

CoreLogic Property Pulse

Released Thursday 18 July 2019

Home sales stabilising & concurrent with past two downturns

CoreLogic estimates of monthly settled sales data points to a levelling in housing market activity, following several years of falling home sales according to research by analyst Cameron Kusher. Despite signs that market activity is levelling out, annual transaction numbers remain lower year on year across every capital city region of the country.

Annually, transaction volumes continued to decline, however, recent monthly data indicates that transaction volumes may have stabilised. Cameron Kusher said, "The decline in home sales has taken market activity to similar levels as what was recorded during the previous downturns in 2008-09 and 2011-12."

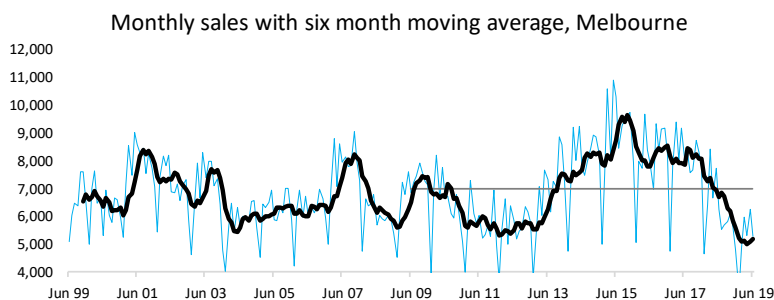
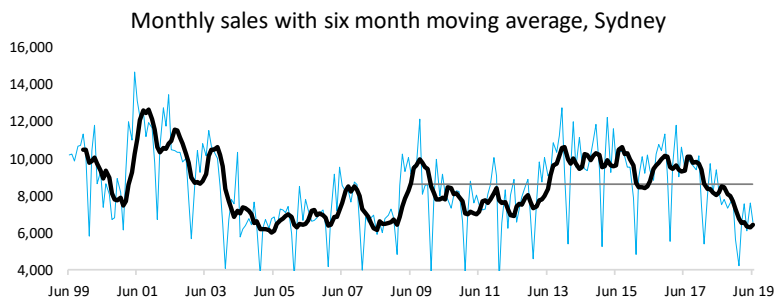
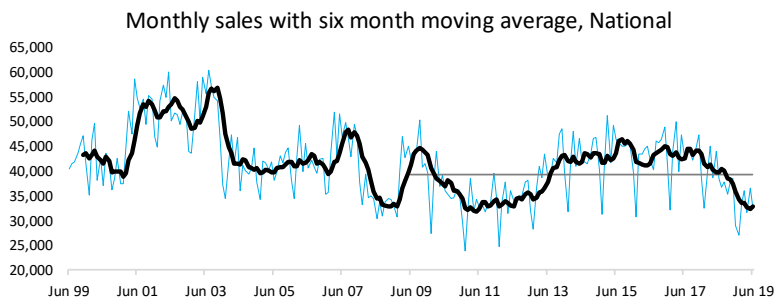
(Note: Estimates of settled sales do not account for unsettled sales, such as off-the-plan properties, which are yet to settle. Off-the-plan sales are not counted until settlement and those sales are included within the historical series with each month's revision based on the contract date. Given the large volume of off-the-plan sales over recent years, this will lead to some upwards revision of sales volumes over recent years.)

Nationally, an estimated 412,154 settled dwelling sales occurred over the past 12 months which was -17.5% fewer than the previous year. Although sales volumes are lower on an annual basis, monthly sales volumes have risen from recent lows and although market activity is lower than a year ago, the number of sales is relatively unchanged over recent months.

Sydney recorded an estimated 82,427 settled sales over the 12 months to June 2019; -21.9% fewer than the previous year and well down on the decade average. While annual sales are significantly lower, the chart highlights that on a six-month trend basis, sales volumes have started to increase slightly but are sitting at a level close to what was recorded in the 2008-09 downturn. "With an unprecedented volume of off-the-plan unit stock under construction and already under contract, there will inevitably be some revision to these figures over coming years," says Kusher.

The six-month trend for Melbourne shows that the estimated number of sales trended slightly higher over recent months. Notwithstanding the recent improvement in transaction volumes, market activity has fallen to levels similar to those during the 2011-12 housing downturn. Annually there were an estimated 64,546 settled sales over the past year which was -27.0% lower than over the previous year.

Unlike Sydney and Melbourne, there is little evidence as yet to indicate that transaction **volumes in Brisbane** may be stabilising. Transaction volumes continue to trend lower on a monthly basis and, although they are similar levels to those in 2008-09 they are not yet as low as volumes were during 2011-12 downturn. Over the past year there were an estimated 39,641 settled sales across Brisbane which was -13.4% lower than annual sales over the previous year.



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The estimate of monthly sales across Adelaide have been trending higher over recent months and market activity has recently trended above the decade average. Although there has been a recent uptick in sales volumes, over the past 12 months there were an estimated 22,650 settled sales which was -4.1% previous than the previous year.

Perth sales transactions slumped over recent years as the housing market downturn has carried on. Transaction volumes have recently stabilised, albeit at a level below previous housing market downturns. Over the past 12 months there were an estimated 29,263 settled sales which is -7.3% lower than the previous year. Although sales are lower on an annual basis monthly data suggests market activity has been steady of late.

Hobart is one of the few capital cities where sales have been above the decade average over recent years. Monthly transaction volumes have been declining for two years and are now sitting at around the decade average levels and likely to fall further. Over the past 12 months there were an estimated 4,691 settled sales which was down -11.4% compared to the previous year.

Transaction volumes in Darwin fell on an annual basis over the past year, down -9.2%. With ongoing market weakness, monthly data indicates that housing market activity has continued to slide, with the decline mirroring the ongoing decline in dwelling values. "With the NT seeing a population loss and negative jobs growth, it seems as if demand for housing is continuing to shrink which is a major contributor to the ongoing slide in sales activity," says Kusher.

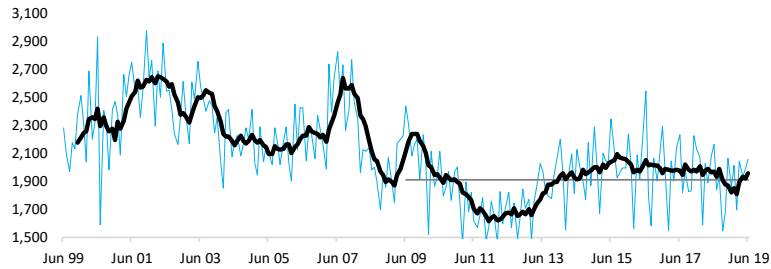
Although the monthly sales estimates are below the decade average in Canberra, market activity has begun to steady over recent months. On an annual basis, there was an estimated 7,386 transactions over the past year which was -8.6% lower than sales volumes over the previous year.

Kusher said, "Across most cities there are some tentative signs that sales volumes may have bottomed. With two 25 basis point cuts to interest rates and lenders now lowering their serviceability buffers, access to finance is easing somewhat and borrowing power is increasing which should support a further increase in transaction volumes."

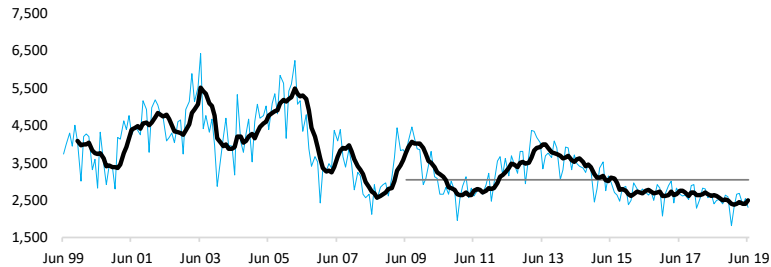
"One of the challenges for the market at the moment is historically low volumes of new properties entering the market for sale which is contributing to the low volume of sales. We anticipate that come Spring, new listings will increase which should lead to more transaction activity.

"The challenge for vendors will be whether or not a potential pick-up in listings is accompanied by a commensurate pick-up in buyers in the market. While some restrictions on credit have been removed, accessing finance is still much more difficult than it has been in the past so demand could still be fickle over the coming months."

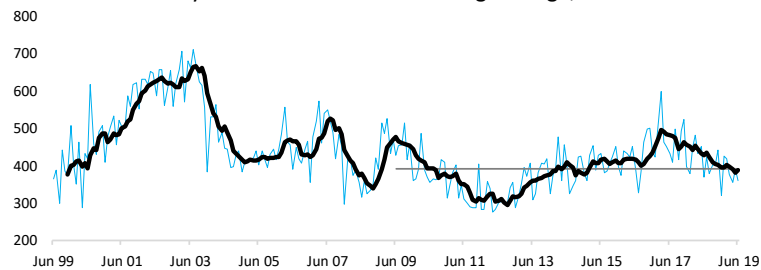
Monthly sales with six month moving average, Adelaide



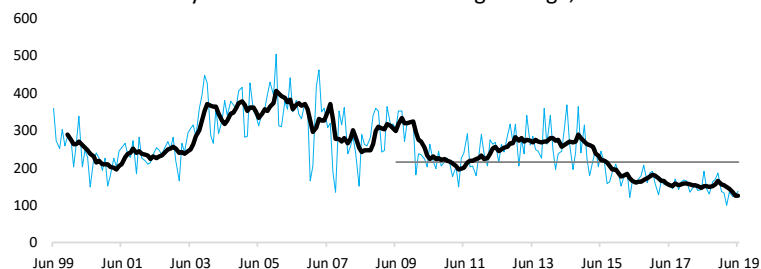
Monthly sales with six month moving average, Perth



Monthly sales with six month moving average, Hobart



Monthly sales with six month moving average, Darwin



Monthly sales with six month moving average, Canberra

