

September 2022

Monthly Housing Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.7 Trillion



AUSTRALIAN SUPERANNUATION

\$3.3 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

57.3%

TOTAL SALES P.A.

574,263

GROSS VALUE OF SALES P.A.

\$503.7 Billion

Australian dwelling values

Overview

3 MONTHS

-3.4%

National home values fell by -3.4% in the three months to August, the biggest quarterly decline in home values since the 1980's.

12 MONTHS

4.7%

Dwelling values in Australia are 4.7% higher over the past 12 months, down rapidly from a cyclical peak of 22.4% recorded in the 12 months to January 2022.

CAPITAL CITIES

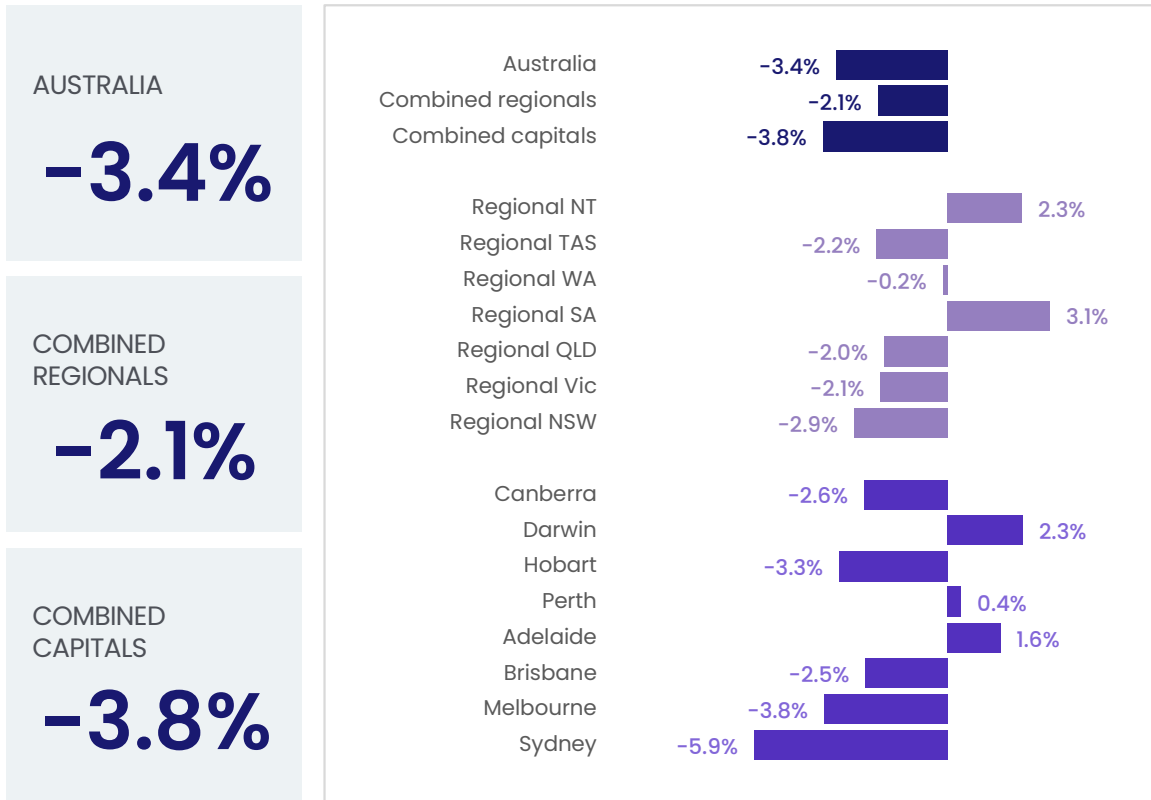
The housing market downturn is accelerating, and widening

In the month of August, every capital city dwelling market except Darwin saw a fall in values.

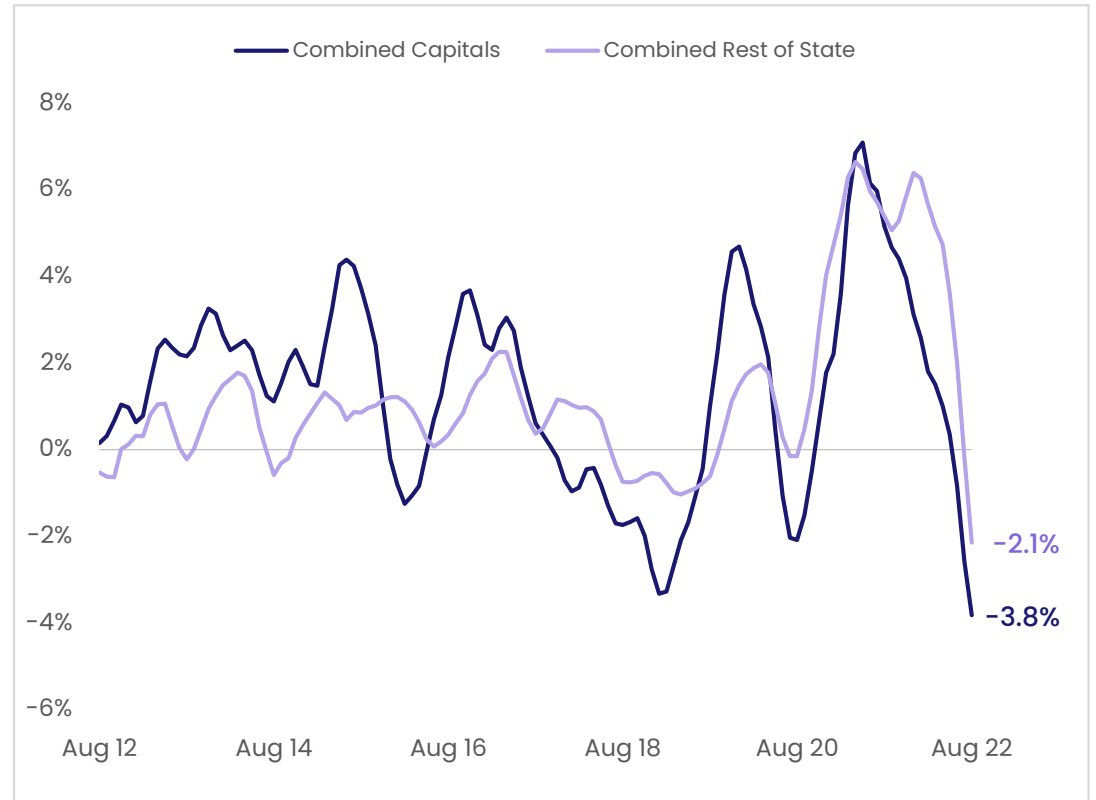
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to August 2022



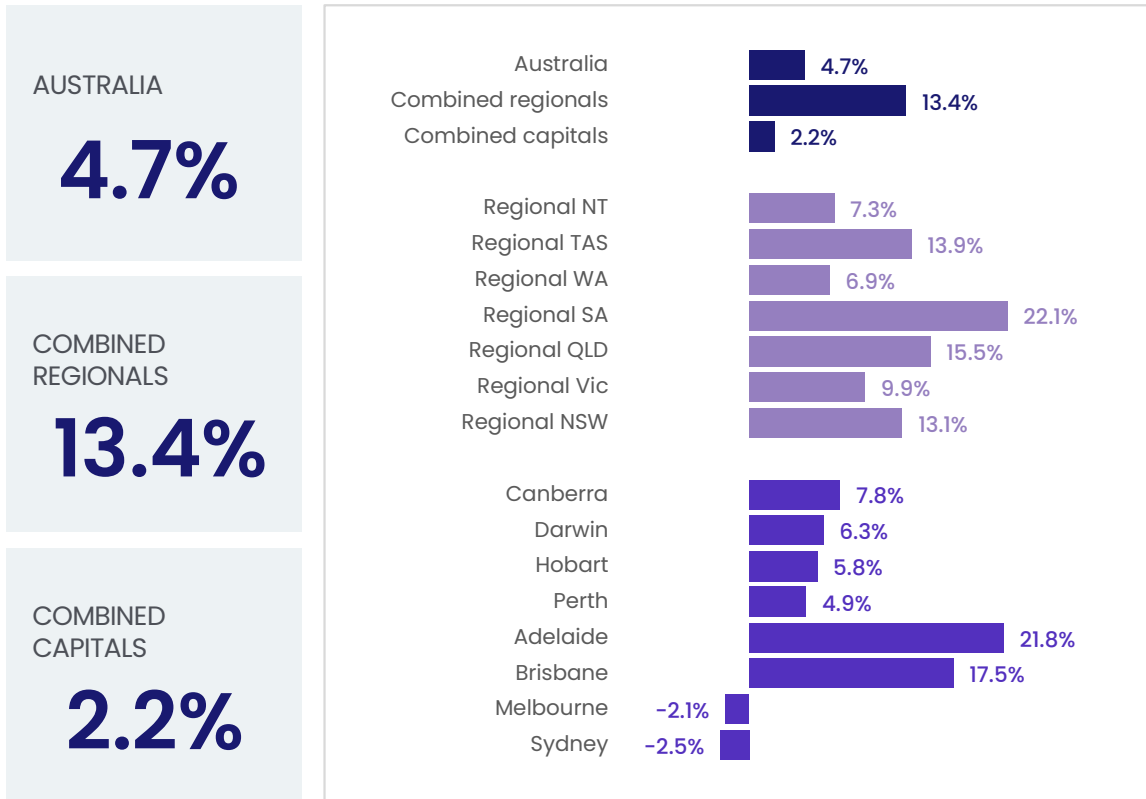
Rolling quarterly change in dwelling values



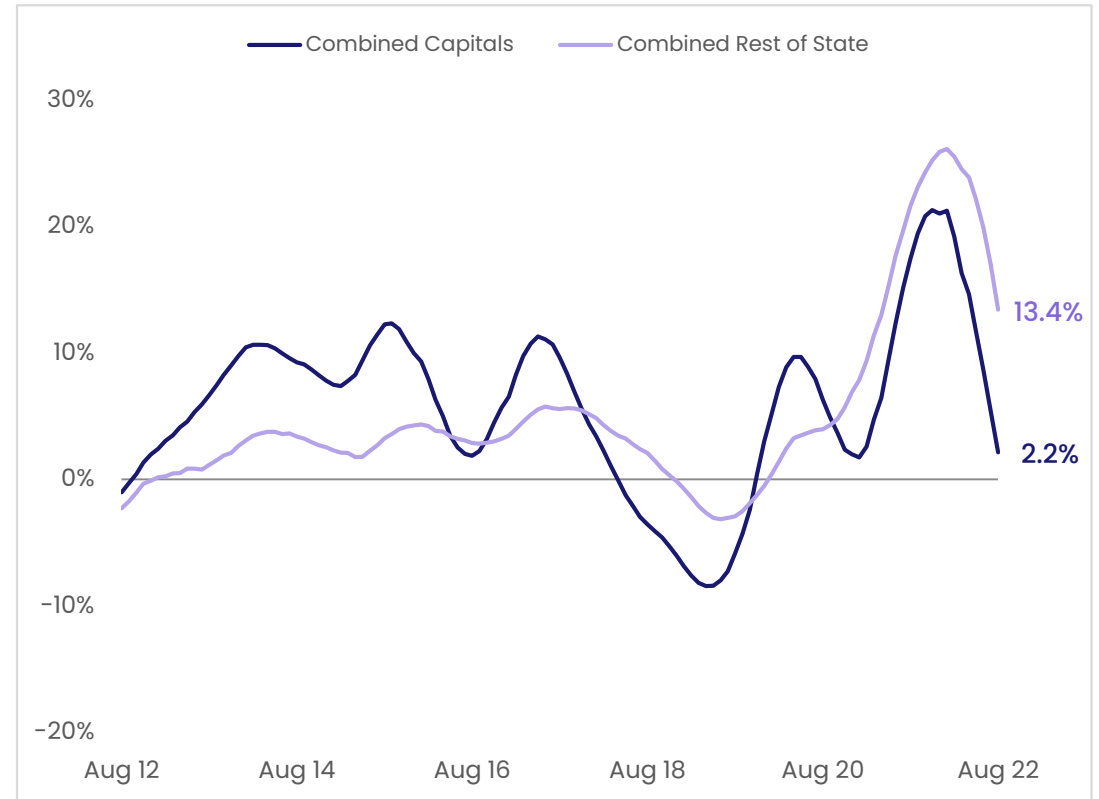
AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to August 2022



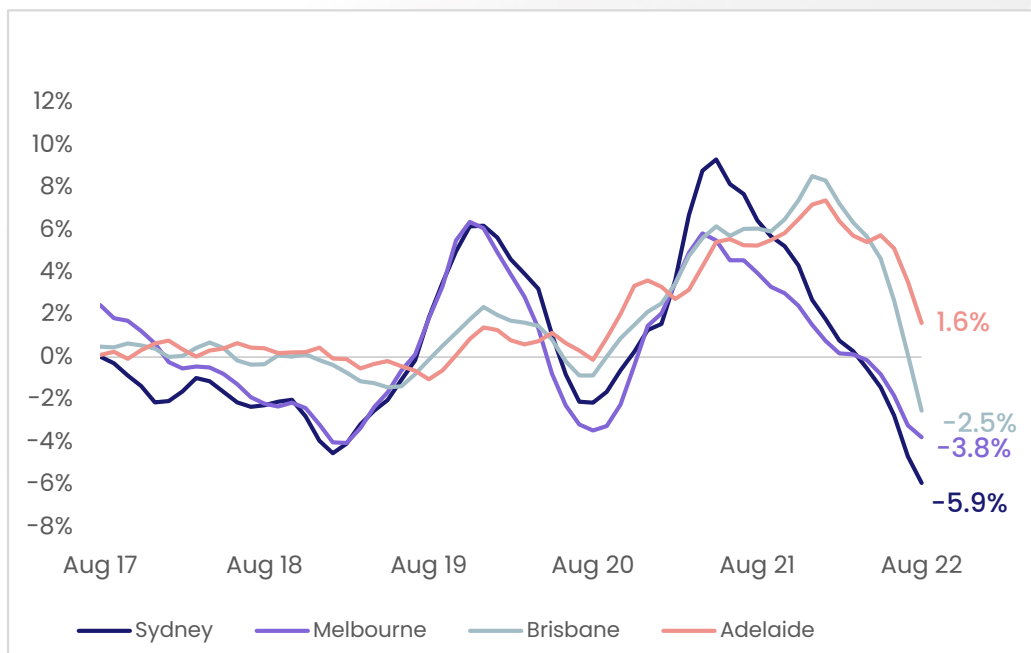
Rolling annual change in dwelling values



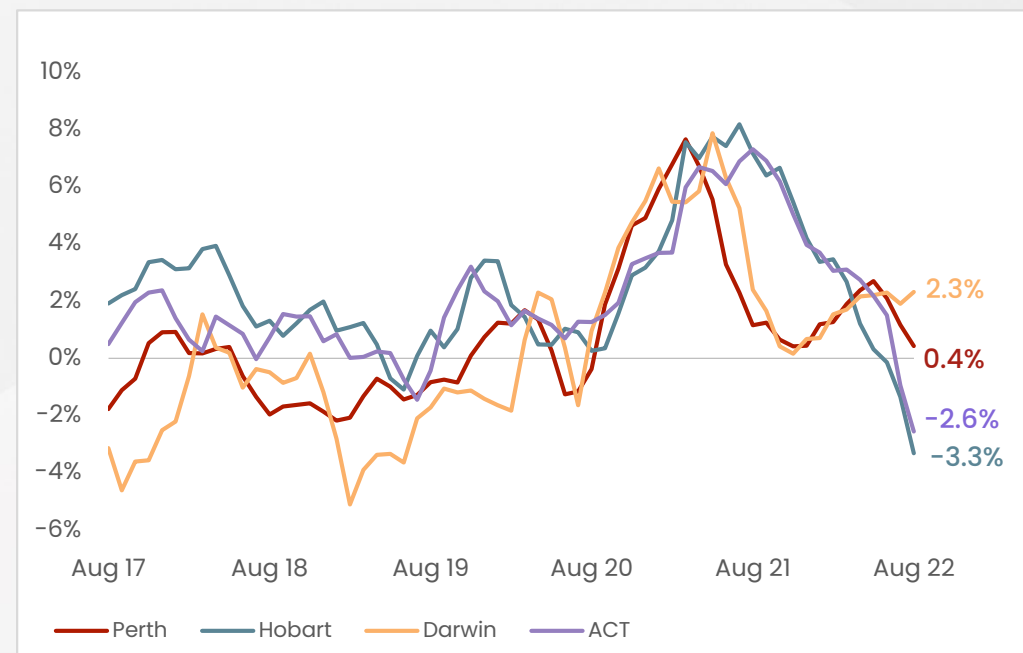
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings



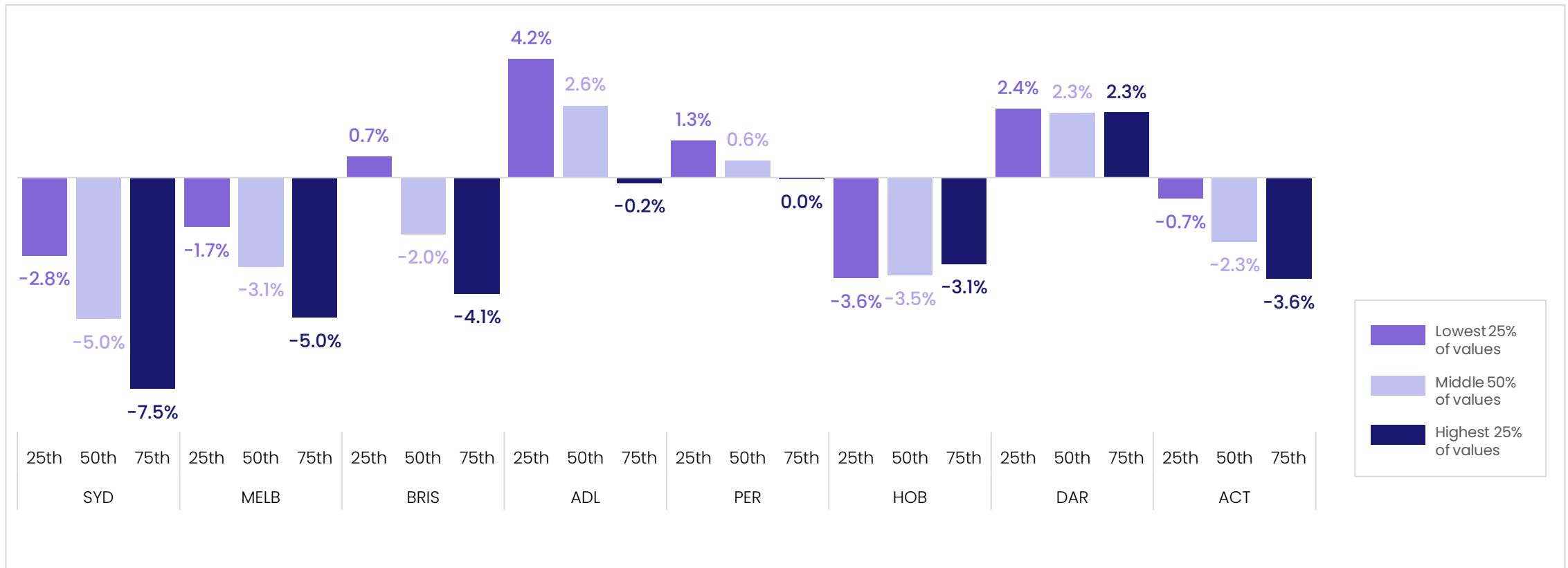
Rolling quarterly change in values, dwellings



AUSTRALIAN DWELLING VALUES

Capital cities

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



Housing cycles

Capital cities

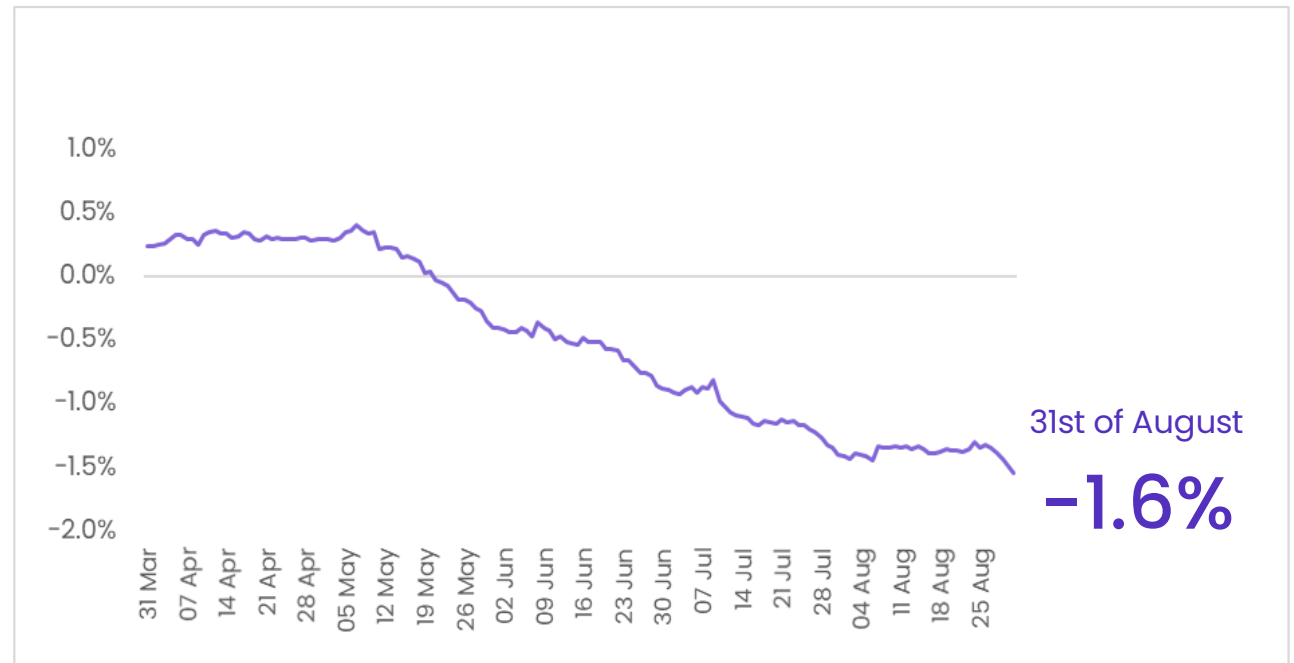


Rolling 28-day growth rate in CoreLogic Daily Home Value index

The rolling 28-day change in the combined capitals home value index fell a further -1.6% through the 28 days ending August 31st.

The rolling four week change in capital city values has been in negative territory since mid-May, with the rate of decline accelerating with successive cash rate rises.

Combined capital cities



HOUSING CYCLES

Sydney

In August Sydney dwelling values declined

-2.3%

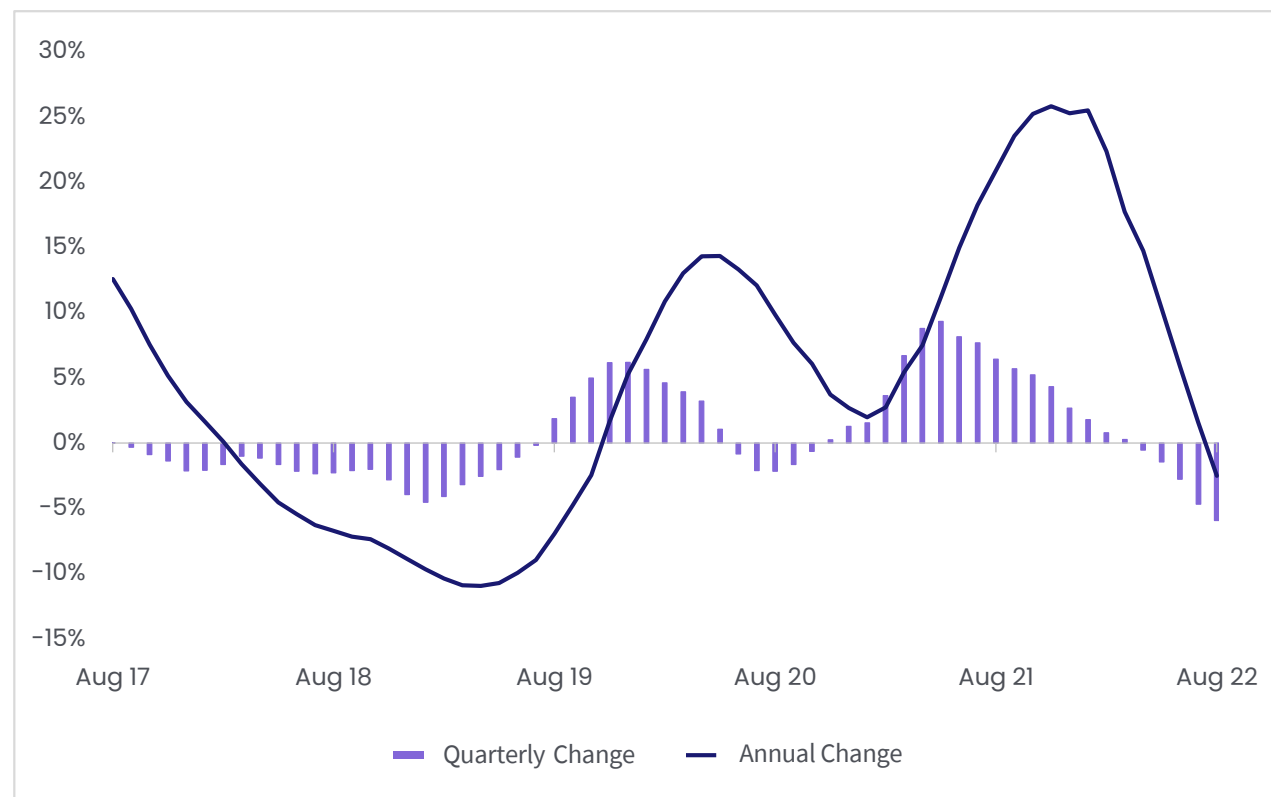
Over the quarter dwelling values decreased by

-5.9%

Over the past year dwelling values decreased by

-2.5%

Sydney dwelling values are now -7.4% below the record high, which was in January 2022.



HOUSING CYCLES

Melbourne

In August Melbourne dwelling values declined

-1.2%

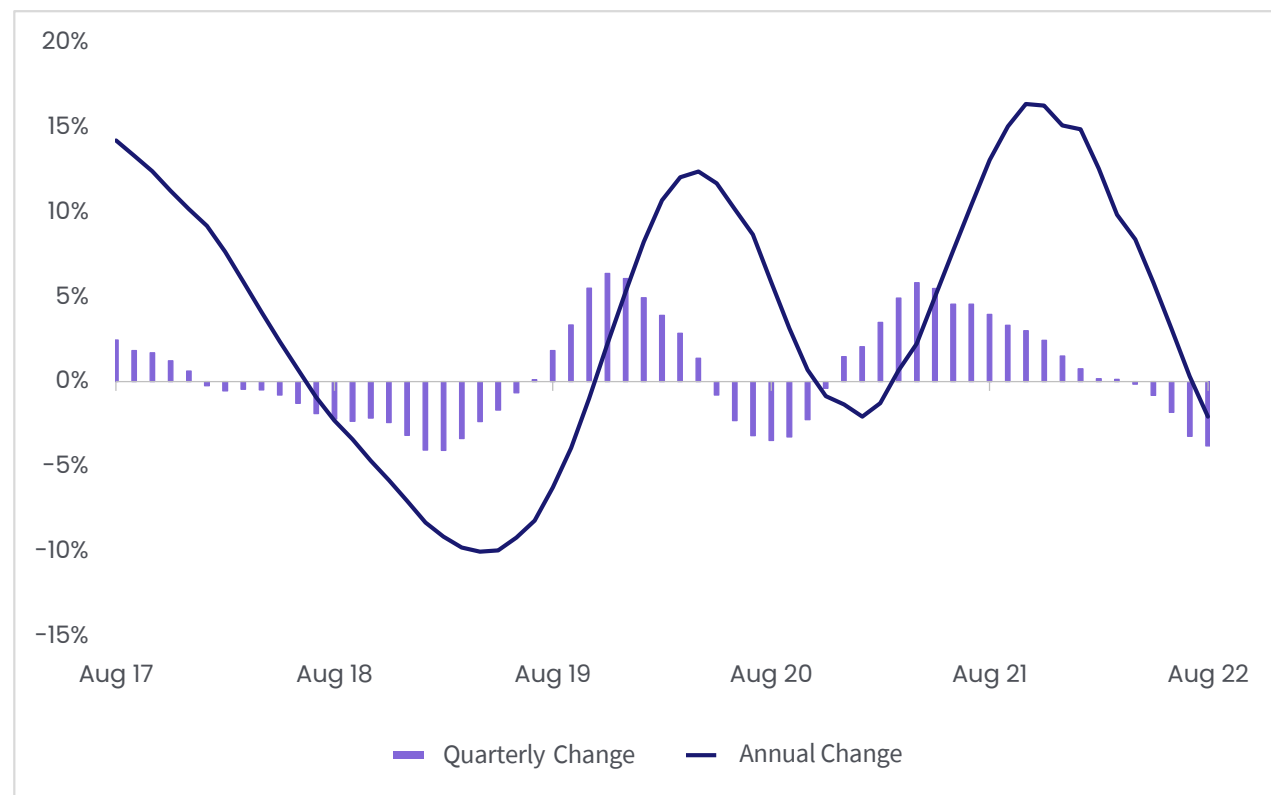
Over the quarter dwelling values decreased by

-3.8%

Over the past year dwelling values decreased by

-2.1%

Melbourne dwelling values are now -4.6% below the record high, which was in February 2022.



HOUSING CYCLES

Brisbane

In August Brisbane dwelling values declined

-1.8%

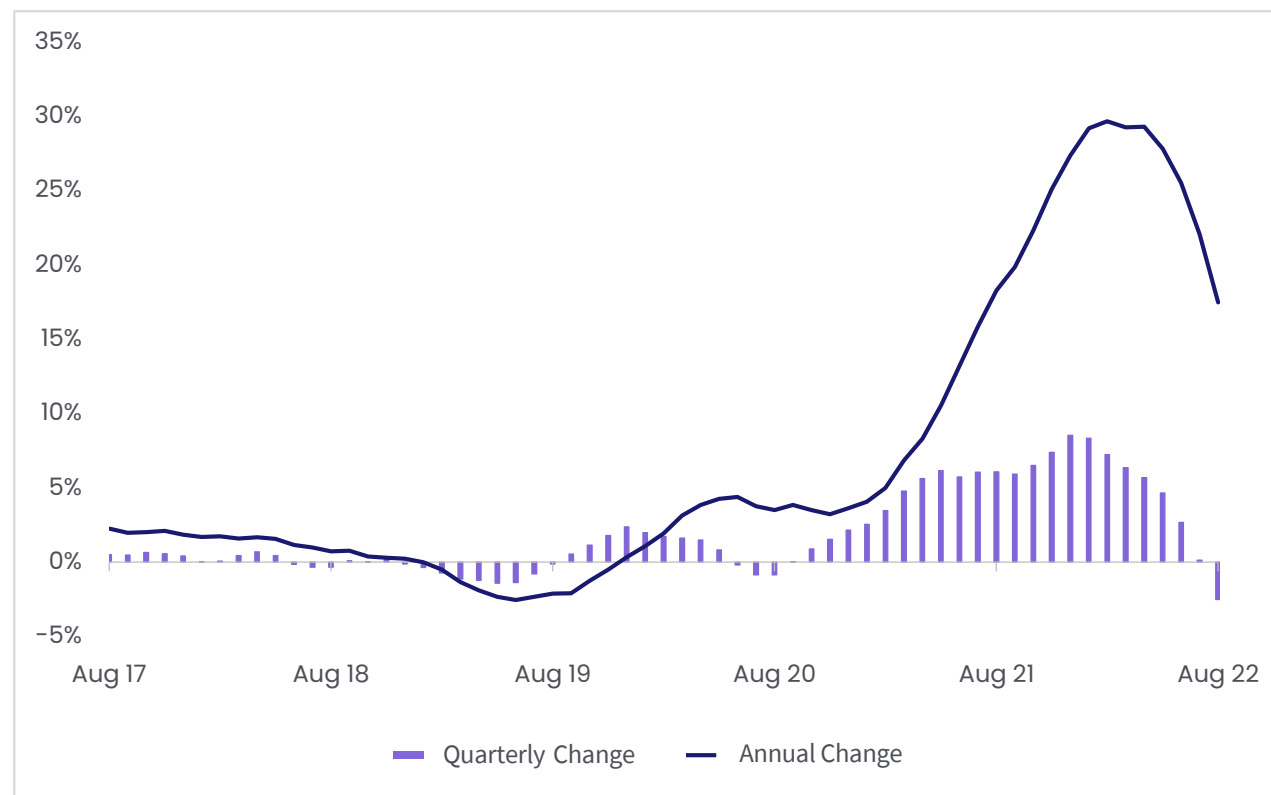
Over the quarter dwelling values decreased by

-2.5%

Over the past year dwelling values increased by

17.5%

Brisbane dwelling values are now -2.6% below the record high, which was in June 2022.



HOUSING CYCLES

Adelaide

In August Adelaide dwelling values declined

-0.1%

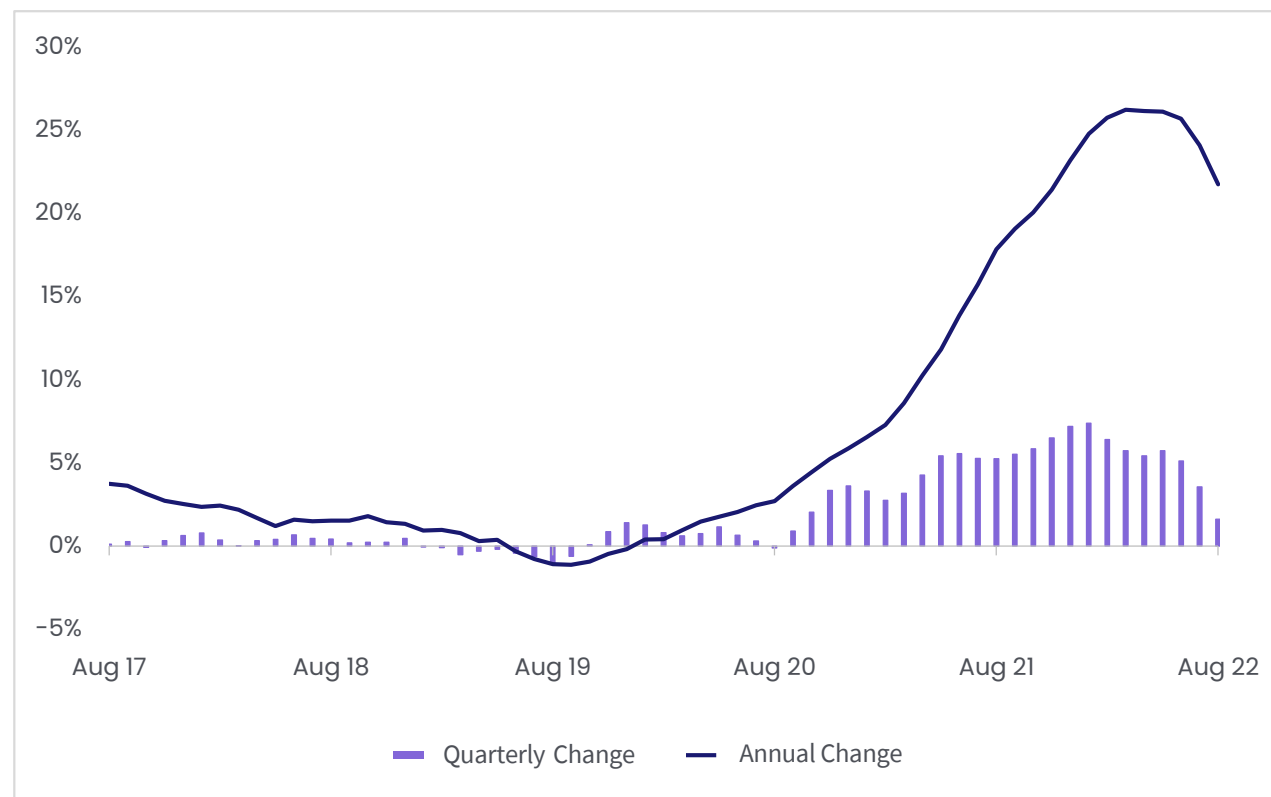
Over the quarter dwelling values increased by

1.6%

Over the past year dwelling values increased by

21.8%

Adelaide dwelling values are now -0.1% below the record high, which was in July 2022.



HOUSING CYCLES

Perth

In August Perth dwelling values declined

-0.2%

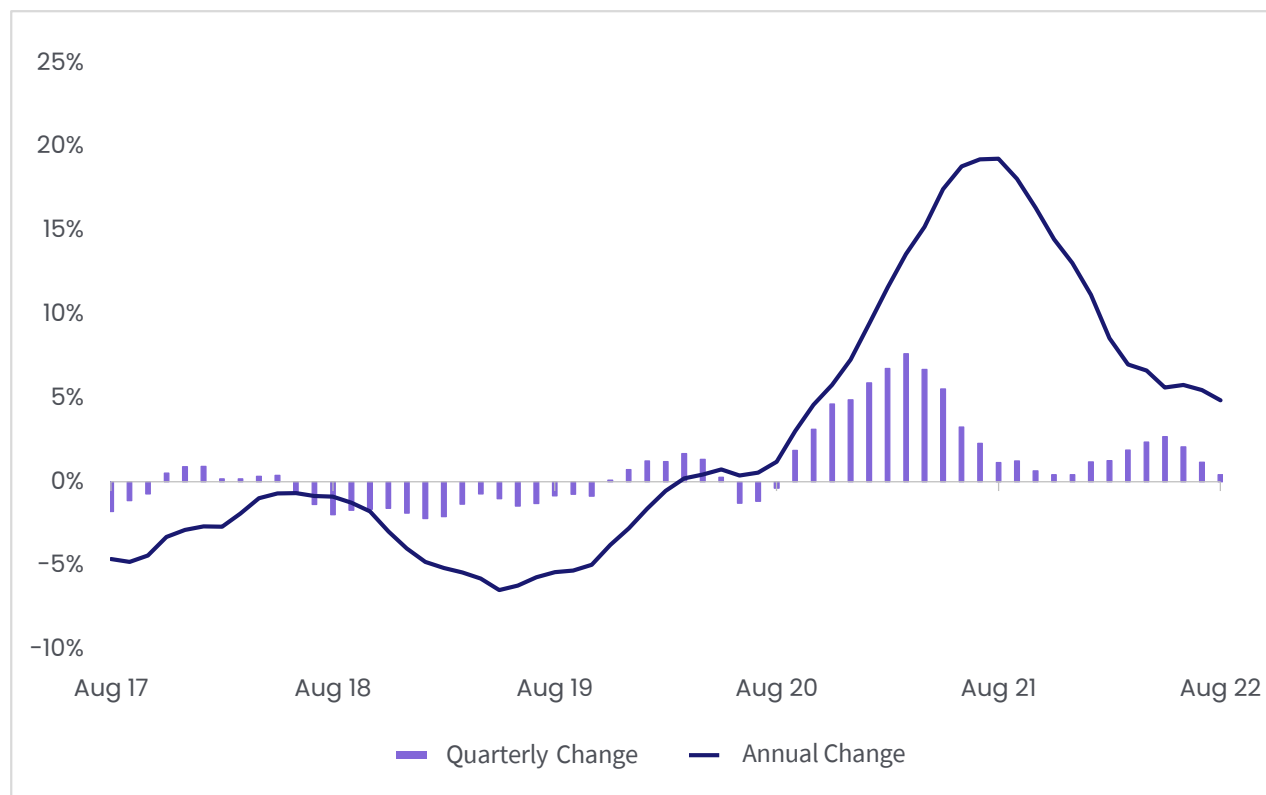
Over the quarter dwelling values increased by

0.4%

Over the past year dwelling values increased by

4.9%

Perth dwelling values are now -0.2% below the record high, which was in July 2022



HOUSING CYCLES

Hobart

In August Hobart dwelling values declined

-1.7%

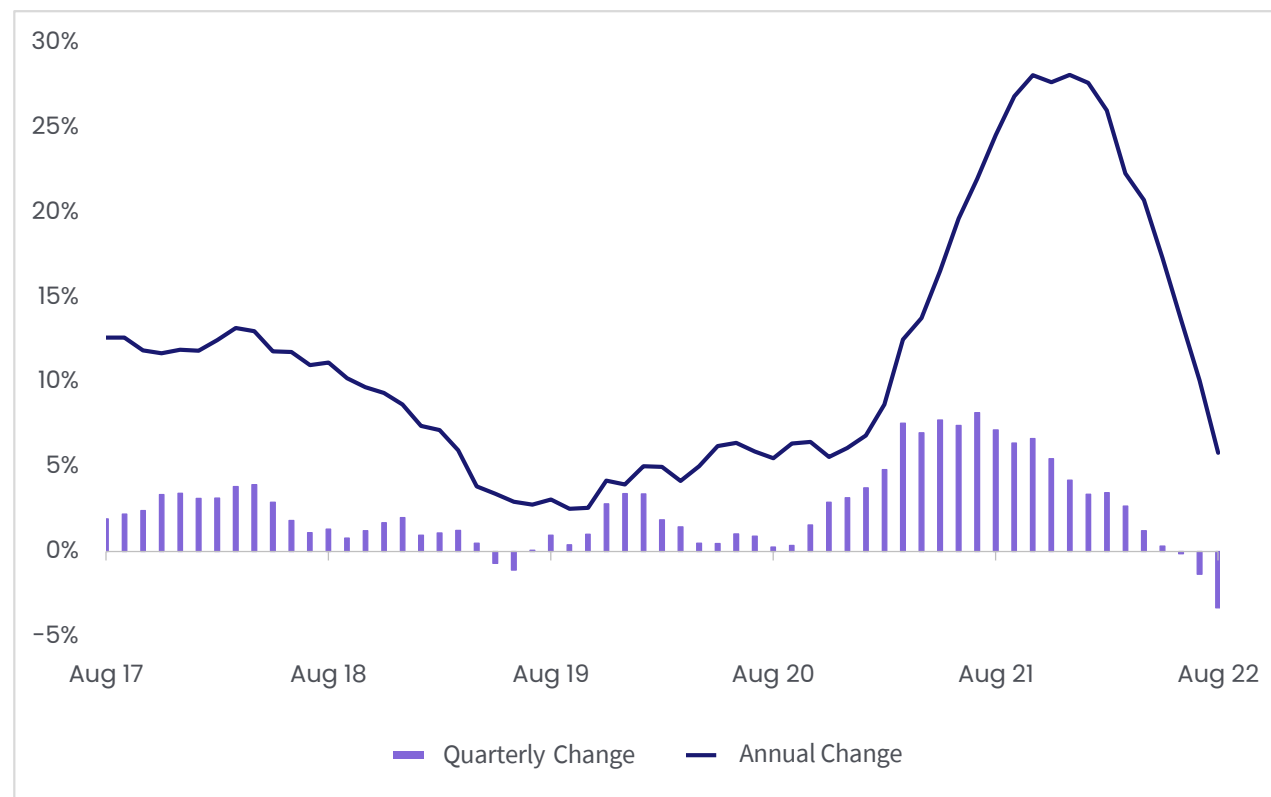
Over the quarter dwelling values decreased by

-3.3%

Over the past year dwelling values increased by

5.8%

Hobart dwelling values are now -3.3% below the record high, which was in May 2022



HOUSING CYCLES

Darwin

In August Darwin dwelling values rose by

0.9%

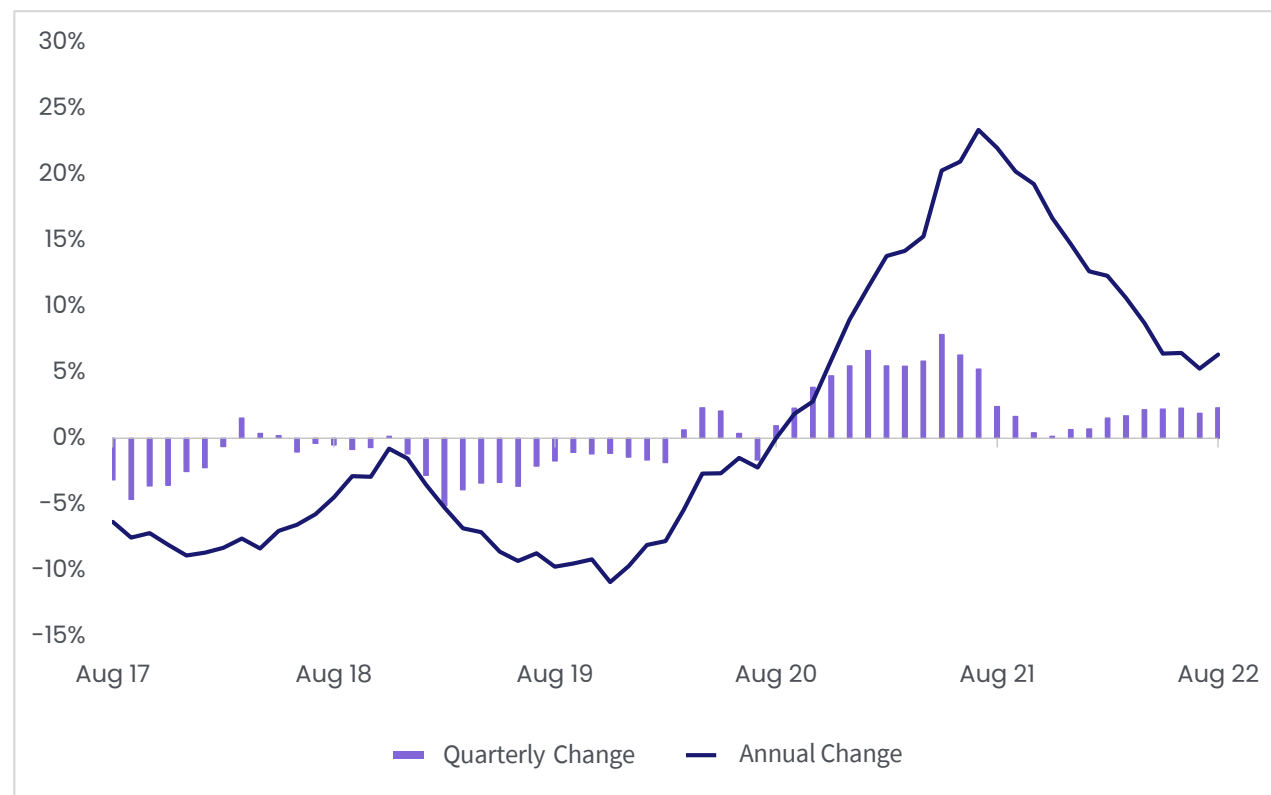
Over the quarter dwelling values increased by

2.3%

Over the past year dwelling values increased by

6.3%

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



HOUSING CYCLES

Canberra

In August Canberra dwelling values declined

-1.7%

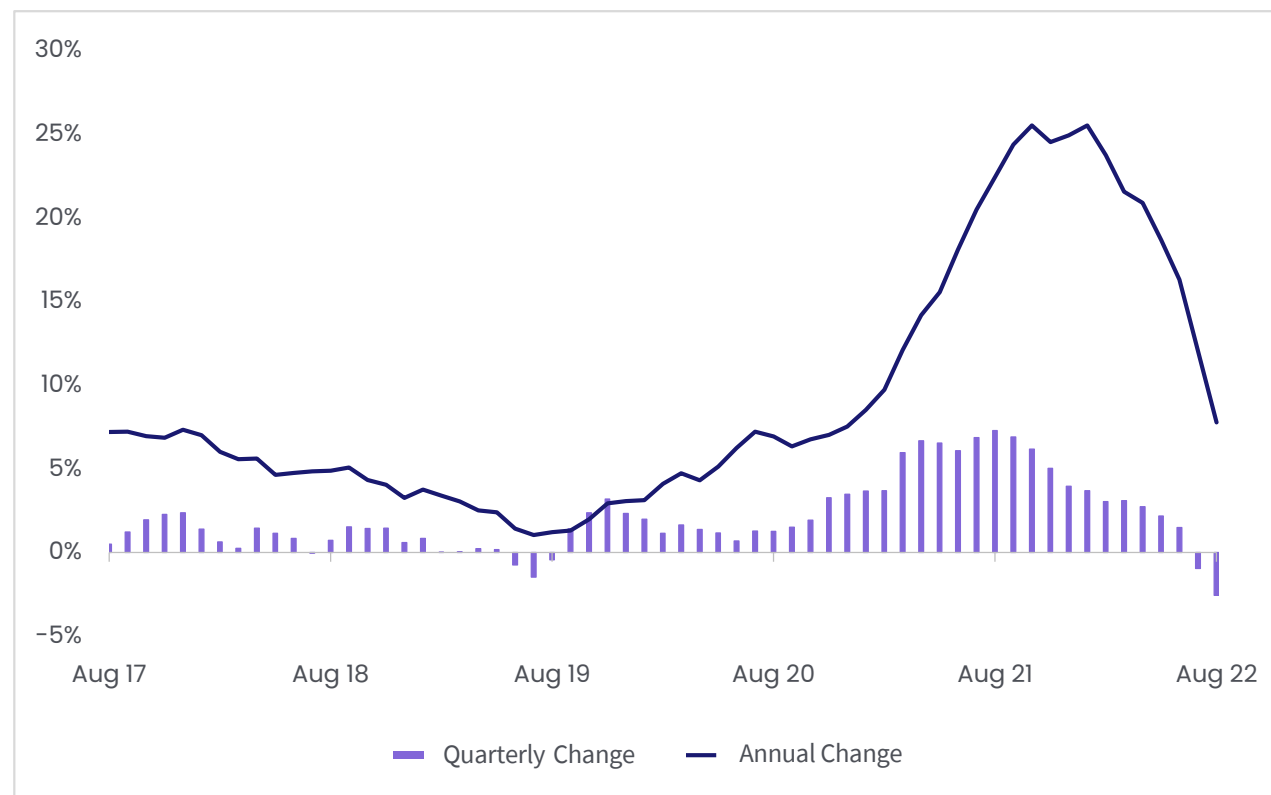
Over the quarter dwelling values decreased by

-2.6%

Over the past year dwelling values increased by

7.8%

Canberra dwelling values are now -2.9% below the record high, which was in June 2022.



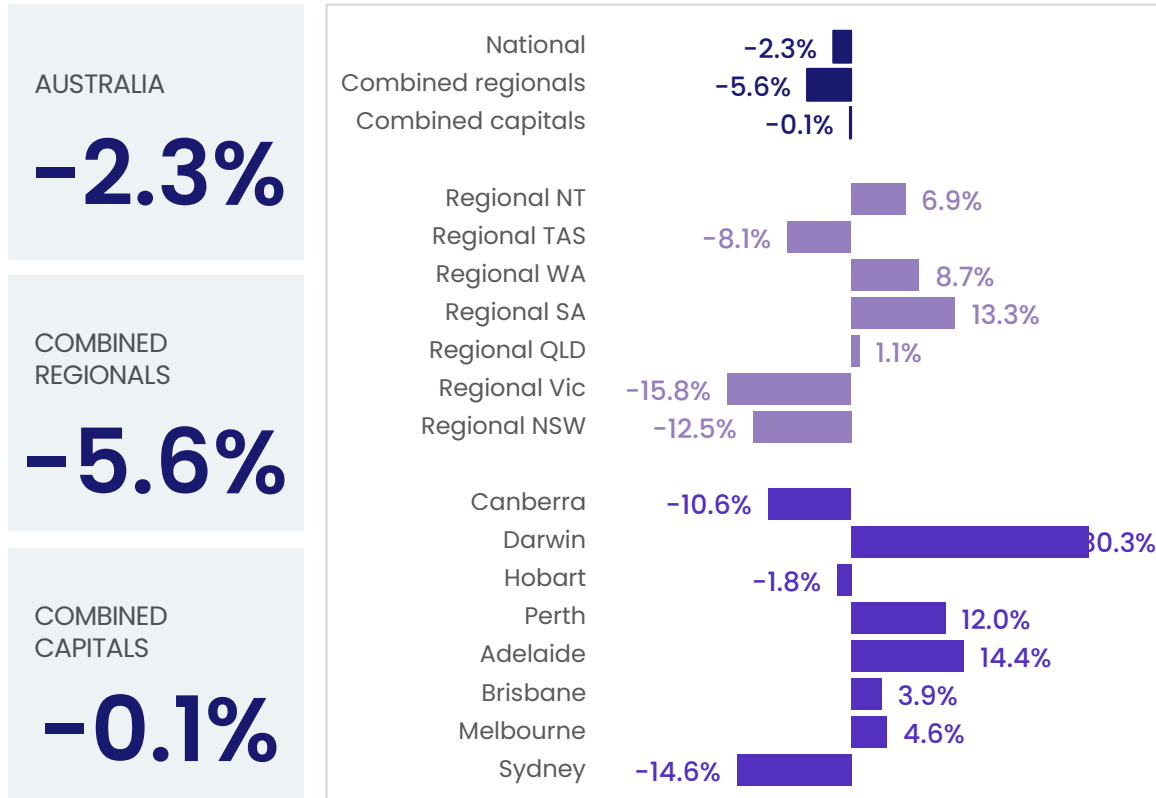
Sales and listings



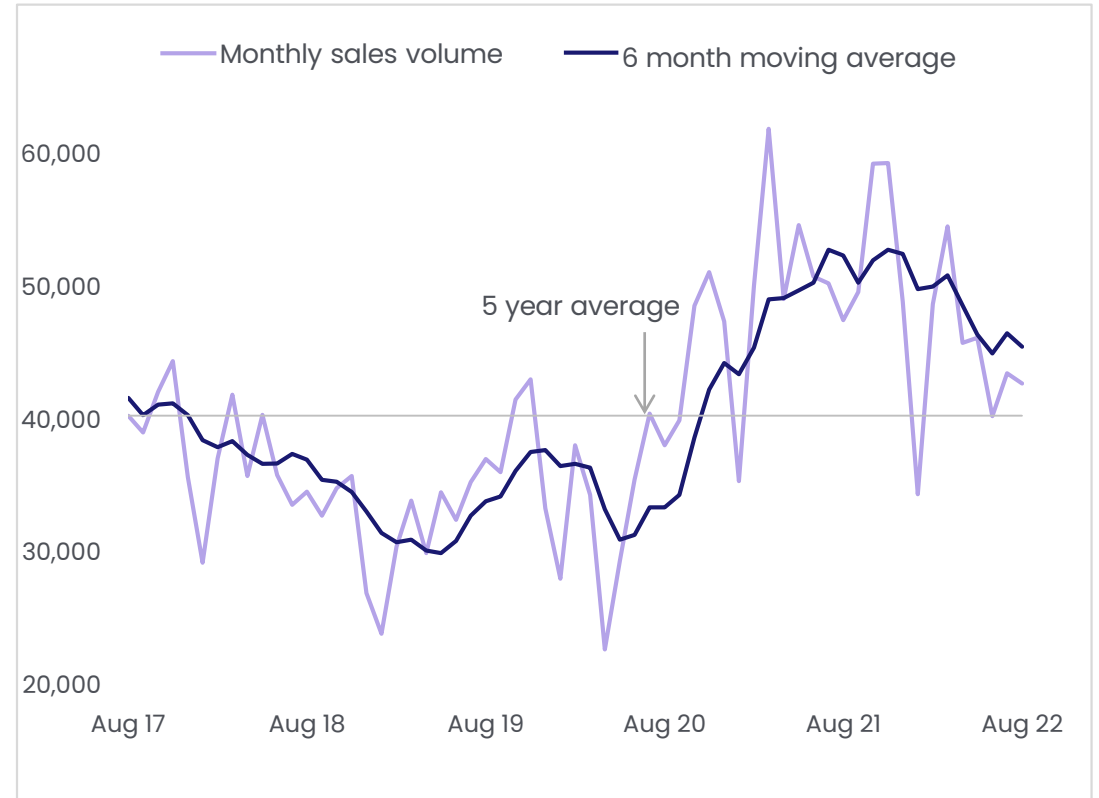
NATIONAL SALES

Sales volumes are trending lower as buyer demand slows. CoreLogic estimates that in the 12 months to August, there were 574,263 sales nationally, down -2.3% compared to the previous year. Sales estimates over the three months to August were -14.8% lower than the same period of the previous year.

Change in sales volumes, twelve months to August 2022



Monthly sales with six month moving average, National

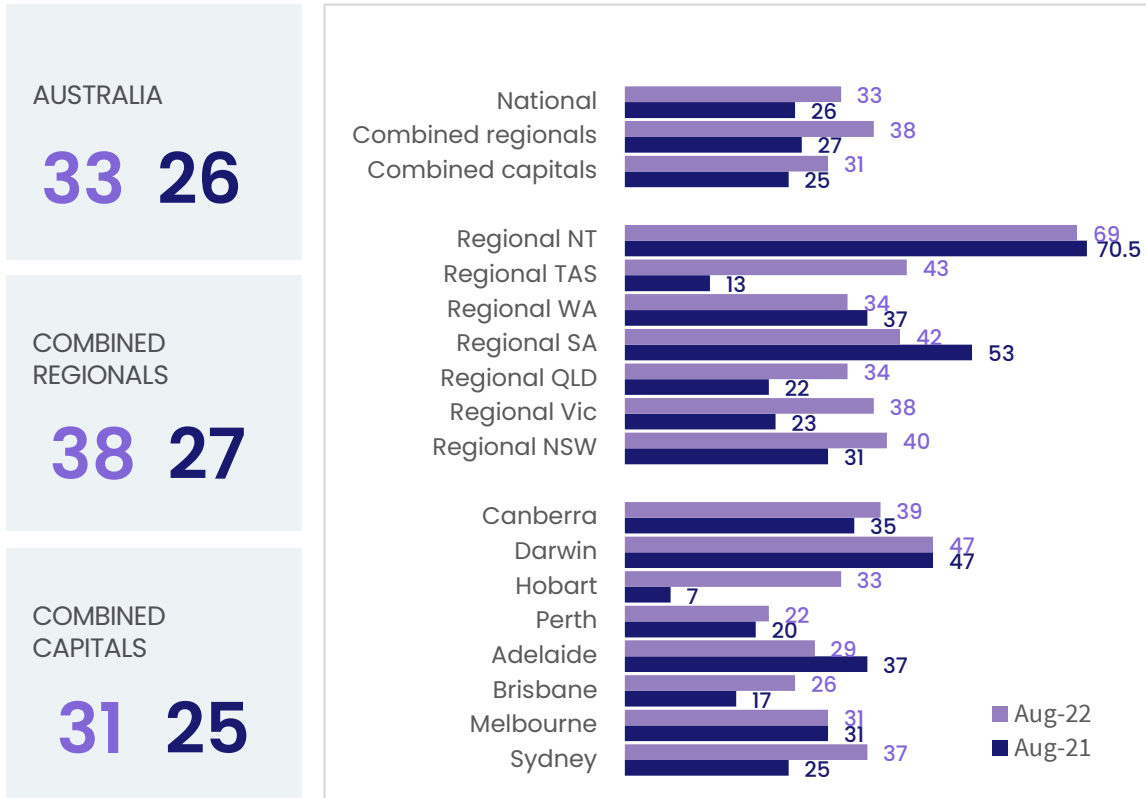


Note: recent months of sales volumes are modelled estimates, and are subject to revision

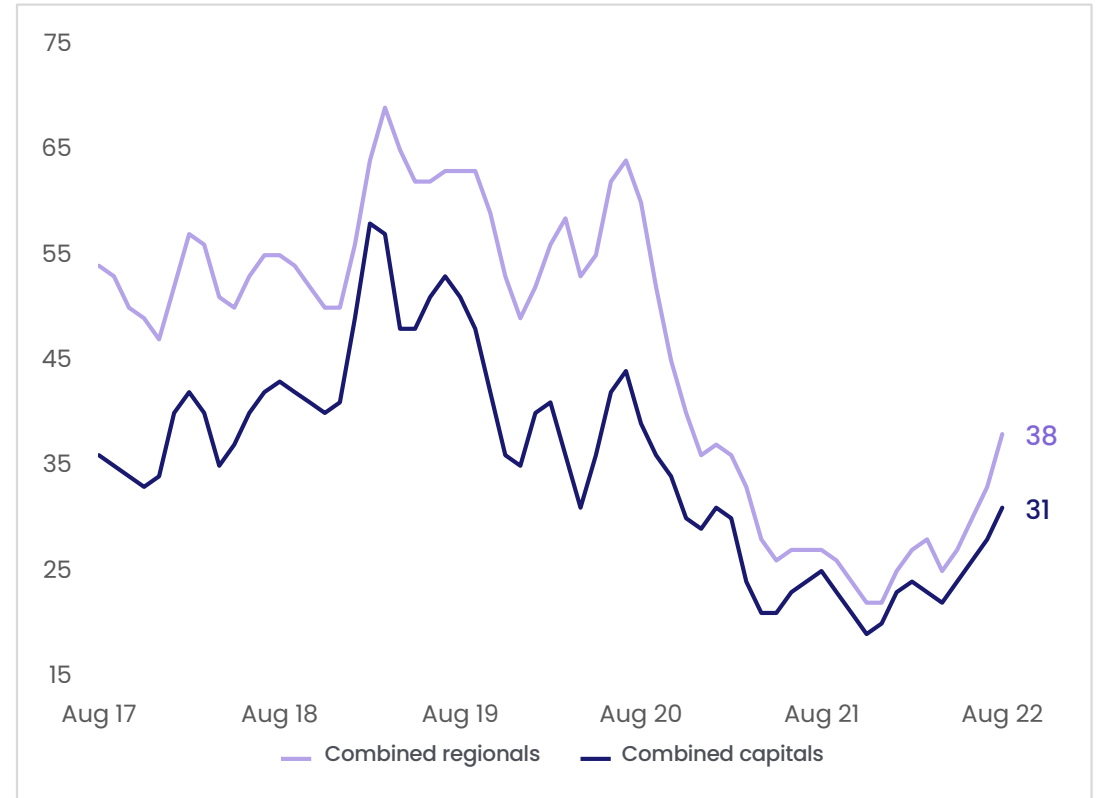
MEDIAN DAYS ON MARKET

At the national level, properties are taking longer to sell. In the three months to August, the median days on market was 33, up from a recent low of 20 days over the three months to November.

Median days on market – three months to August 2022



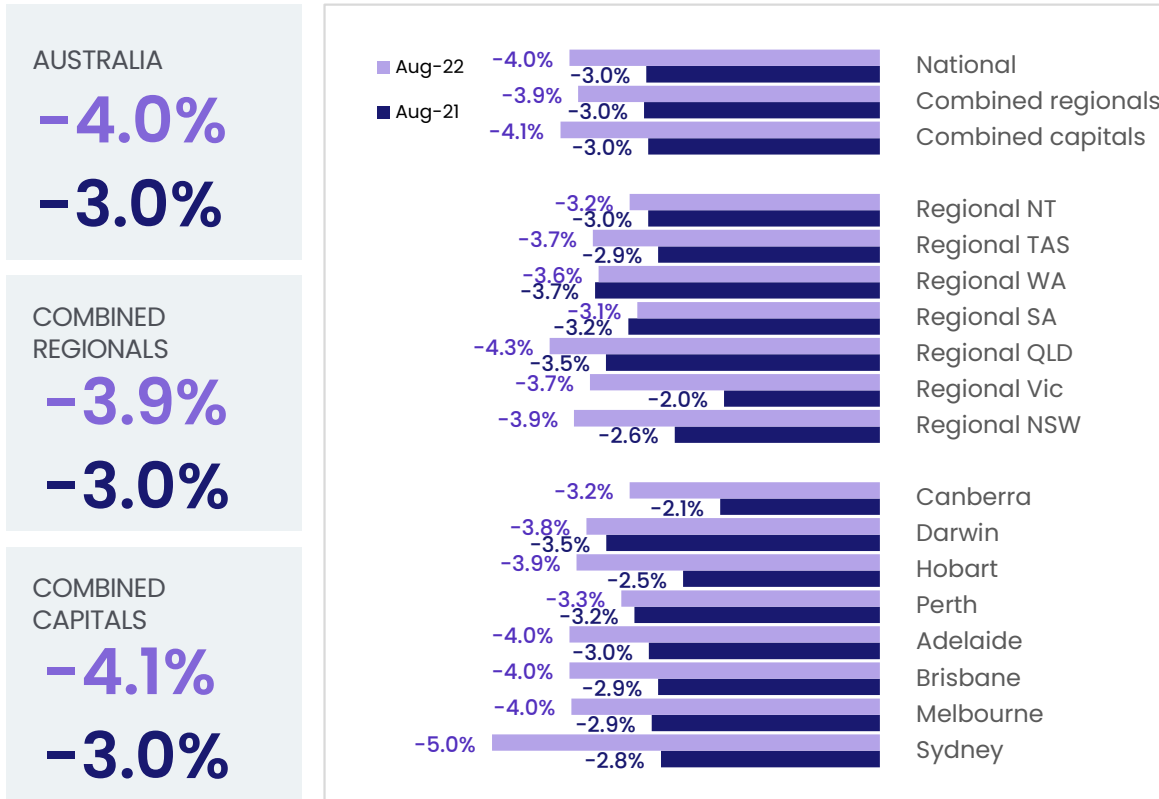
Median days on market



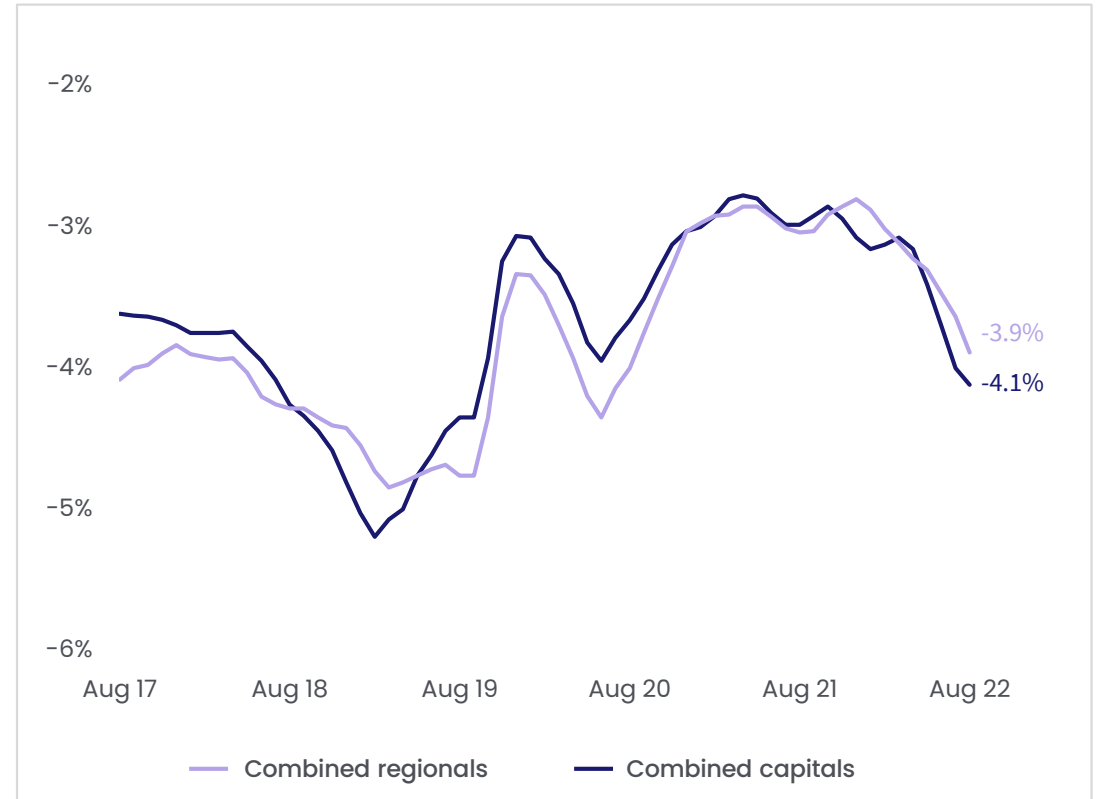
VENDOR DISCOUNT

Similarly, vendor discounting has also increased from the recent low of -2.8% recorded in the three months to April last year. In the three months to August, the median vendor discount at the national level was -4.0%.

Median vendor discount – three months to August 2022



Median vendor discount



LISTINGS

In the four weeks to September 4th, there were 35,213 newly advertised dwellings for sale nationally. While the volume of new listings has trended lower, the flow of new listings is higher than in previous years, and is expected to rise in the coming weeks.

Number of new listings, National Dwellings

New listings over the 4 weeks ending September 4

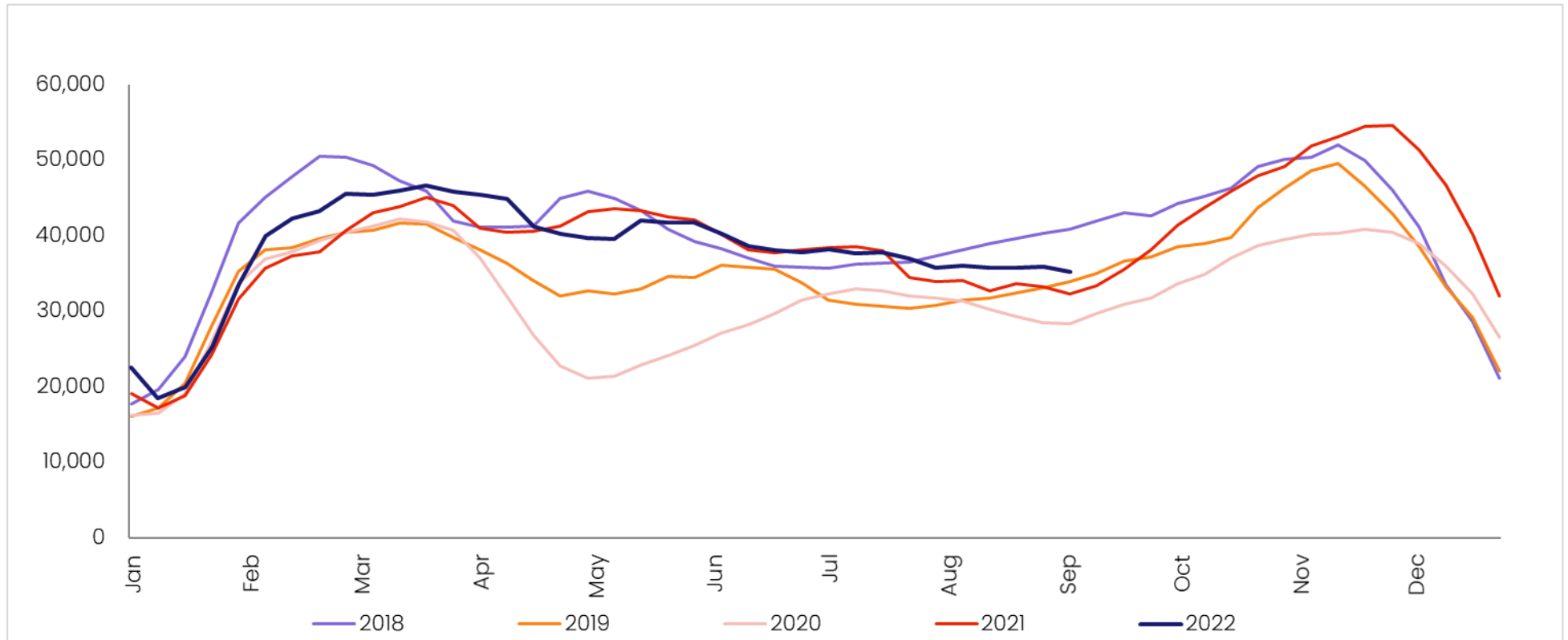
35,213

Compared to same time last year

8.8%

Compared to 5-year average

-0.1%



LISTINGS

At the national level, the stock of total listings is gradually rising as properties take longer to sell. However, advertised stock remains well below the average for this time of the year.

Number of total listings, National Dwellings

Total listings over the 4 weeks ending September 4

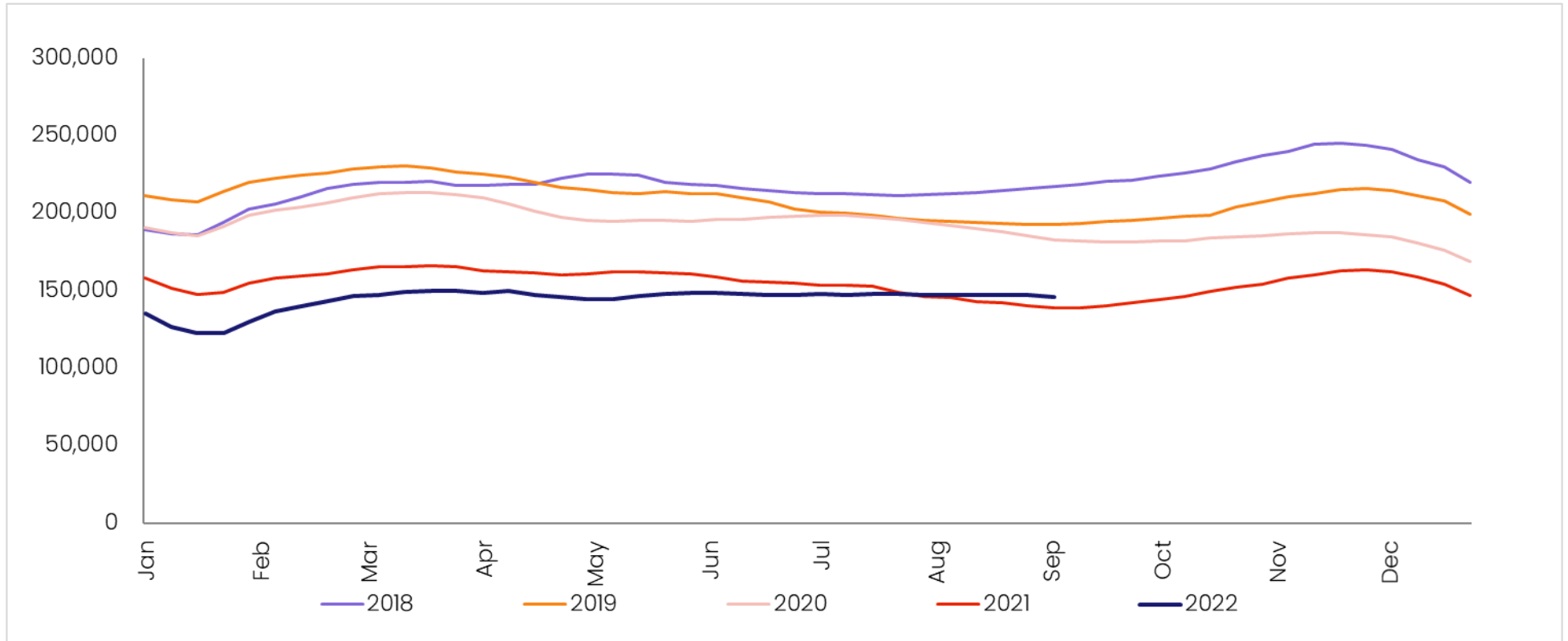
145,966

Compared to same time last year

5.0%

Compared to 5-year average

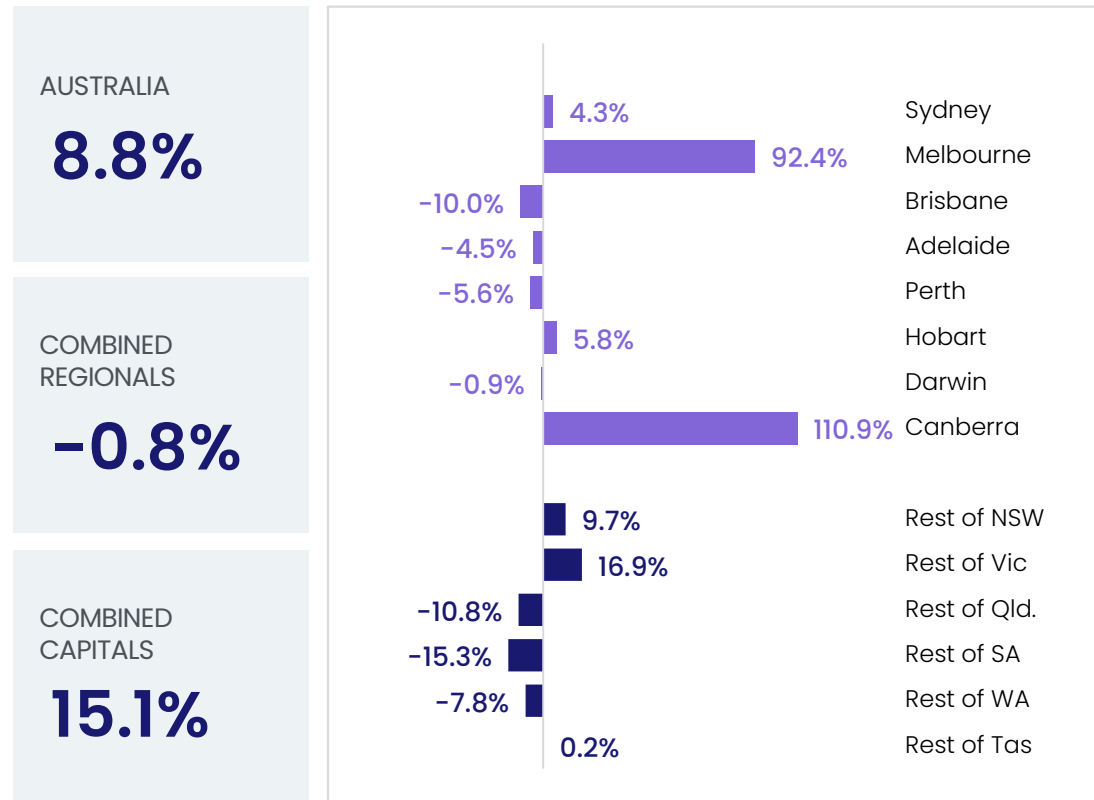
-22.4%



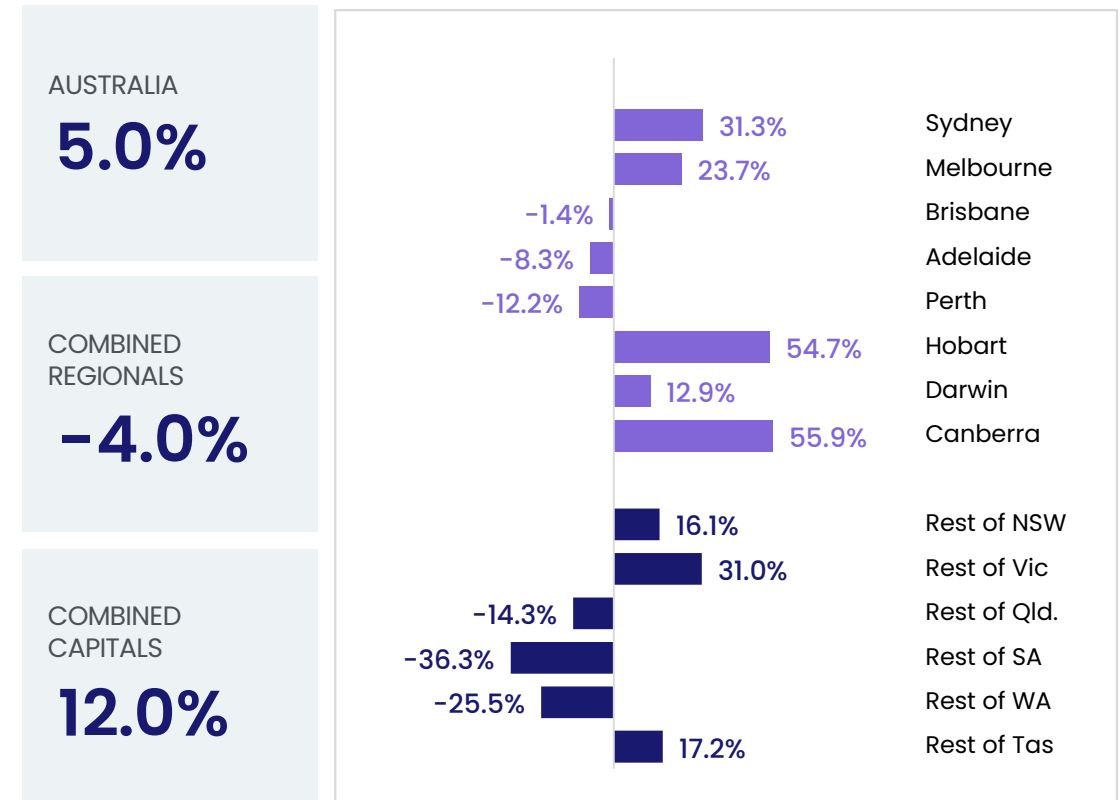
LISTINGS

Total advertised stock levels remain somewhat low in regional Australia. Total stock levels are far higher than in the equivalent period of 2021 in capital cities, when sales and listings activity was constrained by social distancing measures.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

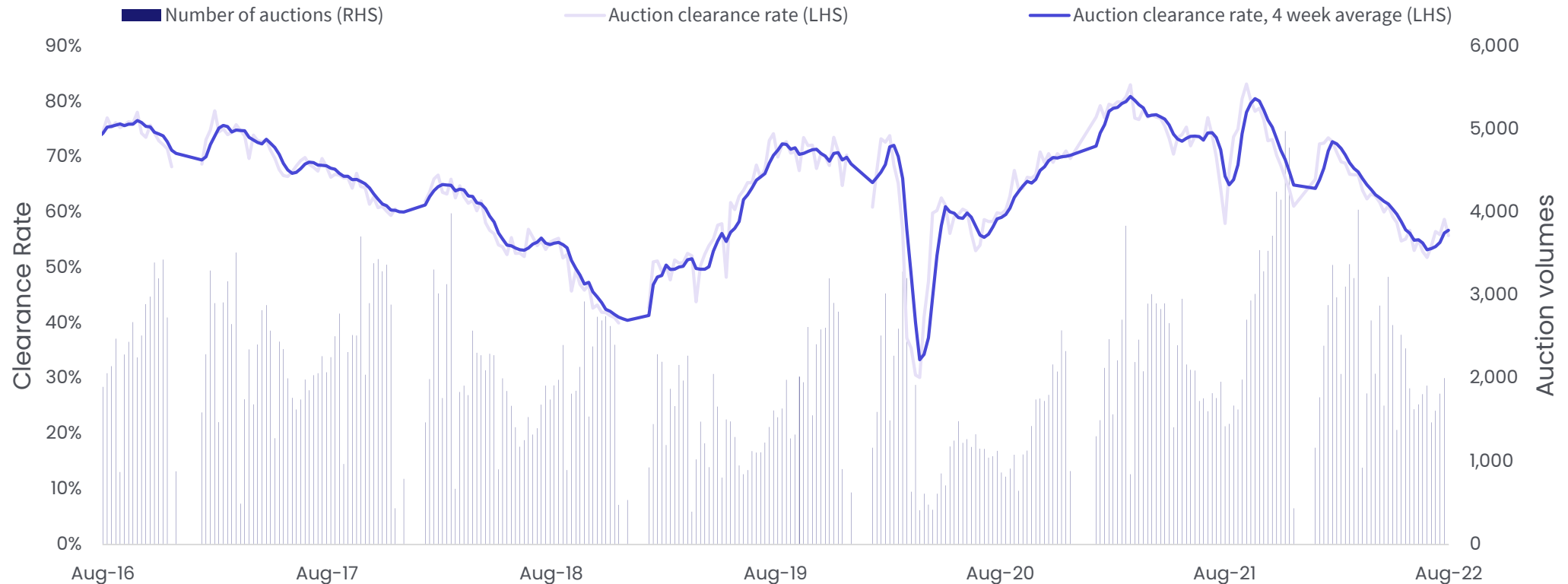


Data is for the four weeks ending 31 July

WEEKLY CLEARANCE RATES

The combined capital cities clearance rate stabilized a little through August, averaging 56.8% in the four weeks to August 28th.

Weekly clearance rates, combined capital cities

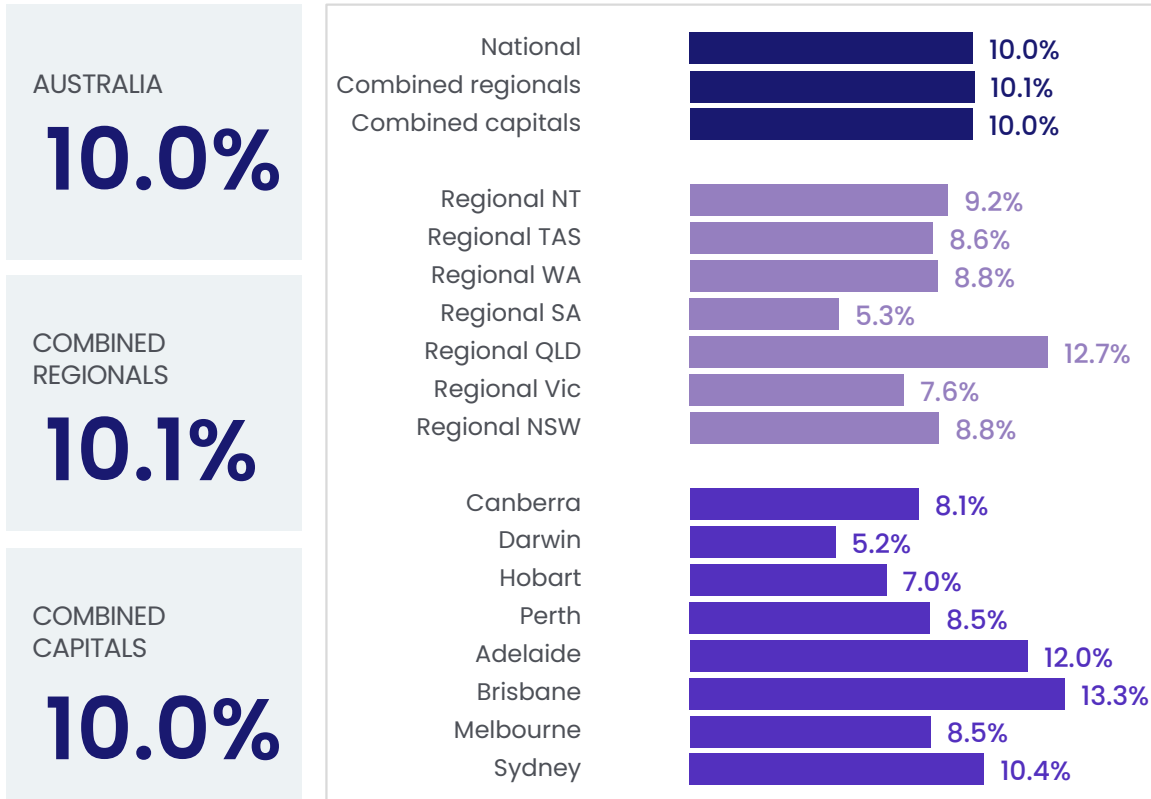


Rental market

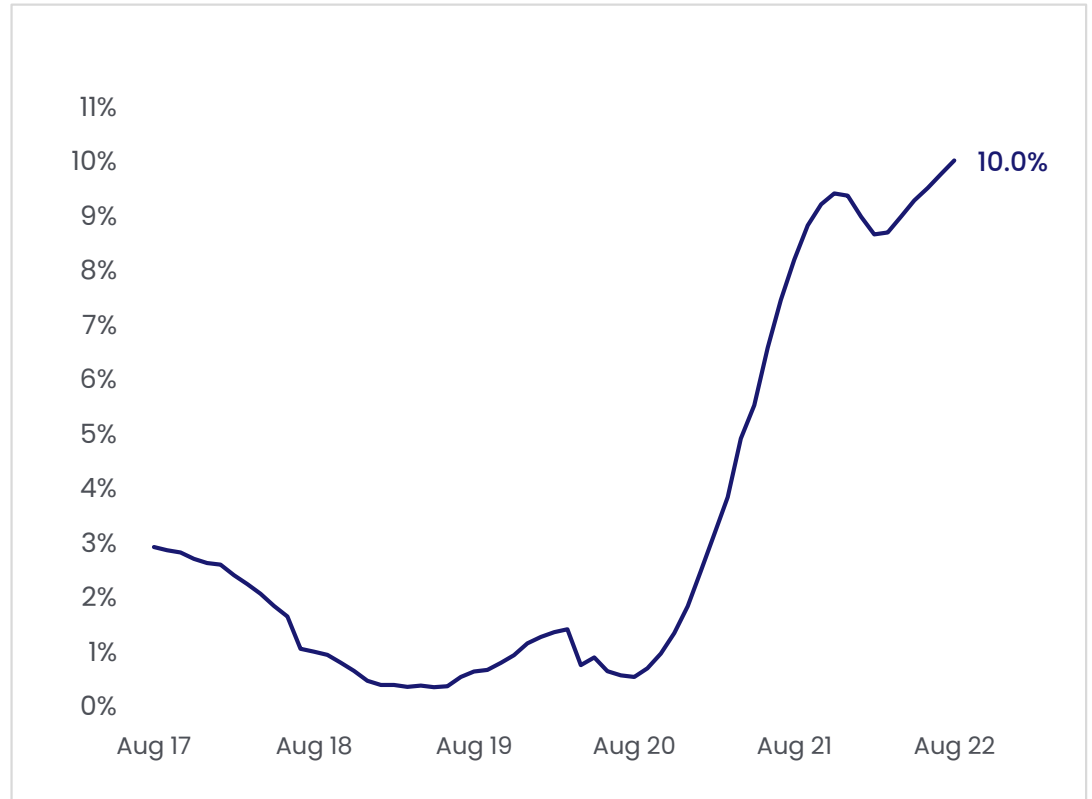
RENTAL RATES

National rent values rose 10.0% in the 12 months to August, which is a new record high growth rate. Rent value increases are fairly broad-based, but the pace of growth is slowing in some smaller capital cities.

Annual change in rental rates to August 2022



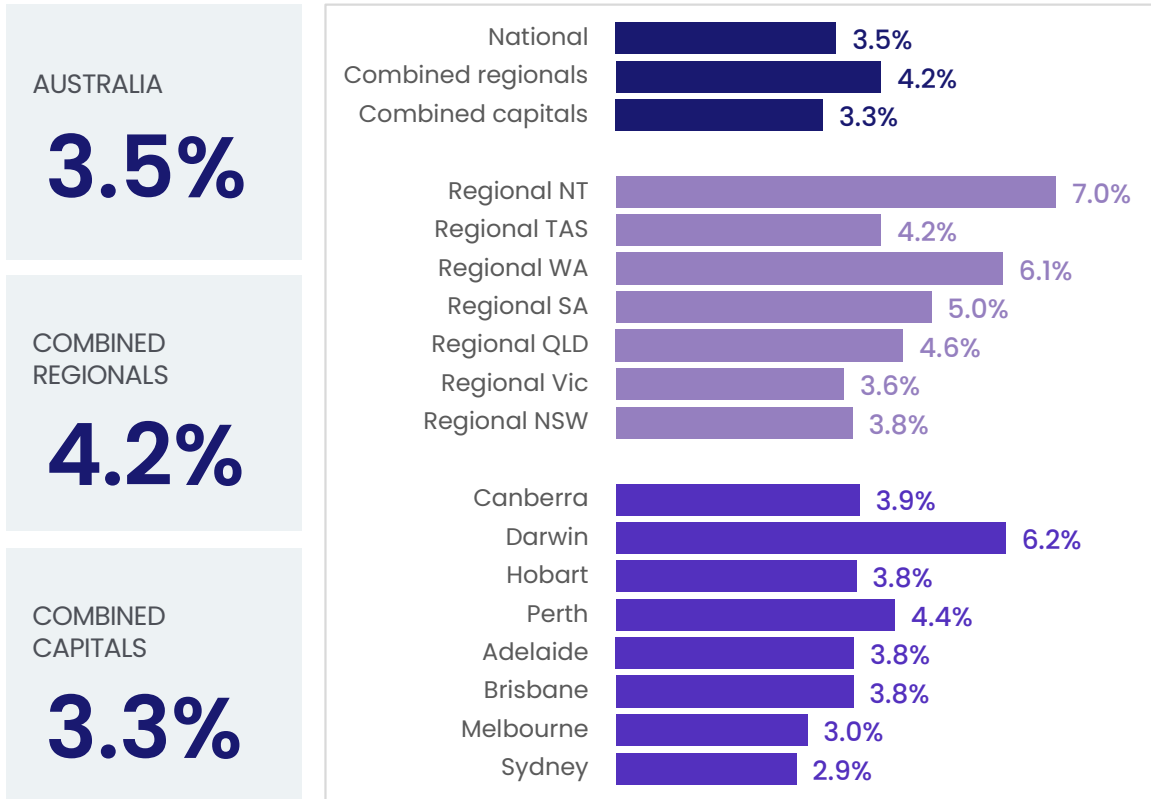
Annual change in rental rates - National



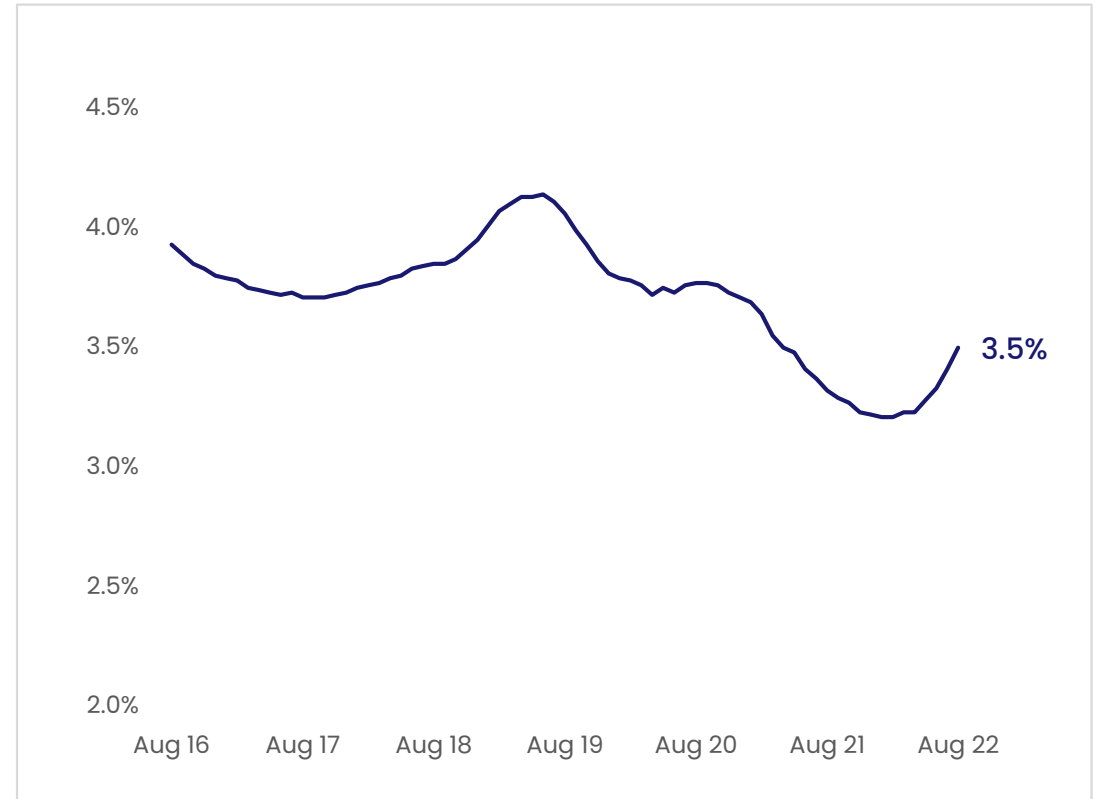
RENTAL YIELDS

Through August, Australian gross rent yields rose to 3.5%, up from a recent low of 3.21% in January this year. Rent yields are likely to trend higher on a broad basis as property values decline.

Gross rental yields, August 2022



Gross rental yields



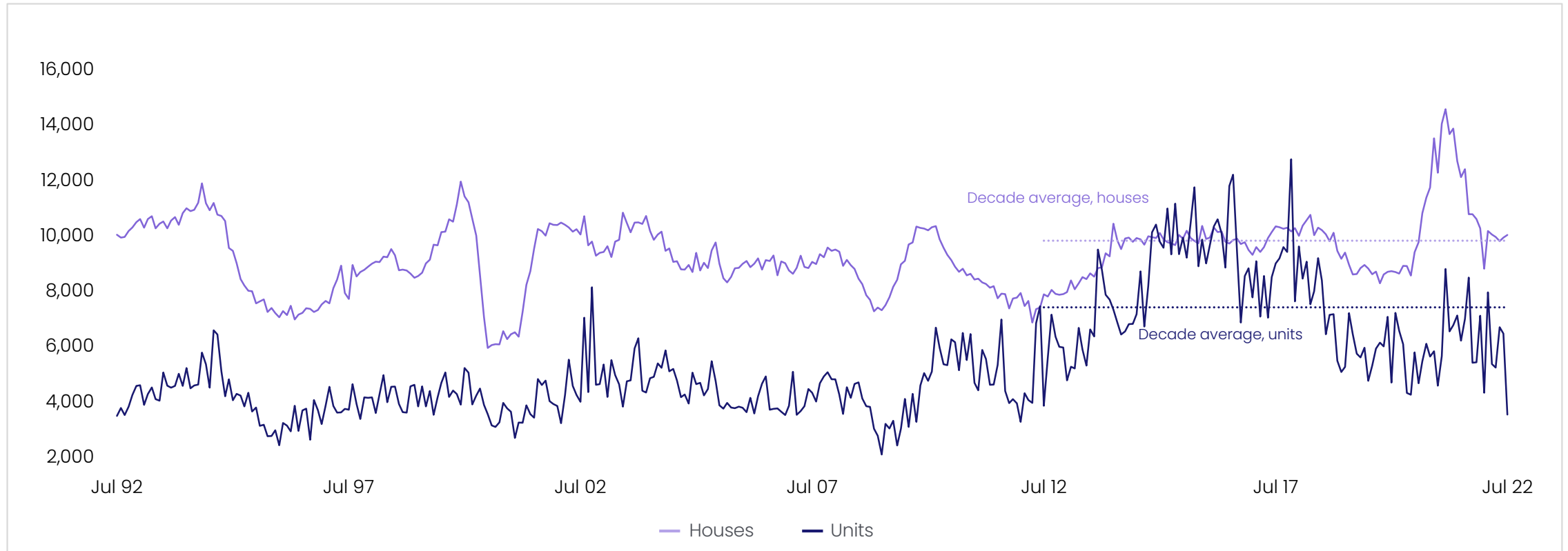
Dwelling approvals & housing credit



DWELLING APPROVALS

The number of residential dwellings approved for construction dropped -17.2% over the month of July. The sharp drop was due to a -45% decline across the unit sector, due to a lack of high rise approvals. House approvals were up 1% over the month, trending roughly around the decade average of 9,831 since January.

Monthly house v unit approvals, National

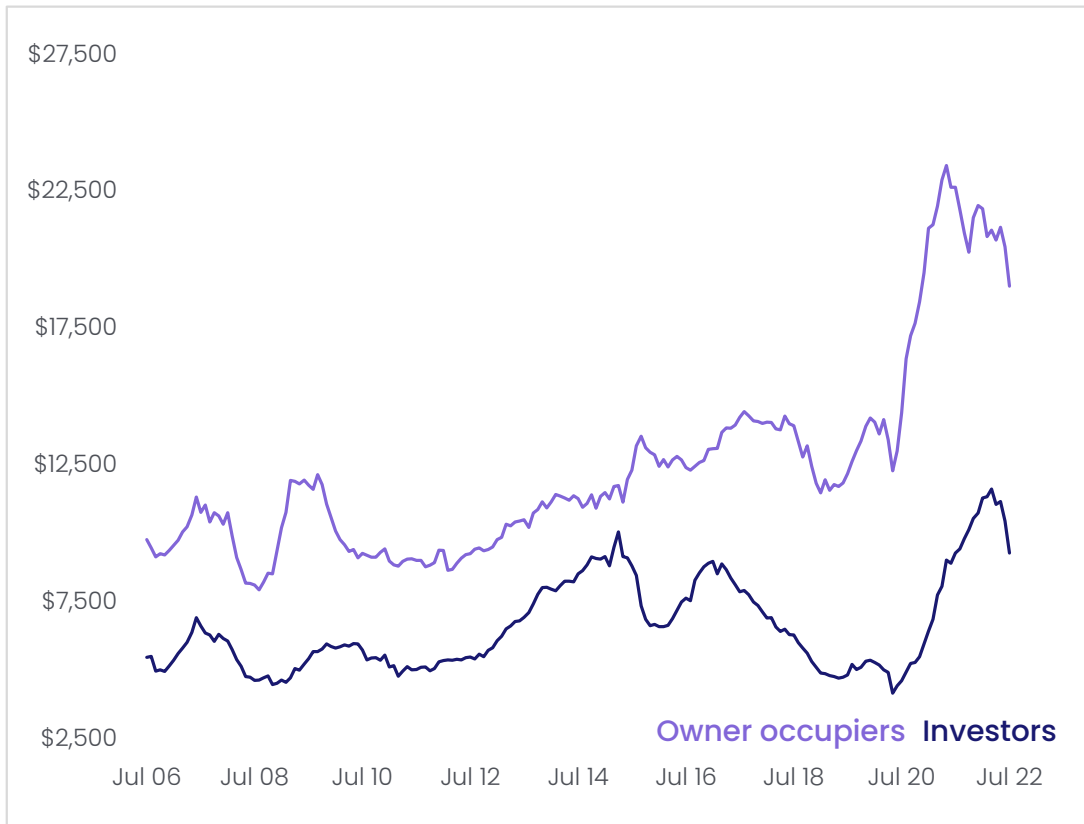


Source: ABS

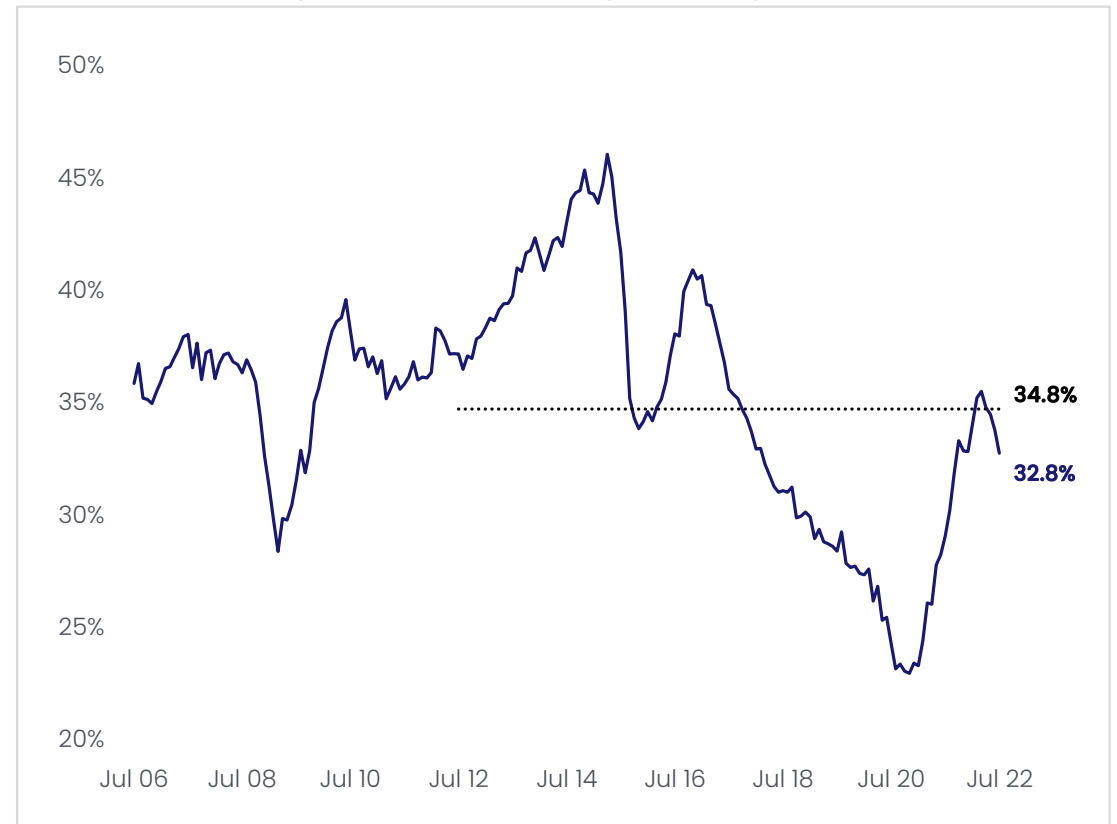
FINANCE & LENDING

Lending for property purchases dropped a notable -8.5% in July. Investor housing finance fell -11.2% in the month, while total owner occupier lending fell -7.0%.

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



Portion of new lending for investment housing (excluding refinance)

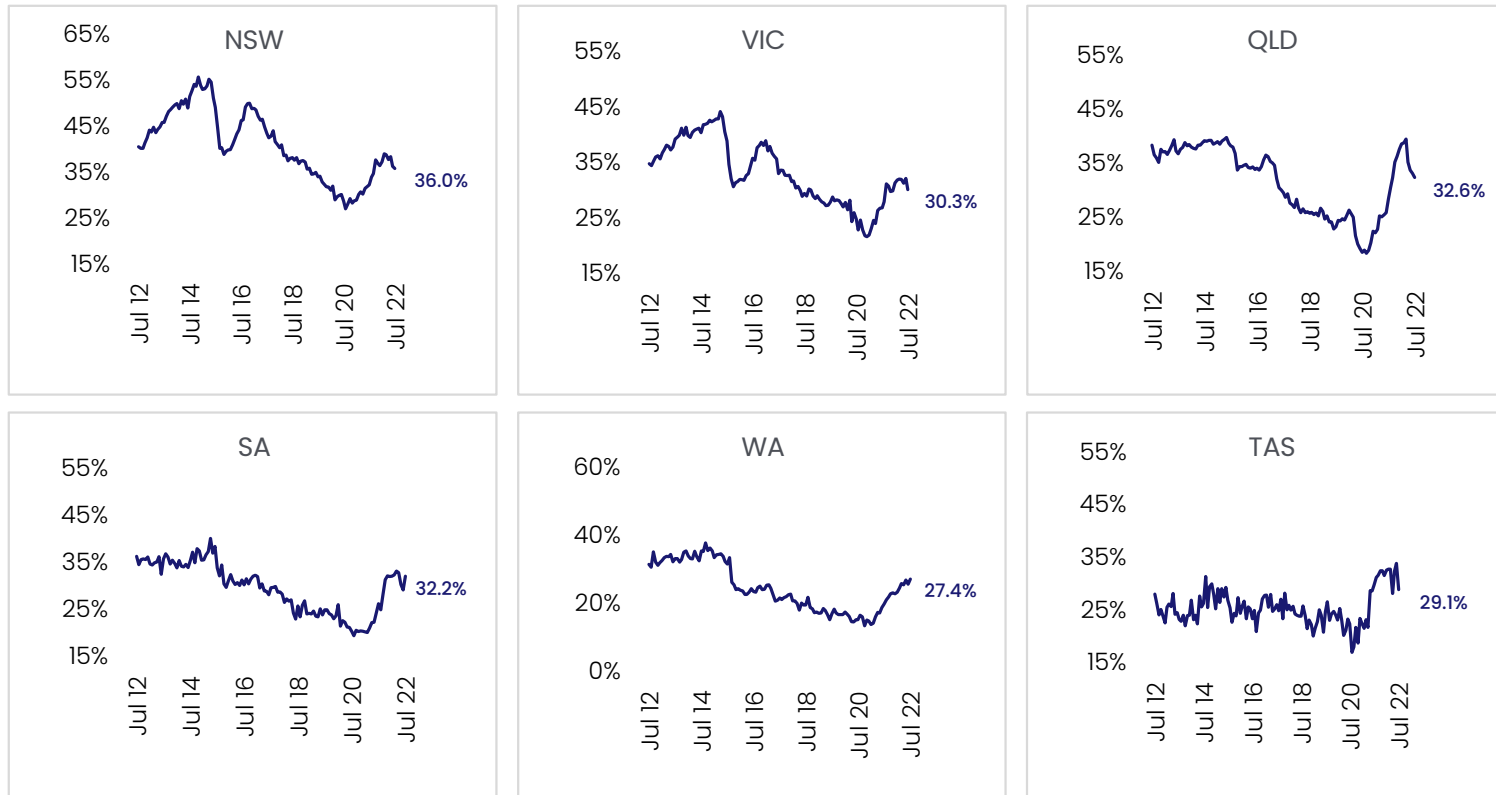


Source: ABS

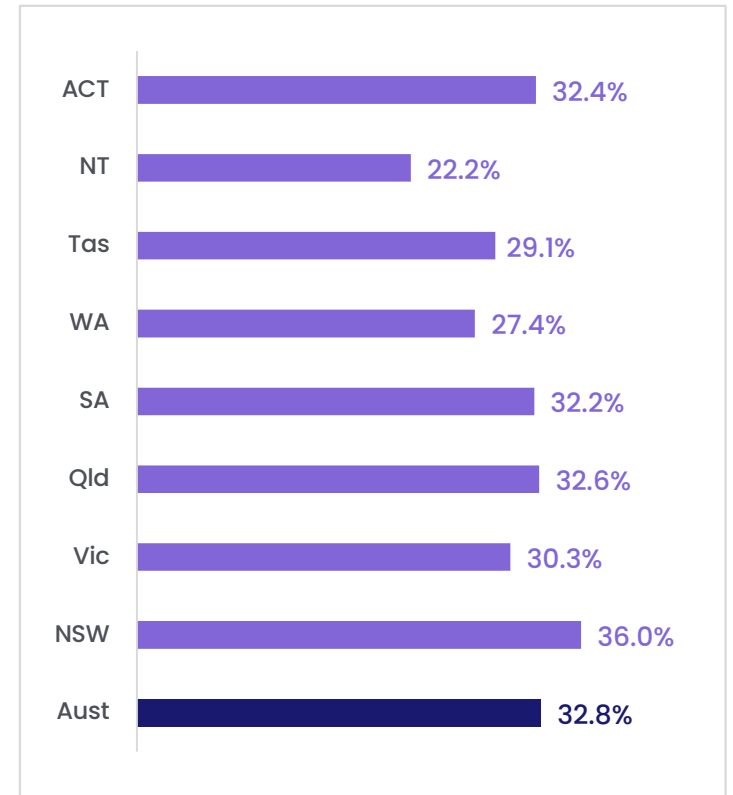
INVESTORS & LENDING

Nationally, investor finance comprised 32.8% of new mortgage lending through the month of July. This is below the decade average of 34.8%.

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



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

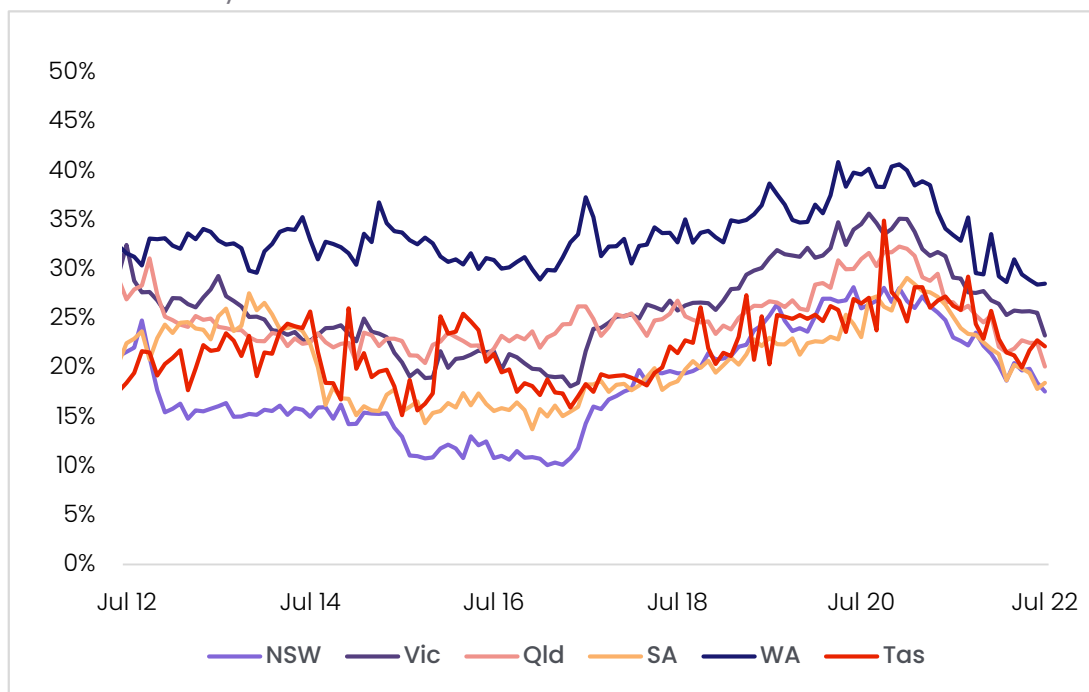


Source: ABS

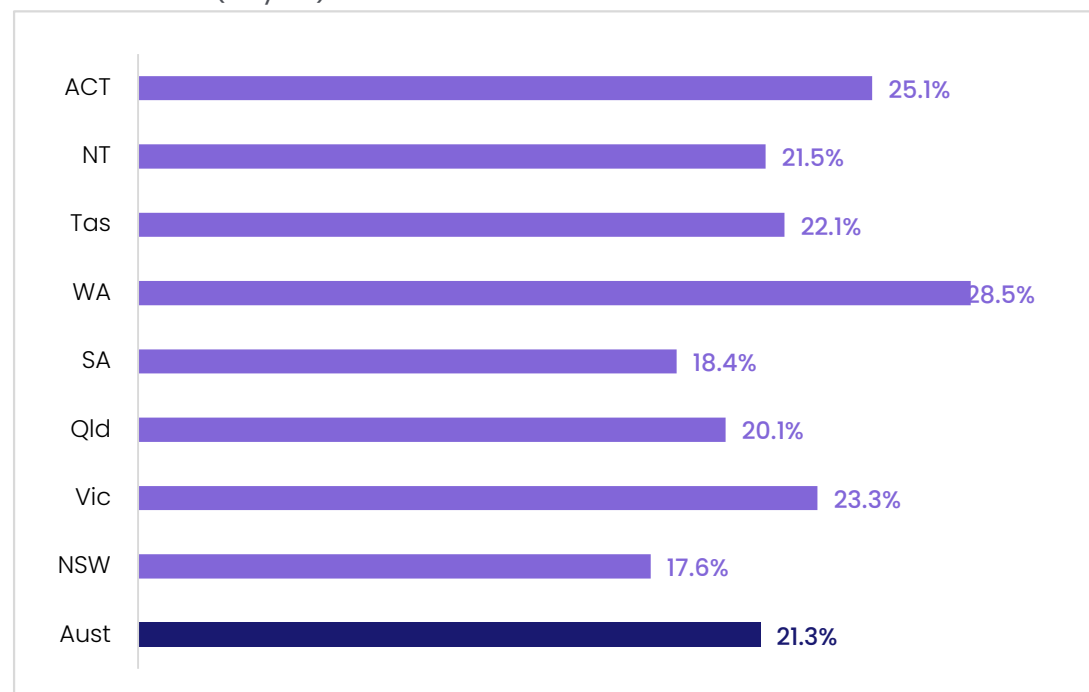
FIRST HOME BUYERS

Nationally, first home buyer finance declined -9.5% in July, faster than the overall owner occupier cohort. As a result, first home buyer finance represented 21.3% of owner occupier finance through July, the lowest level since July 2017.

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



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



Source: ABS

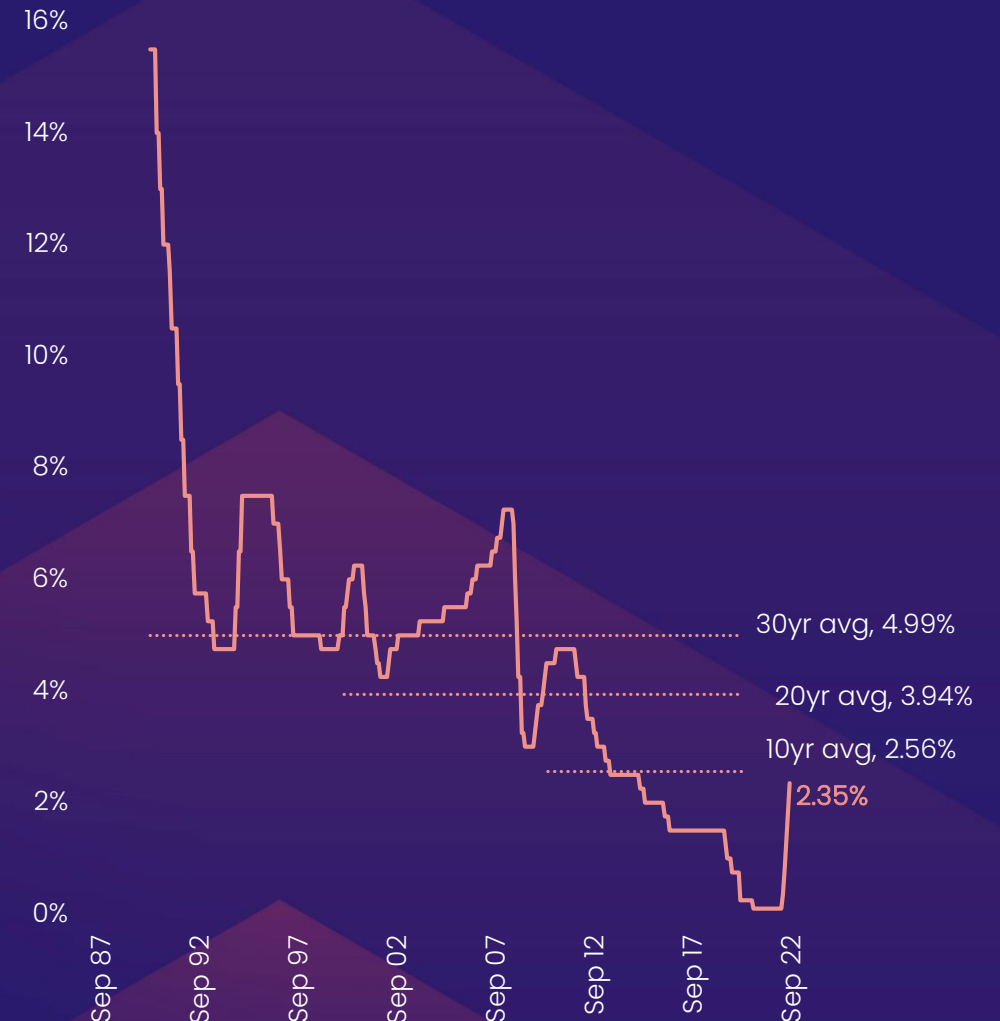
MORTGAGE RATES

The RBA lifted rates to 2.35% in September

Statement highlights

- Inflationary pressures continue due to global factors, but also from strong domestic demand, a tight labour market and capacity constraints in some sectors of the economy.
- The RBA central forecast is for inflation to peak at 7.75% over 2022, a little above 4% in 2023, and around 3% in 2024.
- Household spending behavior remains a key uncertainty. The board must balance out inflation and interest rate pressures on household budgets, against more work hours, higher rates of pay and strong savings levels.
- The board emphasised it could increase interest rates over the months ahead, but is not on a 'pre-set path'.

RBA cash rate target and pre-COVID averages



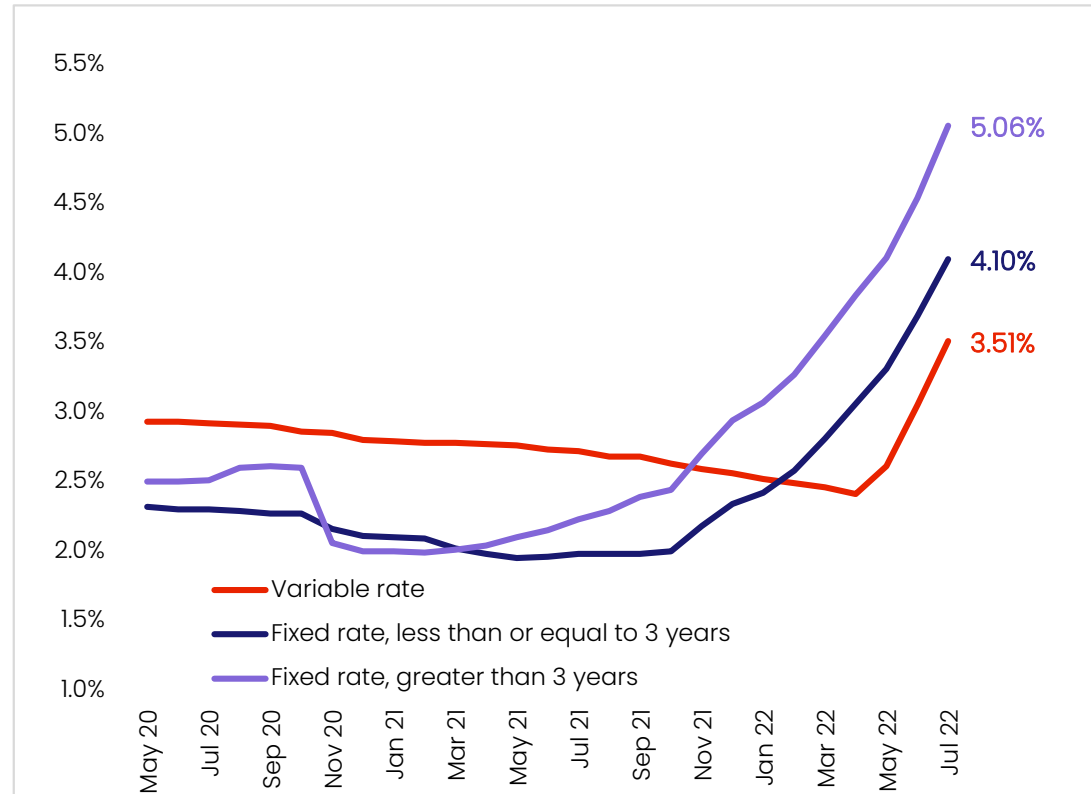
Source: RBA

HOUSING CREDIT

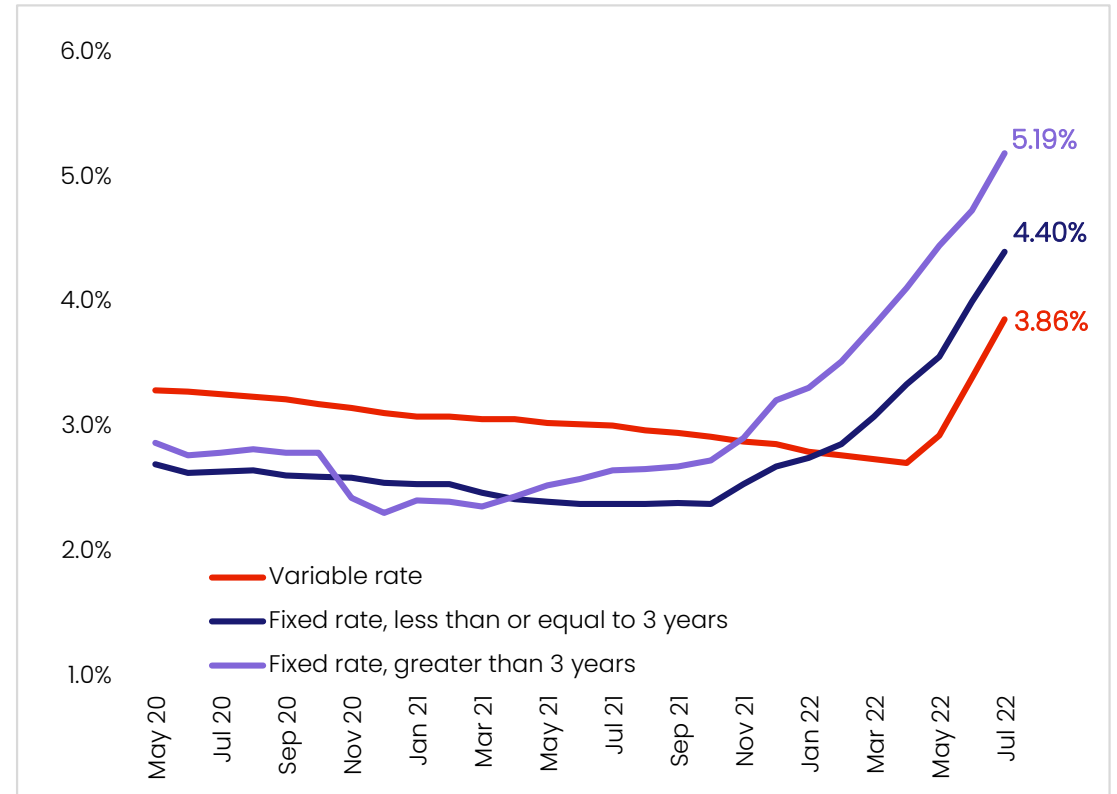
Average long-term fixed rates have now increased to 5.19% for the investor segment, and 5.06% for new owner occupiers. Through July, average variable rates also trended higher in response to the higher cash rate.

Average borrowing costs by borrower and loan type

Owner occupiers



Investors

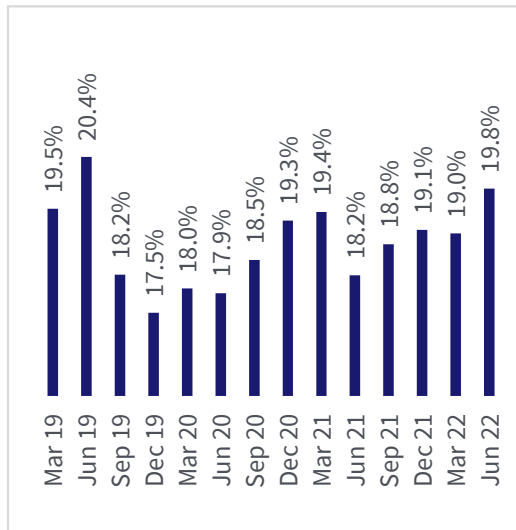


Source: RBA

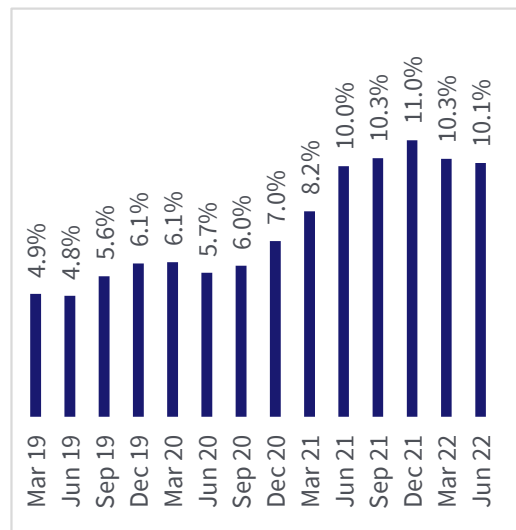
Mortgage originations for 'riskier' types of lending trended lower through the June quarter of 2022

APRA data shows the amount of potentially risky mortgage lending has generally trended lower through the June quarter of 2022, with the exception of the portion of lending on interest only terms.

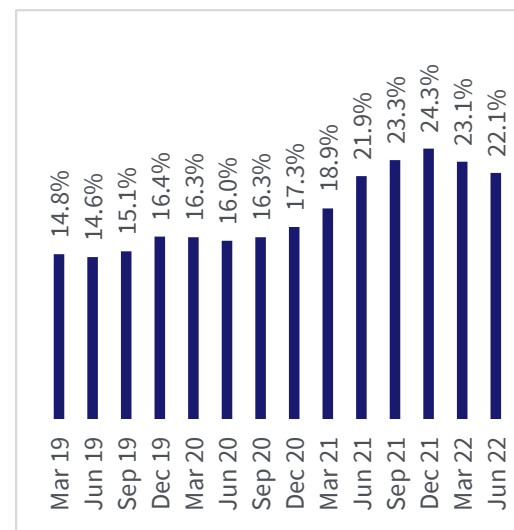
% of loans on interest only terms



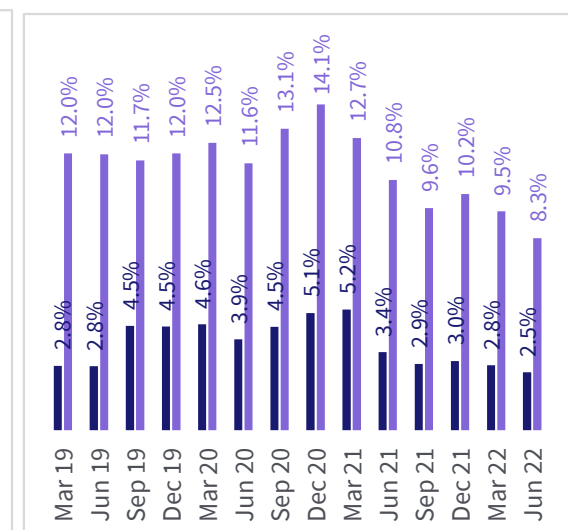
% of loans originated with a loan to income ratio >=6x



% 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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