

October 2022

Monthly Housing Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.6 Trillion



AUSTRALIAN SUPERANNUATION

\$3.3 Trillion



AUSTRALIAN LISTED STOCKS

\$2.7 Trillion



COMMERCIAL REAL ESTATE

\$1.3 Trillion

NUMBER OF DWELLINGS

10.8 Million

OUTSTANDING MORTGAGE DEBT

\$2.1 Trillion

HOUSEHOLD WEALTH HELD IN HOUSING

57.8%

TOTAL SALES P.A.

566,609

GROSS VALUE OF SALES P.A.

\$496.4 Billion

Source: CoreLogic, RBA, APRA, ASX

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Australian dwelling values

Overview

3 MONTHS

-4.1%

National home values fell by -4.1% in the three months to September, the biggest quarterly decline in home values since the 1980's.

12 MONTHS

1.7%

Dwelling values across Australia are 1.7% higher than they were this time last year, down significantly from a cyclical peak of 22.4% recorded in the 12 months to January 2022.

CAPITAL CITIES

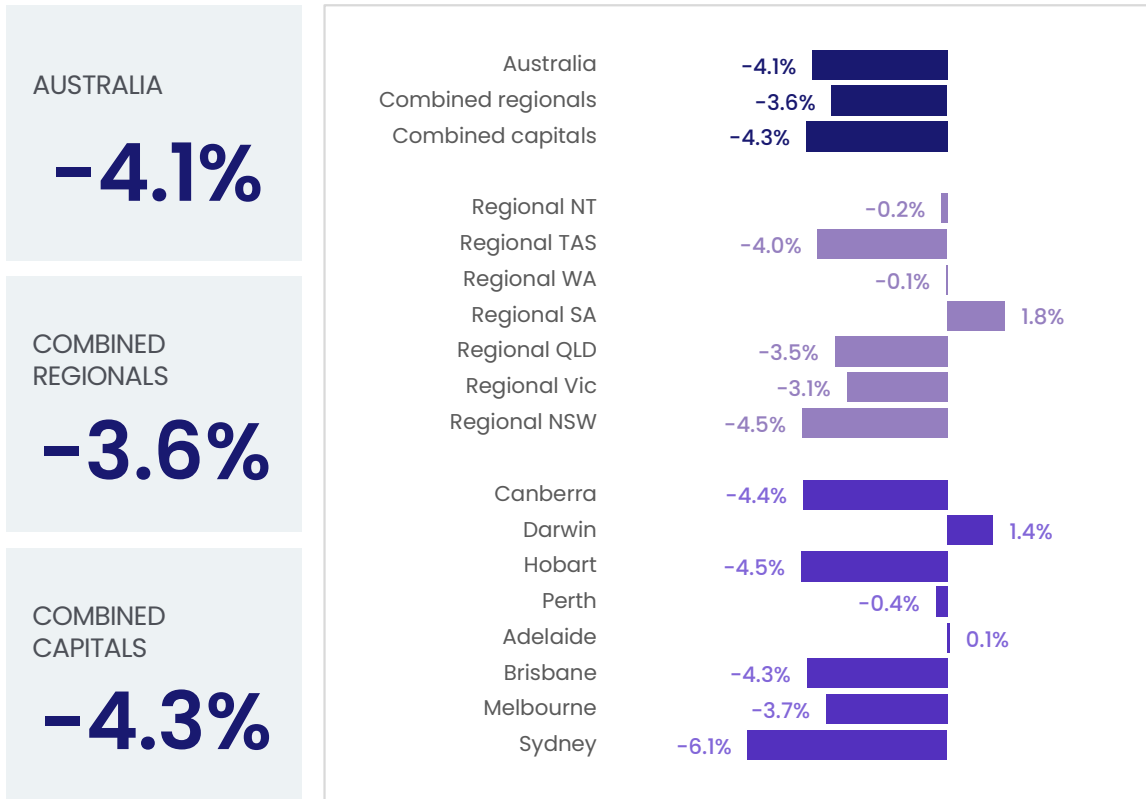
The monthly pace of decline slowed through September

While the housing market downswing has become more broad-based, the monthly rate of decline slowed to -1.4% in September, from -1.6% through August.

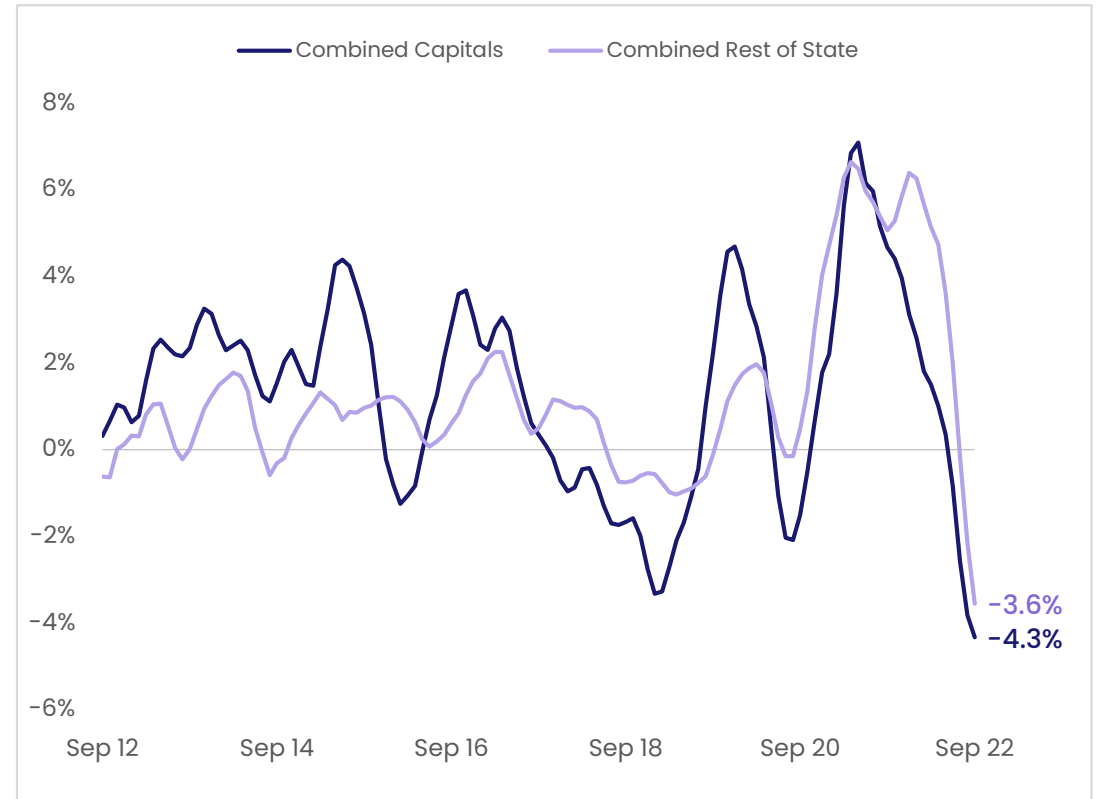
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to September 2022



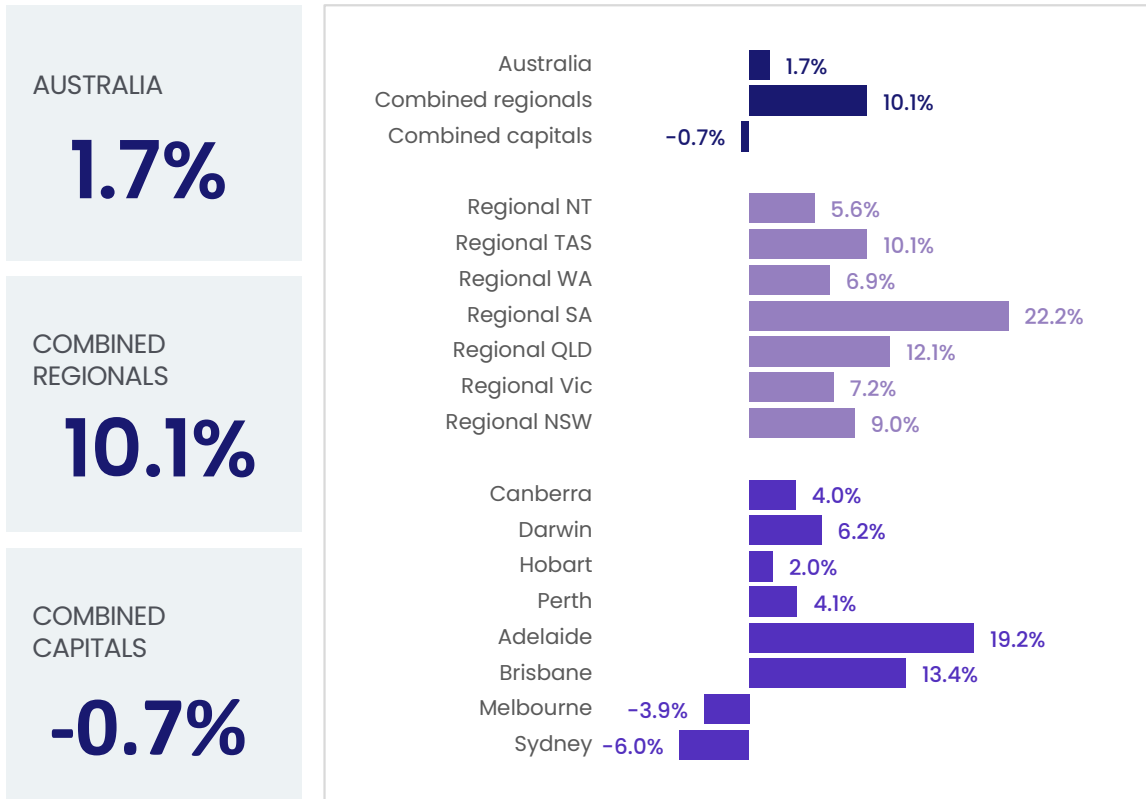
Rolling quarterly change in dwelling values



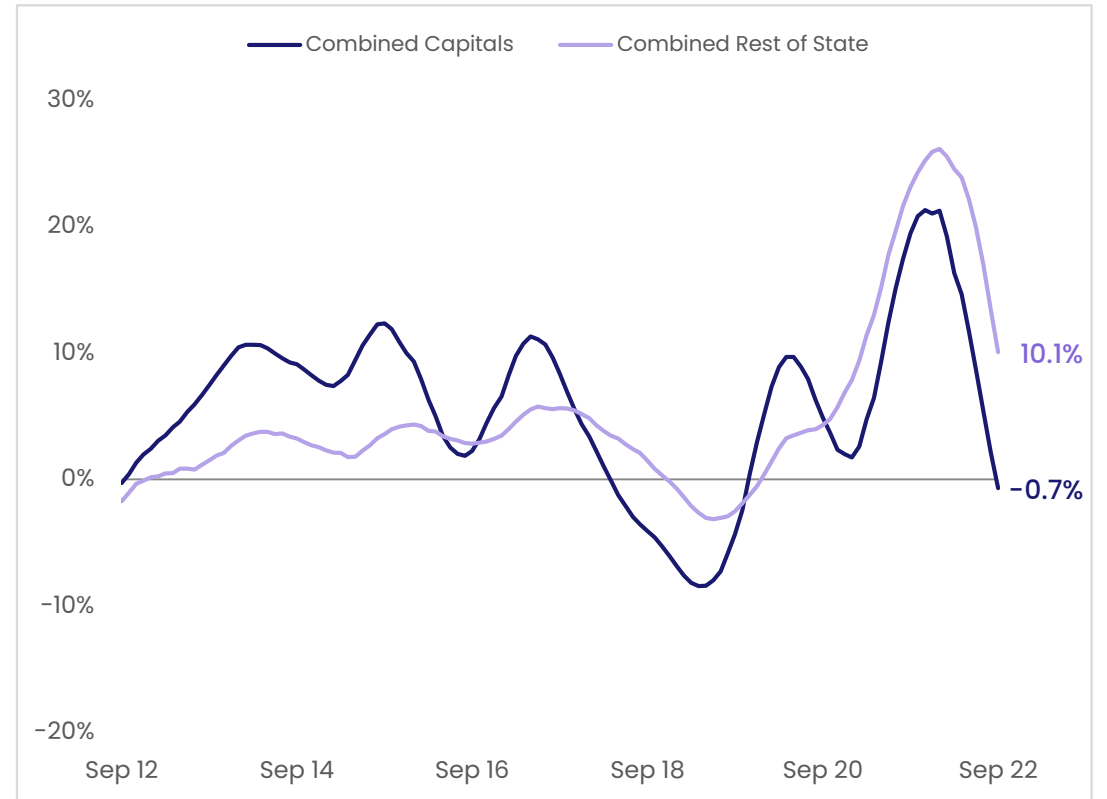
AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to September 2022



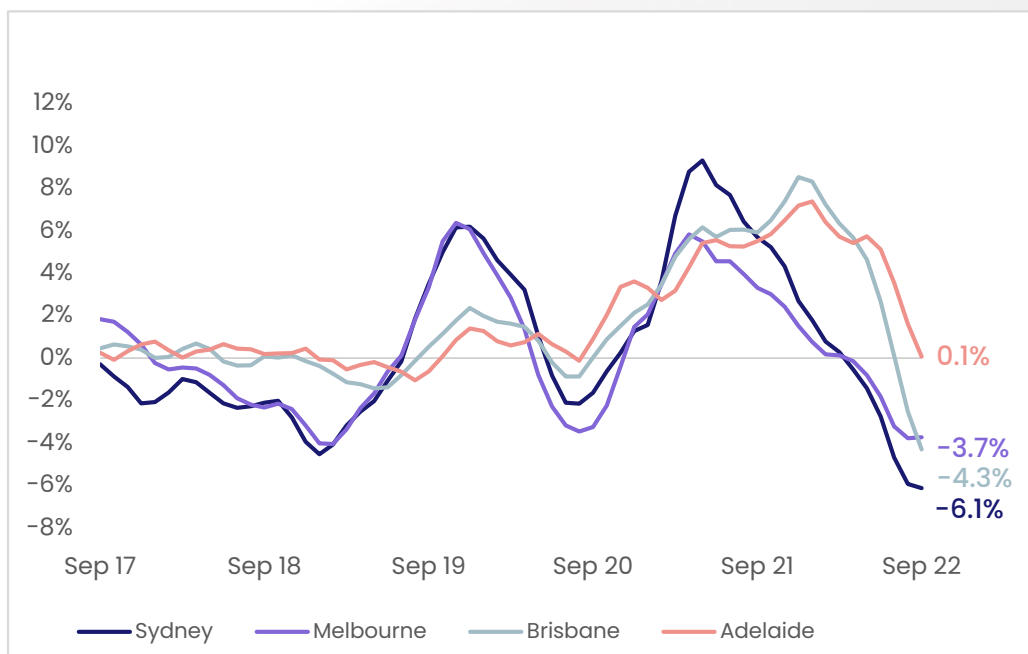
Rolling annual change in dwelling values



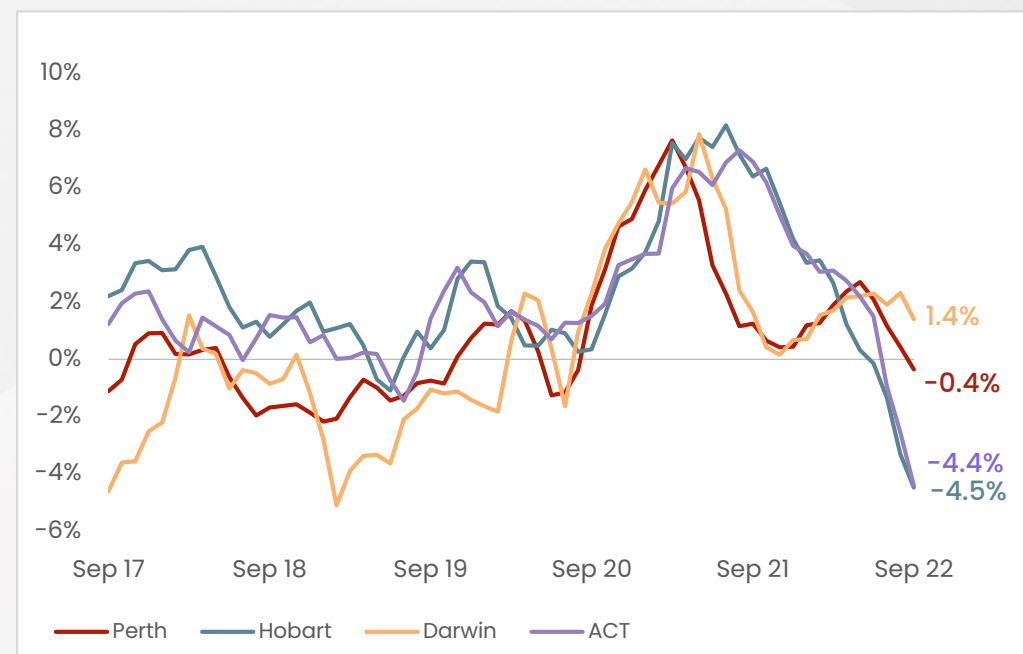
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings



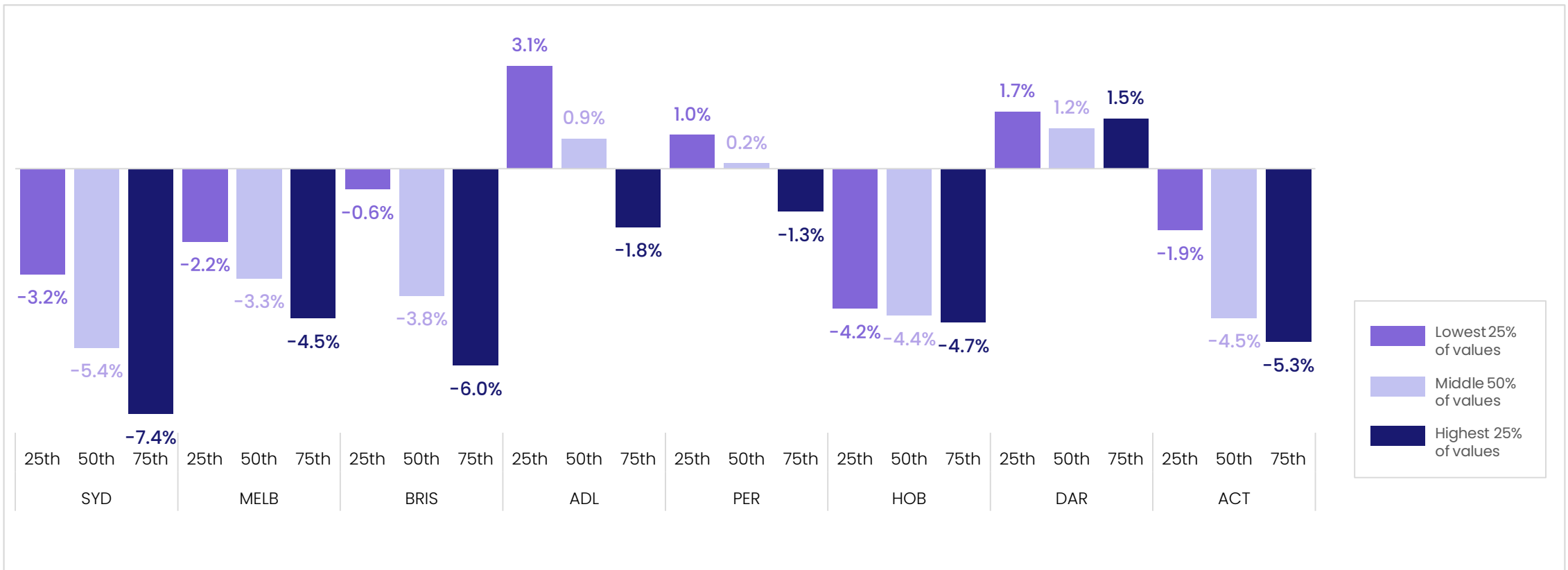
Rolling quarterly change in values, dwellings



AUSTRALIAN DWELLING VALUES

Capital cities

Quarterly change in stratified hedonic dwellings index (3 months to September)



Housing cycles

Capital cities

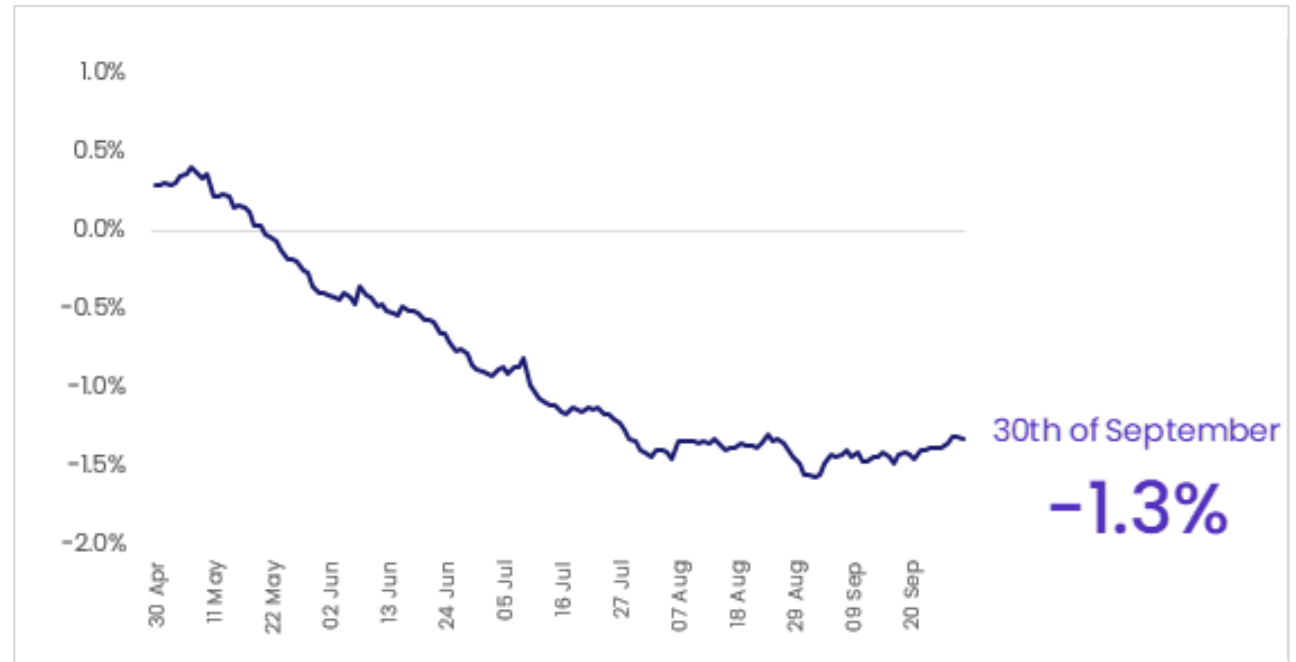


Rolling 28-day growth rate in CoreLogic Daily Home Value index

The rolling 28-day change in the combined capitals home value index fell a further -1.3% through the 28 days ending September 30th.

However, the pace of decline slowed, after hitting a recent low of -1.6% in early September.

Combined capital cities



HOUSING CYCLES

Sydney

In September Sydney dwelling values declined

-1.8%

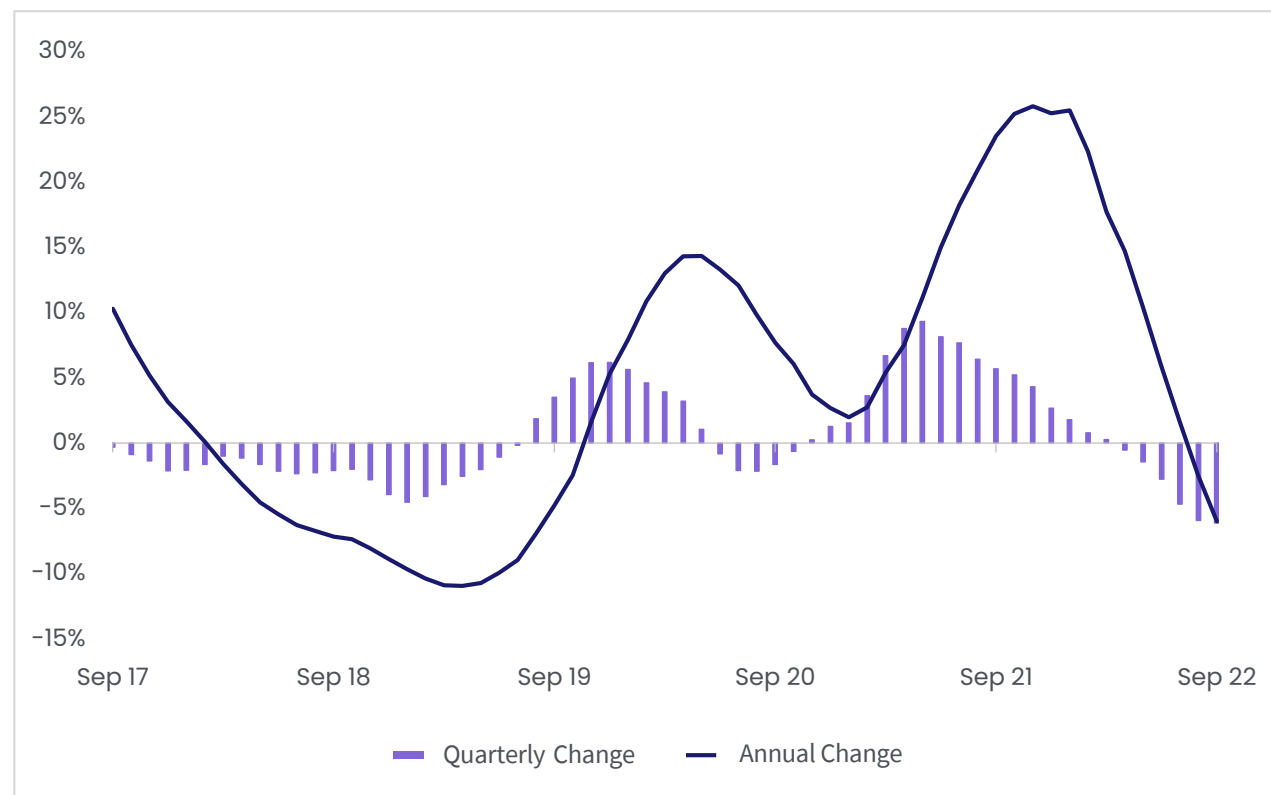
Over the quarter dwelling values decreased by

-6.1%

Over the past year dwelling values decreased by

-6.0%

Sydney dwelling values are now -9.0% below the record high, which was in January 2022.



HOUSING CYCLES

Melbourne

In September Melbourne dwelling values declined

-1.1%

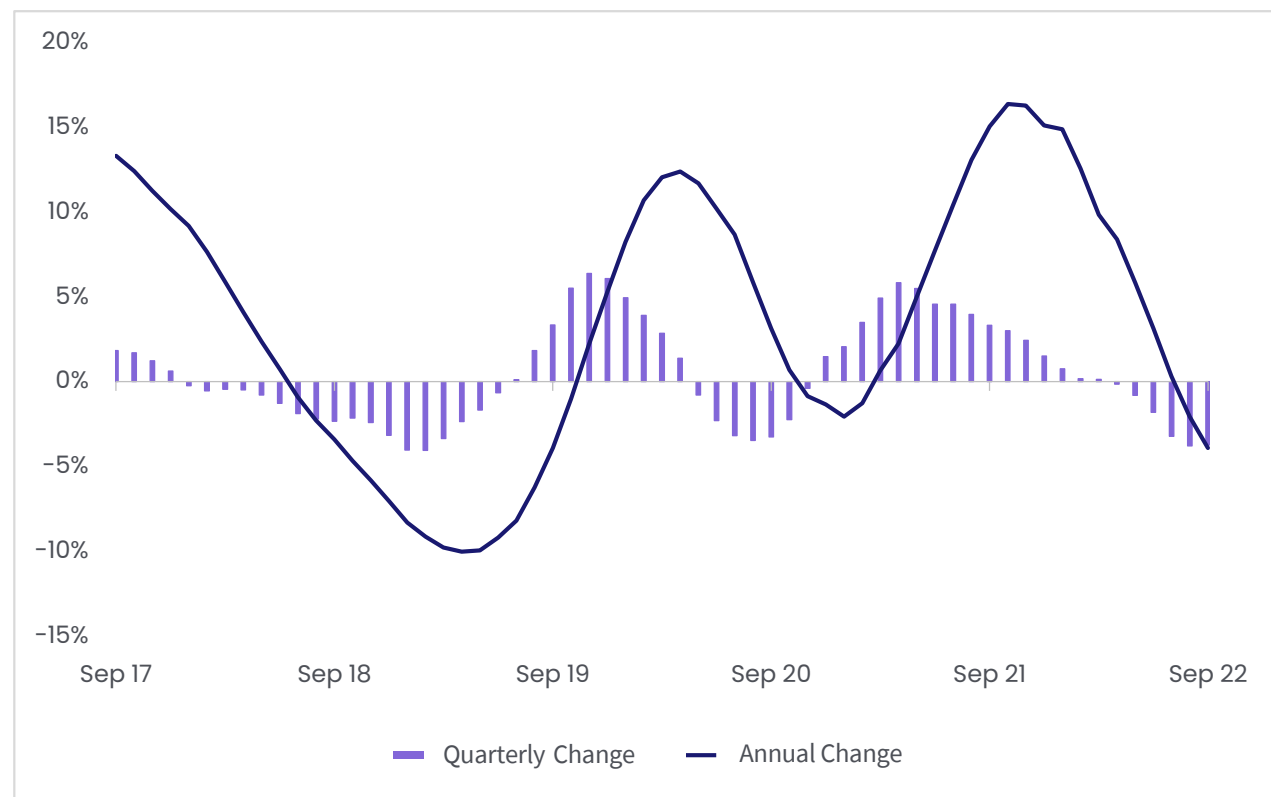
Over the quarter dwelling values decreased by

-3.7%

Over the past year dwelling values decreased by

-3.9%

Melbourne dwelling values are now -5.6% below the record high, which was in February 2022.



HOUSING CYCLES

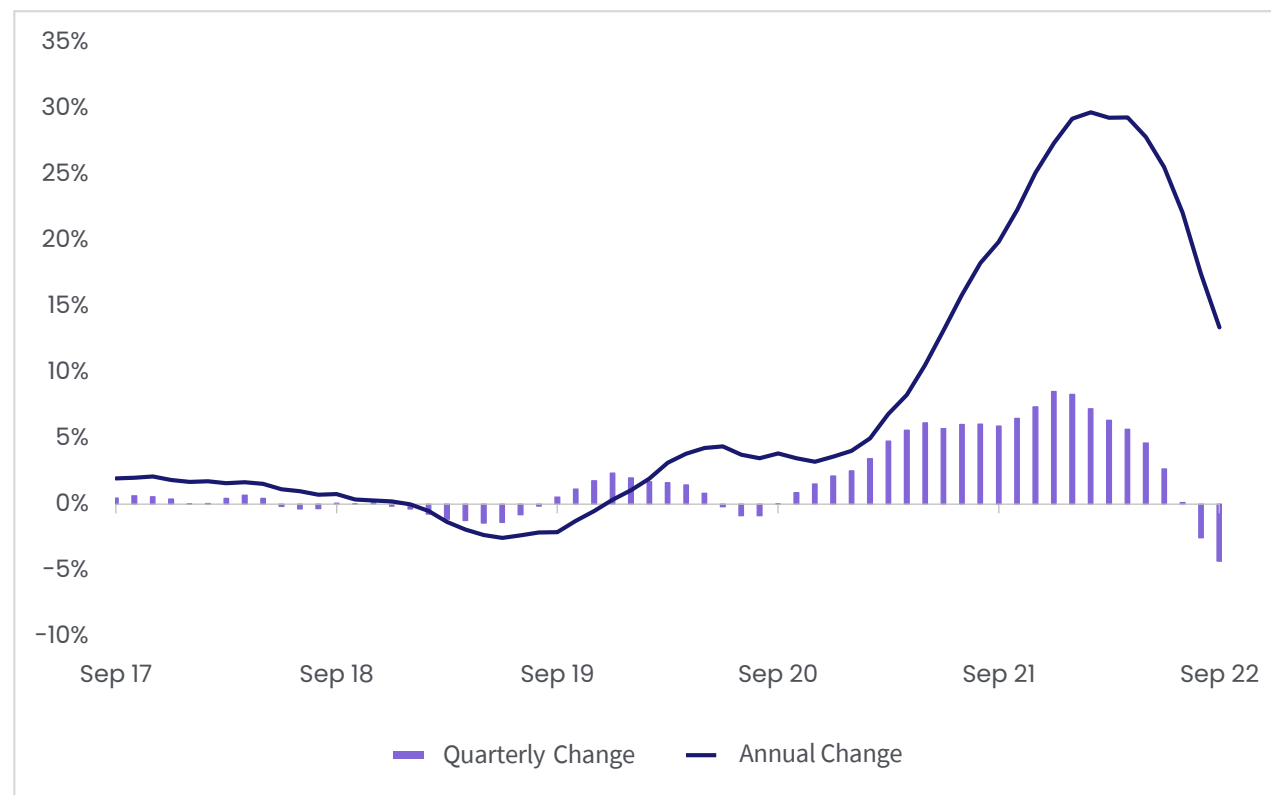
Brisbane

In September Brisbane dwelling values declined **-1.7%**

Over the quarter dwelling values decreased by **-4.3%**

Over the past year dwelling values increased by **13.4%**

Brisbane dwelling values are now -4.3% below the record high, which was in June 2022.



HOUSING CYCLES

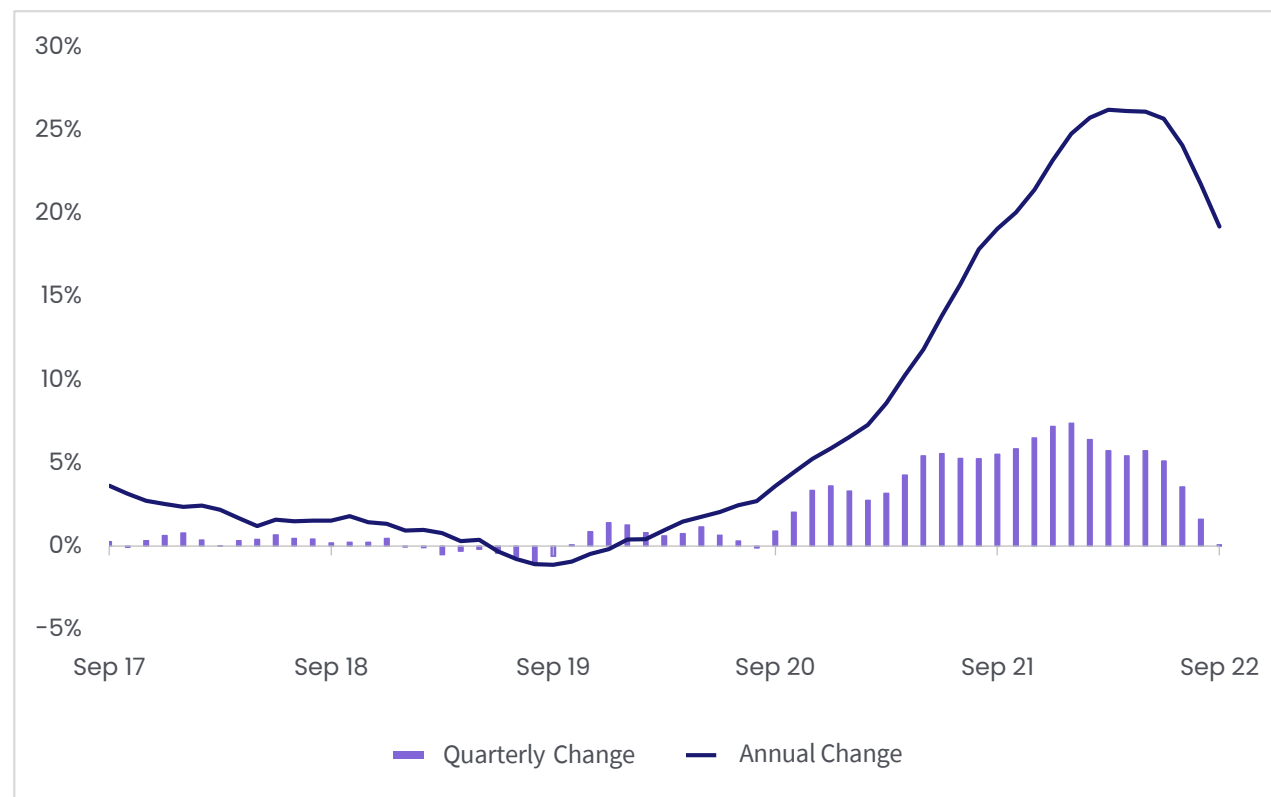
Adelaide

In September Adelaide dwelling values declined **-0.2%**

Over the quarter dwelling values increased by **0.1%**

Over the past year dwelling values increased by **19.2%**

Adelaide dwelling values are now -0.3% below the record high, which was in July 2022.



HOUSING CYCLES

Perth

In September Perth dwelling values declined

-0.4%

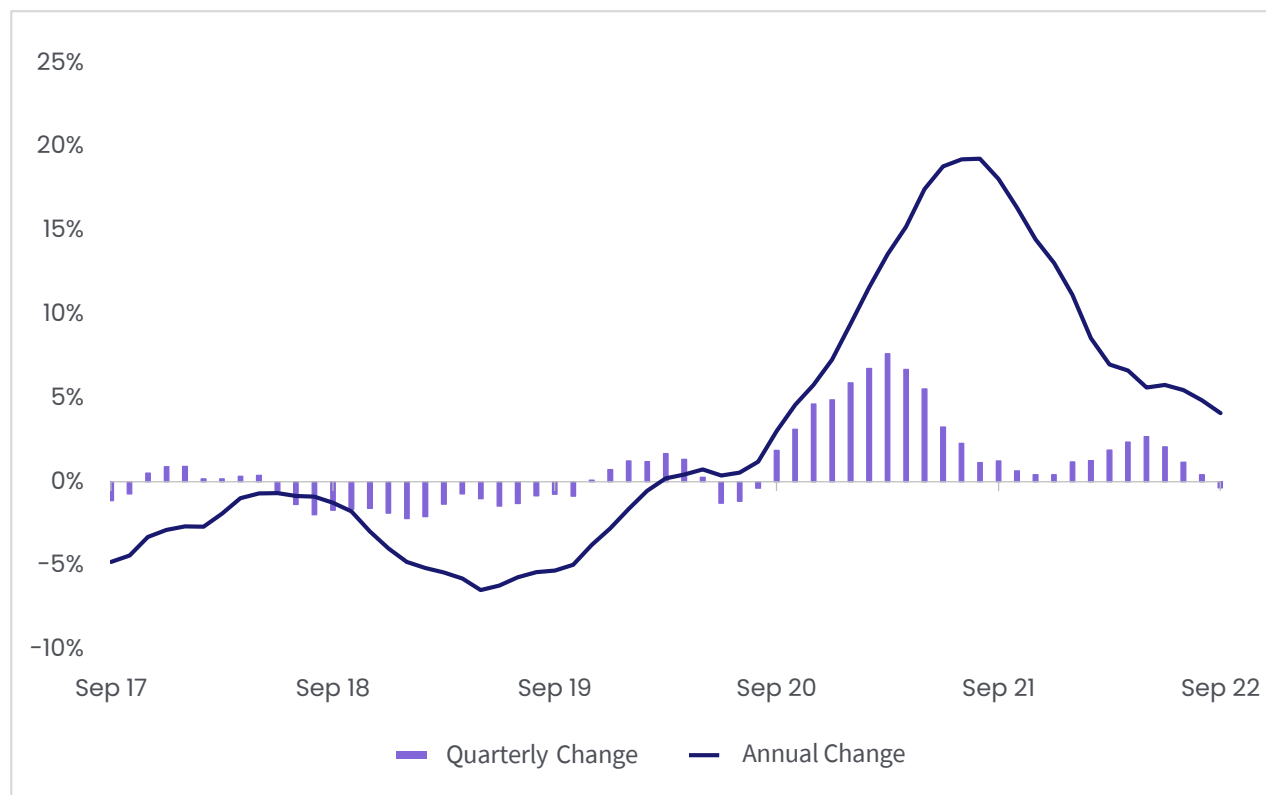
Over the quarter dwelling values decreased by

-0.4%

Over the past year dwelling values increased by

4.1%

Perth dwelling values are now -0.6% below the record high, which was in July 2022



HOUSING CYCLES

Hobart

In September Hobart dwelling values declined

-1.4%

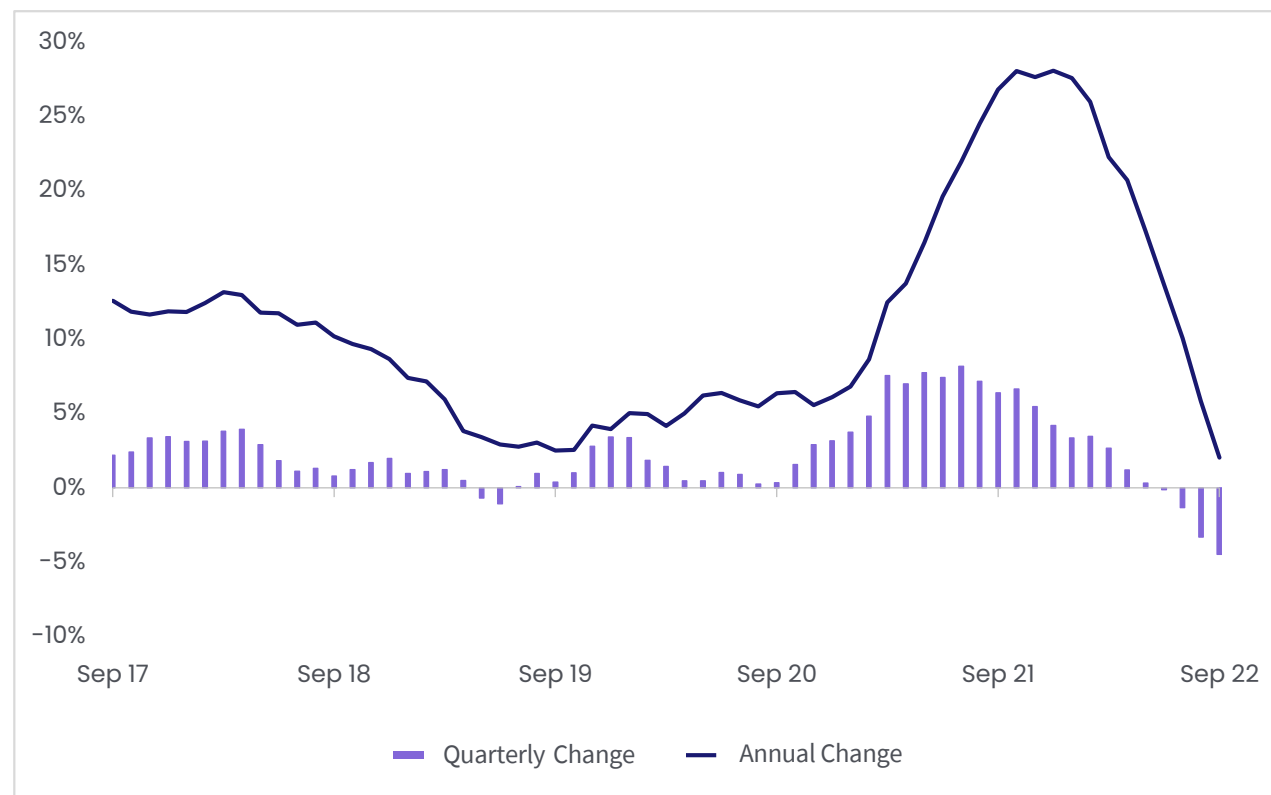
Over the quarter dwelling values decreased by

-4.5%

Over the past year dwelling values increased by

2.0%

Hobart dwelling values are now -4.7% below the record high, which was in May 2022



HOUSING CYCLES

Darwin

In September Darwin dwelling values were unchanged

0.0%

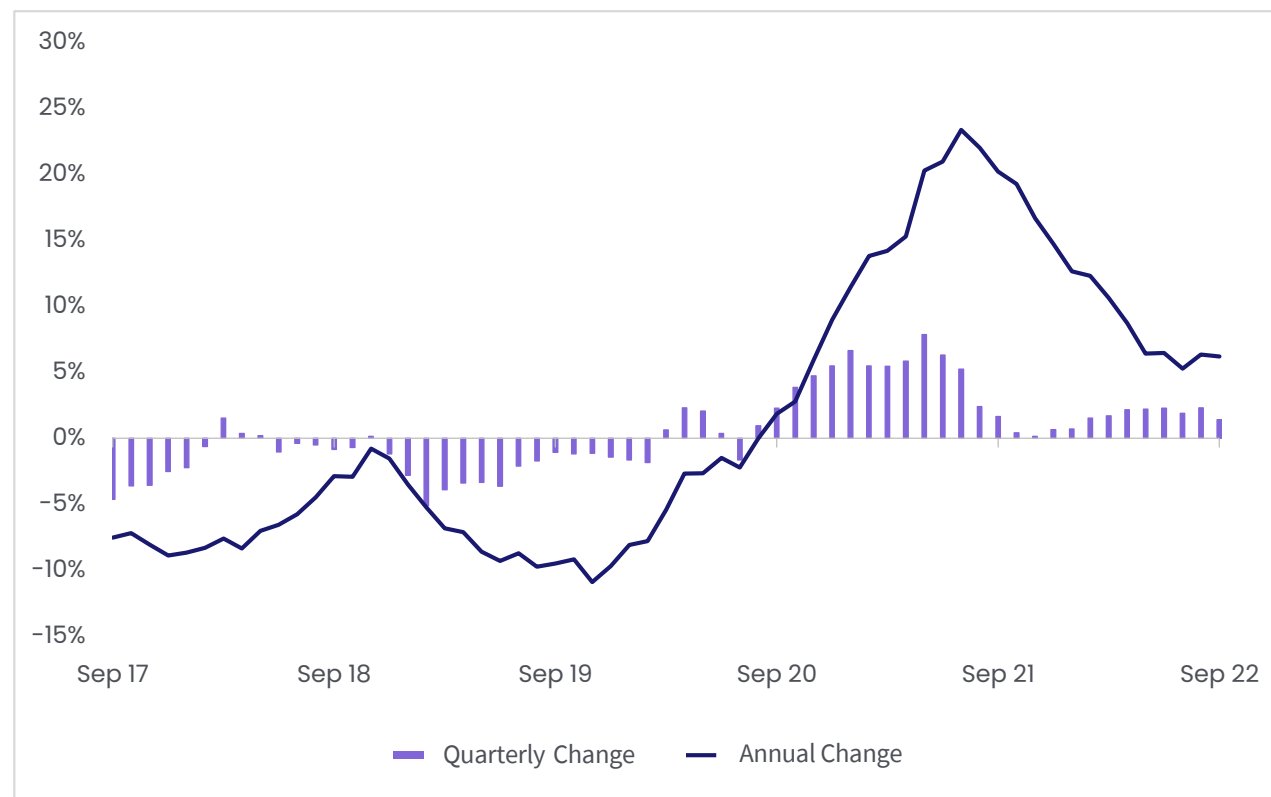
Over the quarter dwelling values increased by

1.4%

Over the past year dwelling values increased by

6.2%

Darwin dwelling values are now -10.1% below the record high, which was in May 2014.



HOUSING CYCLES

Canberra

In September Canberra dwelling values declined

-1.6%

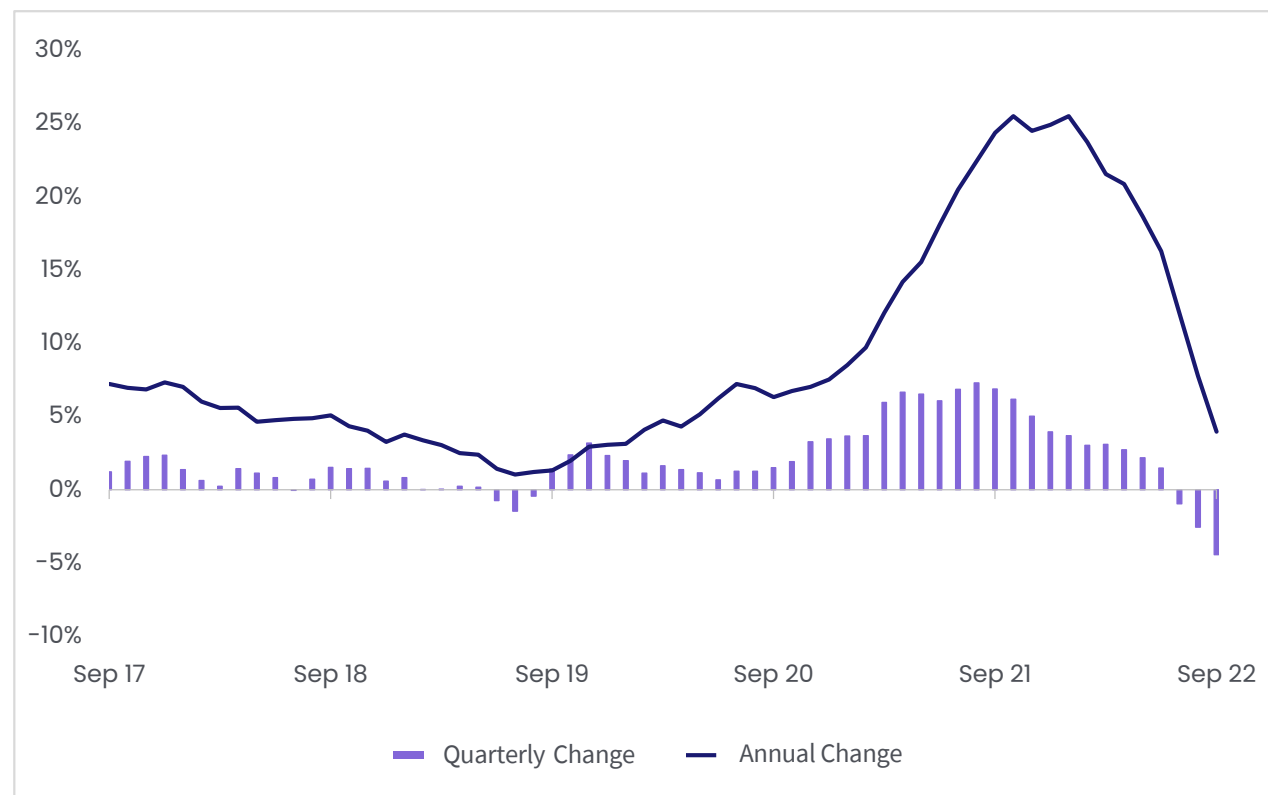
Over the quarter dwelling values decreased by

-4.4%

Over the past year dwelling values increased by

4.0%

Canberra dwelling values are now -4.4% below the record high, which was in June 2022.



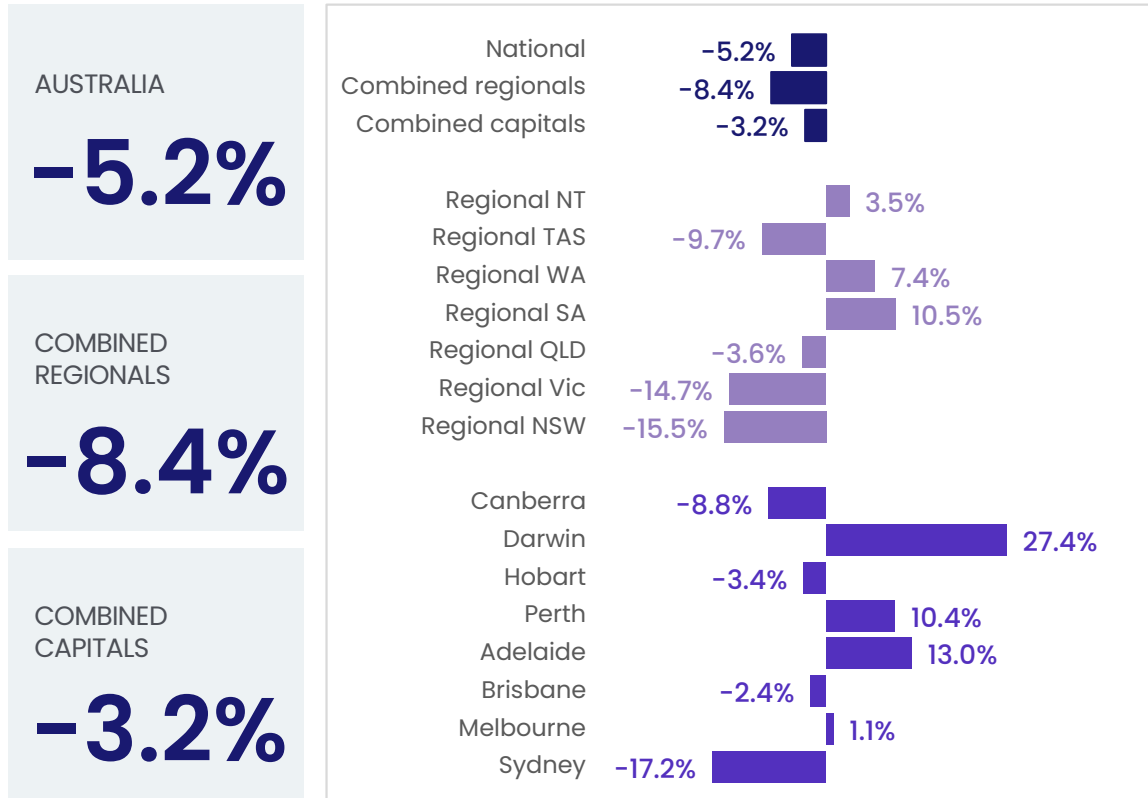
Sales and listings



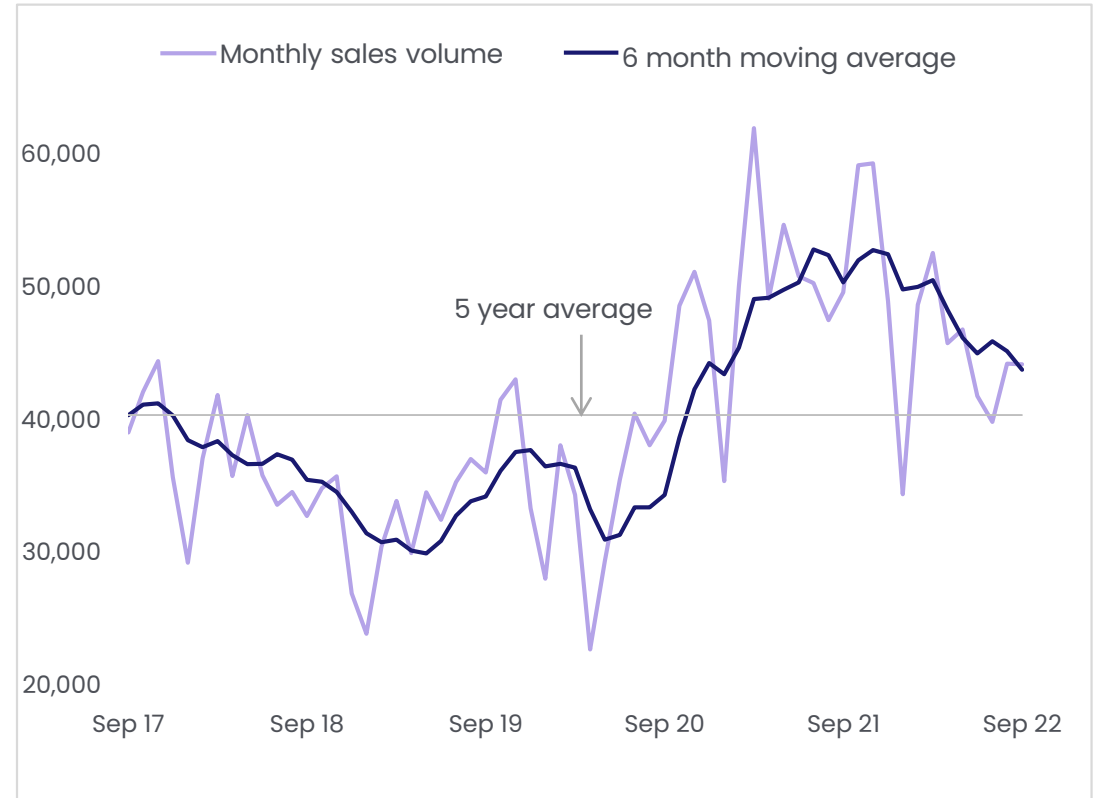
NATIONAL SALES

Sales volumes are trending lower as buyer demand slows. CoreLogic estimates that in the 12 months to September, there were 566,609 sales nationally, down -5.2% compared to the previous year. Sales estimates over the year to date were -11.4% lower than in the same period of 2021.

Change in sales volumes, twelve months to September 2022



Monthly sales with six month moving average, National

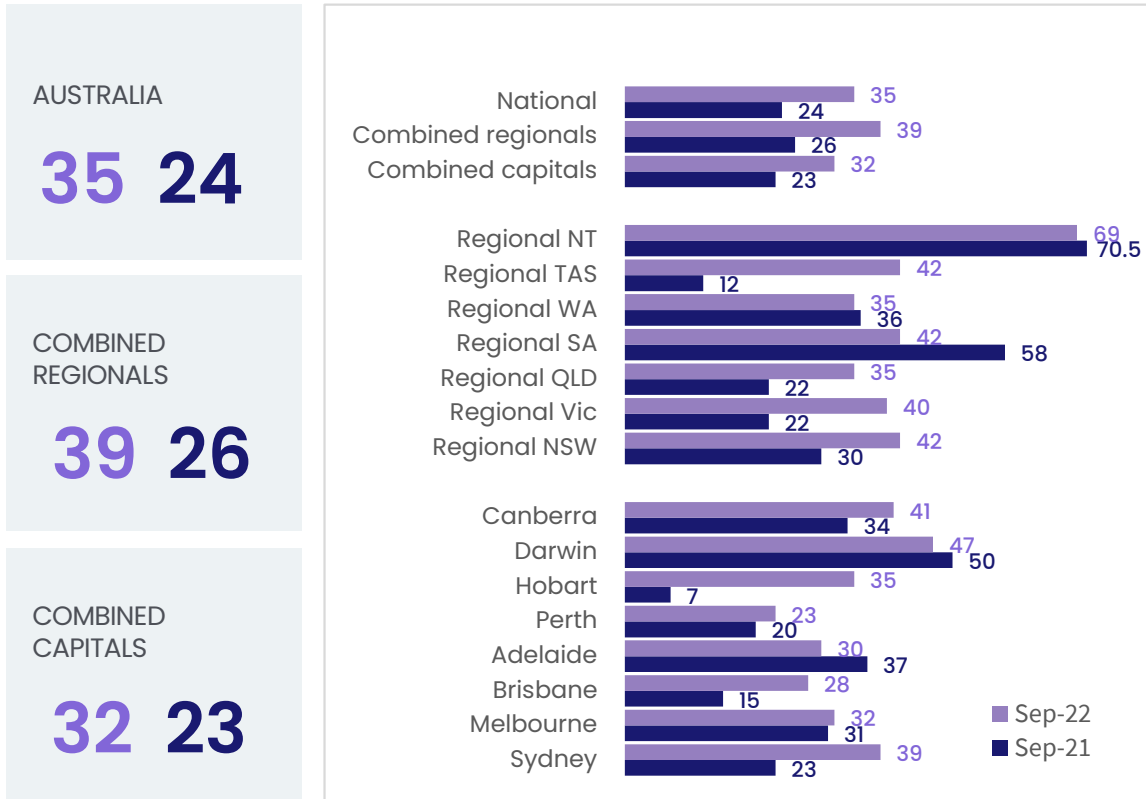


Note: recent months of sales volumes are modelled estimates, and are subject to revision

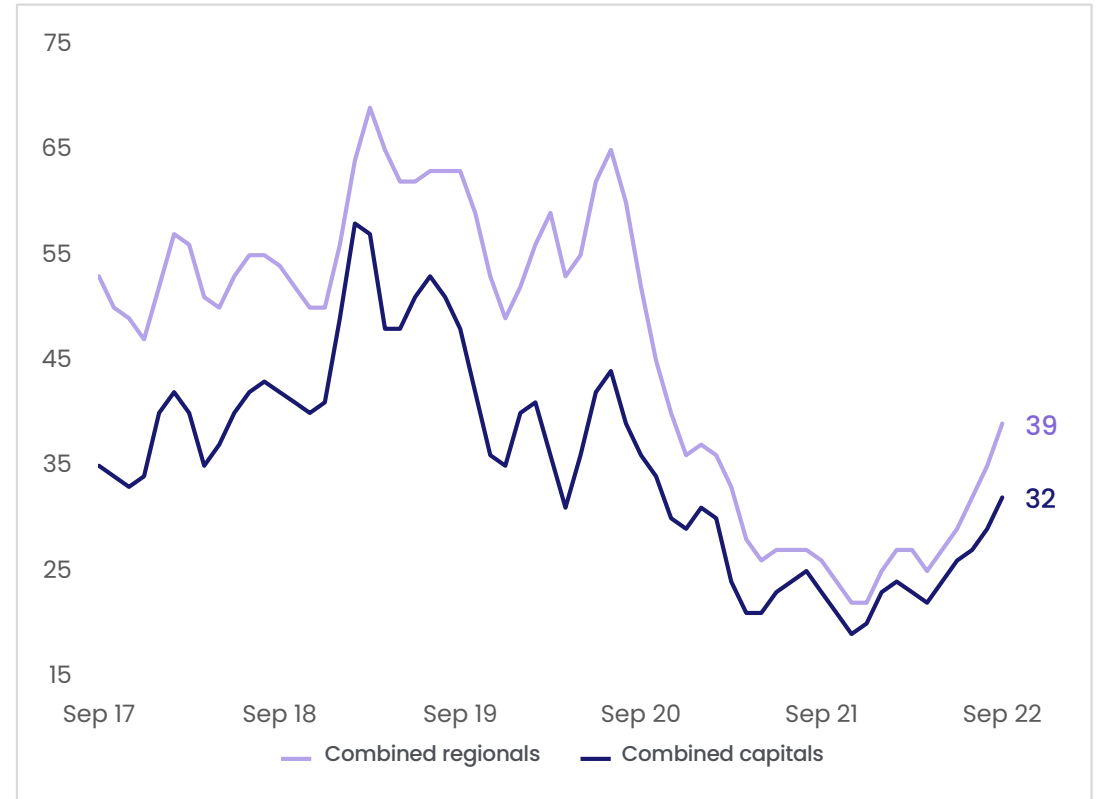
MEDIAN DAYS ON MARKET

At the national level, properties are taking longer to sell. In the three months to September, the median days on market was 35, up from a recent low of 20 days over the three months to November.

Median days on market – three months to September 2022



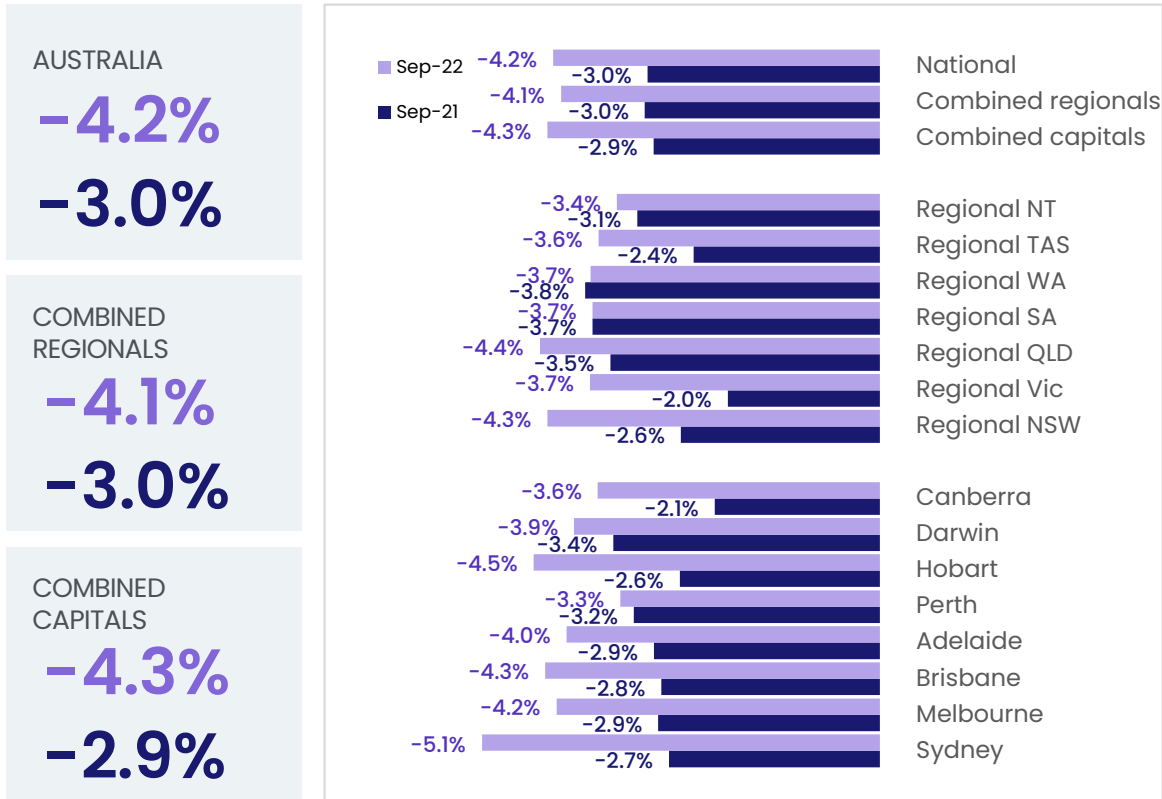
Median days on market



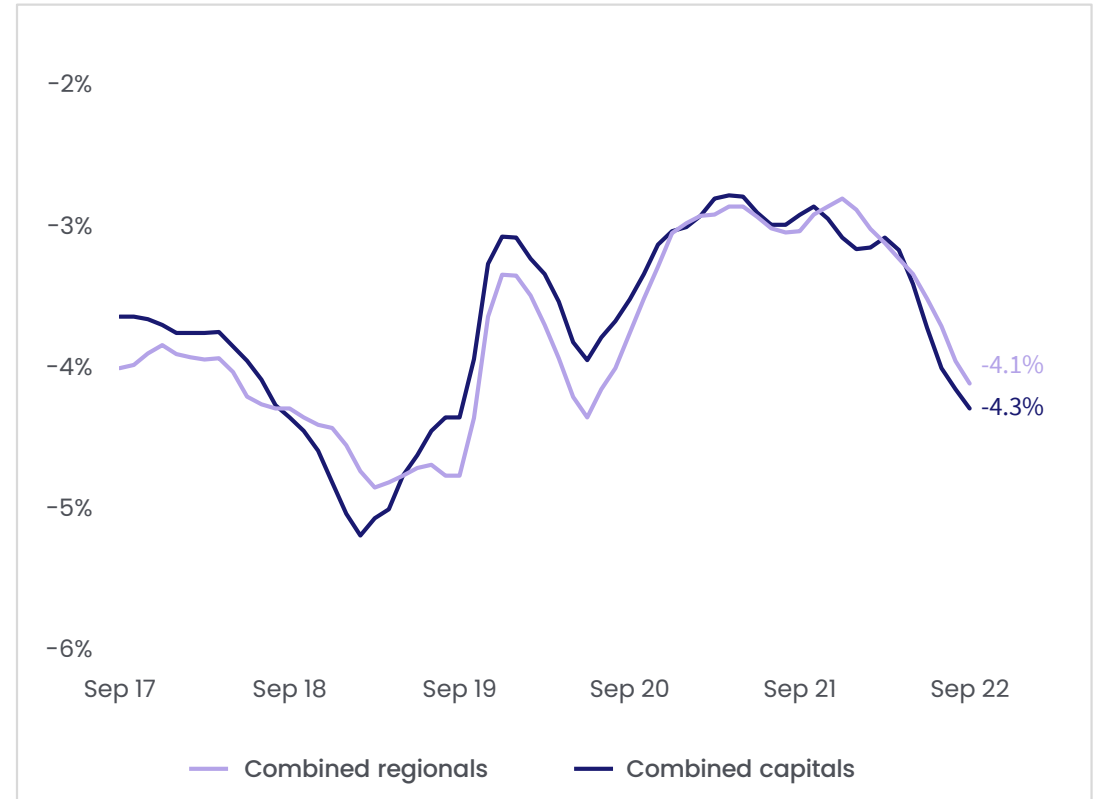
VENDOR DISCOUNT

Similarly, vendor discounting has also increased from the recent low of -2.9% recorded in the three months to November last year. In the three months to September, the median vendor discount at the national level was -4.2%.

Median vendor discount – three months to September 2022



Median vendor discount



LISTINGS

In the four weeks to October 2, there were 34,368 newly advertised dwellings listed for sale nationally. While the volume of new listings has ticked up slightly compared to the 28 days to 29th September, the flow of new listings is -14.3% lower than the previous five-year average.

Number of new listings, National Dwellings

New listings over the 4 weeks ending October 2

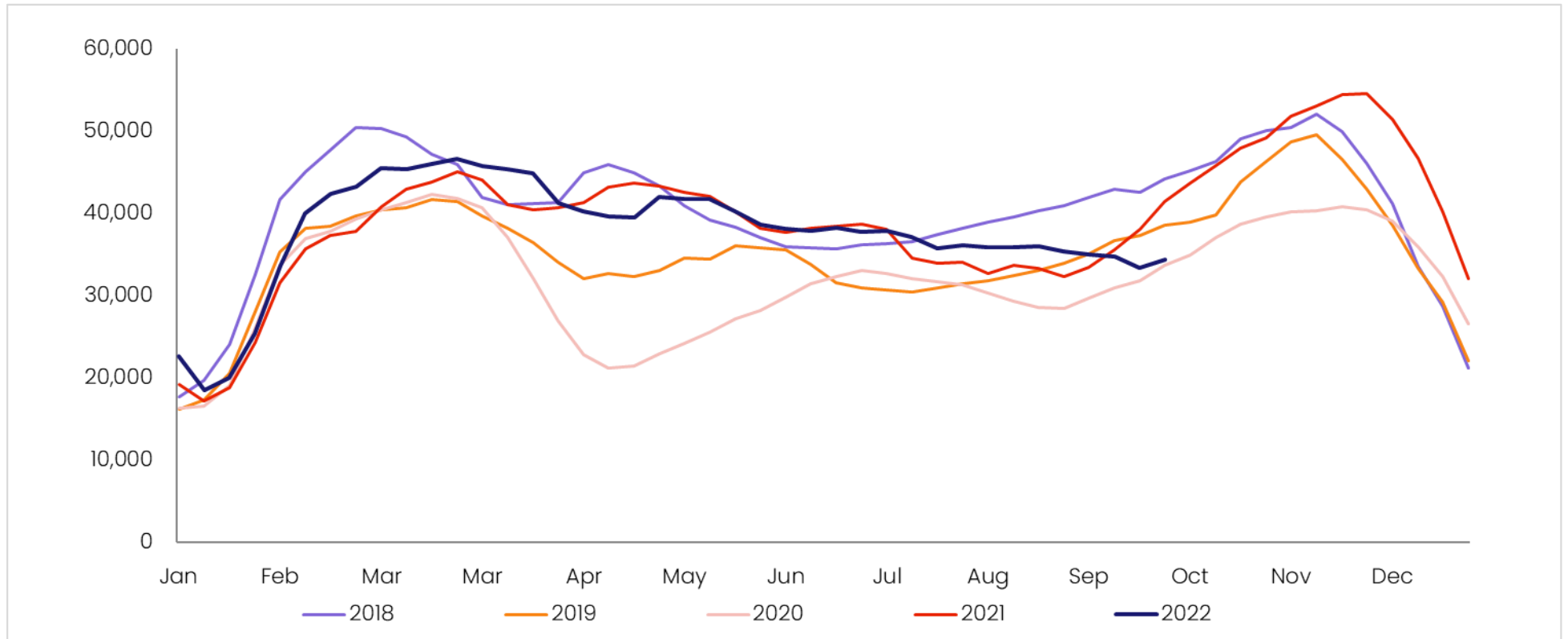
34,368

Compared to same time last year

-17.1%

Compared to 5-year average

-14.3%



LISTINGS

At the national level, total listings are starting to trend lower once again. This is likely the result of new listing levels falling faster than sales volumes. CoreLogic estimates there was more than one sale for each new property listed through September, depleting total stock levels.

Number of total listings, National Dwellings

Total listings over the 4 weeks ending October 2

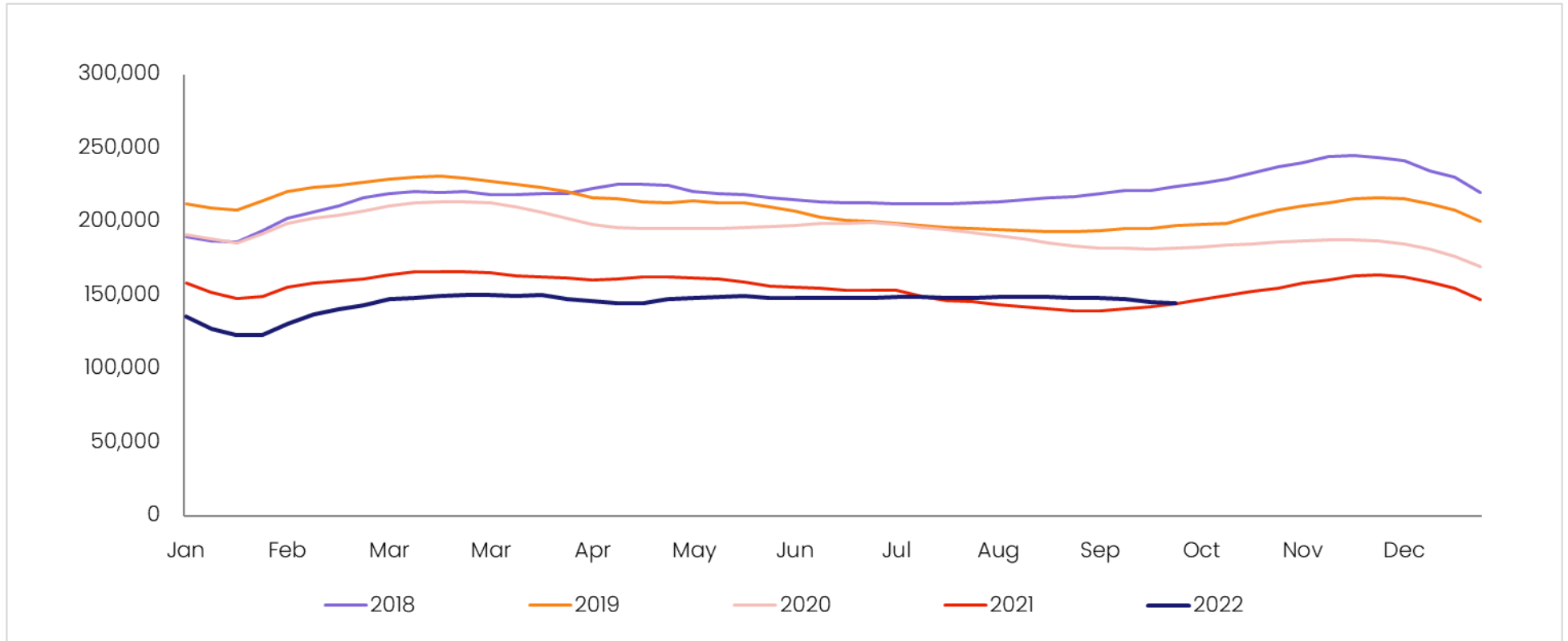
144,303

Compared to same time last year

-0.1%

Compared to 5-year average

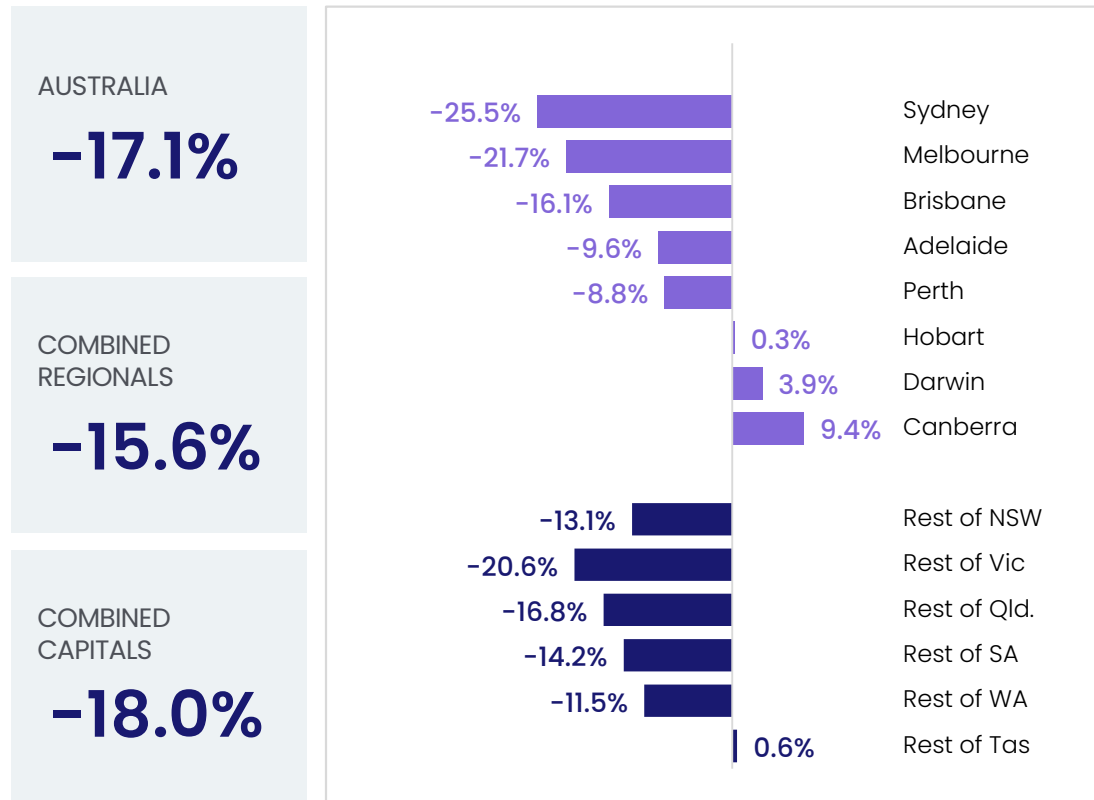
-24.7%



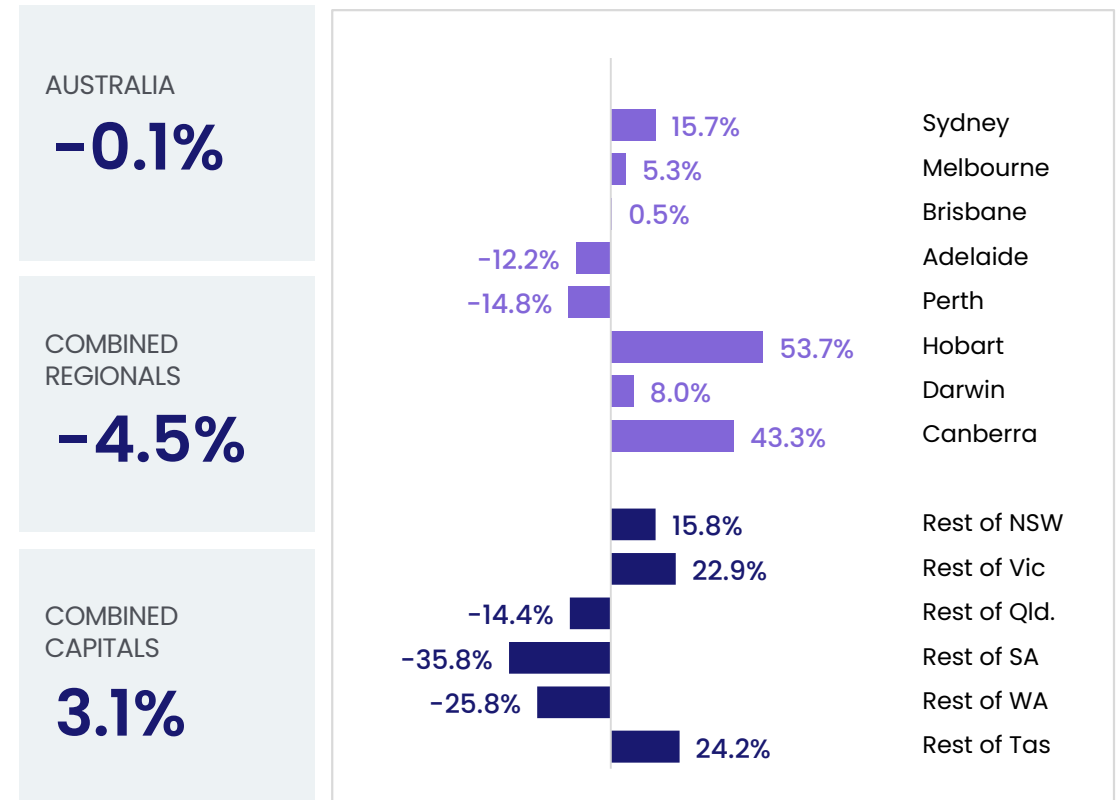
LISTINGS

Total advertised stock levels are normalizing in the capital cities, though still remain lower than this time last year across Perth and Adelaide. New listings levels are lower than this time last year across five of the eight capital cities.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

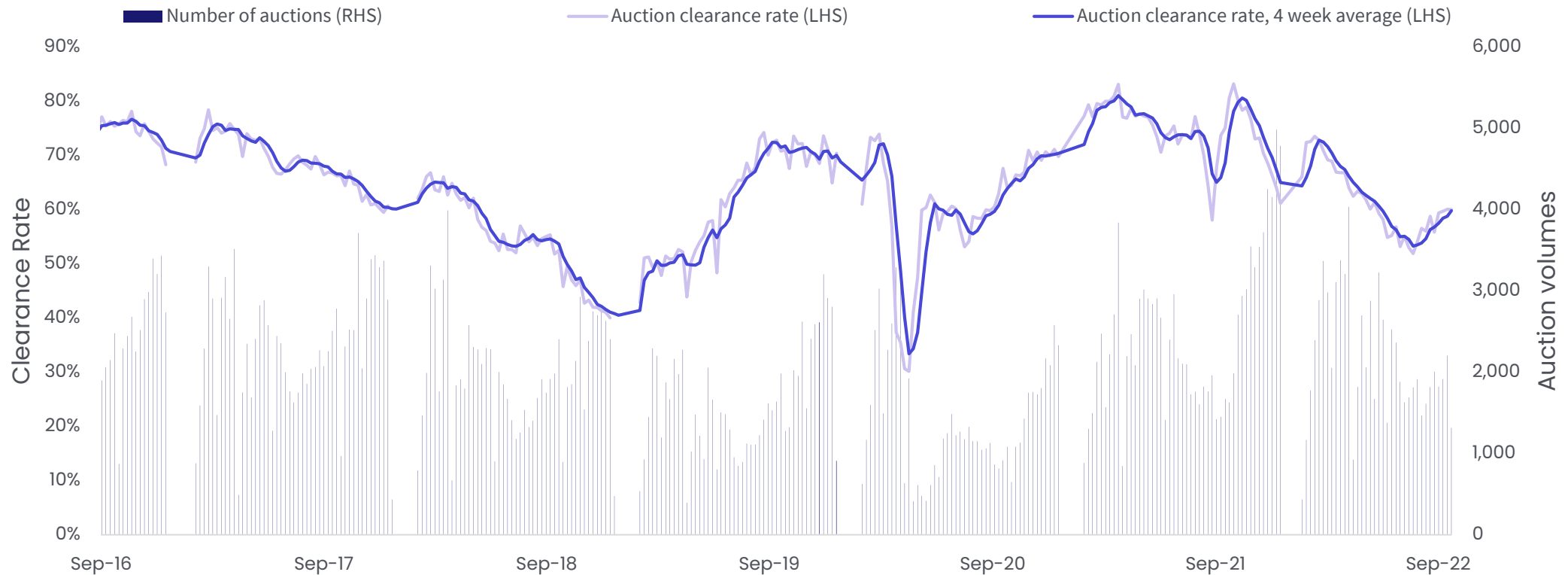


Data is for the four weeks ending 2 October

WEEKLY CLEARANCE RATES

The combined capital cities clearance rate trended higher through September, averaging 59.8% in the five weeks to September 25th. While up from the average recorded over August (56.8%), it is down from 74.3% in the equivalent period of 2021.

Weekly clearance rates, combined capital cities

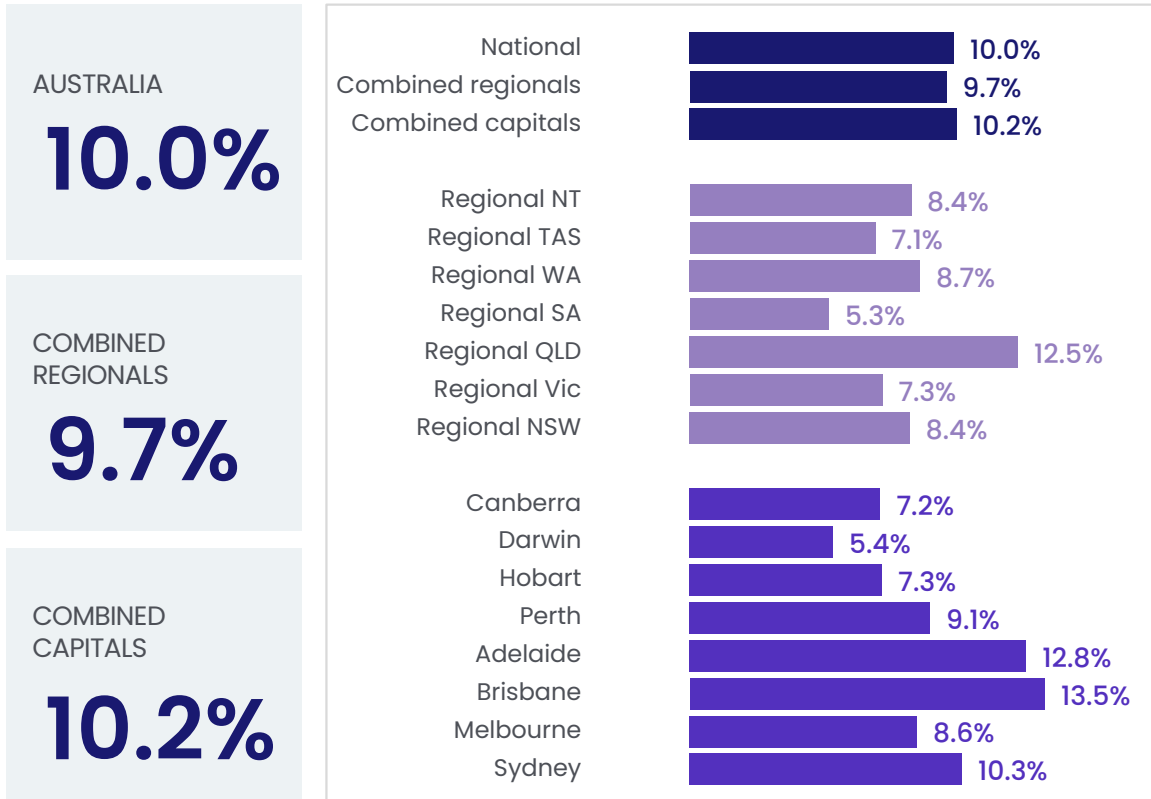


Rental market

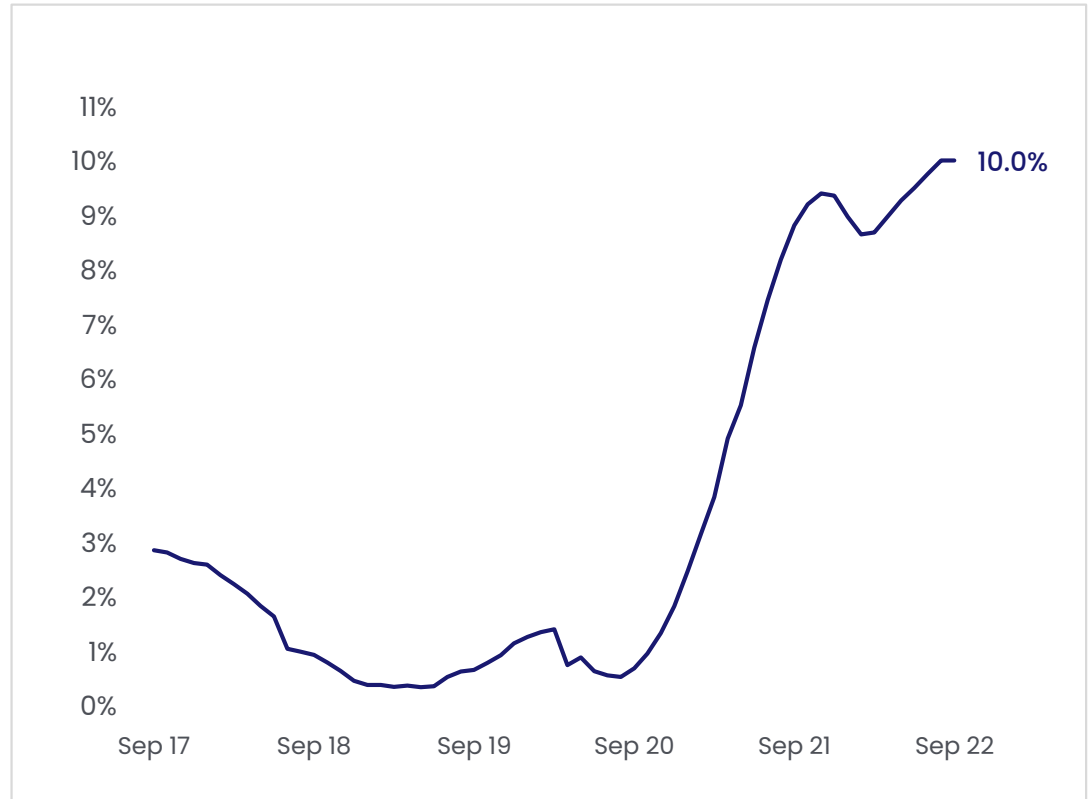
RENTAL RATES

Rental value growth remains high across Australian dwellings, but the annual growth in house rents has shown signs of moderating growth, falling to 9.4% in the 12 months to September. Unit rent values have seen increased momentum, rising 11.8% over the past year. This saw annual rental growth across national dwelling hold steady at of 10.0%.

Annual change in rental rates to September 2022



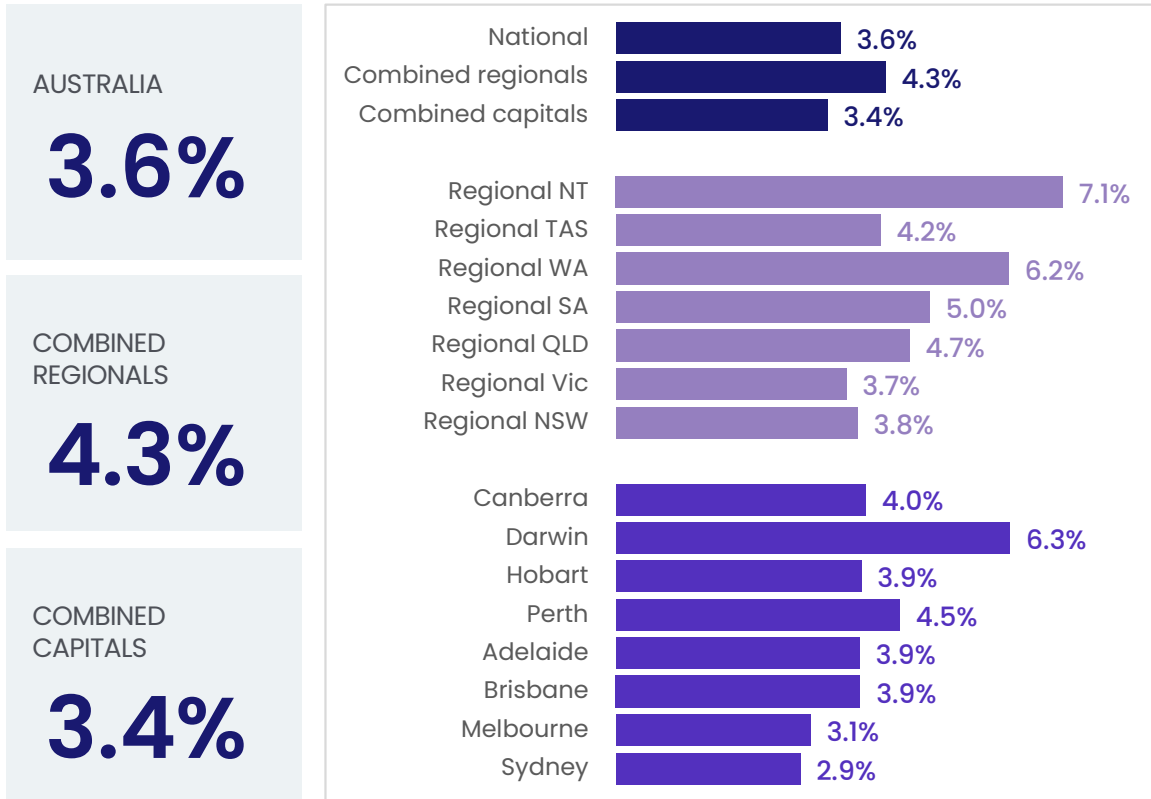
Annual change in rental rates - National



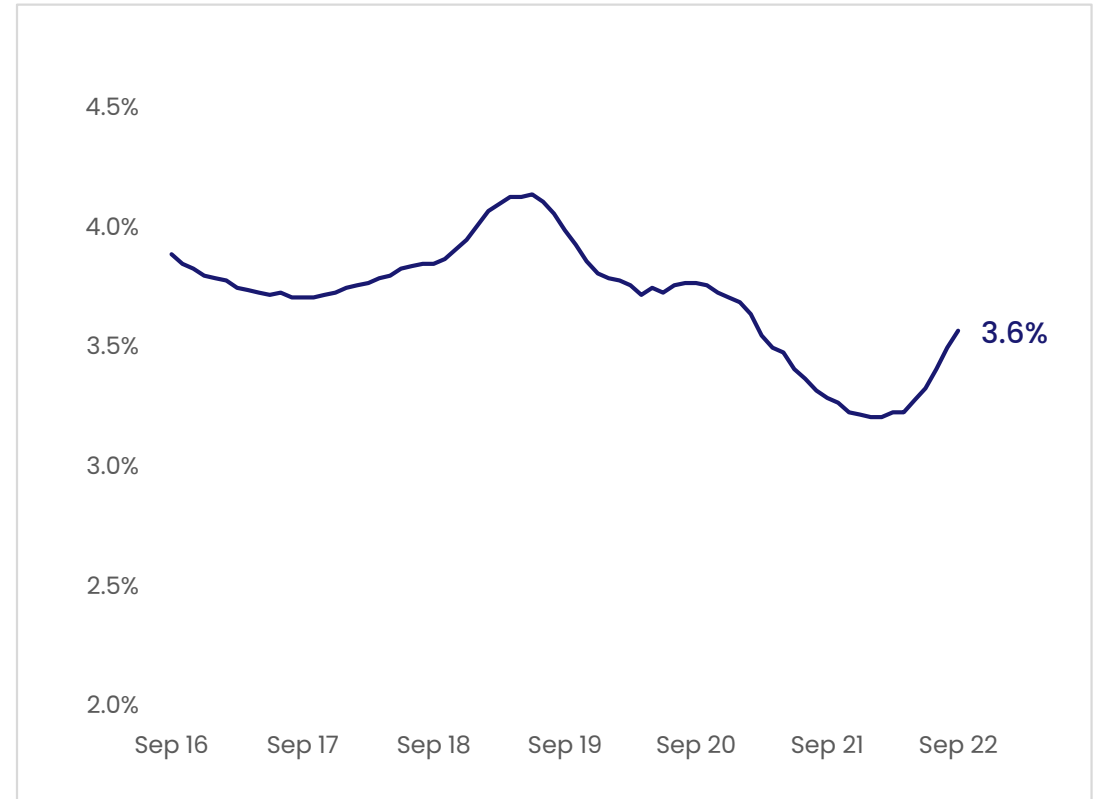
RENTAL YIELDS

Through September, Australian gross rent yields rose to 3.57%, up from a recent low of 3.21% in February this year. Since the end of 2021, gross rent yields in Sydney have lifted 51 basis points, and 35 basis points in Melbourne.

Gross rental yields, September 2022



Gross rental yields



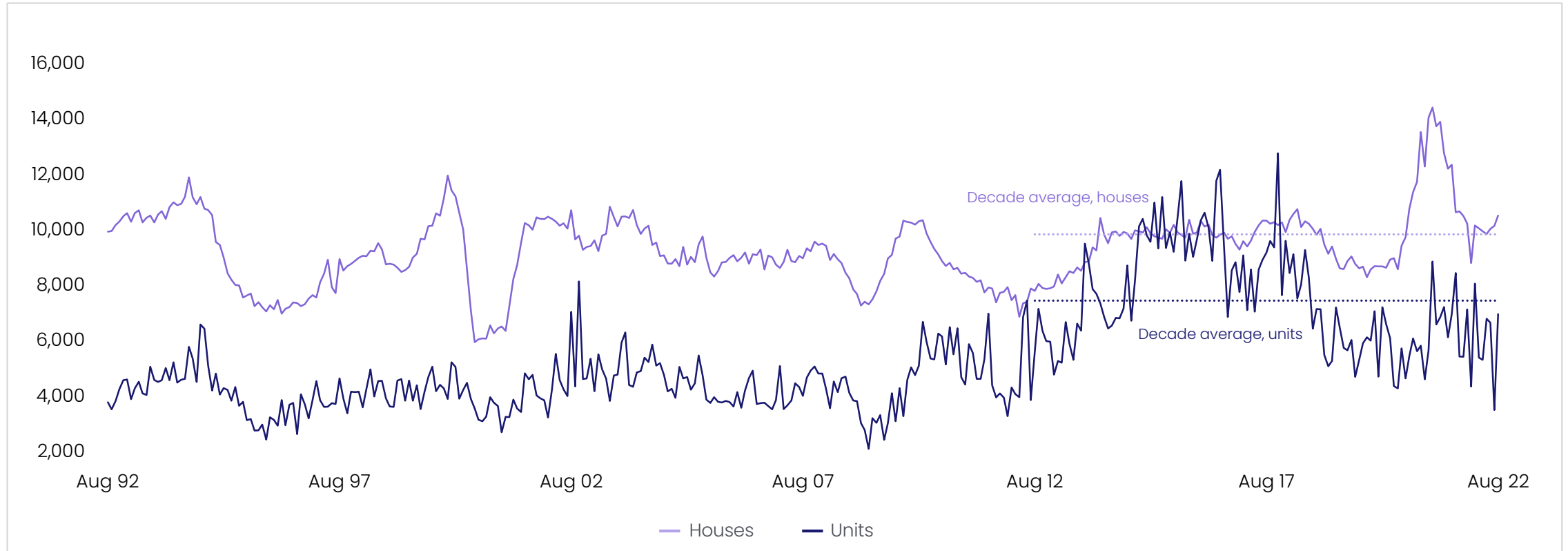
Dwelling approvals & housing credit



DWELLING APPROVALS

Through August, unit dwelling approvals virtually doubled on the previous month, taking total approvals 28.1% higher across houses and units. Despite the rise, monthly unit approvals remained below the decade average of 7,456.

Monthly house v unit approvals, National

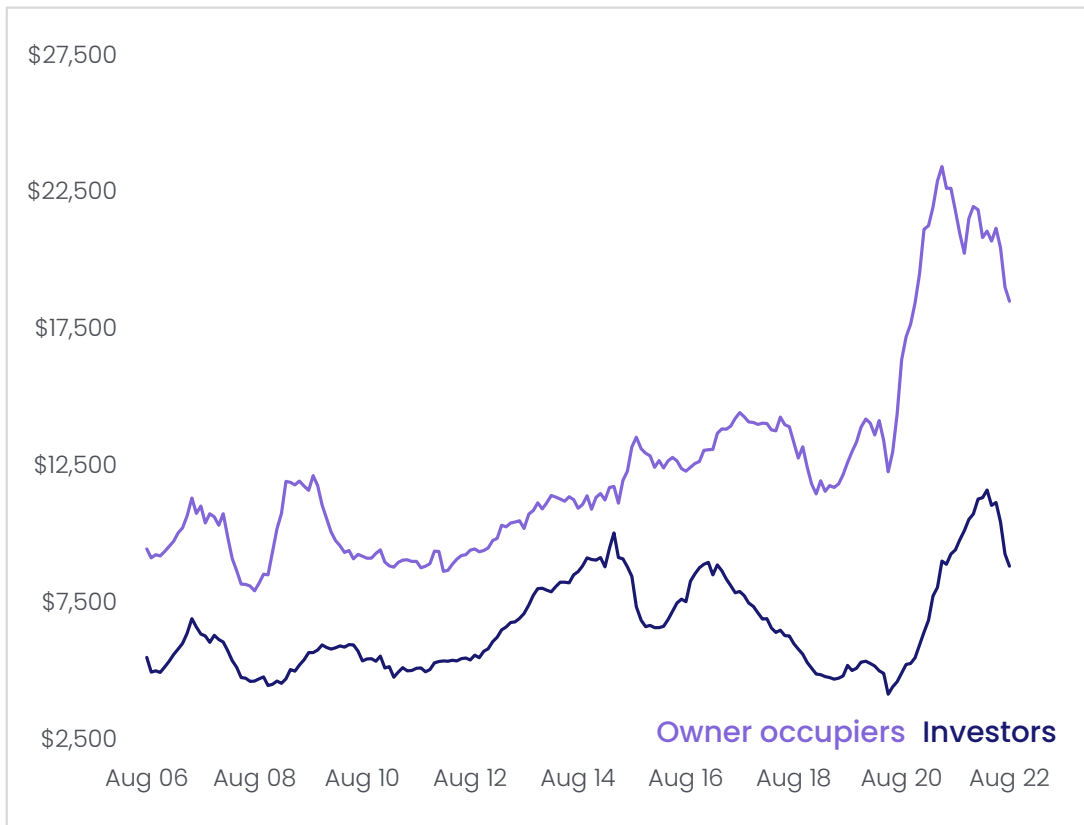


Source: ABS

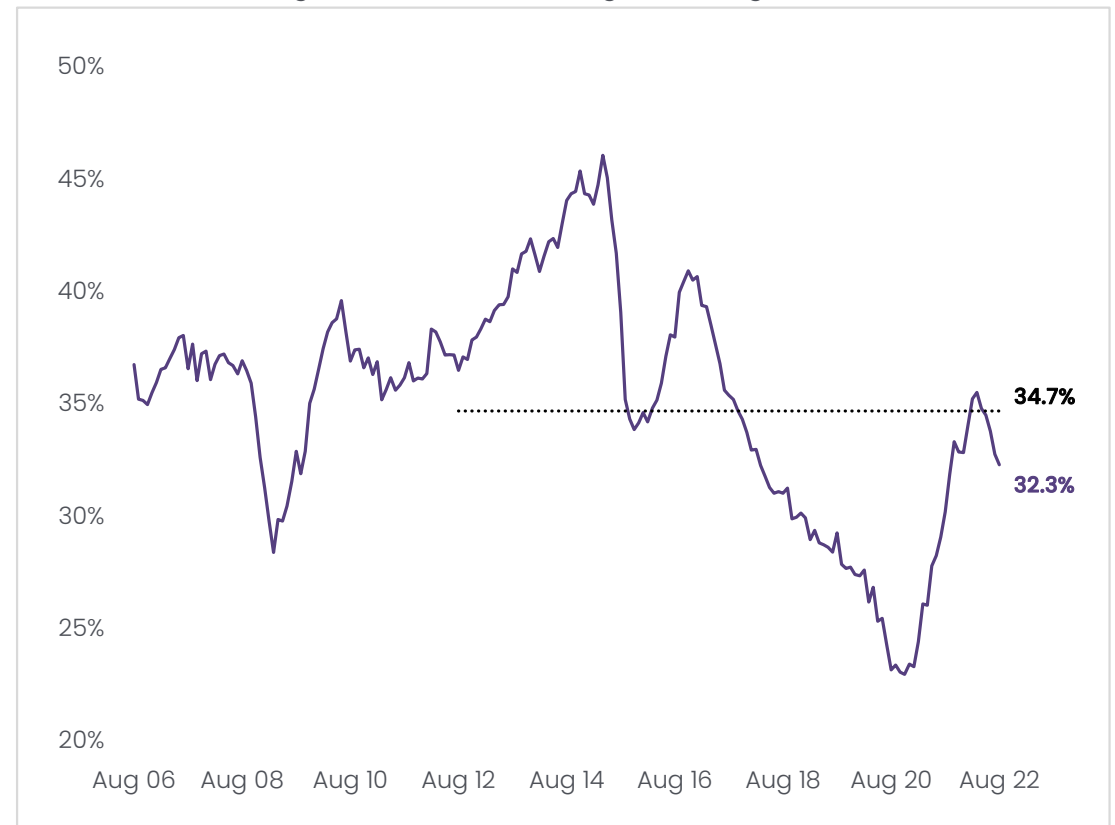
FINANCE & LENDING

New housing finance secured in August totaled \$27.4 billion. Compared to the previous month, the value of secured housing finance fell -3.4% in August, a milder decline than the -8.5% drop through July. Investor finance fell -4.8% in August, compared with a -2.7% fall in owner occupied lending.

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



Portion of new lending for investment housing (excluding refinance)

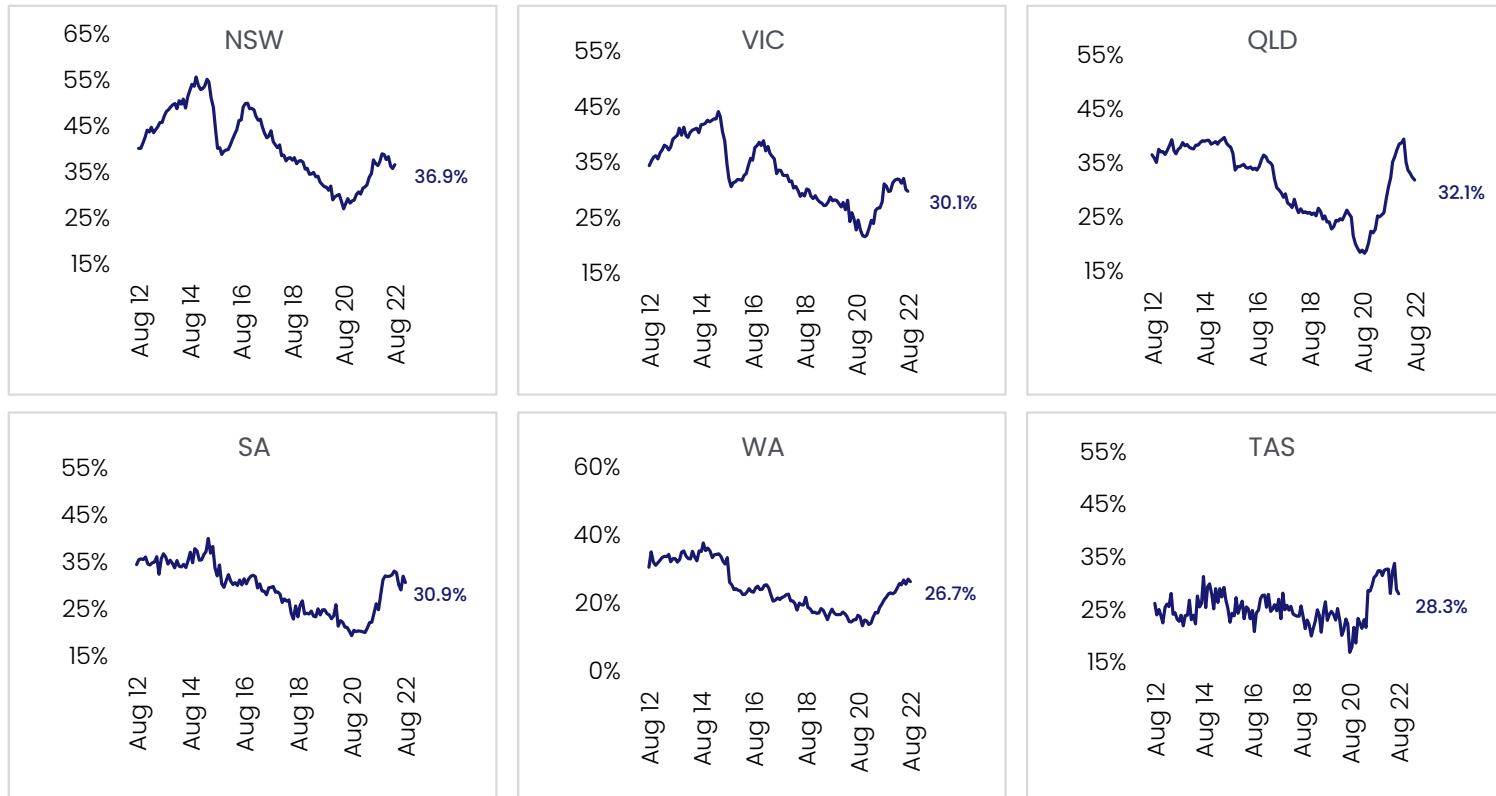


Source: ABS

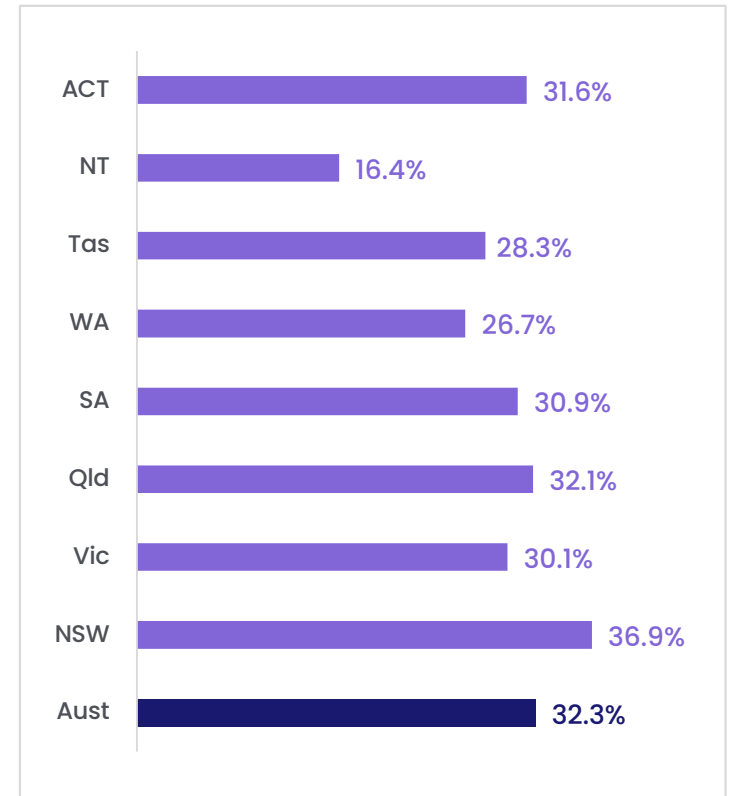
INVESTORS & LENDING

Nationally, investor finance comprised 32.3% of new mortgage lending through the month of August, below the decade average of 34.7%. The investor cohort has generally been most sensitive to rising rates, with the investor portion of newly secured financing declining across most states.

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



Investors as a % of housing finance commitments by state (August '22)

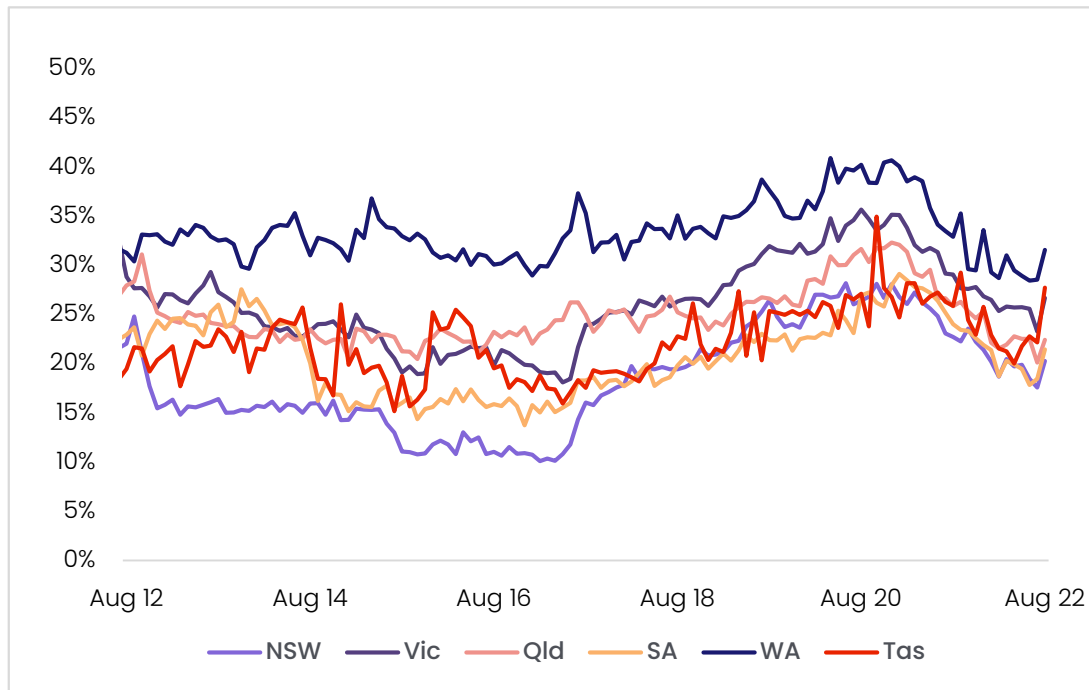


Source: ABS

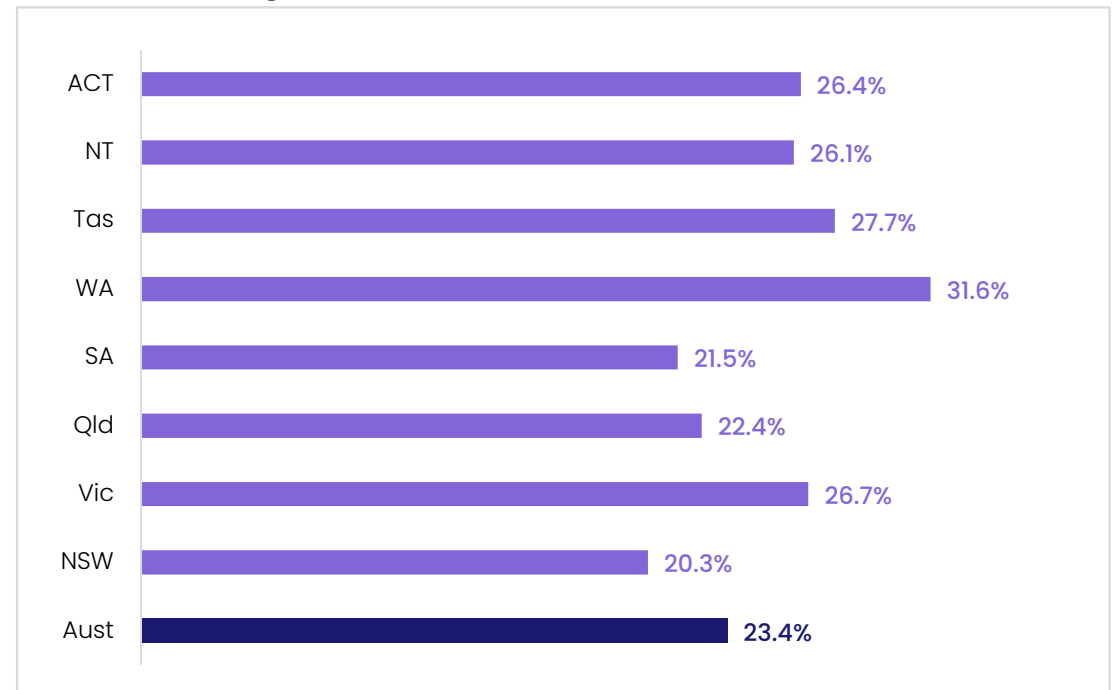
FIRST HOME BUYERS

First home buyer financing shot up 7.0% in August, following declines in June and July. This resulted in the portion of first home buyer finance increase to 23.4% of total owner occupier lending. This is still below the decade average of 23.8%.

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



First home buyers as a % of owner occupier housing finance commitments (August '22)



Source: ABS

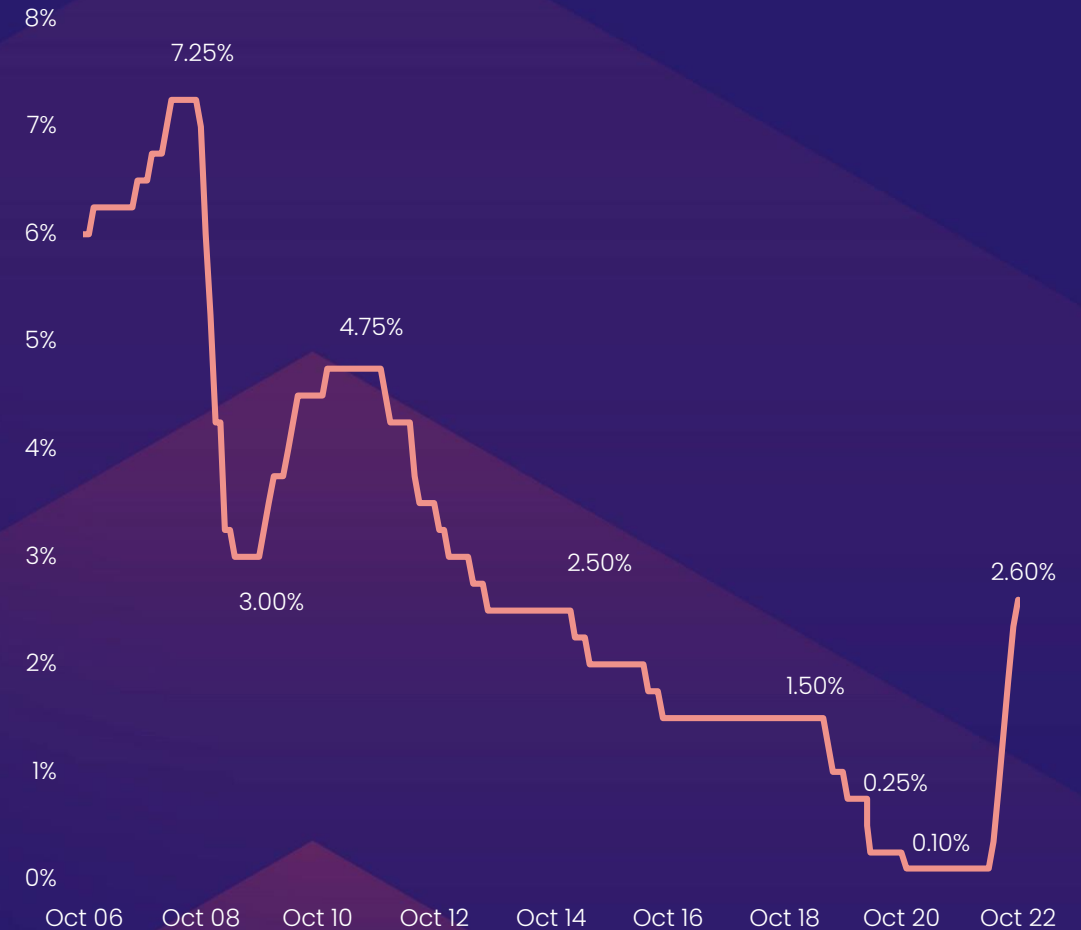
MORTGAGE RATES

The RBA lifted rates to 2.6% in October

Statement highlights

- The Board has reflected on the strong increases in the cash rate over a short period of time, with the cumulative hike since May totaling 250 basis points.
- Inflation in Australia remains too high, with global factors and strong domestic demand sustaining inflationary pressures.
- The Bank's central forecast for annual inflation is 7.75% over 2022, a little above 4% over 2023 and around 3% over 2024.
- Recently, deteriorations in the global economy have created some uncertainty in the inflation outlook. Household spending remains another uncertainty.
- The Board flagged further increases in the cash rate ahead, as it remains 'resolute' in returning inflation to target.

RBA Cash Rate



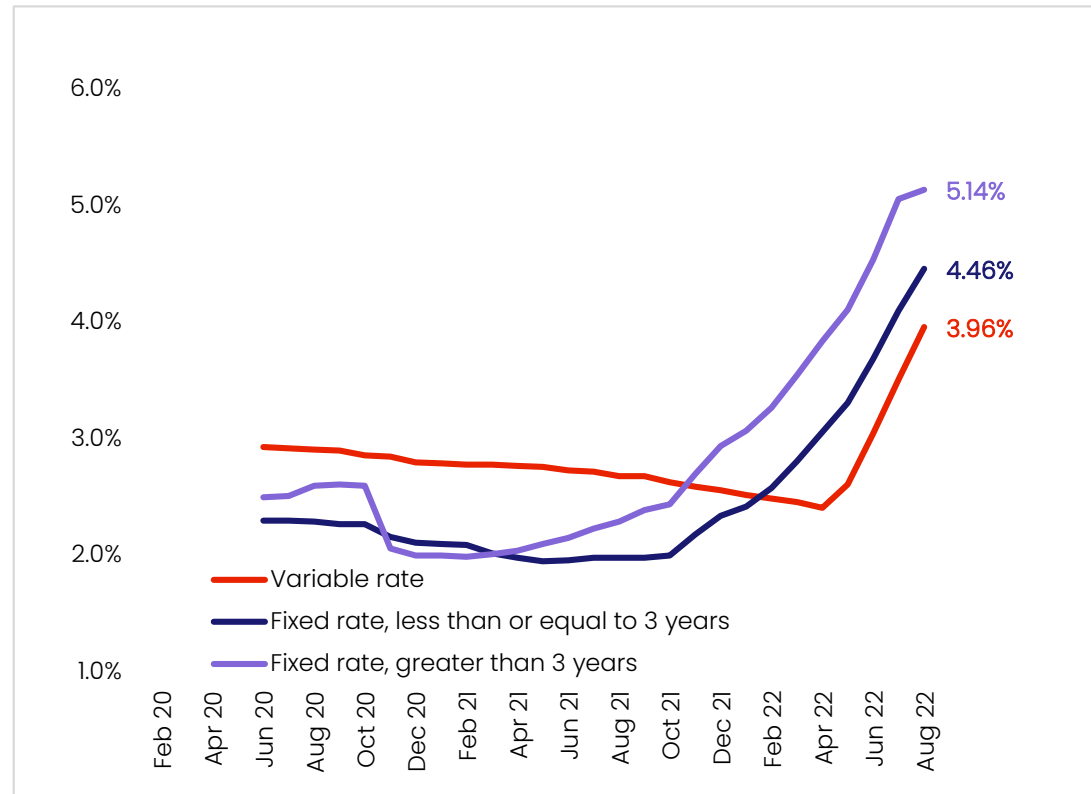
Source: RBA

HOUSING CREDIT

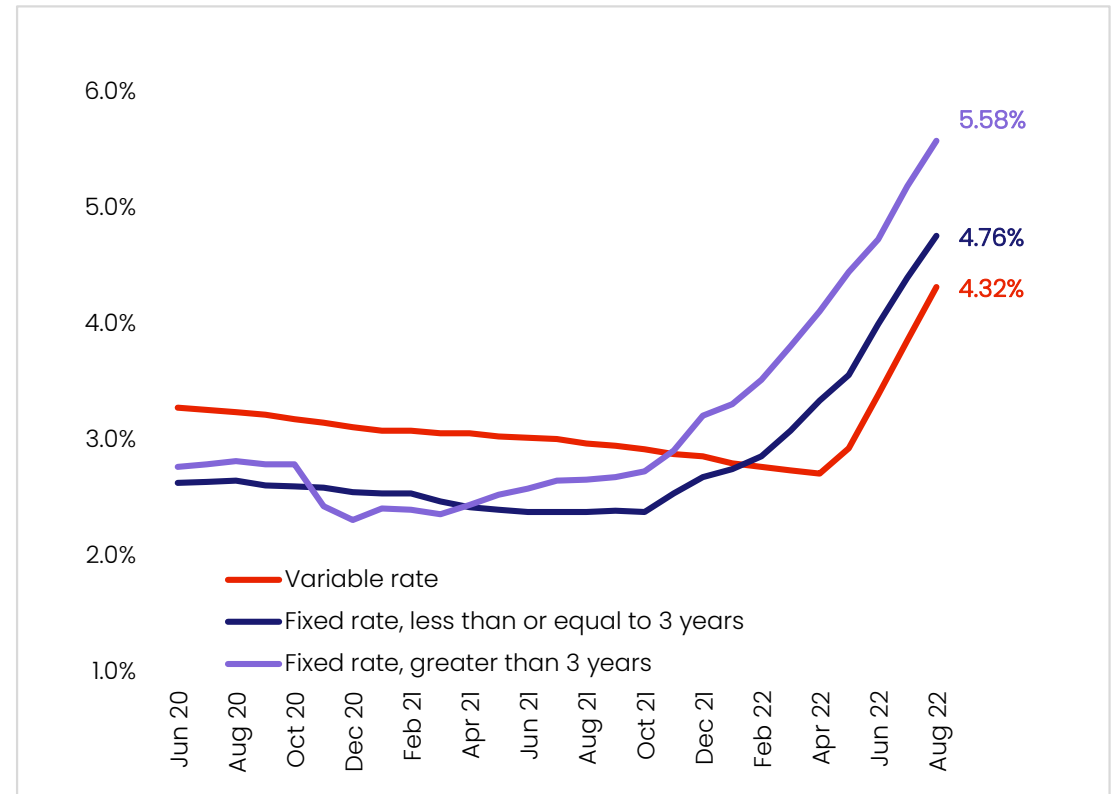
In August, average long-term fixed rates for new loans increased to 5.58% for the investor segment, and 5.14% for new owner-occupiers. Average variable rates also trended higher in response to the higher cash rate.

Average borrowing costs by borrower and loan type

Owner occupiers



Investors

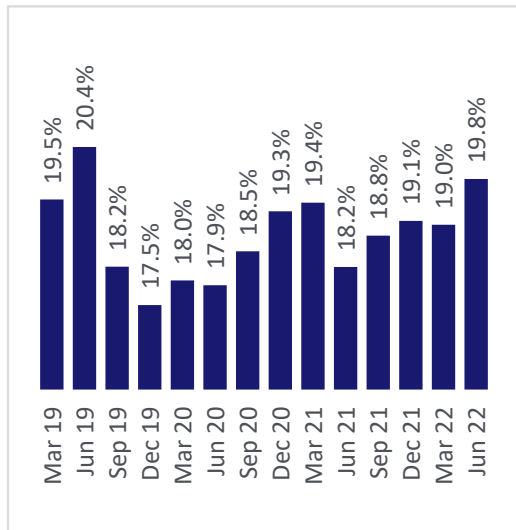


Source: RBA

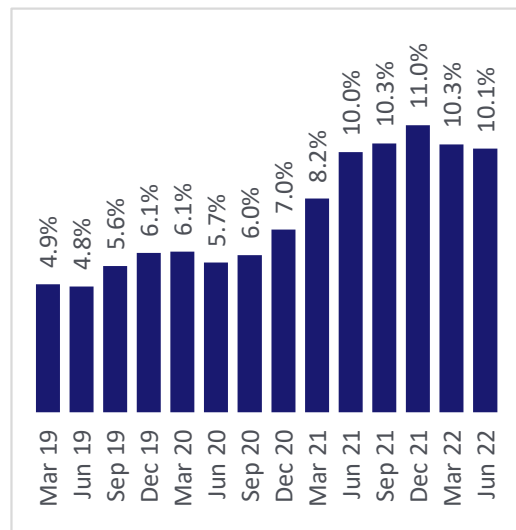
Mortgage originations for 'riskier' types of lending trended lower through the June quarter of 2022

APRA data shows the amount of potentially risky mortgage lending has generally trended lower through the June quarter of 2022. The one exception is the portion of lending on interest only terms, which rose to 19.8% over the three months to June.

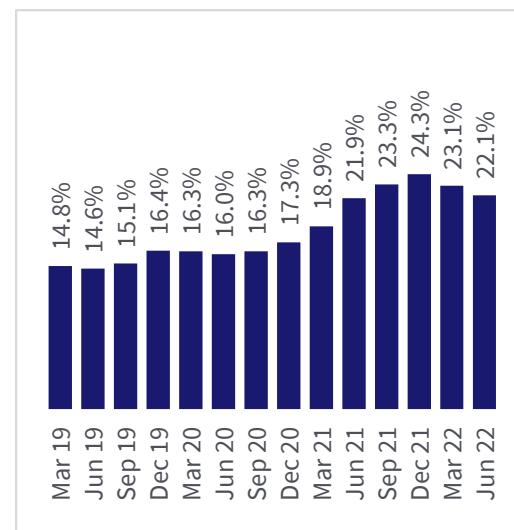
% of loans on interest only terms



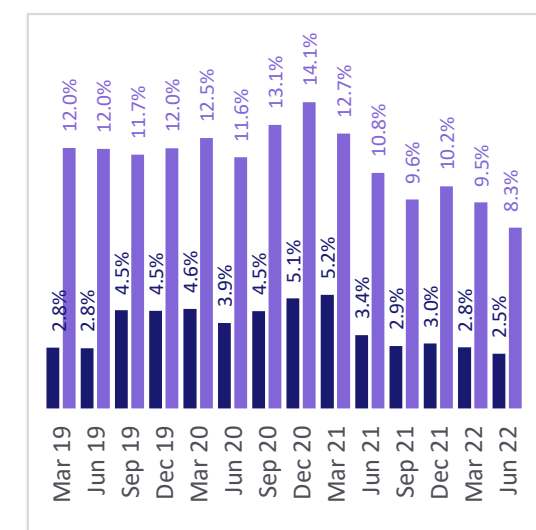
% of loans originated with a loan to income ratio >=6x



% 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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