

HOUSING MARKET REPORT

Autumn 2017 Edition

more
than
money

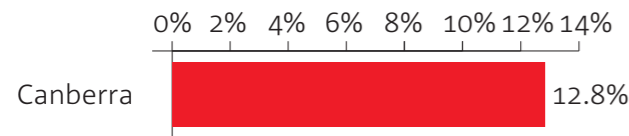


Australian Capital Territory overview

CoreLogic's view:

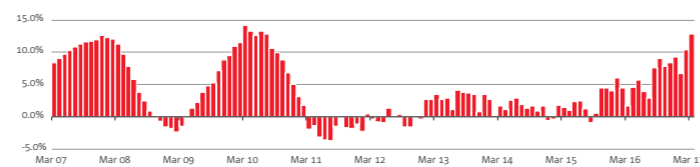
The Canberra housing market has been gathering momentum since early 2016, with the pace of annual capital gains rising to 12.8% over the year ending March 2017. Homes are selling rapidly across the Canberra market, with the average property selling in less than 30 days. Additionally, auction clearance rates across the city have held strong around the mid 70% mark from week to week, indicating a tight fit between buyers and sellers.

Annual change in home values over past year*



*Data for homes in capital cities to Mar-17.
Source: CoreLogic

Annual change in home values, Canberra



Important information

See next page for details regarding source data used in this report.

NAB's view:

The local economy has strengthened further, which is reflected in the local housing market. In the longer-term, the focus is on supply concerns.

The relative size of the housing market and the overall significance of the public sector to the local economy make it difficult to reliably produce forecasts for property values in the ACT.

Better economic conditions are helping to drive the ACT's housing market. That support will continue, although there are mounting supply side concerns.

The ACT has emerged from large scale public sector job cuts in financial year 2013-14 to record stronger economic growth in 2015-2016. The labour market recovery continues to be under way, and wages growth has risen as well. This will support population growth and improved demand for housing. Building approvals strengthened noticeably over 2016, but have pulled back more recently in trend terms. Consequently, the supply side of the market continues to look relatively tight for now, which is seeing rents rise at a respectable pace and is keeping rental yields relatively steady.

These trends have been reflected in a much stronger property price performance of late, with home prices growth steadily accelerating over 2016 and into 2017 – although the strength has been driven almost entirely by detached houses, while unit prices are only modestly higher over the year to March 2017.

While the ACT property market is likely to remain sensitive to any savings measures in the public sector, NAB's current expectation is for the market to see ongoing support from a robust labour market and steady population growth. There are however a few concerns developing on the supply side as the pipeline of residential construction projects (under construction) hit record levels in late 2016, which clouds the outlook for apartment prices in particular. However, current tightness in supply should help to cushion the impact. Additionally, the ACT government's land release program is expected to further underpin housing construction activity, with a total of 17,780 new housing sites released over four years to 2019-20.

Important information about this report

The information on the white background (headed CoreLogic's view) is about the housing market in the 12-month period to March 2017 for information about capital cities and to February 2017 for information about regional areas.

It was provided by RP Data Pty Ltd, which trades as CoreLogic Asia Pacific, but is referred to in this report as CoreLogic.

The information on the grey background (headed NAB's view) is provided by NAB Group Economics, taking into account data sourced until March 2017. It's our economists' view about the national capital city house and unit price growth over the next 9 months to December 2017.

NAB's view takes into consideration the March 2017 NAB Residential Property Survey of property market professionals. The survey asked participants to give their views on where they think house prices are expected to move.

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2.4 The NAB Residential Property Survey

The NAB Residential Property Survey referenced in this report consists of extracts from data obtained by NAB from a March 2017 survey of property professionals. This reflects the surveyed property professionals' views about what they think will happen to the housing market in Australia in a 24 month period up to March 2019. The views in the survey do not necessarily reflect NAB's views except where expressly called out in this report.