

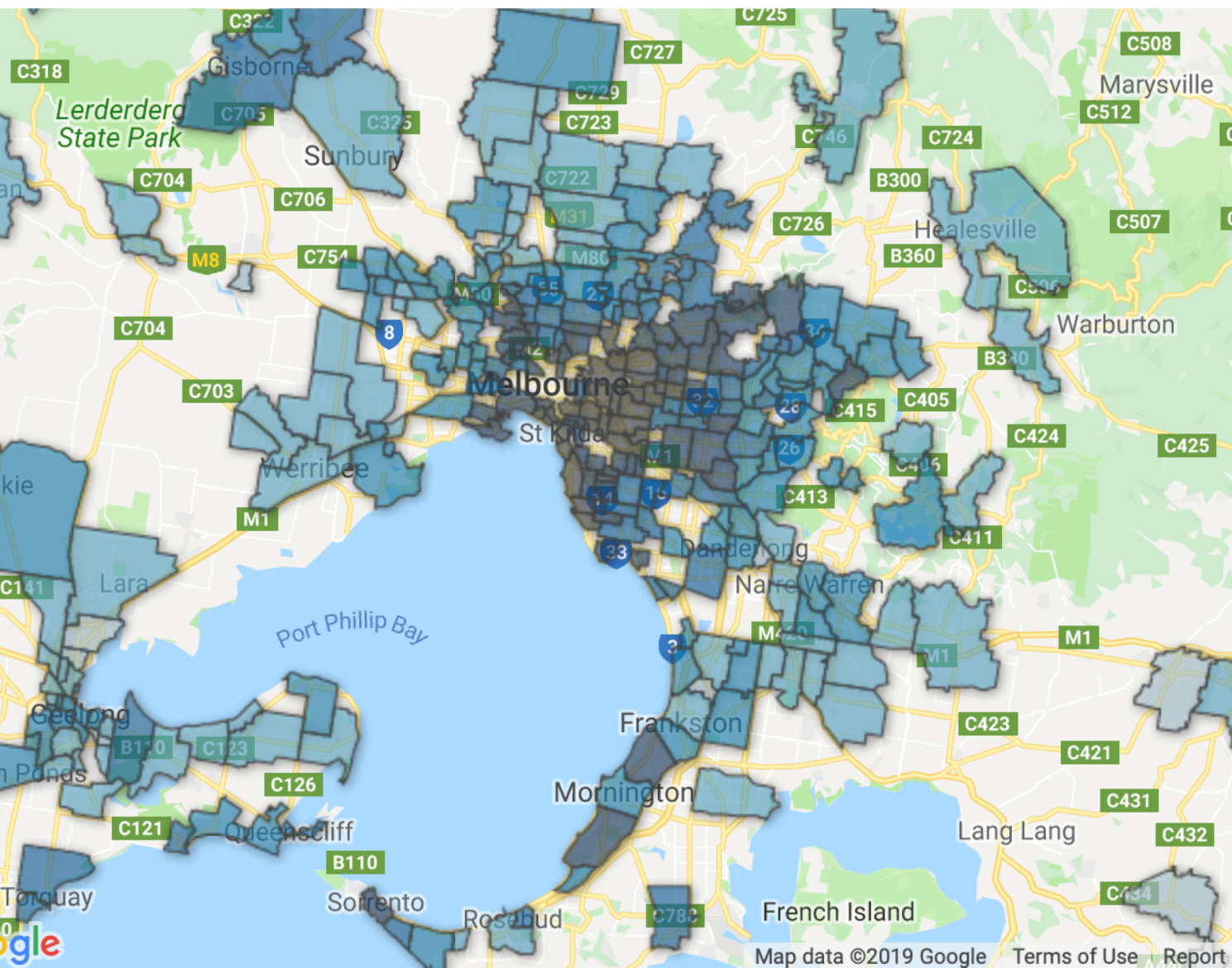


Market Update

July 2019



What are Melbourne Property Values doing?



Legend

Less than \$450,000

Between \$450,000 and \$600,000

Between \$600,000 and \$800,000

Between \$800,000 and \$1,000,000

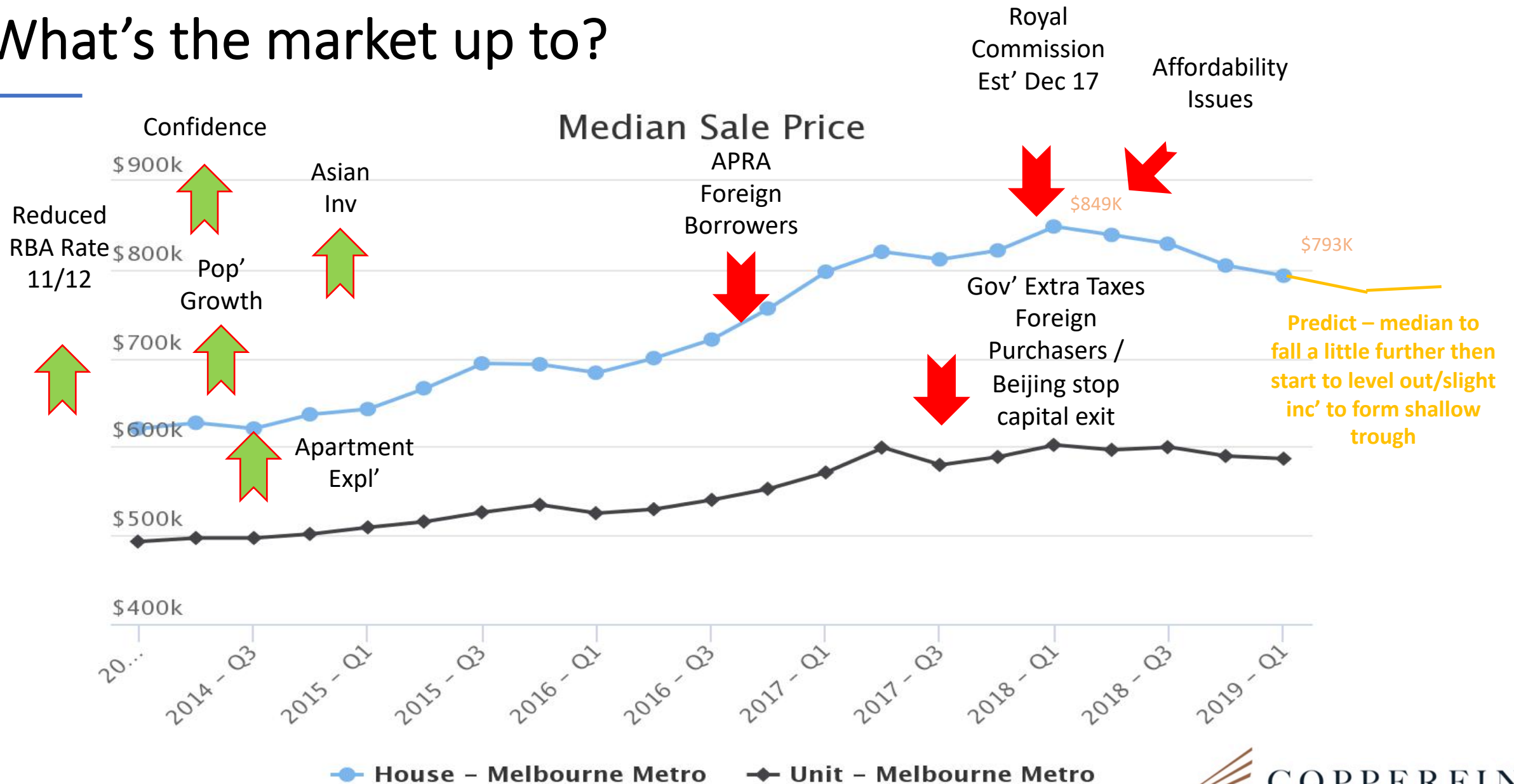
Between \$1,000,000 and \$1,500,000

More than \$1,500,000



COPPERFIN
PROPERTY ADVISORY

What's the market up to?



What would it take for house prices to keep falling?



- Sustained unavailability of finance
- Increasing borrowing costs (affordability)
- Employment concerns
- Adverse economic conditions
- Dramatic supply to the market
- Government Policies (Foreign taxes/ Land Tax/Stamp duty)

Loss Making Sales

Approximately 13% of all units are sold at a loss

Apartments

Apartments typically make up the majority re-sales at a loss (particularly off-the plan purchases). 25.7% of all Melbourne apartments are sold for an average loss of \$55,700

Development rich sales

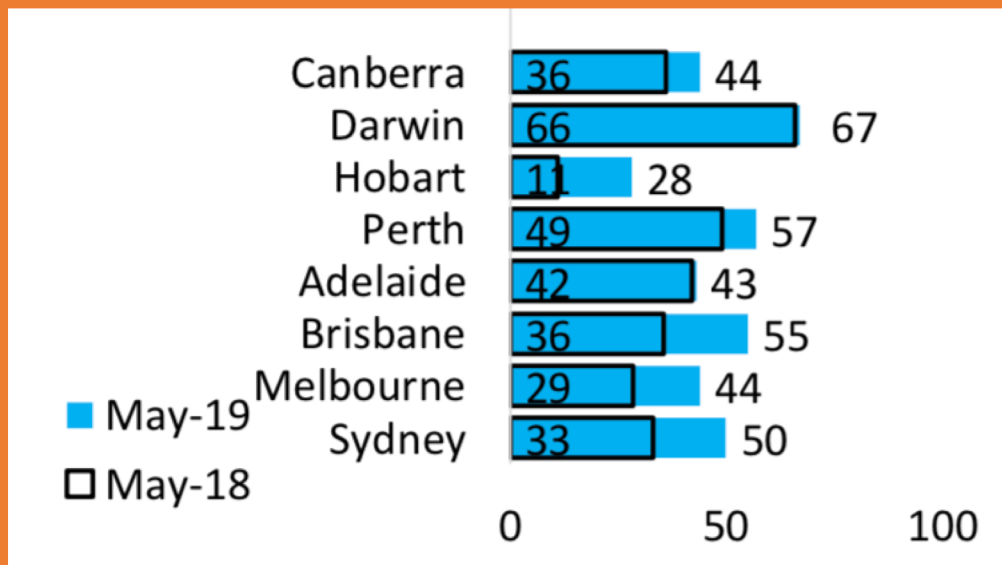
Properties purchased between 16 -18 with the intention to develop anecdotally form the second largest group

Dragons Tail & Aspirational Area

Typical areas through the 'Dragons Tail' Balwyn through to Box Hill / Glen Waverley. Plus bayside areas such as Black Rock & MP township of Mt Martha have seen more noticeable pull back in value.

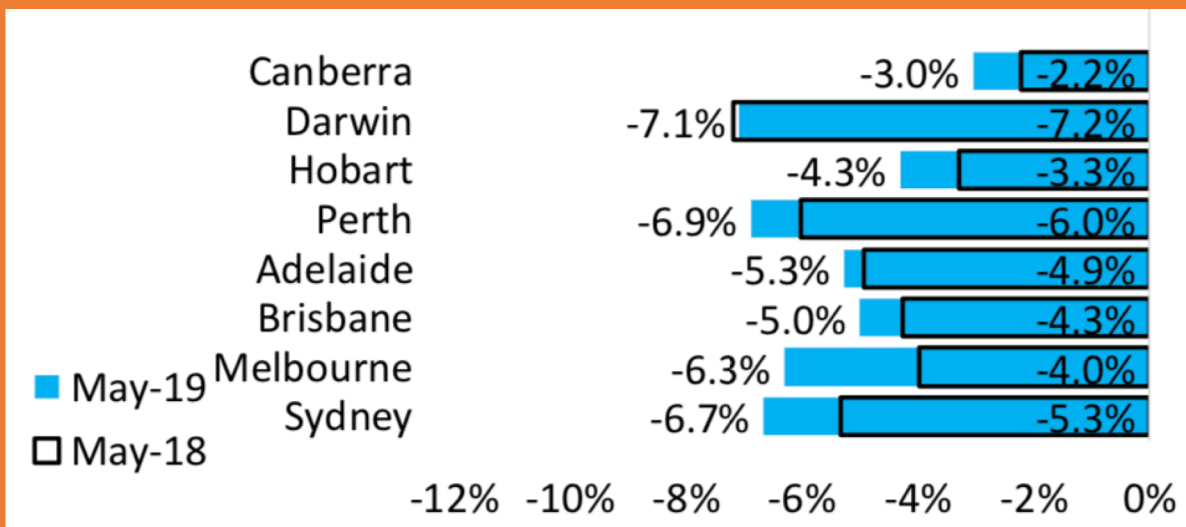
Loss Making resales – Houses v Units, Melbourne





Days on Market

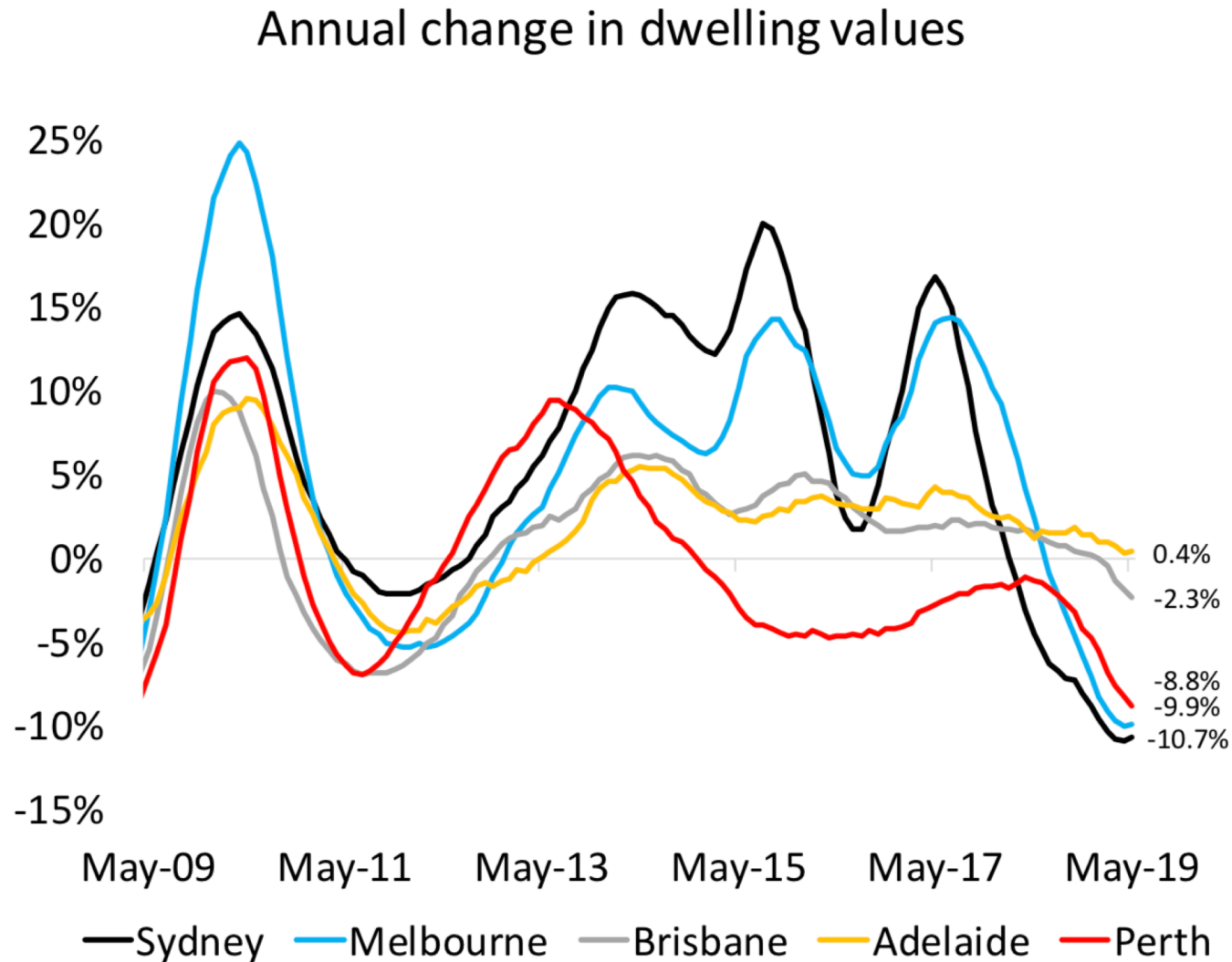
- Good measurement on the depth of market
- Moved from 29 days to 44 days YOY
- Regionally moved from 36 to 50 days YOY
- Hobart the strongest performer still



Vendor Discounting

- Vendors have needed to compete with price to affect a sale
- Moved from 4% days 6.3% YOY
- Regionally moved from 3.6% to 4.8% YOY

Have we bottomed out?



- Melbourne median has fallen by 9.9% (Corelogic)
- A trough is starting to form suggesting we have seen the low point in the market

REIV Median Values by Region

Inner	Mar-19 Quarter	Quarterly Change	Dec-18 Quarter	Annual Change
House	\$1,341,500	-4.30%	\$1,401,500	-6.90%
Unit	\$579,000	-1.90%	\$590,000	-1.30%

Middle	Mar-19 Quarter	Quarterly Change	Dec-18 Quarter	Annual Change
House	\$913,000	-0.10%	\$914,000	-6.90%
Unit	\$639,000	-0.90%	\$644,500	-1.40%

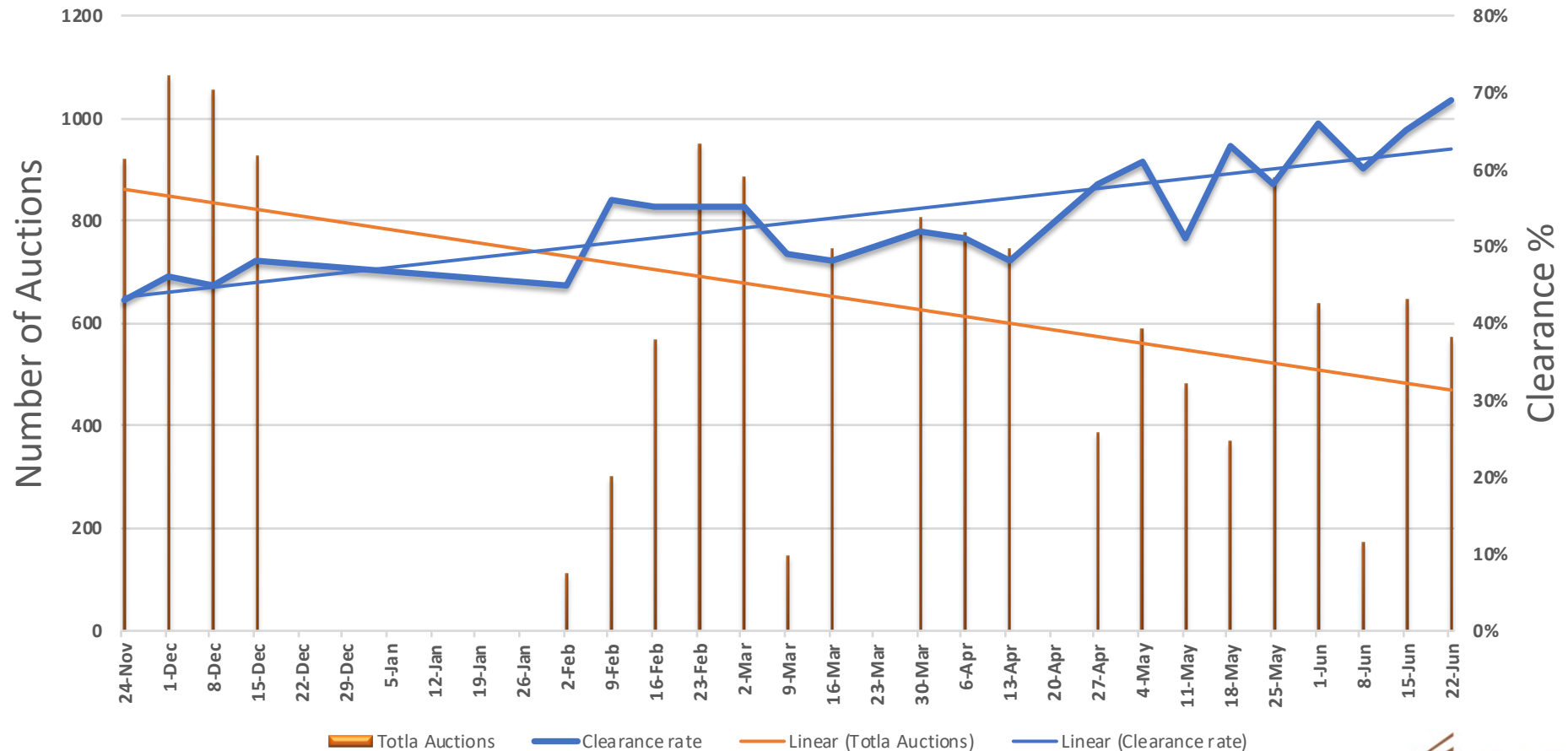
Outer	Mar-19 Quarter	Quarterly Change	Dec-18 Quarter	Annual Change
House	\$639,000	-1.90%	\$651,500	0.30%
Unit	\$501,500	-3.10%	\$517,500	4.50%

Regional Centres	Mar-19 Quarter	Quarterly Change	Dec-18 Quarter	Annual Change
Greater Geelong	\$565,000	1.40%	\$557,000	8.70%
Greater Bendigo	\$362,000	2.00%	\$355,000	4.90%
City of Ballarat	\$395,000	2.10%	\$387,000	11.30%



Demand & Supply

Auction Clearance & Volumes



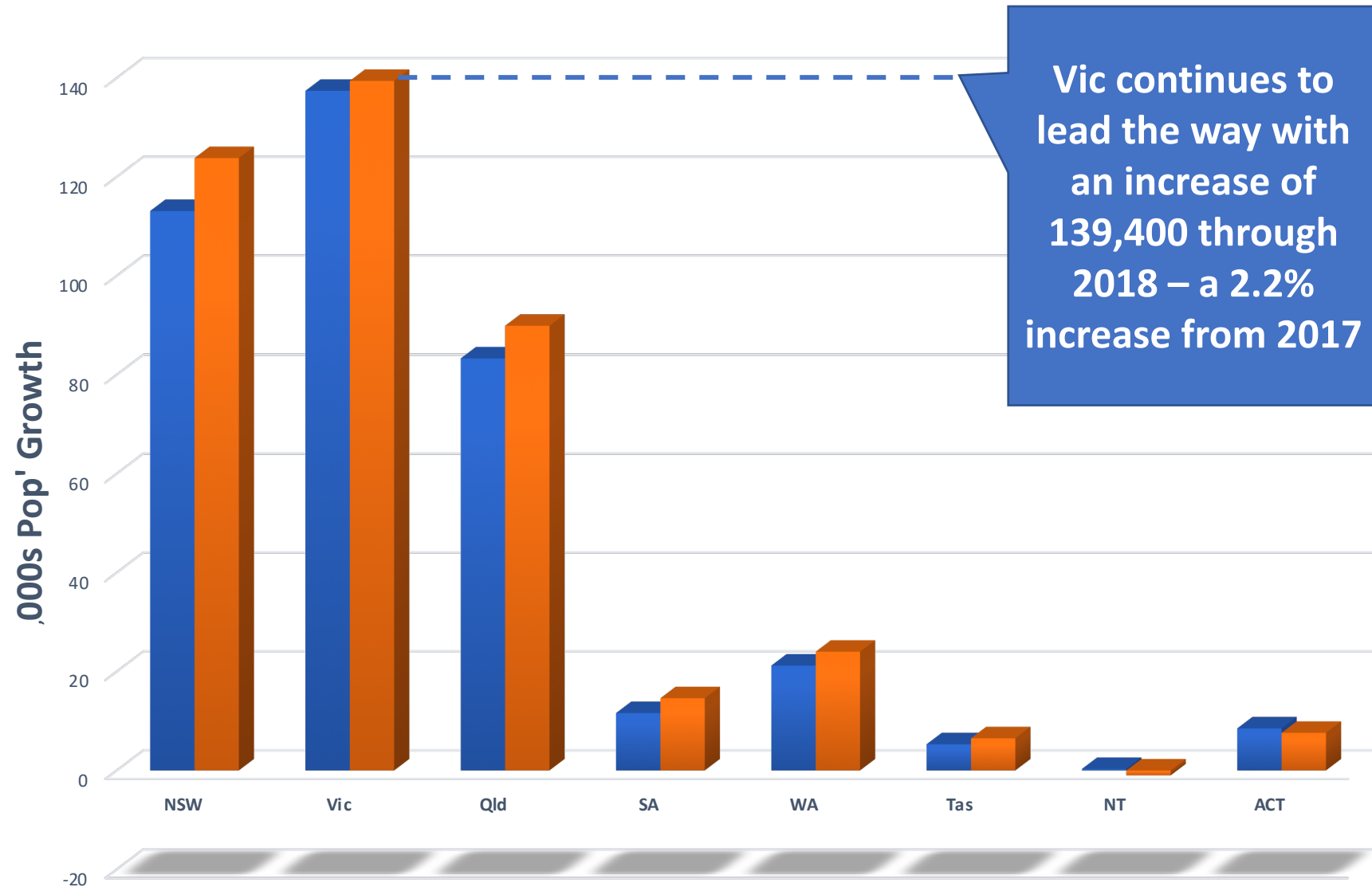
New Supply Reduced – Old Stock Apparently Sits on Market



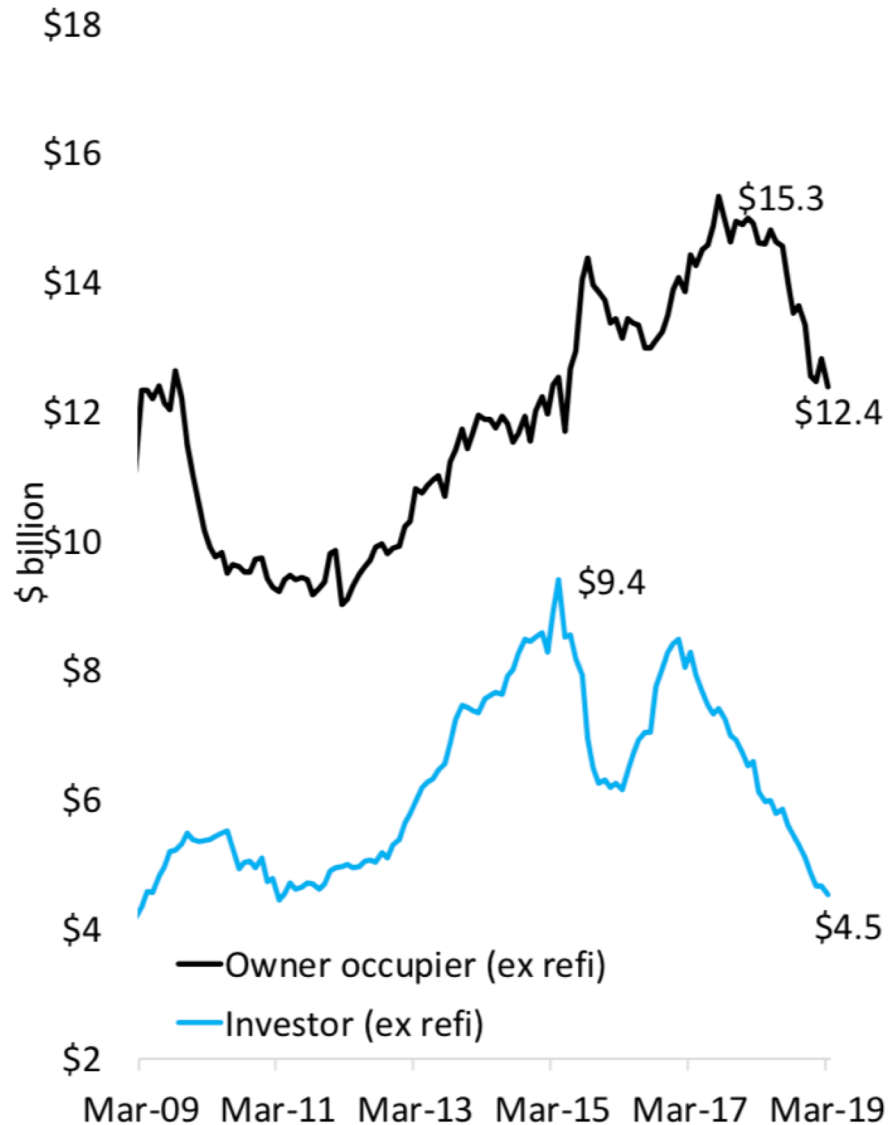
Capital city	No of new listings	12 mth change (%)	No of total listings	12 mth change (%)
Sydney	4,776	-25.5%	26,757	-0.2%
Melbourne	5,455	-24.6%	33,903	9.9%
Brisbane	3,516	-9.2%	21,167	7.1%
Adelaide	1,826	3.3%	8,808	7.8%
Perth	2,928	-17.2%	20,612	-3.2%
Hobart	363	9.7%	1,272	24.3%
Darwin	149	4.9%	1,436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

State	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%

Population Growth State by State YOY as at Dec 2018



Monthly value of new housing finance commitments, National



Investors have deserted the market

Less than half the value in \$'s committed compared to the peak.



Lending Retractions

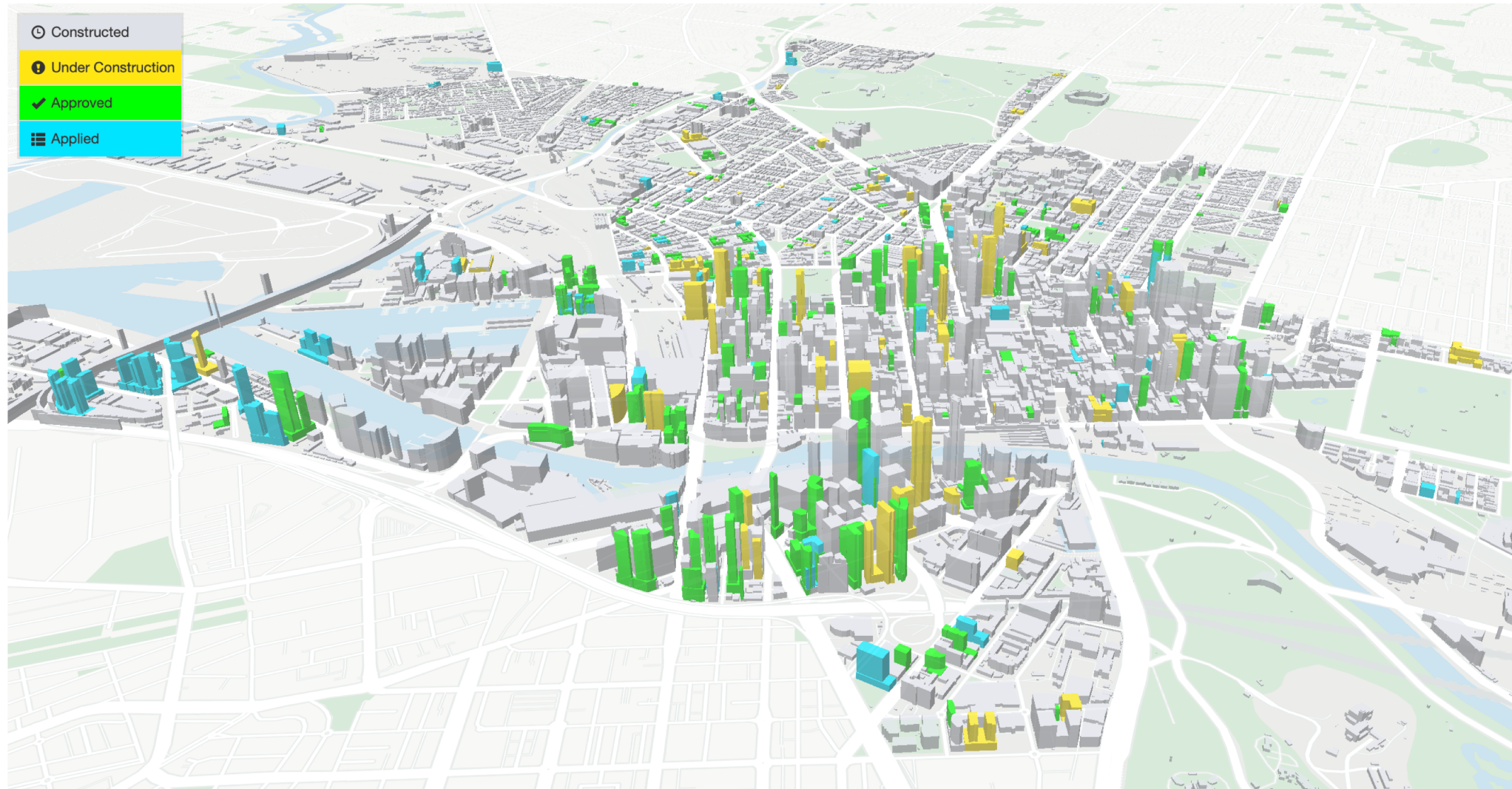
Tighter lending has no doubt affected or limited buyer demand.



Negative Gearing Fears

The fear of what seemed a likely Labour Federal Government and their policy to wind back negative gearing.

Apartment Development



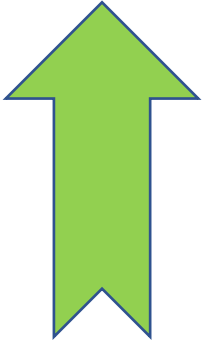
Apartment Issues

Building Issues

- Cladding
- General construction
- Will lead to increased compliance
- Brand Risk for developments
- Due-diligence required



Where to from here?



Federal Election

- Result well received in property circles



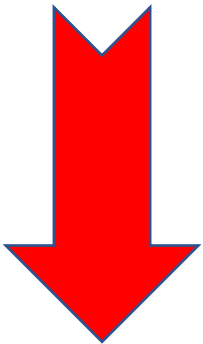
• RBA

- 25 point reduction
- Market is factoring in 1 or two more drops



APRA

- Reducing the 7% stress testing to 2% above rates



- ❖ Interest rates (RBA & SVR)
- ❖ Unemployment
- ❖ Economy (GDP growth rate)

- ❖ Household debt to GDP
- ❖ Population growth
- ❖ Unpredictable event

Key Sales – Metro'



5 Forrest Court Toorak

- Sold in Feb 19 for \$10,420,000
 - Originally listed in 2017



18 Henry Street, Northcote

- Sold in June 19 for \$4,465,000
 - 36 days on the market

Key Sales – Mornington Peninsula



10 Netley Ave, Sorrento

- Sold in Feb 19 for \$9,600,000
- 2011 value of \$4,500,000



29 Callanans Road, Red Hill South

- Sold in Oct 18 for \$16,000,000
- More than double the council val'