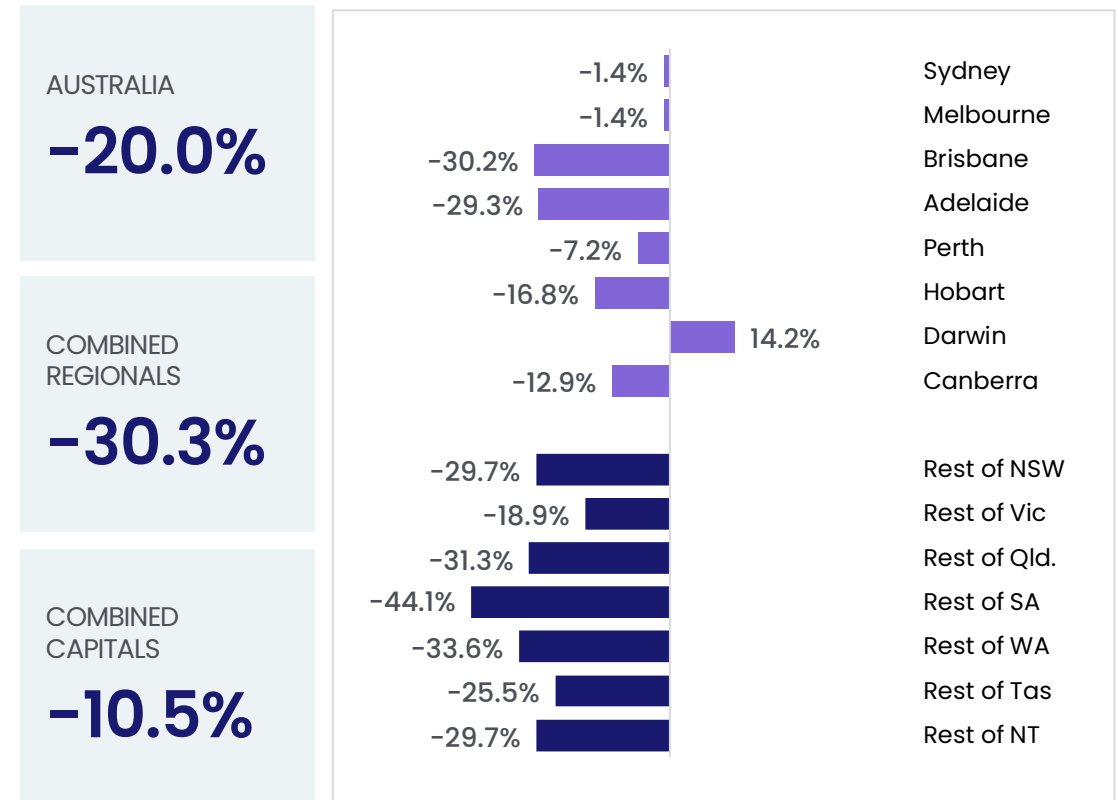
LISTINGS

Total advertised stock levels remain particularly low in regional Australia compared with the combined capital city markets.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

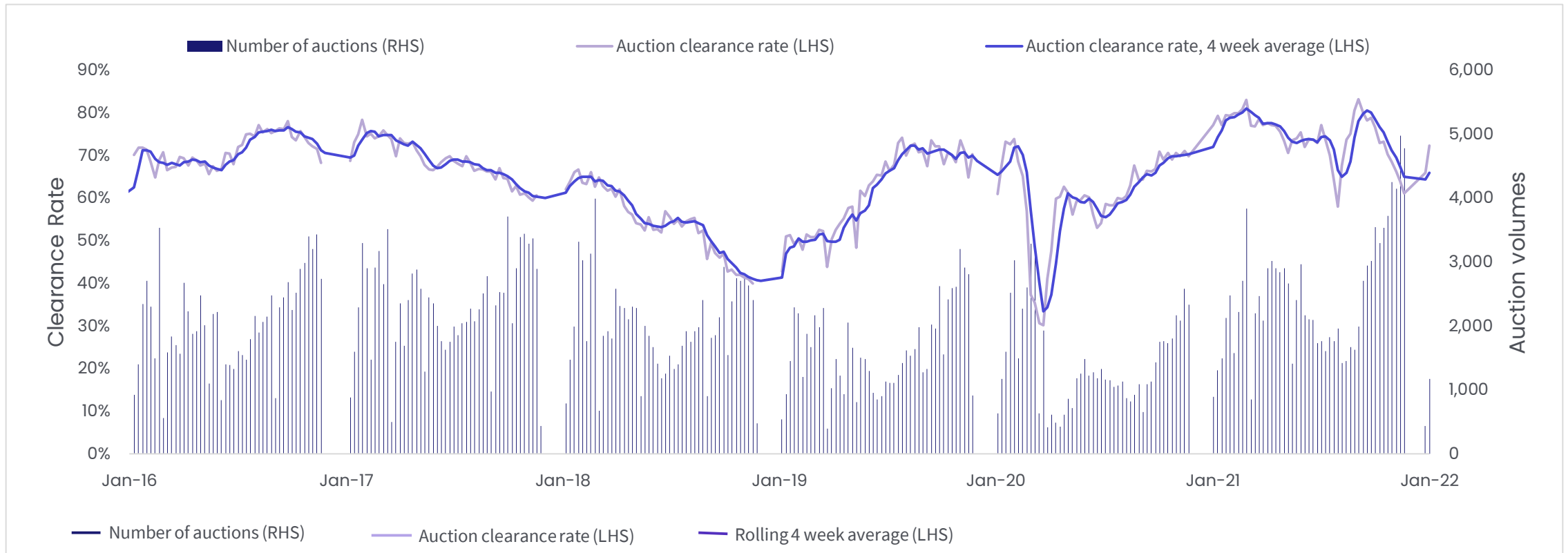


Data is for the four weeks ending 30 Jan

WEEKLY CLEARANCE RATES

Clearance rates have started the year slightly stronger than at the end of 2021, though this may be partly seasonal. So far through January, the final combined capital city clearance rate is 69.6%.

Weekly clearance rates, combined capital cities

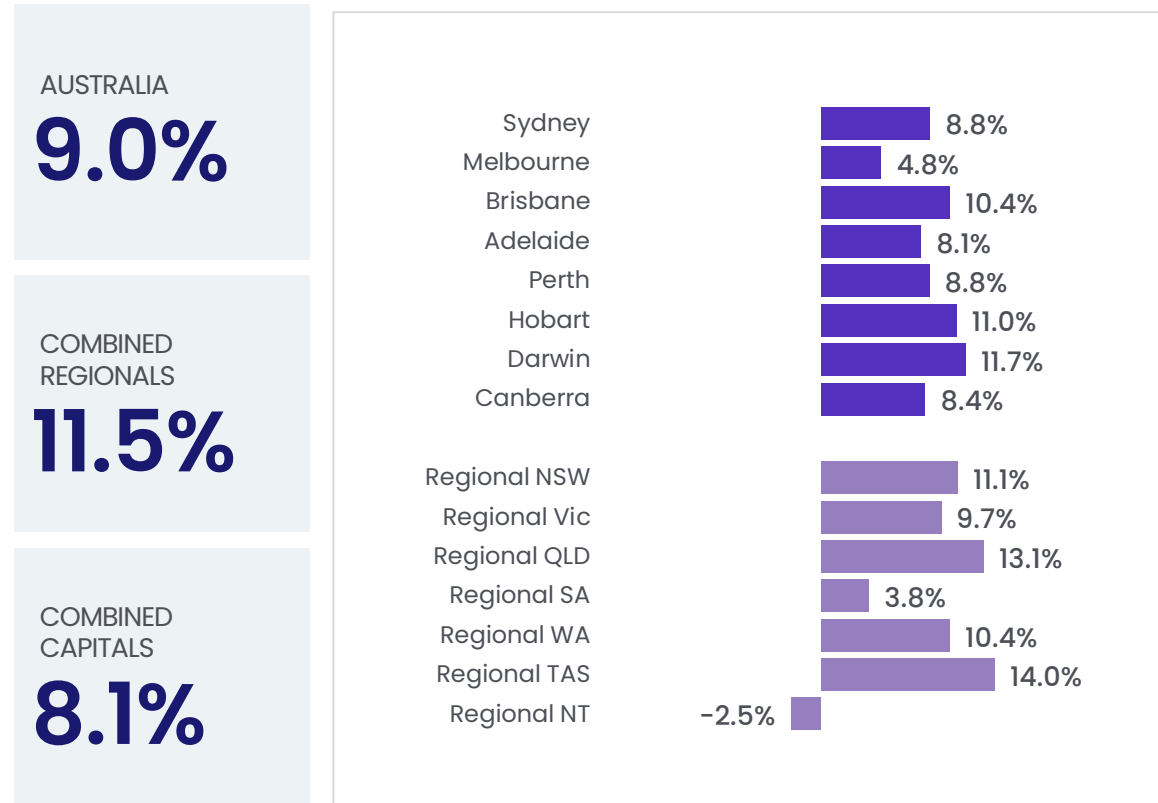


Rental market

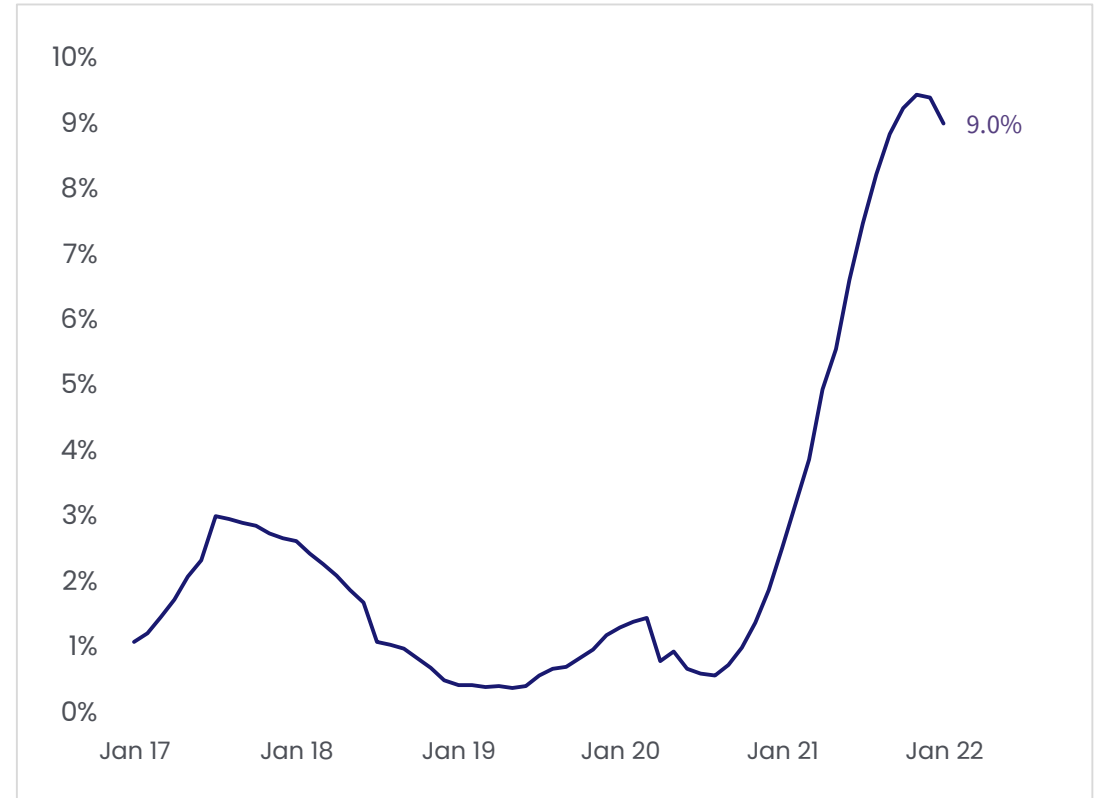
RENTAL RATES

In the year to January, Australian rent values increased 9.0%, which was down from a recent cyclical high of 9.4% in the 12 months to November.

Annual change in rental rates to January 2022



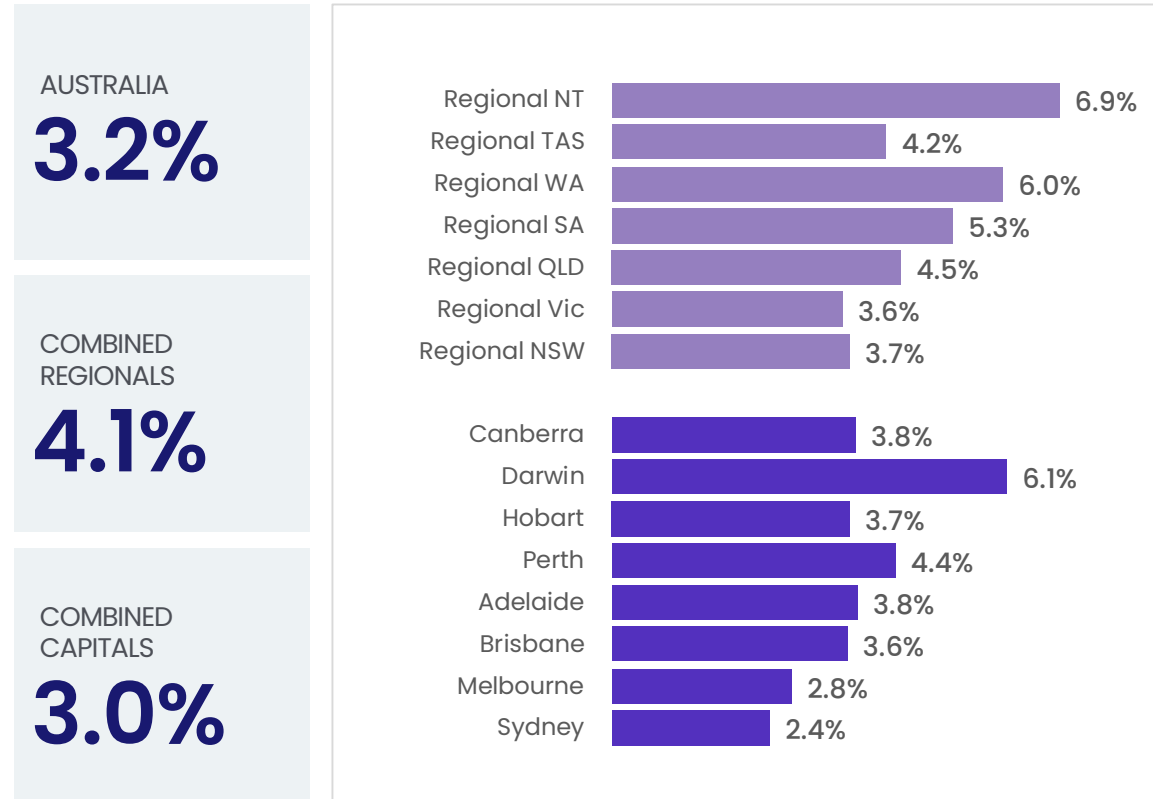
Annual change in rental rates - National



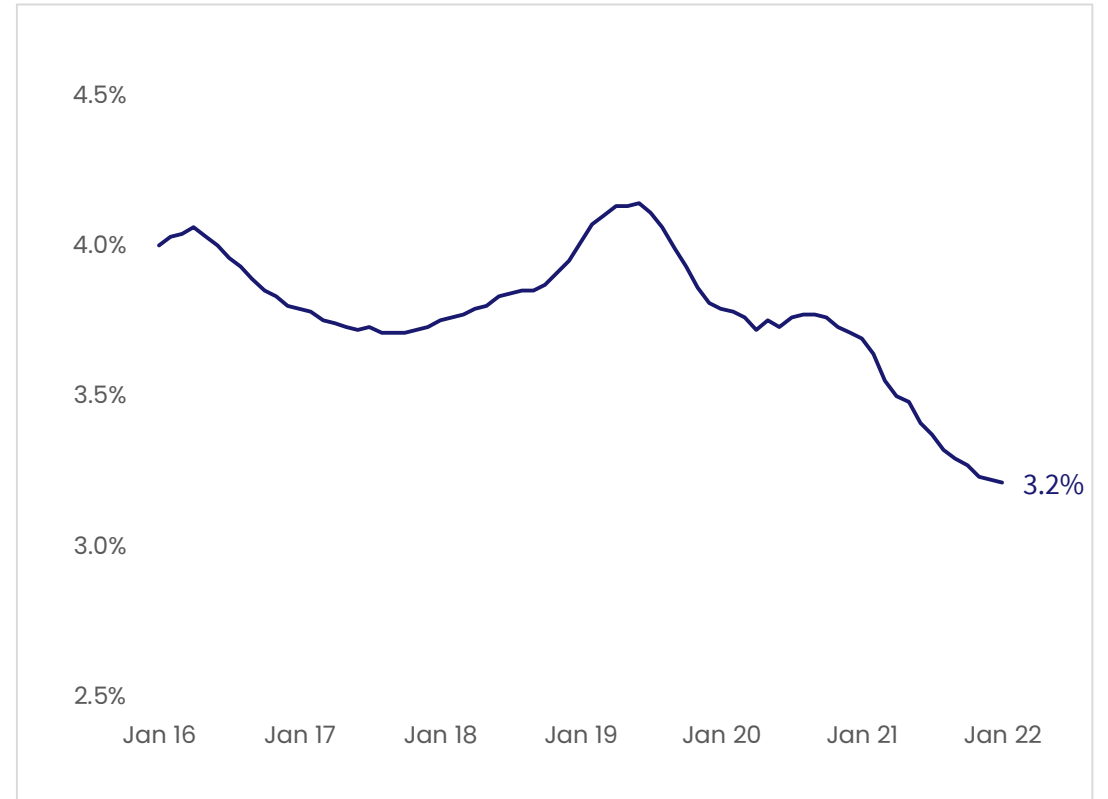
RENTAL YIELDS

Gross rent yields trended to a fresh record low nationally in January, at 3.21%. This is down from 3.7% in January 2021, as capital appreciation continues to outperform growth in rents.

Gross rental yields, January 2022



Gross rental yields

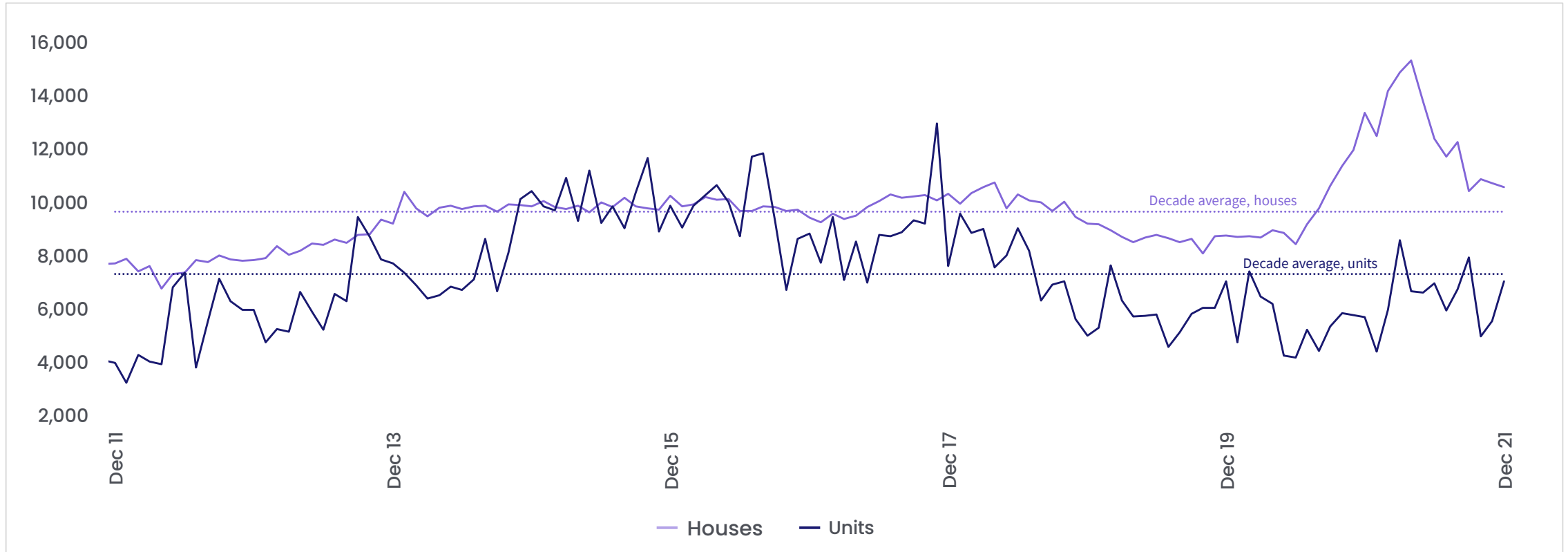


Dwelling approvals & housing credit

DWELLING APPROVALS

Following the expiry of HomeBuilder, house approvals have fallen sharply. Monthly dwelling approvals eased by 28.8% since the recent peak in March, but house approvals remain above the decade average.

Monthly house v unit approvals, National

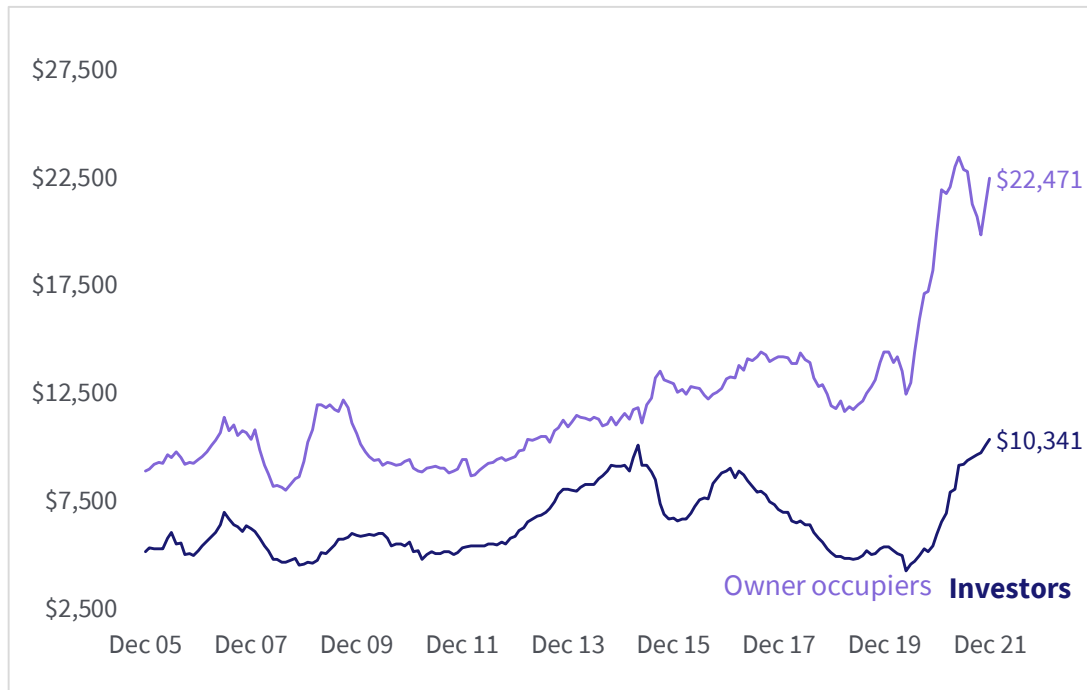


Source: ABS

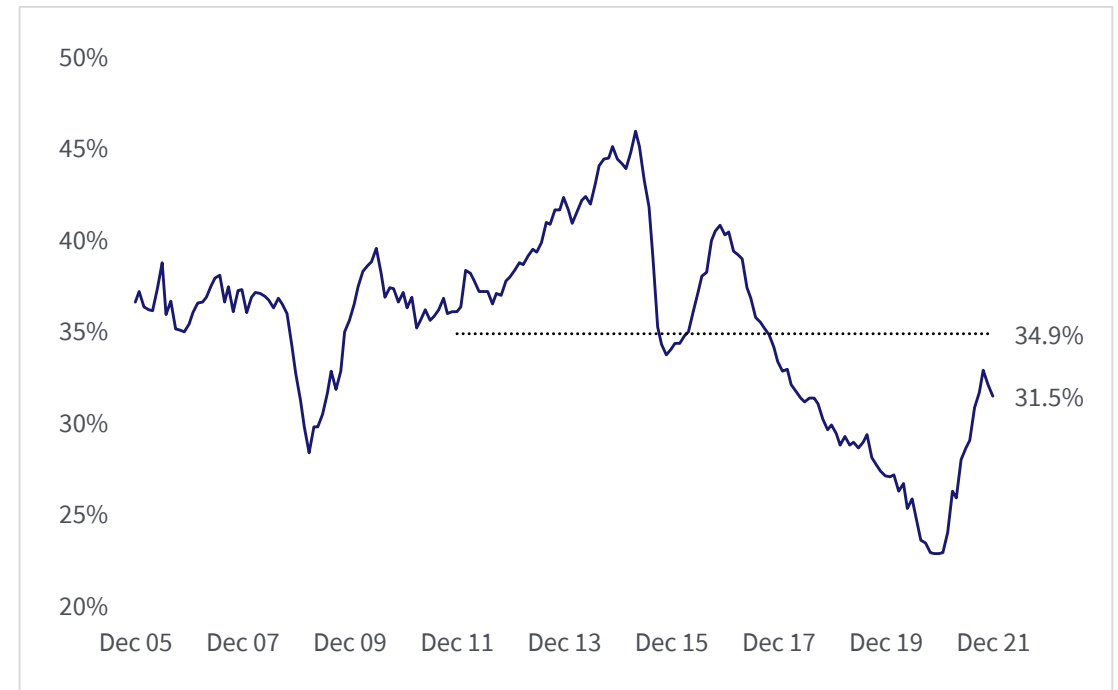
FINANCE & LENDING

Total housing finance secured for the purchase of property rebounded through the final two months of 2021. Owner occupier lending rose 5.3% in December, compared to a 2.4% rise for investors. While investor lending has continued to grow, the strong trend in owner occupier lending means investors made up a smaller proportion of lending through December.

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



Portion of new lending for investment housing (excluding refinance)

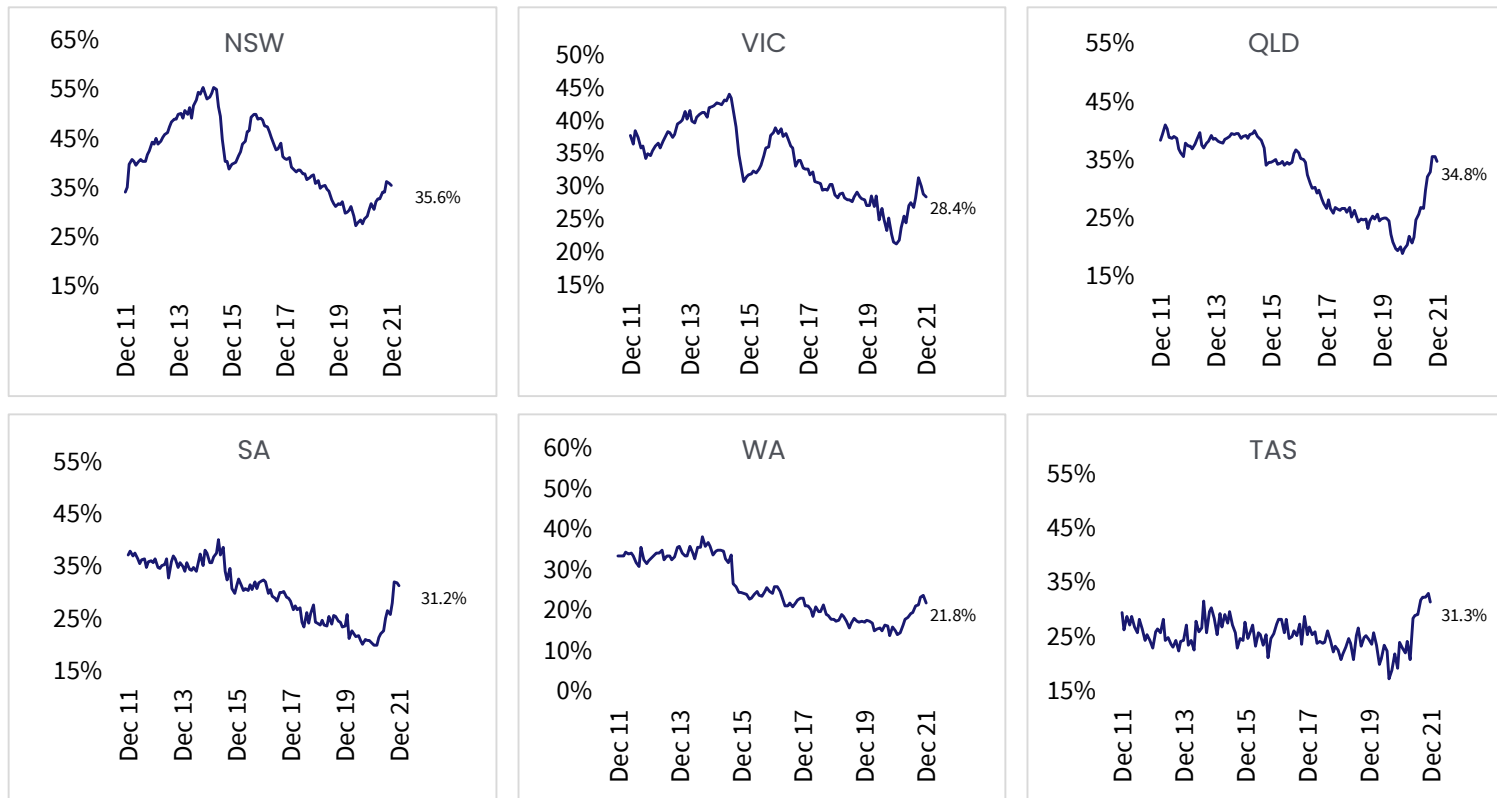


Source: ABS

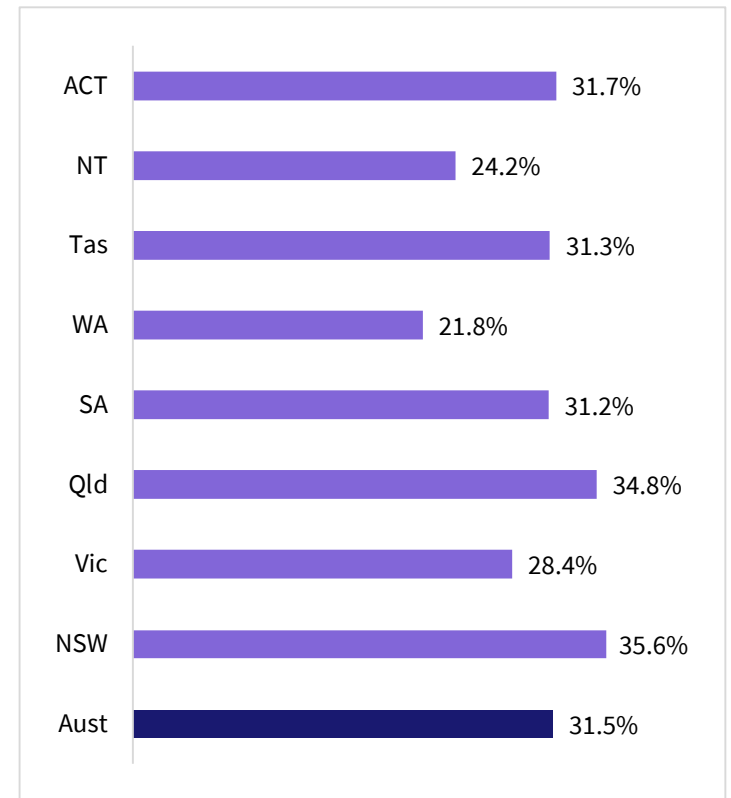
INVESTORS & LENDING

Nationally, investor finance comprised 31.5% of new mortgage lending through the month of December. Across the states, the largest monthly increase in the value of investor lending was a 3.4% lift in Victoria, however investor finance made up a lower portion of total finance in the month.

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



Investors as a % of housing finance commitments by state (December '21)

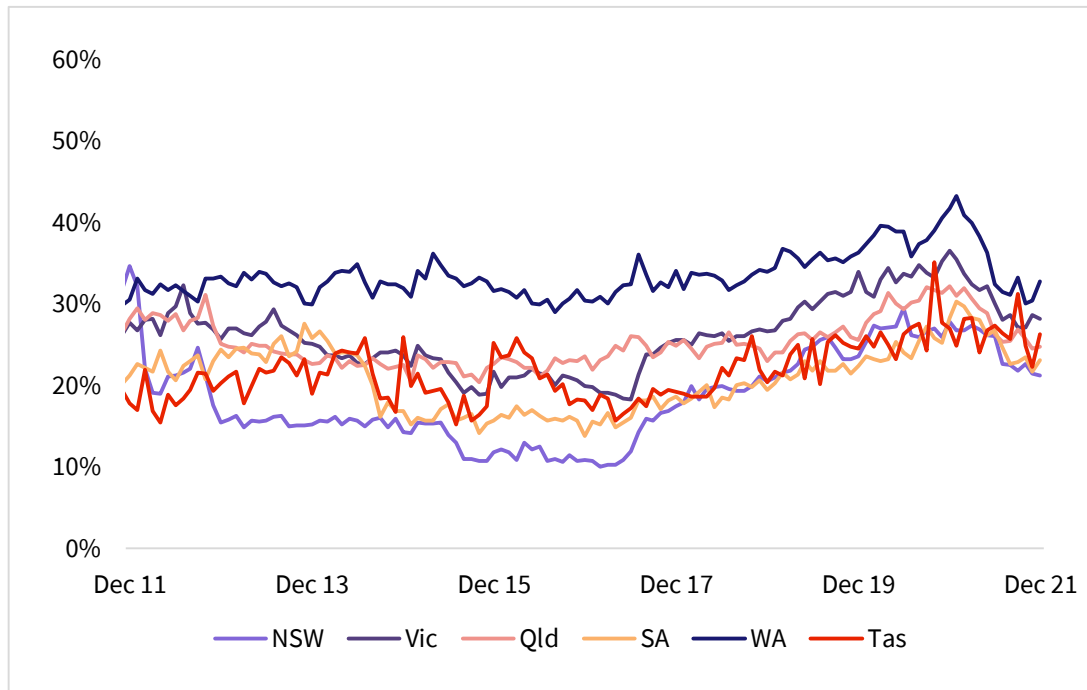


Source: ABS

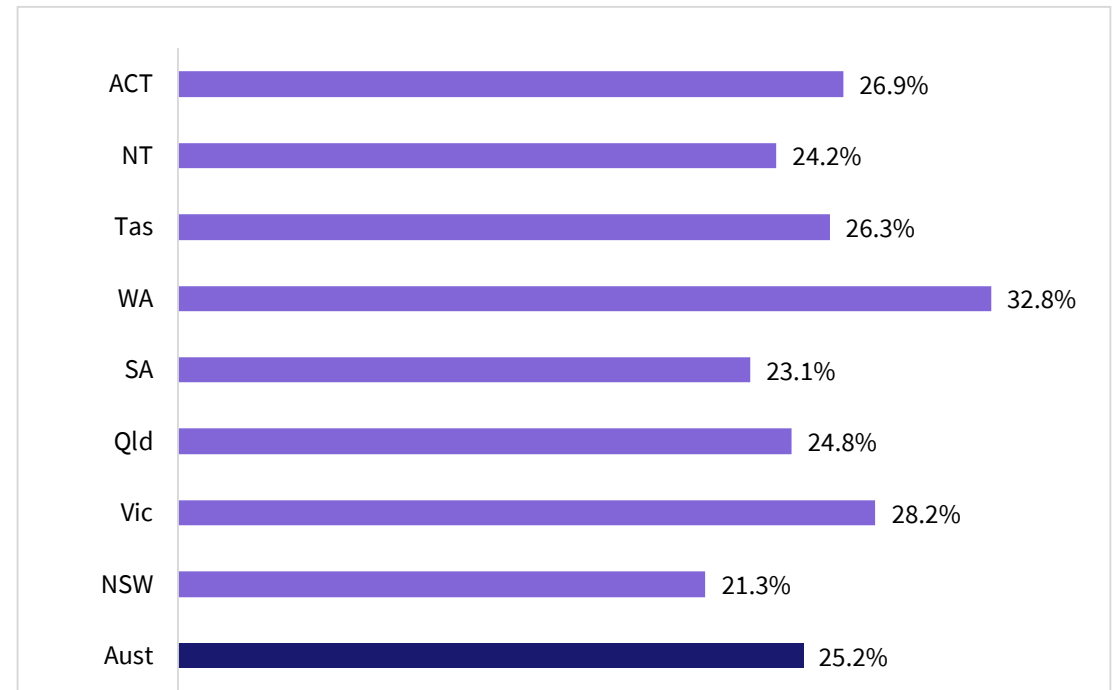
FIRST HOME BUYERS

Nationally, first home buyer finance as a portion of total owner occupier finance has fallen from a recent peak of 32.5% in December 2020, to 25.2% as of December 2021. First home buyer participation is lowest across NSW, at 21.3%, down from 27.9% in December last year.

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



First home buyers as a % of owner occupier housing finance commitments (December '21)



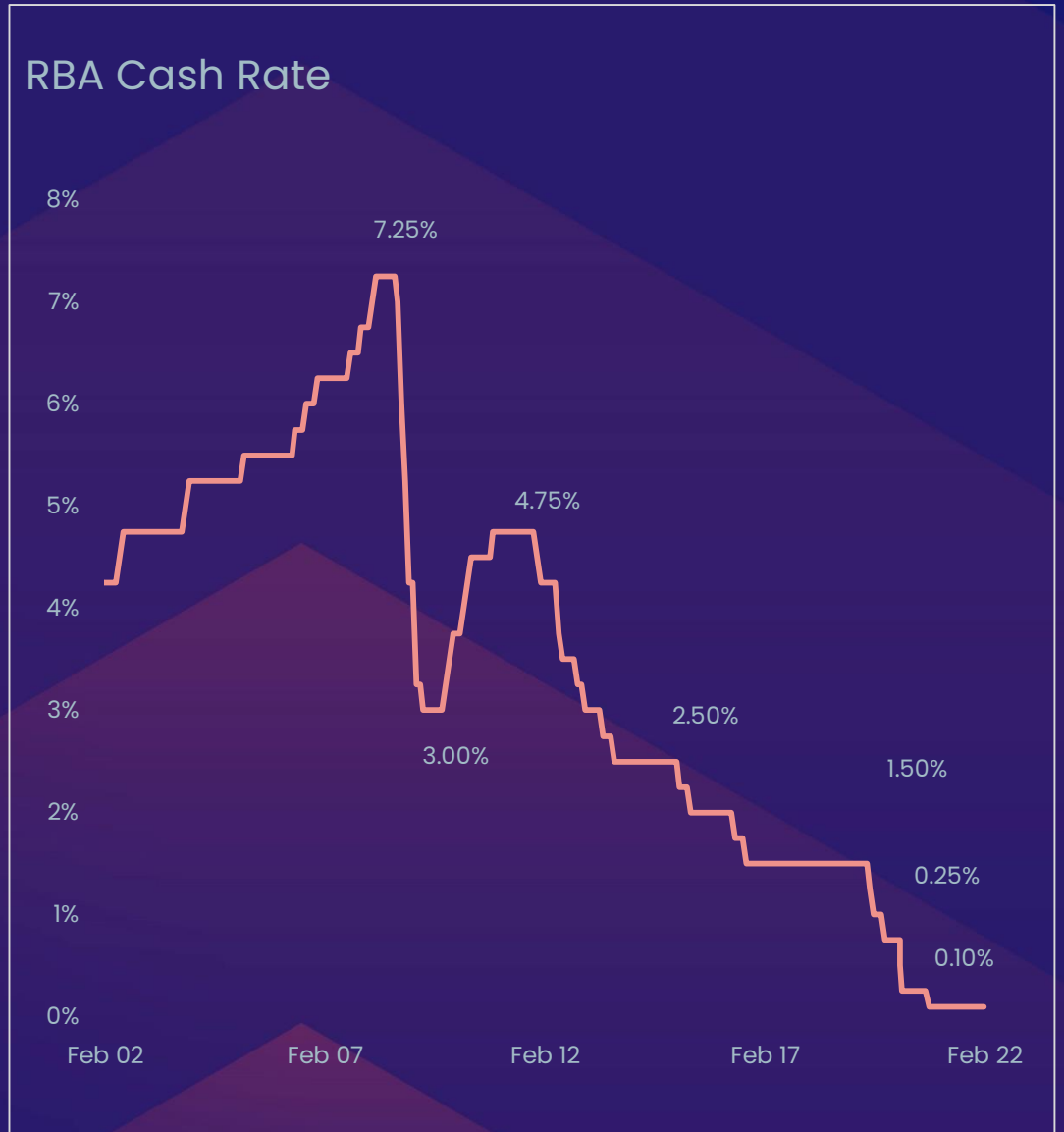
Source: ABS

MORTGAGE RATES

The RBA held rates at 0.1% through February

Statement highlights

- ▶ The cash rate target was held at 0.1%, and the interest rate on Exchange Settlement balances was maintained at 0.0%.
- ▶ Government bond purchases will be ceased from the 10th of February, as Australian economic performance surpassed expectations over 2021.
- ▶ The RBA has forecast GDP growth to reach 4.25% for 2022, the unemployment rate to go below 4% toward the end of the year, and for underlying inflation to reach 3.25% in the coming quarters. The RBA noted the pandemic, and Australia's emergence from it, as major uncertainties to these scenarios.
- ▶ On house prices, the RBA acknowledged strong growth, but that growth in housing values was easing. Governor Lowe reiterated the importance of adequate lending buffers amid record-low interest rates.

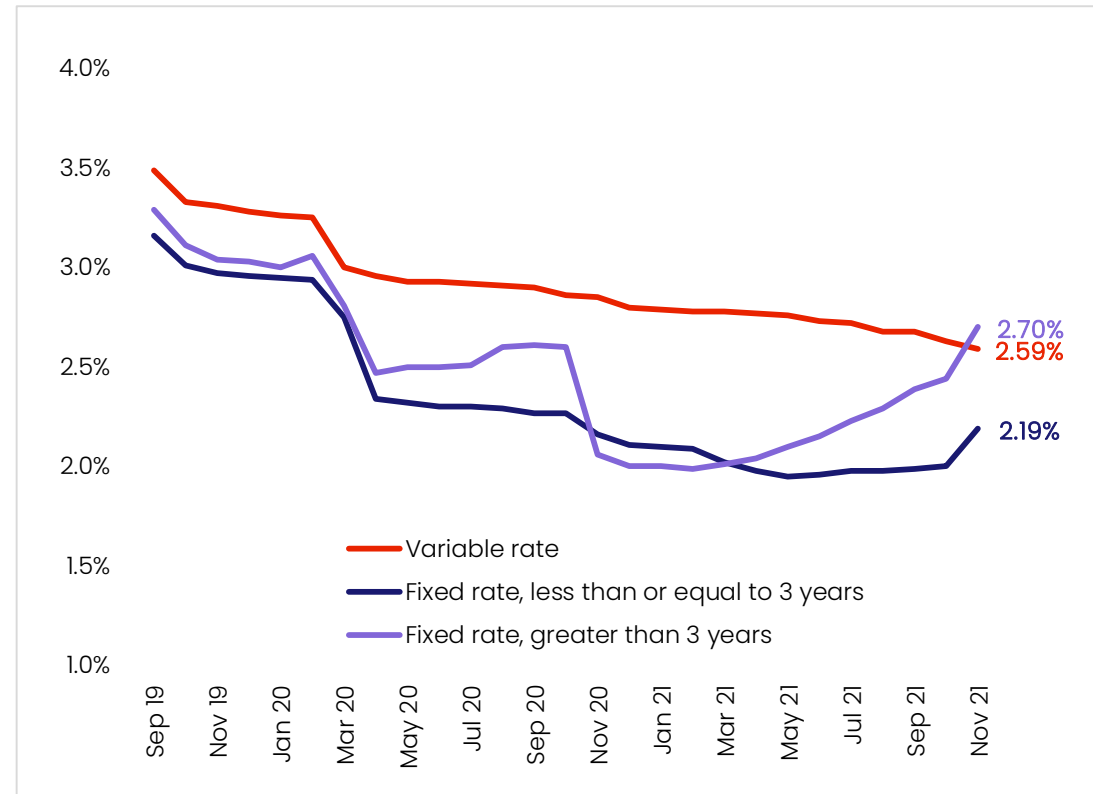


HOUSING CREDIT

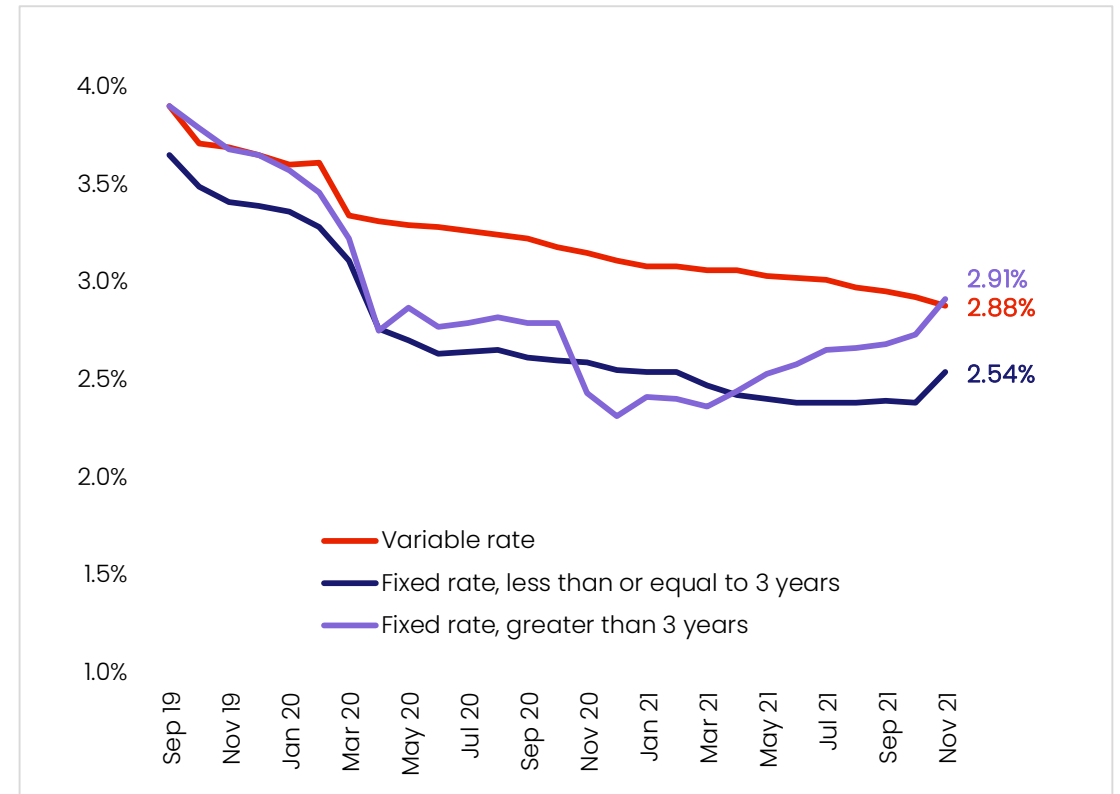
Low mortgage rates continue to incentivise home buying activity, but fixed rates are rising.

Average borrowing costs by borrower and loan type

Owner occupiers



Investors

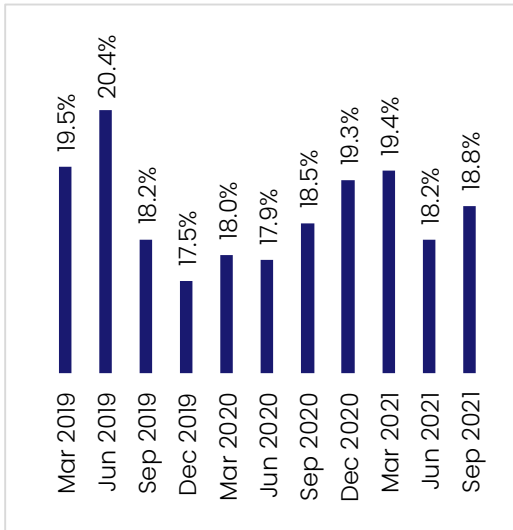


Source: RBA

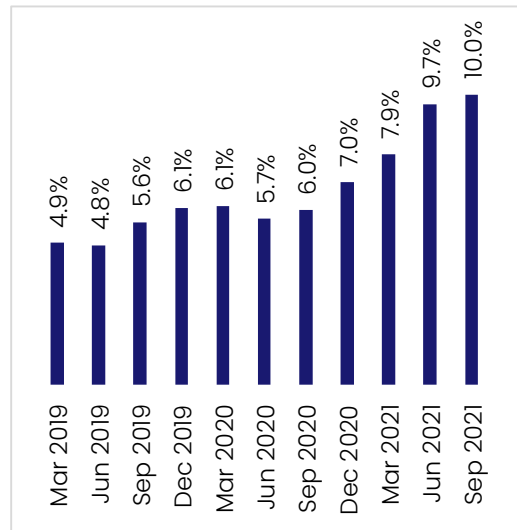
Debt to income ratios of six or more jumped to 23.8% of new mortgage lending in the September quarter

Regulators and policy makers are closely monitoring lending standards. The September quarter data captures the period just before APRA increased 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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