

March 2022

Monthly Housing Chart Pack

Unlocking smarter property
decisions



Residential Real Estate Underpins Australia's Wealth



RESIDENTIAL REAL ESTATE

\$9.8 Trillion



AUSTRALIAN SUPERANNUATION

\$3.5 Trillion



AUSTRALIAN LISTED STOCKS

\$2.9 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.

650,175

GROSS VALUE OF SALES P.A.

\$519.1 Billion

Source: CoreLogic, RBA, APRA, ASX

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Australian dwelling values

Overview

3 MONTHS

↑ **2.7%**

National home values rose 2.7% in the three months to February, which has eased from a peak of 7.0% in the three months to May 2021.

12 MONTHS

↑ **20.6%**

Dwelling values in Australia are 20.6% higher over the past 12 months, which is down from the recent high of 22.4% in the 12 months to January.

CAPITAL CITIES

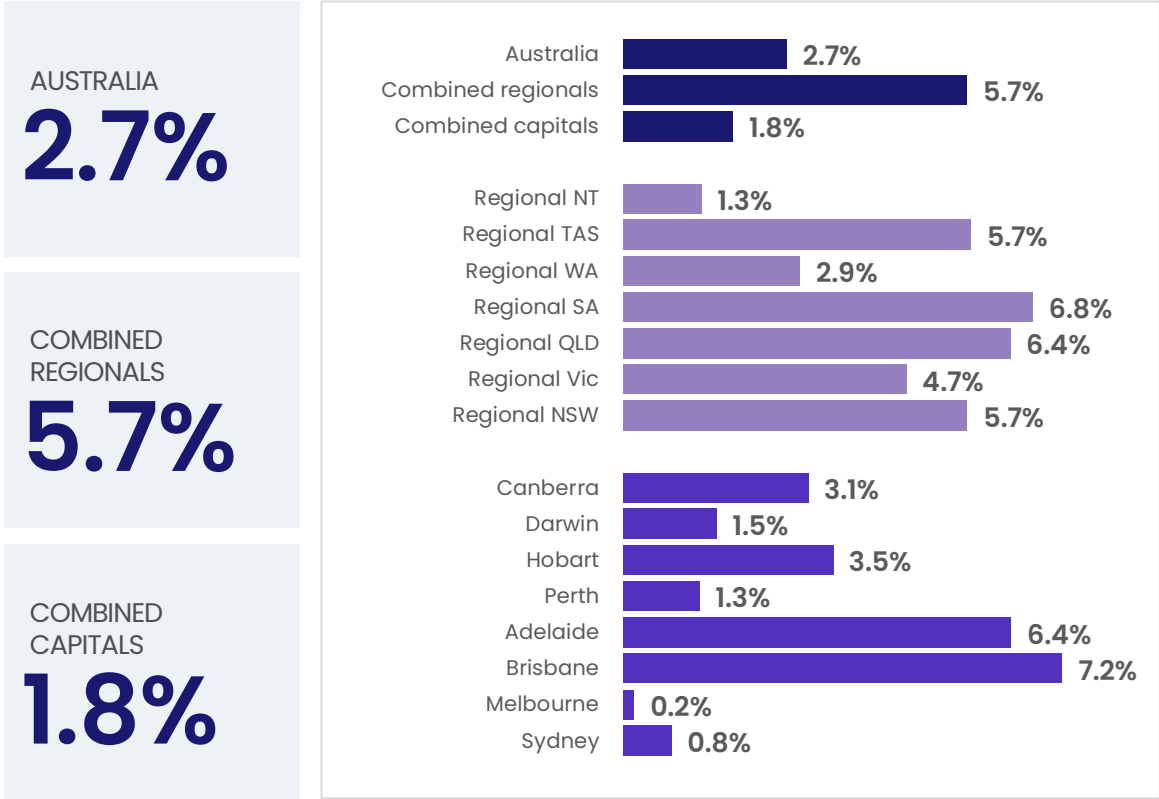
Lower value segments now leading growth

In the three months to February, capital city homes saw the top quartile of values rise 0.8%, compared to 3.4% across the lowest quartile of values.

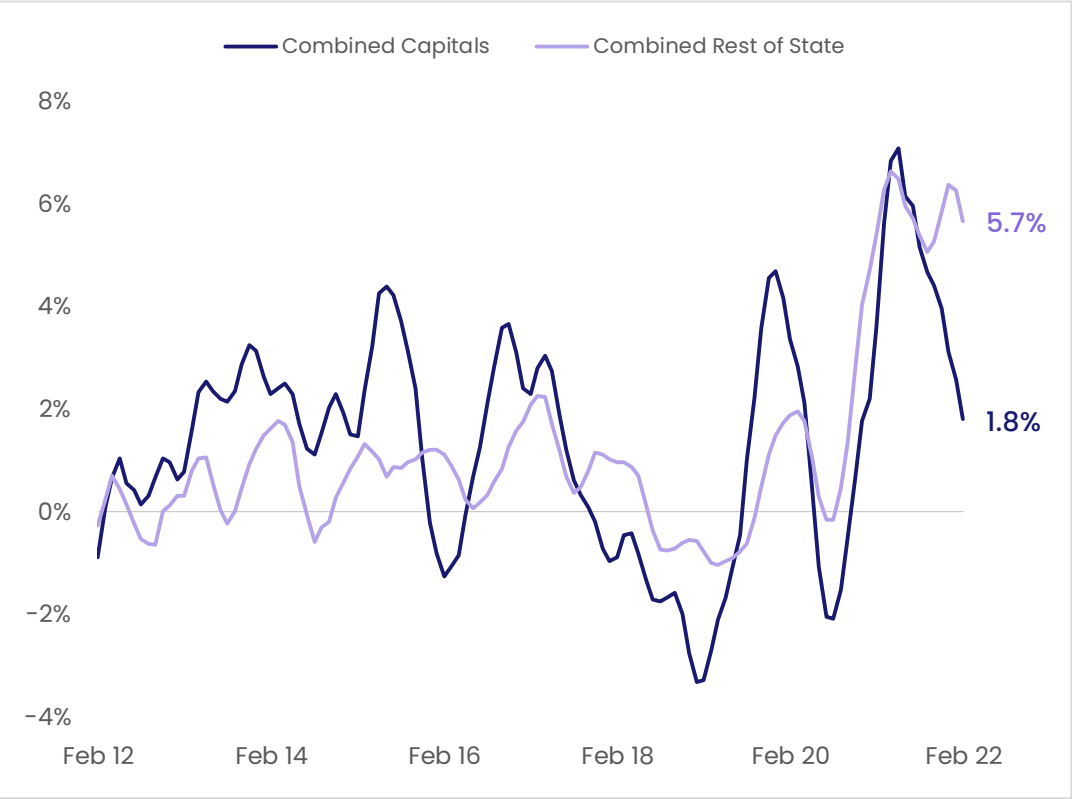
AUSTRALIAN DWELLING VALUES

3 month changes

Change in dwelling values, three months to February 2022



Rolling quarterly change in dwelling values



AUSTRALIAN DWELLING VALUES

12 month changes

Change in dwelling values, twelve months to February 2022

AUSTRALIA

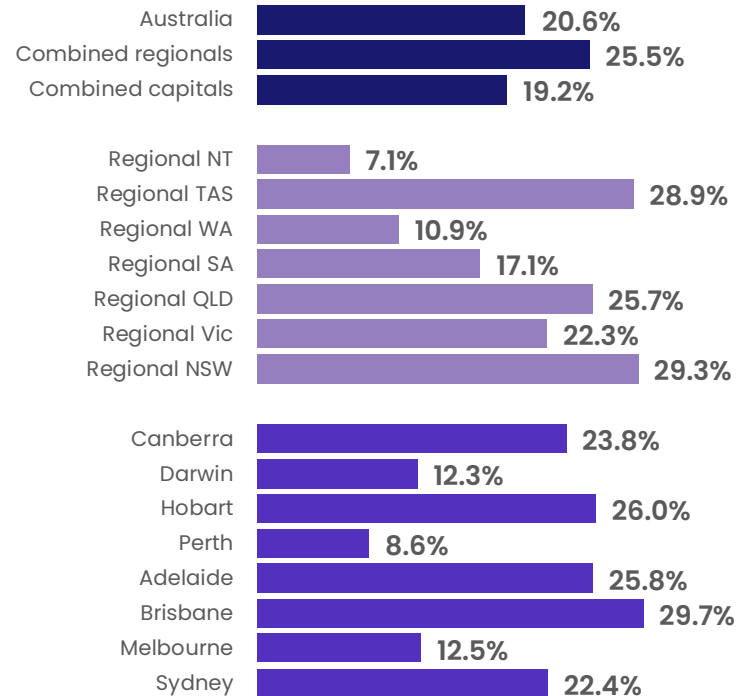
20.6%

COMBINED
REGIONALS

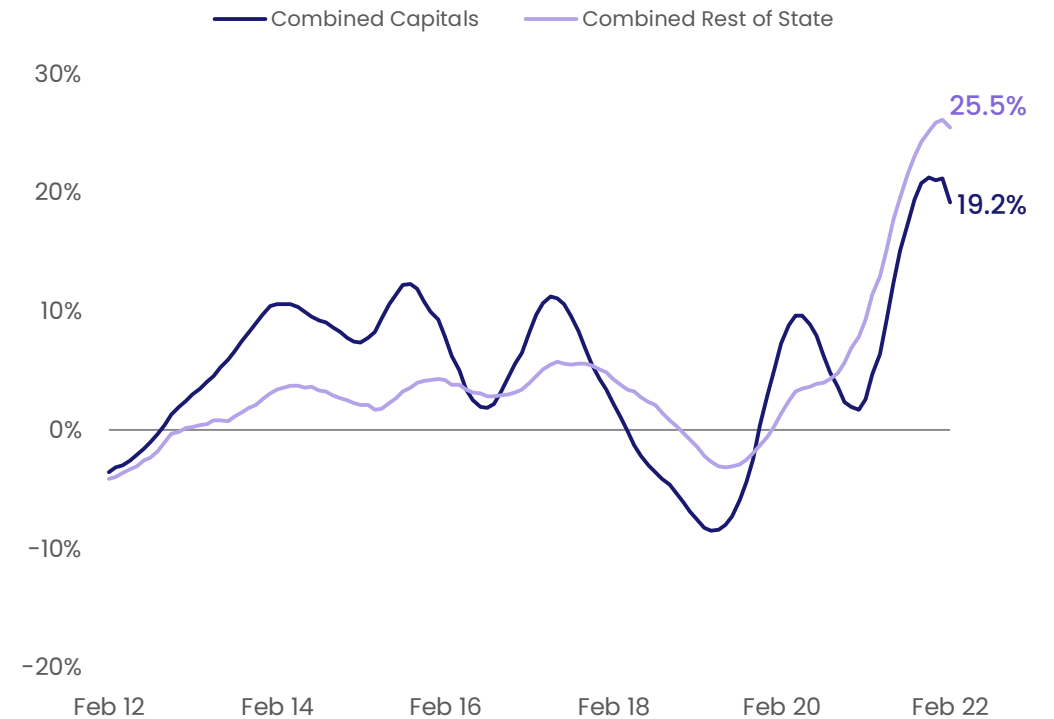
25.5%

COMBINED
CAPITALS

19.2%



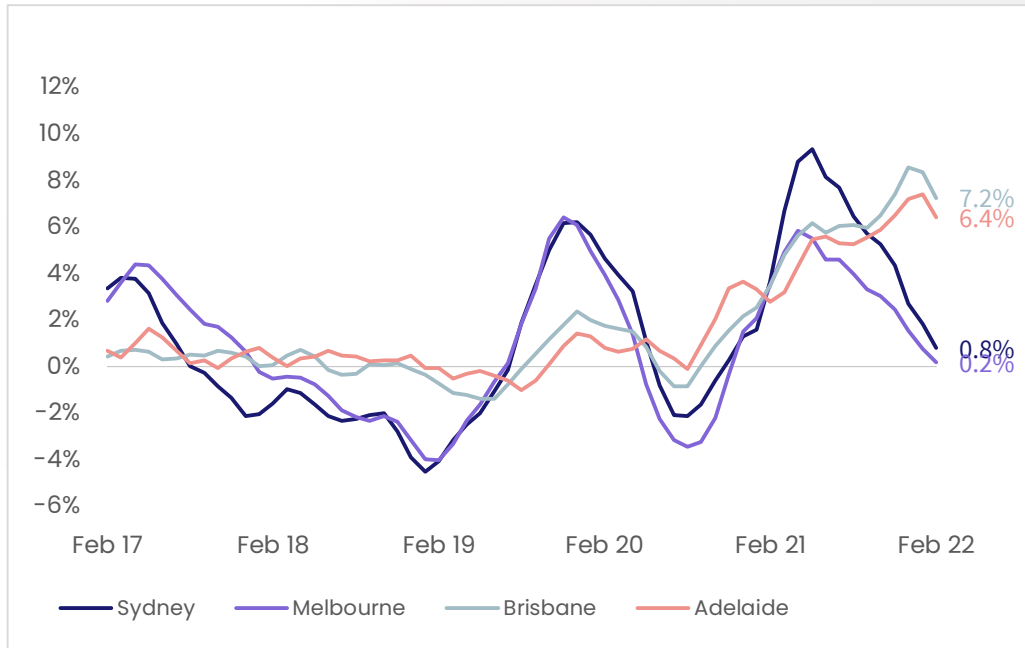
Rolling annual change in dwelling values



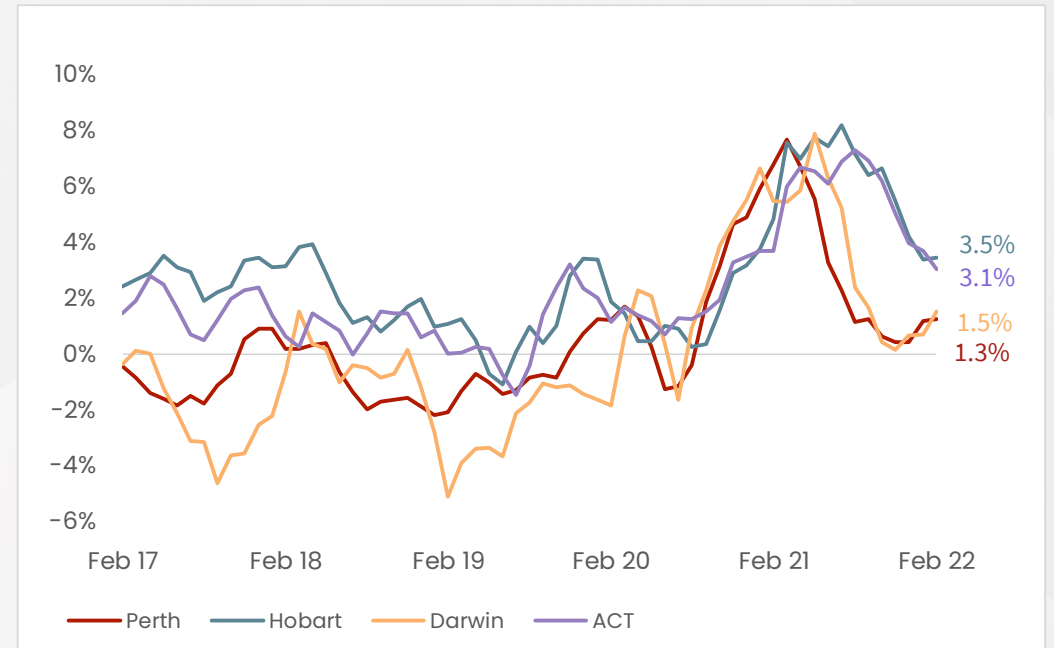
AUSTRALIAN DWELLING VALUES

Capital cities

Rolling quarterly change in values, dwellings

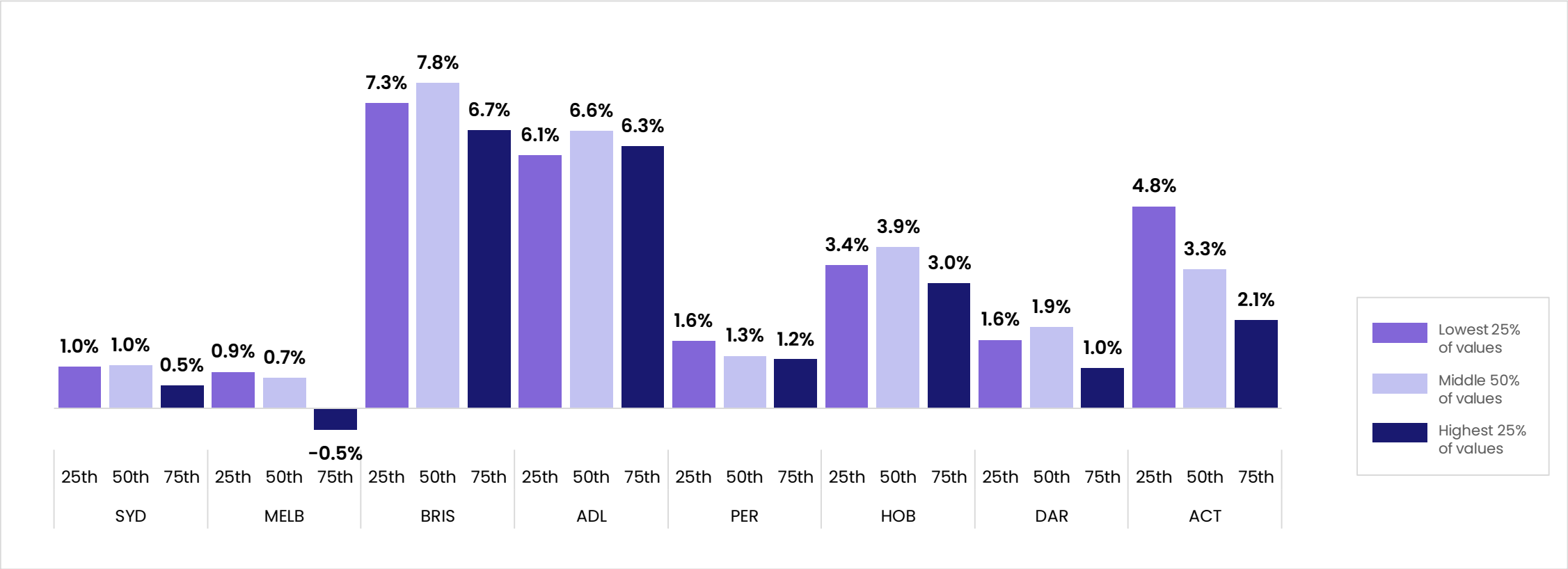


Rolling quarterly change in values, dwellings



Capital cities

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



Housing cycles

Capital cities

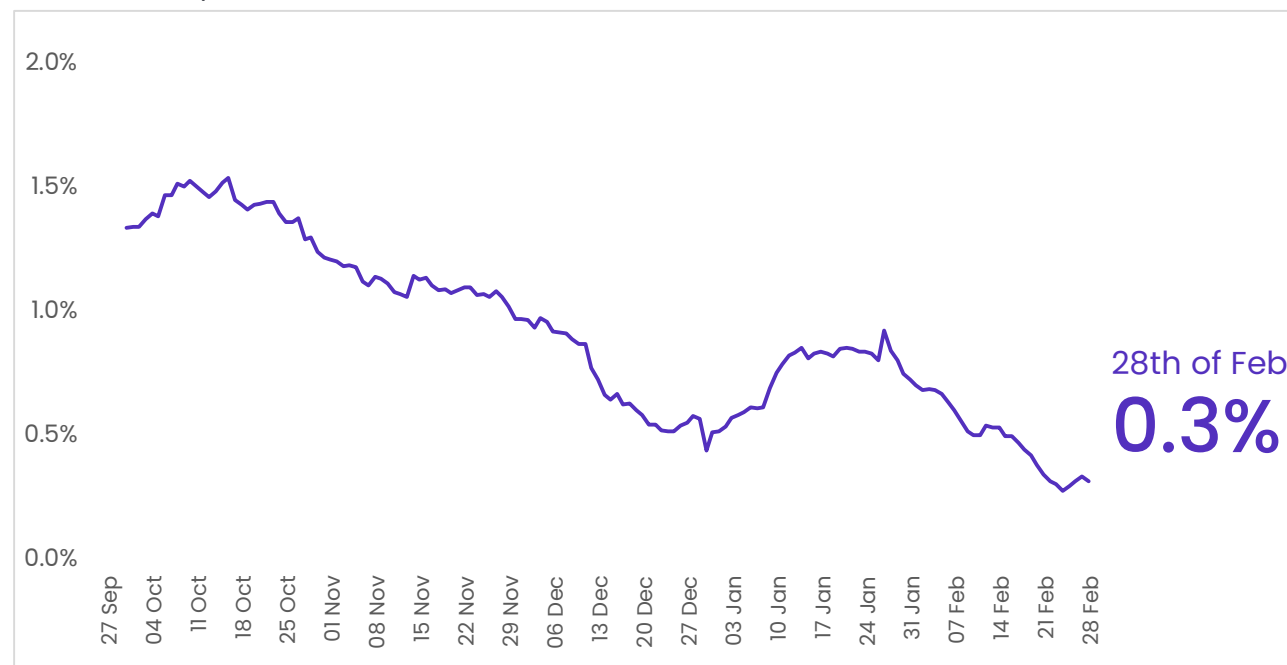


Rolling 28-day growth rate in CoreLogic Daily Home Value index

Despite a strong start out of the gate for home values in January, the rolling 28-day growth rate in the combined capitals home value index slowed through February.

Home values were just 0.3% higher in the 28 days to the end of February, with demand slowing amid tighter lending conditions and affordability constraints, while supply levels trended higher in some regions.

Combined capital cities



HOUSING CYCLES

Sydney

In **February** Sydney dwelling values fell by

-0.1%

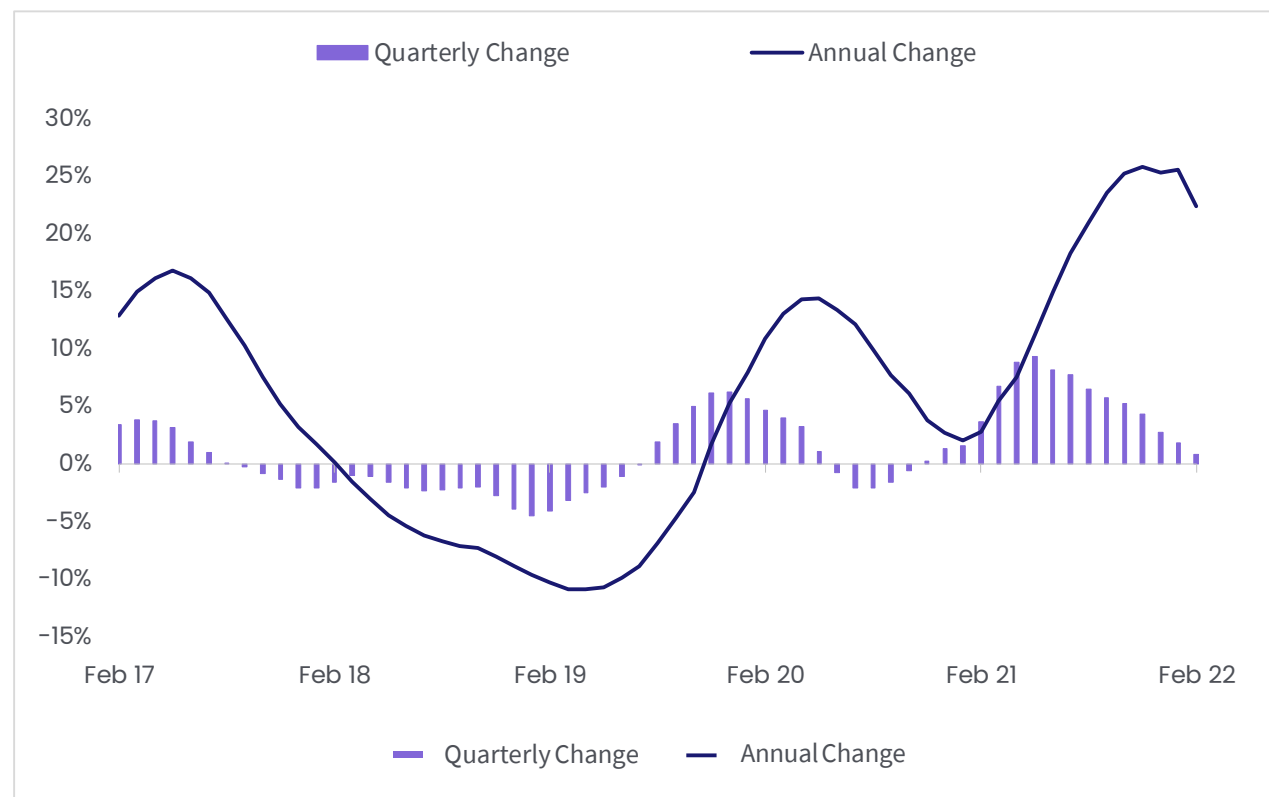
Over the **quarter** dwelling values increased by

0.8%

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

22.4%

Sydney dwelling values are now -0.1% below the previous record high, which was in January 2022



HOUSING CYCLES

Melbourne

In **February** Melbourne dwelling values were steady

0.0%

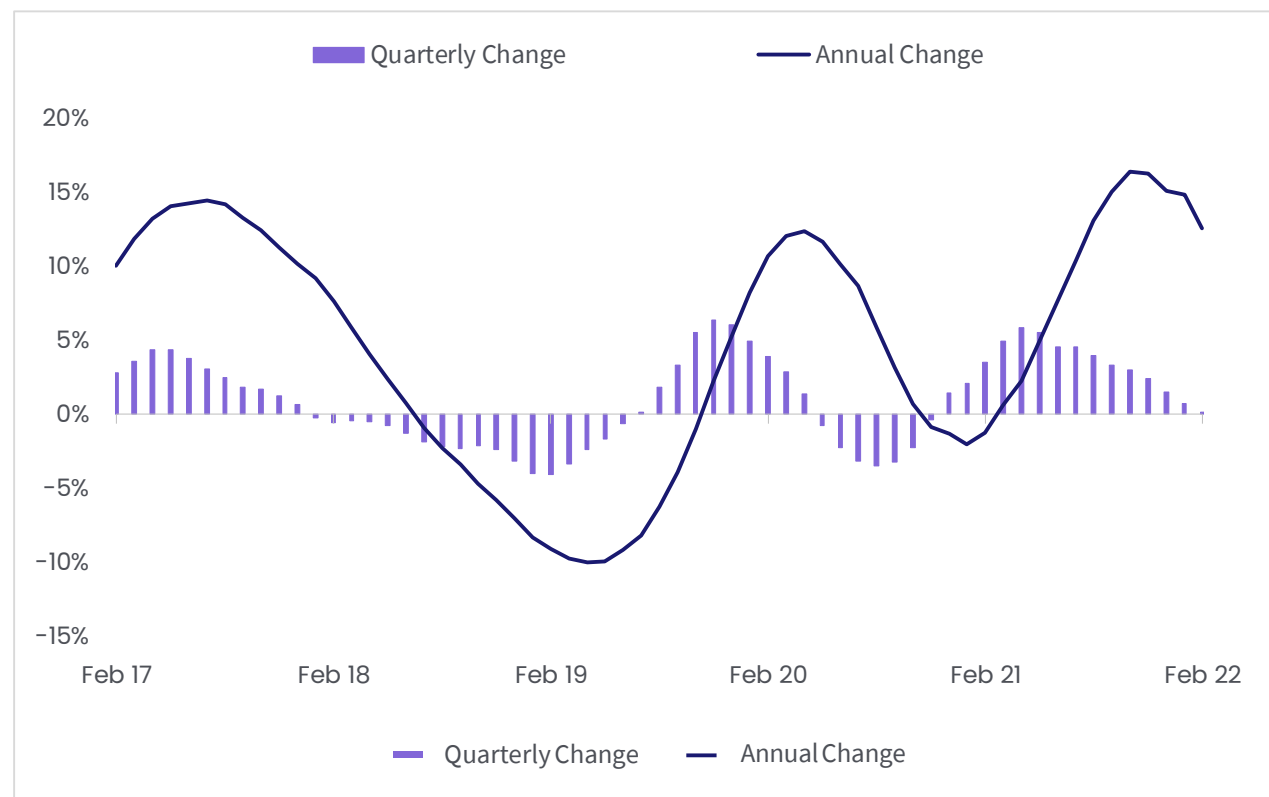
Over the **quarter** dwelling values increased by

0.2%

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

12.5%

Melbourne dwelling values are currently at a record high



HOUSING CYCLES

Brisbane

In **February** Brisbane dwelling values rose by

1.8%

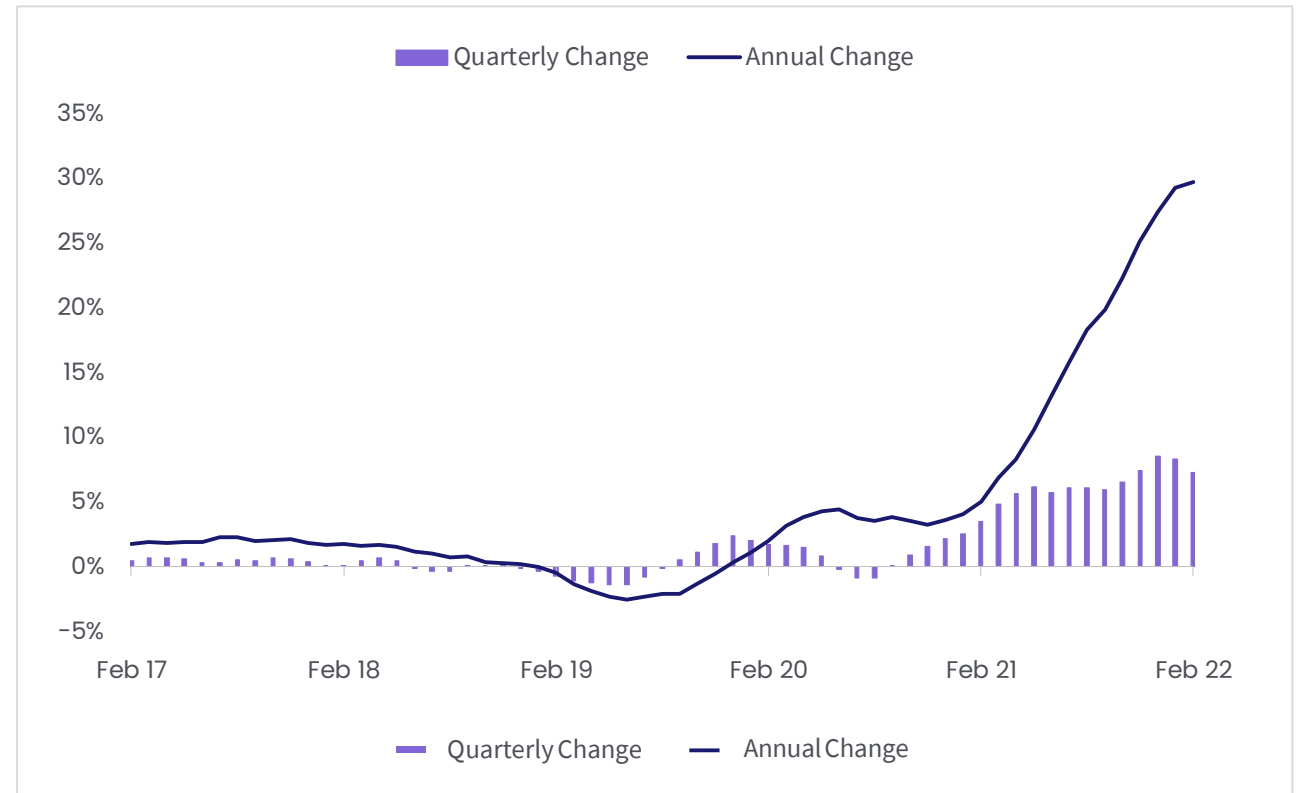
Over the **quarter** dwelling values increased by

7.2%

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

29.7%

Brisbane dwelling values are currently at a record high



HOUSING CYCLES

Adelaide

In **February** Adelaide dwelling values rose by

1.5%

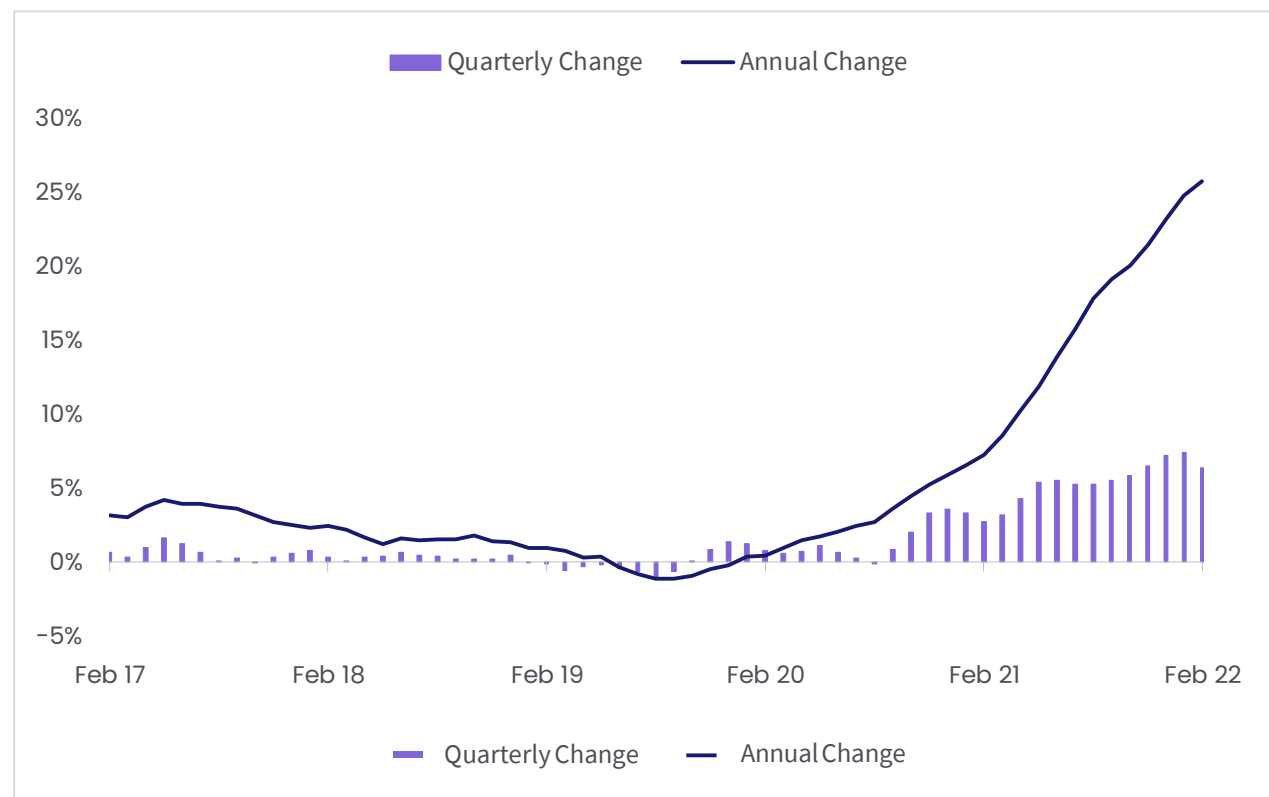
Over the **quarter** dwelling values increased by

6.4%

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

25.8%

Adelaide dwelling values are currently at a record high



HOUSING CYCLES

Perth

In **February** Perth dwelling values rose by

0.3%

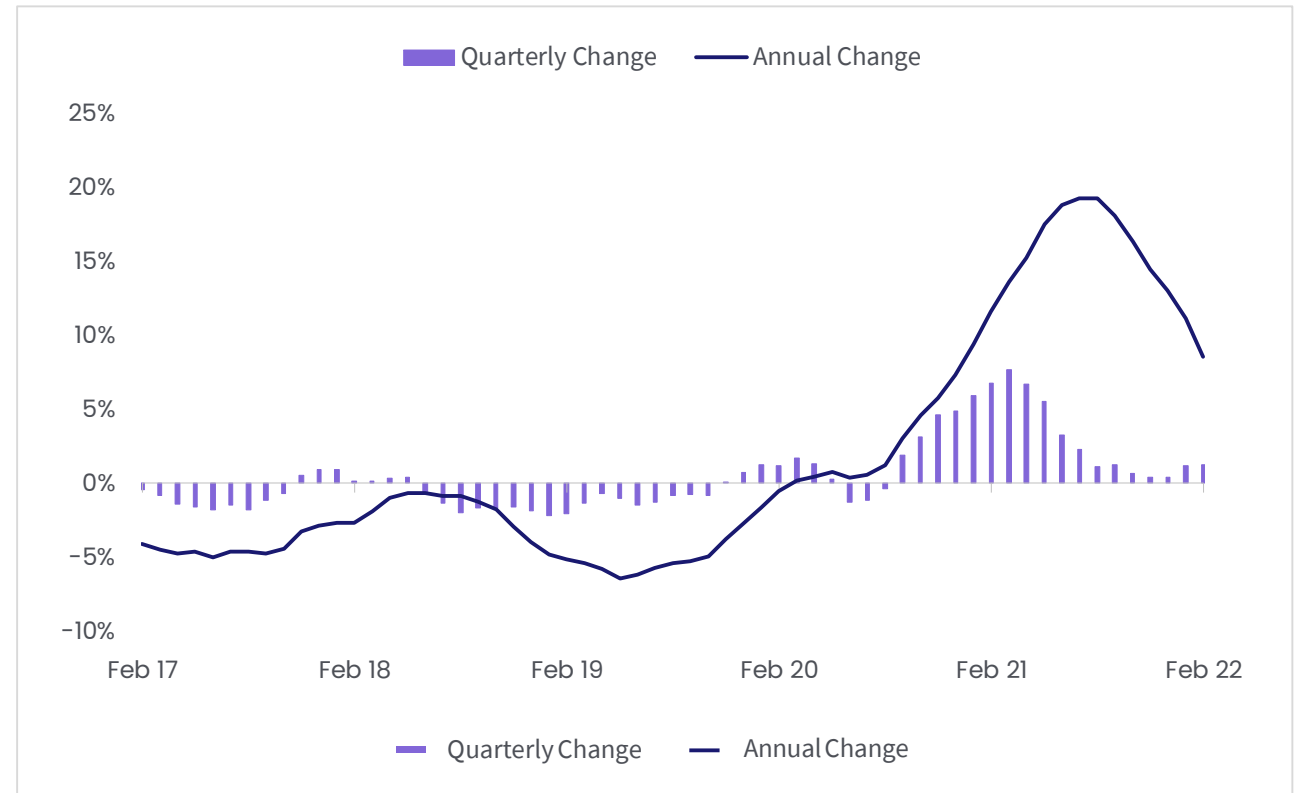
Over the **quarter** dwelling values increased by

1.3%

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

8.6%

Perth dwelling values are now -1.2% below the record high, which was in June 2014



HOUSING CYCLES

Hobart

In **February** Hobart dwelling values rose by

1.2%

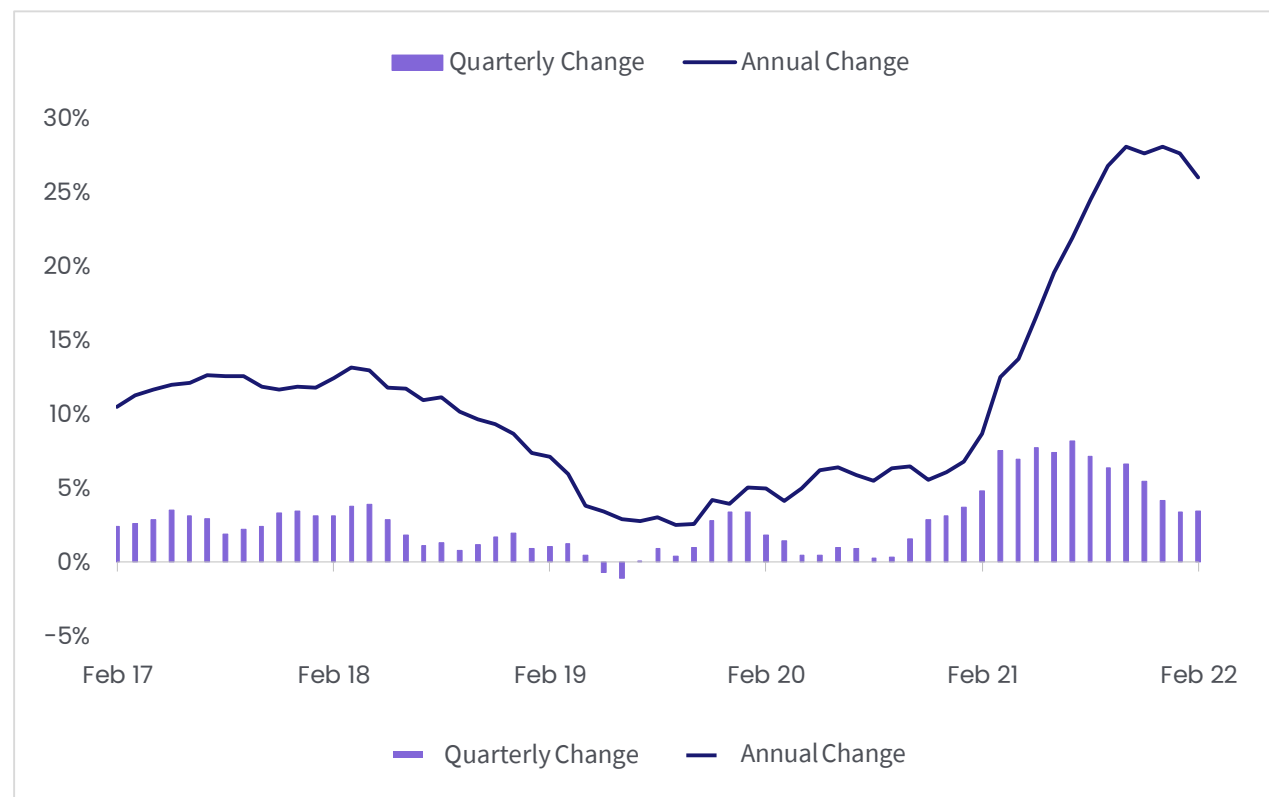
Over the **quarter** dwelling values increased by

3.5%

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

26.0%

Hobart dwelling values are currently at a record high



HOUSING CYCLES

Darwin

In **February** Darwin dwelling values fell by

0.4%

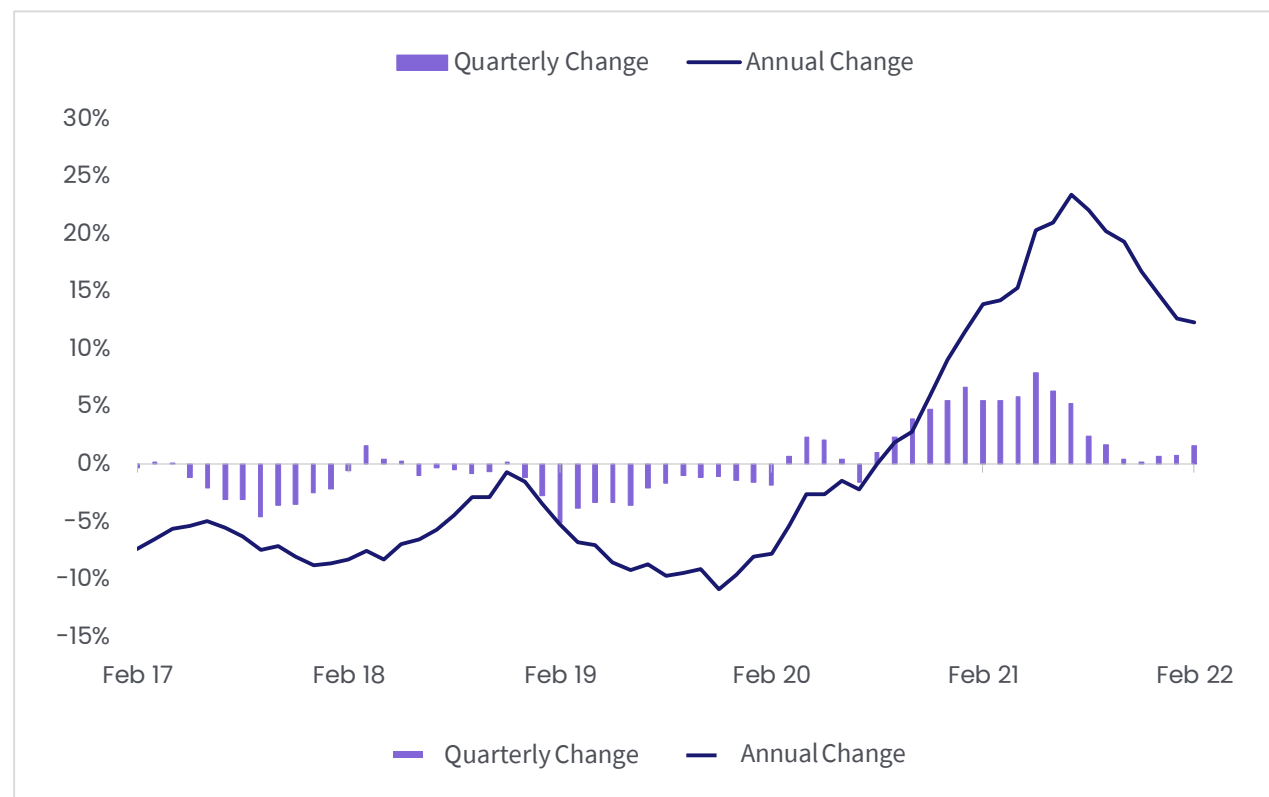
Over the **quarter** dwelling values increased by

1.5%

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

12.3%

Darwin dwelling values are -14.0% below the record high, which was in May 2014



HOUSING CYCLES

Canberra

In **February** Canberra dwelling values rose by

0.4%

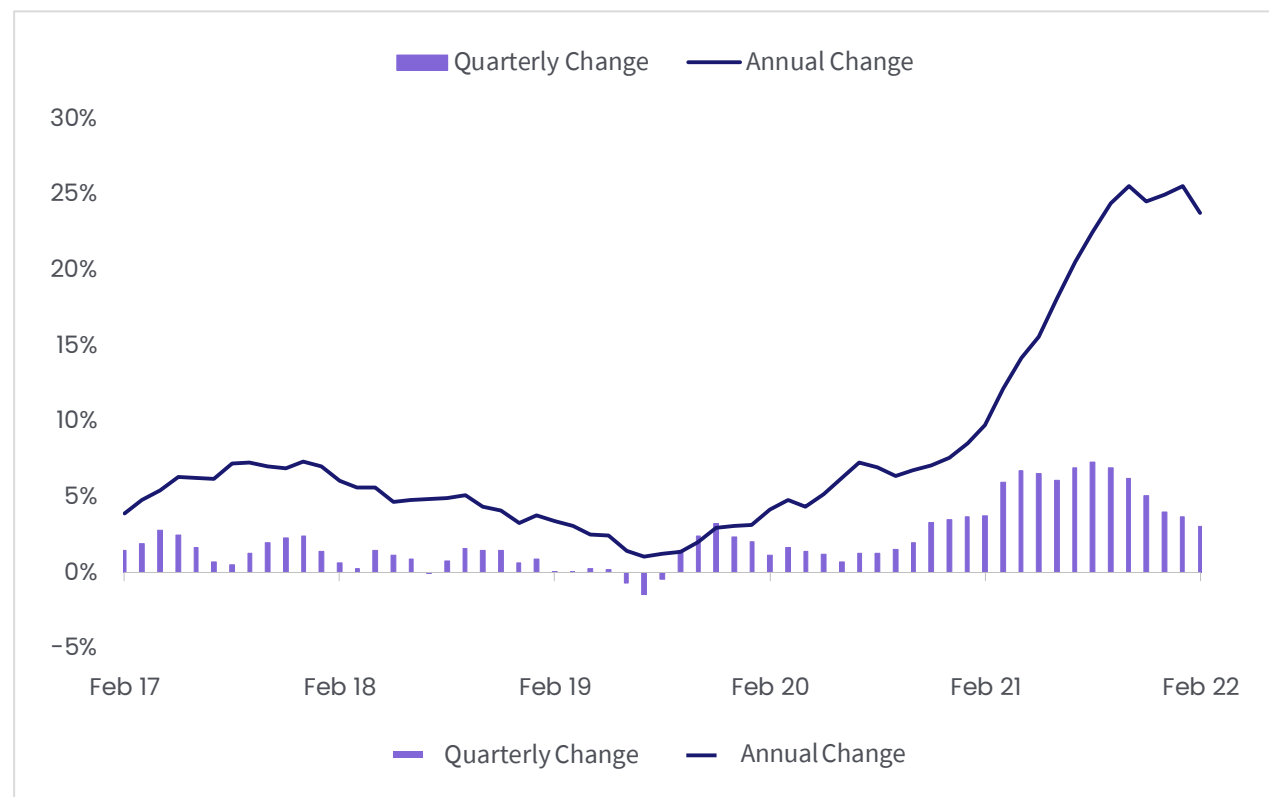
Over the **quarter** dwelling values increased by

3.1%

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

23.8%

Canberra dwelling values are currently at a record high



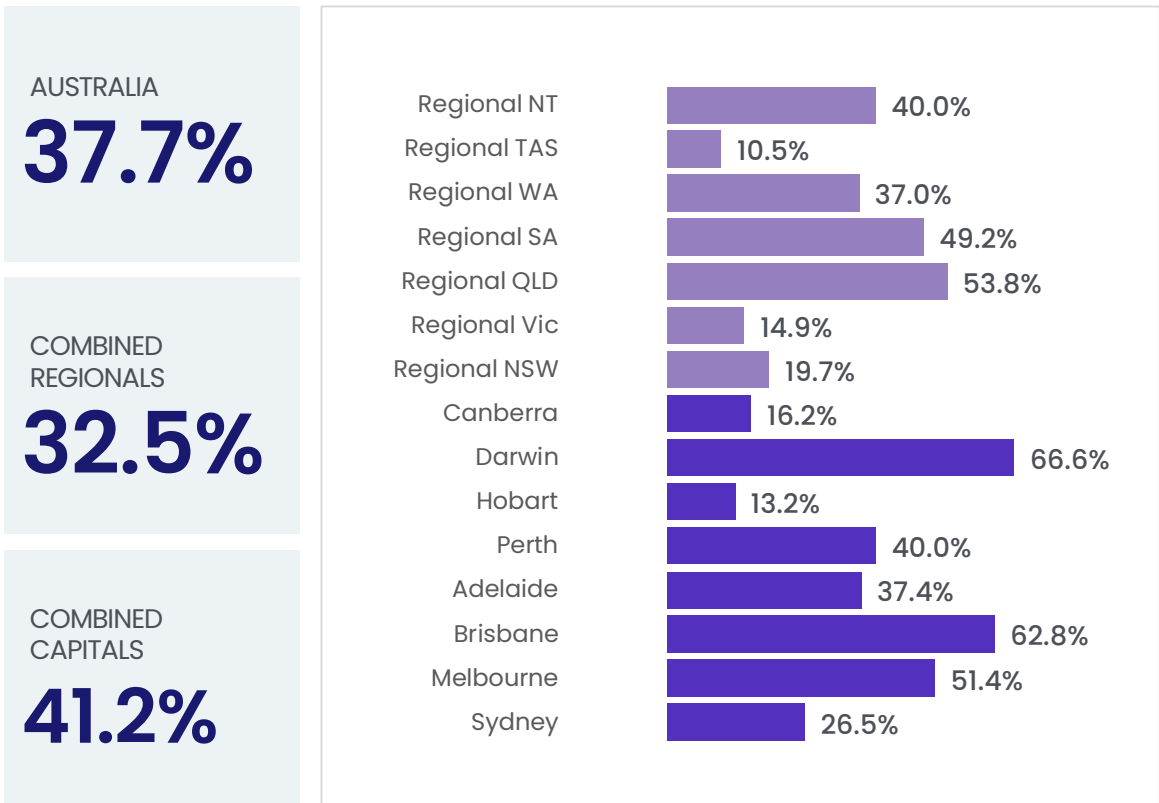
Sales and listings



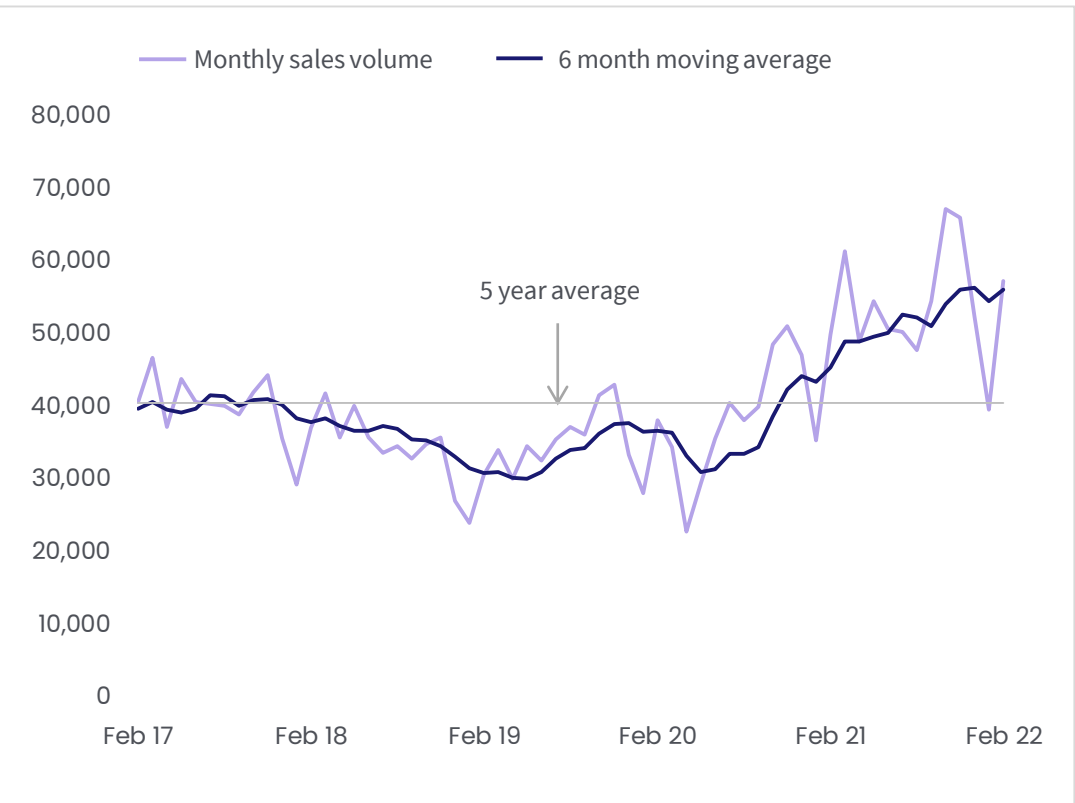
NATIONAL SALES

Sales volumes rose 37.7% in the 12 months to February, to an estimated 650,175. Transaction volumes through the *month* of February remained elevated at an estimated 57,427, which is 46.1% above the previous five-year February average.

Change in sales volumes, twelve months to February 2022



Monthly sales with six month moving average, National

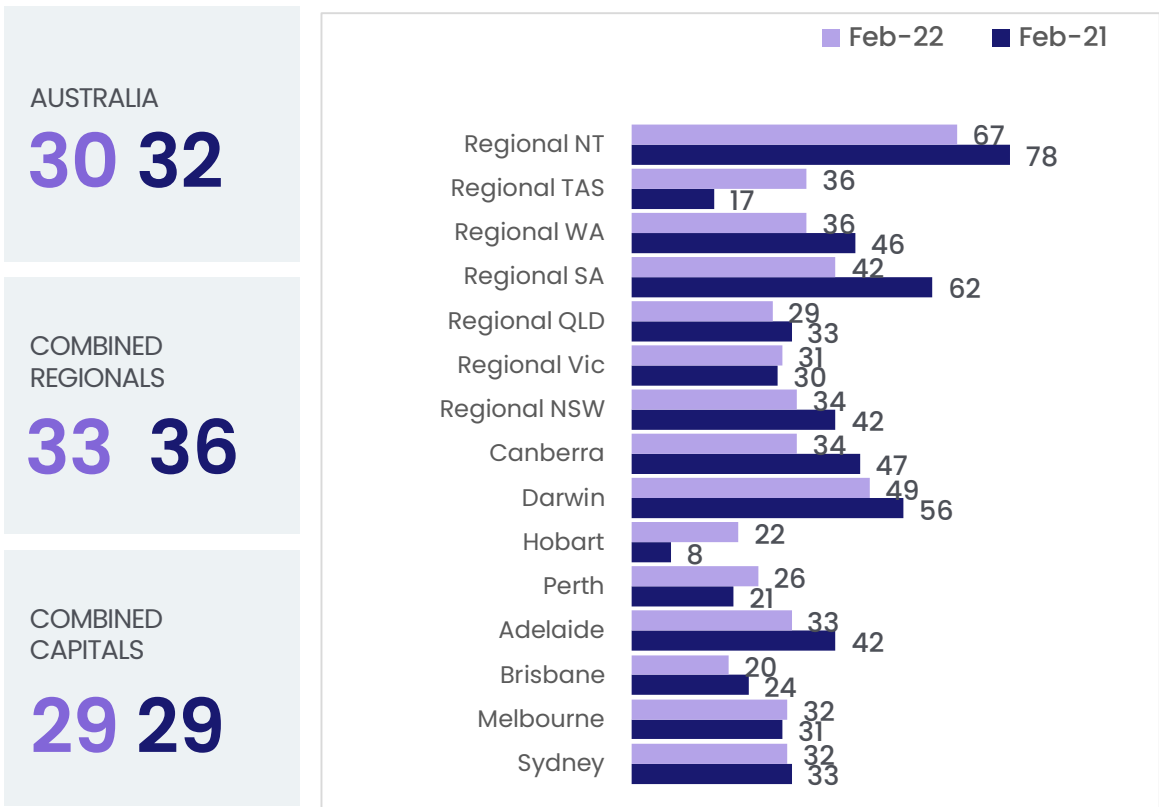


Note: recent months of sales volumes are modelled estimates, and are subject to revision

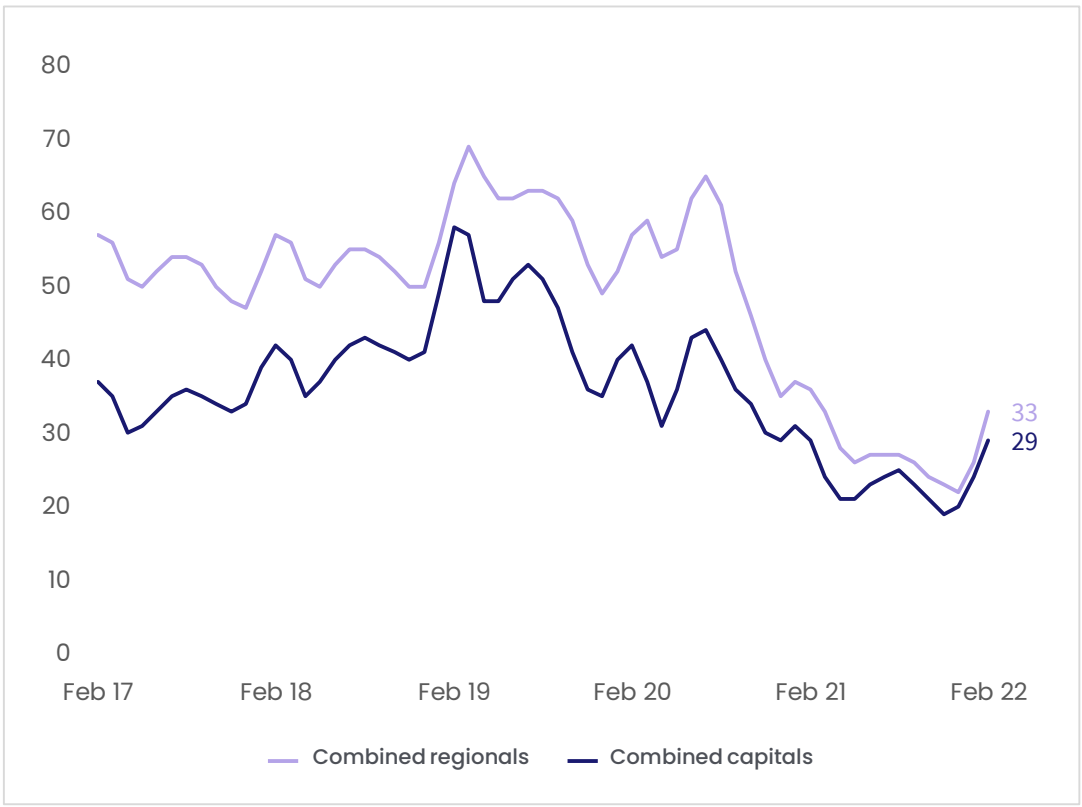
MEDIAN DAYS ON MARKET

At the national level, it is taking slightly longer for properties to sell. In the three months to February, the median number of days on number was recorded at 30, up from a recent low of 21 days in the three months to December.

Median days on market – three months to February 2022



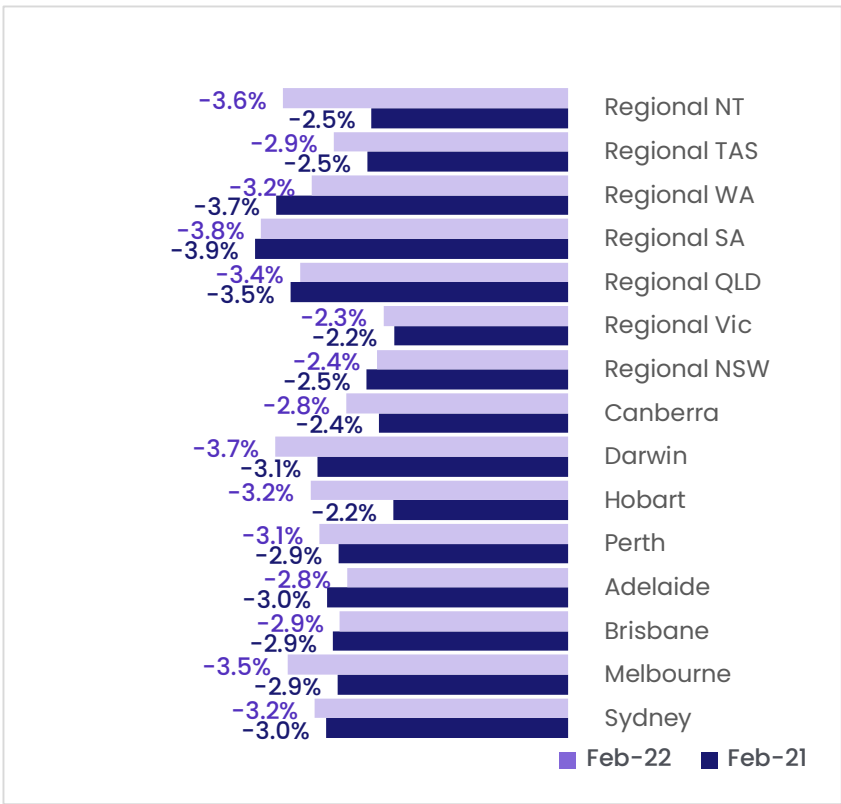
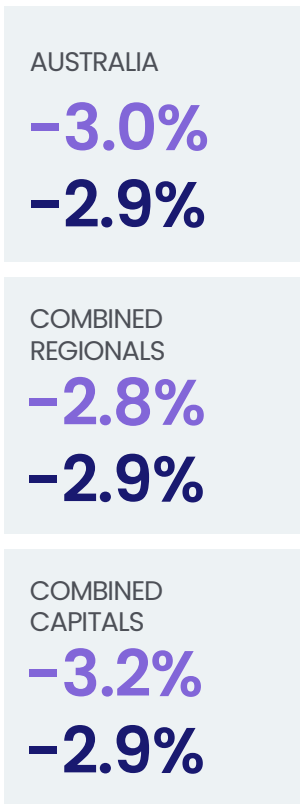
Median days on market



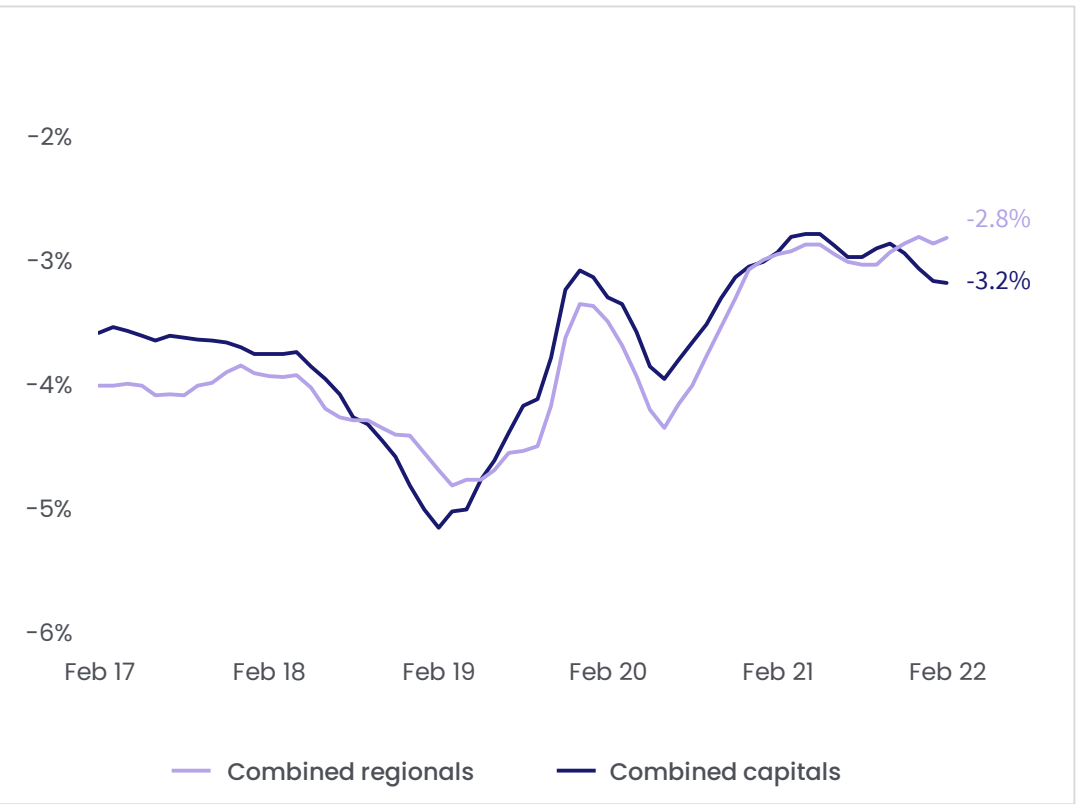
VENDOR DISCOUNT

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 February 2022



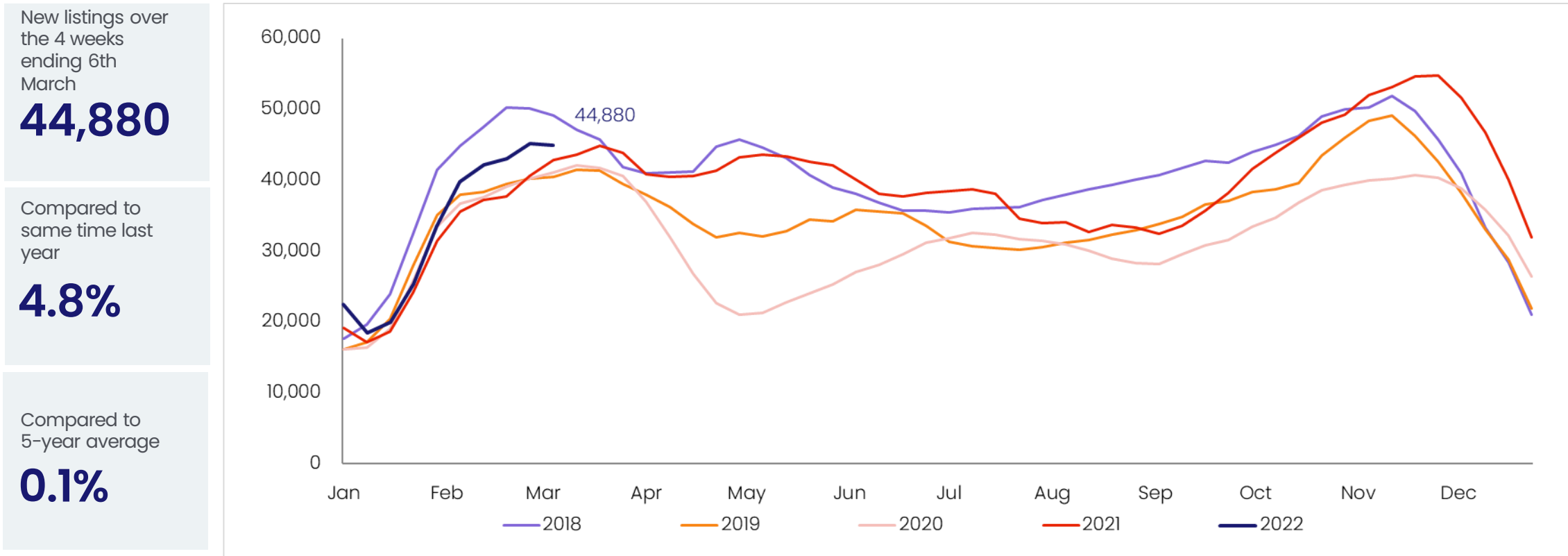
Median vendor discount



LISTINGS

More advertised stock is being added to the market than usual. At the national level, the four weeks to March 6th saw new listings trend 4.8% higher than the equivalent period of 2021.

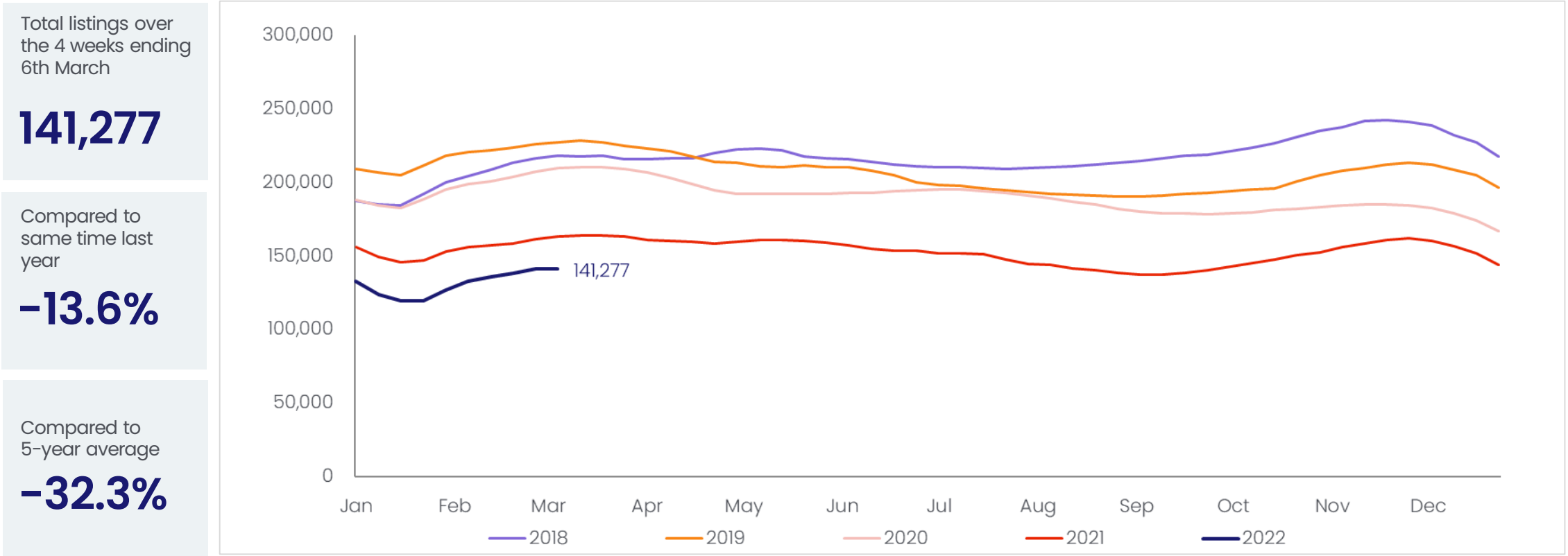
Number of new listings, National Dwellings



LISTINGS

At the national level, total listings remain well below the average for this time of the year, as high sales volumes have seen around 1.2 sales for every new listing added to the market in recent months.

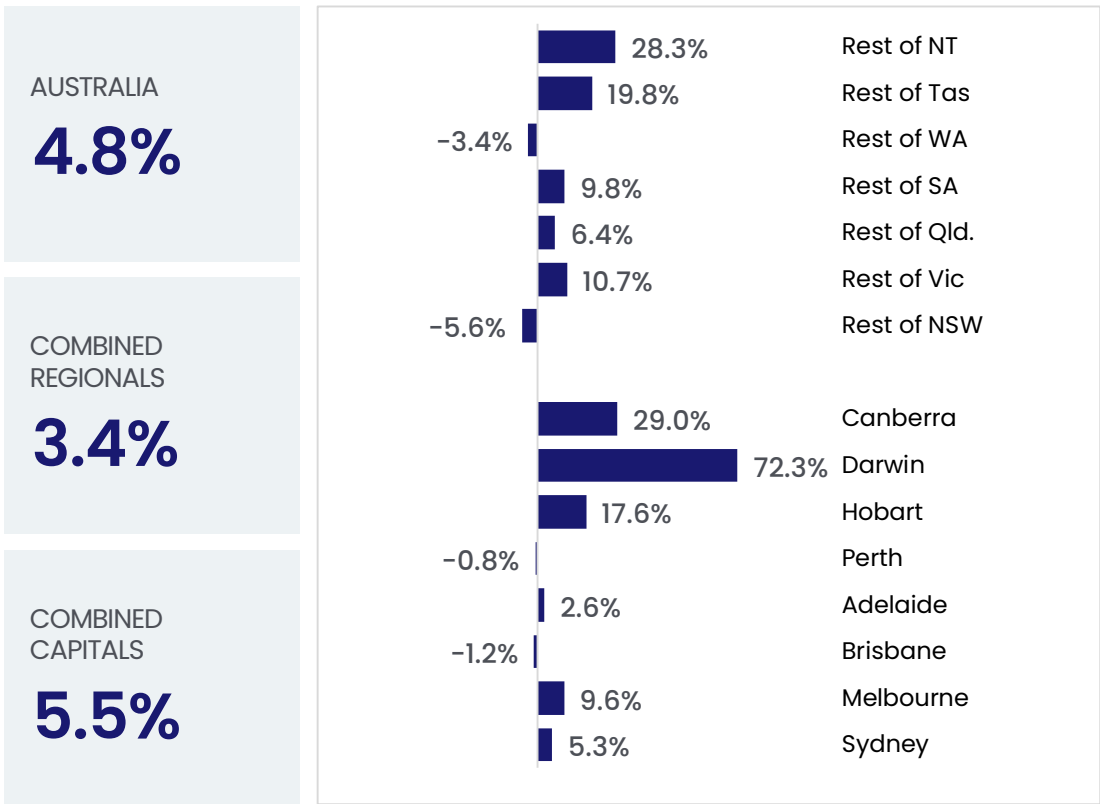
Number of total listings, National Dwellings



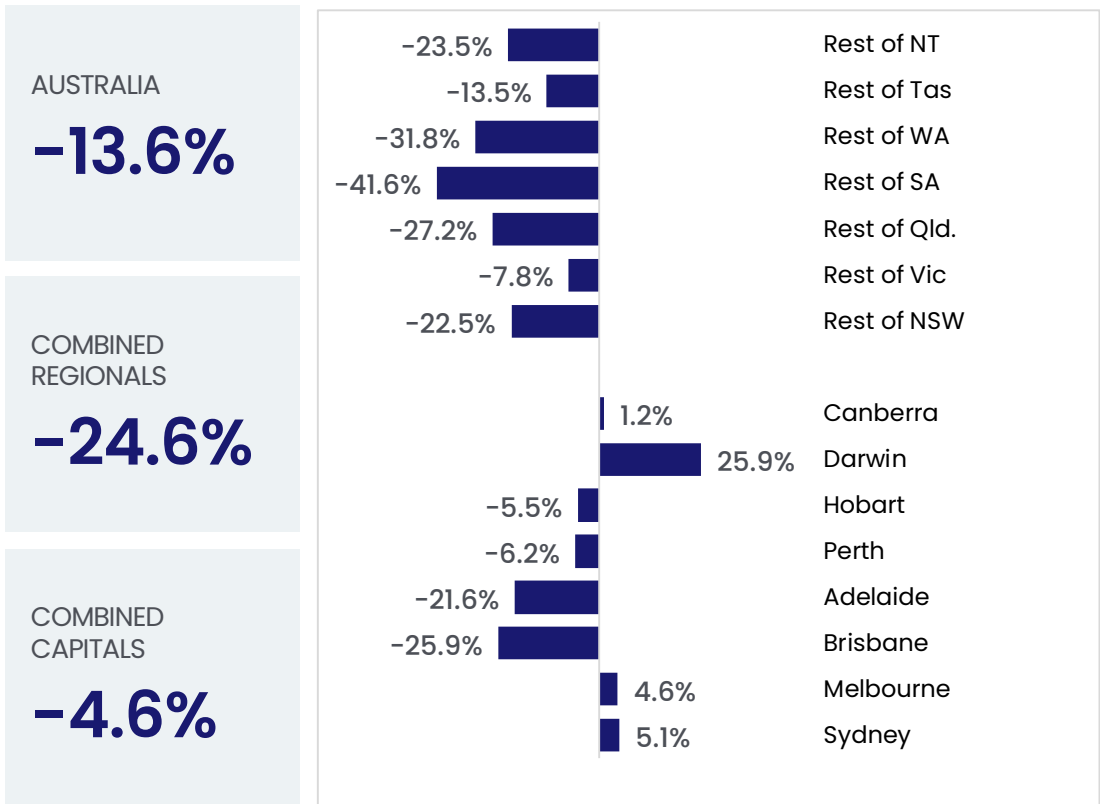
LISTINGS

Total advertised stock levels remain particularly low in regional Australia, while combined capital cities are seeing listings levels catch up to the equivalent period of 2021.

New listings, change from equivalent period last year



Total listings, change from equivalent period last year

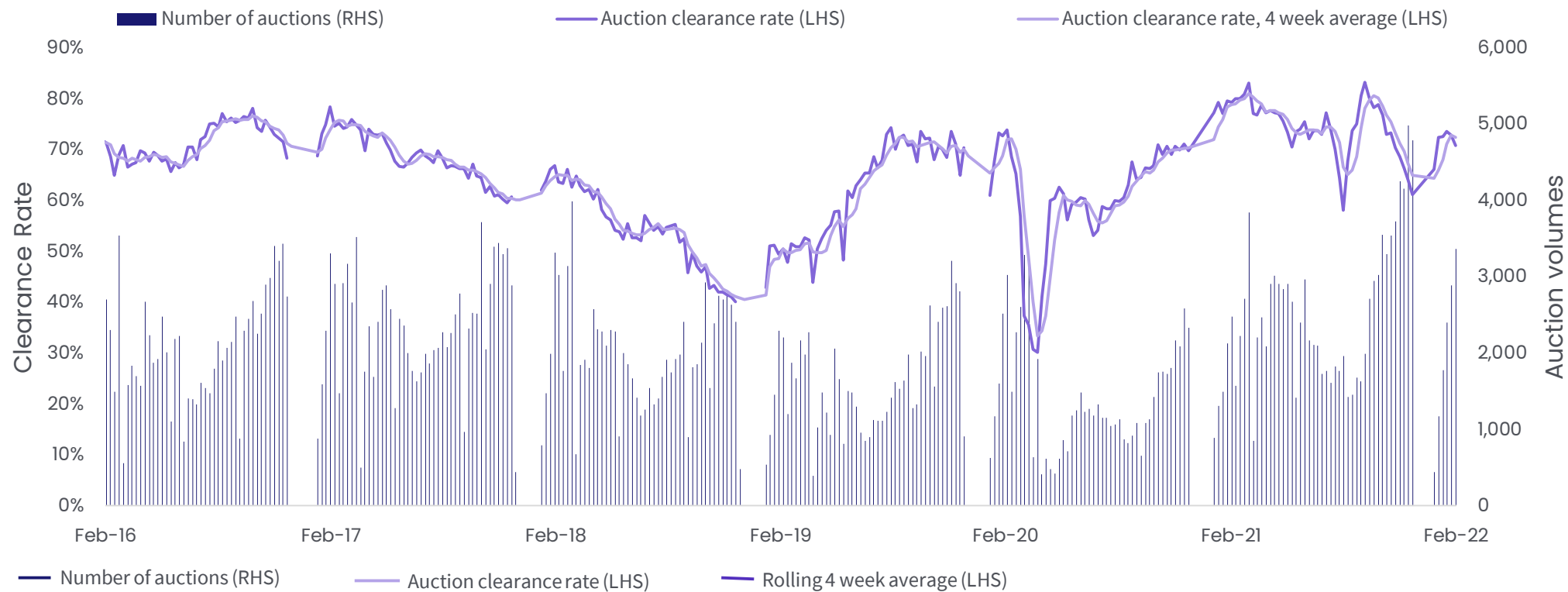


Data is for the four weeks ending March 6

WEEKLY CLEARANCE RATES

Clearance rates averaged 72.4% in the four weeks to February 27th, down from 78.8% in the equivalent period of 2021. Clearance rates are expected to trend lower amid softer housing value growth.

Weekly clearance rates, combined capital cities



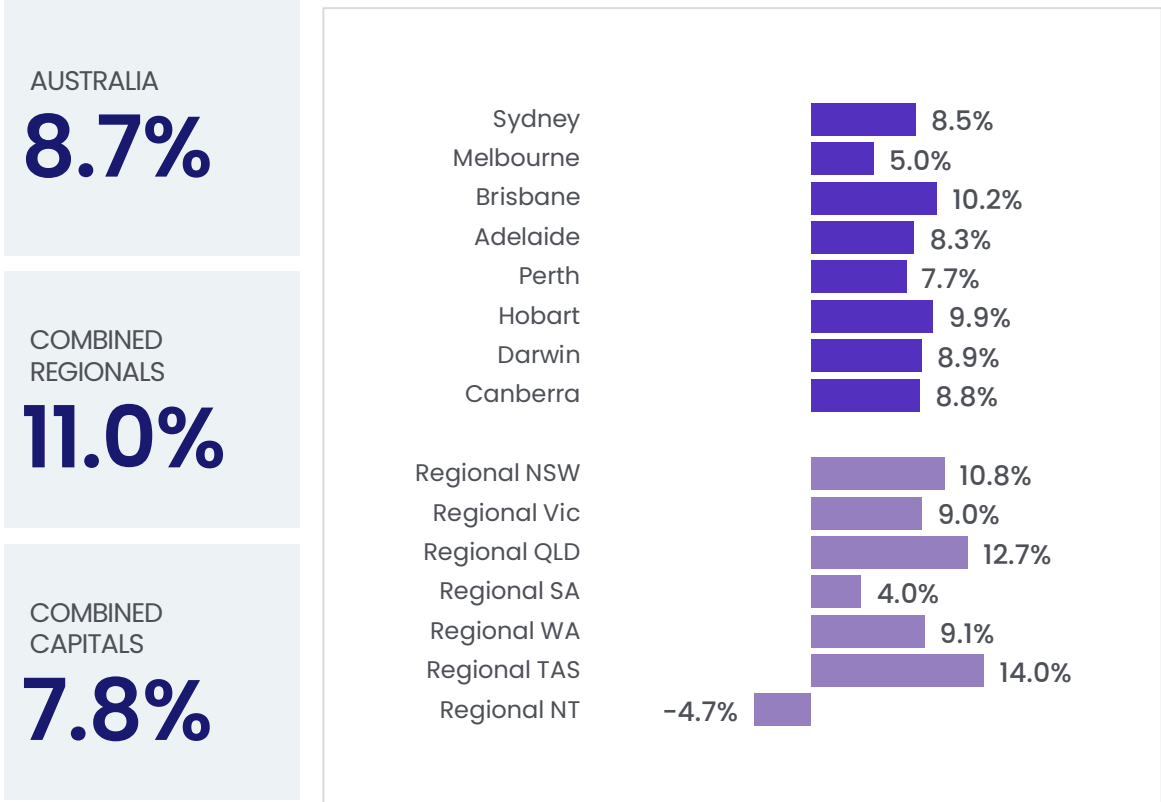
Rental market



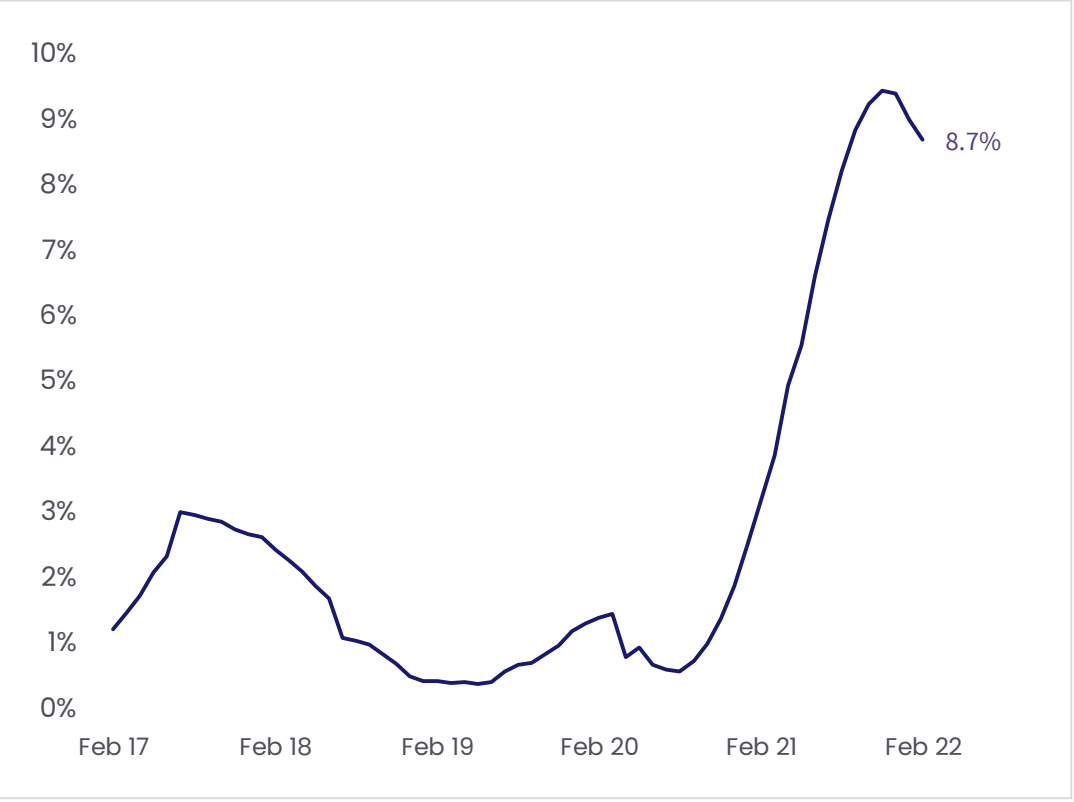
RENTAL RATES

In the year to February, Australian rent values increased 8.7%, which was down from a recent cyclical high of 9.4% in the 12 months to November.

Annual change in rental rates to February 2022



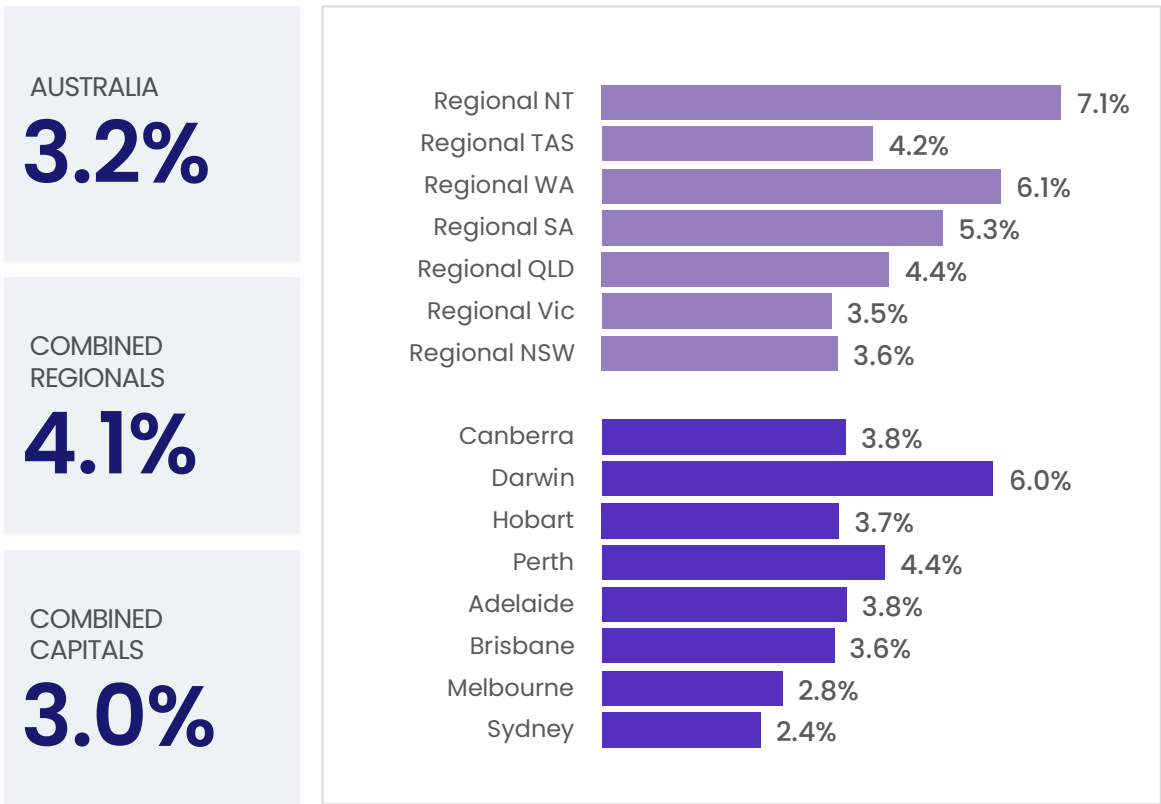
Annual change in rental rates – National



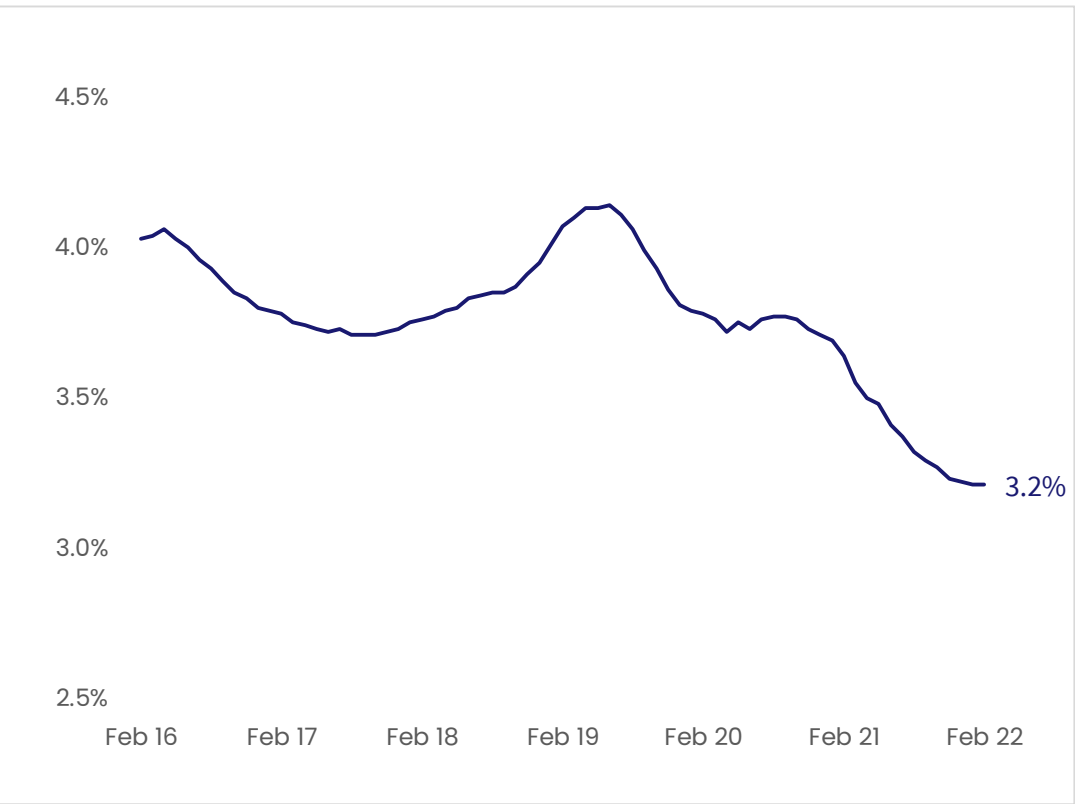
RENTAL YIELDS

Through February, growth in Australian rent values (0.8%) outpaced property values (0.6%). This led to gross rent yields stabilising at 3.21% over the month. This marked the first time in 17 months that gross rent yields did not decline.

Gross rental yields, February 2022



Gross rental yields



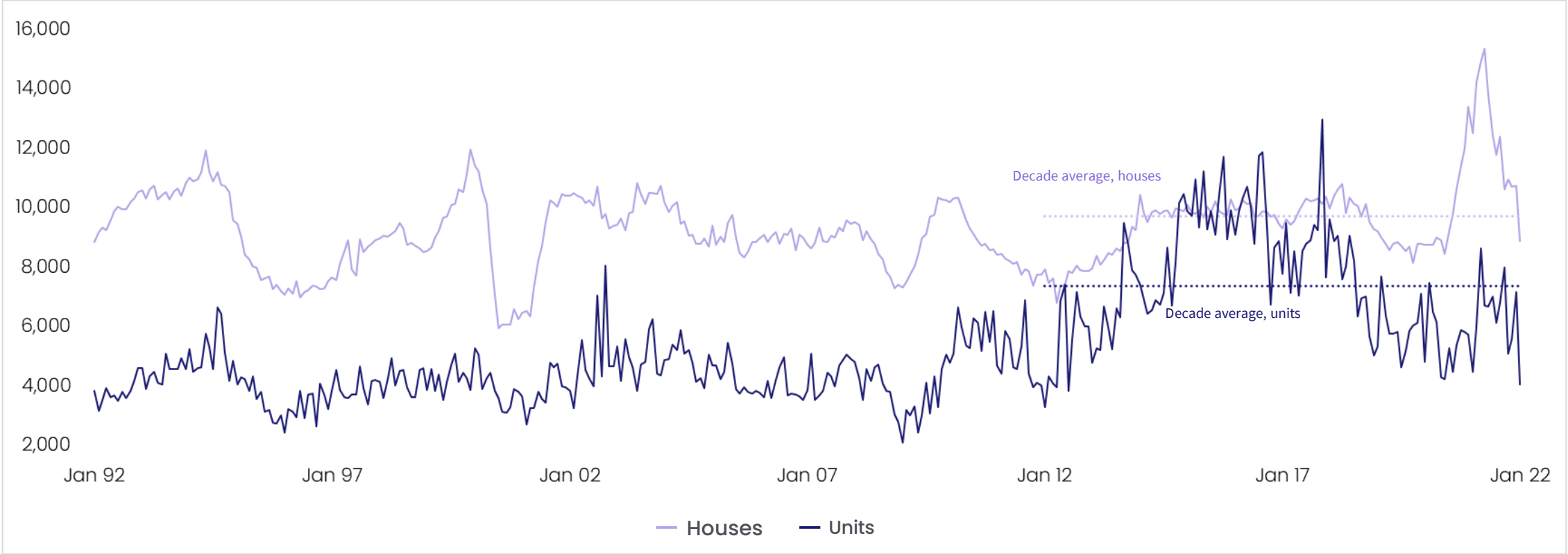
Dwelling approvals & housing credit



DWELLING APPROVALS

Detached house approvals fell -17.3% through January, following a surge in approvals between August 2020 and December 2021. Unit approvals totaled 4,045 in January, which is the lowest read since July 2012.

Monthly house v unit approvals, National

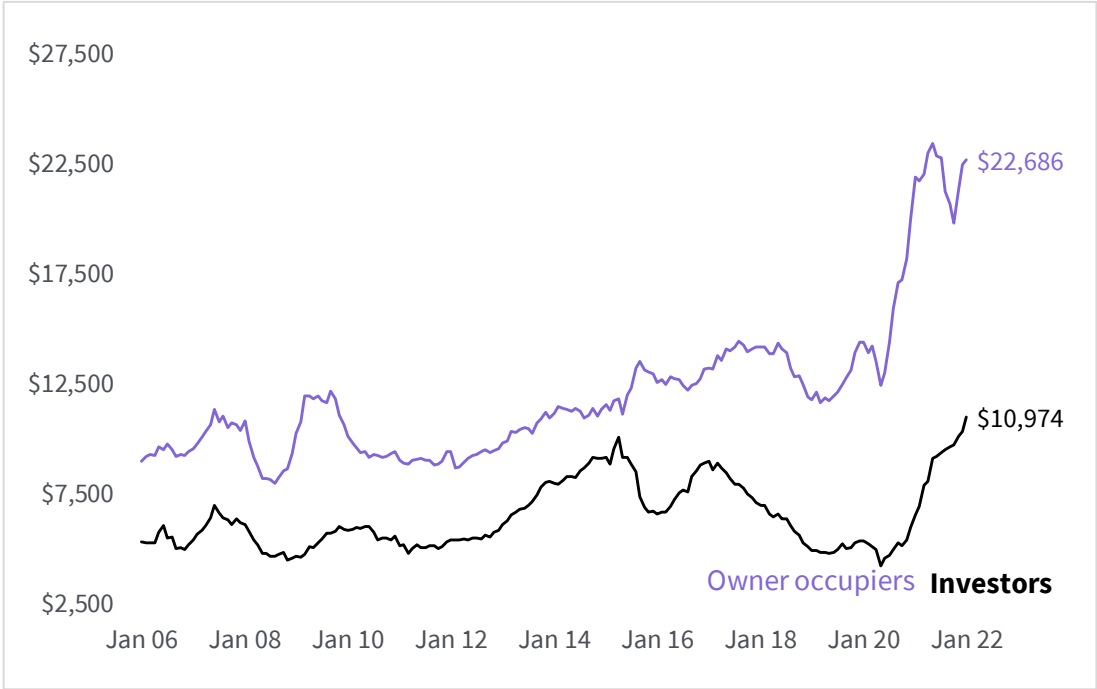


Source: ABS

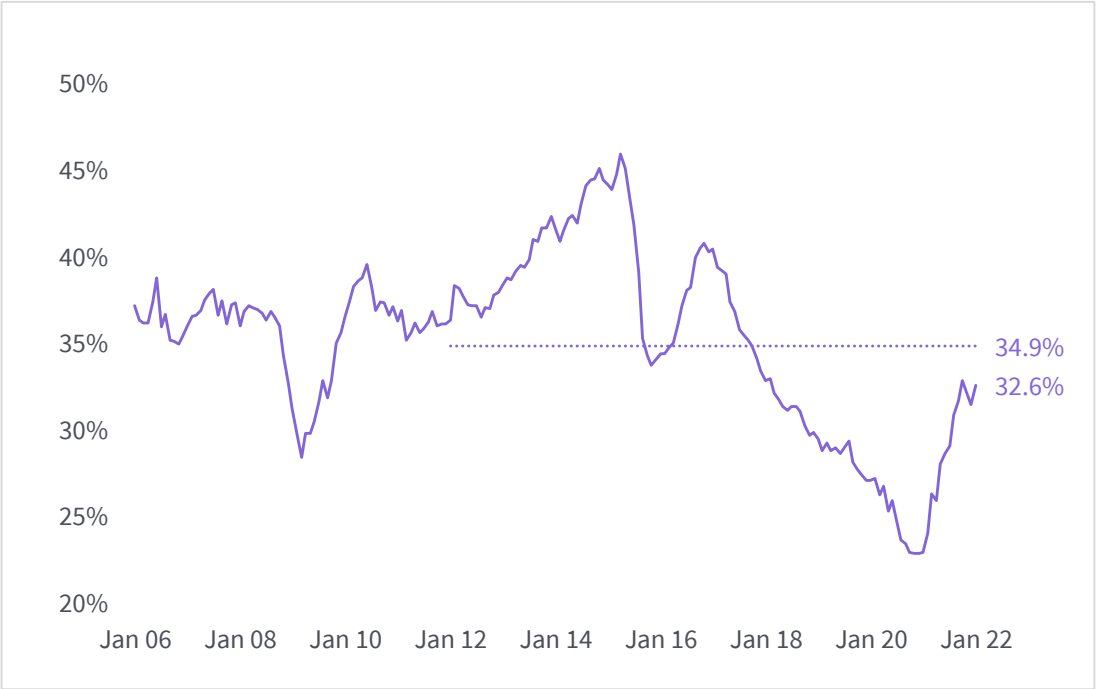
FINANCE & LENDING

Lending for property purchases reached a new record high through January 2022 (at around \$33.7 billion). This included a record \$11 billion to investor purchasers. Despite these record highs, growth in lending slowed to 2.6% through the month, down from 4.4% in the previous month.

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



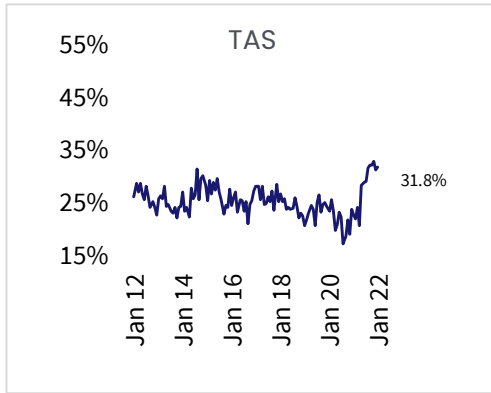
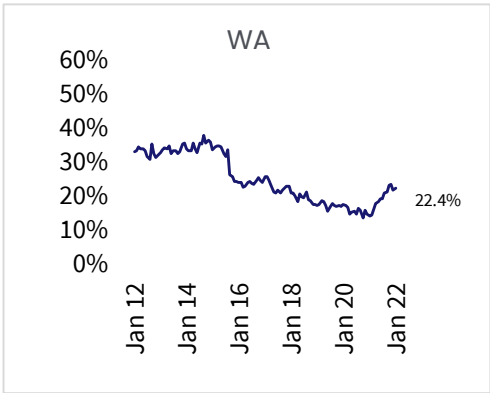
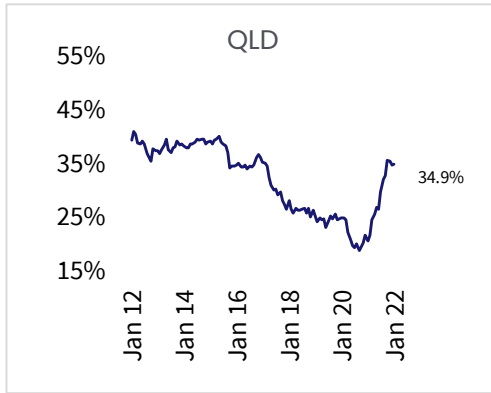
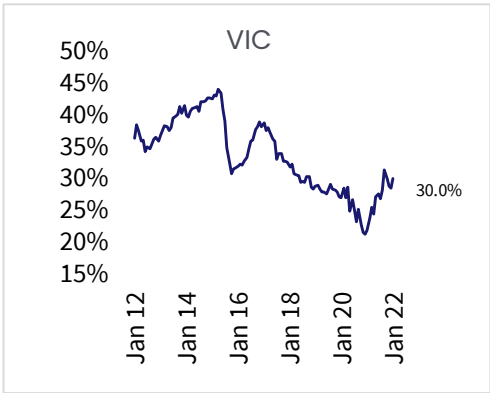
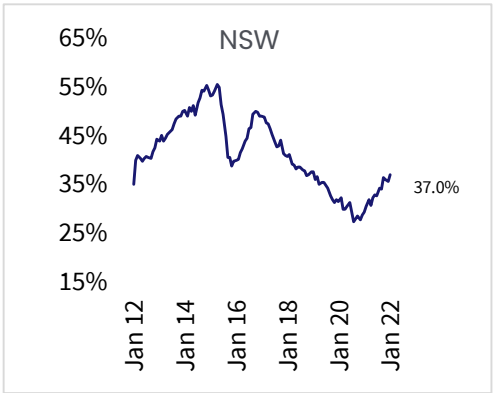
Portion of new lending for investment housing (excluding refinance)



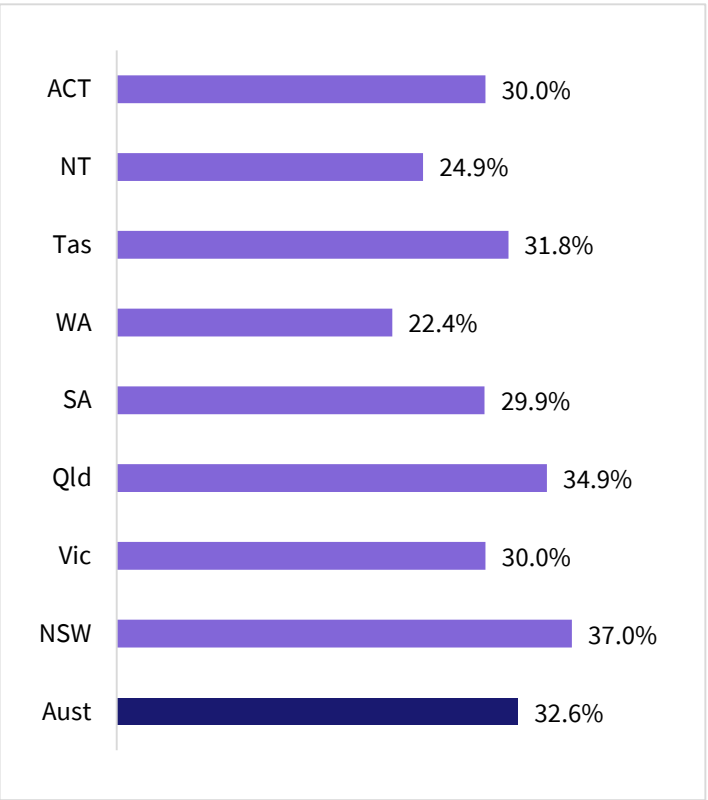
INVESTORS & LENDING

Nationally, investor finance comprised 32.6% of new mortgage lending through the month of January, up from 31.5% through December 2021.

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



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

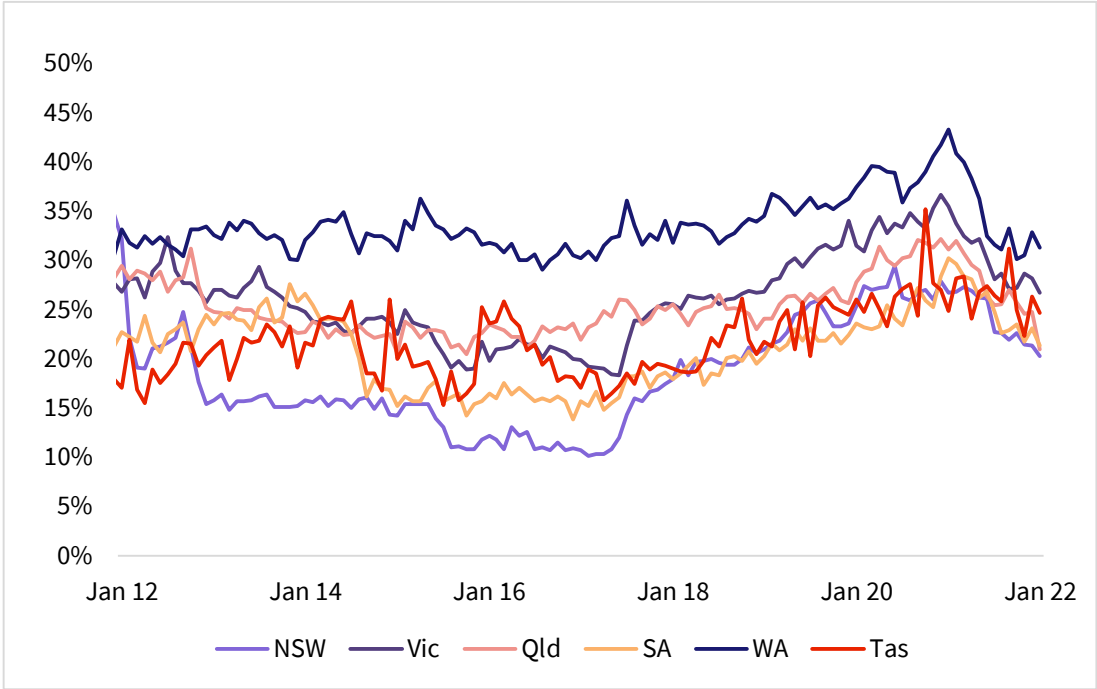


Source: ABS

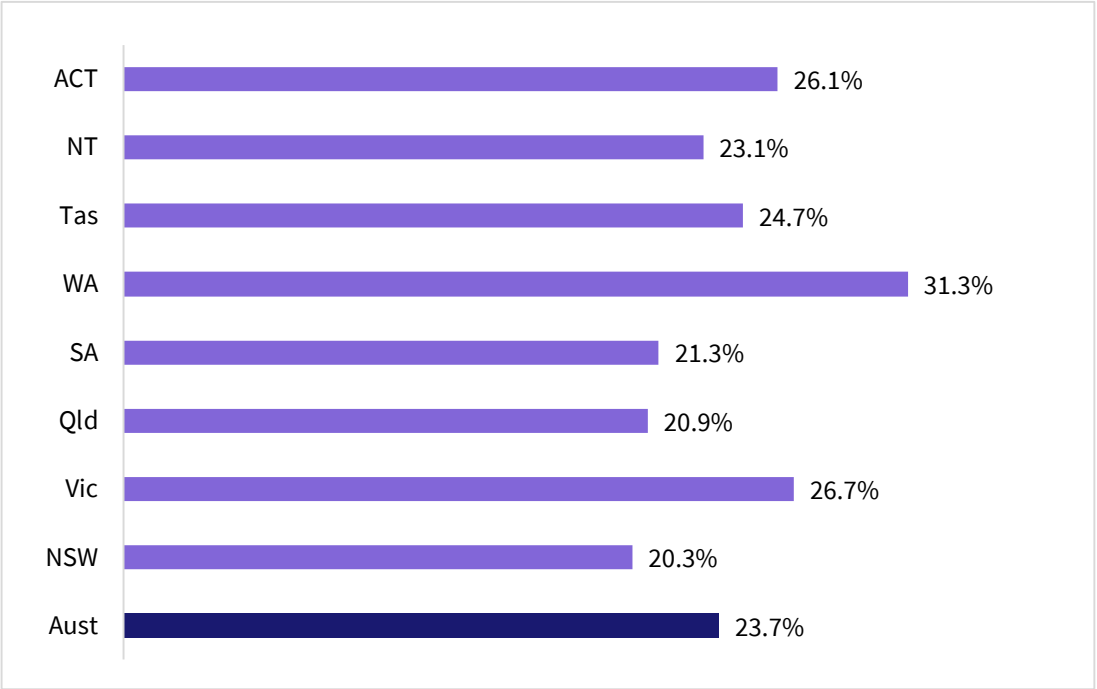
FIRST HOME BUYERS

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 23.7% as of January 2022. First home buyer participation is lowest across NSW, at 20.3%, down from 26.7% in January 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 (January '22)



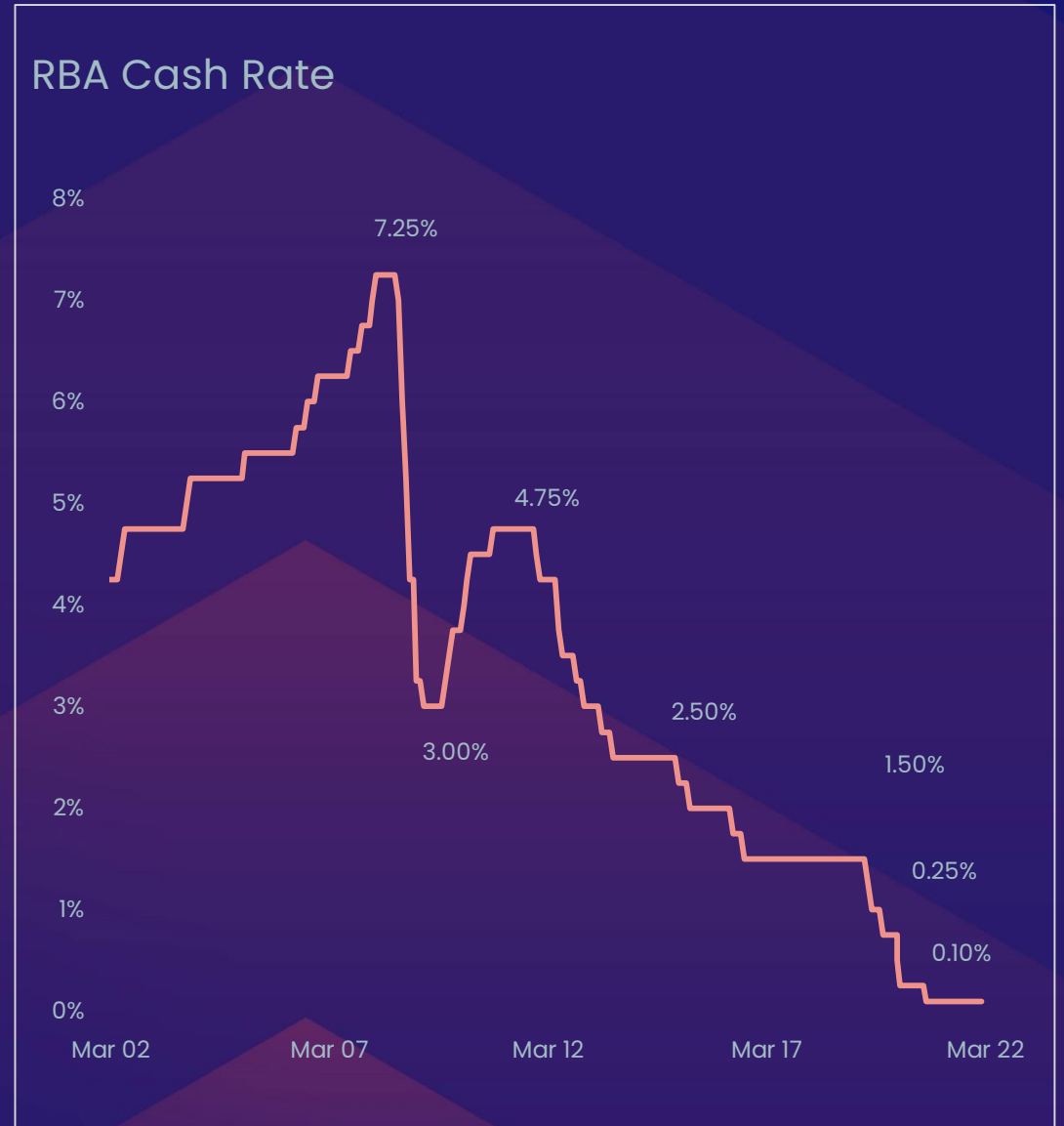
Source: ABS

MORTGAGE RATES

The RBA held rates at 0.1% through March

Statement highlights

- ▶ The cash rate target was held at 0.1%, and the interest rate on Exchange Settlement balances was maintained at 0.0%.
- ▶ The RBA identified the war in Ukraine as a major new source of uncertainty, particularly with respect to inflation pressures globally.
- ▶ The RBA noted resilient economic performance, with the economy seeing an upswing in business investment, unemployment sitting at a 14-year low and underemployment near its lowest levels since 2008.
- ▶ On house prices, the RBA acknowledged strong growth, but that growth in housing values was easing in some cities. Governor Lowe reiterated the importance of adequate lending buffers amid record-low interest rates.



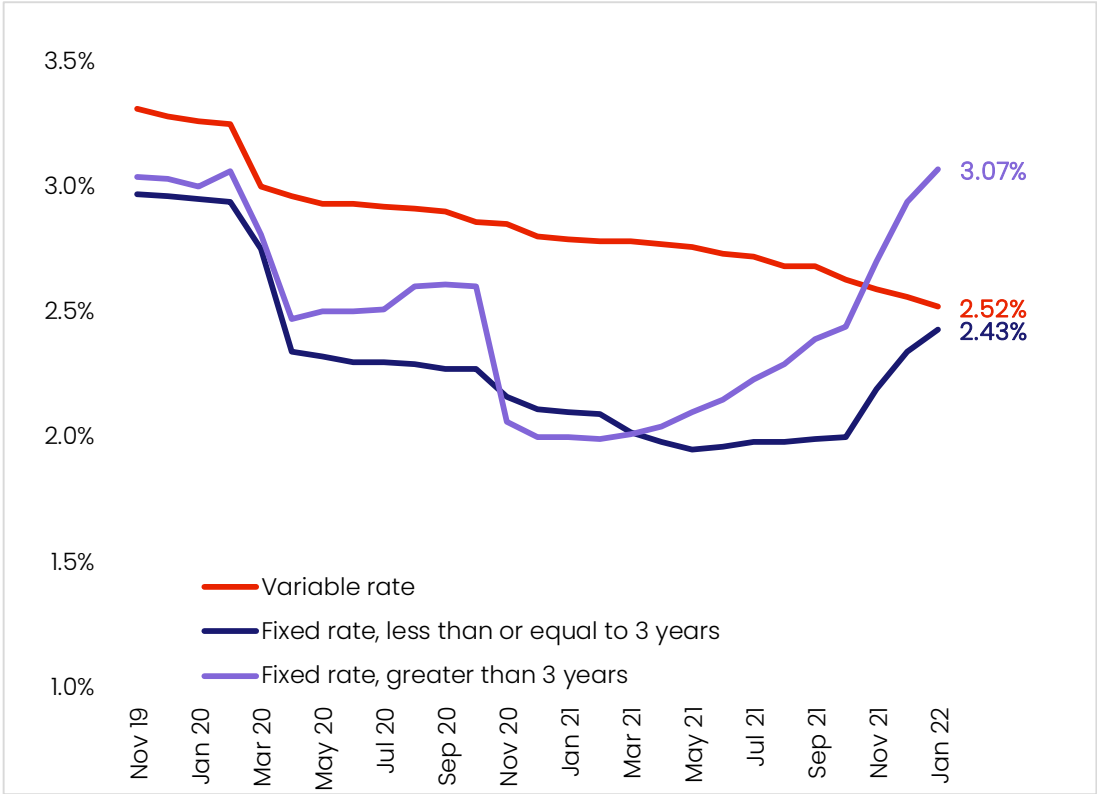
Source: RBA

HOUSING CREDIT

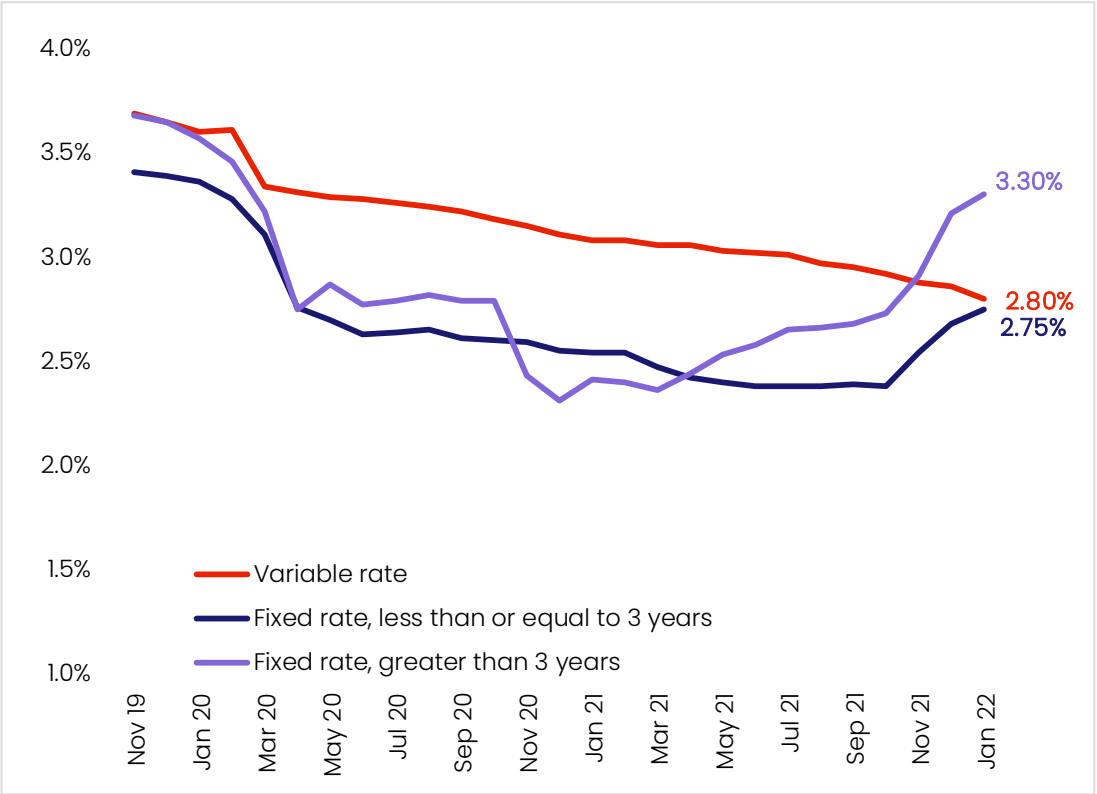
Low mortgage rates continue to incentivise home buying activity, but fixed rates are rising. Long term fixed rates are now higher than the pre-pandemic levels.

Average borrowing costs by borrower and loan type

Owner occupiers



Investors

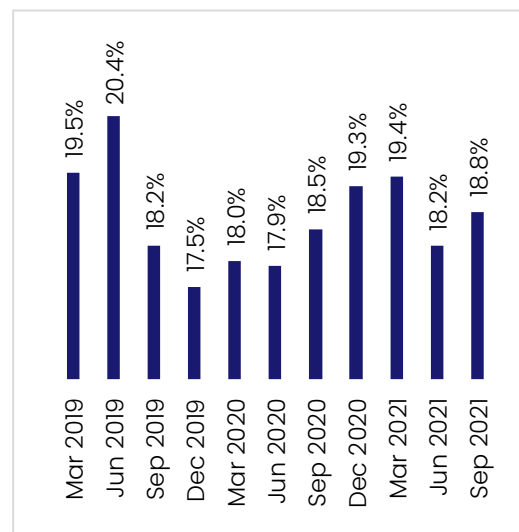


Source: RBA

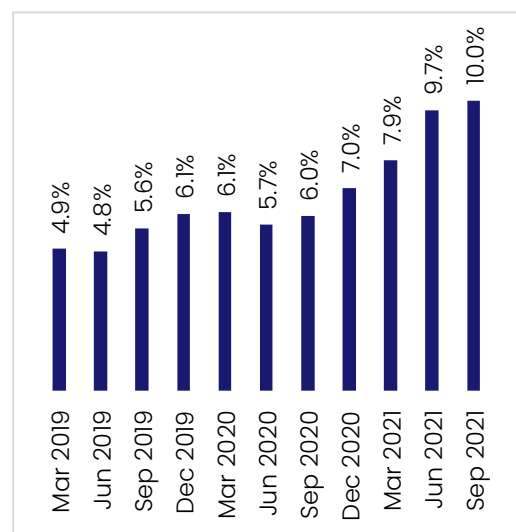
Debt to income ratios of six or more jumped to 23.8% of new mortgage lending in the September quarter

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.

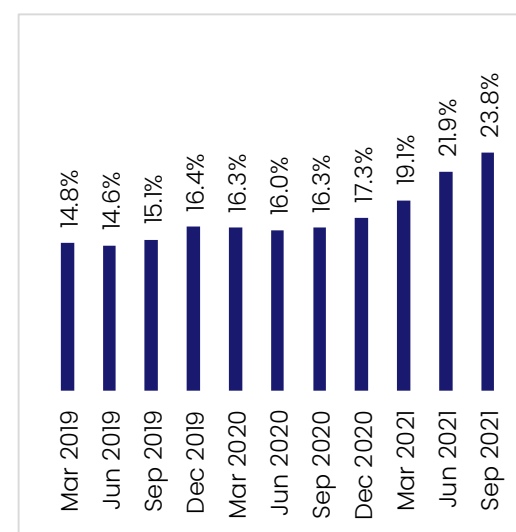
% of loans on interest only terms



% 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
Owneroccupiers

Source: APRA

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