The Agency   Spring / Summer 2022

National Property Market Report

Introduction with Geoff Lucas

Seldom before have our country, economy and industry been confronted with so many changing dynamics. Most recently, the RBA's aggressive raising of interest rates has been the biggest factor impacting the real estate market.

By November the RBA had lifted interest rates for a seventh consecutive time, which included four increases of 50 basis points and, most recently, two rate rises of 25 basis points each. The fallout – in the form of declining prices – started in the Eastern States. However, in October, Western Australia's property market has also started feeling the effects.

Despite this, there is cause for optimism. Many economists argue that a major component of the current inflation is transitory. As blockages in global supply chains ease and interest rates curb consumer demand, they expect the RBA will begin lowering rates again. In line with this, we believe rates will begin to fall slightly in the second half of next year.

The RBA's October 25 basis point rise was smaller than many anticipated and was followed by a second rate rise of 25 basis points in November. This had an immediate impact on sentiment, with the ASX's value rising 3.8% that afternoon. While there may be a few rate rises left, property buyers are beginning to see an end to the cycle and realise the current strong buyer's market has a limited shelf life. Many are starting to act more decisively when they find a suitable property.

As sellers begin to see this change in buyer sentiment, they too will become more comfortable entering the market, and we should see increased market activity in the lead-up to Christmas. That said, the traditional spring selling season will come later – and feature significantly lower volumes – than in previous years.

In 2023, we expect the market will move back to equilibrium – largely as a result of reduced interest rate volatility and increases in immigration contributing to demand. Against this, we'll also see many fixed-rate borrowers rolling off to new higher rates between June and December 2023. However, continued short supply should put a buffer under prices and could eventually lead to small price gains.

In many of Australia's capitals there remains a dire housing shortage. While this may not be apparent in the sales market right now, it is still evident in the rental market. The national vacancy rate now sits at around 1%, and rents rose by 9.1% around the country last financial year. With population growth back on the agenda and the ABS Buildings Approval Index showing construction approvals falling 17.2% over July, the lack of supply won't change any time soon. In fact, it could get much worse. We expect property values in Queensland and WA will be the most positively impacted. Both states are underpinned by strong economies and are likely to see many new arrivals over the next few years. Neither is experiencing the same kind of market-softening that Sydney and Melbourne are going through. And, in WA at least, wages are high while property remains comparatively affordable. This means there is still room for substantial price growth.

If you're considering a move, our advice is to search now, before buyer levels recover. It's often better to trade up or buy property for the first time in a subdued market with lower buyer competition than waiting for prices to turn again. I'd encourage you to contact a trusted and experienced agent for advice. Most importantly, because property ownership is a long game, be decisive yet deliberate in your decision-making and cognisant that we may not see the rapid gains of the past few years for some time.

We believe we're entering a period of smaller price fluctuations and greater equilibrium between buyers and sellers – a healthy market for Australian families moving homes in 2023.

Geoff Lucas
Managing Director
and CEO, The Agency

The national property market with Matt Lahood

As we move into spring, there's little doubt rising interest rates have started to bite, discouraging property market activity and causing home values to decline.

Right across Australia, property prices soared high through 2021 and into early 2022. Then, in May 2022 – the same month the RBA began raising the official cash rate – CoreLogic's National Home Index fell for the first time in almost two years. As the RBA has raised interest rates every month since then, the National Home Index has experienced falls. In September 2022, the national median dwelling price stood at $730,163, almost -2.5% below its April 2022 peak. At the same time, the national auction clearance rate has fallen from a high of well over 80% in mid-2021 to less than 60% today.

These national figures paint a picture of a property market trying to come to terms with uncertainty. With inflation still high around the world, no one can say with confidence when the rate rises will stop. However, the RBA's decision to raise rates by a standard 0.25% in October – rather than the 0.50% it had lifted rates by four times previously – gives some indication that confidence may soon return.

But rising interest rates and falling clearance rates don't tell the full story of today's market. Some sectors continue to perform strongly, while others are likely to bounce back quickly once the official cash rate stabilises.

Nationally, premium property – which isn't as influenced by interest rates as most other segments – has been largely unaffected. We're still seeing record sales at the top end of most markets, and the main challenge has been a lack of homes for sale rather than a lack of demand.

Interestingly, what constitutes a premium suburb or home has changed too. The pandemic has made many people more geographically independent. Many prestige buyers have decided that what they really want is a lifestyle by the sea, or in the country, with room for a home office (or two). So, while the prestige market once encompassed mainly harbourside Sydney suburbs, inner-city Melbourne suburbs and riverside Perth suburbs, it is now much broader. Parts of South-East Queensland – including the Sunshine Coast and Gold Coast, as well as typical holiday destinations in NSW and Victoria – are recording prices once reserved for these traditional blue-chip areas.

In Sydney, we've also witnessed the increase in prestige of the beaches; suburbs such as Bronte (median house price $6.575 million) and Tamarama (median house price $7.9 million) are displacing the traditional heavy hitters of the Sydney property market at the top of the median price list.

At the other end of the spectrum, lower home prices and an exceptionally strong rental market are starting to encourage first home buyers to take the plunge. ABS data reveals that home loans to first home buyers rose 10.4% over August 2022, even though the total number of home loans fell 3.4%. It's great news that more Australians are entering the property market, especially as owning your own home is often the single most important factor in building long-term wealth.

It's not only first home buyers who are benefitting from the current market conditions either. Anyone upsizing should consider doing so now rather than waiting. The price gap between properties has fallen, so even though interest rates are higher, you'll likely need to borrow less. There is also greater choice and less competition when it comes to finding the perfect next home. You just need to be patient when it comes to selling your current property.

Matt Lahood
CEO – Real Estate,
The Agency

“We’re still seeing record sales at the top end of most markets, and the main challenge has been a lack of homes for sale rather than a lack of demand.”

Location: QLD / Brisbane

with Matt Lahood

CEO-Real Estate

Two years of solid growth came to an end in winter 2022, when Brisbane's median property value recorded its first decline since the pandemic. However, price falls in the Sunshine State have been nowhere near as severe as other parts of the country.

CoreLogic's Home Value Index shows Brisbane and the Gold Coast's dwelling value registered a decline of -2.5% in the quarter to August 2022, while the market still rose 17.6% over the previous 12 months. As winter ended, the median Brisbane dwelling value remained steady at $762,284.

As expected, with a federal election in May, winter began quietly for the local property market. Once activity returned, it ebbed and flowed, becoming a little more subdued each time there was an interest rate hike. We're seeing this reflected in the median days on market for Brisbane and the Gold Coast, which has extended to 23 days, compared to 17 in mid-2021.

But looking behind the headlines, there's more to the South-East Queensland property market than first meets the eye. There are often different dynamics at play than further south, and perhaps more cause to be optimistic.

Like Melbourne and Sydney, the Brisbane boom may generally be over, but some market segments are still performing. The apartment market remains particularly strong. This is a result of more people moving back to the centre of the city, as well as owner-occupiers – especially first home buyers – finding themselves priced out of houses. So, while Brisbane house values declined -2.2% over August, the median unit value fell just -0.5%.

It's also worth noting that, when it came to the fewest days on market, Toowoomba led all regional areas nationally. Properties in the inland city were snapped up in an average of just 12 days. Corelogic data also shows Toowoomba house values rose 22% over the 12 months to July 2022 to reach a median value of $558,928, while units rose 17% to $346,150.

Overall, there is still an undersupply of property in South-East Queensland, with listing volumes the lowest they've been in over a decade. This has prevented prices from slipping too far and is likely to mean that, when the current interest rate uncertainty ends, we will see prices start to rise again. Those buyers waiting for a bargain are likely to miss out.

That said, sellers also need to be realistic. We're unlikely to see the massive gains of 2021, but, if a property is priced correctly, it will sell. Even now, some properties are still selling well over vendor expectations.

Finally, it's worth mentioning that the rental market remains as tight as ever. Vacancy rates have been sitting at under 1% for Brisbane since February and were at around 0.7% over winter. This has helped lift rents to their highest levels ever. Eventually, you would expect this to impact sales prices, as investors are lured in by attractive returns while tenants will find it more cost-effective to move out and buy a place of their own.

Location: NSW / Sydney

with Luke Evans

The Agency NSW/ACT General Manager

Spring is in the air and, as usual at this time of year, we're seeing more properties come to market. This increase in supply has arrived at the same time as interest rates are quashing buyer demand.

As a result, we're seeing days on market begin to push out, with CoreLogic revealing that it now takes a median of 37 days for a Sydney property to sell. This compares to just 25 days at the height of 2021's property frenzy.

There's no denying that Sydney's property market has moved through its plateau and is declining – CoreLogic also reports the median Sydney value has fallen by -7.4% since January. But right through winter, people were still transacting, and some market segments are defying the gloomy headlines.

In this new normal, there have been some highlights, especially on Sydney's Lower North Shore, where downsizers and young professionals are actively competing for apartments in the $2-$3 million range. We've also achieved great prices in the Inner West, from Annandale and Stanmore through to Erskineville. Meanwhile, Wollongong is experiencing continued demand from lifestyle buyers. And our Liverpool and Ryde teams report strong interest in quality off-the-plan developments.

In Sydney's Eastern Suburbs, we've had myriad prestige sales over $10 million dollars. However, even at this end of the market, properties need to be priced correctly and presented well. Getting the basics right – such as paint, carpets and correct staging – can often make a big difference.

Regional NSW is also holding up relatively well, with enquiries only just beginning to slow.

Interestingly, the AFR reports that the suburbs hardest hit by recent declines in NSW are often the same ones that experienced the most growth since the pandemic hit. At Copacabana on The Central Coast, prices increased 62% between September 2020 and January 2022. They have only adjusted -5.4% since, meaning homeowners have still locked in extraordinary gains.

Over winter, Sydney led the country when it came to median vendor discounting, with a median discount of -5%, compared to almost half that a year ago. Vendors need to adjust their expectations to the current market, but reasonable prices are still being achieved.

There's no doubt that this is a much better time to be a buyer than we've seen for a while. The market has come off the boil, the FOMO has subsided, and few people are paying over market value. But, it pays to remember that most sellers are buyers too, so transacting in this market can bring benefits.

If you're in that boat, our advice is to eliminate the uncertainty of another interest rate rise and sell before the summer holidays. The Christmas break in real estate can be unpredictable and, as more stock hits the market in the coming months, you're likely to find yourself in your new home before 2023.

Location: VIC / Melbourne

with Peter Kakos

The Agency Victoria General Manager

Melbourne's median dwelling price fell slightly over winter and early spring. CoreLogic reported a citywide decline of -3.8% in the three months to August, and another -1.0% in September.

However, we believe we're now seeing the first signs of a mood shift among both buyers and sellers. This doesn't mean we're likely to see price growth return – at least not in the short term. But it does mean that seller expectations have recalibrated, buyers have become less wary of interest rate rises, and activity is beginning to return to the market.

One reason for the lift in spirits is a growing recognition that the Melbourne market is becoming more affordable – at least compared with many other Australian cities. According to CoreLogic, the median Melbourne property price in September 2022 was $774,531. That's 73.5% of the price of the median Sydney dwelling value, 87.3% of the median Canberra property value, and 103.8% of the median Brisbane dwelling value.

This has changed rapidly. As recently as late 2019, Melbourne's median property value was 79% of Sydney's, 114% of Canberra's and 156% of Brisbane's.

The increased affordability of Melbourne property is bringing more first home buyers into the Melbourne market. ABS Data revealed that the number of first home loan commitments in Victoria rose 11.9% in August 2022, so they now account for 35.4% of all home loans across the State. Investors are also noticeably returning to the market, and are competing hard with first home buyers in the market for established apartments in Melbourne's inner and middle rings.

Before the pandemic struck, Melbourne's property values were fuelled by substantial population growth. Since COVID-19, however, the city has been losing residents, with an estimated 60,000 people moving elsewhere over 2021. With the economy now fully open, and the federal government announcing an increase to the immigration cap, we expect this to rapidly change. As it does, we're likely to see greater pressure on Melbourne dwelling prices.

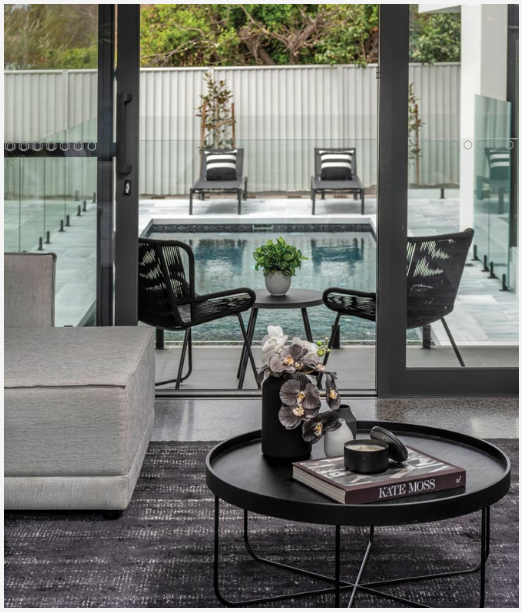
In the meantime, these flatter market conditions not only favour investors and first home buyers, but also those keen to upgrade or upsize their home. That's because the gap between properties is smaller, there is less competition for property and more time to get the move right.

CoreLogic has Melbourne properties spending a median of 31 days on market as of August, which is the same as a year ago and in line with the capital city average. So the takeaway is that quality property is still selling well. If your property is in a good condition and location, with a good aspect, it will attract buyers. If it's compromised – such as being in a busy location or in a poor condition – you're likely to have to discount more heavily (the current vendor discount is around -4% according to CoreLogic). In a market such as this, the real estate agent cliche of 'location, location, location' generally reveals itself to be true.

Location: ACT / Canberra with Sam Dodimead

The Agency Head of ACT

Canberra’s geographical and land constraints mean that any population growth tends to improve property prices.



Data from the 2021 Census showed the ACT was Australia’s fastest growing state or territory in the five years to 2021.

By-and-large, this has helped Canberra’s property market defy the gloomy headlines. The median dwelling price rose 7.8% in the year to August 2022 according to CoreLogic. Recent interest rate rises have dampened market activity and reversed some of these gains. In September, Canberra’s median fell -1.6%, taking the city’s quarterly price fall to -4.4%, so that the median property value across the city is now $886,990.

Spring selling season has brought more stock to the market and this increase in supply means the average time a property spends on market is now 39 days according to CoreLogic, up from 35 in 2021.

Canberrans have one of the highest median incomes nationally. At the same time, housing in Canberra is still relatively cheap. The median home to income ratio sits at 7.1, making it the most affordable capital city after Darwin and Perth. But this is still a significant rise from its pre-pandemic level of 5.2.

So, while Canberrans should theoretically have more capacity to deal with rate rises, we’ve noticed that, on the ground, buyers have become more circumspect. Even though household budgets may still be able to cope with higher interest rates, sentiment has certainly turned.

That said, some market segments – most notably prestige property and inner-city apartments – are still relatively strong. One reason for the apartment market’s continued performance is that legislative changes in late 2021 have made it more difficult for developers to rescind contracts off the plan. This means many are sitting on stock until they receive DA approval, rather than pre-selling. As buyers are finding it more difficult to purchase off the plan, many have shifted their focus to the established unit market.

Mid-range houses that need work are in less demand, with buyers worried about the rising cost of renovating and the difficulty involved in hiring tradespeople to carry out work.

We’re also seeing strong interest from local and interstate investors, many of whom are attracted by good yields, low vacancy rates (0.9%) and strong demand from high calibre tenants. These buyers are particularly active in the $600,000 to $800,000 range.

As we head through spring and into summer, we’re excited to share more amazing listings including 13 Throsby Crescent, Narrabundah, which will go to auction and is set to break records. Overall we believe there’s great opportunity in the ACT market right now for both buyers and sellers.

Location: WA / Perth

with Stuart Cox

The Agency WA General Manager

When markets were rising across the country in 2021, the Perth property market was behind other capital cities in the growth cycle. Now it remains behind other capital cities in the fall cycle too.

While the national dwelling value saw a -1.4% decline in the September quarter (and Sydney's median fell -6.1%), Perth's median value dropped just -0.4%. That means Perth's property values remain 4.1% up on a year ago.

Our view is that, even though Perth lags other cities in price falls, it is likely to be one of the leaders in price gains when the market turns again. There are several reasons to be bullish about the city's property values.

Right now, it is exceptionally difficult to find anywhere to rent. The vacancy rate in our city stands at just 0.4% and this has helped push the median rent up to $536, which is a rise of $136 and 34% higher than pre-pandemic. Meanwhile, the median city-wide property value is $558,579. If someone were to buy a home of that value on a 30-year home loan with a 4.5% per annum interest rate, their repayments would be close to $523.

In other words, so long as a first home buyer can cover the costs of stamp duty (although first home buyers pay nothing on homes valued up to $430,000) and a 20% deposit, it is officially cheaper to buy than to rent in Perth.

Many are starting to realise this and we're seeing a growing number of West Australians enter the market for the first time. The ABS reported that lending to first home buyers rose 13.9% in our State over October, so they now account for 38.7% of all new loans in

WA. That alone makes ours a very different market to most other capital cities.

What also makes our State different is the capacity of homeowners to sustain continued rate rises. Across Australia, the median property price-to-income ratio stands at roughly 5.8:1. In Sydney, it is 10.1:1, and in Melbourne, roughly 6.9:1. Here in the Western capital, it stands at just 4.2:1, making it one of the lowest in the country.

As Western Australians don't have to borrow as much to buy into the local property market, they also have much more capacity to absorb any interest rate rises.

As the dust settles and confidence returns more generally, we expect property prices to grow again – potentially quite rapidly.

“It is officially cheaper to buy than to rent in Perth.”

Location: TAS / Launceston

with Philip Bushby

Licensee & Founder, Bushby Property Group

Northern Tasmania's property market proved resilient over winter, even in the face of rising interest rates. While the median price in regional Tasmania has fallen -4.0% since its market peak, according to CoreLogic, the Launceston market is still well up on where it was pre-pandemic.

Realestate.com.au data shows that the median house price in the centre of Launceston is $770,000 – 35.1% more than it was 12 months ago and 44% higher than pre-pandemic levels.

We may not be seeing the number of buyers we witnessed at the start of 2022, but those in the market are usually still prepared to compete strongly to secure a home. This is especially true of first home buyers, many of whom are in a strong position, having saved over the pandemic. With lower property prices than in many parts of Australia, servicing a mortgage in our local market has never been the challenge it often is elsewhere. Now, many first home buyers are finding they have managed to overcome the main obstacle to home ownership – a deposit.

In our experience, these first home buyers are often outbidding investors, effectively shutting them out of the market.

But it's not just having a large deposit that's providing the impetus for first home buyers to act now. The rental market is also contributing. SQM data is reporting a vacancy rate of 0.9% for Launceston but here at The Agency, we're operating on a local vacancy rate of between 0.1% and 0.4%. This has been an ongoing issue, which has caused rents to double over the past decade. Moving from renting to buying often makes sound financial sense.

Another factor that is impacting our local market is a lack of available trades. Would-be renovators are finding it difficult – even impossible – to engage skilled labour or find the materials they need to perform work on their homes. This means already renovated properties are selling quickly and for a premium, while those that need substantial work usually prove more difficult to move.

With Tasmania's unemployment rate at record lows, this may be an issue we face for some time yet. However, it's also a sign that the local economy – like Australia's – is in good shape compared to many parts of the world.

When interest rates have stabilised and confidence returns more broadly, we should see a return to a strong property market across the board.

Investor's update with Maria Carlino

The Agency Director of Property Management

For the past six months or so, the national rental market has been surging. Now, as we move into the warmer months, it has officially gone into overdrive.

Around the country, vacancy rates have fallen to record lows, and rents have risen to record highs. This is leading to higher yields for investors, which in many cases are helping to offset declining property values. Nationwide, it's a landlord's market.

SQM Research reported that in August 2022, the national vacancy rate fell to just 0.9%, while the median national rent stood at $575. That's $106, or 22.6%, higher than at the start of 2021.

Several factors have underpinned this growth in rents. These include rising home loan interest rates (which encourage people to continue renting rather than buying), higher levels of migration, a return to inner-city living and a general lack of available housing. In fact, stock levels are now so low that there were roughly half as many properties available for lease around the country in August 2022 compared to the previous 12 months.

This lack of rental stock is particularly felt in cities experiencing high levels of migration, such as Perth and Brisbane. Perth's vacancy rate is now just 0.4%, which has helped force the citywide asking rent up to $536, or 35.7% higher than pre-pandemic. Meanwhile, the gross yield for apartments has risen to 5.7% – the most it has been since 2012. In Brisbane, a vacancy rate of 0.7% has forced the median rent up by 23.4% over just one year.

Those rental markets that took the biggest hits during the pandemic, such as Sydney (up 25.2%) and Melbourne (up 20.2%), have also seen extravagant rental growth. This, combined with falling property values, has helped the yield on apartments in both cities to break through the 4.0% barrier for the first time since before the pandemic (or as far back as 2016 in Sydney's case).

This is playing out on the ground in the form of increased tenant competition and extremely low days on market. In the Perth suburbs of Midland, Parkerville and Armadale in August, we had three properties rented at their first open home for well above asking prices. The same happened on the other side of the country in Sydney suburbs such as Bondi.

This illustrates that the same lack of housing stock that has helped drive real estate prices upwards around the country continues today. It's simply that, in the face of rising interest rates, its effects are now playing out in the rental market rather than the sales market.

With sales prices now lower than they were in many parts of the country, and the federal government announcing an increased immigration cap (something that's likely to increase pressure on housing supply), our advice to investors is that this could be the best time to enter the market in a while. Despite recent price falls, we've seen some investors keen to cash in on the pandemic's price gains, with many investors in regional areas like Toowoomba deciding to sell, only adding to the rental shortage. Others are seeking investments further outside of the major metropolitan areas.

While we're experiencing large numbers at open homes, landlords should be cautious of accepting too far over market prices for their property and bear in mind long-term affordability. This is particularly acute in regional areas, including Launceston.

Renters will find this a very competitive and challenging market, and our advice is to be prepared to act fast, have references and your application ready, and be persistent.

Projects with Steven Chen

The Agency Co-Founder and Head of Projects

Of the many significant projects that have hit the Australian marketplace in recent years, Crown Residences Barangaroo – 10 years in the making – is one of the most impressive.

The highly coveted project recently settled and The Agency has listed a resale on Level 64 of Residence 2. This four-bedroom sky home offers a luxurious Manhattan lifestyle that brings an unprecedented level of service and amenity to the Sydney market. It also boasts iconic views and an amazing location in an architect-designed building.

We believe the success of Crown Residences Barangaroo pioneers a new chapter for projects in Australia. It also demonstrates the strong consumer demand for off-the-plan, high-end properties, a trend that's being driven predominantly by downsizers. From the Sydney CBD and across to Double Bay and the Eastern Beaches, people are looking for luxury offerings in vibrant locations.

Over 2022 we've seen more of these types of high-end projects hit the market across the eastern seaboard, giving clients a little more to choose from. We've also seen developers really lift their game in terms of lifestyle appeal, as well as in the quality of their architecture, design and construction. Developers not keeping up will increasingly find both their rate of sale and their sale prices will be impacted.

At The Agency we've seen a lot of stock sell off-market over winter 2022, with the projects market remaining steady in the face of a wider property market decline.

Henley Residences, a development of 70 luxury townhouses in Sydney, was one of the 10 most viewed and enquired projects on property portals, even though the price points in this development are higher than surrounding freestanding homes.

Seymours in Roseville is nearing completion, and while this is typically a difficult time to sell a project, only a few of these apartments remain on the market, with over a dozen sold in September.

Since the pandemic hit, we've found a lot of people in Sydney and Melbourne looking for lifestyle change opportunities in Queensland – from the Gold Coast to the Sunshine Coast and Cairns. Holiday properties have proven popular, with people wanting to own a piece of paradise so they can host friends and family, or rent it out when they're not using it themselves. In particular,

we've sold a lot of property in Surfers Paradise and the Gold Coast off-market to Sydney and Melbourne buyers looking for second homes.

Alongside the downsizers and first home buyers who have been driving the projects market, we're also seeing a new demographic emerge: the active resizer. These are buyers who are looking to liquidate cash by selling their existing property, and making a lateral move to a property of a similar size that is a little cheaper – perhaps due to being in a completely different location. These are not downsizers or retirees: many are in mid-life and looking to bank money, in exchange for a different lifestyle.

While some first home buyers have been impacted by interest rate rises, overall we're still seeing a healthy projects market, with developers looking to acquire and fulfill their future pipeline. However, increased borrowing or financing costs combined with the increase in construction costs (15-30% increases across the board) will affect developers at some point. If prices for these continue to rise we could see a correction in land value is needed to make projects viable.

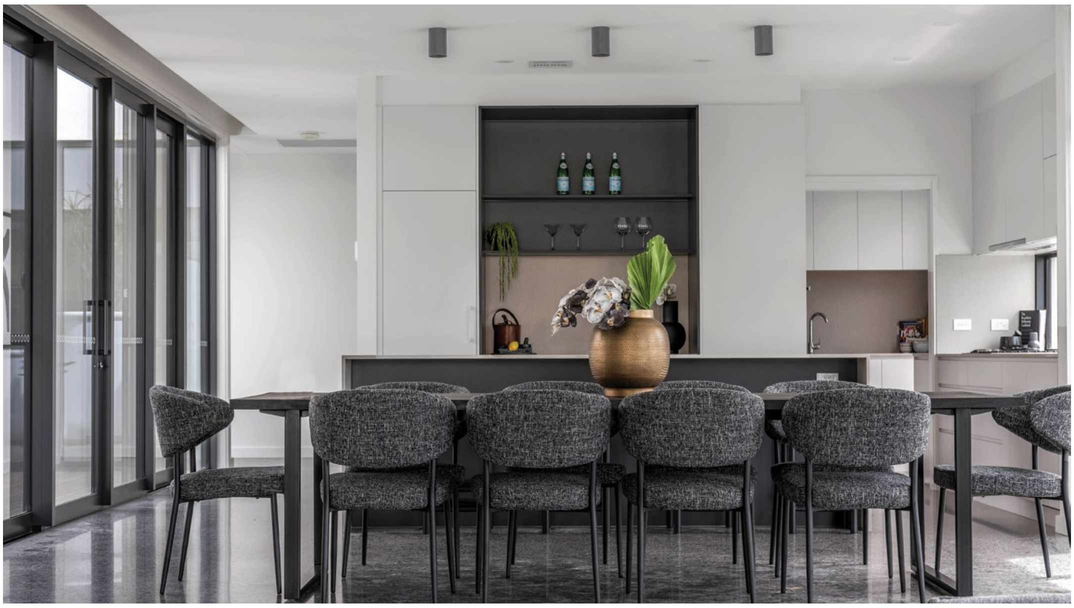
Right now the appetite for developers to purchase quality sites that still bear a profit remains unchanged.

“We’ve seen developers really lift their game in terms of lifestyle appeal, as well as in the quality of their architecture, design and construction.”

Finance

with John Kolenda

MA Financial Group



A run of seven straight rises has taken the official cash rate from its historical low rate of 0.10% to 2.85% - the highest it has been since 2013.

This, in turn, has caused the median variable interest rate on a new owner-occupier home loan rise from 2.86% in April 2022 to around 5.0% today. That said, there is still strong competition in the lending market, even as the lending environment tightens. Those looking for a home loan may find they can secure a deal for well below the average rate.

Banks are competing particularly hard to win existing mortgage holders looking to refinance. In fact, refinancers now account for around 55% of all new loans. These borrowers tend to be more attractive to lenders because they provide greater certainty in repayments. They also often come with significant existing equity.

We believe the effects of rate rises haven't yet been properly felt. During the pandemic many Australians took advantage of competitive rates on fixed rate home loans – so much so that over July and August 2021, roughly half of home loans were fixed. Many of these are scheduled to end over the next 12 months, at which time borrowers are likely to find their rates rise dramatically. Even before then, over the next few months, increased repayments should start to impact many Australian households.

In the lead-up to the end of the year, we're likely to see further rate rises. The US Federal Reserve has continued raising its interest rates aggressively to combat inflation, resulting in the US Cash Rate increasing from 0.25% to 3.25% over the past year.

To some extent this ties the hands of the RBA who must either raise the local rate or face the prospect of further indirect inflation in the form of a weaker currency. However, the fact that the RBA chose to raise rates by only 0.25% in October – rather than the 0.50% it had selected for each of the five previous months – provides some hope that the pace of rate rises in Australia may be stabilising.

Finally, it's worth mentioning that even in today's changed environment, our advice remains the same – make sure to speak to your mortgage broker to get a better deal on your home loan. This applies whether you're looking to save money on an existing mortgage or taking advantage of lower house prices to break into the market for the first time.

After all, the lending market is incredibly sensitive right now and lenders are frequently changing and updating their special offers. With this in mind, it's important you have someone by your side who can help navigate through that complex web to identify which loan is in your best interest.

Capital city auction statistics

9 October 2022

Source: CoreLogic

City	Clearance rate	Total auctions
Sydney	59.4%	681
Melbourne	62.2%	743
Brisbane	45.6%	125
Perth	50.0%	10
Tasmania	n.a.	0
Adelaide	65.7%	143
Canberra	69.0%	113
Combined capital cities	60.6%	1,815

Index results – Change in dwelling values

30 September 2022

Source: CoreLogic

City	Month	Quarter	Annual	Total return	Median Value
Sydney	-1.8%	-6.1%	-6.0%	-4.2%	$1,053,131
Melbourne	-1.1%	-3.7%	-3.9%	-1.0%	$774,531
Brisbane	-1.7%	-4.3%	13.4%	17.6%	$746,017
Adelaide	-0.2%	0.1%	19.2%	23.0%	$649,983
Perth	-0.4%	-0.4%	4.1%	8.7%	$558,879
Hobart	-1.4%	-4.5%	2.0%	5.9%	$705,079
Darwin	0.0%	1.4%	6.2%	12.8%	$509,440
Canberra	-1.6%	-4.4%	4.0%	7.9%	$886,990
Combined capitals	-1.4%	-4.3%	-0.7%	2.0%	$798,101
Combined regional	-1.3%	-3.6%	10.1%	14.0%	$589,364
National	-1.4%	-4.1%	1.7%	4.5%	$730,163

Our community

From small local initiatives to big-name events, The Agency encourages its Property Partners to get involved and give back to their community. Here's a snapshot of what they've been doing:

Director of Property Management, **Maria Carlino**, and her team support the work of Mel Thomas, who runs the KYUP Project, which aims to end the cycle of domestic violence at a grassroots level by running workshops to help empower Australians to champion their safety and wellbeing.

Dino Gatti, Property Partner at The Agency Lower North Shore, and **Lincoln McCarthy**, Property Partner at The Agency Northern Beaches in Sydney, are teaming up to support their local community by contributing to a fundraiser auction for Neutral Bay Public School.

Paula Simoes, Property Partner in Sydney, enjoys serving her community and helping local businesses by being a board member on the Bondi and Districts Chamber of Commerce. Recent achievements include contributing to the Bondi Winter Festival and the opening of the newly renovated Bondi Pavillion with the Mayor of Waverley.

Dan Smith, Property Partner with The Agency, Sunshine Coast, is an ongoing supporter of the Sunshine Coast Playgroup Hub, in Mons, which delivers and supports community and facilitated playgroup sessions, school readiness and parenting support programs. He has committed to donate $1,000 from the commission of each of his next five sales with the money going towards upgrading the wet weather options for the centre. Dan and the team are also planning a community movie night to raise funds to upgrade the centre's baby room.

The Agency WA has partnered with 9News to sponsor "Best of the West", a new initiative that recognises and promotes difference-makers in Western Australia. Every month until January, they will be awarding $5,000 to a person or organisation that goes above and beyond for their community. So far winners have included:

- Proudly Productive, a disability services organisation that supports young adults with intellectual disabilities, by providing them opportunities for meaningful social and economic participation and active inclusion at all levels of community.
- Ambulance Wish, a charity that helps palliative care patients and those who are terminally ill to fulfill their final wishes, at no cost to the patient or their family.

Anyone can nominate a future winner online.

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The Agency

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