

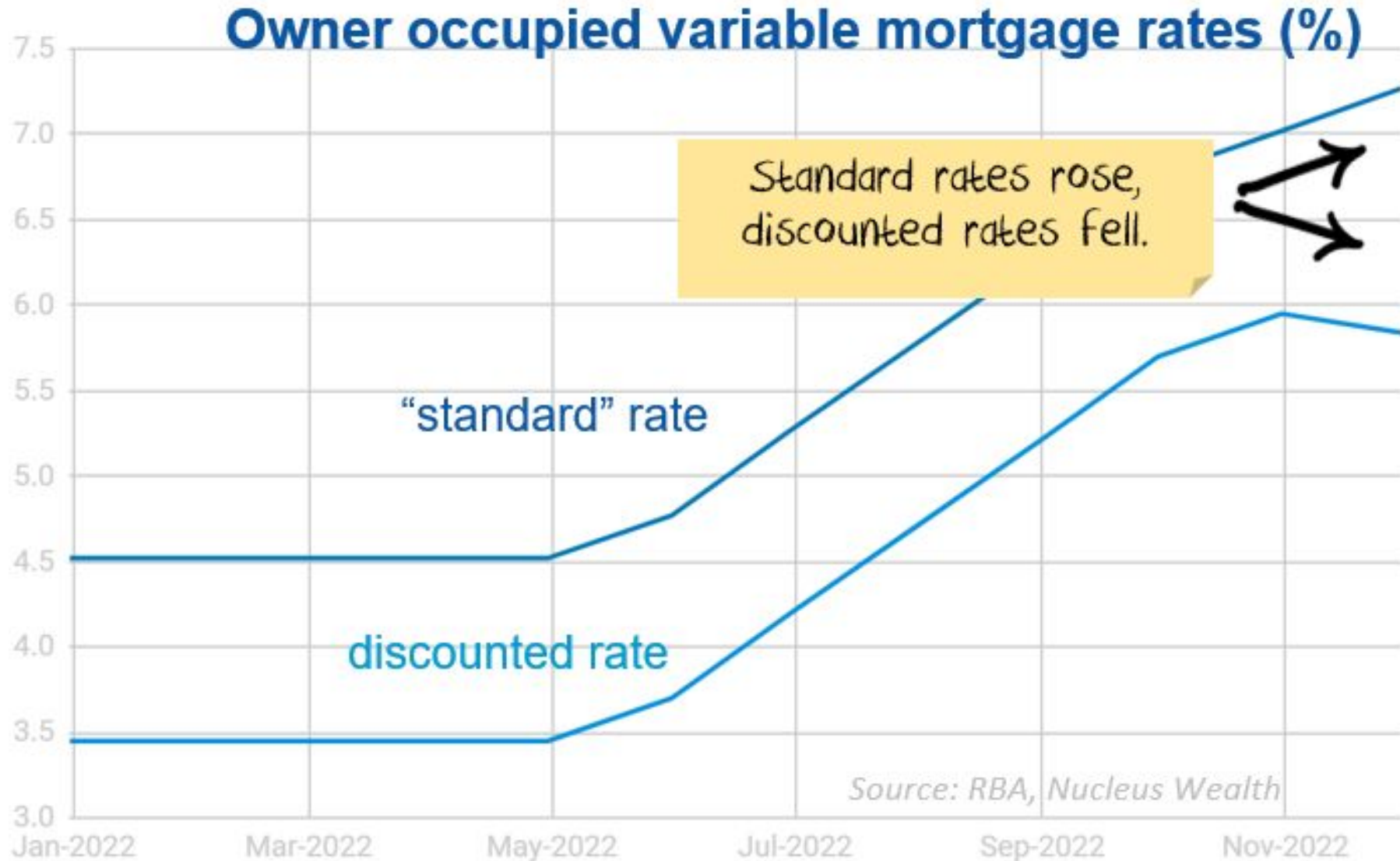


PROPERTY WITH MARTIN NORTH: THE RATE CUT THAT NOBODY NOTICED

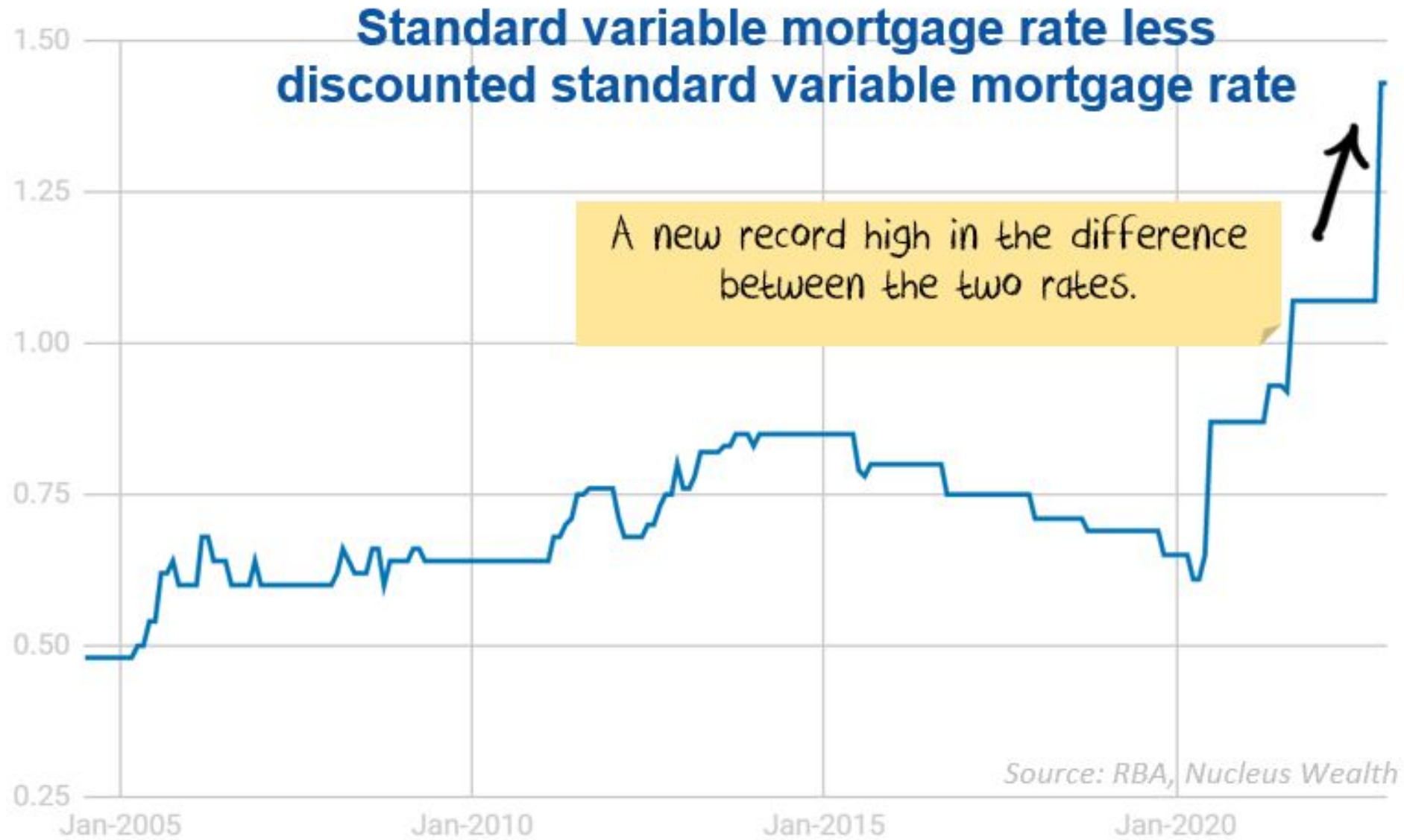
Agenda : The rate cut no one noticed

- Increasing or decreasing?
- Proportion of GDP - level more important or change?
- Mortgage stress
- Investment implications

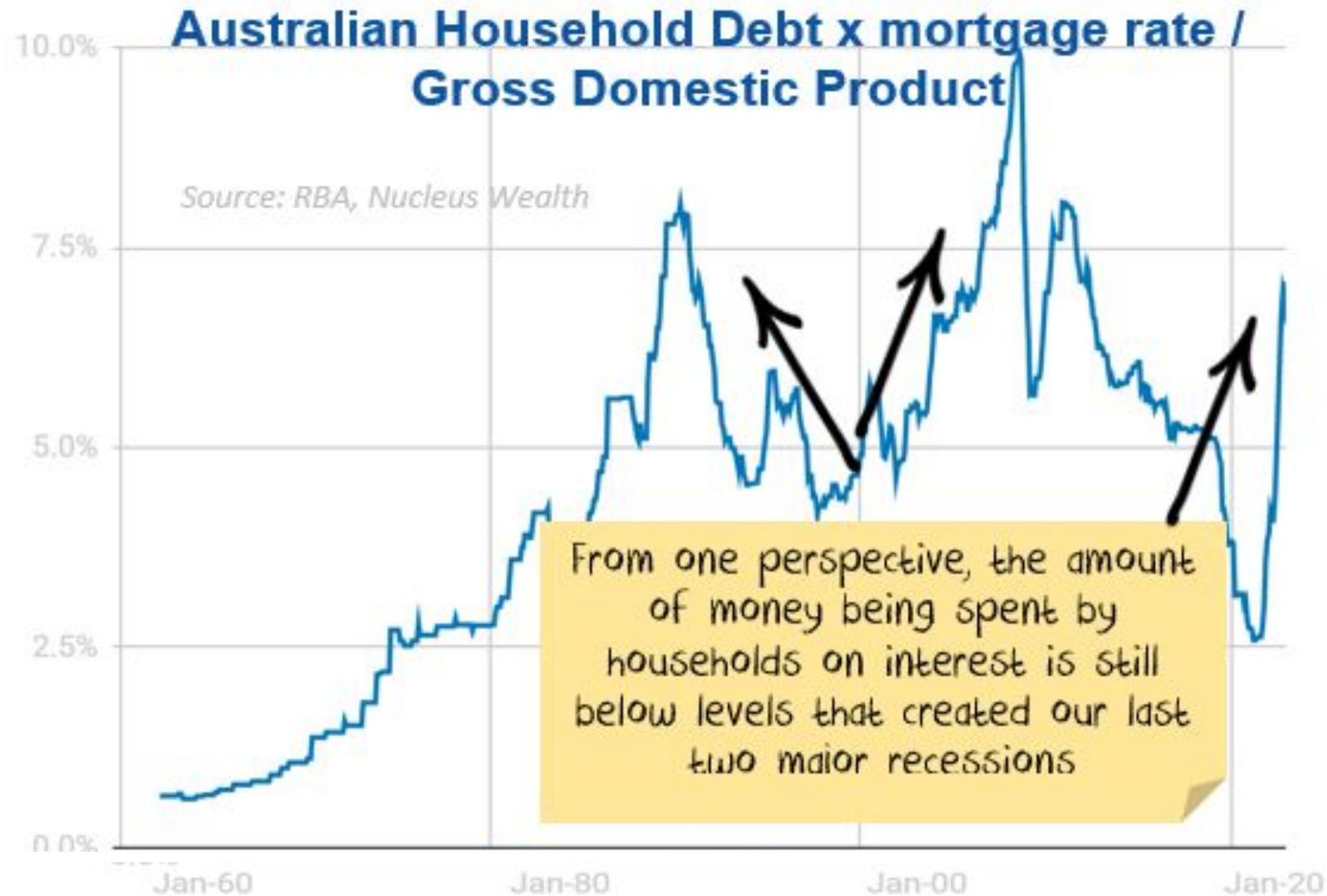
Rates: Increasing or decreasing?



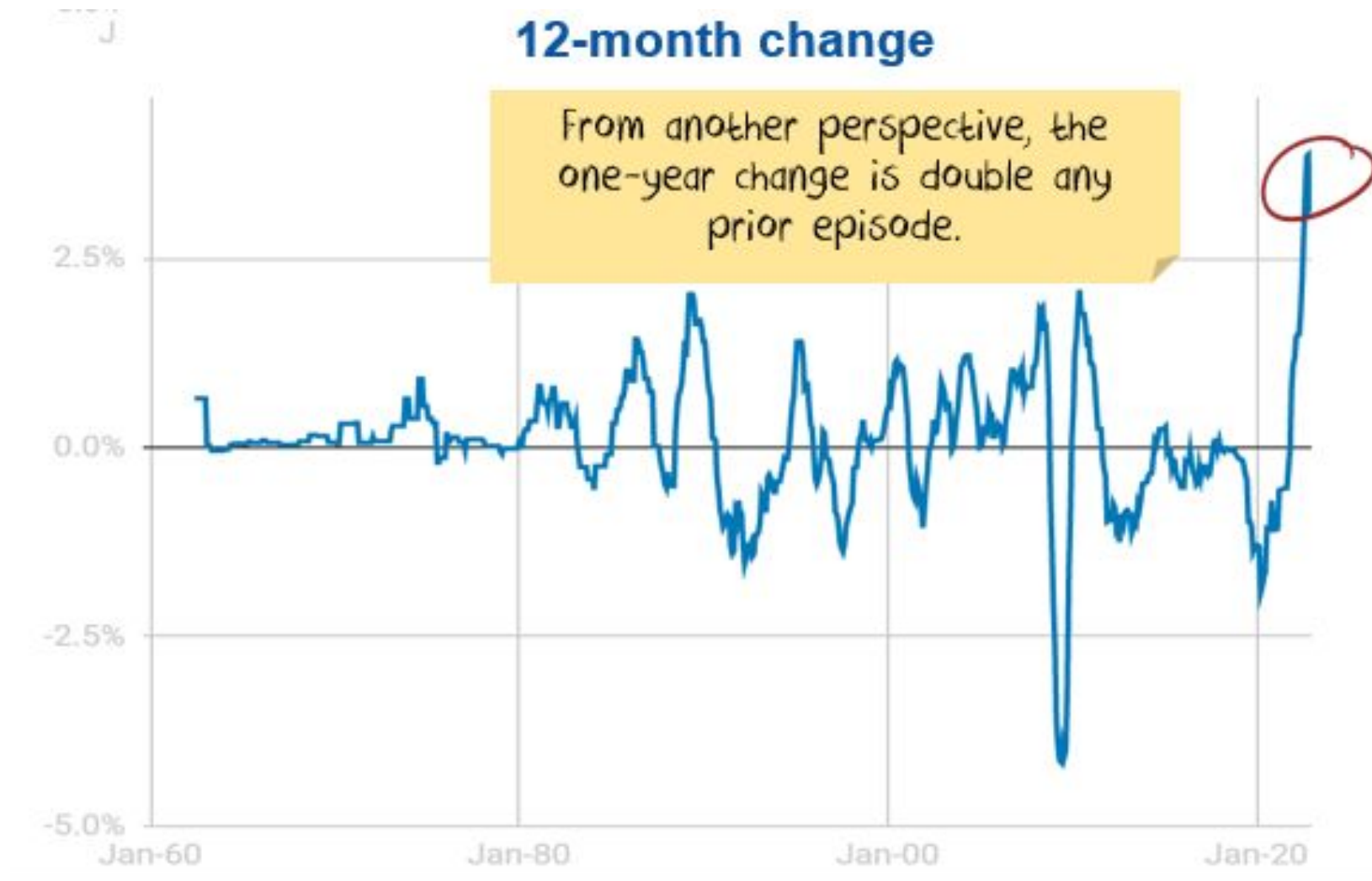
Rates: Increasing or decreasing?



Rates: Proportion of GDP - level?



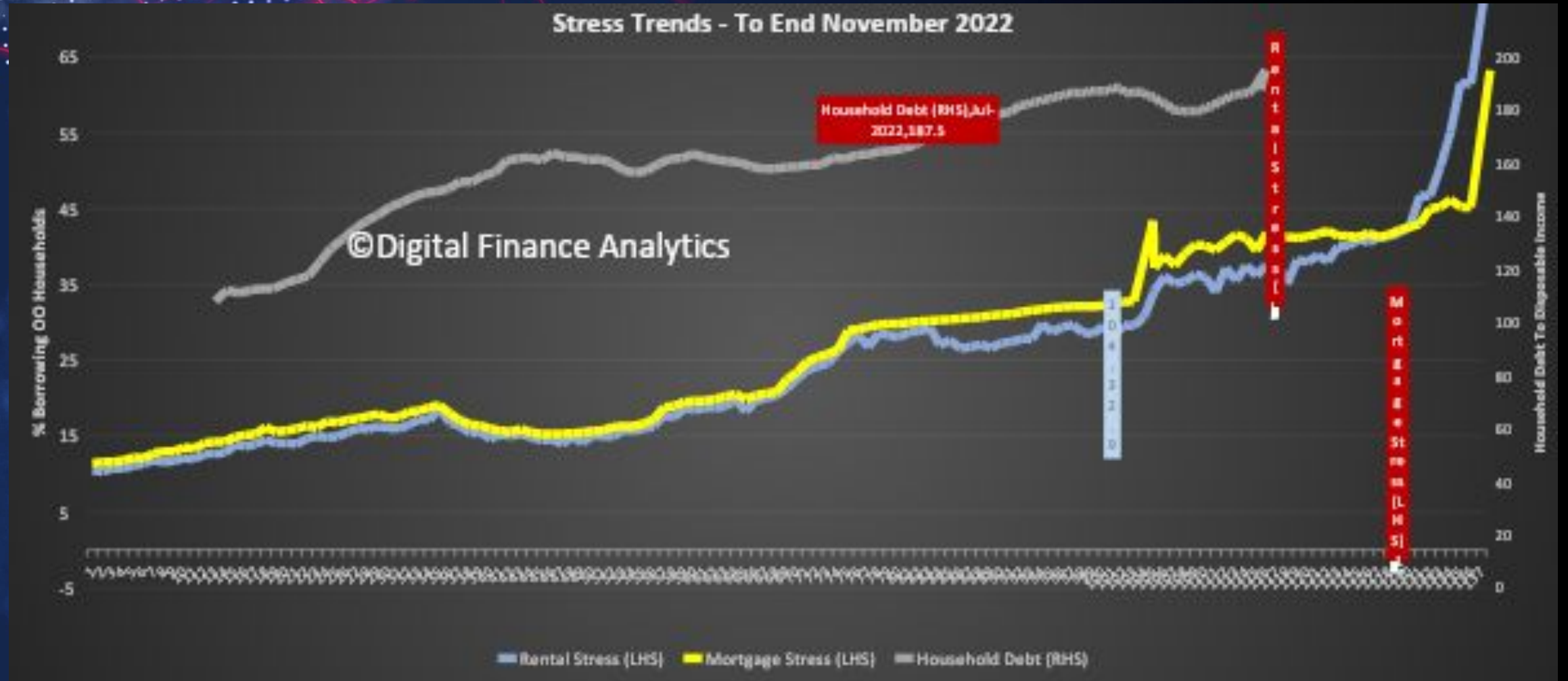
Rates: Proportion of GDP - or change?



Definition Of Stress

- There are many different definitions out there (from 30% of income, or taxable income; through to underwriting metrics) but we define stress in CASH FLOW terms.
- If households have more outgoings (excluding one off discretionary items) than income, we define them as stressed. If they have a mortgage, they are in mortgage stress; if renting then rental stress.
- Investors with cash flow pressures are identified as stressed investors.
- We also aggregate the data to estimate total financial stress.
- Each expressed as a % of households, and count. The latter is best measure in our view.

Mortgage Stress November 2022



Nov 2022

State	Households	Mortgage Stress	Rental Stress	Stressed Investors	Financial Stress	Avg. % Mortgage Stress	Avg. % Rental Stress	Avg. % Investors Stressed	Avg. % Financial Stress
ACT	178,186	31,223	36,645	14,234	82,102	39.20%	65.03%	23.06%	46.08%
NSW	3,061,596	502,485	704,648	239,195	1,446,163	45.10%	67.99%	25.17%	47.24%
NT	64,203	10,517	5,891	1,837	18,245	43.64%	19.24%	10.22%	28.42%
QLD	1,970,180	307,125	406,920	118,235	832,169	40.36%	60.43%	20.47%	42.24%
SA	720,724	151,384	93,095	28,613	273,092	52.13%	45.00%	14.23%	37.89%
TAS	220,570	42,859	30,790	7,725	81,374	52.80%	50.94%	13.99%	36.89%
VIC	2,525,752	487,516	444,646	144,524	1,076,446	47.78%	59.81%	19.73%	42.62%
WA	1,006,354	216,866	159,688	53,751	430,172	47.95%	55.81%	18.25%	42.75%
Grand Total	9,747,565	1,749,975	1,882,323	608,114	4,239,763	45.77%	60.85%	21.04%	43.50%

Segment	Households	Mortgage Stress	Rental Stress	Stressed Investors	Financial Stress	Avg. % Mortgage Stress	Avg. % Rental Stress	Avg. % Investors Stressed	Avg. % Financial Stress
Battling Urban	421,791	127,305	81,535	10,905	219,745	74.33%	58.97%	12.36%	52.10%
Disadvantaged Fringe	1,689,213	458,870	294,597	51,177	804,404	67.78%	58.70%	14.16%	47.62%
Exclusive Professionals	732,736	94,907	149,104	88,065	332,076	37.85%	58.35%	34.56%	45.32%
Mature Stable Families	1,245,094	205,127	246,532	93,280	544,939	40.82%	65.82%	21.69%	43.77%
Multicultural Establishment	571,727	90,680	162,404	34,339	287,423	42.00%	69.49%	20.93%	50.27%
Rural Family	870,671	109,380	82,559	18,966	210,905	33.01%	30.19%	9.00%	24.22%
Stressed Seniors	385,957	31,479	73,362	28,935	133,776	21.09%	66.77%	23.47%	34.66%
Suburban Mainstream	1,706,080	257,648	314,492	104,481	676,488	37.01%	64.00%	19.45%	39.65%
Wealthy Seniors	783,928	54,639	151,317	50,964	256,920	17.79%	68.77%	18.76%	32.77%
Young Affluent	607,432	38,336	184,971	82,555	305,862	20.70%	66.23%	40.01%	50.35%
Young Growing Families	727,526	281,604	141,450	44,447	467,225	84.69%	65.62%	18.28%	64.22%
Grand Total	9,747,565	1,749,975	1,882,323	608,114	4,239,763	45.77%	60.85%	21.04%	43.50%

Post Code	State	Location	Long location	All Households	Mortgage Stress	% Mortgage Stress
2170	NSW	Liverpool	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	38,254	12,349	86.67%
2560	NSW	Campbelltown	Airds, Ambarvale, Appin, Bradbury, Blair Athol, Bradbury, Campbelltown, Englorie Park, Gilead, Glen Alpine, Kentlyn, Leumeah, Rosemeadow, Ruse, St Helens Park, Wedderburn, Woodbine	29,533	12,175	95.1%
6065	WA	Tapping	Ashby, Darch, Gnangara, Hocking, Jandabup, Landsdale, Lexia, Madeley, Mariginiup, Melaleuca, Pearsall, Pinjar, Sinagra, Tapping, Wangara, Wanneroo	24,261	11,124	72.56%
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,191	10,651	68.75%
3064	VIC	Roxburgh Park	Craigieburn, Donnybrook, Kalkallo, Mickleham, Roxburgh Park	34,481	10,333	47.17%
3805	VIC	Narre Warren	Fountain Gate, Narre Warren, Narre Warren South	19,005	9,254	87.29%
3029	VIC	Tarneit	Hoppers Crossing, Tarneit, Truganina	40,249	9,126	40.00%
3806	VIC	Berwick	Berwick, Harkaway	17,965	9,093	97.87%
3810	VIC	Pakenham	Pakenham, Pakenham Upper	20,049	9,043	86.09%
2765	NSW	Riverstone	Berkshire Park, Box Hill, Maraylya, Marsden Park, Nelson, Oakville, Riverstone, Vineyard	14,189	8,920	95.2%
2570	NSW	Camden	Camden, Camden Park, Cawdor, Cobbitty, Elderslie, Ellis Lane, Grasmere, Mount Hunter, Nattai, Oakdale, Orangeville, The Oaks, Werombi	21,460	8,799	72.55%
3350	VIC	Ballarat	Alfredton, Ballarat, Ballarat North, Ballarat West, Black Hill, Brown Hill, Canadian, Eureka, Golden Point, Lake Wendouree, Mount Clear, Mount Helen, Mount Pleasant, Nerrina, Redan, Sovereign Hill	27,697	8,439	84.85%
2620	NSW	Queanbeyan	Burra, Crestwood, Gundaroo, Karabar, Michelago, Queanbeyan, Queanbeyan East, Queanbeyan West, Royalla, Sutton, Wamboin, Williamsdale	17,804	8,280	95.3%
6030	WA	Merriwa (WA)	Clarkson, Merriwa, Mindarie, Quinns Rocks, Ridgewood, Tamala Park			

Post Code	State	Location	Long location	All Households	Rental Stress	% Rental Stress
3000	VIC	Melbourne	Melbourne	23,055	12,247	67.84%
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,191	11,165	61.57%
2170	NSW	Liverpool	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	38,254	10,423	65.00%
4215	QLD	Labrador	Chirn Park, Labrador, Southport	25,012	9,064	64.91%
2560	NSW	Campbelltown	Airds, Ambarvale, Appin, Bradbury, Blair Athol, Bradbury, Campbelltown, Englorie Park, Gilead, Glen Alpine, Kentlyn, Leumeah, Rosemeadow, Ruse, St Helens Park, Wedderburn, Woodbine	29,533	8,990	82.15%
4209	QLD	Upper Coomera	Coomera, Pimpama, Upper Coomera, Willow Vale	24,313	8,926	76.27%
2770	NSW	Bidwill (NSW)	Bidwill, Blackett, Dharruk, Emerton, Hebersham, Lethbridge Park, Minchinbury, Mount Druitt, Shalvey, Tregear, Whalan, Willmot	19,864	8,462	83.70%
4207	QLD	Yatala	Alberton, Bahrs Scrub, Bannockburn, Beenleigh, Belivah, Buccan, Cedar Creek, Eagleby, Edens Landing, Holmview, Logan Village, Luscombe, Mount Warren Park, Stapylton, Steiglitz, Windaroo, Wolffdene, Woongoolba, Yatala	25,063	8,035	80.56%
2148	NSW	Blacktown	Arndell Park, Blacktown, Kings Park, Marayong, Prospect	23,362	8,033	82.68%
4305	QLD	Ipswich	Basin Pocket, Brassall, Bremer, Churchill, Coalfalls, East Ipswich, Eastern Heights, Flinders View, Ipswich, Leichhardt, Limestone Ridges, Moores Pocket, Newtown, North Ipswich, North Tivoli, One Mile, Raceview, Sadliers Crossing, Tivoli, West Ipswich, Woodend, Wulkuraka, Yamanto	25,421	7,815	75.20%
2017	NSW	Zetland	Waterloo, Zetland	14,949	7,696	70.66%
2250	NSW	Gosford	Calga, Gosford, East Gosford, North Gosford, West Gosford, Erina, Kariong, Kulnura, Lisarow, Lower Mangrove, Mangrove Mountain, Matcham, Mount White, Narara, Niagara Park, Peats Ridge, Point Clare, Somersby, Springfield, Tascott, Wendoree Park, Wyoming	28,719	7,637	84.61%
3064	VIC	Roxburgh Park	Craigieburn, Donnybrook, Kalkallo, Mickleham, Roxburgh Park	34,481	7,604	83.33%

Post Code	State	Location	Long location	All Households	Stressed Investors	% Investors Stressed
3000	VIC	Melbourne	Melbourne	23,055	4,387	52.49%
4006	QLD	Fortitude Valley	Bowen Hills, Fortitude Valley, Herston, Newstead	13,416	3,588	67.46%
6149	WA	Bull Creek (WA)	Bull Creek, Leeming	7,096	3,548	50.00%
2077	NSW	Hornsby	Waitara, Asquith, Hornsby, Hornsby Heights	17,007	3,505	44.83%
4209	QLD	Coomera	Coomera, Pimpama, Upper Coomera, Willow Vale	24,313	3,008	31.84%
3977	VIC	Cranbourne	Cannons Creek, Cranbourne, Cranbourne East, Cranbourne North, Cranbourne South, Cranbourne West, Devon Meadows, Five Ways, Junction Village, Skye	38,658	2,799	20.79%
4215	QLD	Labrador	Chirn Park, Labrador, Southport	25,012	2,706	32.18%
2150	NSW	Parramatta	Harris Park, Parramatta	14,441	2,669	48.00%
2145	NSW	Wentworthville	Constitution Hill, Girraween, Greystanes, Mays Hill, Pemulwuy, Pendle Hill, Wentworthville, South Wentworthville, Westmead	30,232	2,650	27.03%
2010	NSW	Surry Hills	Surry Hills, Darlinghurst	13,947	2,505	58.68%
2560	NSW	Campbelltown	Airds, Ambarvale, Appin, Bradbury, Blair Athol, Bradbury, Campbelltown, Englorie Park, Gilead, Glen Alpine, Kentlyn, Leumeah, Rosemeadow, Ruse, St Helens Park, Wedderburn, Woodbine	29,533	2,474	21.62%
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glenvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,191	2,421	24.18%
2036	NSW	Matraville	Chifley, Eastgardens, Hillsdale, La Perouse, Little Bay, Malabar, Matraville, Phillip Bay, Port Botany	12,722	2,404	39.68%
2031	NSW	Randwick	Clovelly, Randwick	11,122	2,322	43.22%

Post Code	State	Location	Long location	All Households	Financial Stress	% Financial Stress
4350	QLD	Toowoomba	Athol, Centenary Heights, Cranley, Darling Heights, Drayton, East Toowoomba, Finnie, Glensvale, Harlaxton, Harristown, Kearneys Spring, Middle Ridge, Mount Kynoch, Mount Lofty, Mount Rascal, Newtown, North Toowoomba, Northlands, Prince Henry Heights, Rangeville, Redwood, Rockville, South Toowoomba, Southtown, Toowoomba, Toowoomba East, Toowoomba South, Toowoomba West, Top Camp, Wellcamp, Westbrook, Wilsonton, Wilsonton Heights, Wyalla Plaza	47,191	24,237	51.36%
2170	NSW	Liverpool	Casula, Chipping Norton, Hammondville, Liverpool, Liverpool South, Lurnea, Moorebank, Mount Pritchard, Prestons, Warwick Farm	38,254	23,935	62.57%
2560	NSW	Campbelltown	Airds, Ambarvale, Appin, Bradbury, Blair Athol, Bradbury, Campbelltown, Englorie Park, Gilead, Glen Alpine, Kentlyn, Leumeah, Rosemeadow, Ruse, St Helens Park, Wedderburn, Woodbine	29,533	23,639	80.04%
3064	VIC	Roxburgh Park	Craigieburn, Donnybrook, Kalkallo, Mickleham, Roxburgh Park	34,481	18,749	54.37%
3029	VIC	Tarneit	Hoppers Crossing, Tarneit, Truganina	40,249	16,934	42.07%
3000	VIC	Melbourne	Melbourne	23,055	16,873	73.19%
2770	NSW	Bidwill (NSW)	Bidwill, Blackett, Dharruk, Emerton, Hebersham, Lethbridge Park, Minchinbury, Mount Druitt, Shalvey, Tregear, Whalan, Willmot	19,864	16,854	84.85%
3977	VIC	Cranbourne	Cannons Creek, Cranbourne, Cranbourne East, Cranbourne North, Cranbourne South, Cranbourne West, Devon Meadows, Five Ways, Junction Village, Skye	38,658	16,708	43.22%
4300	QLD	Bellbird Park	Augustine Heights, Bellbird Park, Brookwater, Camira, Carole Park, Gales, Goodna, Springfield, Springfield Lakes	23,384	15,876	67.89%
3030	VIC	Derrimut	Derrimut, Point Cook, Werribee	41,029	15,404	37.54%
2148	NSW	Blacktown	Arndell Park, Blacktown, Kings Park, Marayong, Prospect	23,362	15,092	64.60%
4209	QLD	Upper Coomera	Coomera, Pimpama, Upper Coomera, Willow Vale	24,313	14,945	61.47%
4305	QLD	Ipswich	Basin Pocket, Brassall, Bremer, Churchill, Coalfalls, East Ipswich, Eastern Heights, Flinders View, Ipswich, Leichhardt, Limestone Ridges, Moores Pocket, Newtown, North Ipswich, North Tivoli, One Mile, Raceview, Sadliers Crossing, Tivoli, West Ipswich, Woodend, Wulkuraka, Yamanto	25,421	14,685	57.77%
3350	VIC	Ballarat	Alfredton, Ballarat, Ballarat North, Ballarat West, Black Hill, Brown Hill, Canadian, Eureka, Golden Point, Lake Wendouree, Mount Clear, Mount Helen, Mount Pleasant, Nerrina, Redan, Sovereign Hill	27,697	14,511	52.39%
6065	WA	Tapping	Ashby, Darch, Gnangara, Hocking, Jandabup, Landsdale, Lexia, Madeley, Mariginiup, Melaleuca, Pearsall, Pinjar, Sinagra, Tapping, Wangara, Wanneroo	24,261	13,970	57.58%
3805	VIC	Narre Warren	Fountain Gate, Narre Warren, Narre Warren South	19,005	13,579	71.45%
2145	NSW	Wentworthville	Constitution Hill, Girraween, Greystanes, Mays Hill, Pemulwuy, Pendle Hill, Wentworthville, South Wentworthville, Westmead	30,232	13,451	44.49%

Our Scenarios

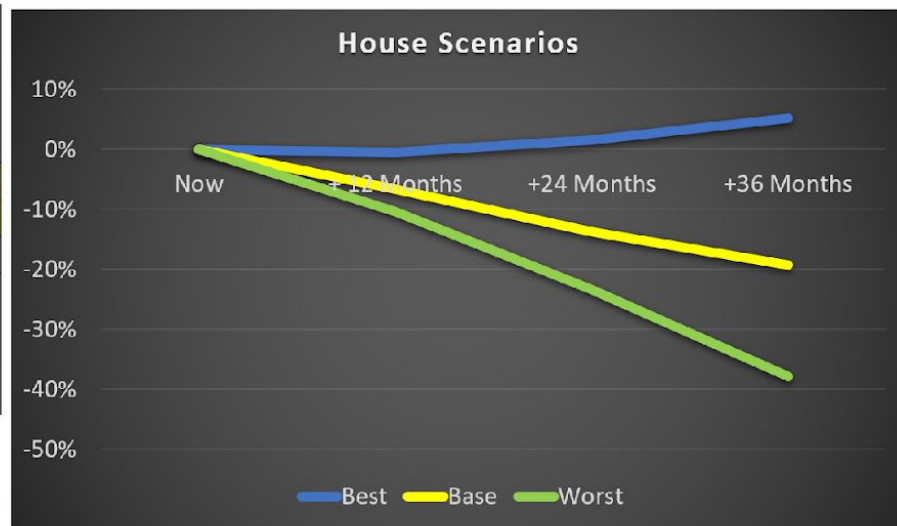
- **Scenarios are a way of exploring different futures, and to consider the consequences, not as a forecast, but to facilitate understanding and debate.**
- **None of these scenarios may turn out to be right.... Things change.**
- **We use a framework driven from our core market model and we are going to look at the five potential outcomes, updated with the latest data and results.**
- **The scenarios running forward from today.**

DFA Scenarios

- **Best:** rates stays at 3.01% and falls next year, and inflation eases ahead of RBA expectations, while wages rise faster. No recession in Australia.
- **Base:** rates rise to 3.65% (means mortgage rates 6-7%), stay high 2023 while inflation stays above target until 2024, no recession in Australia.
- **Worst:** rates rise to above 4% (mortgage rates 7%+), stay high into 2024 along with inflation, and wages growth stalls due to recession here, rate fall later..



4000	<<Enter Post Code Here	Base Census 2021	Count	Disposable Monthly Income		
Location District	Geographic	Households	9,299		\$ 6,641	
		Own Outright	1,337	14.4%		
		Borrowing	1,704	18.3%	\$ 2,239	33.7%
		Renting	6,258	67.3%	\$ 2,243	33.8%
		Investing	3,077			
Suburbs Included	Brisbane, Spring Hill					
State	QLD	Borrowers In Mortgage Stress	90	5.3%		
SA3	Brisbane Inner - West	Renters In Rental Stress	4,267	68.2%		
SA4	Brisbane Inner City	Stressed Investors	1,561	61.0%		
Federal Seat	Moreton	Households In Financial Stress	5,918	63.6%		
Currently Held By	ALP	Price Scenarios				
LGA	Brisbane	Cumulative				
Remote Rating	R1		Now	+ 12 Months	+24 Months	+36 Months
Property Profiles		House				
		Best	0	-0.4%	1.5%	5.2%
		Base	0	-6.7%	-13.7%	-19.3%
		Worst	0	-10.4%	-23.4%	-37.9%
		Units				
		Best	0	-0.3%	1.1%	3.8%
		Base	0	-4.9%	-10.2%	-14.2%
		Worst	0	-7.6%	-17.3%	-27.4%
Houses	763	8.7%				
Units	7,652	87.1%				
Other	366	4.2%				
Total Occupied	8,781					
People	16,643					
Ratio	1.49					
Vacant	2,372	21.3%				
Gross Investment Yield		5.4%				
Net Investment Yield		2.3%				
			20-21 Average Taxable Income			
			\$ 90,610	(Individual ATO)		
			\$ 96,720	(Household Census)		





Draught-proofing, double glazing, curtains: Ways to make your home more energy efficient and save money

News article by the ABC
Melbourne homes built since the 1990s rate just 3 out of 10 for energy efficiency, with residents finding that fixing efficiency issues comes with a hefty price tag.

[Read More](#)



DEBT PROBLEMS

Can't pay your car loan? Phone bill? Credit card? Another debt?

[FIND YOUR ISSUE](#)



DEBT SOLUTIONS

Read about ways to tackle your debts one step at a time

[VIEW YOUR OPTIONS](#)



COMPLEX SITUATIONS

Natural disasters, family violence and economic abuse

[OUR ADVICE](#)

Viewer question of the week:

For interest rates, is the level more important or the change?

Drop your answers in the comments

Investment Implications:

- Bonds boom
- Stocks down: long defensive, short cyclical
- AUD bottom in but further weakness likely
- Property bust has another six months at least then RBA cuts
in H2

More from Nucleus Wealth:

Content: [Nucleuswealth.com/content](https://nucleuswealth.com/content)

Have a guest or topic suggestion for the show?

Leave a comment on YouTube


Find us on all major (and minor) podcast platforms:



Social media:

 Facebook.com/nucleuswealth

 Linkedin.com/company/nucleuswealth

 Instagram.com/nucleus_wealth

 Twitter.com/nucleuswealth