



Monthly Chart Pack

Our Insights. Your Story.

September 2021



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE
\$8.9 Trillion



AUSTRALIAN SUPERANNUATION
\$3.3 Trillion



AUSTRALIAN LISTED STOCKS
\$2.9 Trillion



COMMERCIAL REAL ESTATE
\$985 Billion

Data as at September 2021.



10.6 million
Number of dwellings

\$2.0 trillion
Outstanding mortgage debt

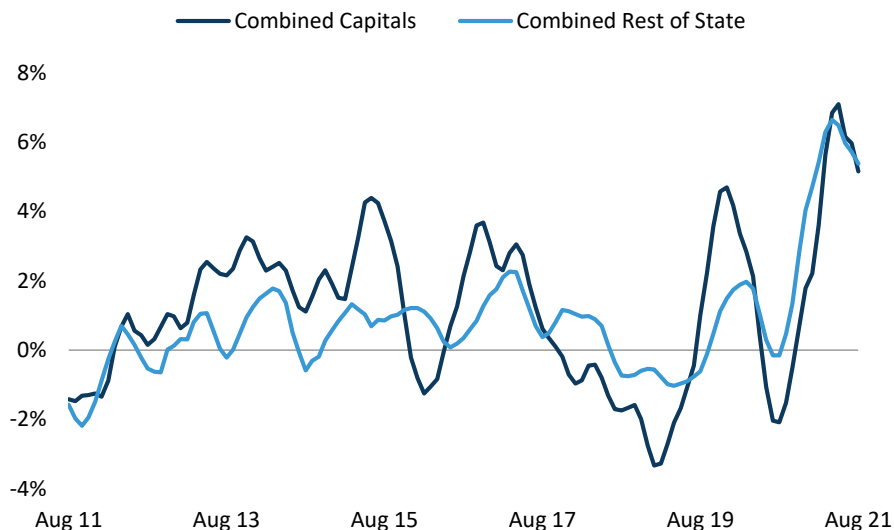
54.3%
Household wealth held in housing

597,838
Total sales p.a.

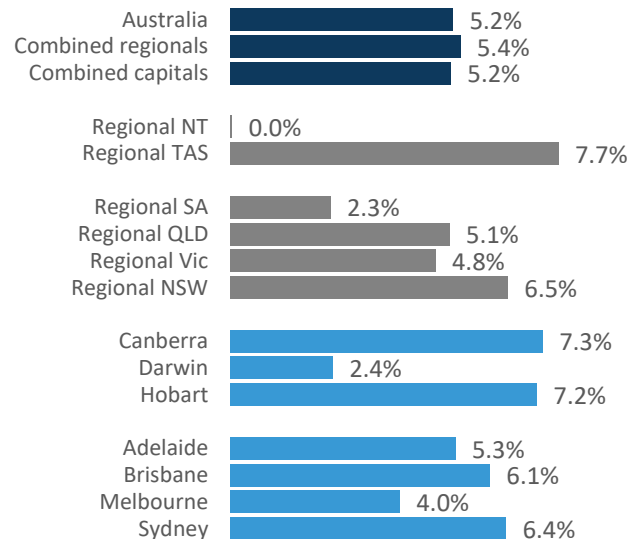
\$411 billion
Gross value of sales p.a.

Nationally, dwelling values rose 5.2% in the three months to August, a slowdown from the recent quarterly peak of 7.0% in May

Rolling quarterly change in dwelling values



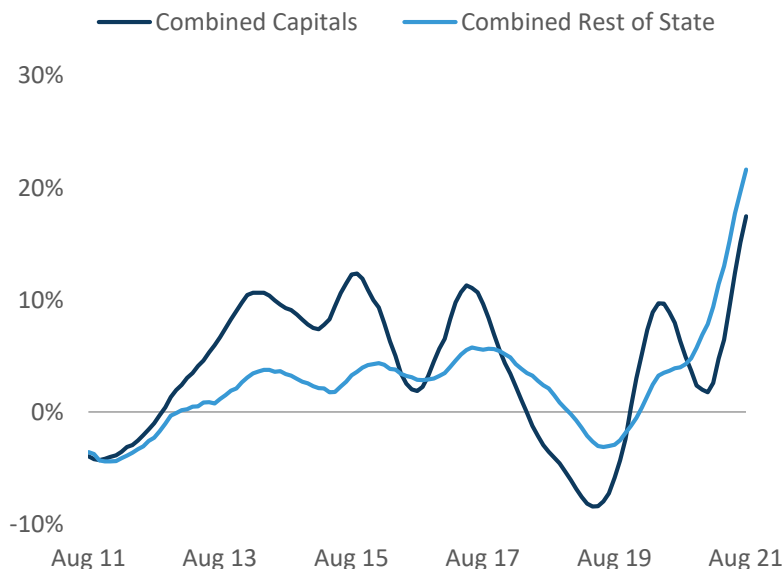
Change in dwelling values, three months to August 2021



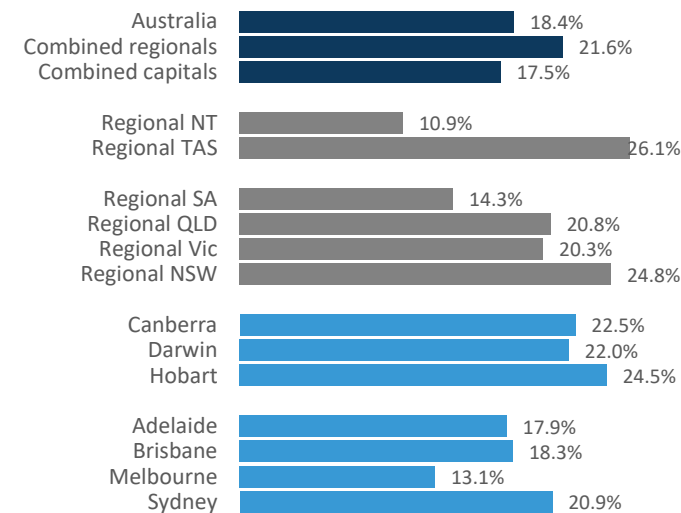
Note hedonic indices for Perth and WA have been temporarily withdrawn while we investigate a divergence from other housing market measurements. Aggregate indices (combined capitals, combined regional and national) include a relatively small weighting from WA, therefore please make some allowance for this information in your interpretation until the issue is resolved.

National home values rose 18.4% in the year to August, which is the highest rate of annual appreciation since July 1989

Rolling annual change in dwelling values



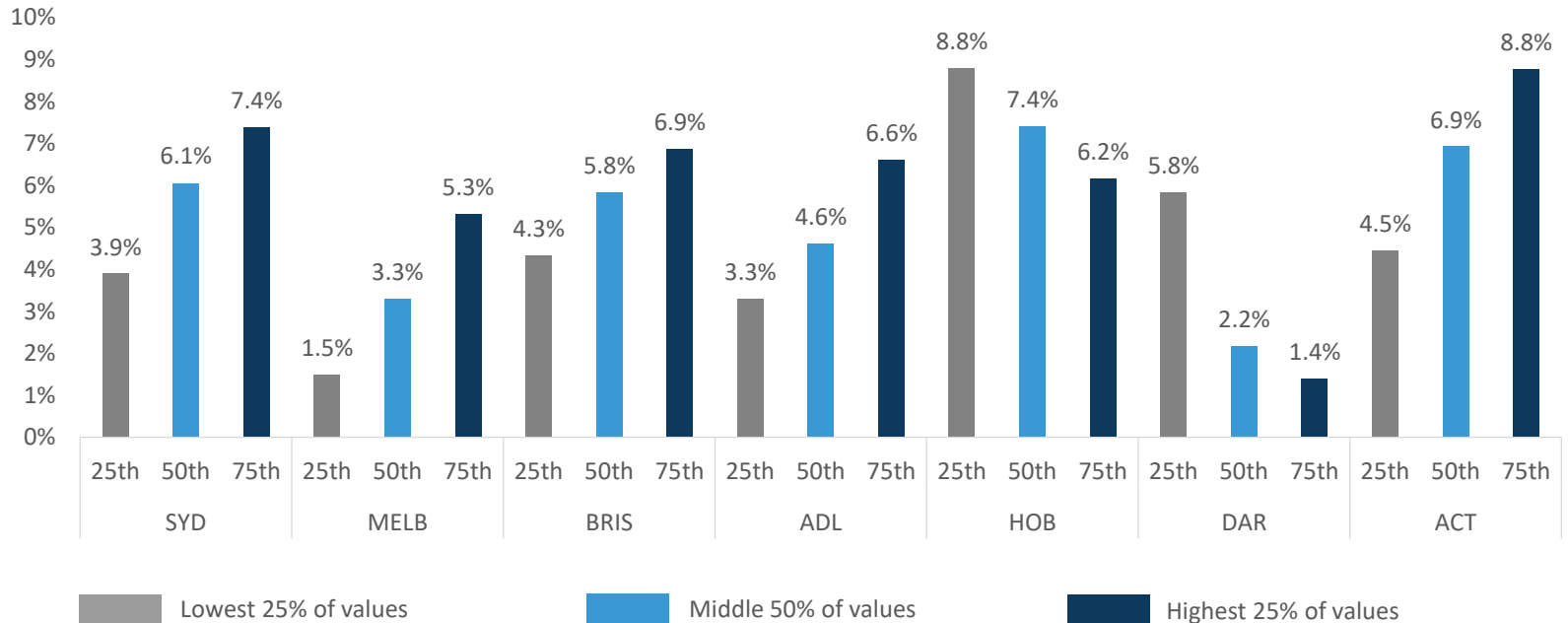
Change in dwelling values, twelve months to August 2021



Note hedonic indices for Perth and WA have been temporarily withdrawn while we investigate a divergence from other housing market measurements. Aggregate indices (combined capitals, combined regional and national) include a relatively small weighting from WA, therefore please make some allowance for this information in your interpretation until the issue is resolved.

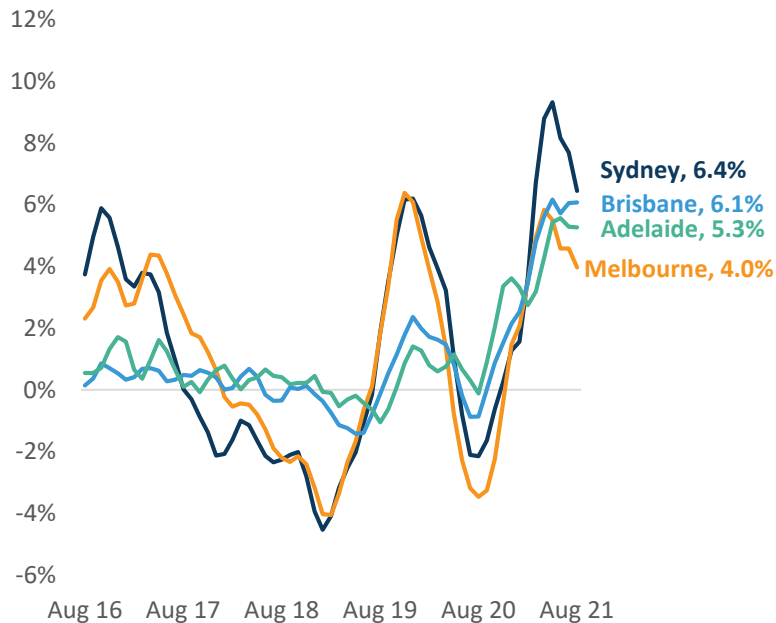
The top 25% of dwelling values have led growth across Sydney, Melbourne, Brisbane, Adelaide and Canberra through the three months to August

Growth in stratified hedonic dwellings index (3 months)

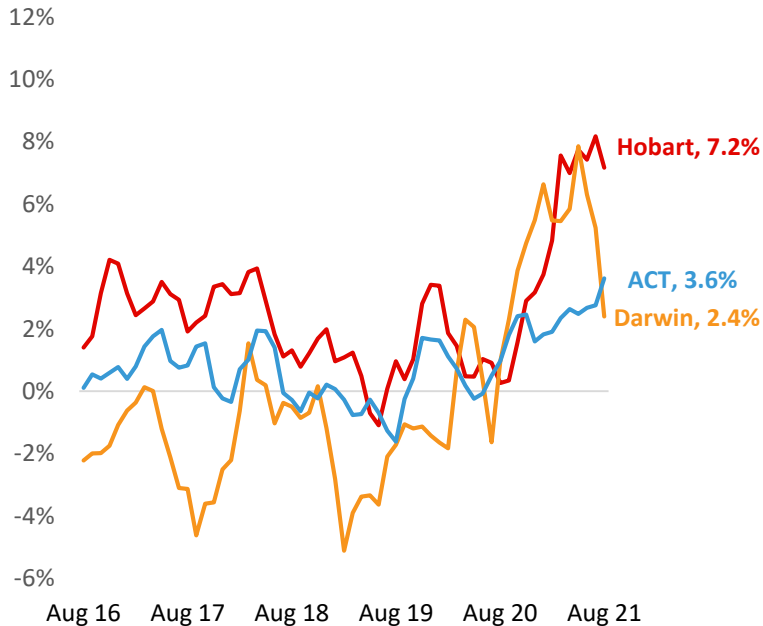


Quarterly growth rates are slowing across most capital city markets

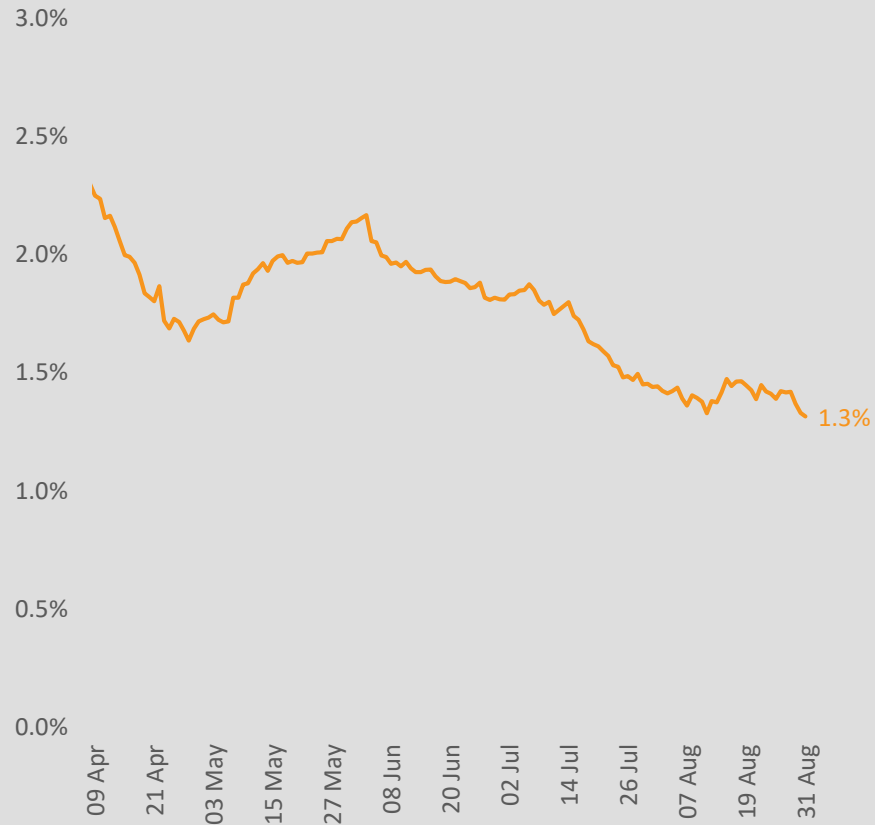
Rolling quarterly change in dwelling values



Rolling quarterly change in dwelling values

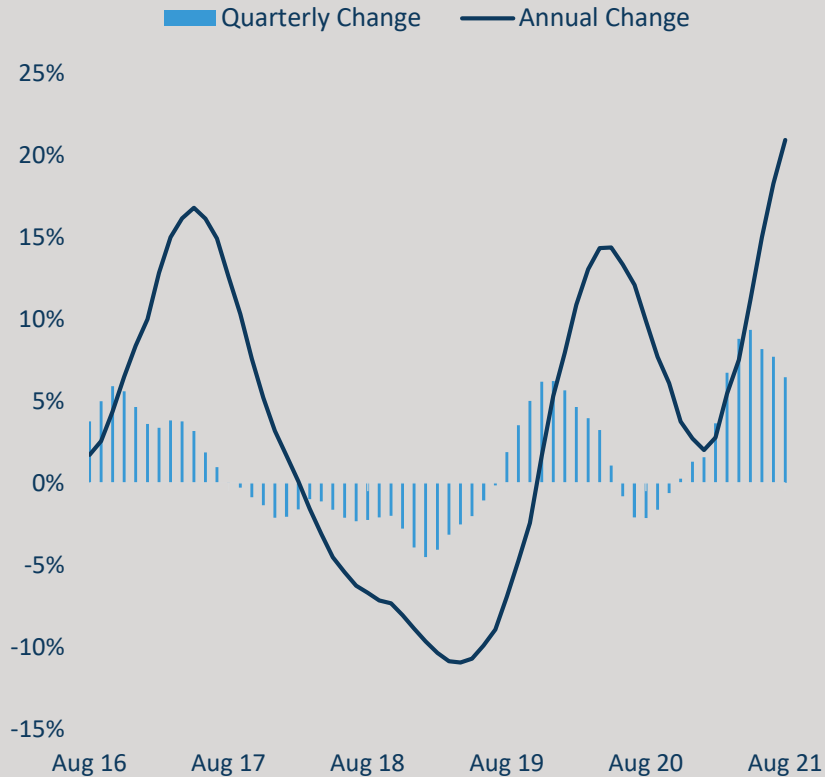


Rolling 28-day growth rate in CoreLogic Home Value index - combined capital cities



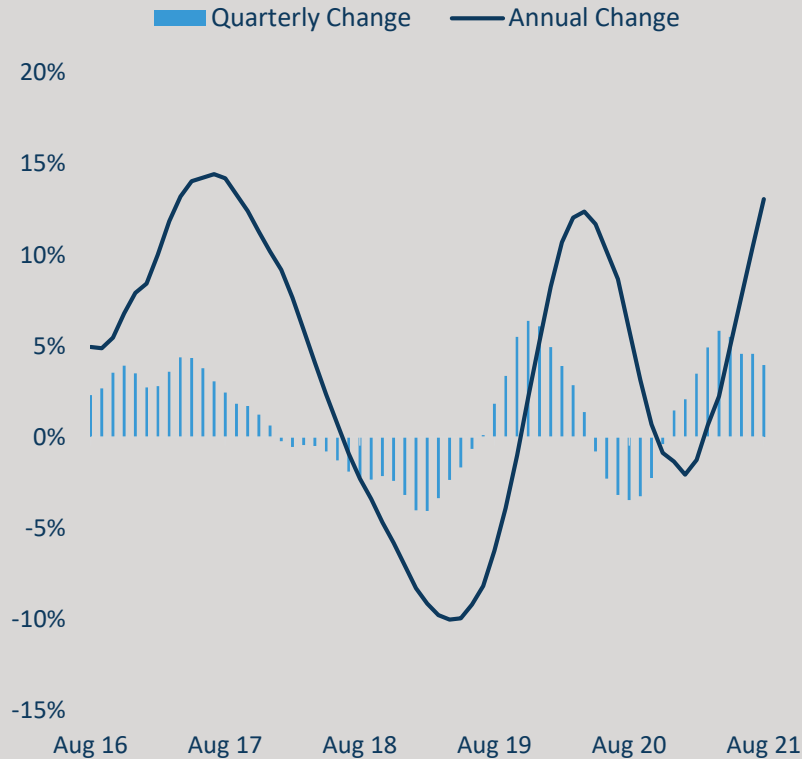
The rolling 28 day change in the capital city Home Value Index has continued to trend lower through the month of August, which is a trend expected to continue throughout the rest of the year.

Quarterly and annual change in dwelling values - Sydney



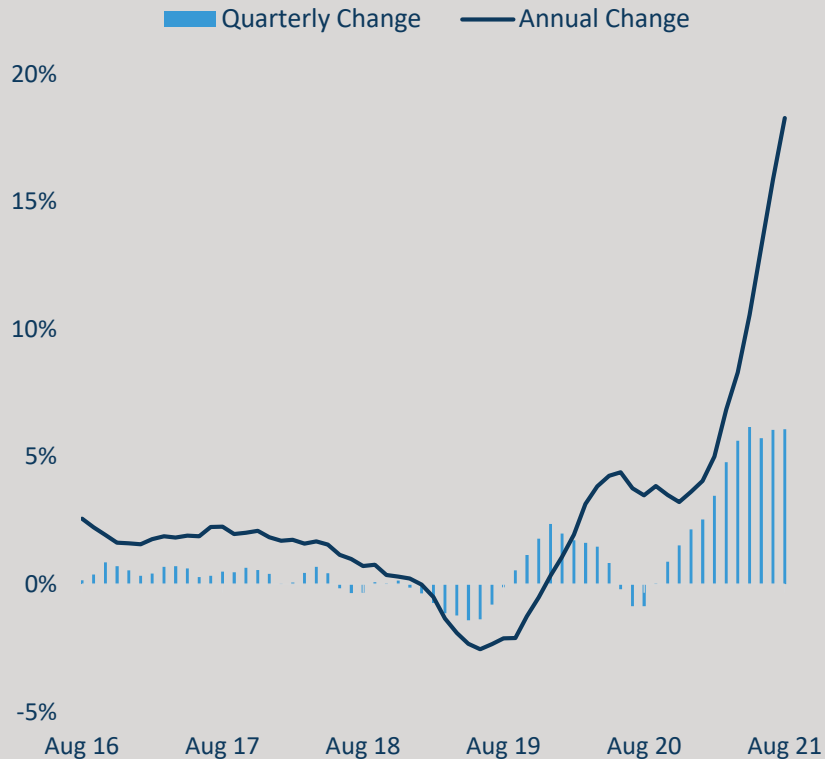
- Sydney dwelling values rose 1.8% in August
- Dwelling values increased 6.4% in the quarter
- Sydney dwelling values are up by 20.9% in the past year
- Sydney dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Melbourne



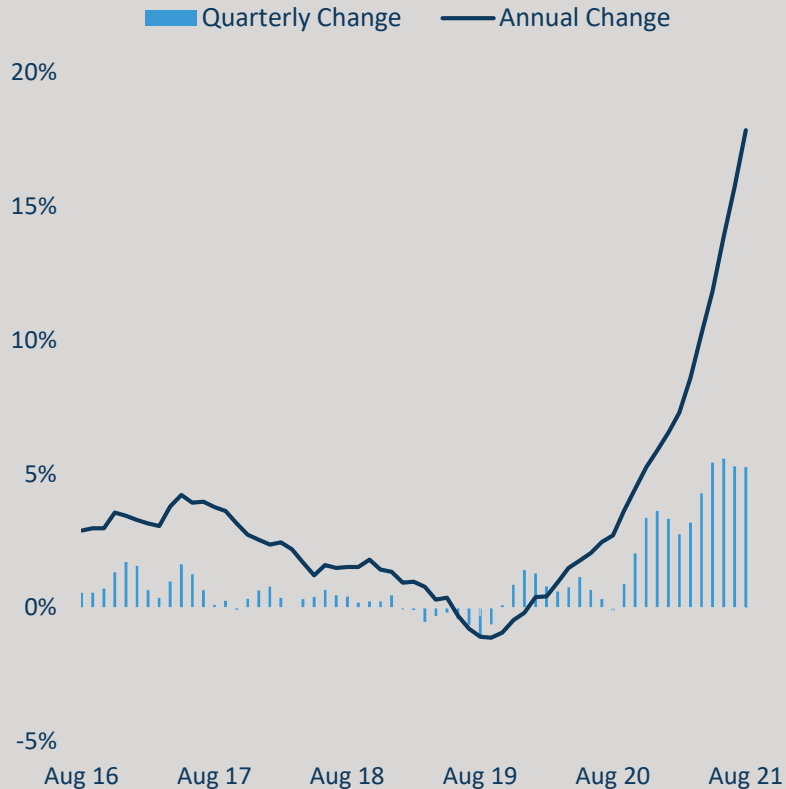
- Melbourne dwelling values rose 1.2% in August
- Dwelling values increased 4.0% in the quarter
- Melbourne dwelling values increased 13.1% in the past year
- Melbourne dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Brisbane



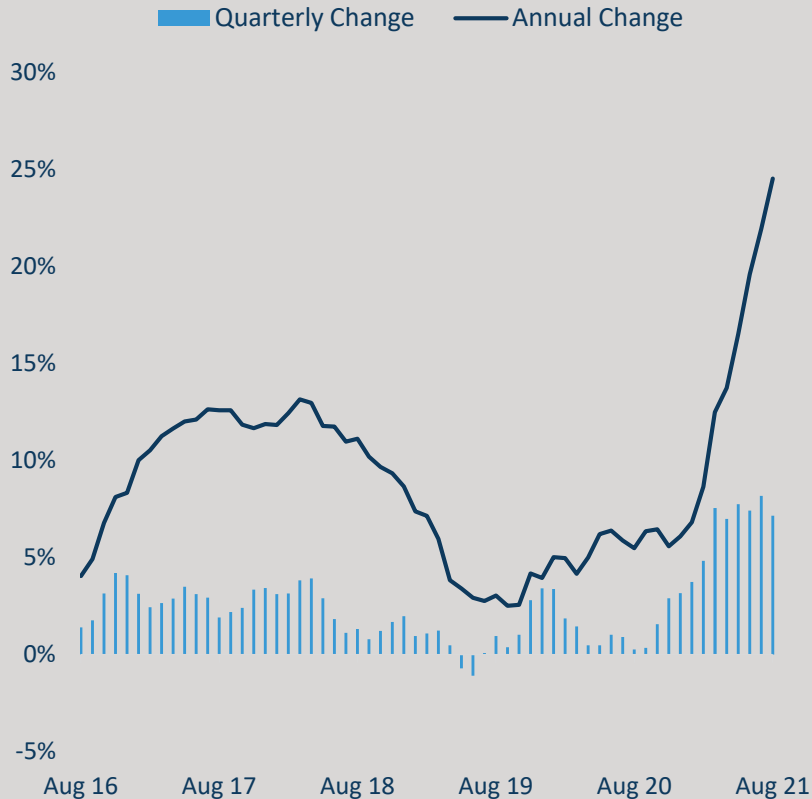
- Brisbane dwelling values increased by 2.0% in August
- Dwelling values increased 6.1% over the quarter
- Brisbane dwelling values are up by 18.3% in the past year
- Brisbane dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Adelaide



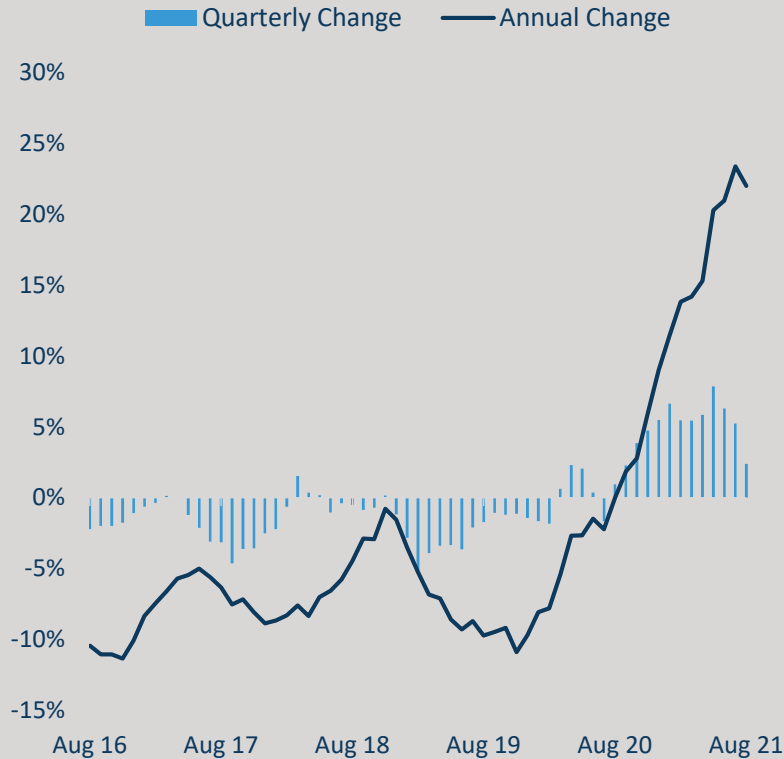
- Adelaide dwelling values increased 1.9% in August
- Dwelling values rose 5.3% in the quarter
- Adelaide dwelling values were up by 17.9% in the past year
- Adelaide dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Hobart



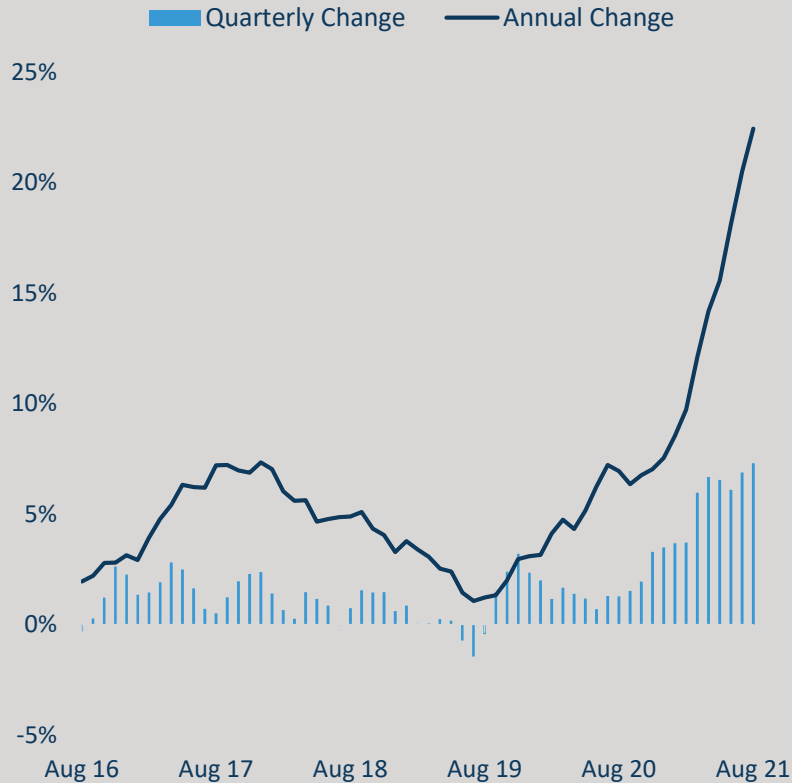
- Hobart dwelling values increased 2.3% in August
- Dwelling values increased 7.2% in the quarter
- Hobart dwelling values are up by 24.5% in the past year
- Hobart dwelling values are currently at a record high

Quarterly and annual change in dwelling values - Darwin



- Darwin dwelling values fell -0.1% in August
- Dwelling values rose 2.4% in the quarter
- Darwin dwelling values were up 22.0% over the year
- Darwin dwelling values are -15.4% below the record high, which was in May 2014

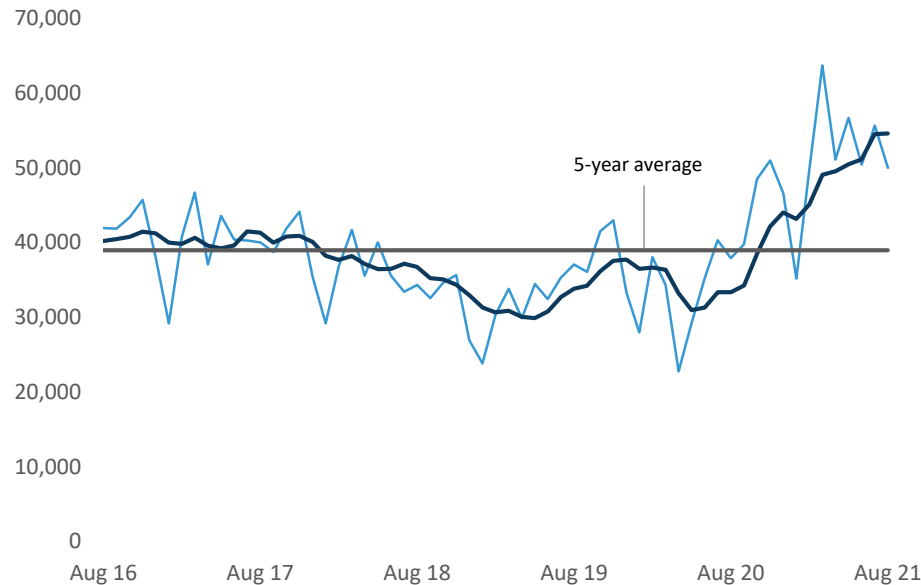
Quarterly and annual change in dwelling values - ACT



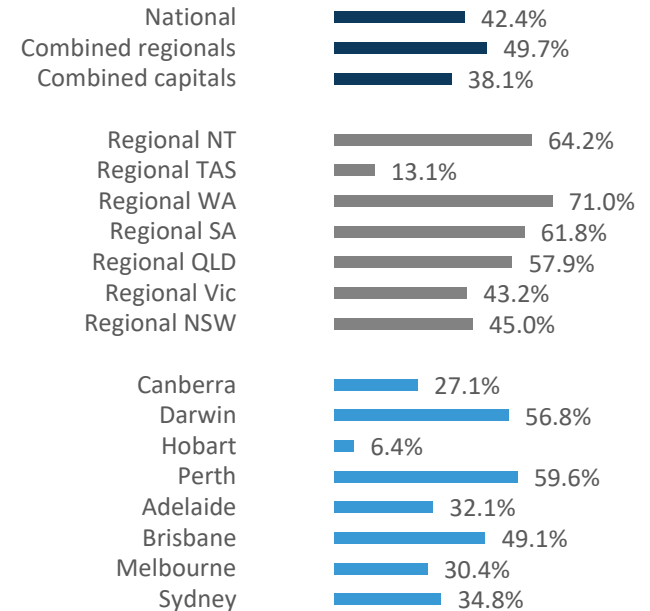
- ACT dwelling values increased 2.2% in August
- Dwelling values were up 7.3% in the quarter
- ACT dwelling values were up by 22.5% in the past year
- The ACT dwelling values are currently at a record high

Sales volumes fell -10.2% in the month of August, in part due to strict lockdown conditions, but remain elevated relative to the five year average

Monthly sales with six month moving average, National



Annual change in sales volumes Aug 21



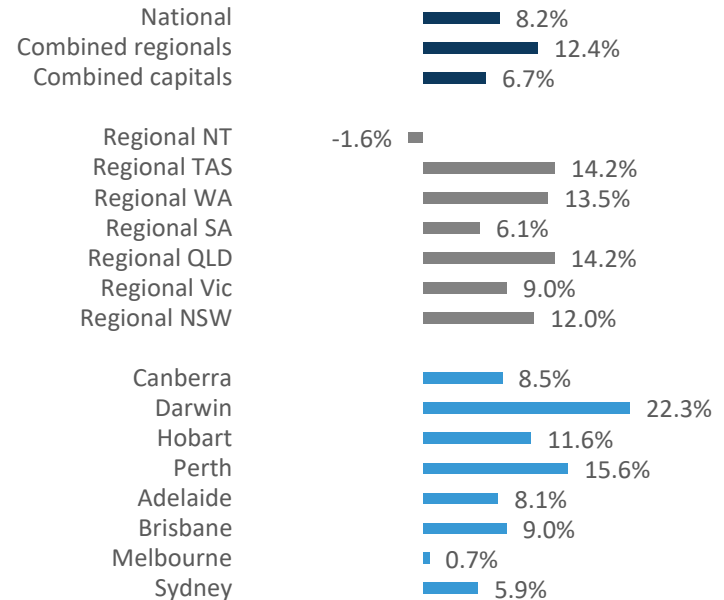
Note: recent months of sales volumes are modelled estimates, and are subject to revision

In the year to August, Australian rent values increased 8.2%, which is the strongest annual appreciation in rents since September 2008

Annual change in rental rates - National



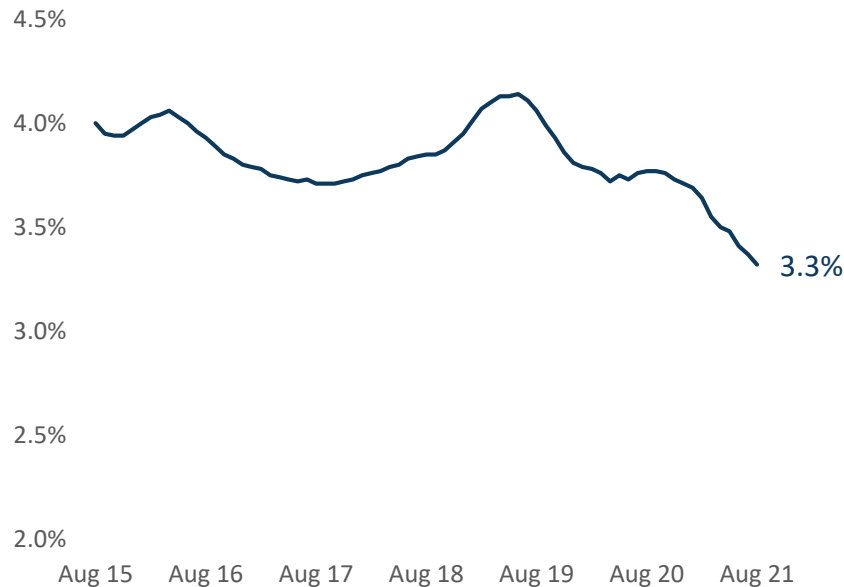
Annual change in rental rates to Aug 21



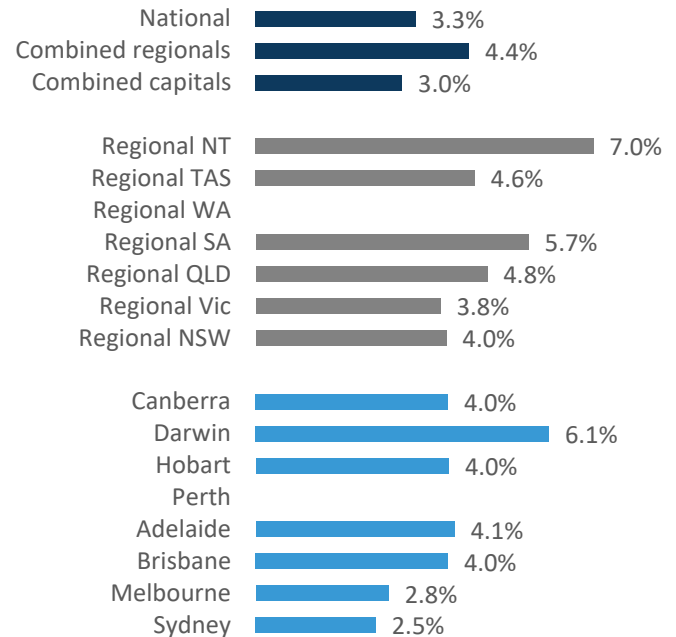


Despite rapid growth in rent values, gross rent yields have compressed 45 basis points nationally over the past 12 months, due to a more rapid rise in dwelling values

Gross rental yields, national

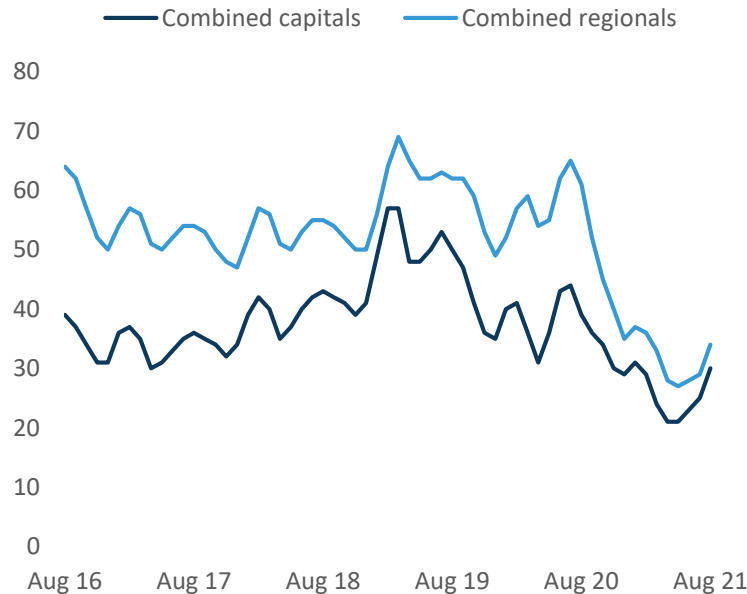


Gross rental yields, Aug 2021

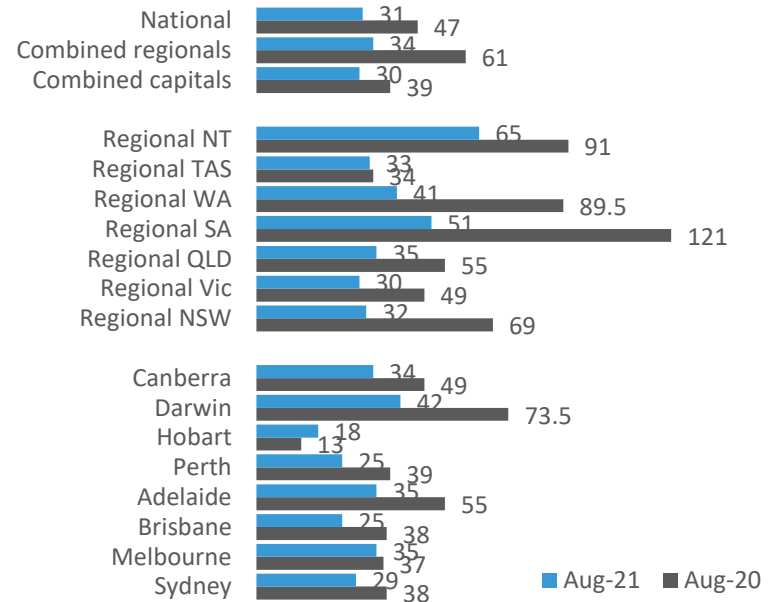


Australian homes are averaging just 31 days to sell, down from 47 days in the same period of 2020

Median days on market

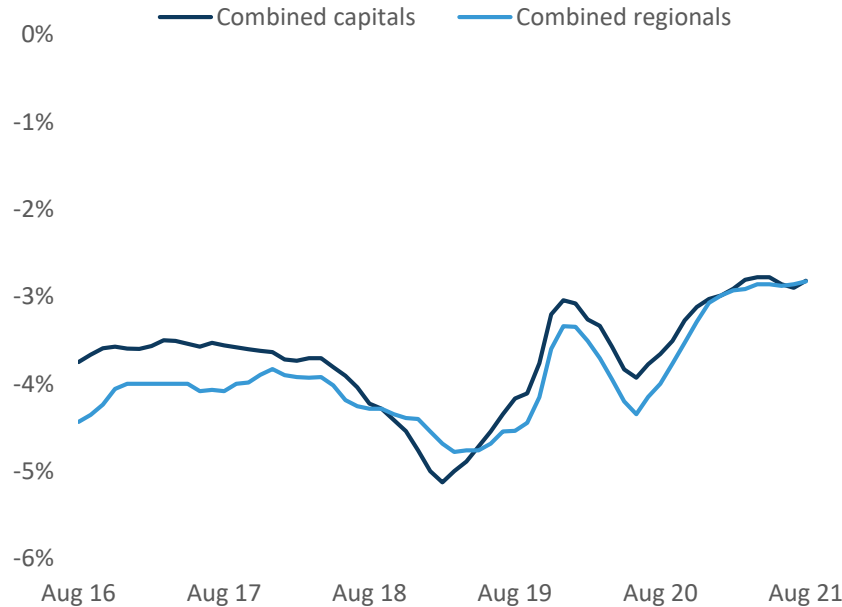


Median vendor discount rate – Aug 21 vs Aug 20



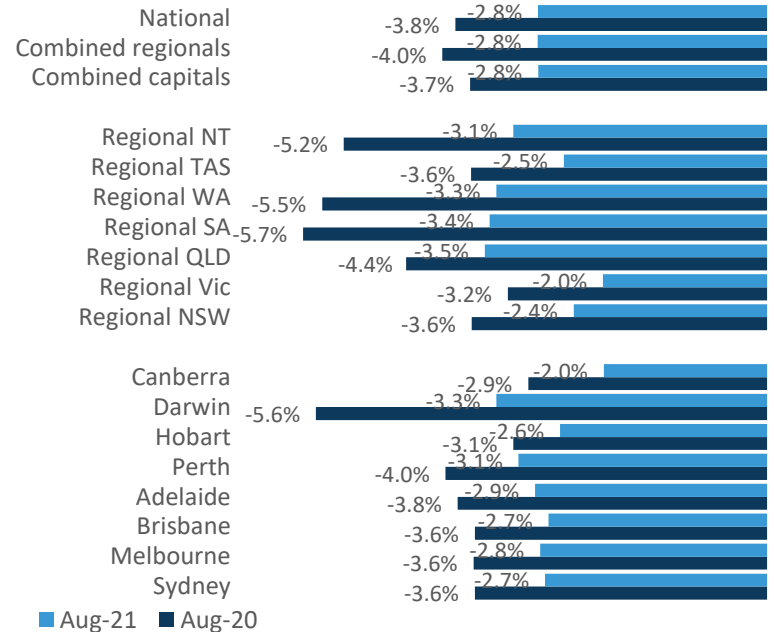
Vendor discounting held around records lows at just -2.8% in the three months to August, compared with -3.8% in the same period of 2020

Median vendor discount rate



Median vendor discount based on a rolling three month period

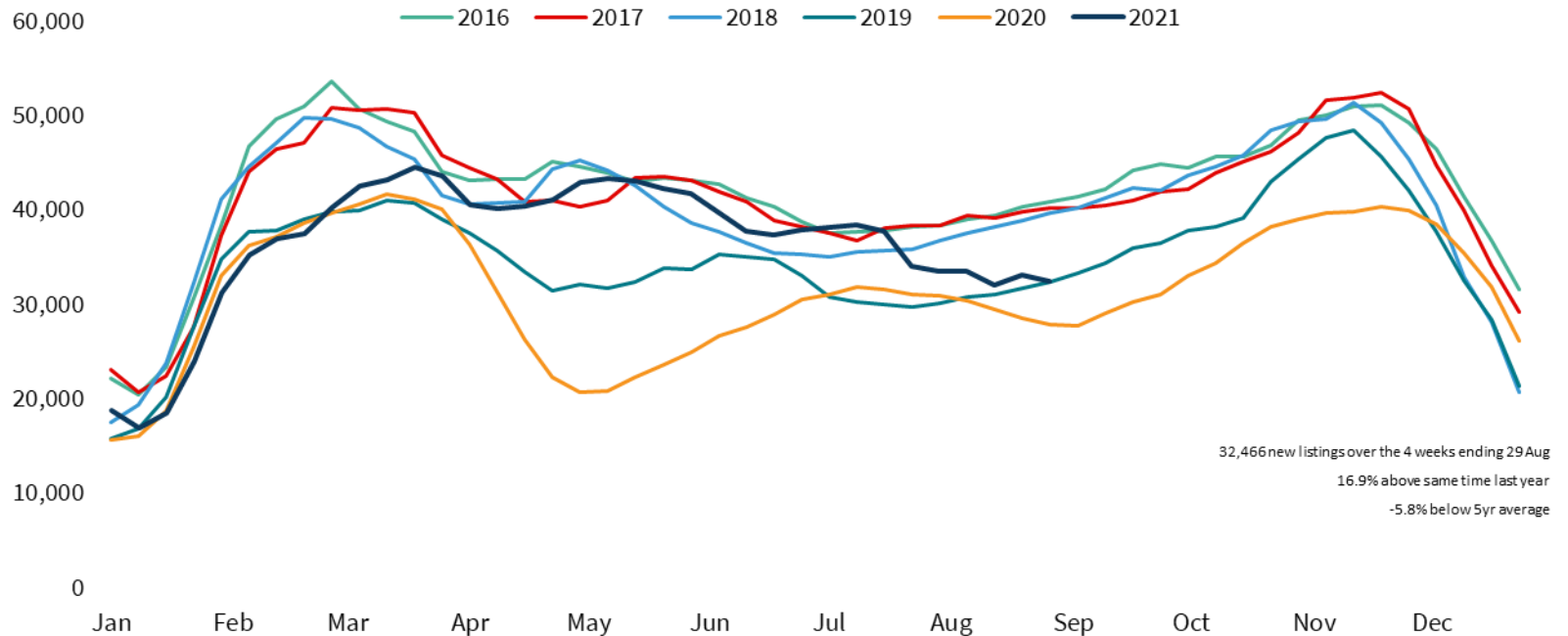
Median vendor discount rate – Aug 21 vs Aug 20





New listings have trended lower at a time when stock would normally be rising, which is largely as a result of lockdown conditions

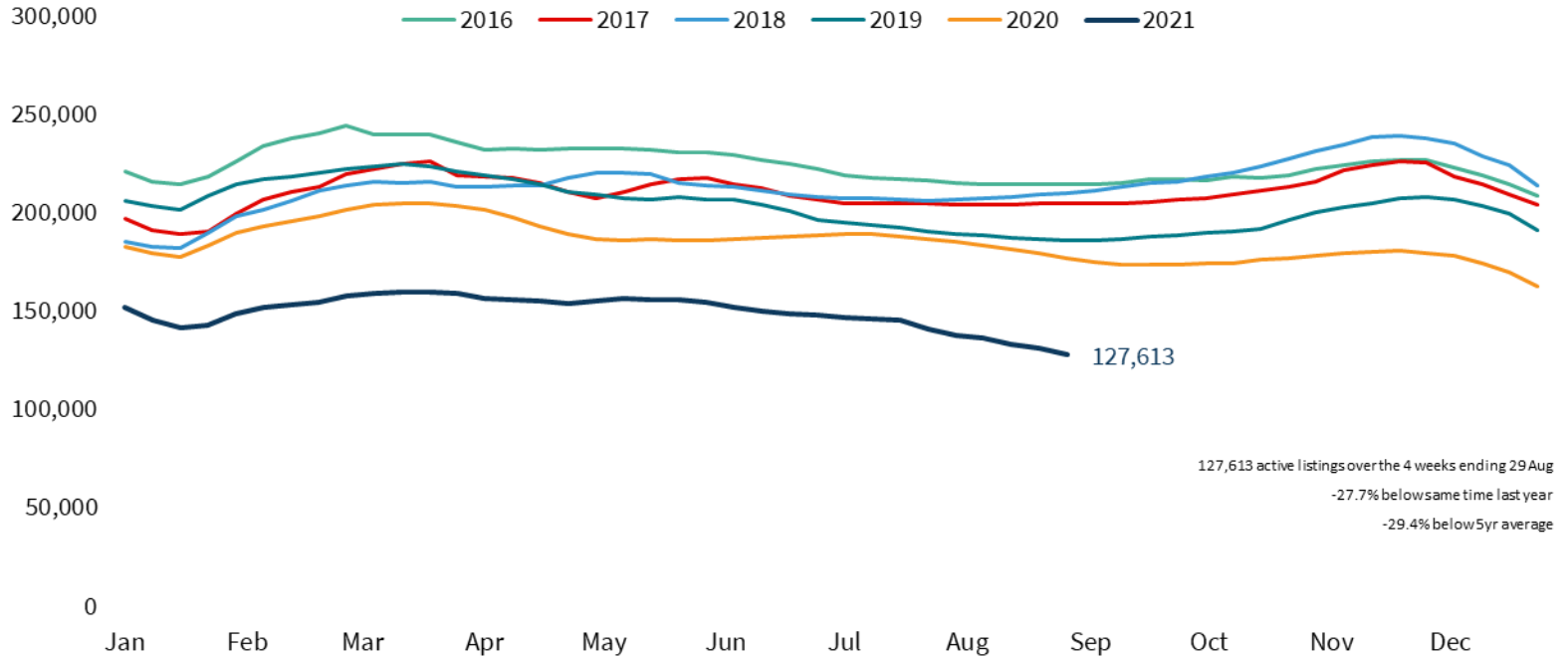
Number of new listings, National Dwellings





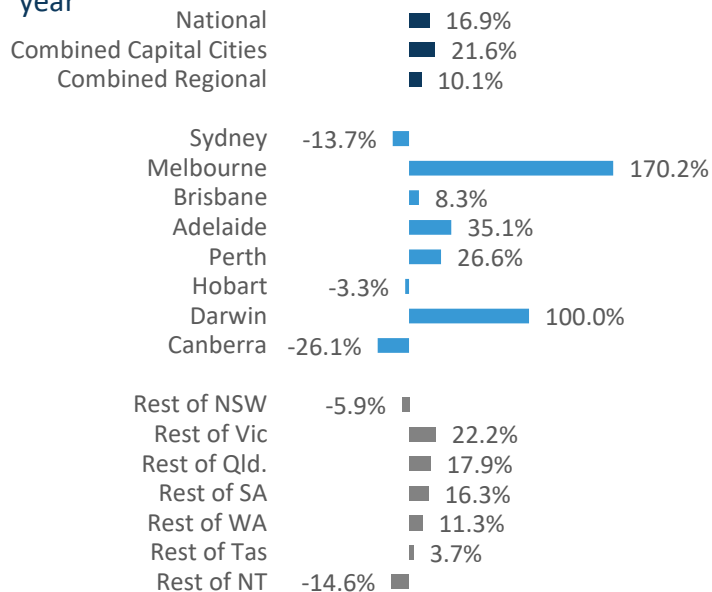
Total stock advertised is -29.4% below the five year average nationally, with listing volumes at their lowest level in at least five years

Number of total listings, National Dwellings

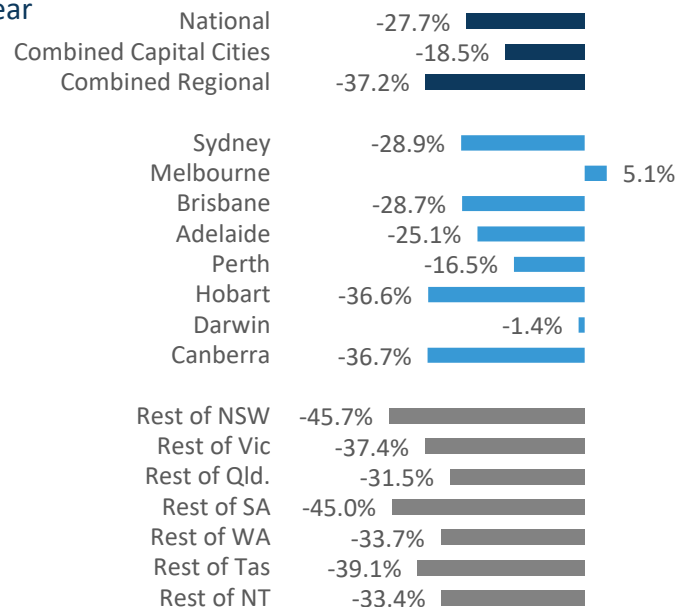


Total advertised stock remains lower than the equivalent period of 2020 across most regions. Despite transaction activity being impacted across Melbourne, new and total listings remain comparatively high due to elevated unit stock

New listings, change from equivalent period last year



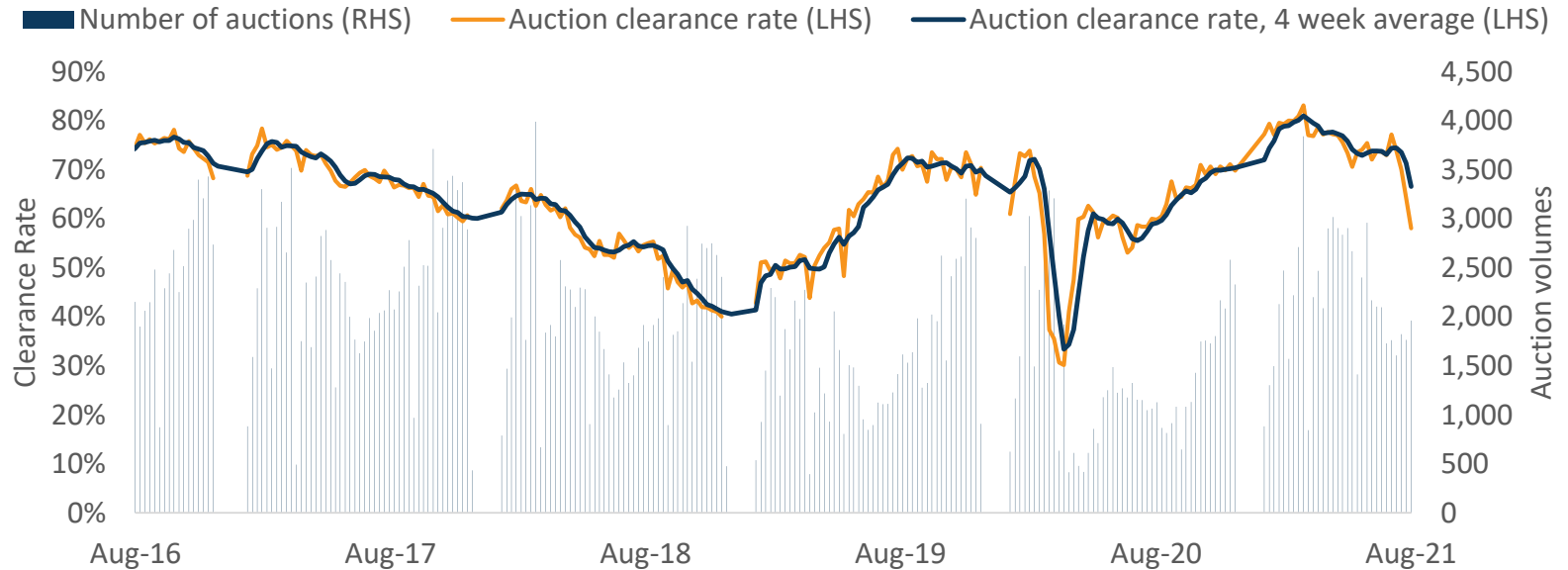
Total listings, change from equivalent period last year





Over the four weeks ending 29th of August, the final auction clearance rate across the combined capital cities was 66.6%, as lockdown conditions resulted in a higher than normal number of withdrawn auctions

Weekly clearance rates, combined capital cities

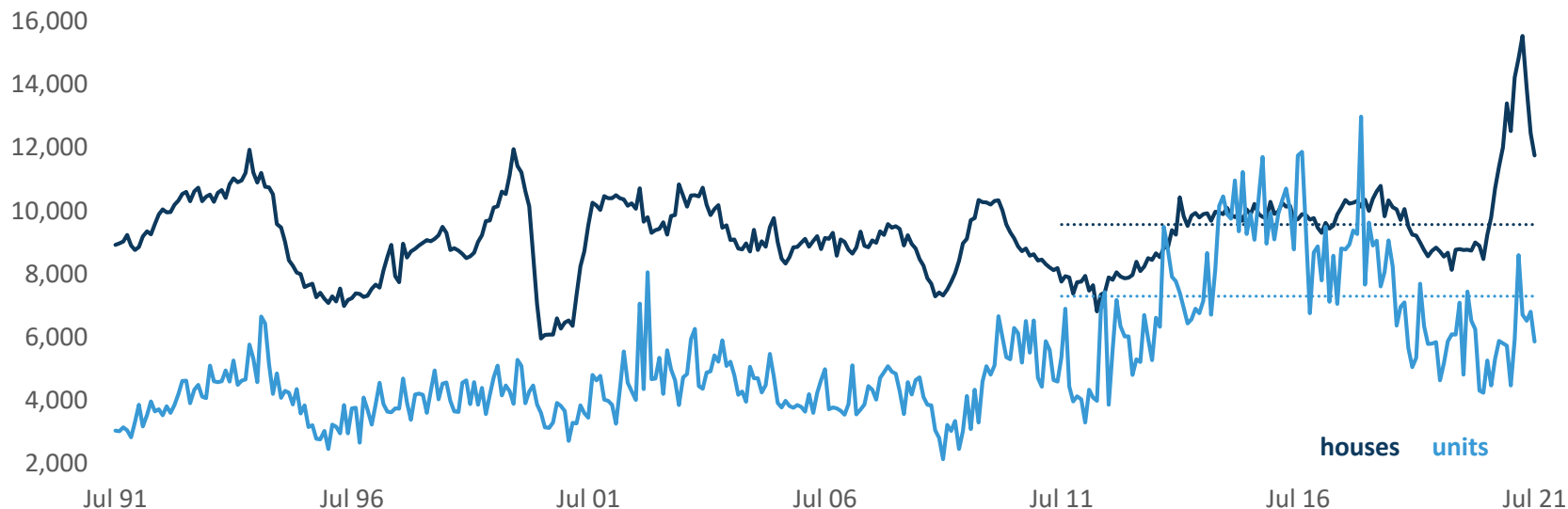




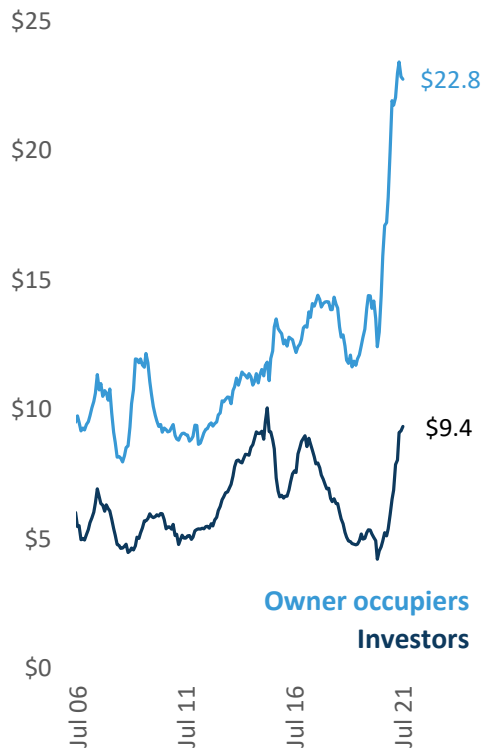
House approvals are easing from record highs post HomeBuilder

Monthly dwelling approvals have eased by 25% between the recent peak in March and July but remain 21.5% higher than a year ago

Monthly house and unit approvals, national



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



Portion of new lending for investment housing (excluding refinance)

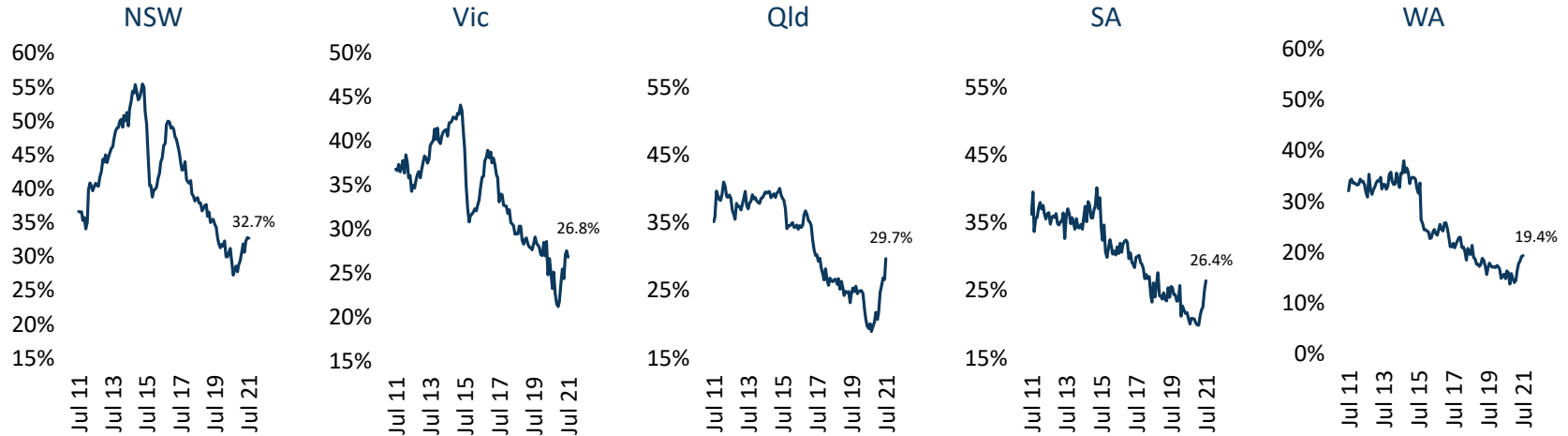


Through July, the combined value of lending for the purchase of housing rose 0.2%, buoyed by a 1.8% lift in investor lending.

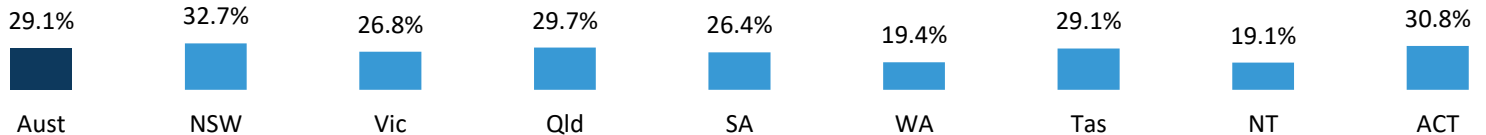
First home buyer finance fell -7.6%, marking the sixth consecutive month of decline for the value of lending to this cohort.

Investor housing finance has climbed to 29.1% of the value of housing finance lent through July, up from a trough of 22.9% in November 2020

Investors as a % of total housing finance commitments (based on value exc refi)

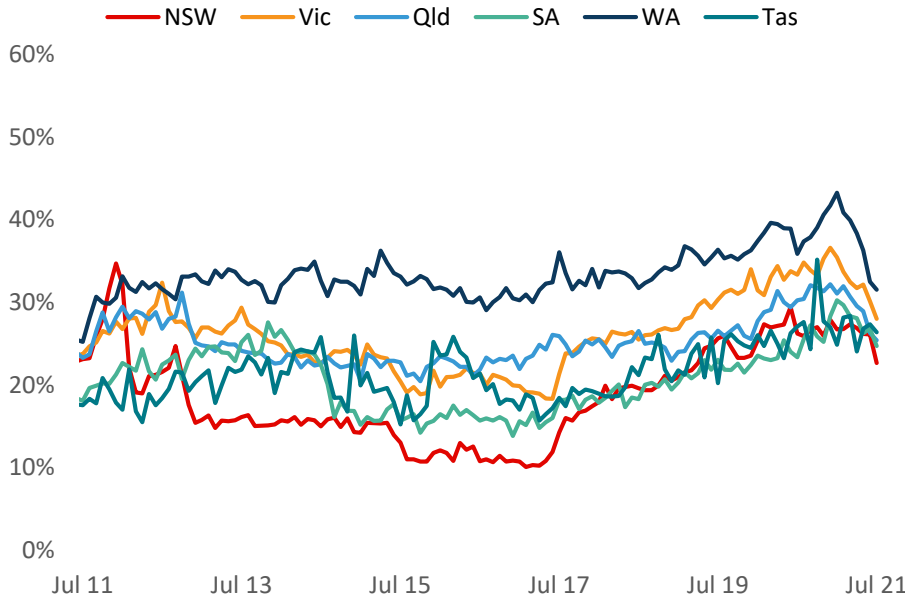


Investors as a % of housing finance commitments by state

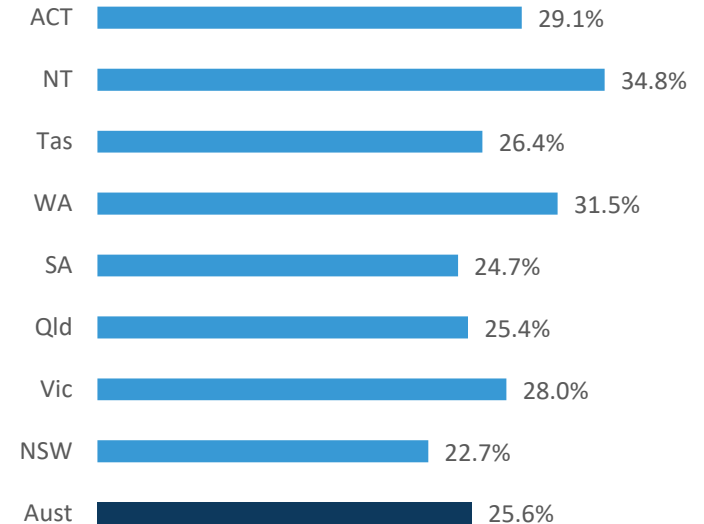


First home buyer finance fell to 25.6% of owner occupier lending in the month of July, down from a recent peak of 32.5% in December of 2020

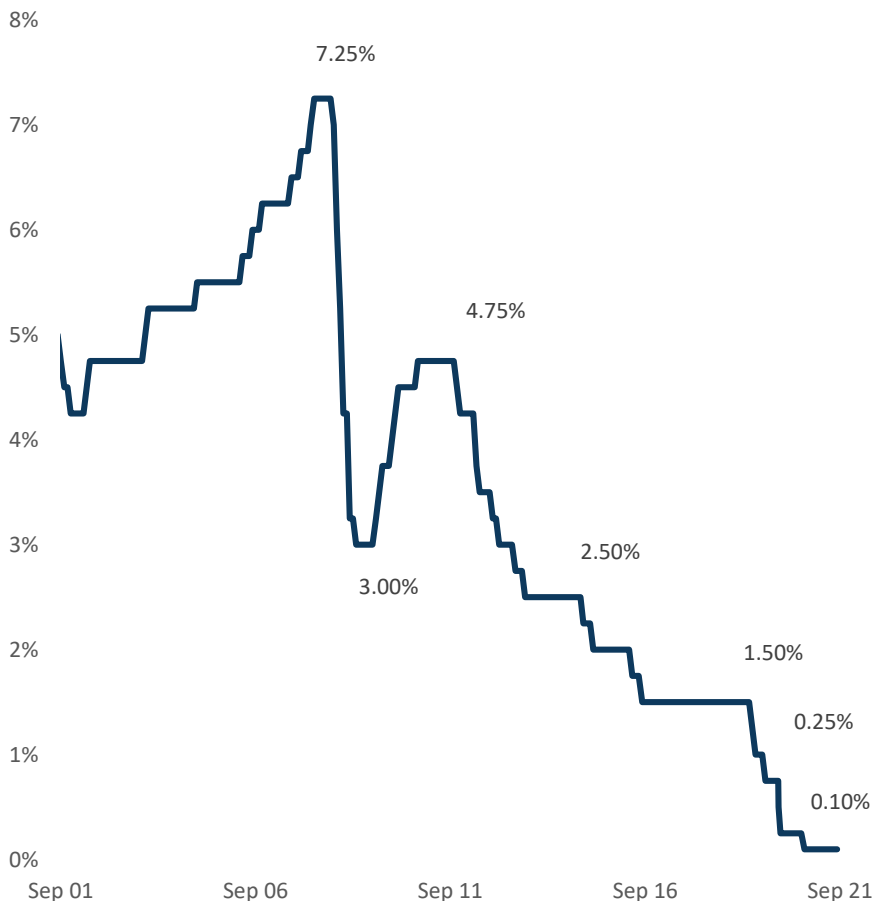
First home buyers as a % of owner occupier housing finance commitments by state



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



RBA Cash Rate



The RBA held rates at 0.1% through September

Statement highlights

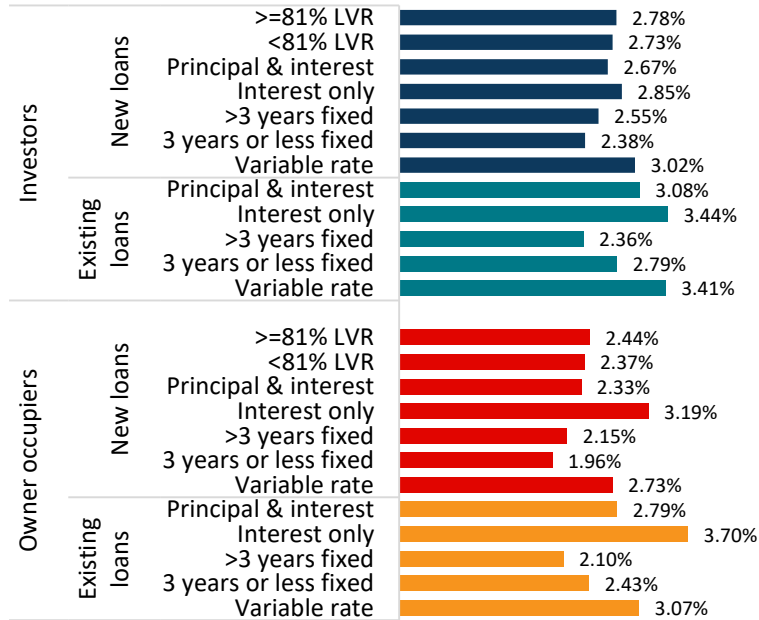
At its September board meeting, the Board decided to:

- maintain the cash rate target at 10 basis points and the interest rate on Exchange Settlement balances of zero per cent
- maintain the target of 10 basis points for the April 2024 Australian Government bond
- purchase government securities at the rate of \$4 billion a week and to continue the purchases at this rate until at least mid February 2022.
- The RBA expected GDP to decline materially in the September quarter along with weaker labour market conditions.
- Although the economy is expected to weaken, the RBA expects this will be temporary, with a bounce back likely as vaccination rates increase and restrictions are eased.

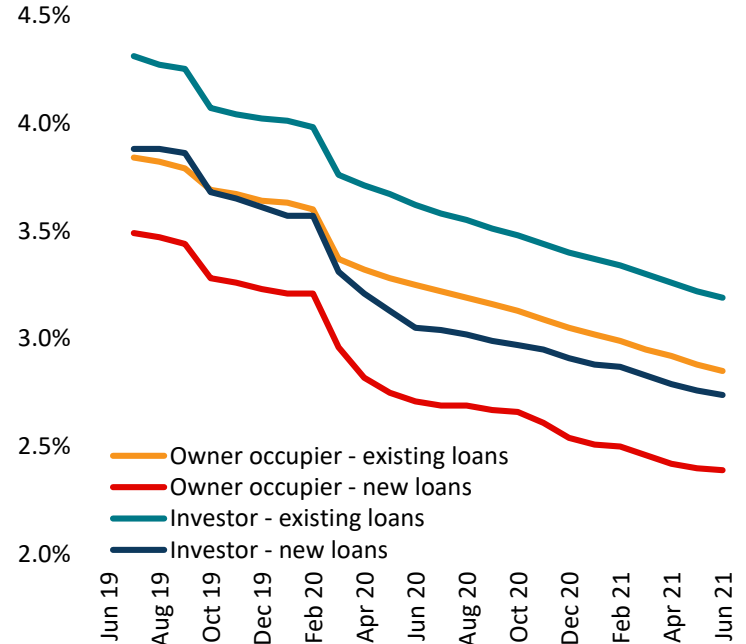
Record low mortgage rates

Average new housing lending rates have declined 110 basis points for owner-occupiers, and 114 basis points for investors since mid-2019, but longer term (>3 years) fixed rates are now edging higher for new loans as lenders price in higher funding costs.

Average borrowing costs by borrower and loan type, as at 30 Jun 21

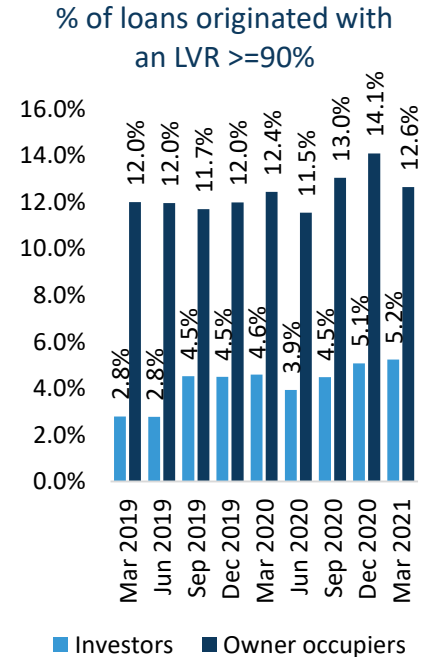
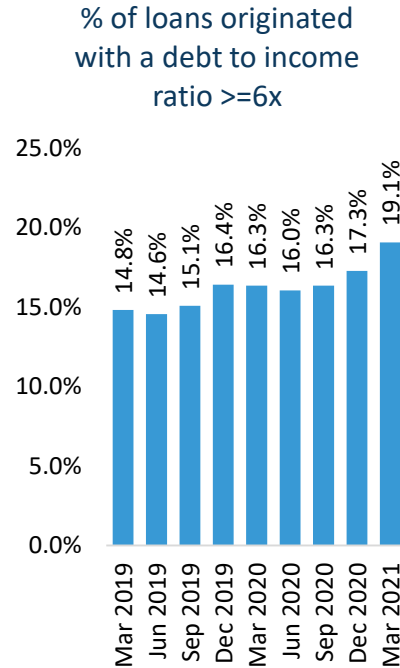
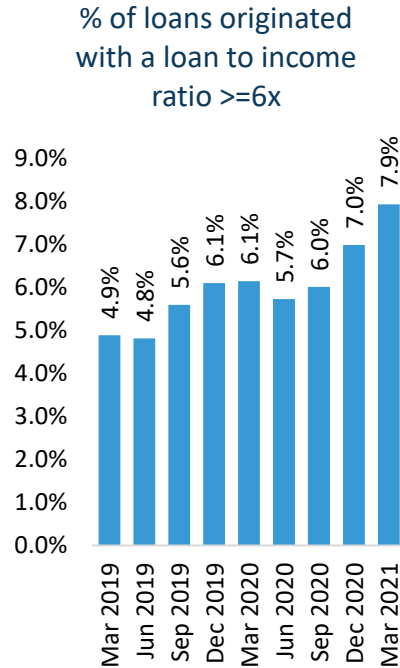
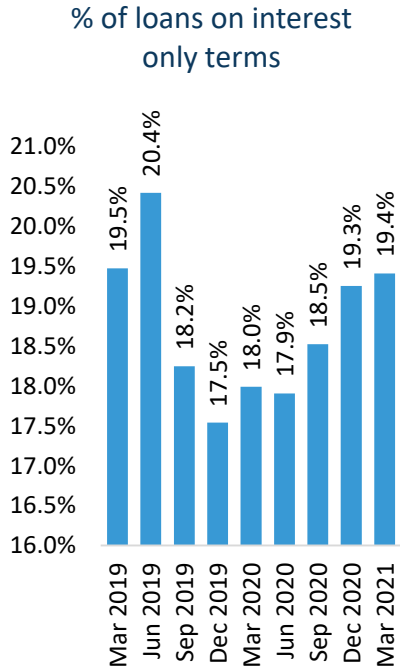


Average borrowing costs by borrower and loan type, since 2019



Could we see another round of credit tightening?

Riskier types of lending are rising, but probably not enough to trigger a regulatory response.... regulators and policy makers are closely monitoring lending standards.



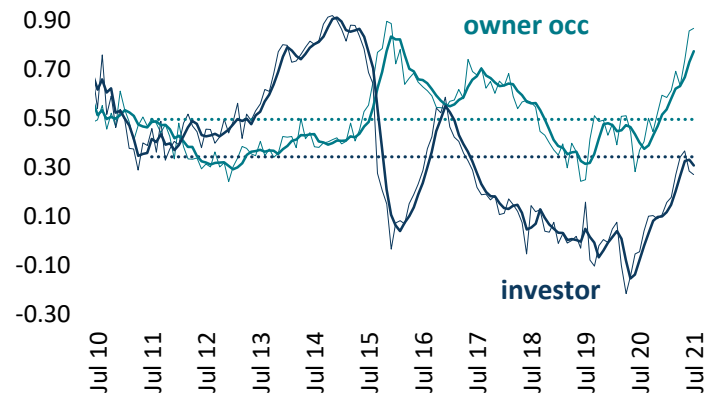
Aggregate housing credit is rising at a faster than average pace

Credit growth has been led by owner occupiers. Credit growth for investment housing has recently trended lower implying a more rapid rate of debt reduction.

RBA housing credit aggregates
Month on month change in total housing credit



RBA housing credit aggregates
Month on month change in housing credit, owner occ v investor





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