

## HOUSING PRICES DECREASE ACROSS AUSTRALIA'S LARGEST CITIES

Housing prices in Australia declined for a seventh consecutive month up to 30 April 2018. Prices fell in Sydney, Melbourne and Brisbane, while annual price growth across Australia was negative for the first time since November 2012. According to CoreLogic's home value index, housing prices declined by 0.1% in April in average weighted terms.

Just like recent months, softening house prices were mostly concentrated in Australia's capital cities and especially in Melbourne and Sydney. Housing prices declined by 0.4% in Melbourne and Sydney in April. According to Tim Lawless, CoreLogic's Head of Research, the ongoing weakness in the Sydney and Melbourne markets can be attributed to growing lending restrictions for property investors.

Given the largest amount of investment activity occurred in Sydney and Melbourne, as housing prices increased rapidly in recent years, it's natural that these markets would soften as lending restrictions for property investors grow.



In Australia's smaller capital cities, prices remained flat or slightly higher. Prices in Brisbane declined by 0.1%, while in Perth prices remained flat. In Hobart, housing prices increased slightly by 1.2%, while Darwin and Canberra both increased by 0.6%. These figures indicate that the most affordable cities in Australia remain most resilient as housing prices decline in Sydney and Melbourne, while unit prices outperformed houses across all cities in April.

Unit prices increased 0.1%, while housing prices declined by 0.4%. The reversal of typical housing market trends in Australia continued with regional house prices rising by 0.5% and regional unit prices rising by 0.3%. This means regional markets outperformed the markets in capital cities in April.

In the month ahead, Lawless doesn't expect recent declines across Australia's capital cities to turn into anything more sinister. It's expected that low interest rates and strong population growth across the country should see housing prices smooth out. A key risk to this scenario is if Australia's migration intake is reduced, which could see declining population growth in Sydney and Melbourne — Australia's most popular cities for newcomers.



## WHAT'S THE 2018 FEDERAL BUDGET'S IMPACT ON PROPERTY?

According to Economist Dr. Andrew Wilson, the 2017 Federal Budget could be described as "The Housing Market Budget" and the 2018 Federal Budget was much the same.

In handing down the budget in May, the Government didn't directly reference housing issues such as supply, instead focusing their attention on major infrastructure development across Australia. Dr. Wilson agreed and shared his views on the impact of infrastructure spending in the 2018 Federal Budget and what this means for interest rates. A summary of Dr. Wilson's findings from his 15-minute insight video is detailed below.

There weren't any specific policy initiatives designed to focus on the housing market as was the case in the 2017 Federal Budget. In this year's Federal Budget, the Government announced a \$75 billion investment in transport infrastructure over the next 10 years. This will improve accessibility across Australia.

From the \$75 billion investment in transport infrastructure, \$24.5 billion will be dedicated to new major transport projects and incentives. These projects and incentives will be paid for with a combination of grant funding, loans and equity investments.

In his video, Dr. Wilson noted that infrastructure projects announced in the budget are long-term transport projects that can provide better connectivity. For the housing market, however, these projects won't have a substantial impact in the short to medium term.

In the long-term, however, the impacts of infrastructure spending can drive growth in the property market. The increased livability that occurs when infrastructure projects are completed and operational naturally increases demand in well-connected areas resulting in capital growth.

Dr. Wilson believes the 2018 Federal Budget will have more of a direct positive impact in the housing market than last year's budget. Based on the economic indicators in this year's Budget, one of the key drivers of housing demand will be migration, particularly in Sydney and Melbourne. Maintaining the near-record levels of migration growth in Australia will be one of the key factors in ensuring the Government can maintain its forecasts.

As migration to Australia continues to grow, supply-side initiatives, that often take a long time to implement, will be vital to meet the ever-increasing demand for housing across Australia's capital cities.

Overall, analysts and economists considered this year's budget to be rather subdued given the next Australian federal election will occur on or before 18 May 2019 (half- Senate) and on or before 2 November 2019 (House of Representatives)

## OH SWEET BASIL'S COLD BUSTER GREEN SMOOTHIE



With winter here, cold and flu can often make the rounds. Keep yourself fit and healthy this winter with Oh Sweet Basil's Cold Buster Green Smoothie.

This smoothie has a tasty mix of fruit and vegetables that will pack a serious vitamin and nutrient punch to any pesky cold and flu symptoms.

Serves: 1

### Ingredients:

2 cups spinach

1 cup orange juice 1/2 orange with peel 3 baby carrots

1 banana

1/2 cup frozen pineapple 1/2 small apple

1/2 cup ice

Directions:

Place the juice, spinach, all other ingredients in a blender, and finish with the ice on the top. Blend until smooth.

If you get bored with this recipe, you could also try new combinations of fruits and vegetables.

Recipe source: Oh Sweet Basil, How to fight a cold - Cold Buster Green Smoothie. Carrian Cheney. 26 October 2017. URL: <https://ohsweetbasil.com/fight-cold-cold-buster-green-smoothie/>.