



AUSSIE HOUSING ROARS

Agenda

- **Strongest growth in property prices since 2003**
- **Mortgage market booming**
- **Auction market booming**
- **Lack of supply**
- **How long can the boom run?**
- **Investment outlook**



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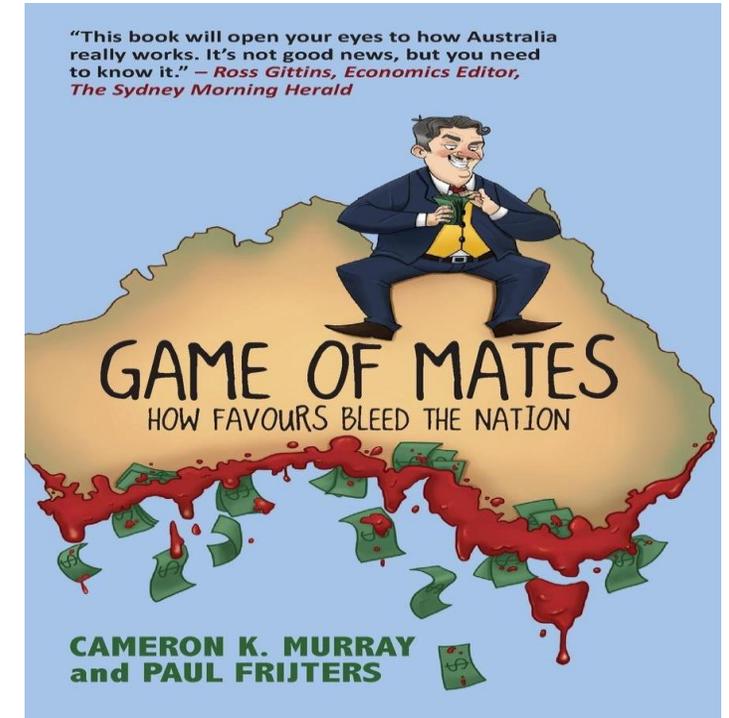
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Australian Property Market Update



Cameron is an economist and consultant who specialises in property markets, environmental economics, and corruption.

- Post-Doctoral Researcher at The University of Sydney
- blogs at fresheconomicthinking.com
- co-author of The Game of Mates.



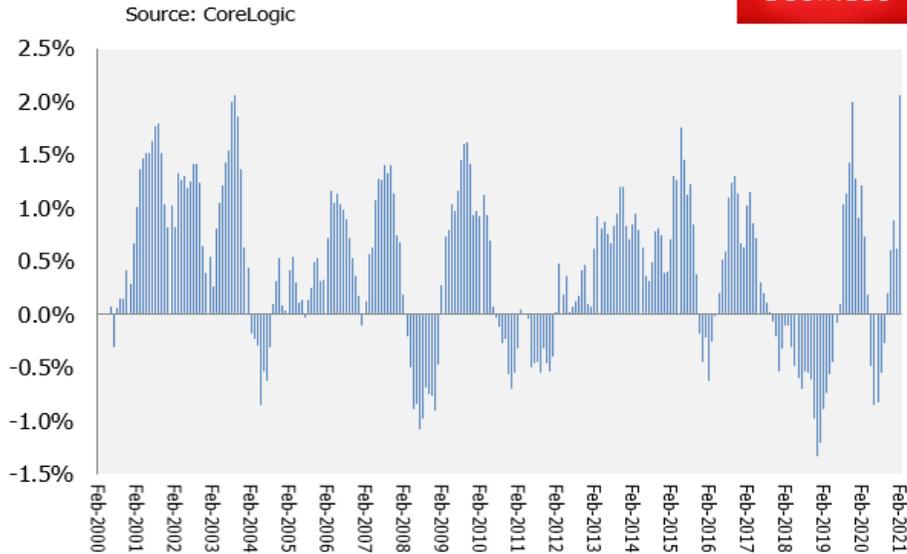
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Strongest property price growth since 2003

CoreLogic Monthly Price Movements



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Index results as at February 28, 2021

	Change in dwelling values				Median value
	Month	Quarter	Annual	Total return	
Sydney	2.5%	3.6%	2.8%	5.3%	\$895,933
Melbourne	2.1%	3.5%	-1.3%	1.8%	\$717,767
Brisbane	1.5%	3.5%	5.0%	9.3%	\$535,618
Adelaide	0.8%	2.7%	7.3%	11.8%	\$478,587
Perth	1.5%	4.2%	4.6%	9.3%	\$491,795
Hobart	2.5%	4.8%	8.7%	14.0%	\$535,994
Darwin	0.7%	5.5%	13.8%	19.4%	\$438,645
Canberra	1.9%	3.7%	9.7%	14.6%	\$706,454
Combined capitals	2.0%	3.6%	2.6%	5.9%	\$675,014
Combined regional	2.1%	5.4%	9.4%	14.4%	\$438,185
National	2.1%	4.0%	4.0%	7.6%	\$598,884

- Australian dwelling values rose 2.1% in February – strongest monthly increase since August 2003.
- Markets booming coast-to-coast, across capital cities and regions.



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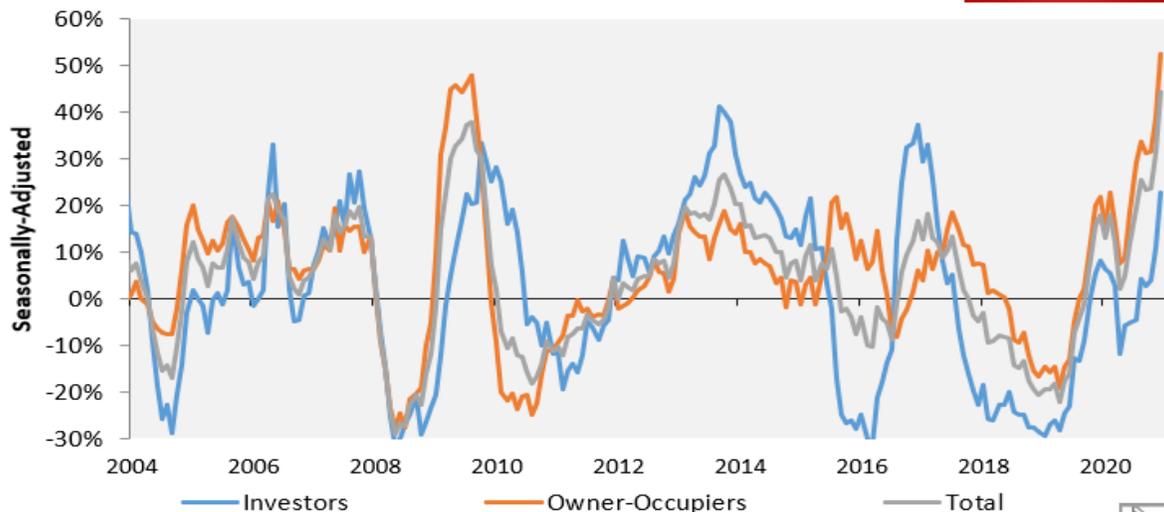
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Mortgage market experiencing record demand

Australian New Mortgages (Ex-Refi)

Source: Australian Bureau of Statistics

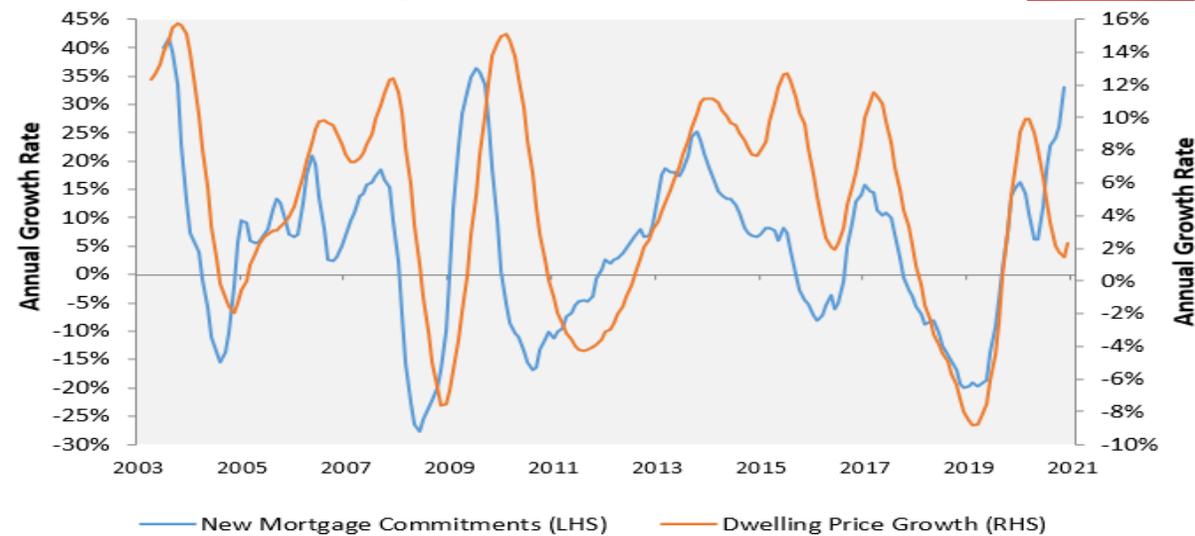


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Mortgages vs 5-City Dwelling Price Growth

Sources: ABS; Core Logic



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- Strongest mortgage growth on record (44% YoY). Driven by owner-occupiers (52% YoY) rather than investors (23% YoY).
- Points to continued strong price growth, especially across Perth and Brisbane.



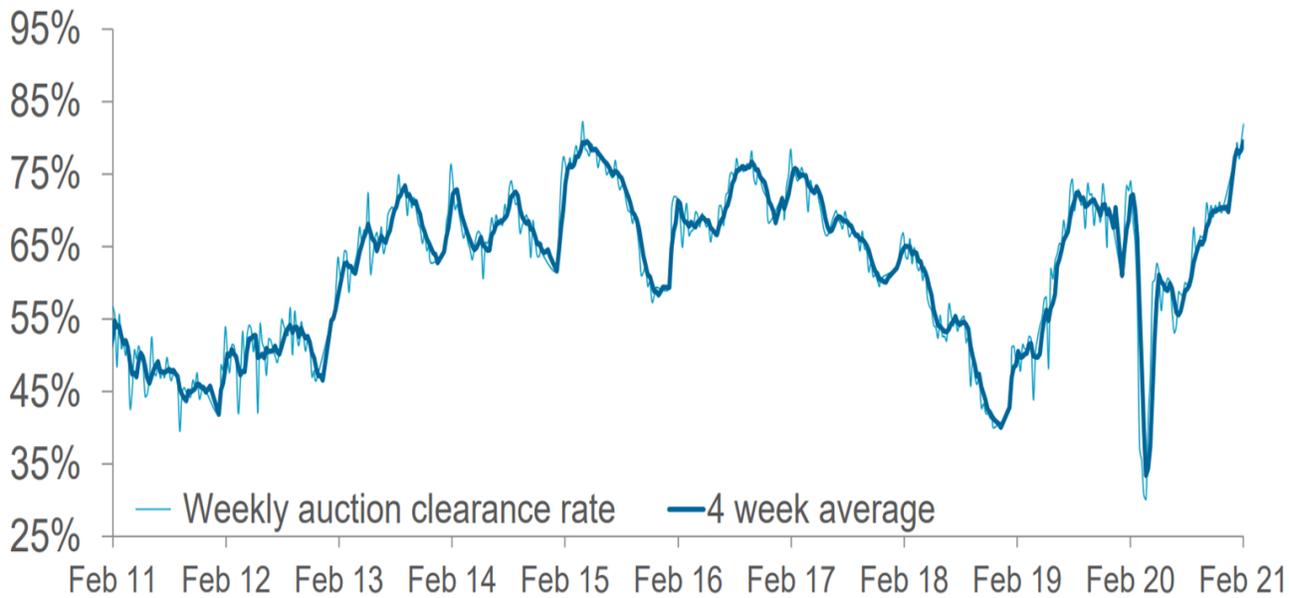
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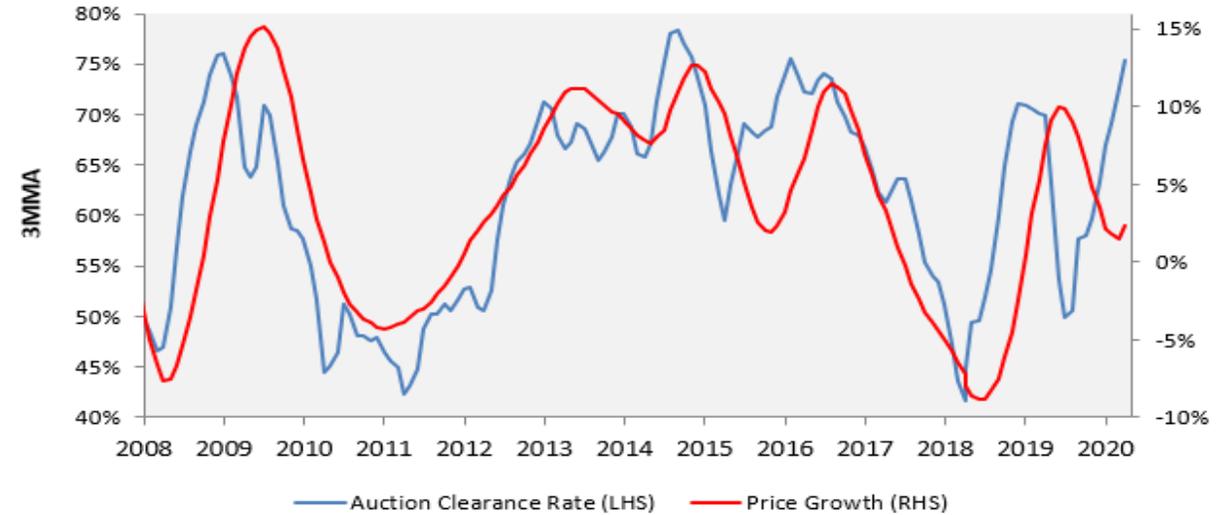
Auction market also booming

Weekly Clearance Rate, Combined Capital Cities



Capital City Auction Clearance Rate vs Price Growth

Source: CoreLogic



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- Auction clearance rates also tracking around previous peaks.
- Also suggests prices will continue rising at swift pace.



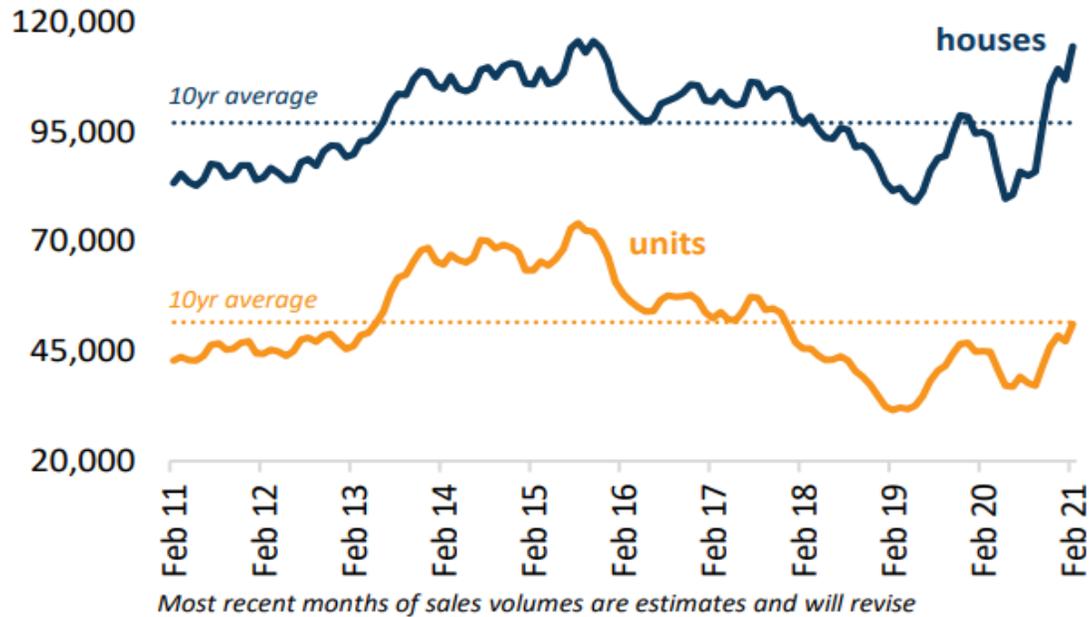
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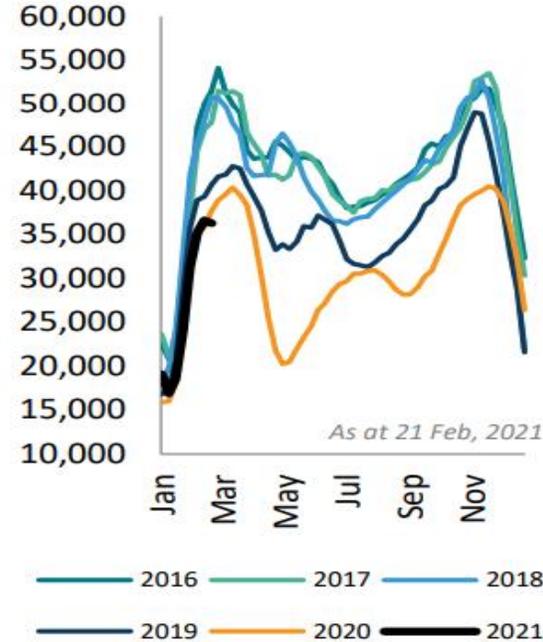


Strong demand, low market supply

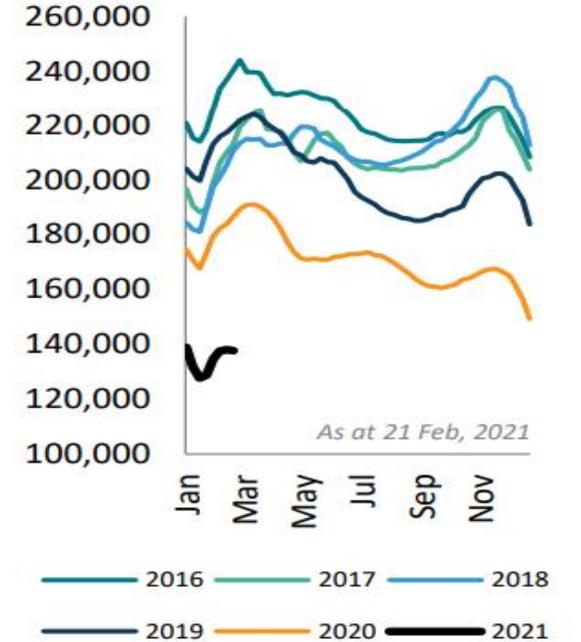
Rolling six month sales volume, combined capitals



New listings, rolling 28 day count, national



Total listings, rolling 28 day count, national



- Sales volumes are tracking well above the decade average, whereas for sale listings are tracking around record lows.
- Bullish for property prices as FOMO takes hold.



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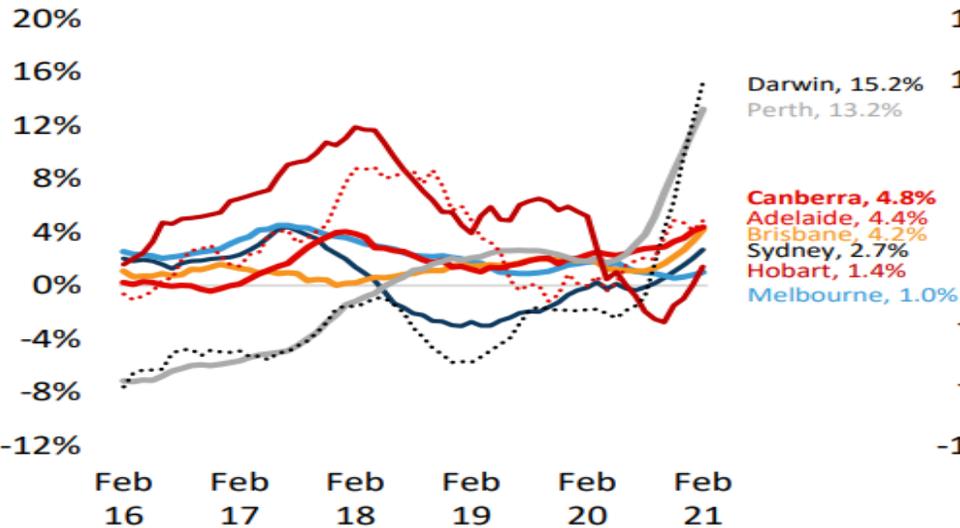
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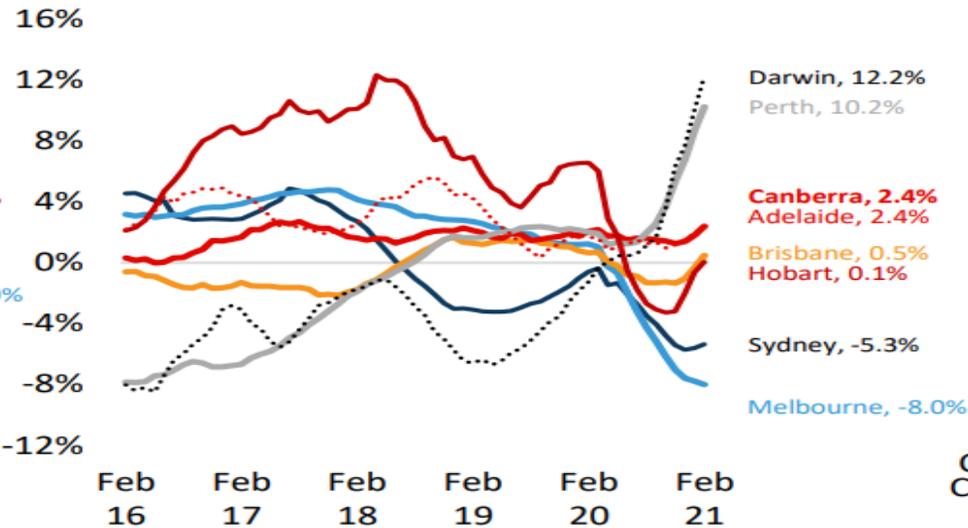


How long can the boom last?

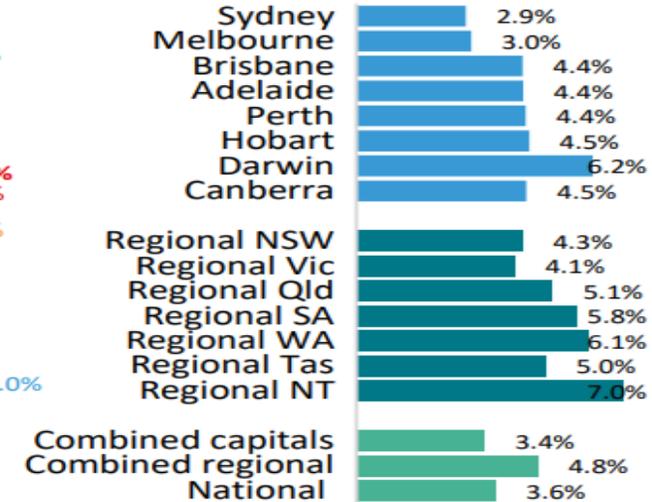
Annual change in rents, Houses



Annual change in rents, Units



Gross rental yields, dwellings



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Investment Outlook & wrap up

Structural downturn lurking, acute or chronic?

Key positive factors

- Government stimulus
- Low probability of US tax hikes
- Earnings very good
- Inequality to increase

Other positive factors

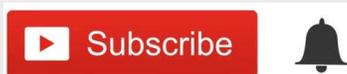
- Bankruptcies limited
- Evictions limited
- Mortgage repayment holidays
- Wage growth very low
- Capital efficiency
- Low oil prices
- Vaccine hope
- Policy certainty
- Structural change in industries leading to cost efficiencies

Key negative factors

- Virus in Northern Hemisphere
- Valuation
- Latent bankruptcies
- Low genuine credit growth

Other negative factors

- Short term gap in US economic conditions
- Inequality longer-term effects
- Effects gradually rolling off
- Structural change in industries leading to weak demand
- Cycle
- Demand weak
- Australian stimulus badly targeted



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Viewer question of the week:

Are you a property bull or bear, and why?

Drop your answers in the comments



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Coming up

Next week: Adrian Redlich

[YouTube.com/NucleusWealth](https://www.youtube.com/NucleusWealth)

next
Thursday, March 11



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