AEPR 2019

Australian Economic and Property Report 2019 Light At The End Of The Tunnel

PRD nationwide

"The increased confidence and improving lending environment have resulted in greater market activity which has led to median house prices beginning to stabilise."

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FOREWORD

We are proud to release the latest PRDnationwide Australian Economic and Property Report which is now in its twelfth year. You will see in this report that although the economy is in a relatively good state, the property market in Australia has been extremely volatile in major markets in the past 12 months.

This report signals a significant change in the property market generally and particularly within the housing affordability and first home buyer landscape. Following sustained growth in residential values in major city markets up to mid to late 2017, several factors have contributed to a slowdown in many markets. A tightening of lending policies, increased costs for offshore buyers, a general perception of inflated prices and oversupply, and a Federal election campaign that would have delivered two very different outcomes for property investors, contributed to this downturn.

The May election result provided increased confidence in the property market. Subsequent reductions in interest rates and a relaxing of bank lending policy increased the availability of credit. The increased confidence and improving lending environment have resulted in greater market activity which has led to median house prices beginning to stabilise. The increased buyer activity is evidenced by the improving auction clearance rates – albeit off low volumes.

The real ‘acid test’ for the market will be the level of sales volumes and auction clearance rates through the spring period, which traditionally has experienced strong market activity and much higher volumes of properties for sale. A strong spring selling season will see median house prices level out and possibly increase late in the year.

Following a very quiet property market during the first four months of 2019 the prospects of a strengthening market in the second half will provide the **light at the end of the property tunnel**.

We trust you find the latest report release provides you with a good overview of the key economic drivers and their impact on the property market, thereby assisting you in making fact-based property decisions.

Tony Brasier
Chairman and Managing Director
PRDnationwide

"It is possible that despite all the uncertainties experienced in the past 12 months, that a quiet confidence is returning as we see light at the end of the tunnel on the back of changes in banking, economic, infrastructure, and social policies."

Dr Diaswati Mardiasmo
National Research Manager
PRDnationwide

WELCOME

It is without a doubt that Australians have been through a rollercoaster of uncertainty in the past 12 months (to June 2019).

Political uncertainty through a change in Prime Minister, followed by a Federal Election campaign which focused on potential changes to negative gearing and income tax laws, all created a sense of unease.

The wrapping up of the Financial Services Royal Commission investigation and continuing suspense over whether the Reserve Bank of Australia (RBA) would cut the cash rate, all contributed to this feeling of uncertainty.

Despite these swings and roundabouts, it is interesting to note that Australian Consumer Confidence fared better between June 2018/2019 compared with June 2017/2018. Australian consumer confidence was positive (more than 100 index points) for most of June 2018/2019 (80% positive out of the 12 months), compared with a 60% positive rate within the June 2017/2018 period. It is possible that despite all the uncertainties experienced in the past 12 months, that a quiet confidence is returning as we see light at the end of the tunnel on the back of changes in banking, economic, infrastructure, and social policies.

The property industry experienced an interesting dynamic in the past 12 months as capital cities (Sydney and Melbourne in particular) witnessed further price softening. These markets are finally moving to meet buyer expectations and returning to a more sustainable level of growth. Regional markets have continued to grow as buyers capitalise on more affordable house prices, higher rental yields, and lower vacancy rates. The increase in infrastructure spending over the past five years has helped establish regional markets which are more liveable and connected to commercial hubs.

While there has been a slowdown in sales activity nationwide, rental activity has increased at the same time. This is not surprising considering home buyers sat on their hands in the face of many uncertainties – particularly as the Federal Election result threatened to have a ripple effect on numerous policies affecting investors. Investors have benefited from the increase in rental activity, as many markets have shown resilience in median rental prices and vacancy rates. The national vacancy rate (as of March quarter 2019) was 2.6%, indicating a healthy rental market overall when compared with the Real Estate Institute of Australia's benchmark of 3.0%.

Australia's home loan affordability increased by 3.4% in the 12 months to the March 2019 quarter, which offers increased hope for first home buyers. With a re-elected stable government, a Federal Budget welcomed by most Australians and new income taxation policies designed to tackle low wage growth, the signs are good.

Coupled with an expansionary monetary policy and two consecutive cash rate cuts, bringing the cash rate to a historic low of 1.0%, this shows that there is, indeed, light at the end of the tunnel.

IN THIS REPORT

The key guidance point throughout this report is the traffic light. The traffic light colour indicates the health of market conditions and highlights what each economic and/or property graph could mean for you.

Health of the Market Indicator:

Red: Cautious

Need to pay increased attention.

Yellow: Somewhat stable

Needs to be carefully monitored.

Green: Go!

Healthy market conditions.

PRDnationwide Research Team Key Contributors:

National Research Manager: Dr Diaswati Mardiasmo

Research Analysts: Fraol Reffu, Josh Mangleson and Nikki Manolo

ABOUT PRDnationwide

PRDnationwide is an acknowledged real estate industry leader. We have a network of offices both nationally and internationally.

PRDnationwide Research is home to the latest and most in-depth property knowledge in Australia and beyond, and is a leading property and real-estate research provider. Through a series of research products, we provide to a wide range of direct and indirect stakeholders with the most up-to-date data and analysis on monetary and fiscal policy movements, local government initiatives and relevant residential, commercial, and infrastructure project developments.

Our research team develops reports, conference papers and regular media commentary in conjunction with multiple stakeholders including academics, organisations, communities and government departments.

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PRDnationwide RESEARCH:

PRDnationwide's research division provides reliable, unbiased and authoritative property research and consultancy to clients in metro and regional locations across Australia.

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

Our Knowledge

Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge-based property services company, PRDnationwide shares experience and knowledge to deliver innovative and effective solutions to our clients and stakeholders.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections and strategic research collaborations.

We focus on understanding new issues impacting the property industry such as the environment and sustainability, Government policy and initiatives, the economy, demographic and psychographic shifts, commercial and residential design and forecast future implications around such issues based on historical data and fact.

Our People

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative and qualitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance.

We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the best considered.

Our experts are highly sought after consultants for corporate, communities, and Government bodies; their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients and stakeholders.

Our Services

PRDnationwide provides a full range of property research services across all sectors and markets within Australia.

We have the ability and systems to monitor market movements, demographic changes and property trends.

We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

Our services include:

- **Advisory and consultancy**
- **Market analysis including profiling and trends**
- **Primary qualitative and quantitative research**
- **Demographic and target market analysis**
- **Geographic information mapping**
- **Project analysis including product and pricing recommendations**
- **Rental and investment return analysis**
- **Competitive project activity analysis**
- **Economic indicators**
- **Social science research, including empirical data collection methods**

OVERVIEW

KEY FACTS

Consumer Price Index:	1.3 %
Standard Variable Home Loan Rate:	5.15%
Unemployment Rate:	5.2%
Average Australia Fuel Price:	$1.4/L

The Australian property market has experienced an interesting dynamic in the past five years.

The relationship between our political system and the property market became much clearer in the 12 months to the first half of 2019. The change in Australia's Prime Minister in August 2018 created a high level of uncertainty within the community which was concerned it could mean a change in taxation policies (particularly income tax), budgetary policies such as healthcare, infrastructure and education spending, and money for ongoing initiatives and projects. The uncertainty doubled when this was followed by a Federal Election in May 2019, particularly as Australians became concerned that any policies or initiatives funded in the Federal Budget just a few months earlier by the Scott Morrison government could disappear with a change in Government.

Uncertainty levels tripled, when in March 2019 Labour re-announced its position on negative gearing and capital gains tax and shared its plans for potential changes. Investment property accumulation and negative gearing policy is a firmly entrenched method of wealth creation in Australia and the proposed changes worried many current and potential investors.

Although political uncertainty might have been a major focus of concern in the past 12 months, many other events impacted Australia's property market related decisions.

These included the release of the final report by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Australian Prudential Regulation Authority (APRA) potentially loosening lending policies (investment lending in particular) State Governments (Queensland (QLD), New South Wales (NSW), and Victoria (VIC)) considering dropping stamp duty tax rates, and perhaps most important of all – that the RBA might finally cut the cash rate even further.

The Australian property market has experienced an interesting dynamic in the past five years. Capital city markets recorded double digit price growth (Sydney and Melbourne) from 2014 to 2017, regional markets improved with price growth eclipsing metropolitan and capital city markets in 2017/2018, and suburban markets gentrified to resemble CBD markets. Any level of uncertainty in the property market impacts a person's decision on when to buy, hold, or sell.

Political uncertainties and potential changes to borrowing introduced by institutional bodies such as APRA and the RBA have had a direct impact on transaction numbers and median price growth. In the second half of 2018 sales transactions started to slow down in many markets, and as a result the number of properties being offered for rent increased. This was particularly evident in the first half of 2019, when on average sales transactions dropped by -36.4% and the number of properties rented increased by 34.6%. These are ironically similar numbers, which suggests there was a “flip” in the market.

Australia’s capital city markets recorded a -3.2% decrease in median house price growth in the 12 months to the first half of 2019, while metropolitan markets recorded a sharper decrease of -6.2% and regional markets remained resilient with growth of 1.7%. In the 12 months to June 2019 the number of new listings in combined capital cities decreased by -18.4%. Sydney, Melbourne, and Canberra recorded the highest drops of -25.5%, -24.6%, and -18.1% respectively. Adelaide, Hobart, and Darwin were the only capital cities to record an increase in the number of new listings in the past 12 months, by 3.3%, 9.7%, and 4.9% respectively.

In the past 12 months the Australian Consumer Sentiment Index reading continued to fluctuate, reflecting different confidence levels. Once it became clear which party would form Government and what policies would be applied, overall consumer sentiment settled at a positive reading of 100.7 index points in June 2019. There is little doubt that sentiment throughout the property industry has picked up since the election as reflected in the latest Australia New Zealand (ANZ)/Property Council Survey’s National Confidence Index for the June 2019 quarter. The survey found that national confidence now sits at 128 points, an increase of 13 index points, and one that signifies a reversal after a year of decline.

May to July 2019 marked a significant period in the Australian political and economic landscape. In May a new Federal Government was elected, cementing policies and initiatives proposed in the earlier Federal Budget. New income tax policies were to be introduced which will restructure income tax thresholds and change the percentage of tax applied for each income bracket. May 2019 also marked the introduction of the new Federal First Home Loan Deposit Scheme. With this initiative, first home buyers will no longer be limited by the required 20% deposit to secure a loan. Rather, they will be able to enter the property market with a 5% deposit, with the Federal Government acting as a guarantor for the remaining 15%. Investors can also breathe a sigh of relief as APRA reviewed its lending standards in May which should result in investment lending becoming more accessible.

June and July 2019 were historic moments. The RBA cut the cash rate for the first time in 31 months after holding it steady at 1.50%. A cut had been anticipated since late 2018 when capital city market property prices softened, and sale transactions slowed. The RBA cut the cash rate again in July 2019, to a further historic low of 1.00%. Although there will be positive flow-on effects in the immediate future it is important to remember that the RBA used the rate cuts to respond to slow economic growth (in the 12 months to the March quarter 2019 the Australian economy grew at a below-trend level of 1.8%). The big four banks (Commonwealth Bank of Australia, Westpac, ANZ, and National Australia Bank (NAB), passed these rate cuts to customers to varying extents. This marks a light at the end of the tunnel of uncertainty and one that should propel the Australian property market onto the road of recovery in the second half of 2019.

A “quadrella” of positive policy news: no changes to negative gearing and capital gains tax, a double interest rate cut, APRA’s lending standards being reviewed and investment lending standards loosened, and the proposed first home buyers’ loan deposit scheme; have all translated into a strong consumer sentiment bounce-back. There is light at the end of the tunnel of uncertainty which will pave the way for a strong recovery of the Australian property market in the second half of 2019.

PROPERTY GROWTH

Regions Remain Resilient

AVERAGE GROWTH IN MEDIAN HOUSE PRICE

	Capital City					Metro					Regional				
	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019
NSW	15.6%	0.4%	-13.3%	-11.1%	-6.7%	14.7%	6.1%	-7.2%	-11.0%	-12.0%	9.9%	5.2%	8.8%	6.9%	-2.2%
QLD	3.7%	4.6%	1.6%	1.5%	-1.1%	4.4%	4.9%	3.6%	1.9%	-1.4%	1.5%	1.1%	-5.7%	-4.3%	-3.9%
VIC	33.3%	23.7%	-2.2%	-12.7%	-19.4%	15.7%	11.2%	1.0%	-7.4%	-16.3%	8.1%	8.5%	7.9%	7.0%	2.0%
WA	12.0%	-8.2%	14.4%	28.3%	-4.5%	7.6%	2.2%	-0.3%	2.4%	-9.0%	-11.8%	-0.6%	-3.4%	-5.1%	5.3%
TAS	13.5%	14.4%	13.4%	9.2%	4.7%	10.2%	12.1%	11.0%	5.6%	4.3%	6.8%	4.6%	10.7%	8.9%	6.5%
NT	8.7%	0.0%	-8.4%	-9.1%	-1.4%	1.1%	1.9%	-9.1%	-12.3%	-2.2%	-23.6%	-11.0%	-29.1%	-32.6%	75.7%
SA	-0.6%	-2.0%	2.4%	37.7%	7.7%	3.2%	2.5%	6.0%	8.3%	-0.6%	8.0%	0.1%	-9.1%	-2.7%	2.5%
ACT						13.0%	5.8%	8.1%	1.0%	-8.2%					

Australia's capital city markets on average recorded a -3.2% decrease in median house price growth in the 12 months to the first half of 2019. This is a contrast when compared with median house price growth in the 12 months to the first half of 2018, which recorded an increase of 2.7%. Comparing these figures suggests capital market prices have softened considerably, providing a solid framework for first home buyers to enter the market. In the 12 months to the first half of 2019, Brisbane experienced a softening, recording a median house price growth of -1.1%. During this time frame, Hobart continued to deliver positive median house price growth, however at a much lower rate of 4.7%. There has been a correction in both markets, which is good news in terms of affordability and providing a light at the end of the tunnel for first home buyers. In the 12 months to the first half of 2019 Adelaide came out as the leader for capital city median house price growth which increased by 7.7%.

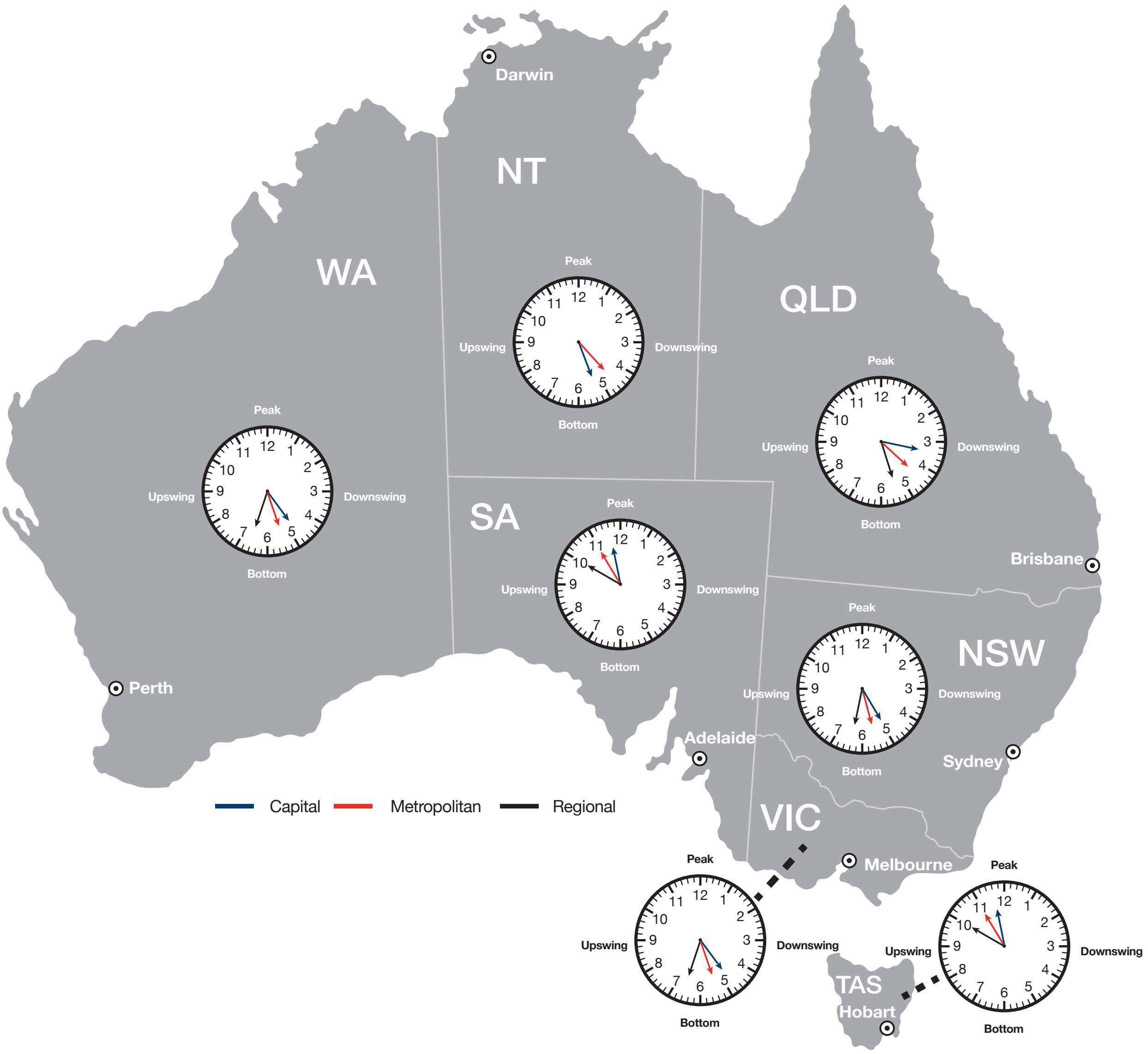
Interestingly, when compared with capital city markets, metropolitan markets experienced a sharper decrease in median house price growth in the 12 months to the first half of 2019; of -6.2%.

This contrasts with the trend experienced in the 12 months to the first half of 2018, when metropolitan markets experienced an increase of 3.2%. The sharp decrease in metropolitan market median house prices can be attributed to a spill-over or flow-on effect of the softening in capital city median house prices.

Regional markets fared better than capital city and metropolitan markets in the first half of 2019, recording an increase in median house price of 1.7% in the past 12 months. There is a higher resilience in regional markets due to increasing infrastructure development, more affordable housing prices and big businesses moving their head offices to regional areas. This is good news for owner-occupiers and investors in regional markets. Tasmania (TAS) and Western Australia (WA) regional markets recorded the highest level of median house price growth in the 12 months to the first half of 2019, at 6.5% and 5.3% respectively. Although this is good news for WA, it is of slight concern to TAS with many local first home buyers continuing to voice concerns about being priced out by heavy interstate investor activity.

AUSTRALIA PROPERTY GROWTH MAP

Metropolitan markets experienced the sharpest decrease in median house price growth in the 12 months to the first half of 2019, of -6.2%. Capital city markets continue to soften, however at a lower rate of -3.2%. Regional markets show resilience, growing by 1.7%. There is light at the end of the tunnel for all – first home buyers, owners, and investors.



PROPERTY GROWTH

Regions Remain Resilient

MEDIAN HOUSE PRICE CAPITAL CITY

	Capital City				
	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019
NSW	$1,800,000	$1,650,000	$1,560,000	$1,467,500	$1,455,000
QLD	$669,000	$685,000	$680,000	$695,000	$672,500
VIC	$1,290,000	$1,410,000	$1,261,000	$1,230,500	$1,016,500
WA	$1,062,500	$932,500	$1,215,000	$1,196,250	$1,160,250
TAS	$456,000	$492,000	$517,267	$537,333	$541,533
NT	$565,000	$550,000	$517,500	$500,000	$510,000
SA	$712,500	$712,500	$729,250	$981,250	$785,500

MEDIAN HOUSE PRICE METRO

	Metro				
	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019
NSW	$1,673,407	$1,654,296	$1,552,488	$1,472,333	$1,365,500
QLD	$479,800	$491,400	$496,898	$500,680	$490,000
VIC	$989,067	$1,014,911	$998,823	$939,306	$835,952
WA	$873,643	$906,000	$871,110	$927,448	$792,720
TAS	$408,667	$441,833	$453,550	$466,667	$472,850
NT	$500,667	$500,000	$455,000	$438,333	$445,000
SA	$597,368	$601,368	$633,480	$651,263	$629,938
ACT	$1,159,810	$1,187,429	$1,254,112	$1,199,695	$1,151,213

MEDIAN HOUSE PRICE REGIONAL

	Regional				
	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018	1st Half 2019
NSW	$323,516	$328,043	$352,073	$350,648	$344,493
QLD	$268,590	$265,375	$253,319	$254,019	$243,543
VIC	$314,807	$328,583	$339,601	$351,705	$346,313
WA	$216,202	$225,163	$208,777	$213,787	$219,924
TAS	$254,826	$260,565	$282,220	$283,783	$300,686
NT	$257,000	$267,000	$182,167	$180,000	$320,000
SA	$240,306	$220,667	$218,531	$214,817	$224,102

Median price growth for the first half of 2019 reflects sales up to and inclusive of 30th June 2019. Average annual growth percentage quoted does not include Northern Territory (NT) due to low number of sales transactions in the regional area.

AVERAGE TIME ON MARKET AND VENDOR DISCOUNT

	Median Days on Market		Median Vendor Discount	
	Nov-18	May-19	Nov-18	May-19
Sydney	47.0	50.0	-6.8%	-6.7%
Melbourne	38.0	44.0	-5.6%	-6.3%
Brisbane	54.0	55.0	-4.6%	-5.0%
Adelaide	45.0	43.0	-5.1%	-5.3%
Perth	56.0	57.0	-6.9%	-6.9%
Hobart	25.0	28.0	-3.8%	-4.3%
Darwin	69.0	67.0	-7.5%	-7.1%
Canberra	41.0	44.0	-1.9%	-3.0%
Combined Capital	45.0	48.0	-5.8%	-6.0%

STATE AND TERRITORY PROPERTIES LISTED FOR SALE MAY 2018

Capital City	No. of new listings	12 mth change (%)	No. of total listings	12 mth change (%)
NSW	8,763	-20.8%	52,693	5.7%
VIC	7,977	-21.2%	51,101	6.3%
QLD	8,100	-9.2%	63,384	1.6%
SA	2,505	2.2%	17,585	2.2%
WA	4,016	-17.9%	33,385	-4.2%
TAS	852	-13.1%	4,886	-4.2%
NT	211	7.7%	2,074	3.6%
ACT	481	-18.2%	2,418	17.2%
National	**32,905**	**-16.1%**	**227,526**	**2.7%**

CAPITAL CITY PROPERTIES LISTED FOR SALE MAY 2018

Capital City	No. of new listings	12 mth change (%)	No. of total listings	12 mth change (%)
Sydney	4,776	-25.5%	26,757	-0.2%
Melbourne	5,455	-24.6%	33,903	9.9%
Brisbane	3,516	-9.2%	21,167	7.1%
Adelaide	1,826	3.3%	8,808	7.8%
Perth	2,928	-17.2%	20,612	-3.2%
Hobart	363	9.7%	1,272	24.3%
Darwin	149	4.9%	1,436	2.1%
Canberra	471	-18.1%	2,319	16.5%
Combined capitals	**19,484**	**-18.4%**	**116,274**	**4.5%**

WHAT DOES THIS MEAN FOR YOU?

✓ Capital city and metropolitan markets continued to experience a softening in median house price growth in the 12 months to the first half of 2019, at -3.2% and -6.2% respectively. Regional markets remain resilient, recording a growth of 1.7% during this time. Median house prices in regional markets remain affordable, with promising positive capital growth. Now is the time to invest in regional markets.

✓ The number of total listings for combined capital cities has increased by 4.5% in the 12 months to June 2019. Hobart leads the nation with the number of total listings increasing by 24.3% during this time, whereas Perth had a drop in listings of -3.2%. At a state and territory level the Australian Capital Territory (ACT) recorded the highest increase in the number of total listings, up by 17.2%. This was followed by VIC (6.3%) and NSW (5.7%).

✓ Properties are selling fastest in Hobart (28 days) and slowest in Darwin (67 days). Combined capital cities days on market for sales was 48 days in May 2019, which represents a 6.7% increase in the past six months.

✓ Sydney, Melbourne and Brisbane have all experienced an increase in days on market for sales, of 6.4%, 15.8%, and 1.9% respectively. This does not come as a surprise considering the slowing property market conditions in the three capital cities. Median vendor discount patterns support this, remaining wide for Sydney (to -6.7%), and further widening for Melbourne (to -6.3%) and Brisbane (to -5.0%). This suggests buyers now have more negotiating power, while sellers may have to agree to higher discount to secure a sale. Overall this indicates that there is indeed a light at the end of the tunnel, providing an opportunity for first home buyers looking to enter the market.

CONFIDENCE

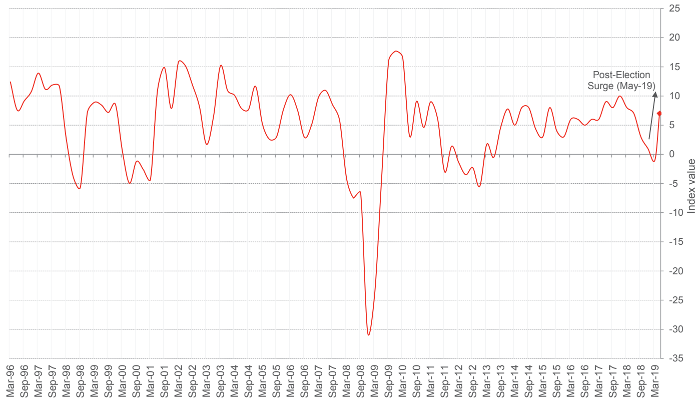
Confidence Is High

Australian consumer sentiment hit 100.7 index points in June 2019, which just tipped it into positive territory. It's a close call, as 100.0 index points is the separator between negative and positive consumer sentiment. So, there is now a positive, yet cautious, level of confidence with the market relieved to see uncertainty wanning. However, it will require some more positive changes (for example tax cuts) before spending is increased. That said, consumer sentiment became more positive between June 2018 and June 2019, with an over 100 index points reading 80% of the time. This is much higher compared with the 60% positive reading experienced between June 2017 and June 2018.

When he was Treasurer, Scott Morrison revealed the Government's Personal Income Tax Plan (PITP) in the 2018/19 Budget, which would restructure the taxable income threshold and tax percentage applied. Those earning between $48,000 and $80,000 are due to retain an additional $1,080 in the 2018/2019 financial year. Couple this with two consecutive cash rate cuts to a historical low of 1.0%, and we should expect a boost in consumer confidence in the second half of 2019.

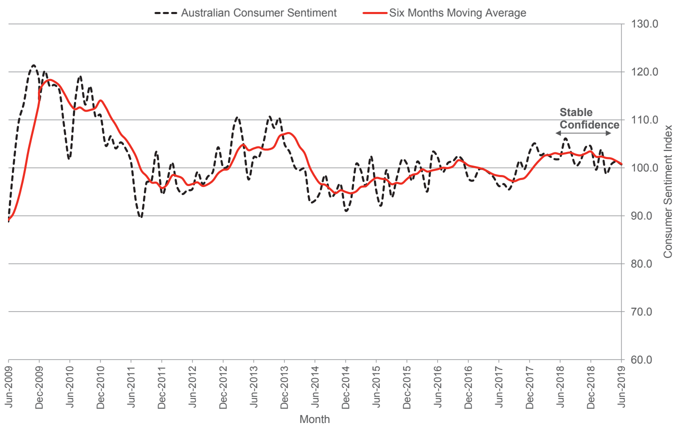
Australian business confidence underwent a radical surge in May 2019 post the Federal Election. It was quite the turnaround as business confidence has been in steady decline since December 2017, with the lowest reading of -1.0 in March 2019. This shows just how important political stability is when doing business, as Australian operators now have more certainty about what taxes and policies will apply.

BUSINESS CONFIDENCE



Prepared by PRDnationwide Research
Source: National Australia Bank (NAB), last updated June 2019

CONSUMER SENTIMENT



Prepared by PRDnationwide Research
Source: Westpac/Melbourne Institute, last updated June 2019

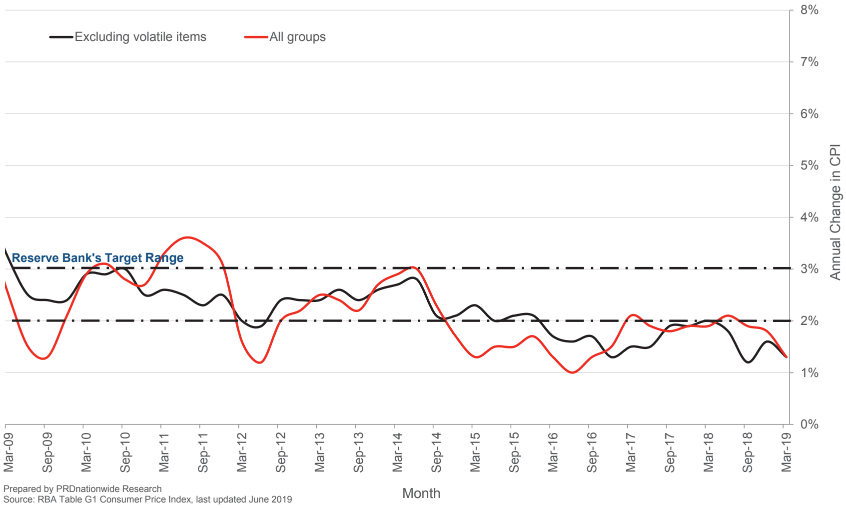
WHAT DOES THIS MEAN FOR YOU?

- ✓ A boost in consumer confidence means an increase in consumer spending across all industries, including property. This should result in more sales particularly to first home buyers.
- ✓ An increase in business confidence will have a positive multiplier-effect on all parts of the Australian economy.

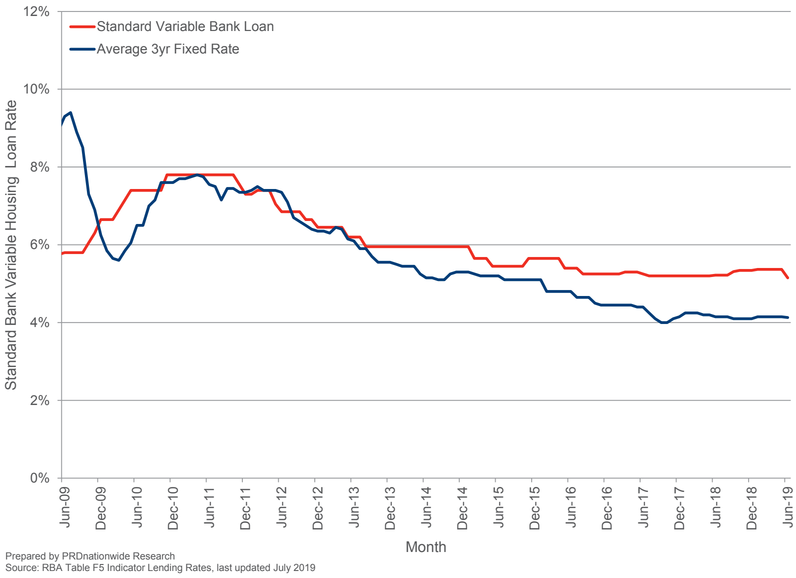
MACROECONOMIC CLIMATE

Historical Low Cash Rate To Tackle Slow Economic Growth

INFLATION



HOUSING LOAN INTEREST RATE



WHAT DOES THIS MEAN FOR YOU?

- ✓ The standard variable bank loan reduced from 5.22% in June 2018 to 5.15% in June 2019, which should stimulate first home buyer activity.
- ✓ A low inflation rate will continue to benefit households in day-to-day budgeting and purchasing of good and services.
- ✓ A lower cash rate will assist with faster progress in reducing unemployment.

The RBA cut the cash rate to 1.25% in June 2019, after leaving it at 1.50% for 31 months (since August 2016). This was not a surprise to many, as a rate cut has been anticipated since late 2018. The RBA sent shockwaves when it further cut the cash rate to 1.00% in July 2019, making a bold statement on the state of Australia's economic growth. This marks the second use of expansionary monetary policy within the space of two months, a decision made because in the 12 months to the March quarter 2019, the Australian economy grew at a below-trend 1.8%. During this time, consumption growth was subdued due to low income growth and declining house prices. It is the objective of the RBA that the consecutive cash rate cuts will support employment growth and provide greater confidence that inflation will be consistent with the medium-term target.

Inflation (consumer price index) for all groups was recorded at 1.3% in March 2019, the lowest recorded reading over the past 24 months. This represented a steady decline in consumer price index trend with the index reading at 2.1% in March 2017 and 1.9% in March 2018. The index has failed to sit within the RBA's target range (2.0%-3.0%) since September 2015, making a rare appearance in March 2017 and June 2018. In one way, subdued inflation pressures suggest unchanged or lower prices for goods and services, a welcome factor in preparing the household budget. That said, inflation is still anticipated to pick up and should be boosted with the increase in petrol prices. Inflation is expected to trend low for the rest of 2019, rising close to the 2.0% mark in 2020 and to be within the RBA's target range by the second half of 2020.

FOREIGN EXCHANGE & COMMODITY PRICE

A Weaker Australian Dollar Helps Local Businesses

RBA COMMODITY PRICE INDEX

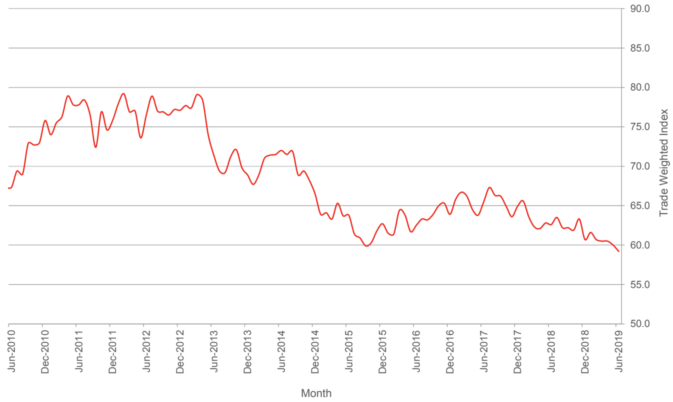
Prepared by PRDnationwide Research
Source: RBA Table I2 Commodity Prices, last updated July 2019

The RBA Commodity Price Index increased in the 12 months to June 2019 by 19.4% to 127.6 index points in Australian Dollar terms. In contrast with the same time last year, the base metal sub-index decreased, while the non-rural and rural subindices increased. The index has strengthened in the past 24 months, growing by 29.1%, led by higher iron ore, gold, beef, and veal prices.

The Australian Dollar has continued to weaken in the 12 months to June 2019, currently at 59.2 index points. This represents a -5.4% decrease in trade weighted exchange rate index terms and one of the lowest readings since mid-2009. Although Australians may be disadvantaged when consuming imports from countries with a stronger currency, a lower Australian dollar assists local businesses focused on providing goods and services to overseas customers.

In the 12 months to June 2019 the Australian Dollar depreciated considerably compared with the Japanese Yen (by -10.0%), the United States Dollar (by -10.7%), and the Hong Kong Dollar (by -9.4%). This translated to increased tourism income in Australia with those three countries among the top six countries of origin for visitors here. In June 2019 the Australian Dollar weakened against the Chinese Renimbi by -2.1%. This was unexpected due to the recent slowing in the Chinese economy. A depreciating Australian Dollar may correlate to increasing foreign investment for new off-the plan housing projects, welcome news since the 50% foreign investment cap introduced in Federal Budget 2018.

TRADE WEIGHTED EXCHANGE RATE INDEX



Prepared by PRDnationwide Research
Source: RBA Table F11 Exchange Rates, last updated June 2019

Exchange Rates

	Japan	USA	EU	NZ	UK
	Yen	Dollar	Euro	Dollar	Pound
	JPY	USD	EUR	NZD	GBP
Jun-2016	78.4200	0.7331	0.6463	1.0600	0.5098
Jun-2017	82.5700	0.7464	0.6626	1.0477	0.5798
Jun-2018	82.2600	0.7659	0.6459	1.0784	0.5681
Jun-2019	74.0600	0.6840	0.6087	1.0530	0.5457
% Annual Change	-10.0%	-10.7%	-5.8%	-2.4%	-3.9%

	Hong Kong	Malaysia	China	Singapore
	Dollar	Ringgit	Renimbi	Dollar
	HKD	MYR	CNY	SGD
Jun-2016	5.6946	3.0061	4.8125	0.9985
Jun-2017	5.8155	3.1849	5.0784	1.0312
Jun-2018	5.9161	3.0036	4.8391	1.0097
Jun-2019	5.3586	2.8605	4.7379	0.9375
% Annual Change	-9.4%	-4.8%	-2.1%	-7.2%

WHAT DOES THIS MEAN FOR YOU?

- ✓ The Australian economy continues to strengthen, however with lower oil and LNG prices. This will assist household budgets and decrease transport costs for businesses.
- ✓ The Australian Dollar has continued to depreciate in the past 24 months, which creates a stable platform for local exporting businesses and tourism. An appreciating exchange rate is expected to result in a lower pick-up in economic activity.
- ✓ A depreciating Australian Dollar may stimulate foreign investment in new off-the plan property projects, which will assist in creating new supply in metro and regional areas.

LABOUR MARKET

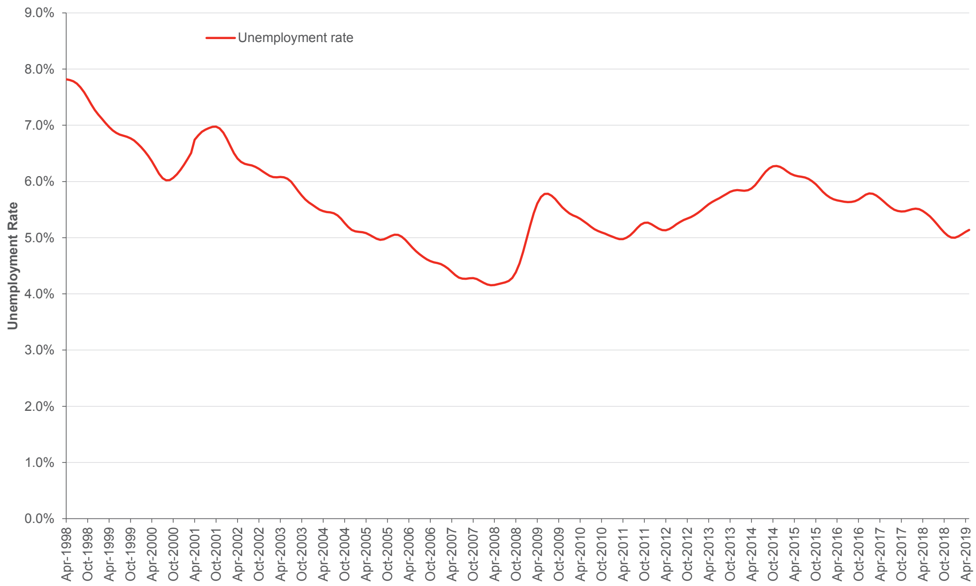
Unemployment Rate Continues To Trend Low

Employment growth has continued to be strong, with the unemployment rate recorded at 5.2% in May 2019. Although this is not the lowest unemployment rate Australia has recorded in the past 24 months, it does represent an improvement on the past 12 months (5.4% in May 2018), and on the past 24 months (5.5% in May 2017).

The trend participation rate increased to 65.9% in May 2019, the highest it has been since 1978. This represents an increase of 0.4 points in the past 12 months, suggesting an increasing number of taxpayers within the economy. Monthly hours worked in all jobs increased by 2.5% in the 12 months to May 2019, indicating more income for those in part-time and casual work. There is an argument that this has a negative impact on work-life balance among Australians, particularly as there is growing anecdotal evidence of Australians taking extra part-time work to supplement their full-time income to meet living expenses.

NSW recorded the strongest improvement in the unemployment rate, declining by -8.9% in the 12 months to May 2019. This means NSW has the second lowest unemployment rate in Australia of 4.4%, behind ACT's 3.9%. The strong employment growth in the past 12 months has led to a pick-up in wages growth in the private sector, although overall wages growth remains low.

UNEMPLOYMENT RATE



Prepared by PRDnationwide Research
Source: ABS Cat 6202.0, Table 1, Col. BM. Last updated June 2019

WHAT DOES THIS MEAN FOR YOU?

✓ Labour force participation is at a record level, the vacancy rate remains high, and there are reports of skills shortages in some areas.

✓ Unemployment levels have improved in the past 12 months, yet the inflation rate continues to decline. This should improve Australia's purchasing power parity in general, and may result in an increase in sale transactions in the property market.

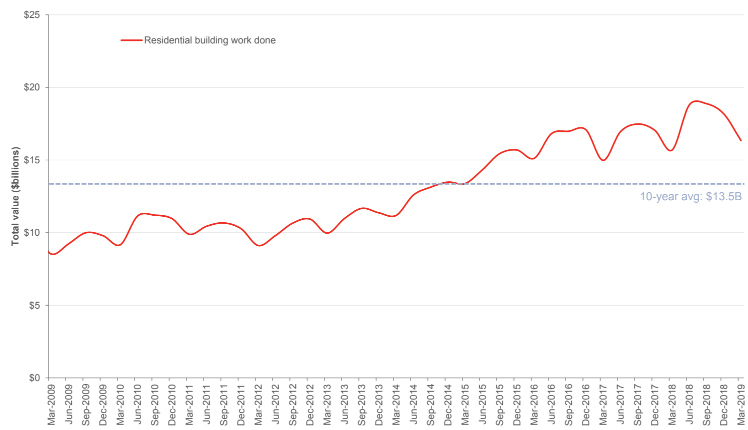
CONSTRUCTION MARKET

A Decline In Residential Construction Allows Existing Stock To Be Absorbed

Residential construction across Australia amounted to $16.3 billion in the March quarter of 2019, which represents an increase of 4.2% in the past 12 months. These figures will be a relief to many, as there have been vocal concerns of potential job losses should Australia's residential construction boom continue to unwind. In February 2019 the National Australia Bank predicted a decline in dwelling investment would lead to a 50,000 to 150,000 job loss in the residential construction sector. This would have a flow on affect to those directly and indirectly supplying the industry such as: manufacturers, hardware-supplying retailers and wholesalers, developers, and many others. This may have a further effect on the economy, particularly impacting business profits and workers' disposable income levels.

On the flip side however, an increase in residential construction may be of concern to others in the industry as property sale transactions, particularly those that are new or off the plan, slowed throughout late 2018 and early 2019. In many inner-city and metro areas this has caused an unprecedented reduction in sale prices, with many owner-occupiers and developers accepting a loss to achieve a sale. Residential construction in the March quarter of 2019 represents a decline of -13.5% in the past six months, bringing the amount of quarterly residential construction closer to the 10-year average of $13.5 billion. It is also a much lower figure than the September quarter of 2018, when residential construction in Australia hit its peak, amounting to $18.9 billion. To a certain extent, a correction in residential construction is needed, particularly from a fear of oversupply perspective. A slowdown in residential construction ensures that currently whatever is under construction and approved, or scheduled for construction is absorbed by the market. That said, residential construction in TAS has increased by 13.2% in the 12 months to March 2019, which is needed to answer local first home buyer demand.

RESIDENTIAL CONSTRUCTION MARKET



Prepared by PRDnationwide Research
Source: ABS Cat 8755. Last updated June 2019

WHAT DOES THIS MEAN FOR YOU?

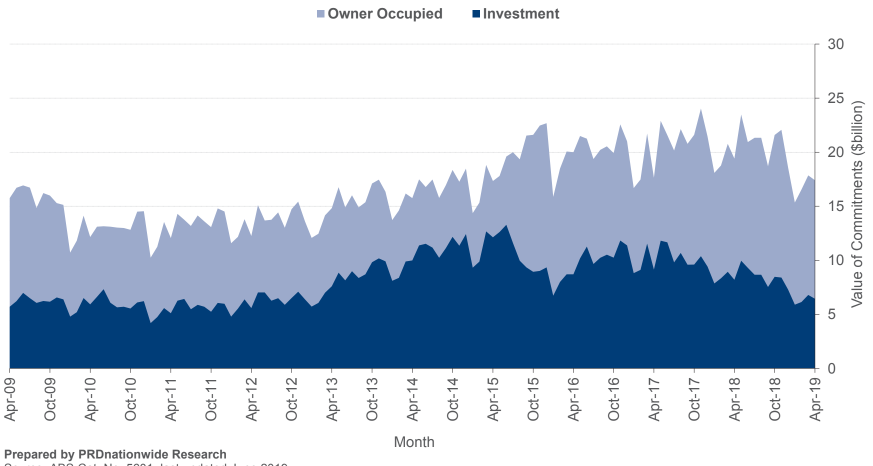
- ✓ A moderate slowdown in residential construction in the past six months will allow for current and scheduled property development to be absorbed by the market. This will create a more balanced supply and demand of property stock in the market.
- ✓ Developers need to perform a thorough residential development pipeline analysis to ensure viability of projects and create niche products that meet the needs of residents.

HOUSE FINANCE

Housing Finance On The Decline, Owner-Occupier Dominates

The gross value of housing finance commitments totalled $356.3 billion in the 12 months to April 2019, which represents a decrease of -9.7% between the periods of April 2017/2018 and April 2018/2019. This does not come as a surprise considering many banks have tightened their lending policies even further after APRA required banks to verify the expenses of mortgage applicants as opposed to relying on spending benchmarks. APRA did remove the interest-only benchmark for residential mortgage lending in December 2018, which improved lending standards. However, banks continued to be cautious of their lending activities and pre-emptively tightened lending standards due to the Financial Services Royal Commission.

HOUSING FINANCE COMMITMENTS



Prepared by PRDnationwide Research
Source: ABS Cat. No. 5601, last updated June 2019

Owner-occupiers committed to $254.6 billion worth of loans in the 12 months to April 2019, whereas investors committed to $101.7 billion. This represented a decrease of -5.5% and -18.9% respectively between the periods of April 2017/2018 and April 2018/2019 which suggests there is a more resilient market in owner-occupiers. This is not a surprise considering that as many capital city markets have shown signs of slower capital gains, investors became less keen to borrow.

The balance between owner-occupier and investment finance has stood comfortably around the 65%/35% split in the past eight to ten years. In the 12 months to April 2019 the proportion of owner-occupier finance was, on average, 71.5% – with February and April 2019 recording the highest levels of 73.0%. During the same period, the proportion of investor finance was on average 28.5% – with April 2019 recording the lowest level of 27.0%.

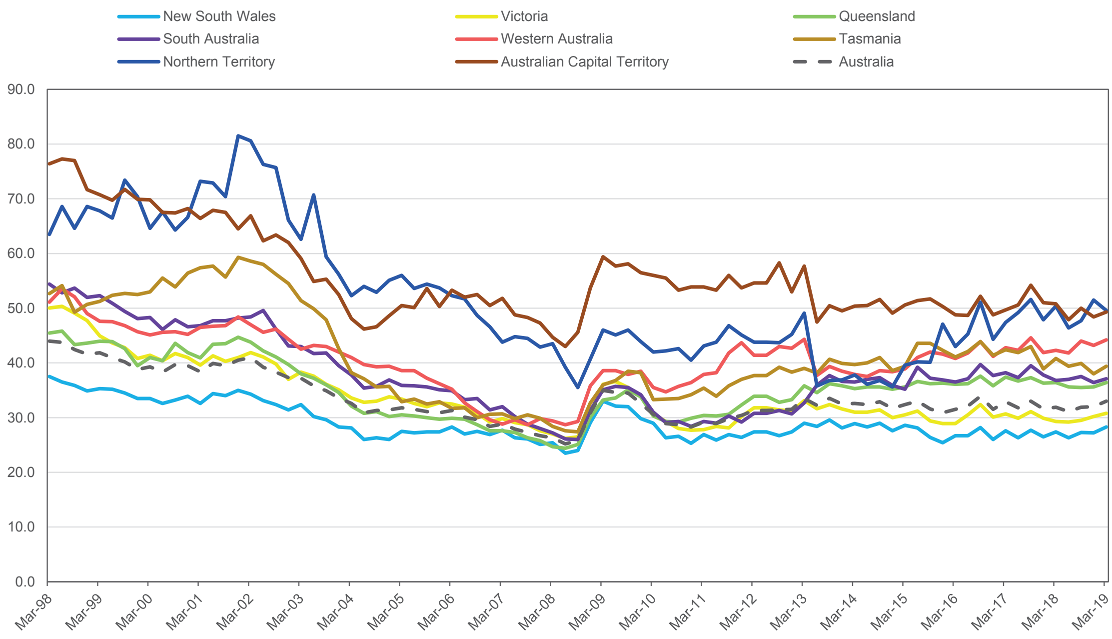
WHAT DOES THIS MEAN FOR YOU?

- ✓ Owner occupier spending continues to dominate housing finance commitments, outweighing investors. This is encouraging for first home buyers looking to apply for a loan.
- ✓ Banks are loosening lending policies, particularly investment lending policies. This could result in a recovery in the proportion of investment finance in the next 12 months.
- ✓ A change in home loan rules, from a flat 7.0% interest rate serviceability assessment to a 2.5% buffer, will assist more borrowers to access a mortgage.

HOME AFFORDABILITY

Home Loan Affordability Improves

HOME LOAN AFFORDABILITY INDEX



Prepared by PRDnationwide Research
Source: Real Estate Institute of Australia

Last updated: June 2019

WHAT DOES THIS MEAN FOR YOU?

- ✓ Australia's home loan affordability increased by 3.4% in the 6 and 12 months to the March quarter 2019. This is not a surprise considering property price softening in major capital cities such as Sydney, Melbourne, and Brisbane. This provides greater comfort and confidence to first home buyers wanting to enter the market.
- ✓ In the 12 months to the March quarter 2019, TAS and the ACT experienced the largest decreases in home loan affordability, by -3.4% and -3.0% respectively. These markets have experienced unprecedented housing demand in the past 12 months, indicating an opportunity for developers to create more housing supply.
- ✓ NSW and VIC home loan affordability increased by 3.3% and 5.1% respectively in the 12 months to the March quarter 2019, proving that property price growth in these states is returning to more sustainable levels.
- ✓ Families in the ACT enjoyed the highest improvement in household income, with the median weekly family income increasing by 5.6% to $2,412 in the 12 months to the March quarter 2019. This is well above the average Australian increase of 2.7%.
- ✓ VIC continues to lead in the number of first home buyer approvals, recording 7,199 loans in the March quarter 2019. Although this represents a decrease of -11.9% over the past 12 months, it is in line with the -11.6% decrease Australia-wide.

NUMBER OF FIRST HOME BUYER LOANS

State	March Q 2019	March Q 2018	Growth
NSW	5790	6502	-11.0%
VIC	7199	8172	-11.9%
QLD	4677	5641	-17.1%
SA	6503	6634	-2.0%
WA	3313	3578	-7.4%
TAS	2245	2148	4.5%
NT	506	614	-17.6%
ACT	1952	2295	-14.9%
National	**23403**	**26464**	**11.6%**

Source: Real Estate Institute of Australia, Housing Affordability Report, March Quarter 2019

PROPORTION OF FAMILY INCOME REQUIRED TO MEET HOME LOAN REPAYMENTS

State	March Q 2019	March Q 2018	Growth
NSW	35.4%	36.5%	-3.0%
VIC	32.5%	34.1%	-4.7%
QLD	27.5%	27.5%	0.0%
SA	26.9%	27.2%	-1.1%
WA	16.5%	23.6%	-30.1%
TAS	25.4%	24.5%	3.7%
NT	20.2%	19.8%	-2.0%
ACT	20.3%	19.7%	3.0%
National	**30.3%**	**31.3%**	**-3.2%**

Source: Real Estate Institute of Australia, Housing Affordability Report, March Quarter 2019

PROPORTION OF FAMILY INCOME REQUIRED TO MEET RENT PAYMENTS

State	March Q 2019	March Q 2018	Growth
NSW	28.2%	30.1%	-6.3%
VIC	23.1%	23.8%	-2.9%
QLD	22.0%	23.1%	-4.8%
SA	22.8%	22.4%	1.8%
WA	16.5%	16.3%	1.2%
TAS	29.3%	28.1%	4.3%
NT	20.9%	22.5%	-7.1%
ACT	19.0%	18.5%	2.7%
National	**25.0%**	**24.8%**	**0.8%**

Source: Real Estate Institute of Australia, Housing Affordability Report, March Quarter 2019

The number of first home buyer loans approved in Australia decreased by -11.6% in the 12 months to the March quarter 2019, a stark contrast compared with the 28.0% increase experienced in the 12 months to the March quarter 2018. Although property price growth in capital cities such as Sydney, Melbourne, and Brisbane slowed over the same period, tighter lending policies and loan serviceability criteria prevented many first home buyers' access to mortgages. TAS was the only state to record growth in first home buyer loans in the 12 months to the March quarter 2019, at 4.5%. This is extremely encouraging as first home buyer activity has been a concern in TAS in the past 24 months, due to increasing interstate investor activity.

The proportion of family income required to meet home loan repayments decreased by -3.2% nationally in the 12 months to the March quarter 2019, which, in a similar pattern to first home buyer loans, is a stark contrast to the 3.0% increase experienced in the 12 months to the March quarter 2018. This is partly due to the 2.7% increase in median family weekly income during this timeframe, as well as a reduction in standard variable loan rates introduced by banks. There is indeed a light at the end of the tunnel, as now Australian families can benefit from an increase in household disposable income.

DWELLING MARKET

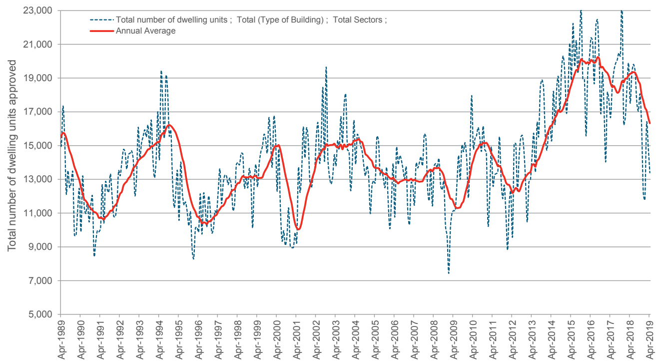
Dwelling Approvals Back To A Sustainable Level

Australia's annual average dwelling approval rate reached its peak in August 2016, recording 20,239 approvals in the previous 12 months. This is not surprising considering the unprecedented increase in property demand because of a property price boom in 2014 and 2015, when more supply was needed to create a more balanced market for owner-occupiers and first home buyers. Because of the dwelling approval boom, the threat of oversupply became a reality in many inner-city housing markets, with vacancy rates climbing and, in the case of Brisbane, surpassing the REIA's healthy benchmark of 3.0%.

In the past three years dwelling approvals in Australia have steadily decreased, with a slight increase between October 2017 and April 2018. The number of total dwellings approved was 13,391 in April 2019, which represented a sharp decrease of -23.6% in the past 12 months and an even sharper decrease of -25.8% in the past six months. Despite concerns that a decrease in dwelling approvals may have a detrimental effect on the construction industry, and any direct or indirect employees within it, there is also a need for dwelling approval levels to return to a more sustainable level. This will ensure that construction, developments awaiting construction and those approved for construction are absorbed by the market.

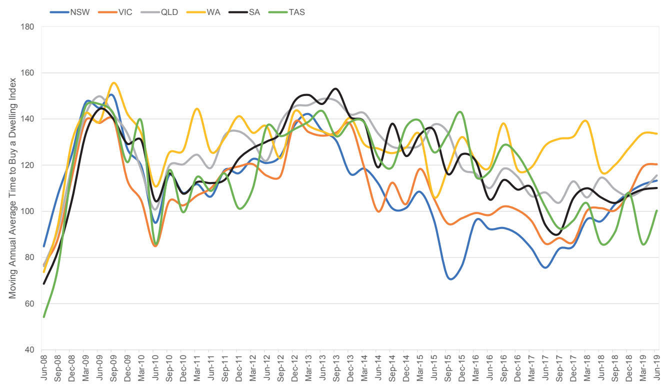
The Time to Buy a Dwelling Index is showing positive signs, with an increase of 12.1% in the 12 months to the June quarter 2019. This is propelled by several factors: positive consumer sentiment, a Federal Budget in 2019 which focused on a change in income tax, and softening property prices in many capital cities. NSW and VIC have proven to be the states in which buyers are more inclined to purchase a property, increasing by 18.4% and 18.8% respectively in the 12 months to the June quarter 2019. The Time to Buy Dwelling Index reading for QLD increased by 0.8% over this time, which is good news for QLD property owners and developers, as the index had otherwise decreased since the December quarter 2018.

DWELLING APPROVALS



Prepared by PRDnationwide Research
Source: ABS Cat. No. 8731, last updated June 2019

TIME TO BUY A DWELLING INDEX



Prepared by PRDnationwide Research
Source: Westpac/ Melbourne Institute, last updated June 2019

WHAT DOES THIS MEAN FOR YOU?

- ✓ Annual average dwelling approval figures continue to decline, returning to a more sustainable level of growth. This creates an opportunity for current and incoming property to be absorbed and avoid a highly oversupplied market.
- ✓ Changes in income taxation policy and two consecutive rate cuts by the RBA as of July 2019 should result in an increase in the Time to Buy Dwelling Index in the next six months.
- ✓ Median vendor discount in Sydney continue to favour buyers. Median vendor discount in Melbourne and Brisbane has increased significantly in the past six months. Now is the time for first home buyers to act.

RENTAL MARKET

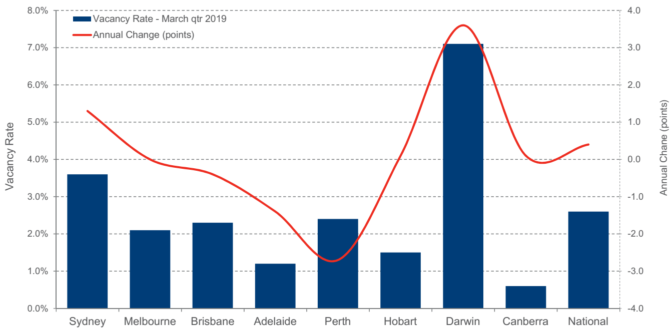
Vacancy Rates Remain Healthy

In the 12 months to the March quarter 2019, the Australian residential vacancy rate increased by 0.4%, to 2.6%. This is a contrast to the decreasing pattern of -0.6%, witnessed at the same time the previous year, which may be a concern to some investors. That said, at 2.6%, the national vacancy rate level is still under the REIA's healthy benchmark of 3.0%, which indicates there is still a healthy level of rental demand. All capital cities have experienced an increase in vacancy rates, except for Brisbane (which decreased from 2.7% to 2.3%) and Perth (which decreased from 5.1% to 2.4%), whilst Melbourne remained stable (2.1%). This is particularly good news for investors in Brisbane, as there has been a fear of an apartment oversupply in the past 24 months. Canberra recorded the lowest vacancy rate in March quarter 2019 of 0.6% – while Sydney recorded the highest, at 3.6%.

Interestingly, Sydney no longer holds the title for most expensive capital city to rent three-bedroom houses in the March quarter 2019. Rather, this title now belongs to Canberra, where renters are expected to pay $520 per week. Sydney is the second most expensive, at $500 per week, and Perth is the most affordable at $340 per week. That said, Sydney continues to hold the title for most expensive capital city to rent two-bedroom units in March quarter 2019, at $550 per week, followed by Canberra, at $475 per week.

Implied rental yield for houses for the March quarter 2019 were strongest in Hobart (4.5%), Darwin (4.4%), and Canberra (4.1%). Interestingly this is the same pattern as March quarter 2018 (Hobart (4.4%), Darwin (4.3%), and Canberra (4.1%))which suggests that there is consistency in the house rental market. Implied rental yield for units for the March quarter 2019 were strongest in Hobart (5.8%), Canberra (5.5%), and Brisbane (5.2%). Combined with a declining vacancy rate, from 2.7% to 2.3% in the 12 months to March quarter 2019, Brisbane unit investors are seeing a light at the end of the tunnel after a period of oversupply and declining rents. As per the March quarter 2018, Sydney and Melbourne continue to hold the lowest implied house rental yield in March quarter 2019, however each has increased from 2.7% to 3.0%. There is a similar pattern with implied unit rental yields. Although Sydney and Melbourne hold the lowest rates in March quarter 2019 (3.8% and 4.1% respectively), this is an improvement from March quarter 2018 rates (3.7% and 3.9%). With a softening in Sydney's and Melbourne's median property prices, not only is it now more affordable to invest in the two capital cities, it also generates higher implied rental returns.

QUARTERLY VACANCY RATE



Prepared by PRDnationwide Research. National rate is the average vacancy rate for the eight capital cities
Source: REIA and SQM Research, last updated June 2019

ANNUAL MEDIAN RENT PRICES

MEDIAN RENTAL PRICE

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
3 b/r House	$500	$400	$380	$370	$340	$430	$454	$520
2 b/r Unit	$550	$450	$380	$305	$325	$380	$316	$475

MEDIAN RENTAL PRICE

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
3 b/r House	$500	$400	$380	$370	$340	$430	$454	$520
2 b/r Unit	$550	$450	$380	$305	$325	$380	$316	$475

WHAT DOES THIS MEAN FOR YOU?

- ✓ Brisbane unit investors are seeing the light at the end of the tunnel, with vacancy rates declining from 2.7% to 2.3% in the 12 months to the March quarter 2019.
- ✓ Implied rental yield for the March quarter 2019 is the highest in Hobart, at 4.5% for houses and 5.8% for units. Combined with affordable property prices, Hobart continues to be an investor haven.
- ✓ Median rent price of two-bedroom units continue to eclipse three-bedroom houses in March quarter 2019, particularly for Sydney and Melbourne.

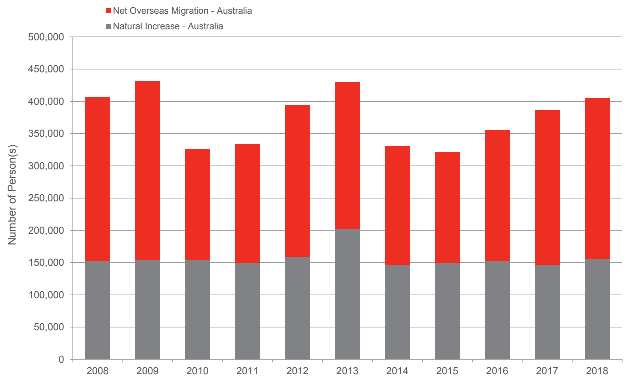
DEMOGRAPHICS

QLD Leads In Interstate Migration

More than 25 million people call Australia home, according to the Australia Bureau of Statistics (ABS) figures for December 2018. This represents a national population increase of 1.6% in the 12 months to December 2018, which is in line with the 10-year average. Significant population growth has been a point of discussion in Australia and a focus in City Councils' and State Governments' policy making, particularly from the perspective of overcrowding – whether in relation to the number of cars on the road, public transport needs or classroom sizes. VIC recorded the highest increase in total population of 2.2% in the 12 months to December 2018, which was much higher than the national average. QLD and the ACT were next, with a 1.8% change in total population during the same period. From a property perspective, an increase in population translates to a potential increase in housing demand, both from a sales and rental perspective. That said, such potential needs to be treated strategically, as the needs and wants of Australia's population has changed in the past five years, particularly in relation to house composition and floor plan configuration. It is also key to understand that an increase in population does not automatically translate to new property demand.

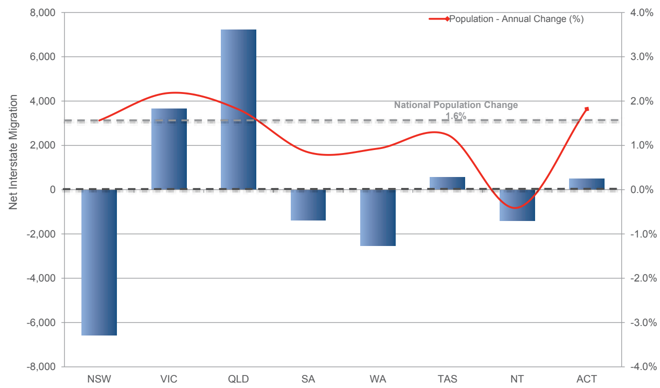
The proportion of Australia's population growth, between what is through natural increase and what is through net overseas migration, reversed between the periods of December 2016/2017 and December 2017/2018. Between December 2016/2017 Australia's population growth was largely through growth of 2.7% in natural increase, while net overseas migration decreased by -22.9%. However, between December 2017 and December 2018, Australia's population growth was largely through natural increase (2.7%), while net overseas migration which increased by 23.7%, compared with a natural increase in population of 3.9%. This provides developers with the unique opportunity to create niche product offerings in markets with a large foreign population and cater to their specific needs.

COMPONENTS OF POPULATION GROWTH



Prepared by PRDnationwide Research
Source: ABS Statistics, Catalogue 3101.0 Table 2, last updated June 2019

POPULATION GROWTH & NET INTERSTATE MIGRATION



WHAT DOES THIS MEAN FOR YOU?

- ✓ Australia's population increased by 1.6% in the 12 months to December 2018, which is in line with the national 10-year average. This leads to a potential increase in housing demand.
- ✓ Net overseas migration increased by 23.7% in the 12 months to December 2018, which creates niche opportunities for developers and their product offerings.
- ✓ QLD leads the nation in net interstate migration with 7,213 more people calling the Sunshine State home. This is followed by VIC (3,645 people) and TAS (568 people).

GLOSSARY

Business Confidence Graph

The Business Confidence Index indicates expectations of business conditions for the upcoming quarter. The Index is based on a survey of approximately 900 small to large business in the non-farm sectors and is conducted by NAB.

Australian Consumer Sentiment Graph

The Consumer Sentiment Index indicates short-run changes to consumer willingness to purchase goods in the forthcoming quarter. Based on a monthly survey of 1,200 Australian households conducted by the Melbourne Institute and Westpac, it represents current and future perspectives of the broad economic climate and household financial state.

Inflation Graph

Inflation is measured as a change in the Consumer Price Index (CPI), calculated by the ABS as the price of a weighted 'basket' of goods and services which account for a high proportion of expenditure by metropolitan households. RBA aims to constrain inflation in a long-run target range of 2-3%. The underlying inflation figure (as measured by the RBA) removes volatile items such as fruit and fuel.

Housing Loan Interest Rate Graph

The housing loan interest rate is the average rate of interest being offered by housing lenders. It is higher than the RBA's target cash rate due to lending costs and profit margins.

National Residential Construction Graph

This data provides an early indication of trends in building and engineering construction activity. The data are estimates based on a response rate of approximately 85% of the value of both building and engineering work done during the quarter.

Housing Finance Commitments Graph

Housing finance commitments track the volume of finance commitments made by significant lenders to individuals for the purchase of housing.

This graph tracks the value of loans approved for both owner-occupiers and investors.

Unemployment Rate Graph

Unemployment is calculated as the proportion of people in the labour force that were unemployed and actively seeking work during the survey period.

The labour force is defined as the number of people aged between 16 and 55 who were either employed or actively looking for work during the survey period.

This graph tracks the unemployment rate on a monthly and moving annual average basis over the last 30 years.

RBA Commodity Price Index Graph

The RBA's Commodity Price Index provides an indicator of primary commodity price movements. High commodity prices are one of the primary drivers behind Australia's robust economy, influencing real estate prices, demand for housing and rental accommodation – particularly in WA, NT, Northern QLD and as of late, SA.

Dwelling Approvals Graph

Dwelling approvals indicate the number of new dwellings that have been approved for: construction of new buildings – alterations and additions to existing buildings – approved non-structural renovation and refurbishment work – and approved installation of integral building fixtures.

A moving yearly average is used to filter out seasonal fluctuations in the number of dwellings commenced.

Time to Buy a Dwelling Index Graph

The Time to Buy a Dwelling Index indicates short-run changes in consumer sentiment regarding whether it is a good time to buy a dwelling. It is a component of the Melbourne Institute's Consumer Sentiment Index, which is undertaken monthly.

Home Loan Affordability Index Graph

The Home Loan Affordability Index measures average loan repayments against median wages and tracks these values over time.

Quarterly Vacancy Rates Graph

An industry benchmark for vacancy rates is considered to be 3%. Vacancy rates lower than 3% indicate strong demand for rental accommodation, whilst rates higher than 3% reflect an oversupply of rental accommodation.

Population Growth Graph

Population change tracks the change in population across the states and territories of Australia. Population growth is seen as the key driver of demand for housing.

Net Interstate Migration Graph

Net interstate migration tracks the net population change in each state attributable to interstate migration.

Net interstate migration figures fluctuate with the seasons, so a moving yearly average is shown to filter out these changes.

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