

EDITION 24

CANBERRA

CANBERRA CAPITAL CITY REVIEW

 **PERFORMANCE**
PROPERTY RESEARCH

DISCLAIMER

The data presented in this report are sourced from 3rd party resources that we have selected due to their reliability and availability over the historical periods that we require for our research to be relevant. Due to the fact that the current year is not yet complete, data presented for the current year are estimated to represent a full year.

CANBERRA AT A GLANCE

CURRENT MEDIAN HOUSE

\$950,000

CURRENT MEDIAN UNIT

\$585,000

In the current stage of cycle

The Canberra house market has a **Downside Risk Rating** while the unit market has a **Hold or Buy Momentum Rating**.

If buying houses, it would be best suited to a **Foundation Strategy**. If buying units, it would be best suited to a **Trading Strategy**.

We classify the Canberra house market currently as a **Medium Risk Investment**, and the Canberra unit market as **Medium Risk Investment** based on the stage of cycle.

Legend

Trading Strategy = **6 to 9 years**

Foundation Strategy = **10+ years**



Average Days
on Market

Houses : **48**

Units : **48**



POPULATION



Current: **503,402**

Current Growth Rate: **1.97%**

Avg 10 Yr Growth Rate: **1.82%**

UNEMPLOYMENT
RATE

3.3%

LONG TERM (1990) COMPOUNDED
GROWTH PA IS **5.84%** FOR
HOUSES & **5.31%** FOR UNITS.

Houses the last 3 years have seen 1.26%
PA growth, units 1.41%.

5.84%

HOUSE
YIELD

4.0%

UNIT
YIELD

4.7%

EXECUTIVE SUMMARY

KEY MARKET INDICATORS

Negative

■ Affordability Index HOUSE V. Price Movement.....	08
■ ACT Monthly Housing Finance.....	09
■ Stock on Market V. Avg Days on Market.....	10
■ Vacancy Rate V. Median Rent.....	11
■ Job Creation Index.....	12

SUPPLY & DEMAND - Positive

Does Demand Exceed Supply?

■ Population.....	13
■ State Population Movement Type.....	14
■ Dwelling Sales.....	15
■ Dwelling Approvals V. Population % Change.....	16

AFFORDABILITY - Negative

Is Property Affordable?

■ Affordability Index HOUSE V. Price Movement.....	08
■ Affordability Index UNITS V. Price Movement.....	17
■ Price to Income Ratio.....	18
■ Rent to Income V Affordability.....	19
■ FHBs as % of Population.....	20

CONFIDENCE - Neutral

Is There Confidence In The Market?

■ Mortgage Arrears.....	21
■ Unemployment Rate	22

MONEY SUPPLY - Slightly Positive

Will There Be More or Less Money Into The Economy?

■ GRP V. Median Price Movement.....	23
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INVESTMENT VALUE - Positive

Is This Market Showing Value?

■ Yield V. Interest Rates	24
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■ House V. Unit Price Comparison	06
■ Canberra V. Sydney HOUSE Price Movement.....	26

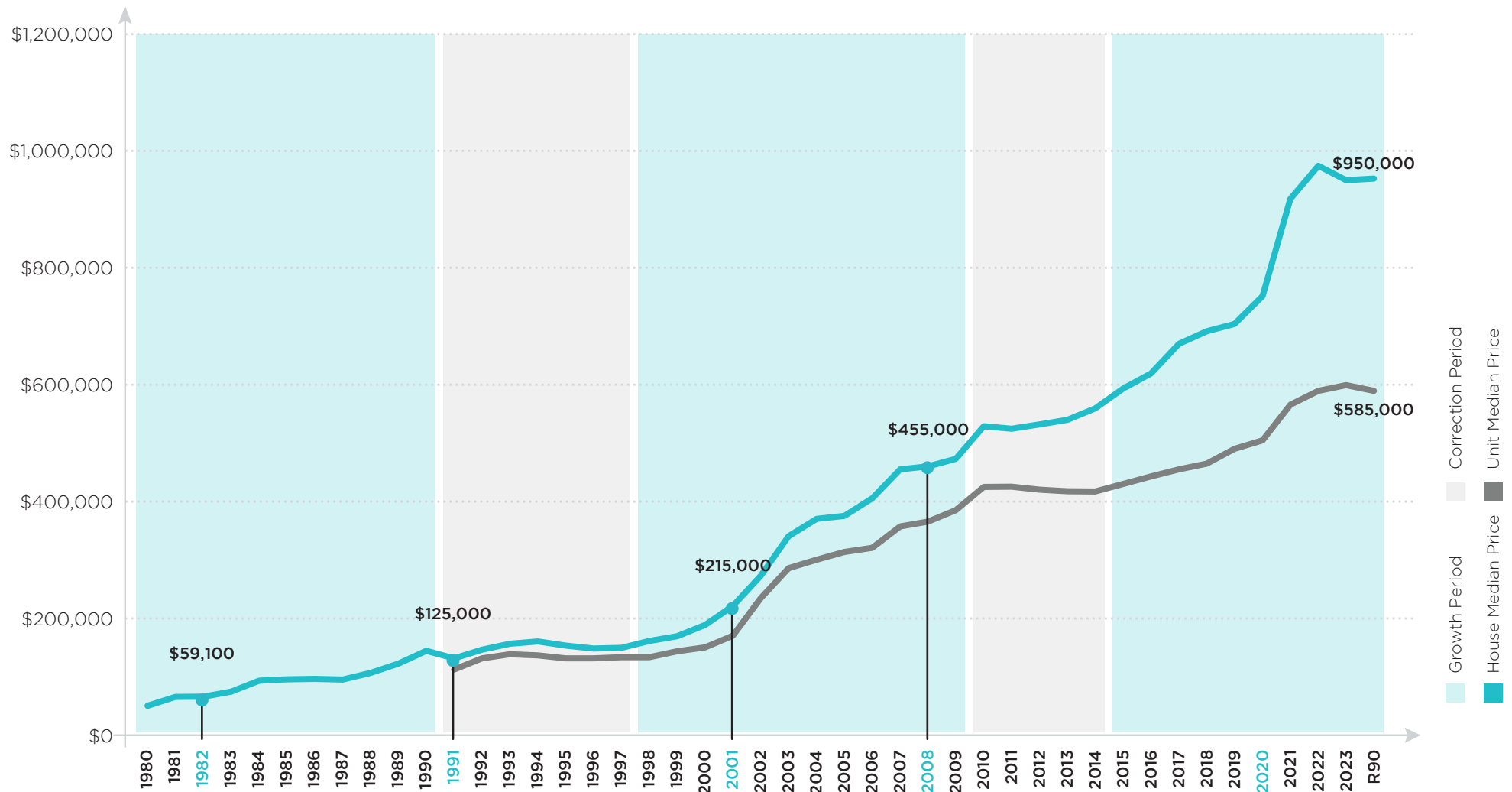
RISK - Neutral

Is There Potentially Downside Volatility?

■ Affordability Index HOUSE V. Price Movement.....	08
■ Price to Income Ratio	18
■ Industry Value Added	27
■ Population Pyramid.....	28

Positive
Slightly Positive
Neutral
Slightly Negative
Negative

CANBERRA HOUSE PRICE MOVEMENT



1982
Severe Recession
Interest Rate: 13.5%
Inflation: 12.4%
National Unemployment:
11.3%

1991
Major Recession
Cash Rate 8.5%
Inflation 4.8%
Unemployment 11.3%

2001
Dot Com Crash
Cash Rate 4.5%
Inflation 6.1%
Unemployment 6.9%

2008
GFC
Cash Rate 5.3%
Inflation 5%
Unemployment 6.2%

2020
Covid-19
Cash Rate 0.25%
Inflation 1.8%
Unemployment 7.9%

OUR VIEW OF THE CANBERRA **HOUSE** MARKET

PEAK

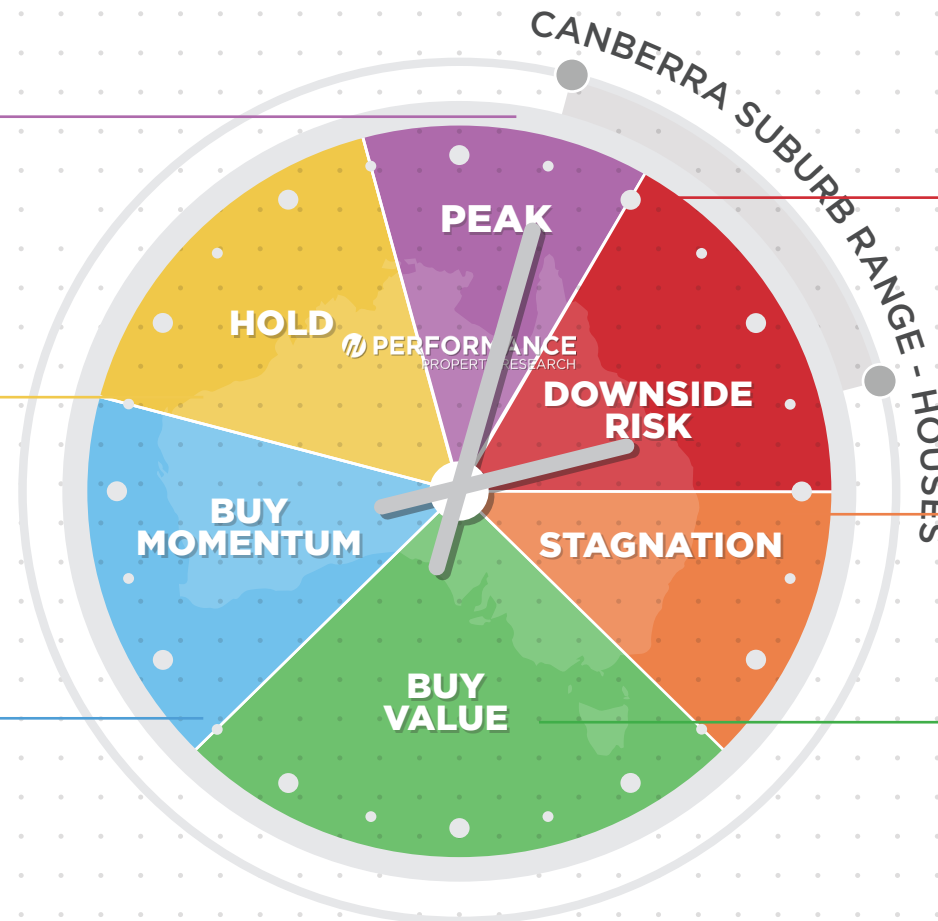
The market has peaked based on its historic performance. Consider selling in this market after consultation with your financial planner or property investment adviser.

HOLD

Hold and monitor property in this market. Potential for growth in the short term is predicted but limited. Investing at this stage in the cycle holds extreme risk, due to low yields and aggressive prices.

BUY MOMENTUM

On a macro level the market is at or close to halfway through this growth cycle and demand for quality property is strong and rising. Macro fundamentals are present to support growth in the short term.



DOWNSIDE RISK

The market has moved past its peak historic performance. There is a significant risk for the market to experience a downturn in the near future.

STAGNATION

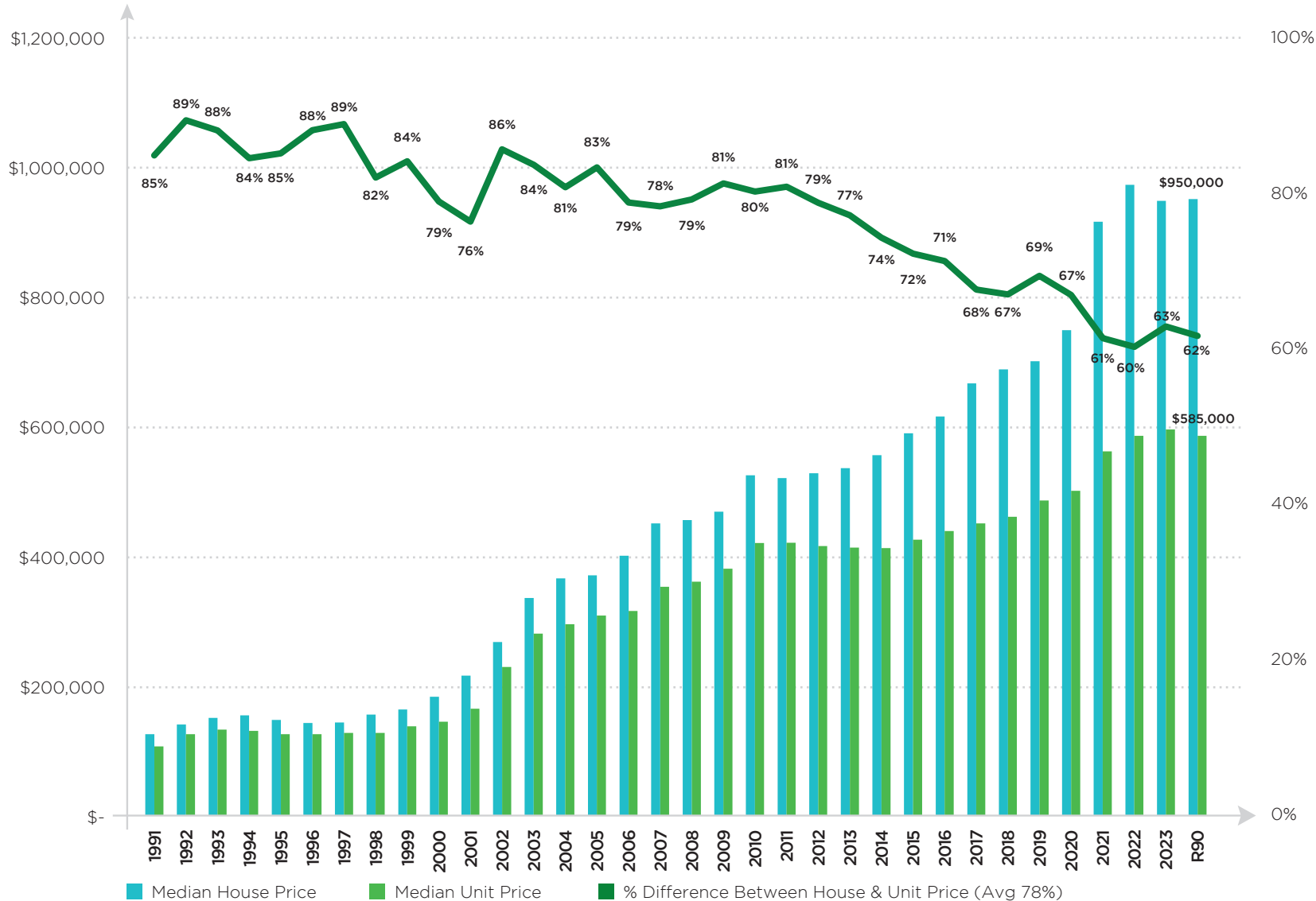
The market is moving through a correction stage. We see minimal opportunity for growth in the short to medium term.

BUY VALUE

This market offers good investment value with macro fundamentals present to support growth in the short to medium term. Buy at the true market bottom to take advantage of the full growth upswing, with cyclical risk at its lowest.

For more information on the Canberra market, including individual property and suburb information, call to speak to one of our professional property advisors on (03) 8539 0300.

HOUSE V. UNIT PRICE COMPARISON



POSITIVE

OUR VIEW OF THE CANBERRA **UNIT** MARKET

PEAK

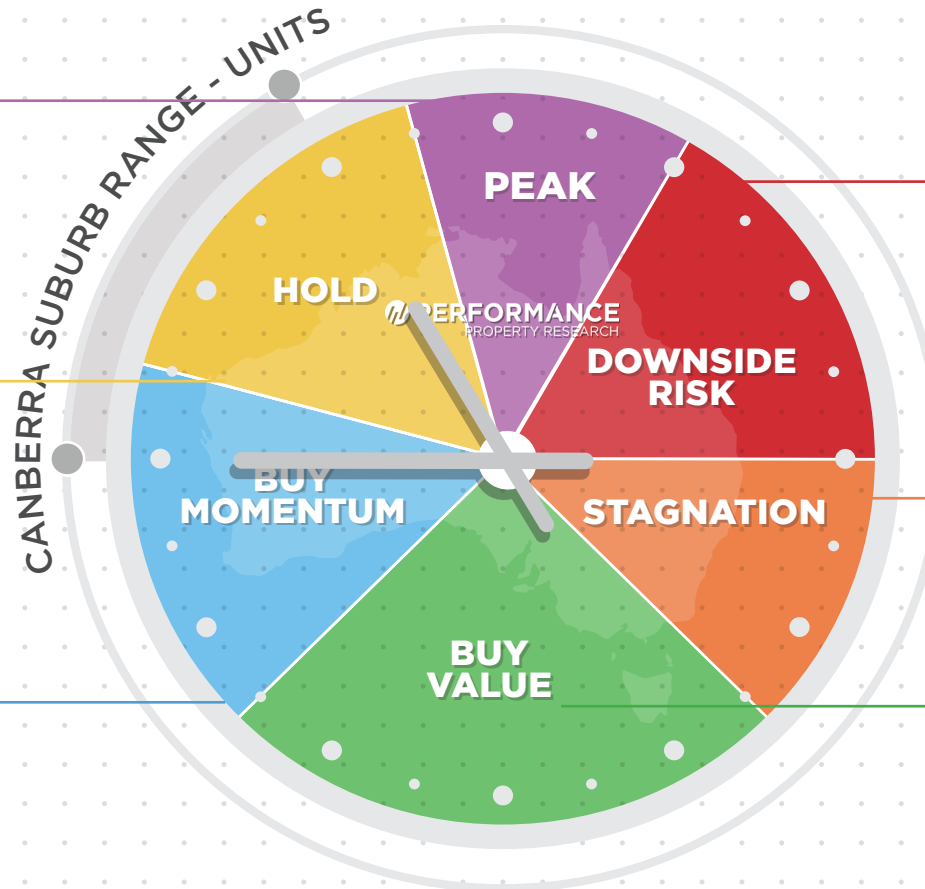
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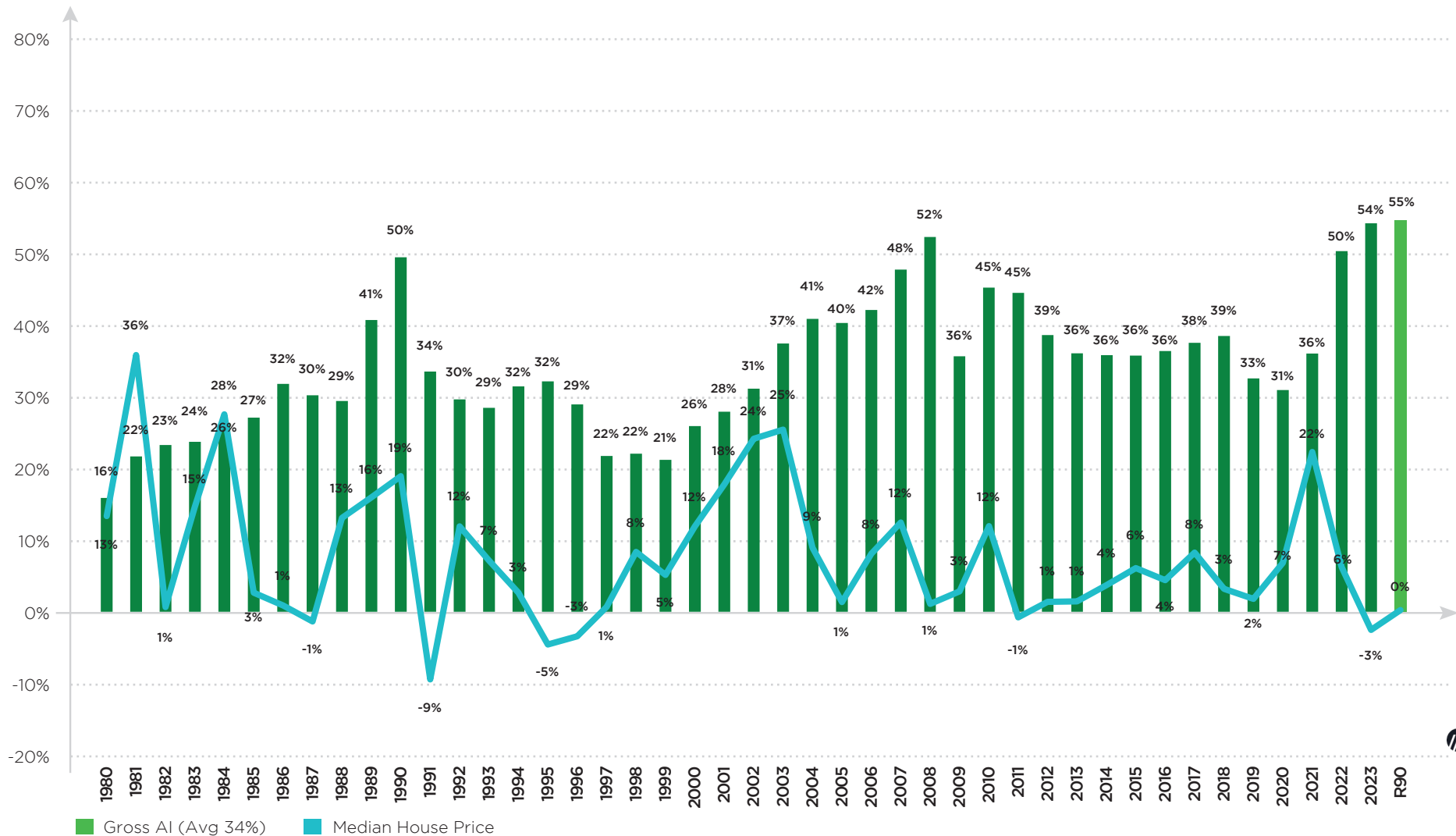
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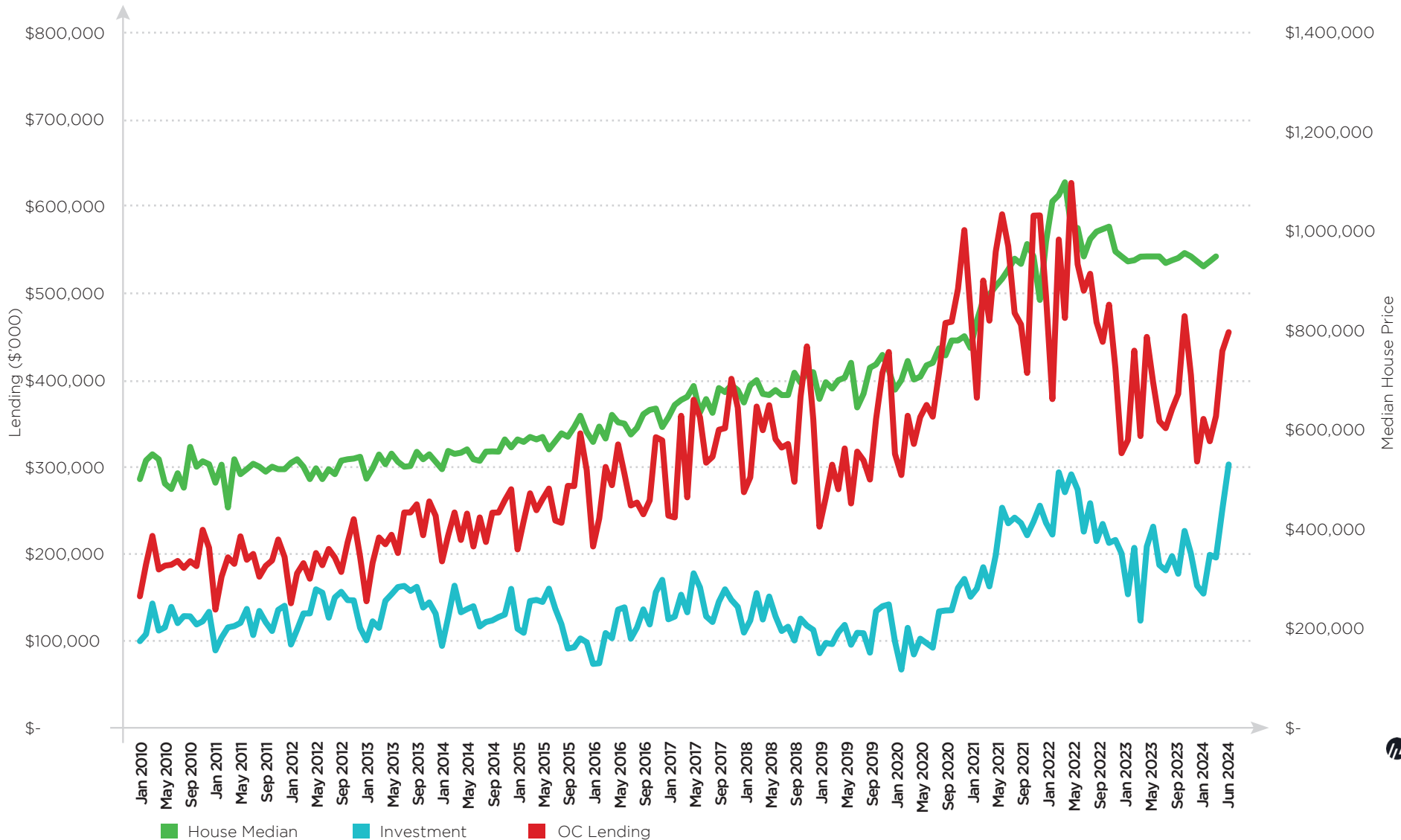
AFFORDABILITY INDEX V. PRICE MOVEMENT - HOUSE

This graph displays the impact interest rates have on house price movements. PPA's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term.



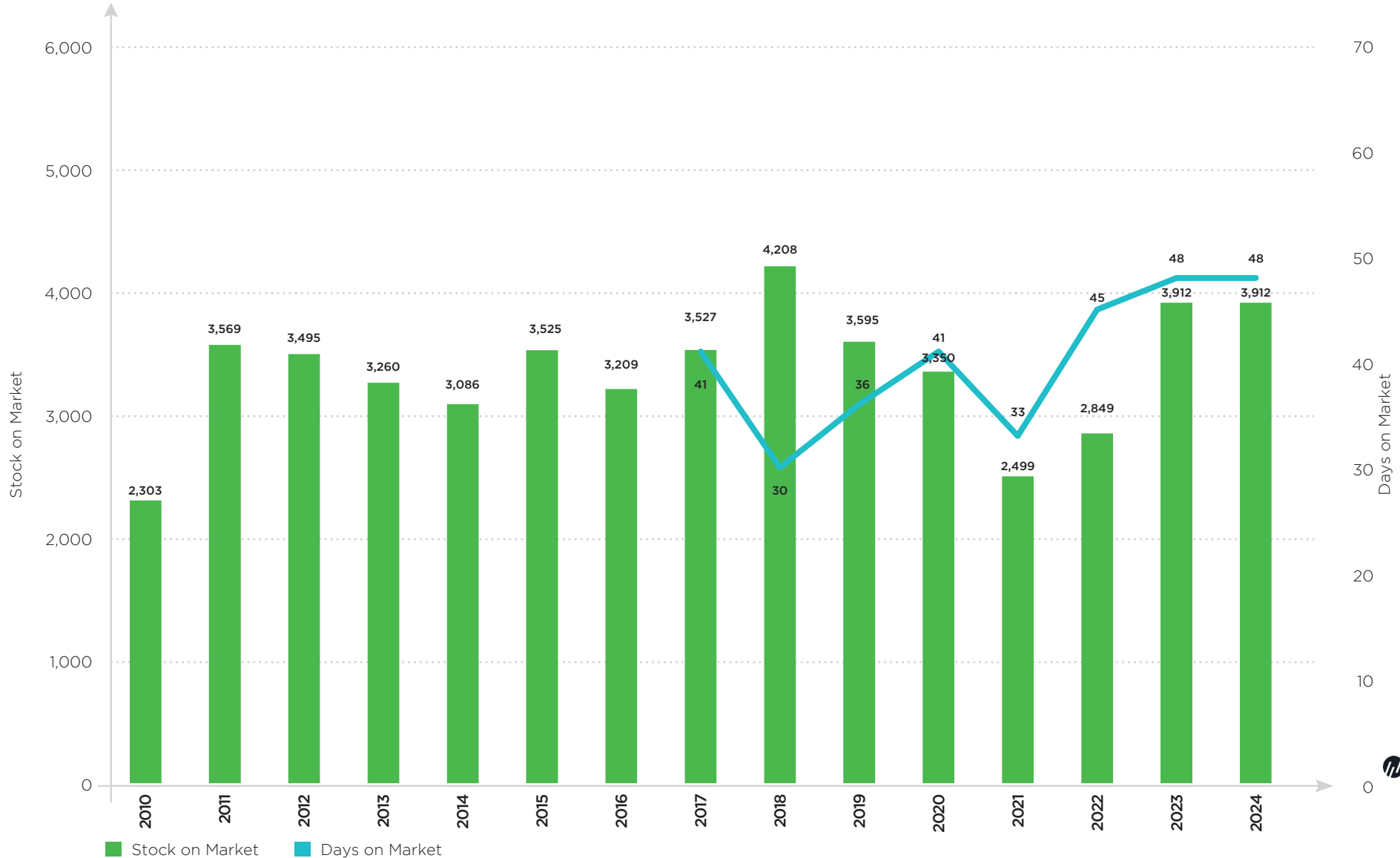
HH LENDING TO OC V. MEDIAN HOUSE PRICE

This graph displays the value of housing finance for the state each month for owner occupiers and investors versus the median house price.



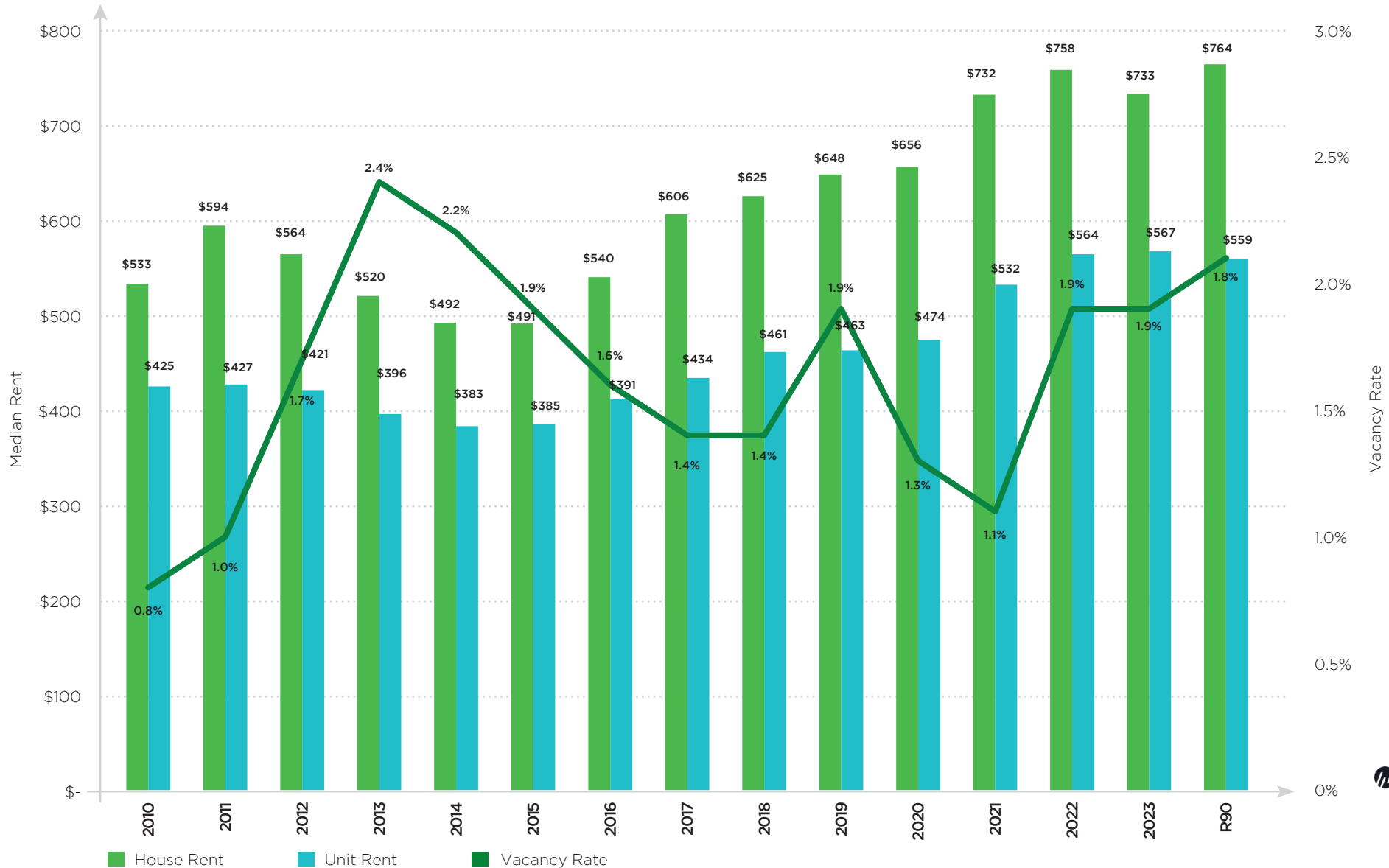
STOCK ON MARKET V. AVG DAYS ON MARKET

This graph displays the stock on market and average days on market.



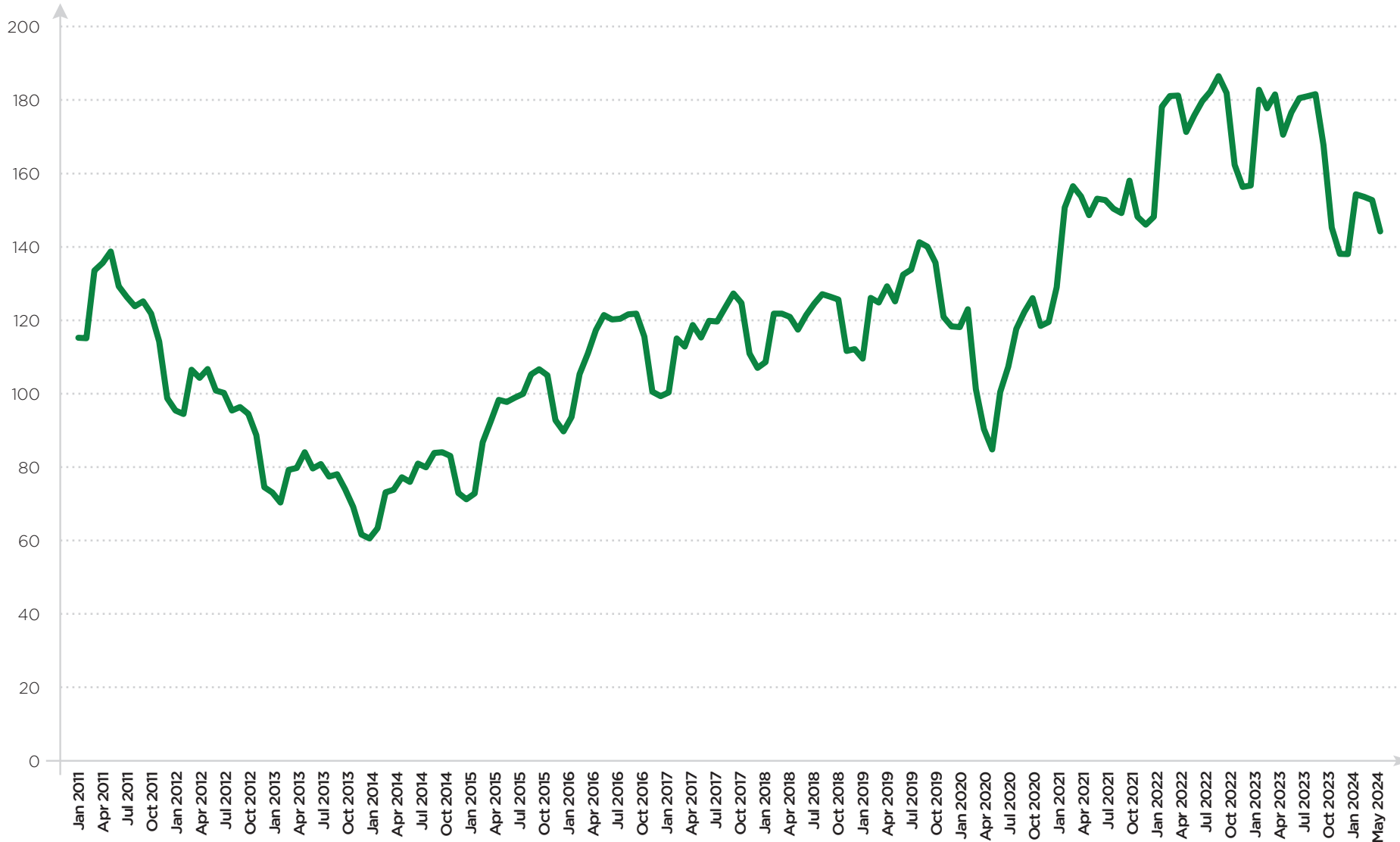
VACANCY RATE V. RENT

This graph displays the relationship between rental growth for both houses and units and the vacancy rate.

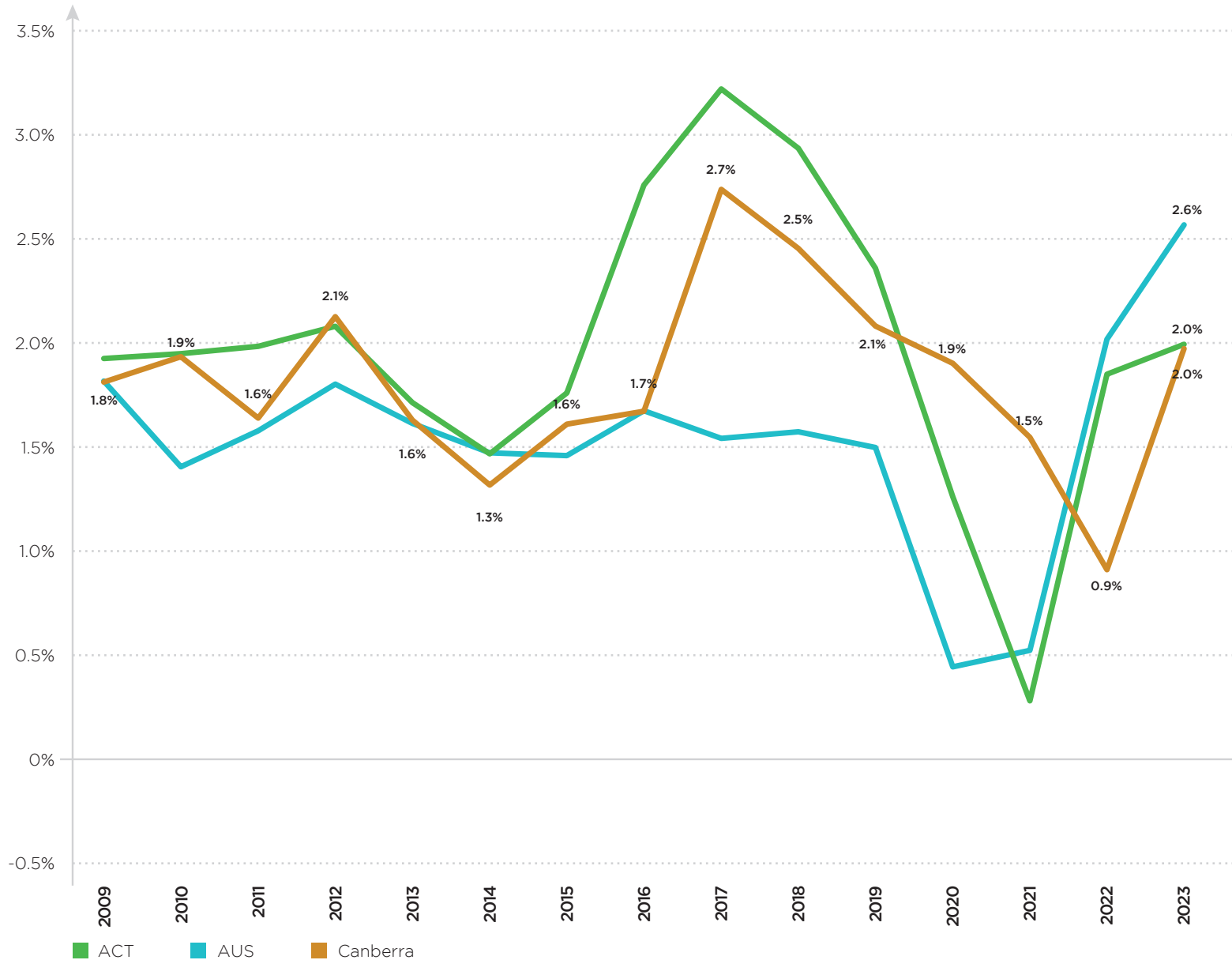


JOB CREATION INDEX - CANBERRA

This graph shows the internet vacancy index for online job advertisements on the three major job boards.

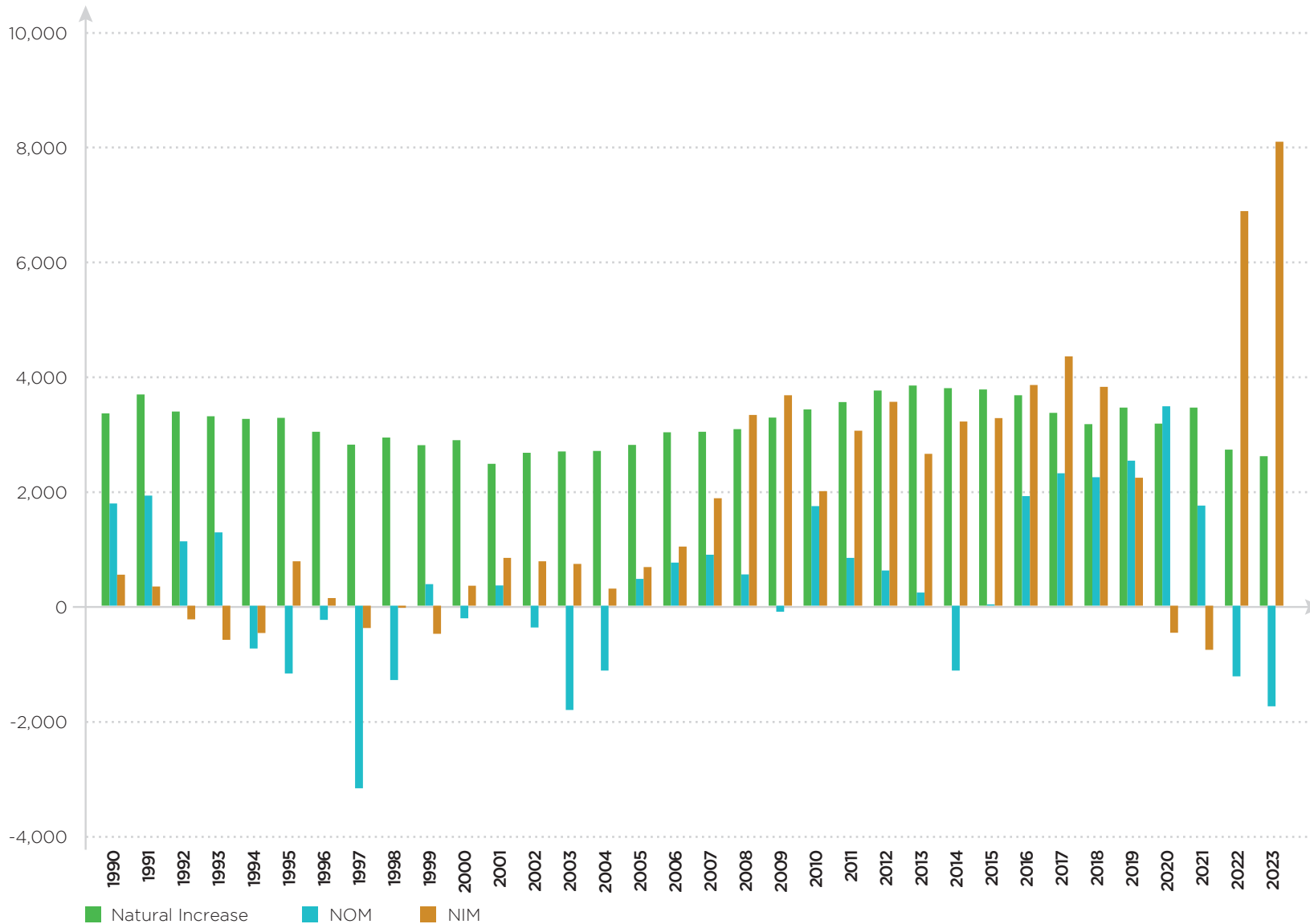


CHANGE IN POPULATION



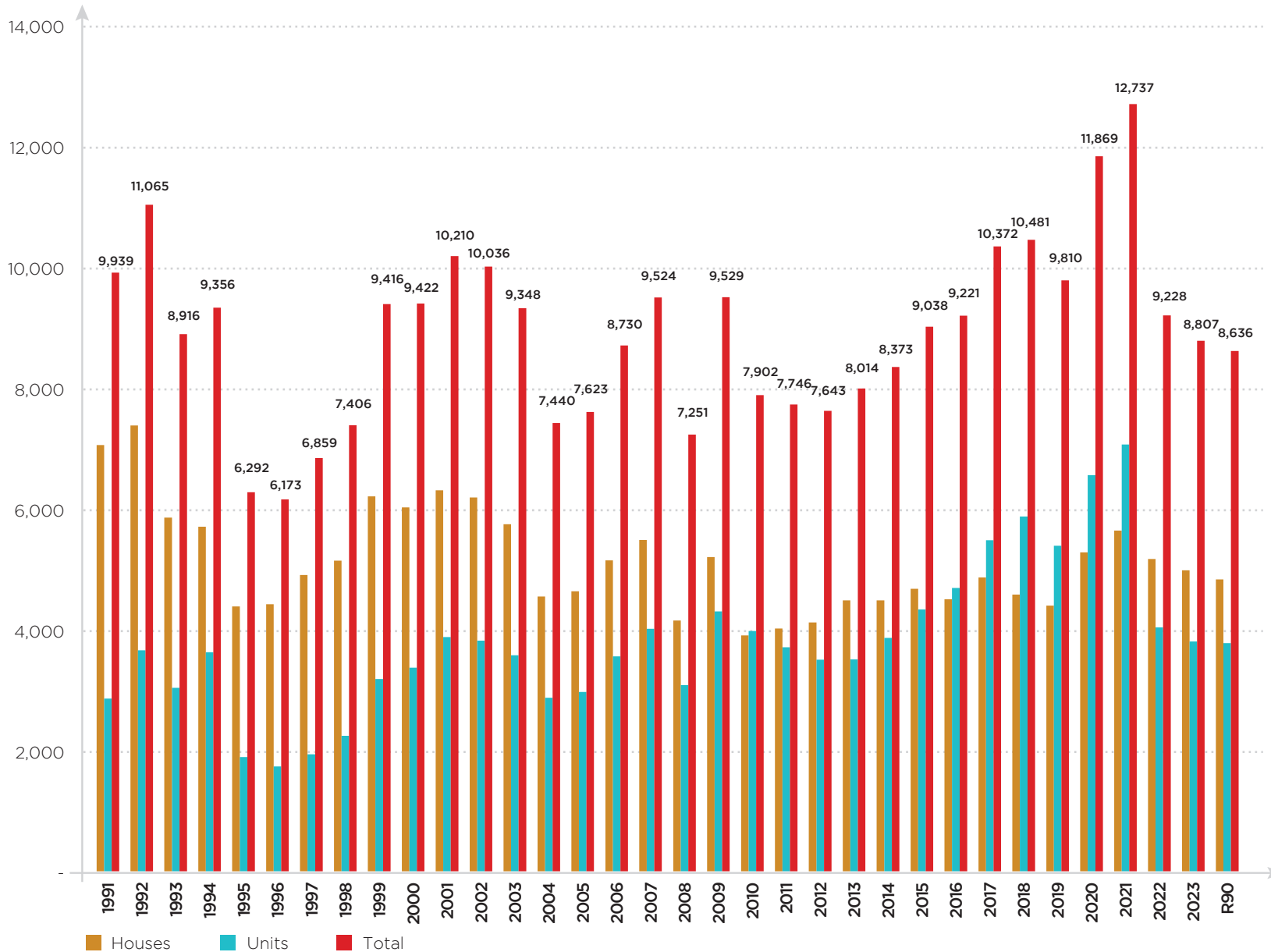
**SLIGHTLY
POSITIVE**

ACT POPULATION MOVEMENT TYPE



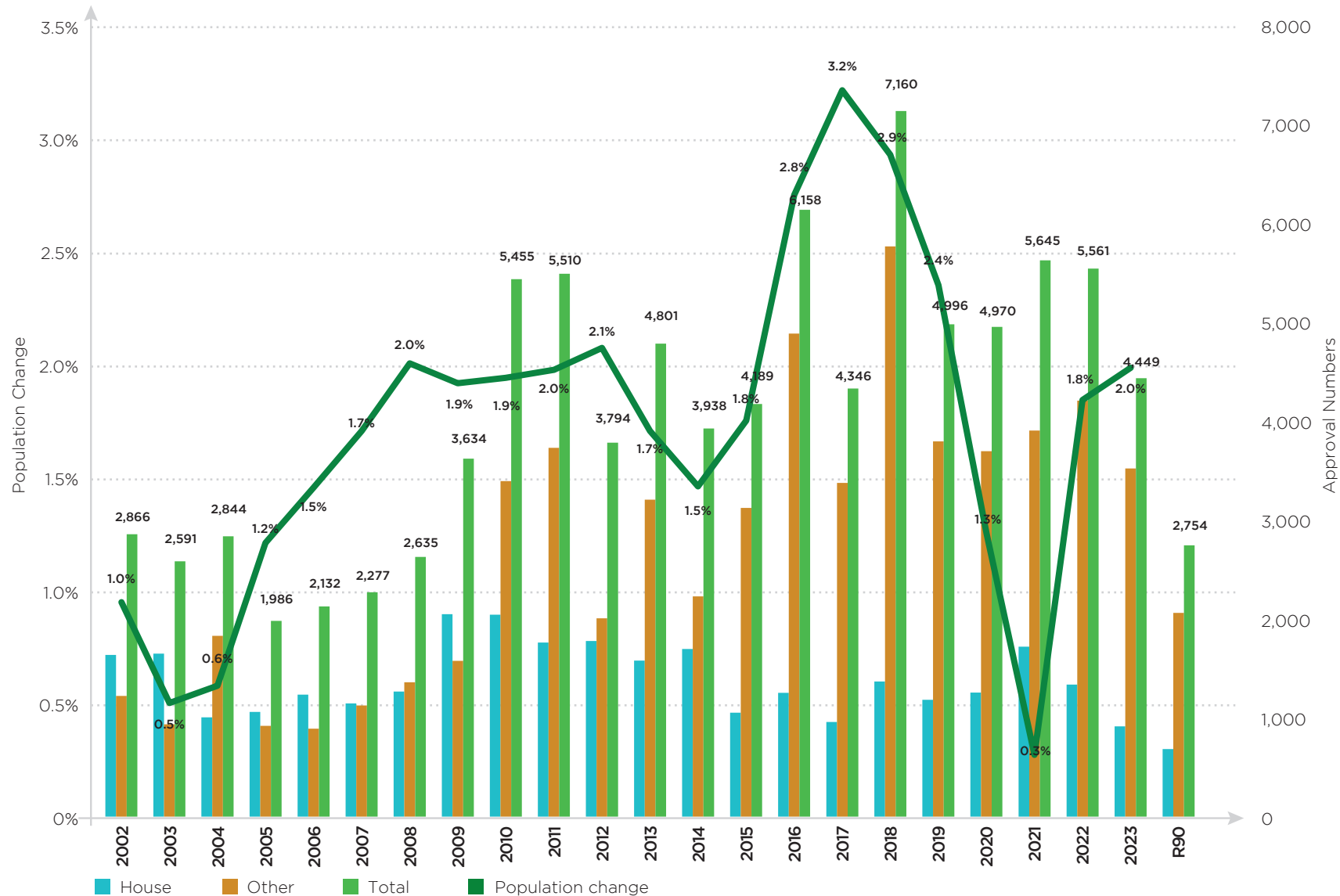
SLIGHTLY
POSITIVE

DWELLING SALES



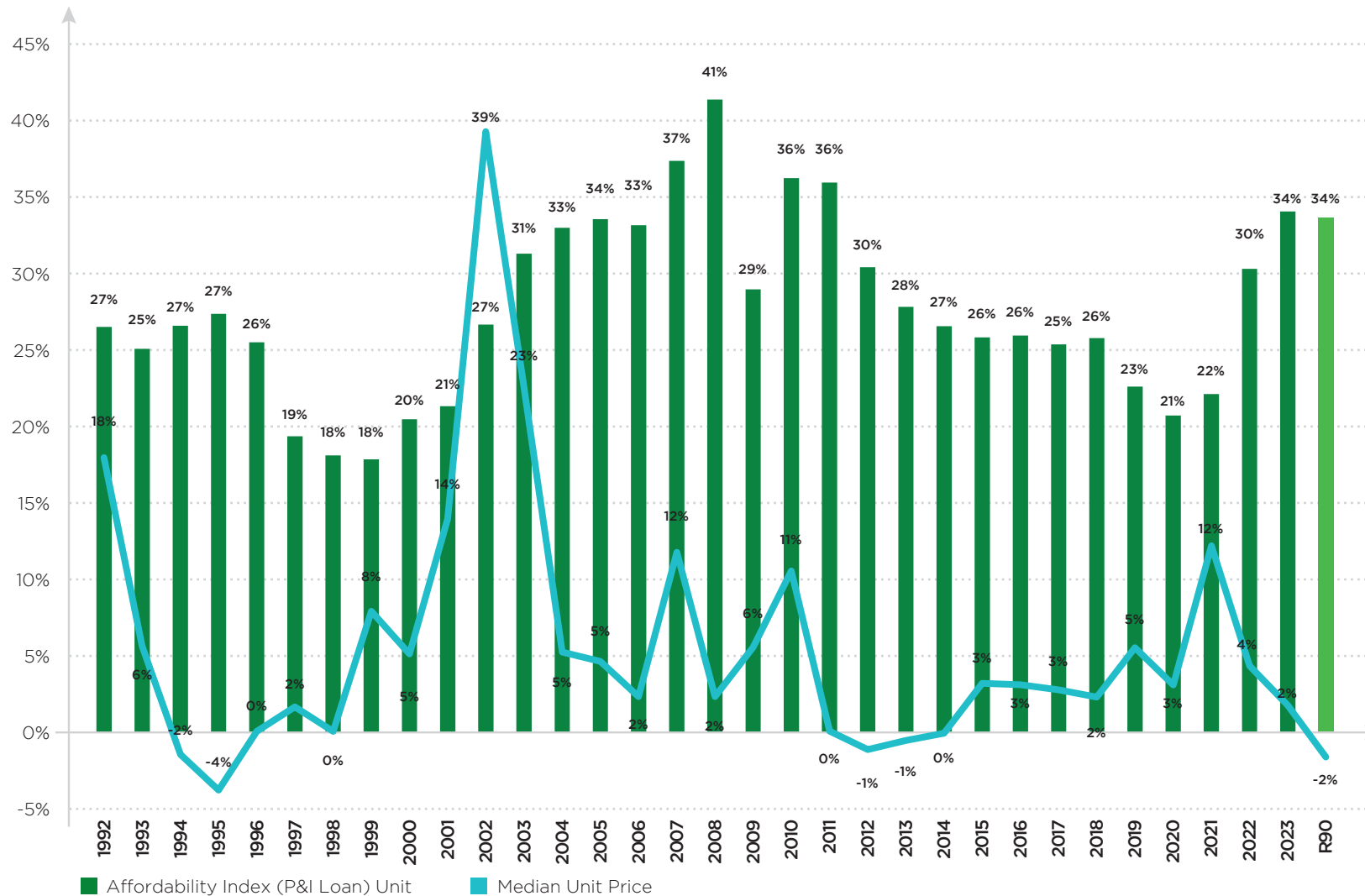
SLIGHTLY
NEGATIVE

DWELLING APPROVALS V. POPULATION % CHANGE



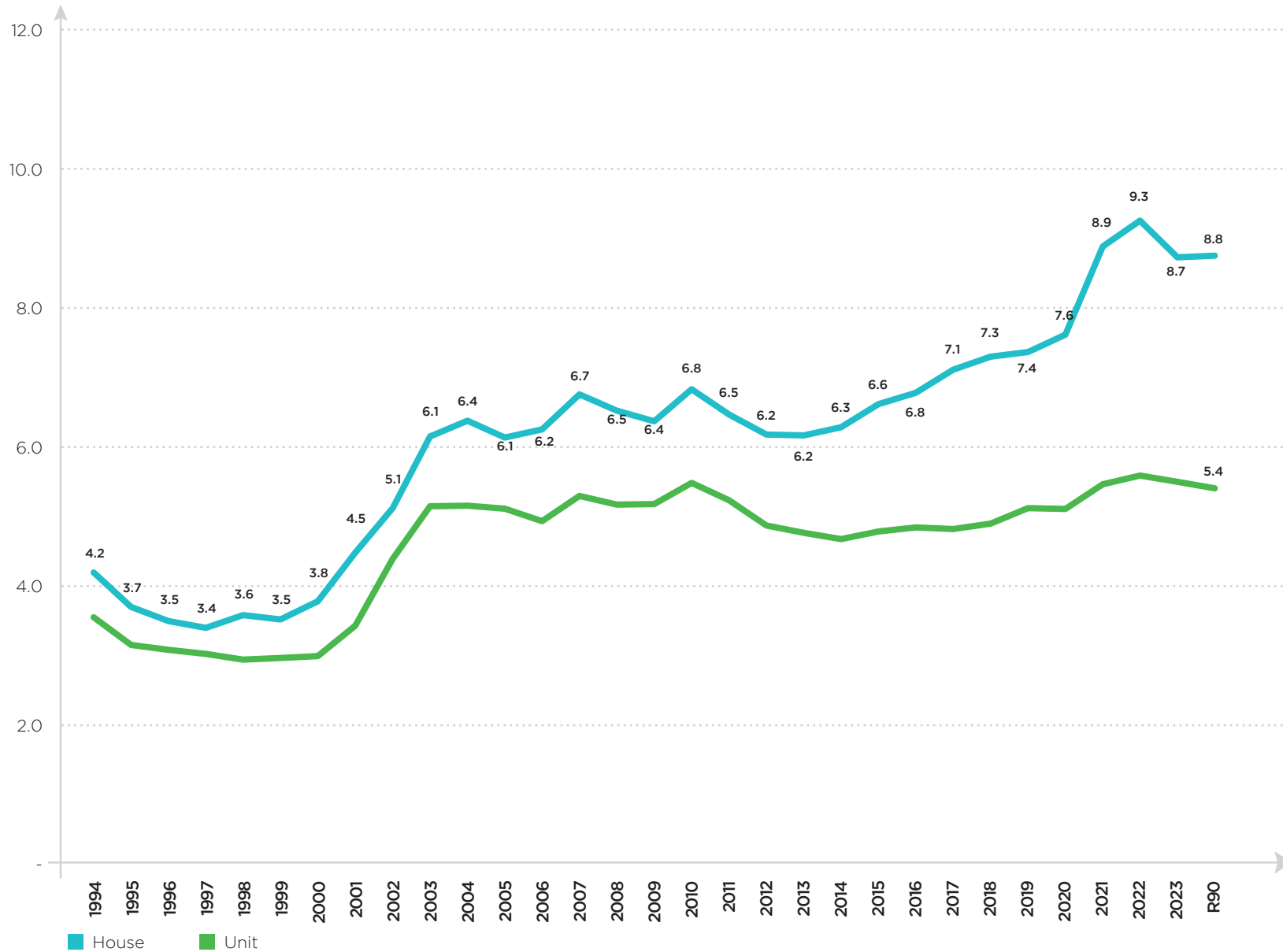
POSITIVE

AFFORDABILITY INDEX (P&I LOAN) UNIT V. MEDIAN PRICE CHANGE



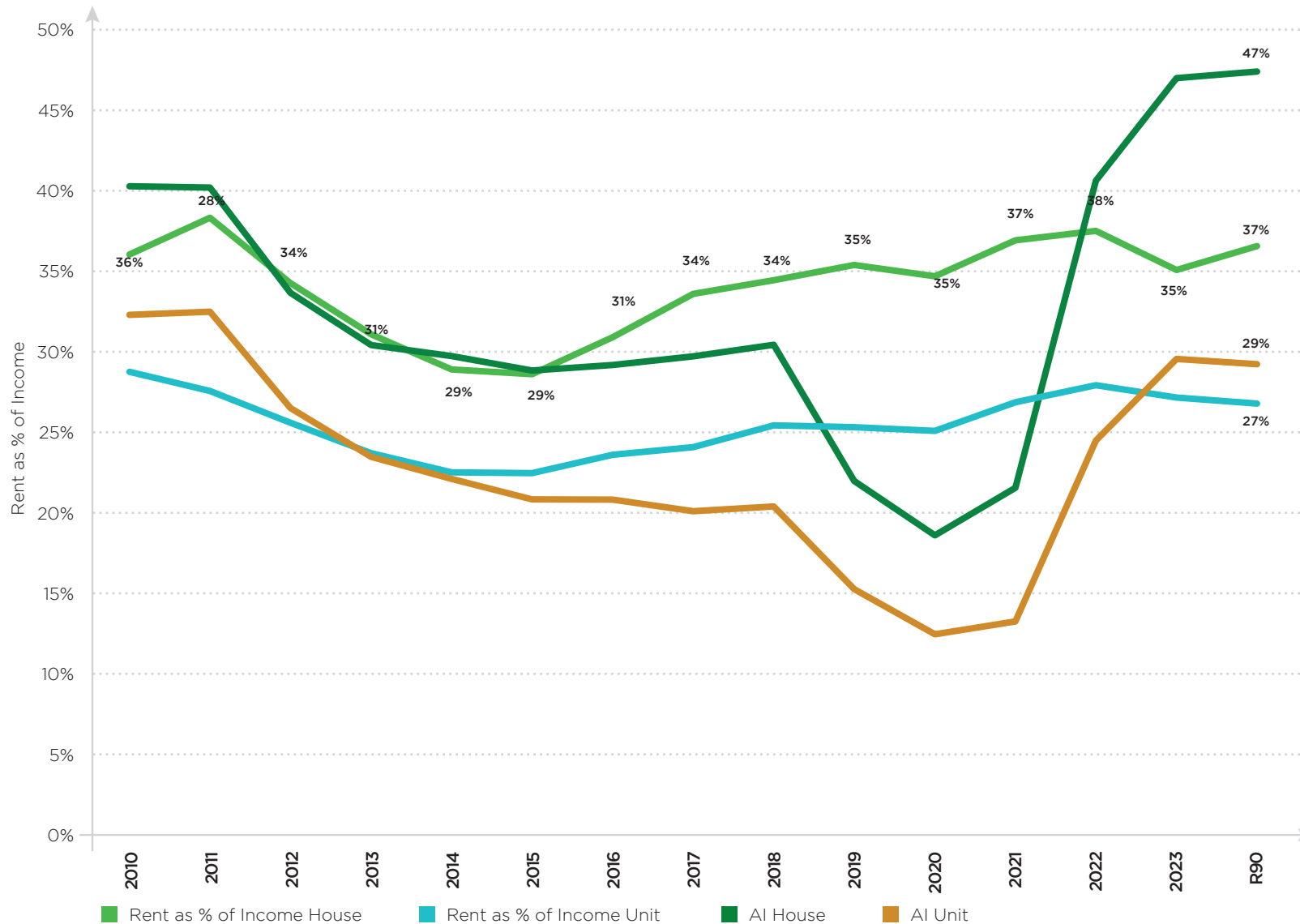
SLIGHTLY
NEGATIVE

PRICE TO INCOME RATIO



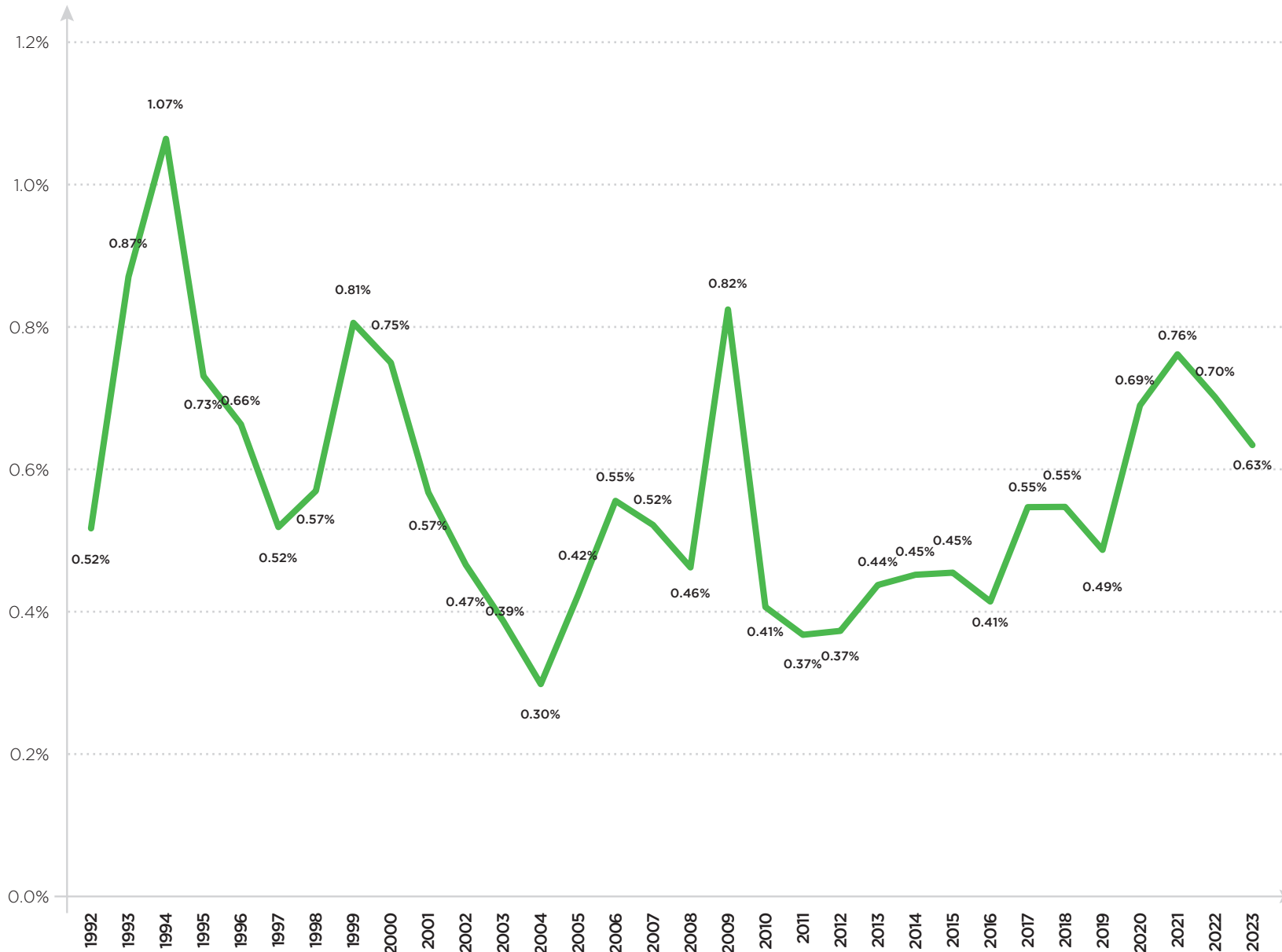
NEGATIVE

RENT AS % OF INCOME V. AFFORDABILITY INDEX



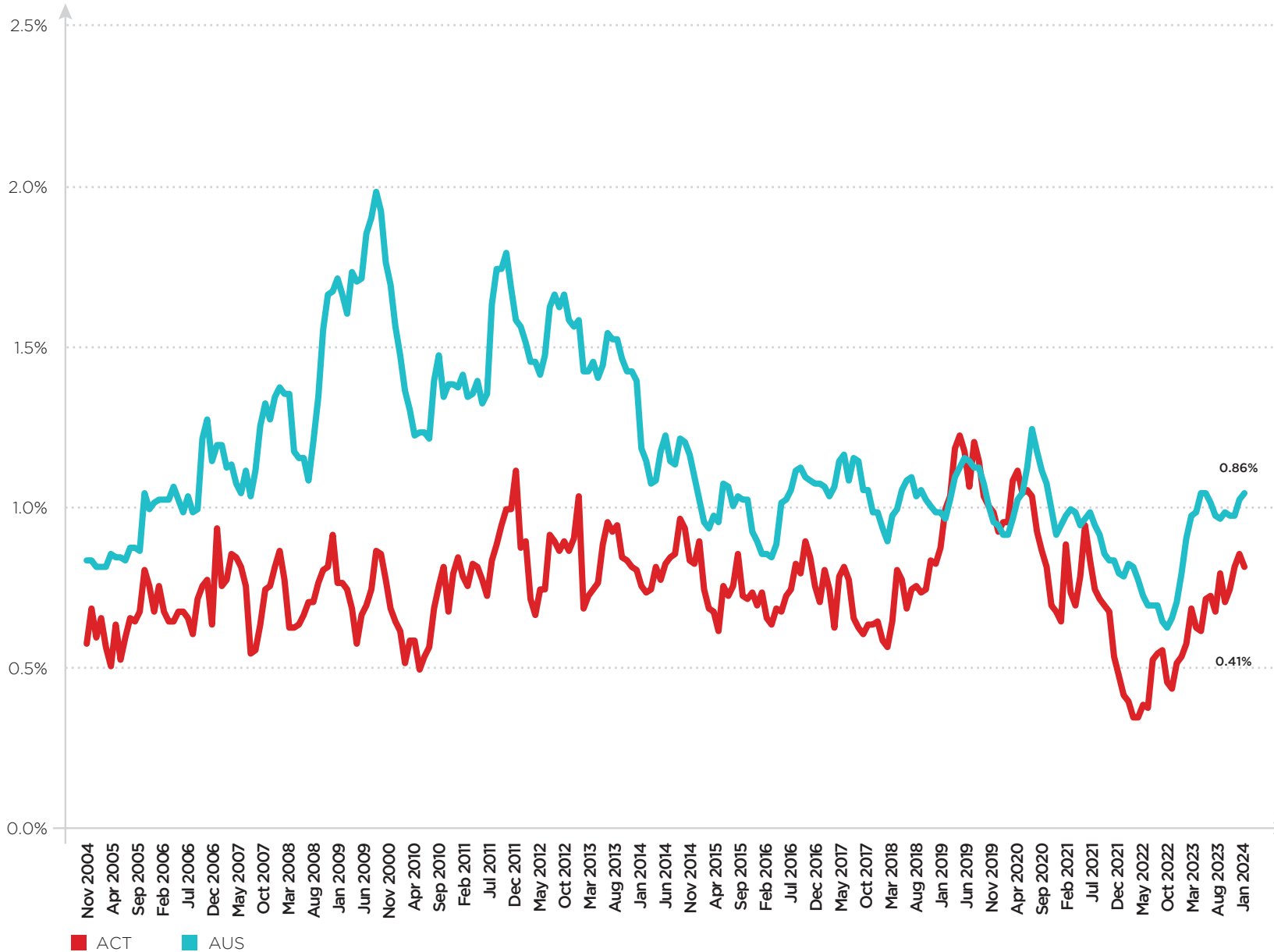
NEGATIVE

FHBS AS % OF POPULATION



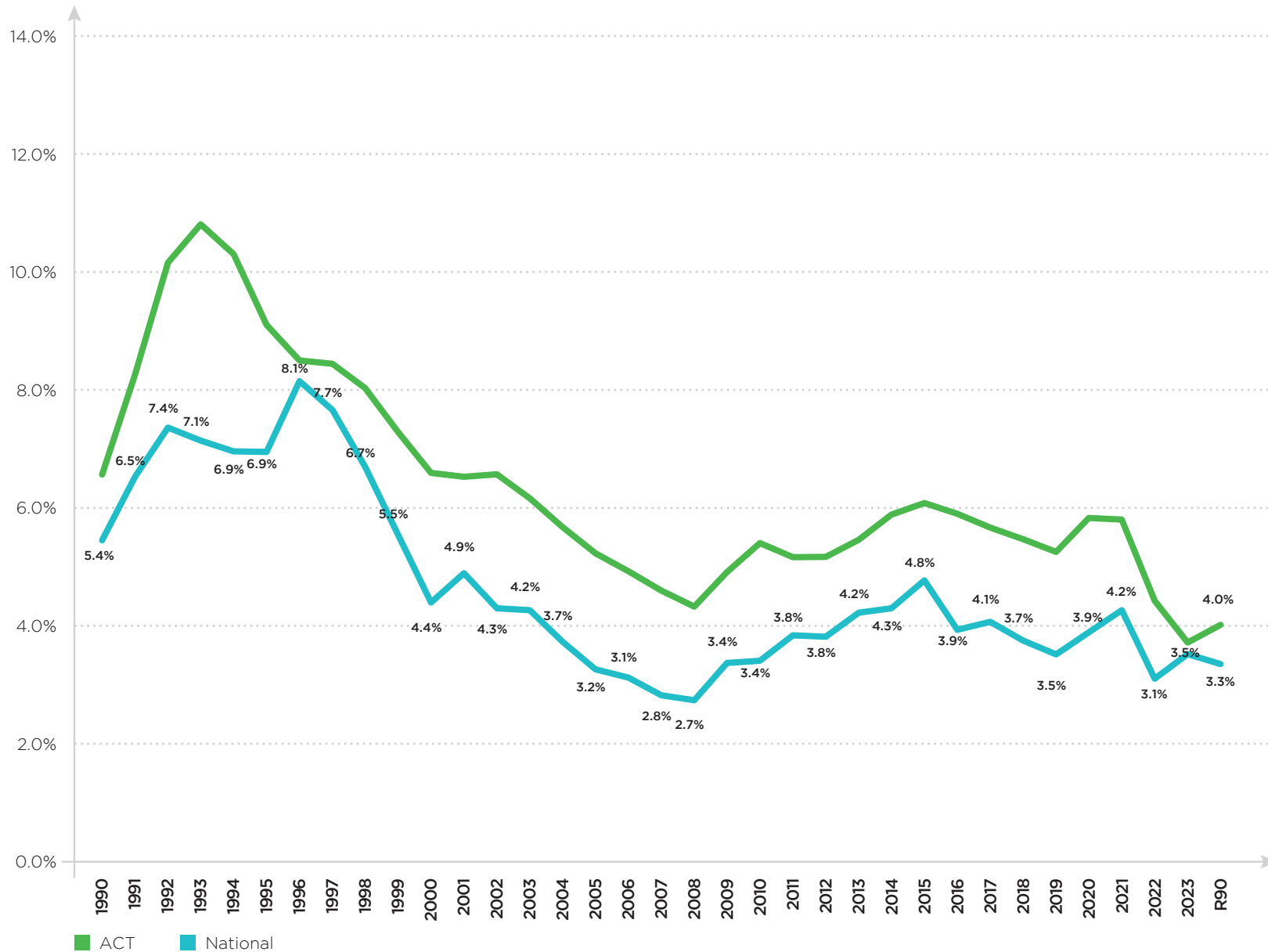
SLIGHTLY
NEGATIVE

MORTGAGE ARREARS



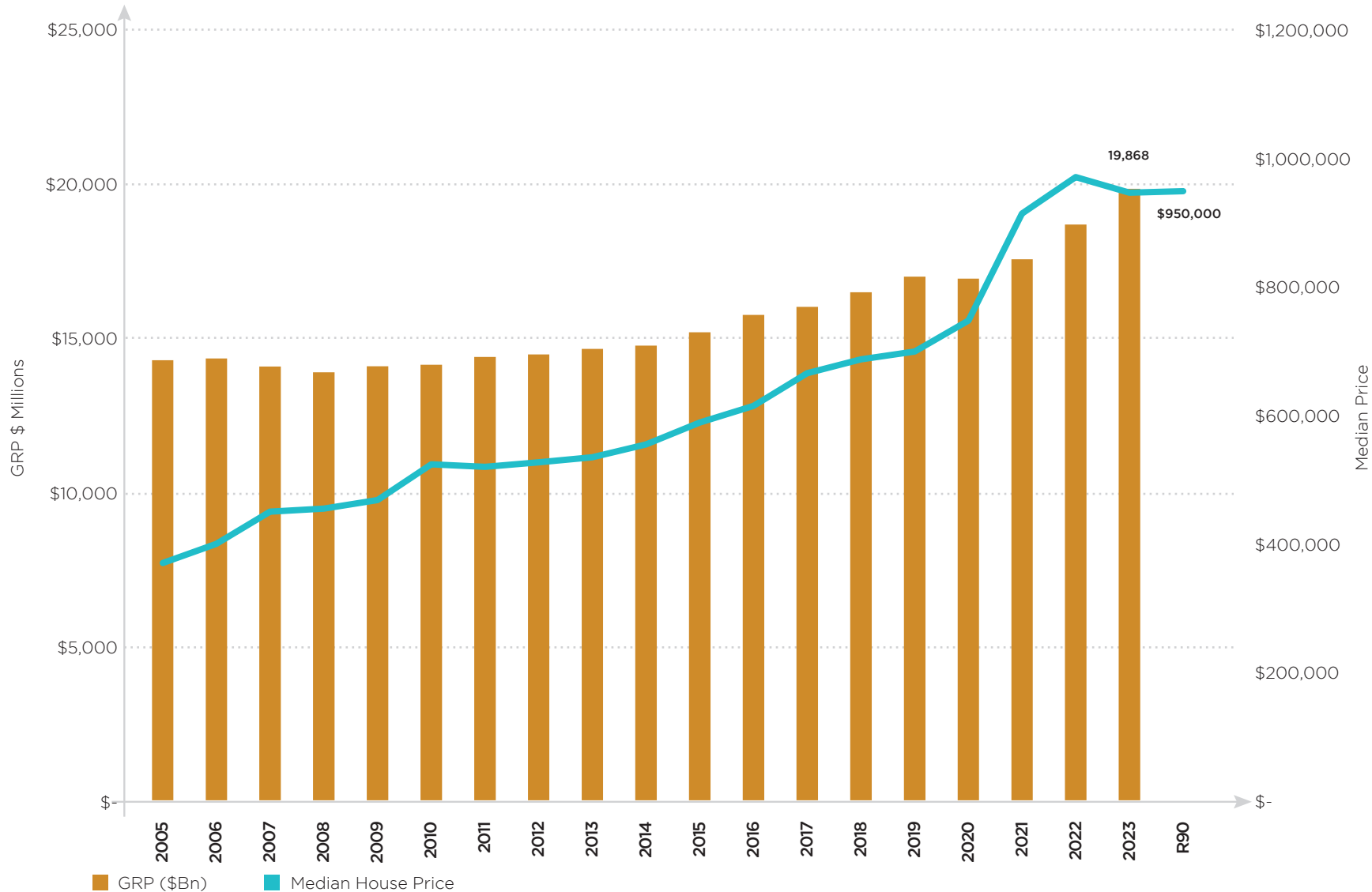
SLIGHTLY
POSITIVE

UNEMPLOYMENT RATE



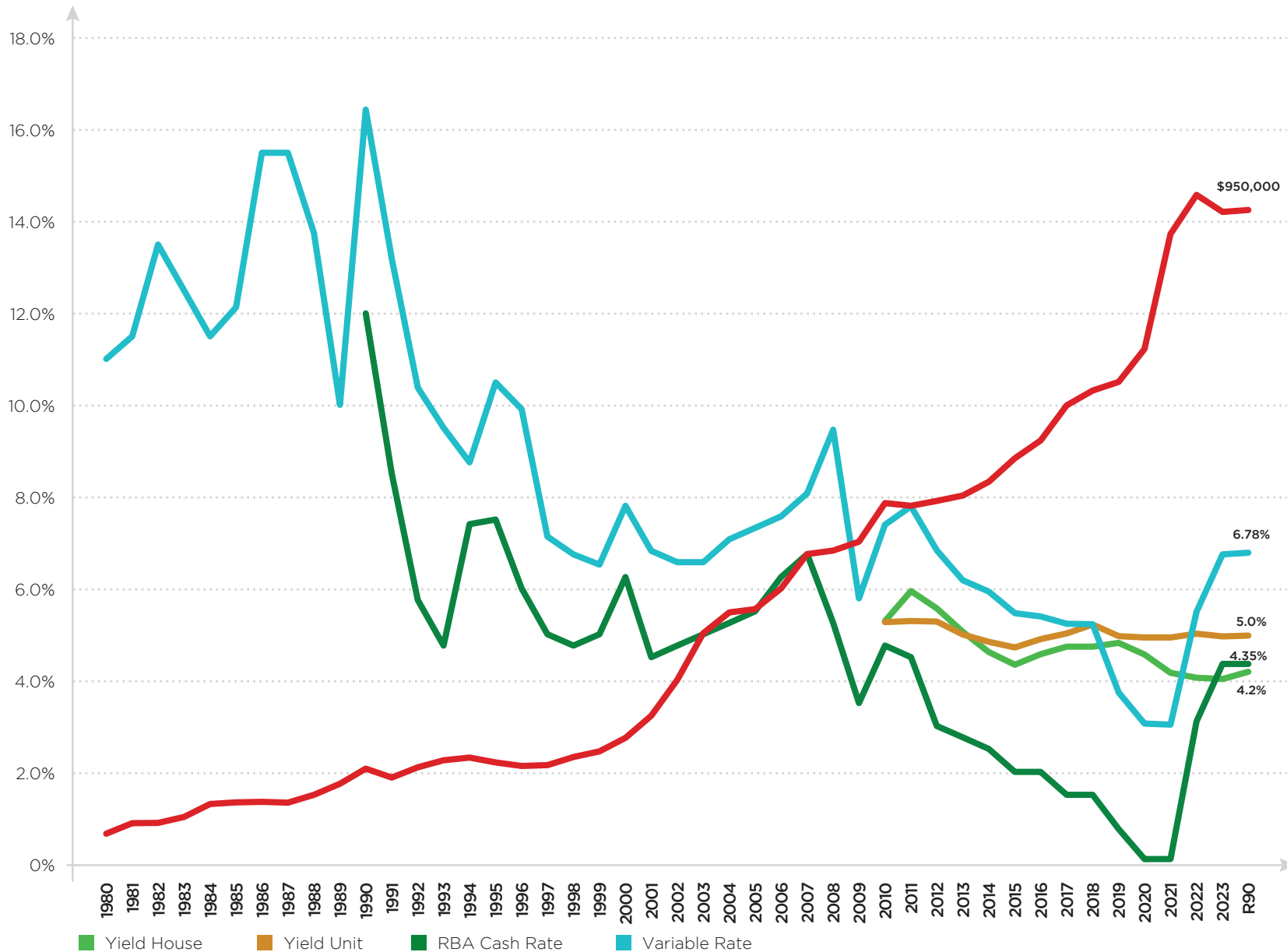
SLIGHTLY
POSITIVE

GROSS REGIONAL PRODUCT V. MEDIAN HOUSE PRICE



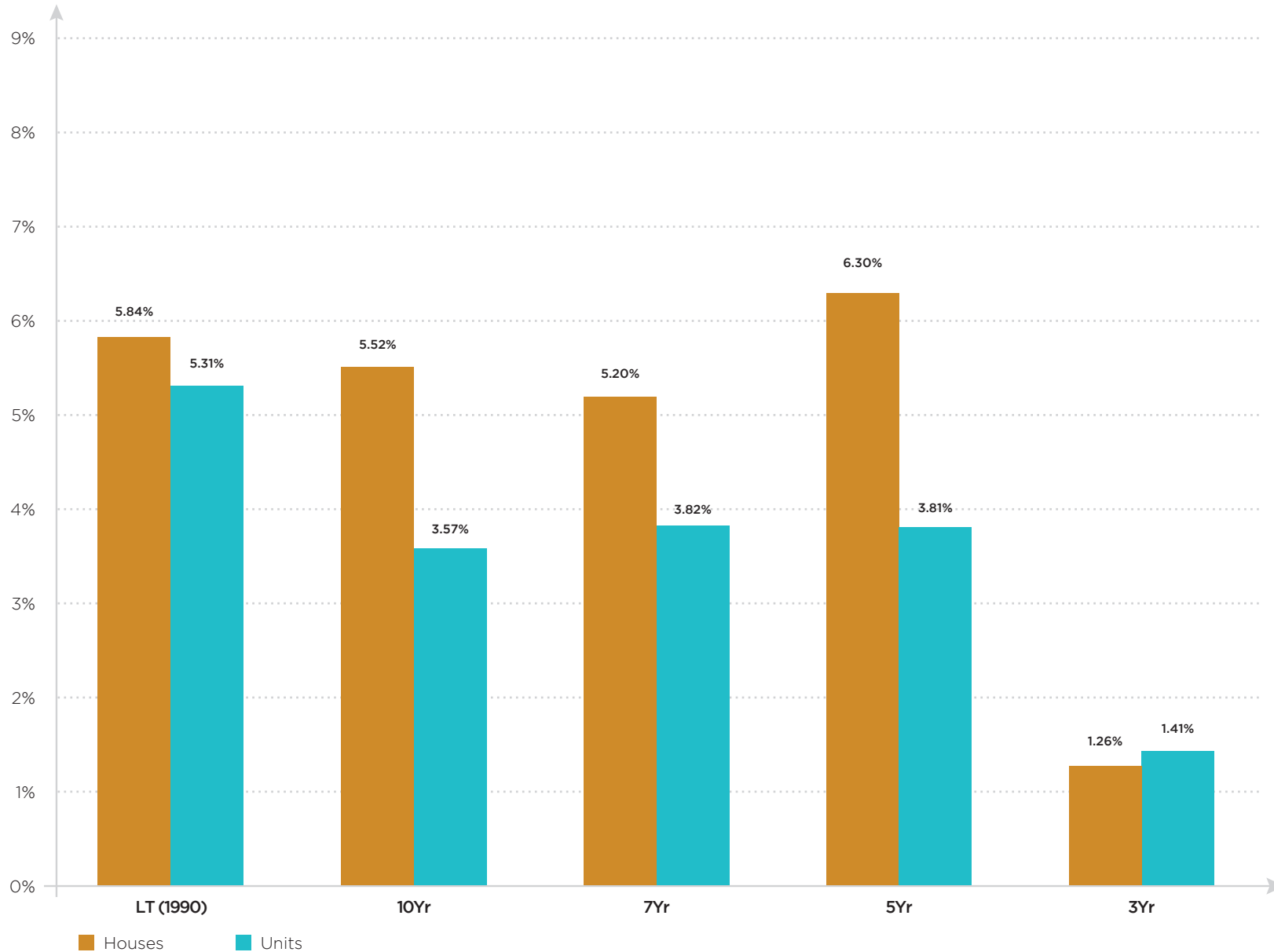
**SLIGHTLY
POSITIVE**

YIELD V. INTEREST RATES



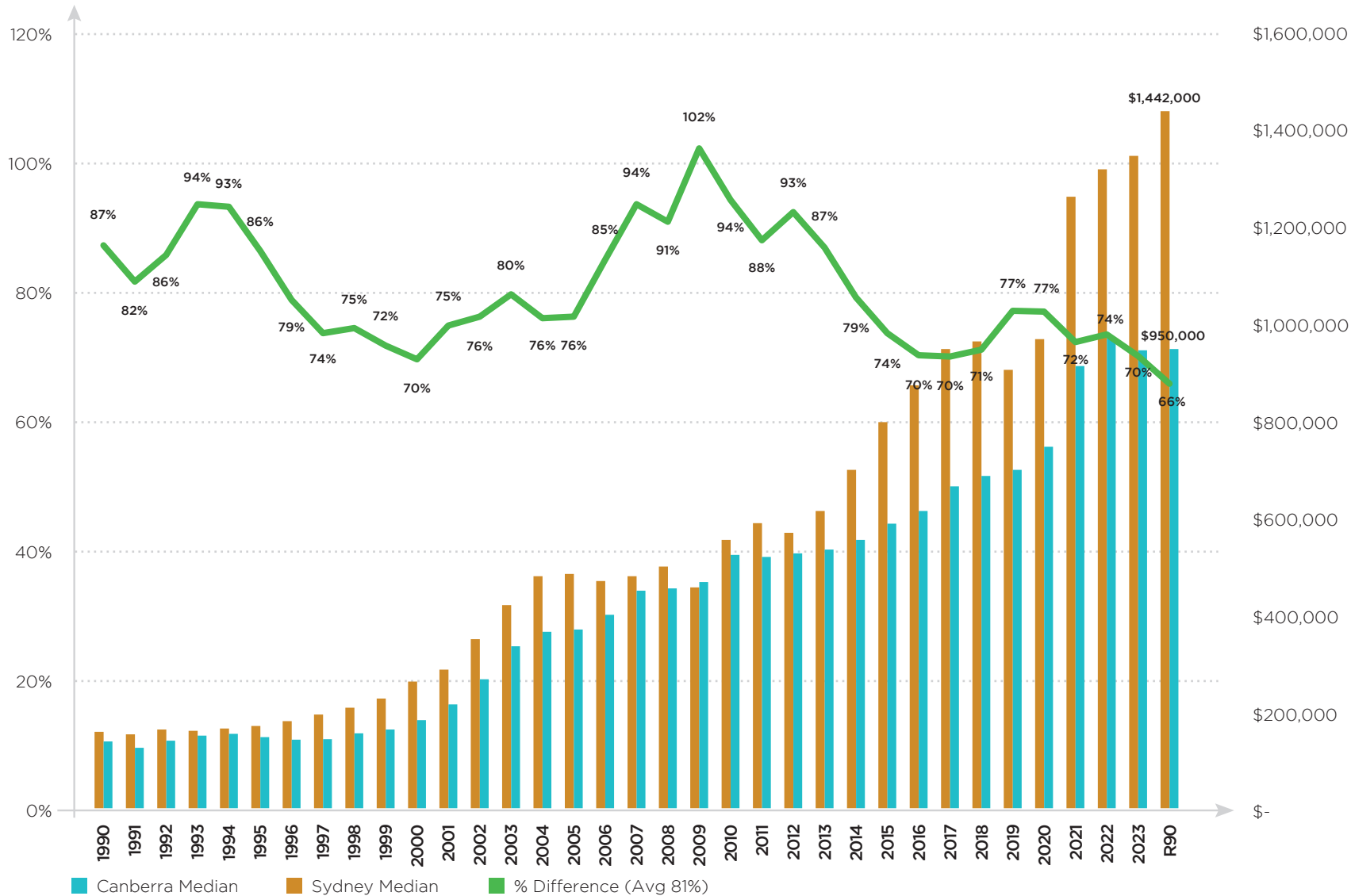
SLIGHTLY
NEGATIVE

LONG TERM PERFORMANCE



SLIGHTLY
POSITIVE

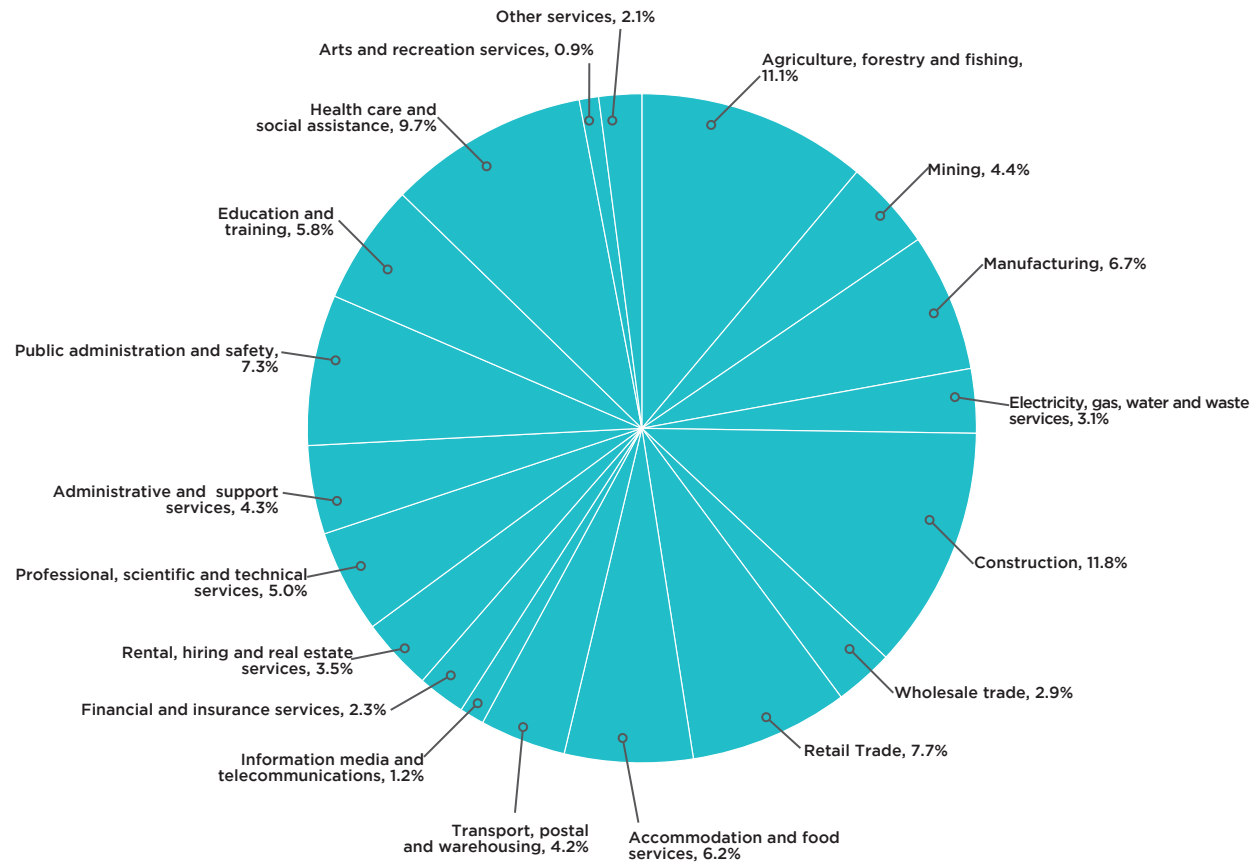
CANBERRA V. SYDNEY PRICE MOVEMENT



POSITIVE

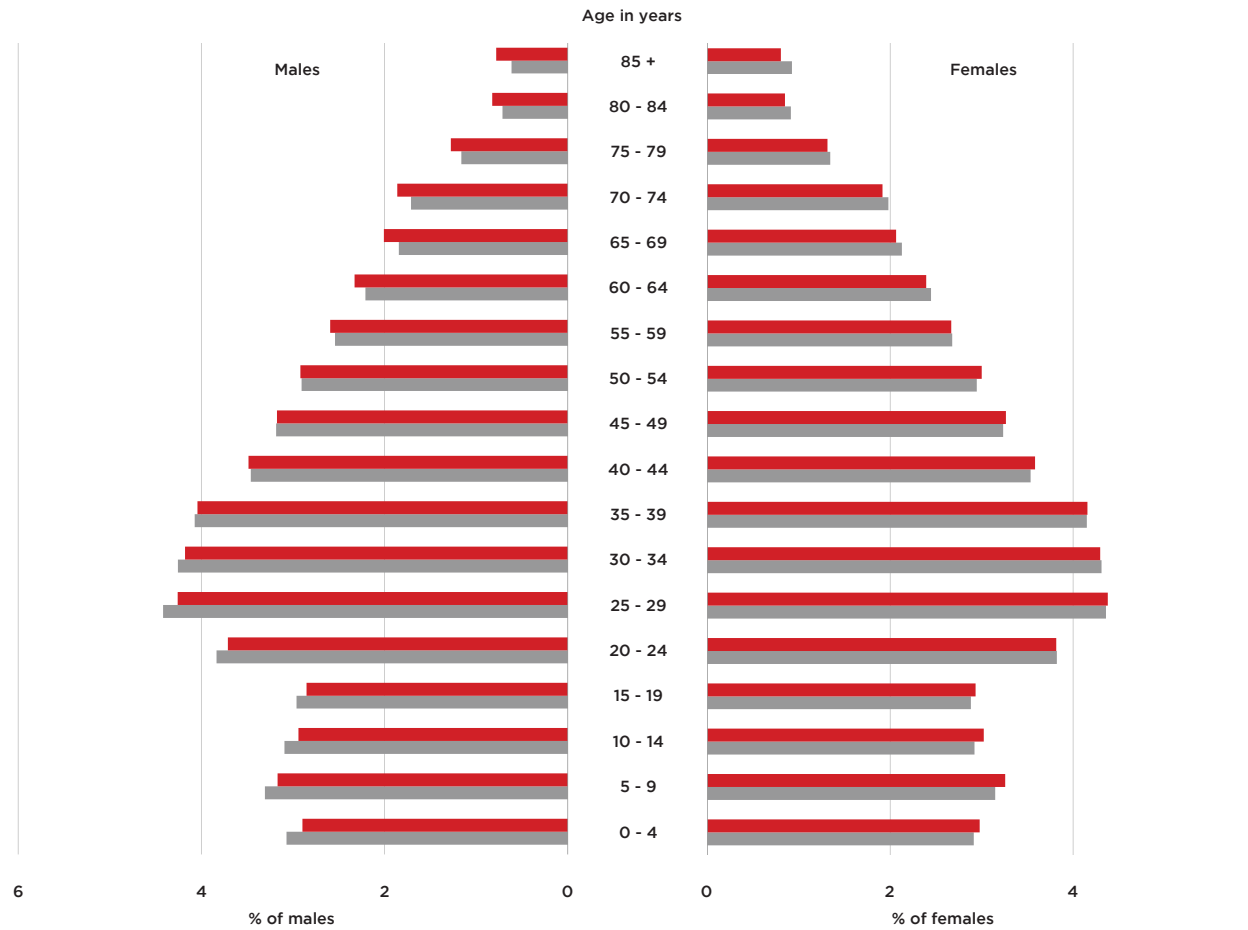
INDUSTRY VALUE ADDED

INDUSTRY BREAKDOWN



POSITIVE

POPULATION PYRAMID



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 (Usual residence data).

■ Canberra Region ■ ACT

POSITIVE

INVESTMENT PHILOSOPHY

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OUR PROCESS

RESEARCH

Macro Micro Property

ACQUIRE

Find Assess Negotiate

MANAGE

Property Management

REVIEW

Annual Portfolio Review

ADVISE

Hold Improve Dispose

PERFORMANCE PROPERTY ADVISORY SERVICES

- Property Acquisition
- Property Management
- Portfolio Review
- Sales Advisory / Vendor Advocacy

DATA SOURCES:

- Australian Bureau of Statistics
- BIS Shrapnel
- Residex
- SQM Research
- CoreLogic RP Data
- Foreign Investment Review Board
- Australian Trade & Investment Commission

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