

2018  
EDITION 1

CANBERRA

# CANBERRA CAPITAL CITY REVIEW

2018 | EDITION 1

PERFORMANCE  
PROPERTY DATA

# CANBERRA OVERVIEW



Canberra is currently the 8th most populated area in the nation, with the latest ABS figures showing a population base of 409,141 for the ACT. This region holds approximately 0.02% of the Australian population and on average has grown on average by approximately 6627 people per annum since 2006.

The Canberra property market has experienced historic compounding growth rates of 7.65% PA for houses since 1978. The last 10 years has seen the market grow at a rate of 3.91% compounded PA and 5.95% PA the last 3 years.

In 2016, the dominant sector was Public Administration & Safety which contributed 36% to GSP. This was followed by Professional, Scientific & Technical Services at 10%. Ideally, to minimize risk, we would like no one industry at more than 10% contribution.

Infrastructure spending peaked in 2017 with approximately \$2054 per person committed to public infrastructure spending for projects over \$10 million. \$2054 per person of spending in the pipeline is considered below average based on the national average of \$3000 per person. 2018 has \$1074 per person committed.

## MAJOR PROJECTS APPROVED

Canberra Light Rail Project Stage 1 / ACT Law Courts / University of Canberra Public Hospital / Fyshwick 2 Data Centre / Molongo Valley Infrastructure / Gundaroo Drive Duplication Stage 2

## CANBERRA AS WE SEE IT

We believe this market is showing **Limited Value**.

Given the rate of long term growth, economic diversification and the population base we believe it is best suited to a **Medium Term Trading Strategy**.

We classify the Canberra as a **Medium to High Risk** investment based on the size of the population, population growth, stage of the cycle and economic factors.

# AT A GLANCE

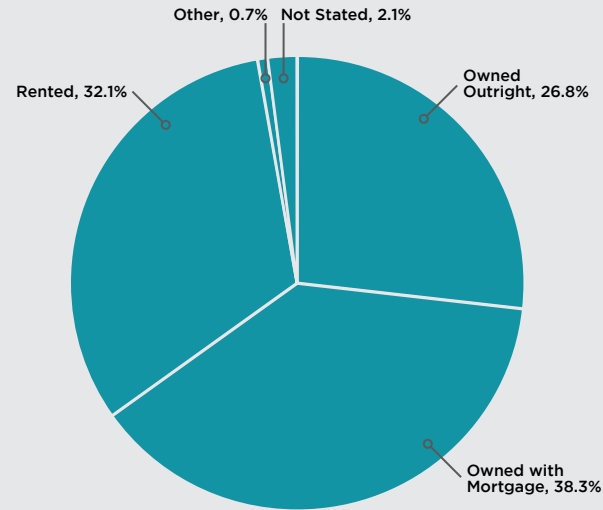
**PERFORMANCE**  
PROPERTY DATA

## 2018



Median rent for houses in Canberra is **\$575** and **\$415** for units. Median house rent has increased approximately **9.5%** since 2010, while the house median has increased 26% in that same time.

Type of Tenure



THE CANBERRA HOUSE MARKET PREVIOUSLY PEAKED IN **2010** AND HOUSE PRICES ARE CURRENTLY **26%** HIGHER THAN THIS LAST PEAK. THE UNIT MARKET LAST PEAKED IN **2010** AND THE CURRENT UNIT MEDIAN PRICE IS **3.5%** HIGHER THAN 2010 PRICES.

Both houses and units have experienced less than the historical growth rate over the last **10, 7, 5** and **3** years.

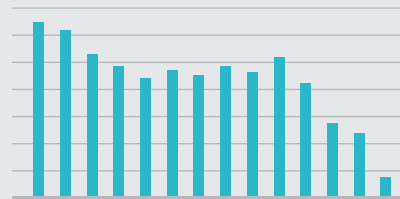


**2010**

**4.00%**

YIELDS IN CANBERRA HAVE BEEN ON A DOWNWARD TREND SINCE **2011** AND ARE CURRENTLY SITTING AT **4.5%** FOR HOUSES AND **5.1%** FOR UNITS.

After experiencing a high of **4.2%** in **2010**, vacancy rates are currently at **1.2%**.



THE CURRENT UNEMPLOYMENT RATE IS

**3.3%**

down from a high of **4.7%** in **2015**. The ACT underemployment rate is **10.4%** which is higher than the national rate of **8.8%**.

THE CANBERRA'S POPULATION HAS INCREASED ON AVERAGE **2.5%** PER ANNUM OVER THE LAST 10 YEARS.



0                      125K                      250K                      375K                      500K

# CONTENTS

## Key Indicator 1

### THE ECONOMY

ACT State Budget

Industry Value as % of GRP

Mortgage Arrears

Negative
Slightly Negative
Slightly Positive

## Key Indicator 2

### AFFORDABILITY

Gross Affordability Index (House) V. Price Growth

Gross Affordability Index (Unit) V. Price Growth

Median Price V. Income

Median Price V. Rent

FHBs as % of Population

Slightly Positive
Positive
Slightly Negative
Slightly Negative
Neutral

## Key Indicator 3

### DEMAND FACTORS

Population

ACT Population Movement Type

Population Pyramid

Unemployment Rate

Underemployment Rate

Infrastructure Spending

Airport Arrivals

Slightly Positive
Negative
Negative
Positive
Slightly Negative
Slightly Negative
Slightly Negative

## Key Indicator 4

### SUPPLY FACTORS

Dwelling Approvals V. Population % Change

Bedroom Approvals V. Population Change

Vacancy Rate V. Rent

Stock on Market

Slightly Positive
Slightly Negative
Slightly Positive
Neutral

## Key Indicator 5

### INVESTMENT VALUE

Yield

Long Term Performance

House V. Unit Price Movements

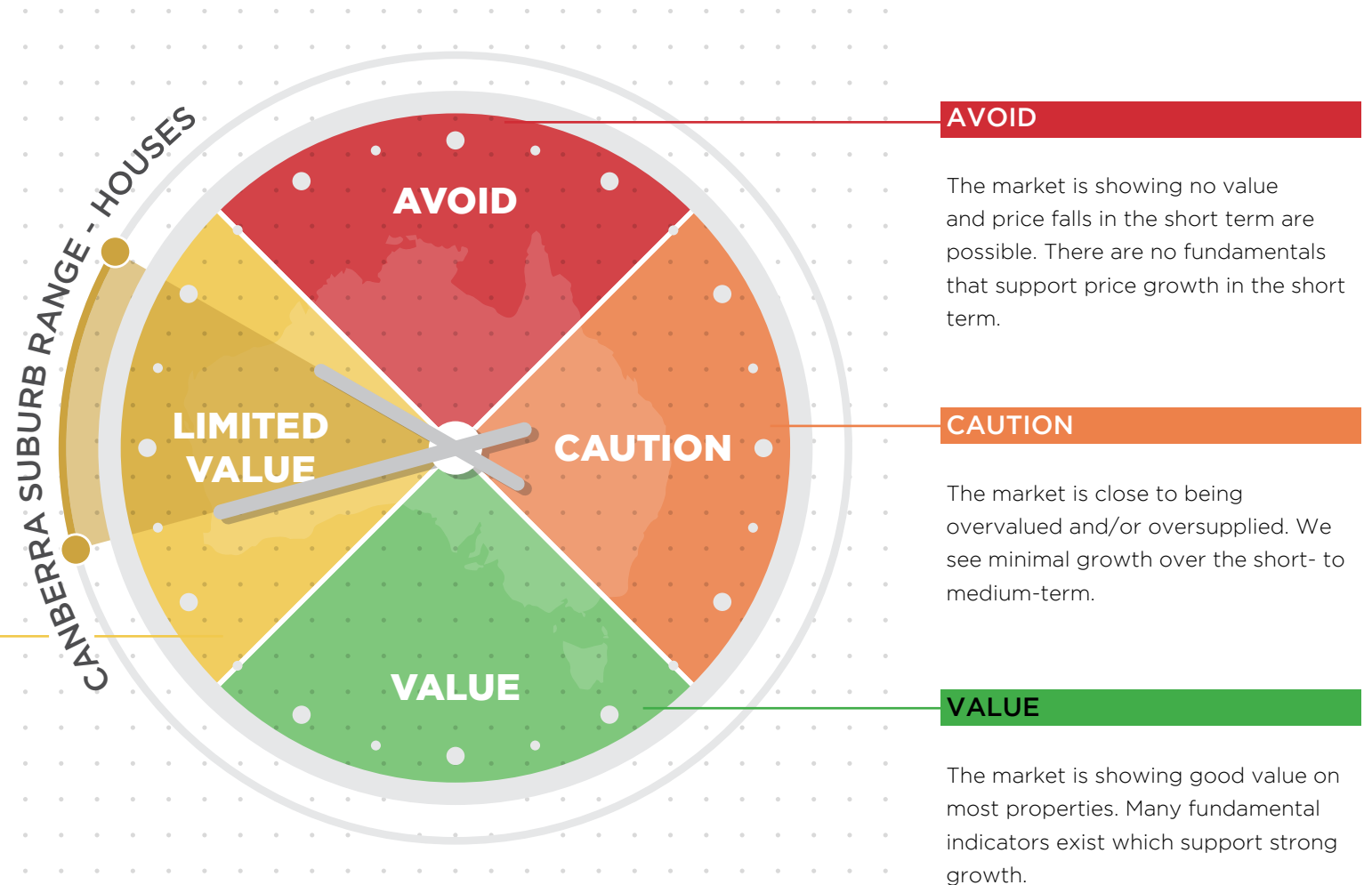
Canberra V. Sydney Price

Price Comparison

Slightly Positive
Slightly Positive
Positive
Slightly Positive
Positive

# OUR VIEW OF THE CANBERRA **HOUSE** MARKET

We believe that currently this market is showing Limited Value.



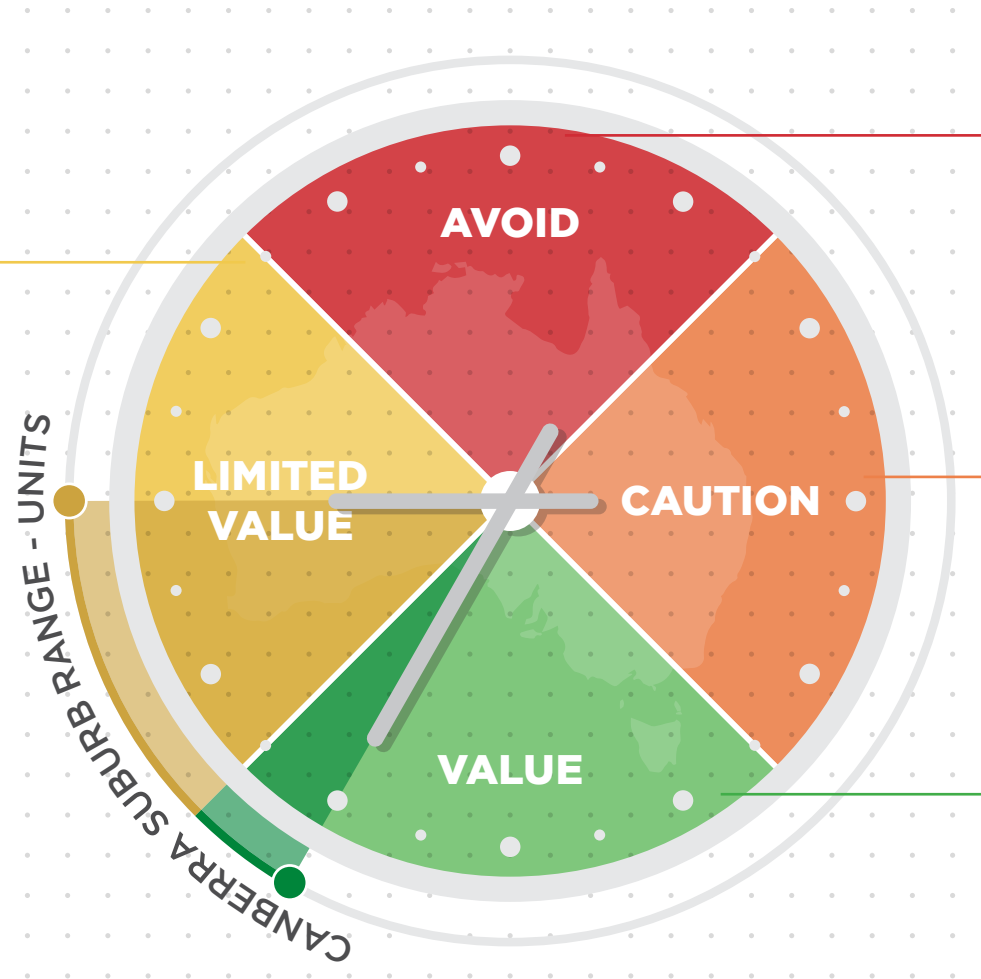
For more information on the Canberra market, including individual property and suburb selections, call to speak to one of our professional property advisors on 03 8539 0300.

# OUR VIEW OF THE CANBERRA **UNIT** MARKET

We believe that currently this market is showing Limited Value.

## LIMITED VALUE

The market is showing some value opportunities. Overall, most fundamental indicators support growth.



## AVOID

The market is showing no value and price falls in the short term are possible. There are no fundamentals that support price growth in the short term.

## CAUTION

The market is close to being overvalued and/or oversupplied. We see minimal growth over the short- to medium-term.

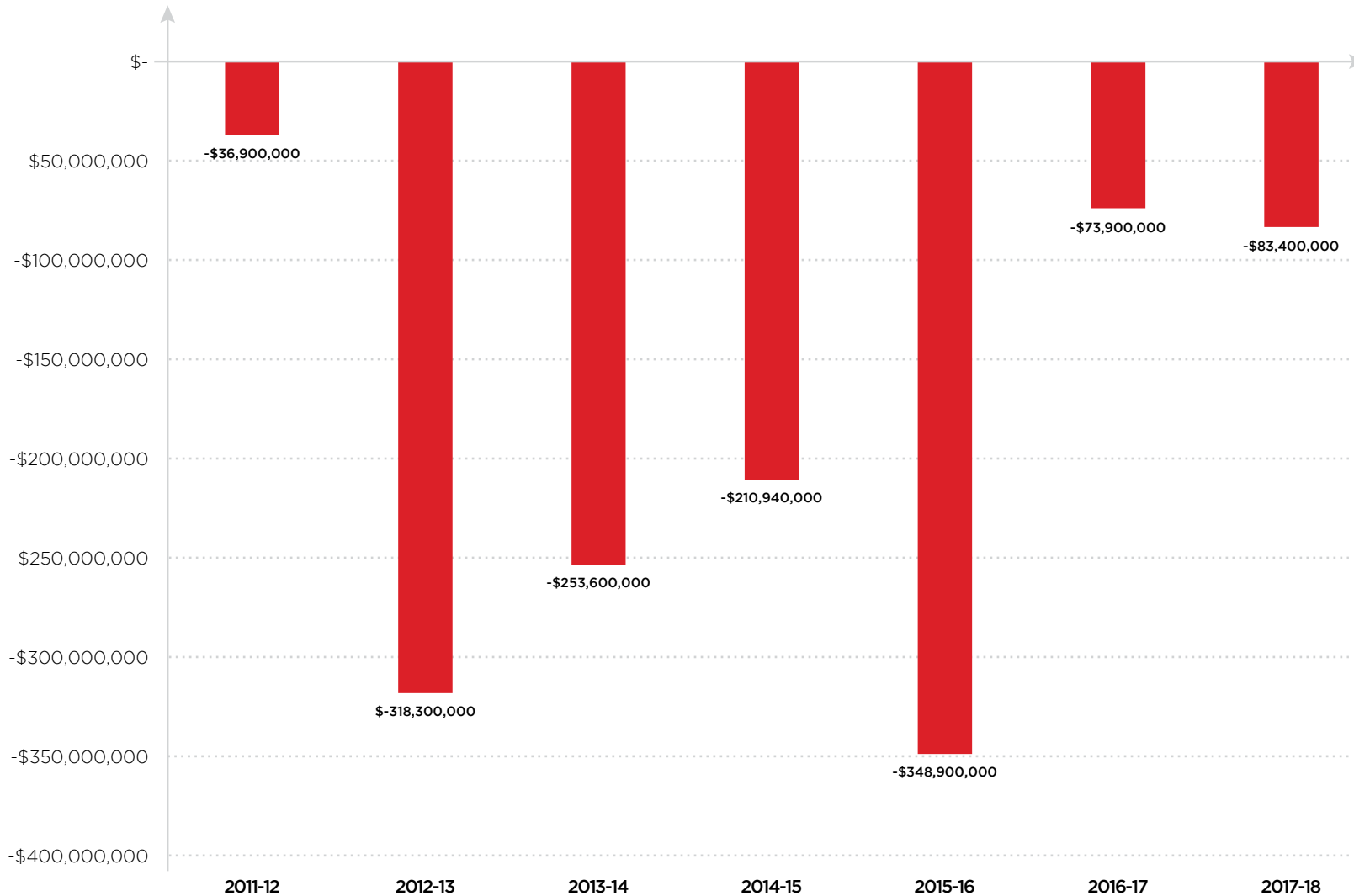
## VALUE

The market is showing good value on most properties. Many fundamental indicators exist which support strong growth.

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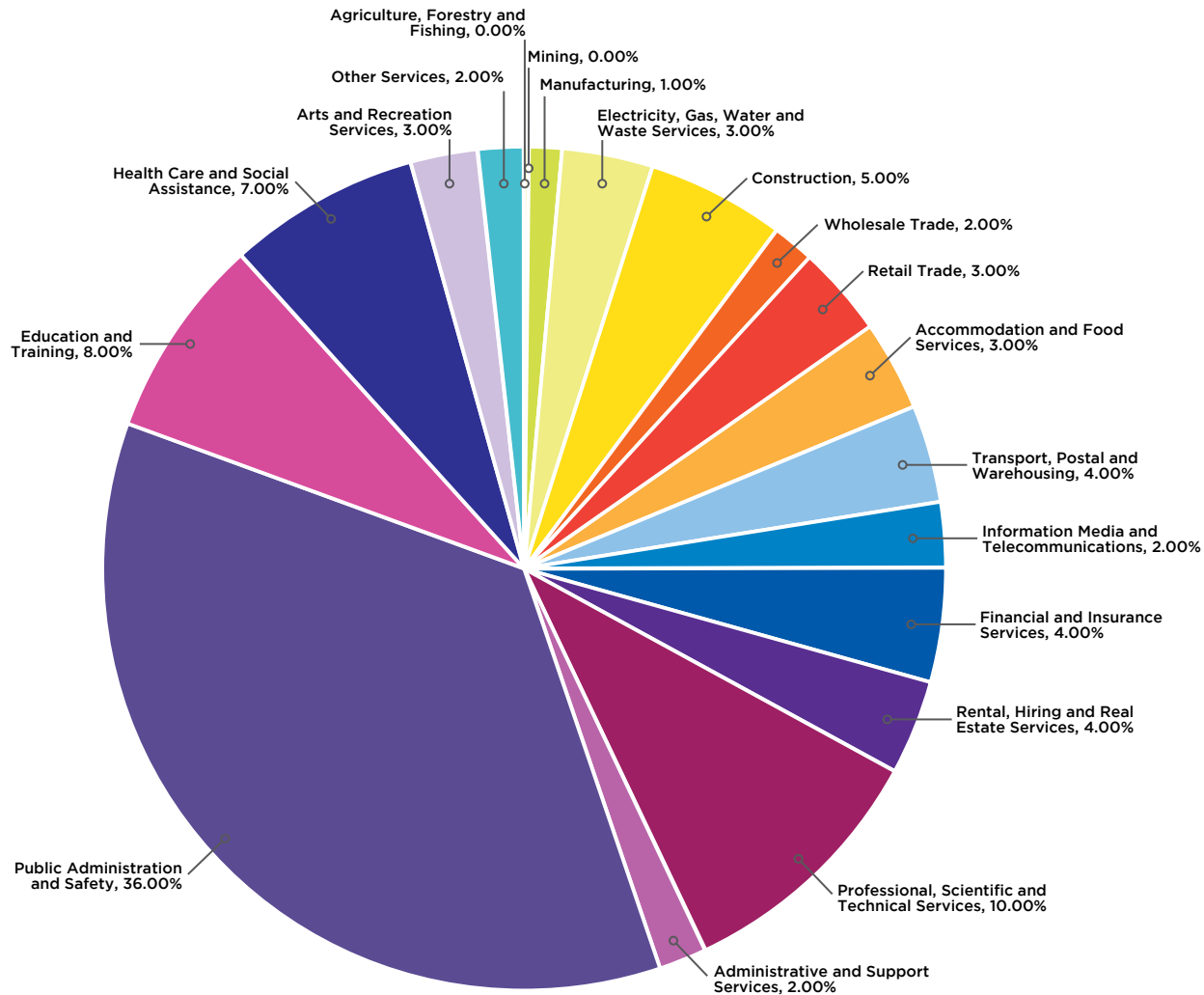


# ACT STATE BUDGET POSITION



NEGATIVE

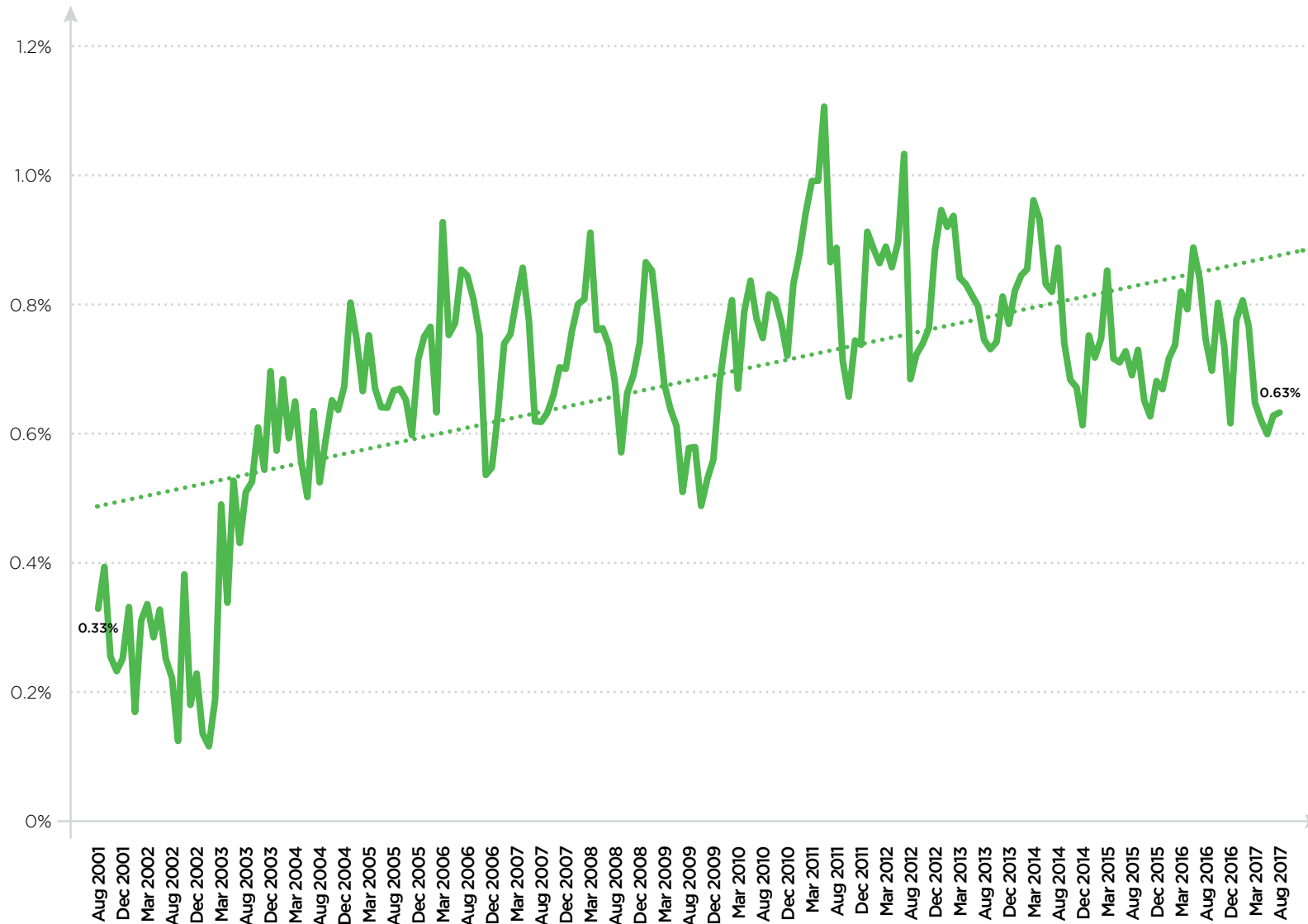
# INDUSTRY DIVERSITY



**SLIGHTLY  
NEGATIVE**

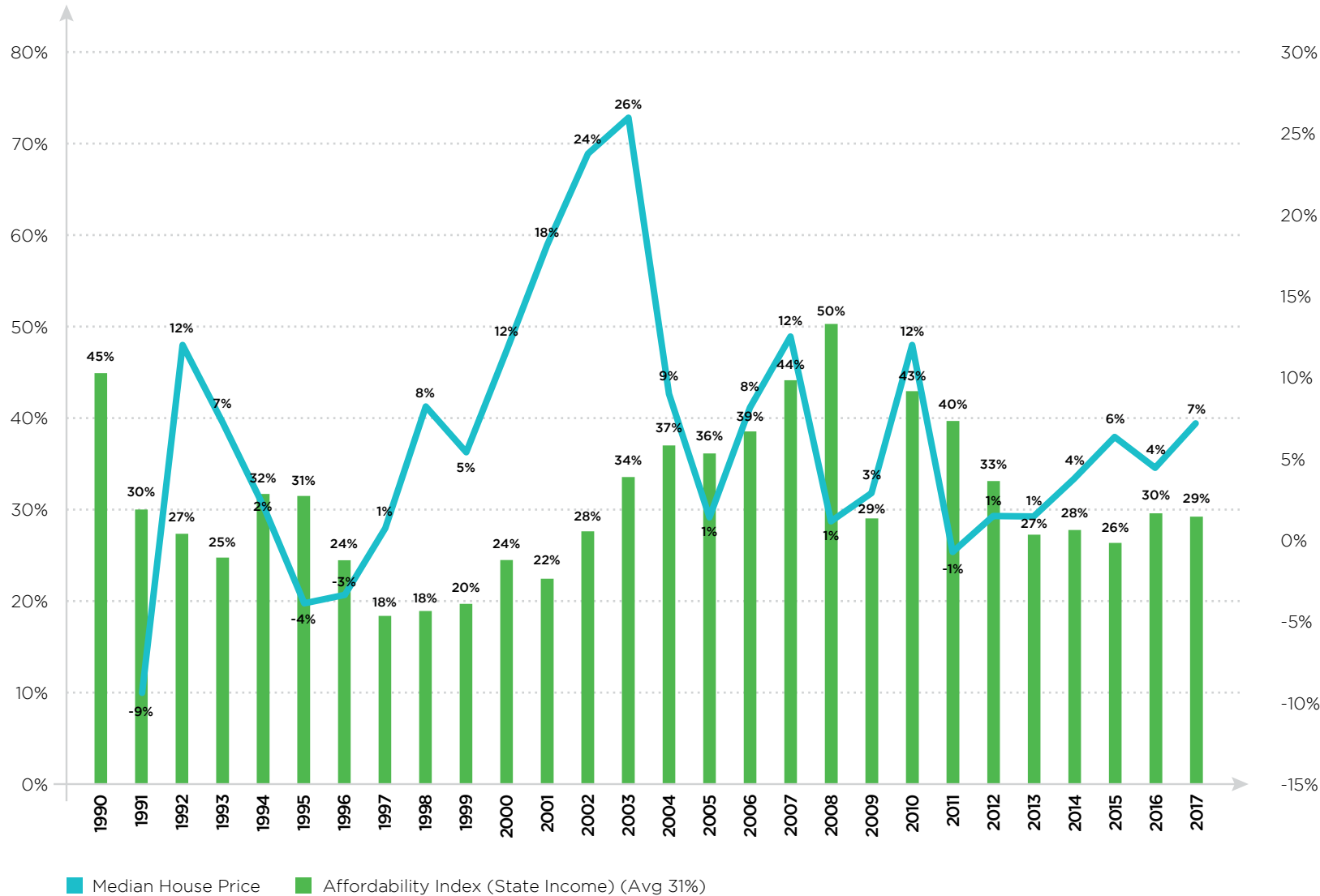


# MORTGAGE ARREARS



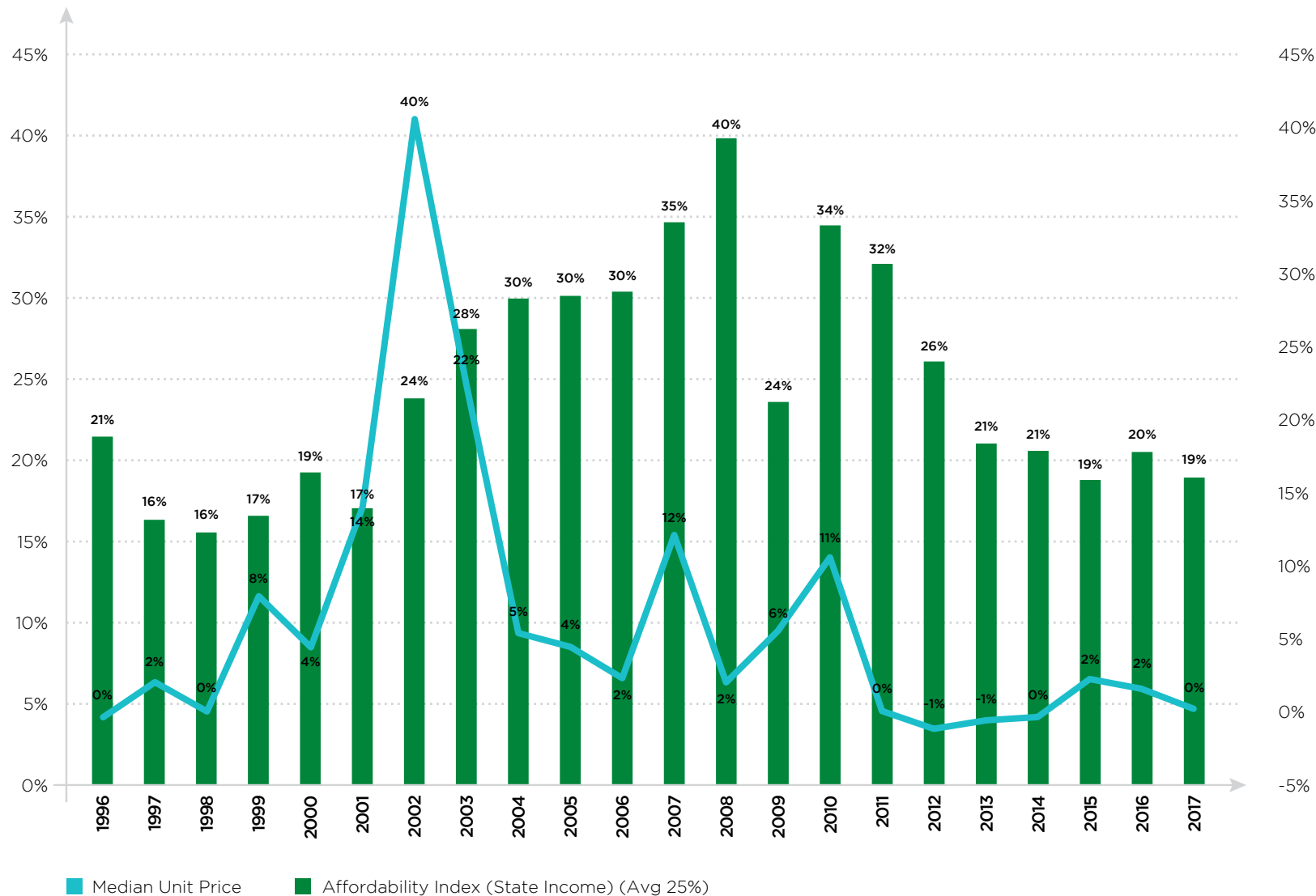
SLIGHTLY  
POSITIVE

# GROSS AFFORDABILITY INDEX (HOUSE) V. PRICE GROWTH



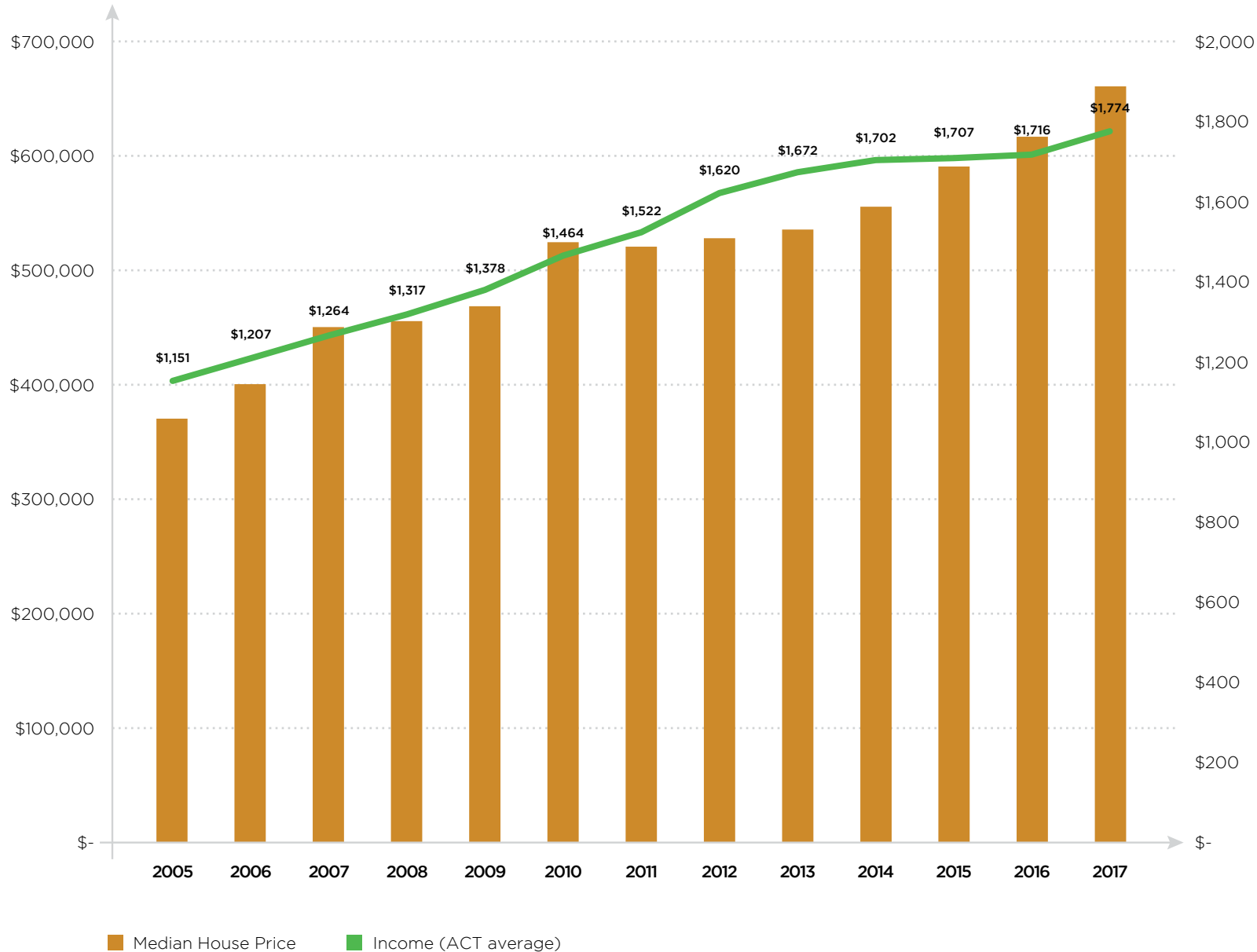
**SLIGHTLY  
POSITIVE**

# GROSS AFFORDABILITY INDEX (UNIT) V. PRICE GROWTH



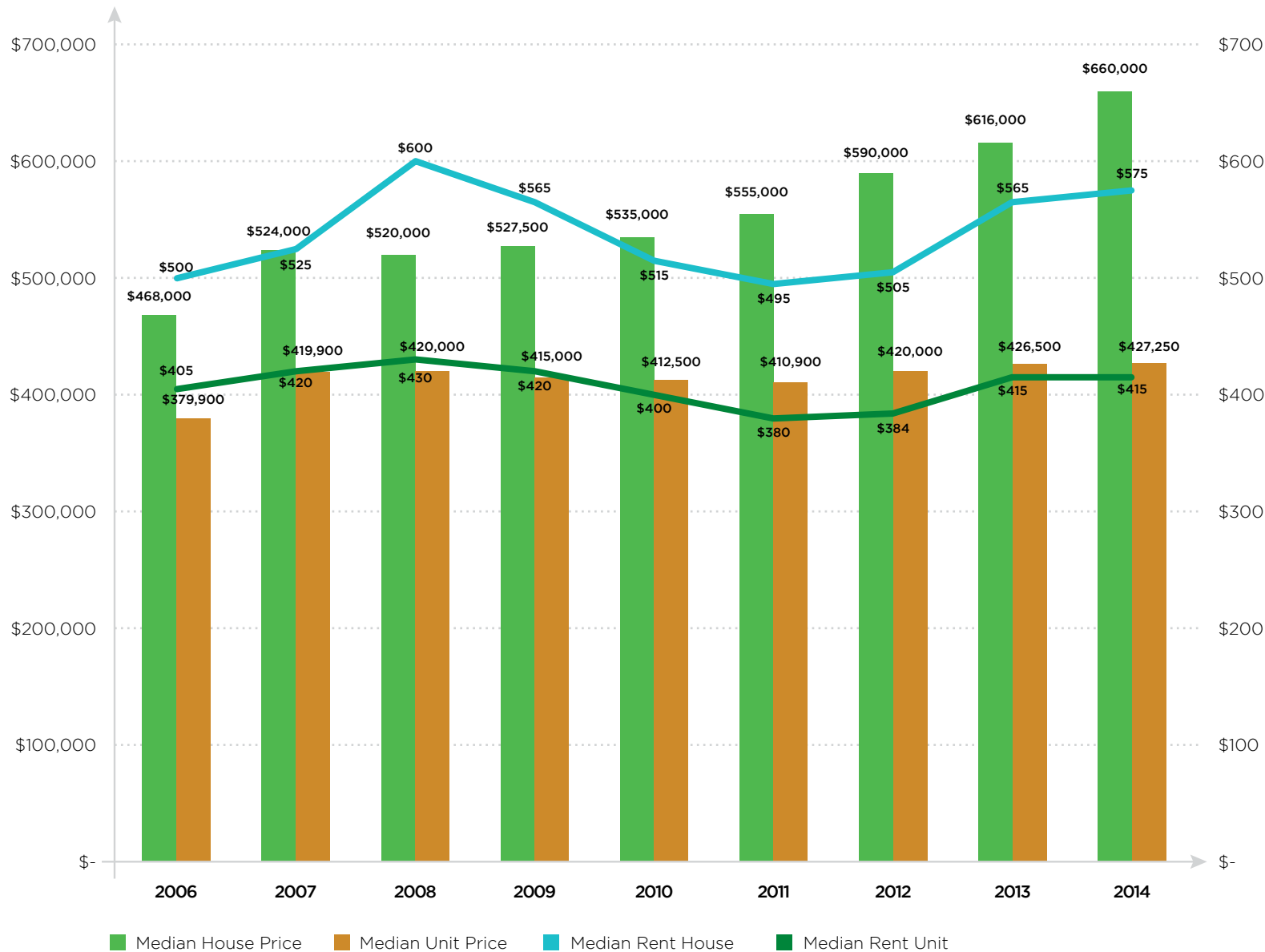
**POSITIVE**

# MEDIAN PRICE V. INCOME



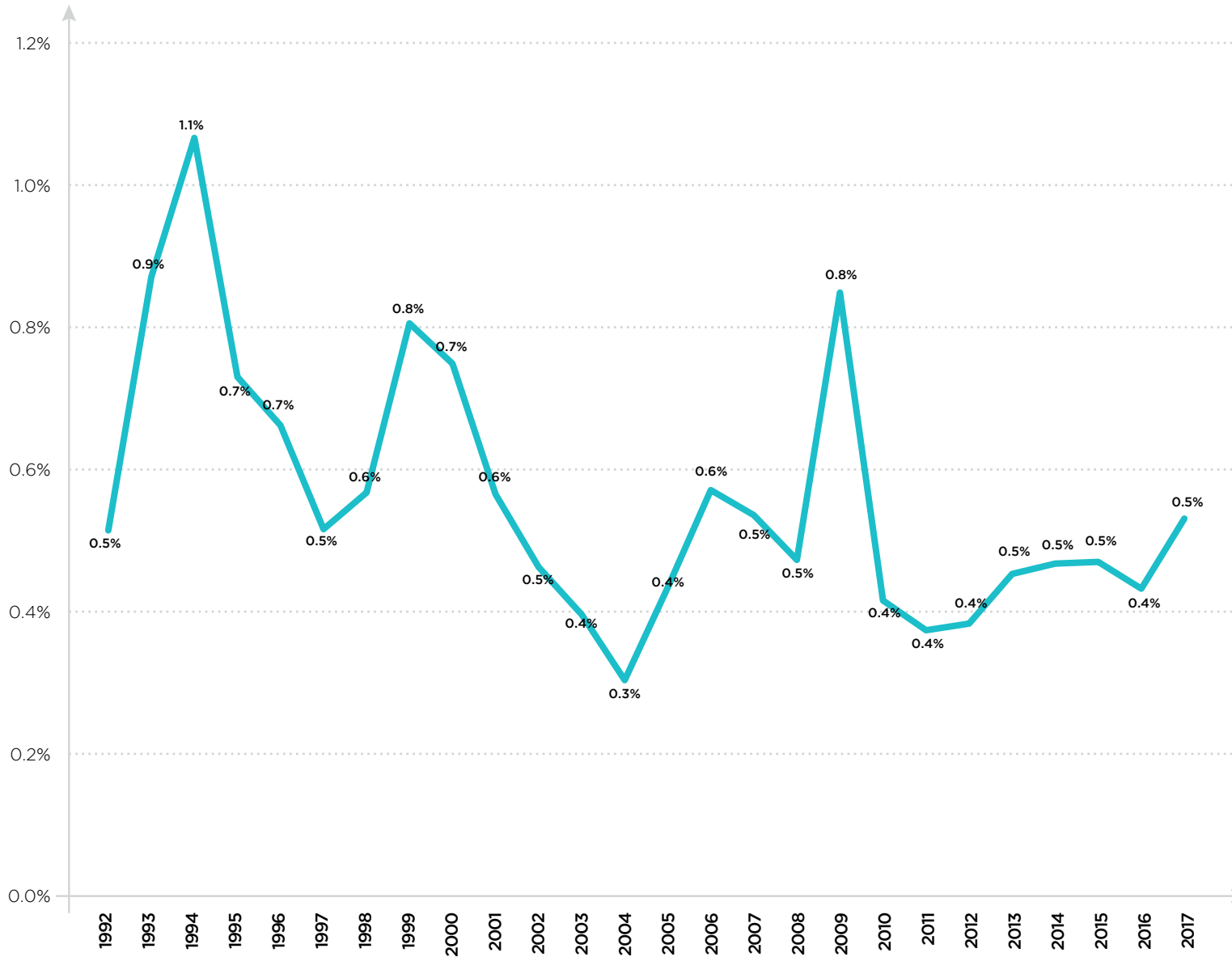
**SLIGHTLY  
NEGATIVE**

# MEDIAN PRICE V. RENT



**SLIGHTLY  
NEGATIVE**

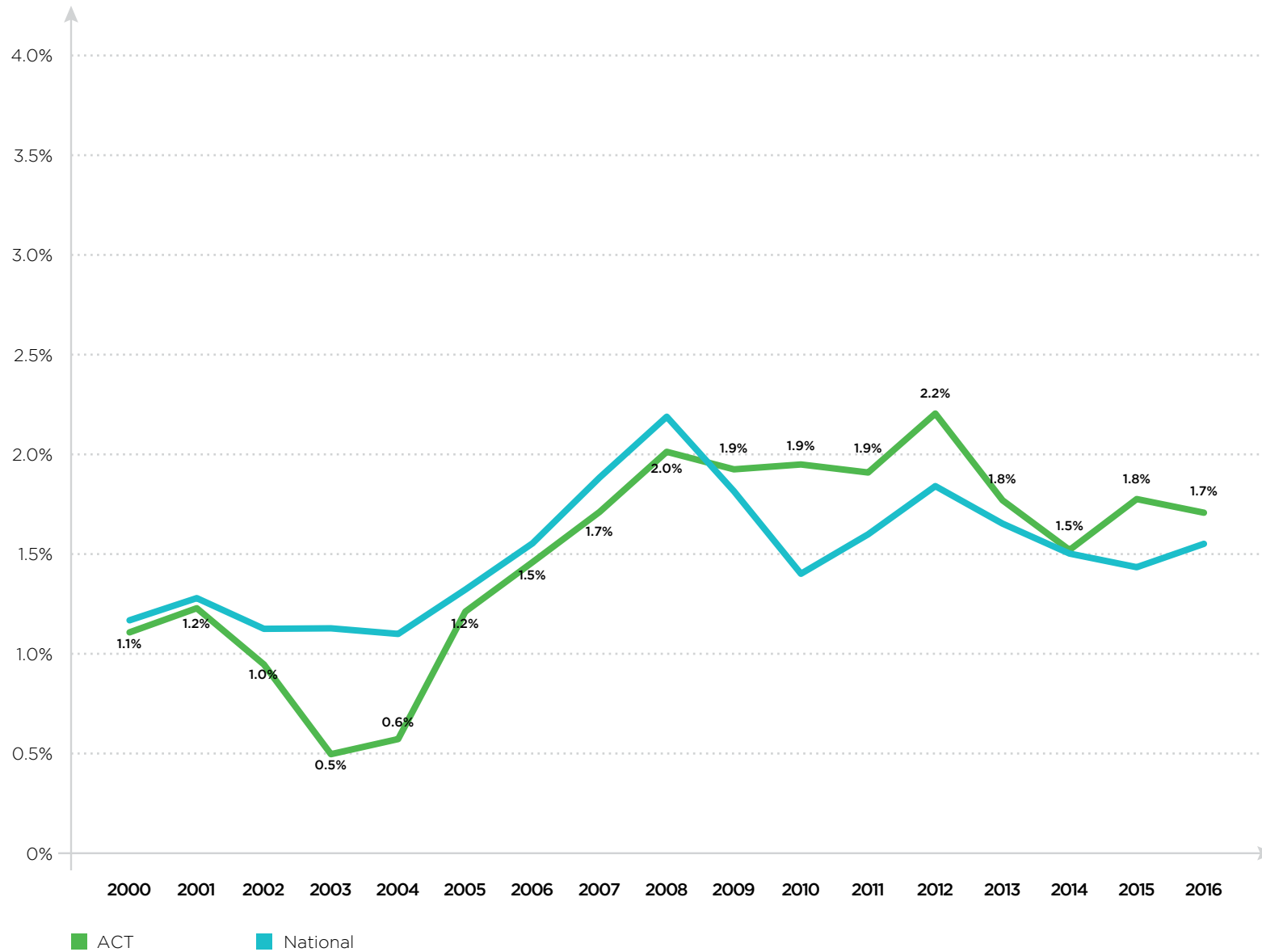
# FHBS AS % OF POPULATION



NEUTRAL

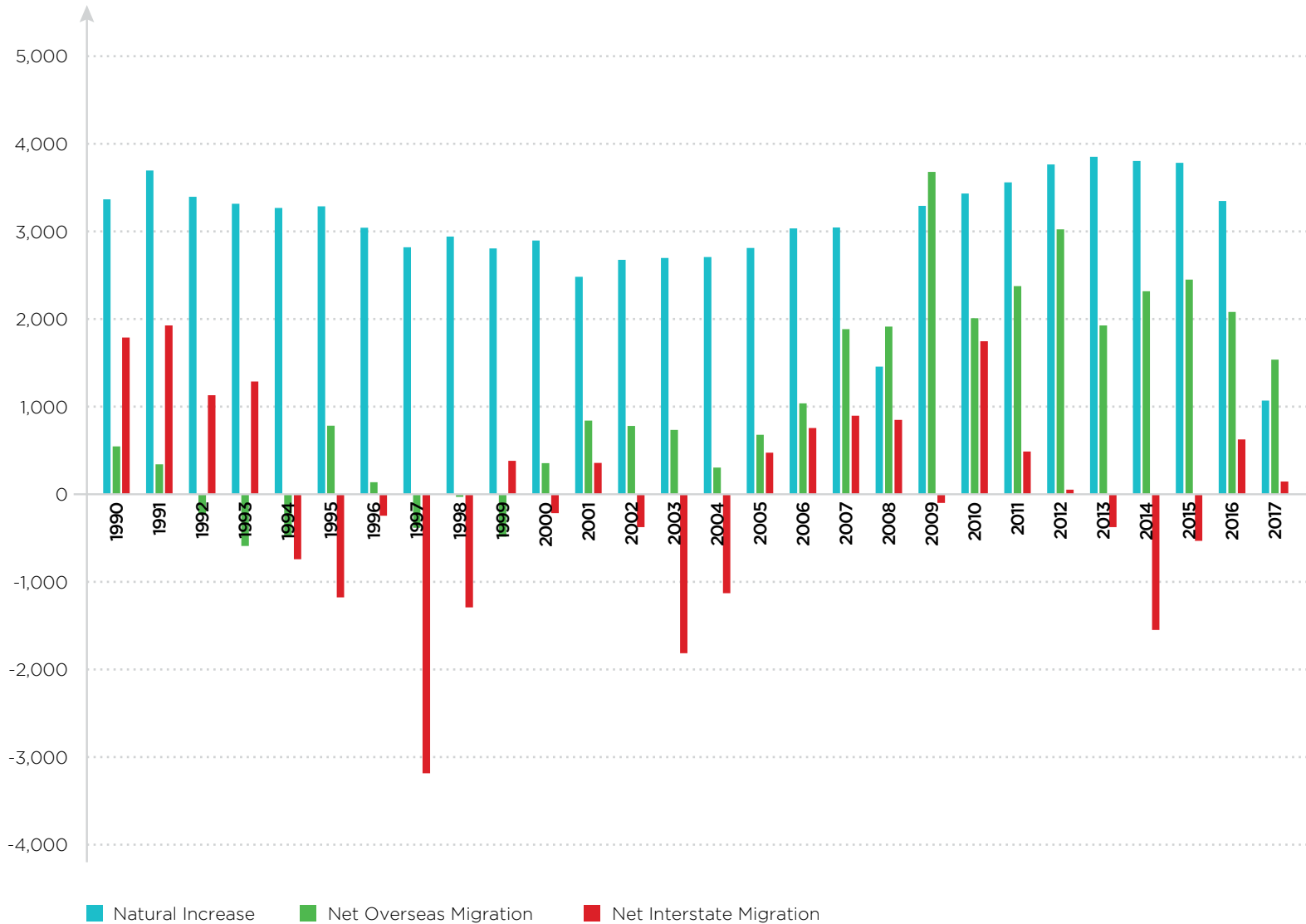


# POPULATION



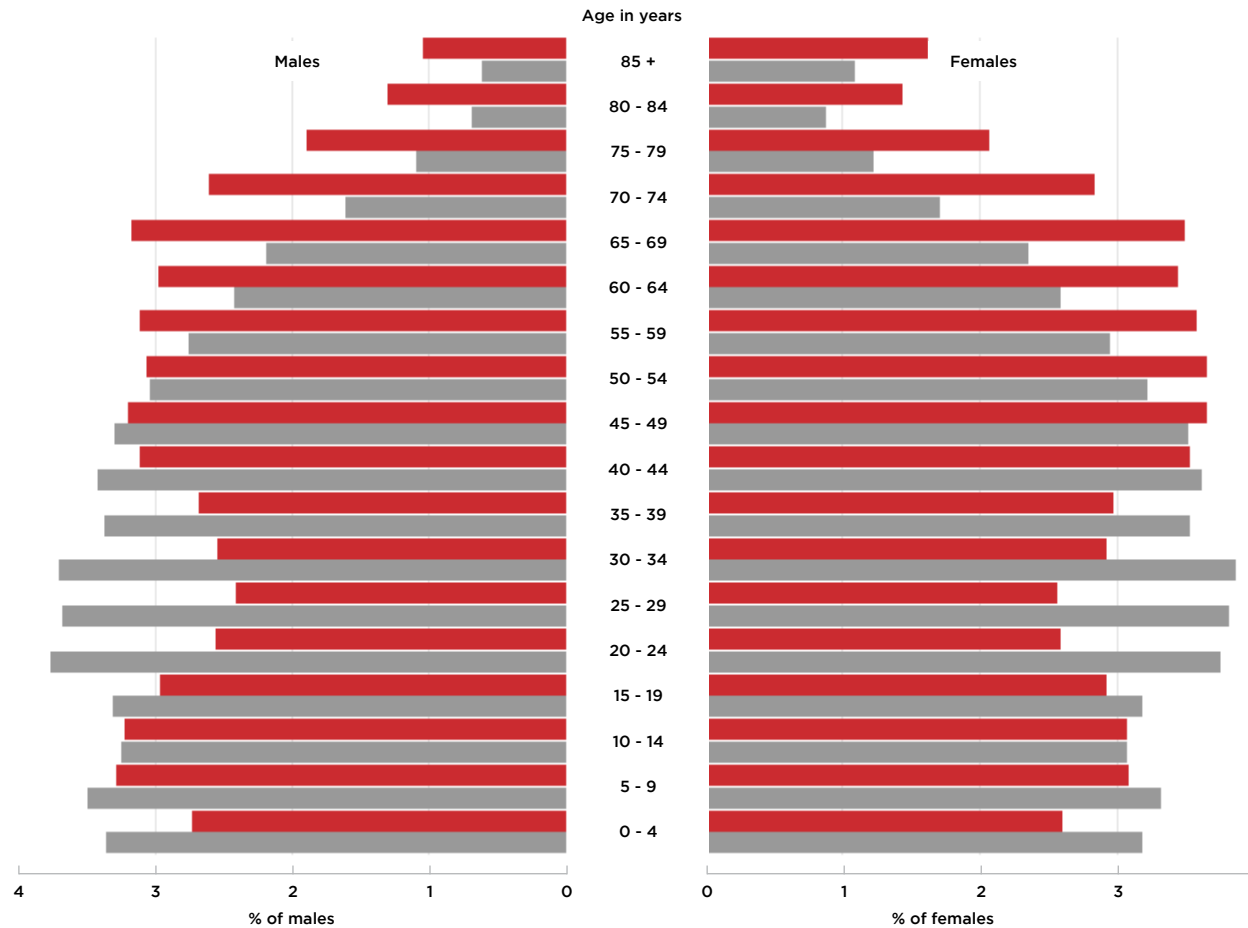
**SLIGHTLY  
POSITIVE**

# ACT POPULATION MOVEMENT TYPE



**NEGATIVE**

# POPULATION PYRAMID

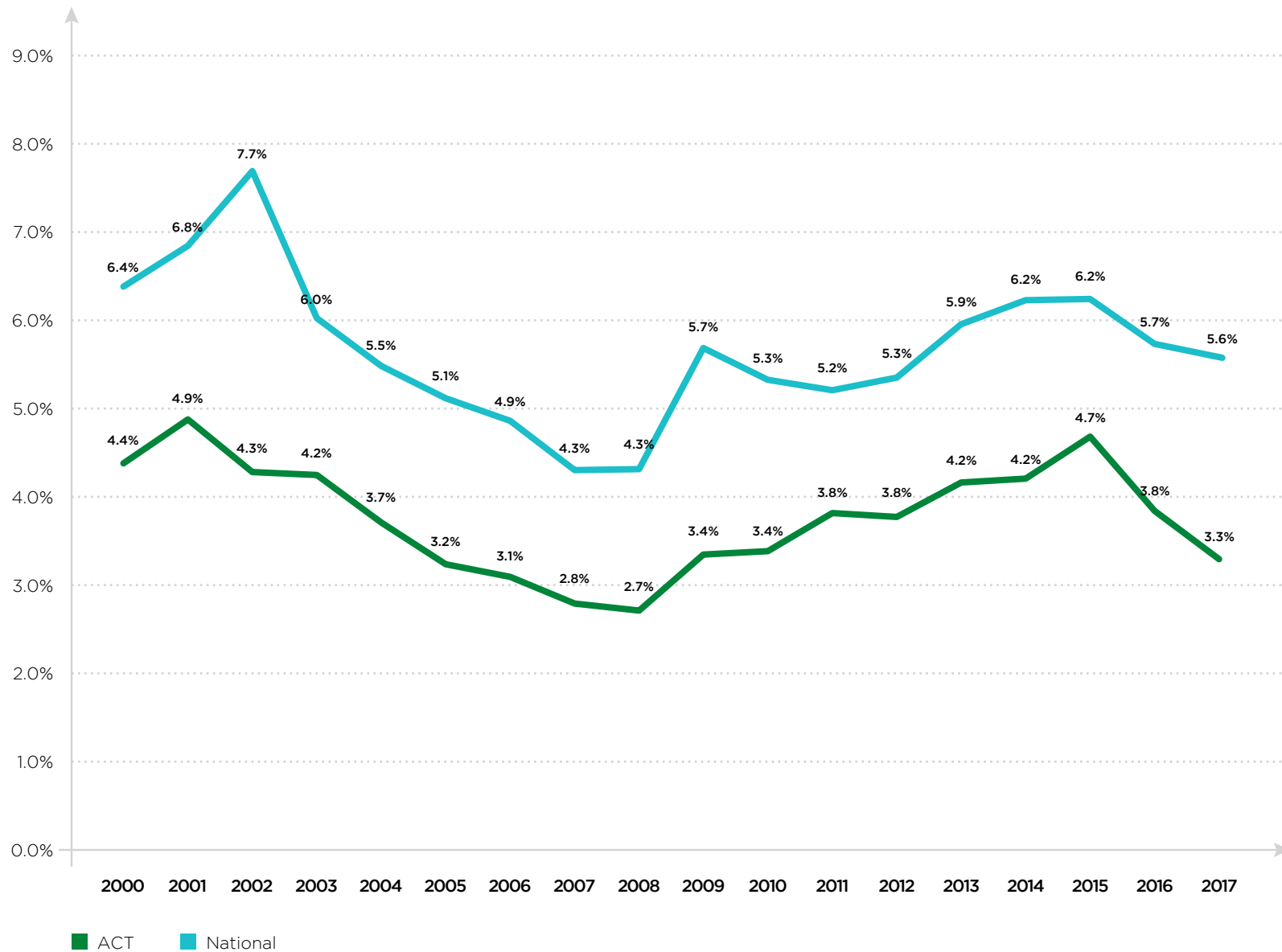


Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data)  
Compiled and presented in profile.id by .id, the population experts.

■ Canberra Region    ■ Australia

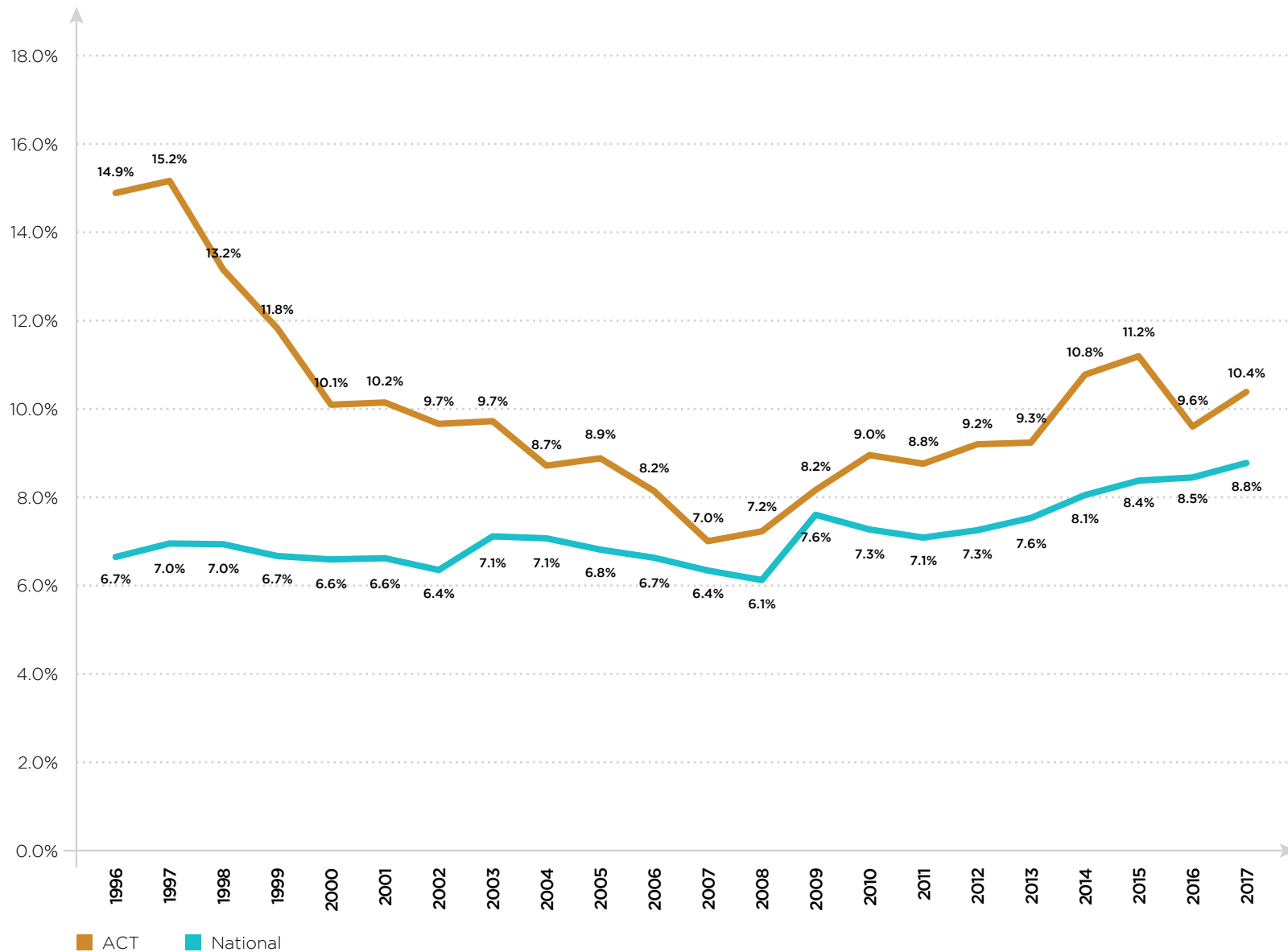
**NEGATIVE**

# UNEMPLOYMENT RATE



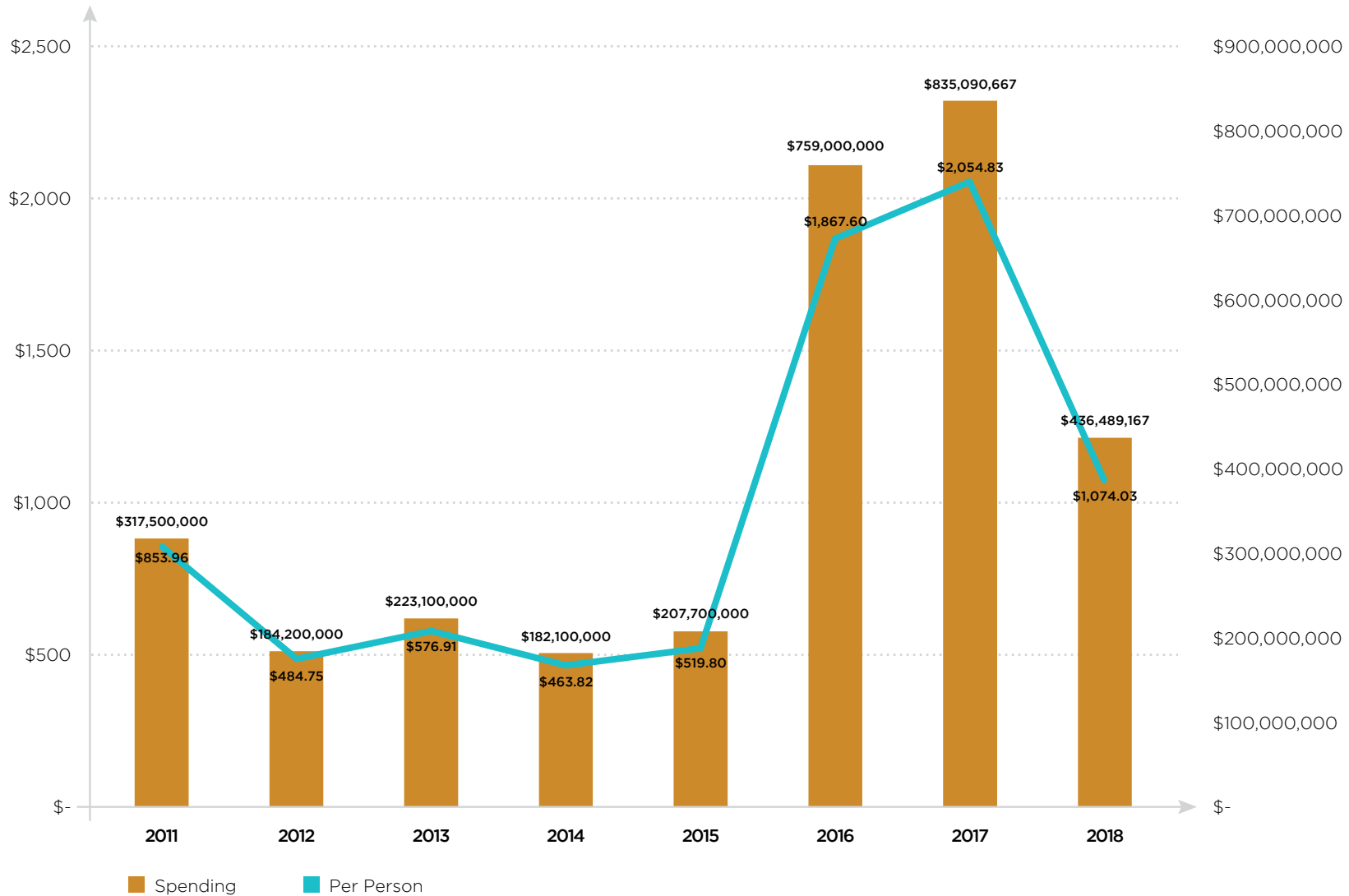
**POSITIVE**

# UNDEREMPLOYMENT RATE



**SLIGHTLY  
NEGATIVE**

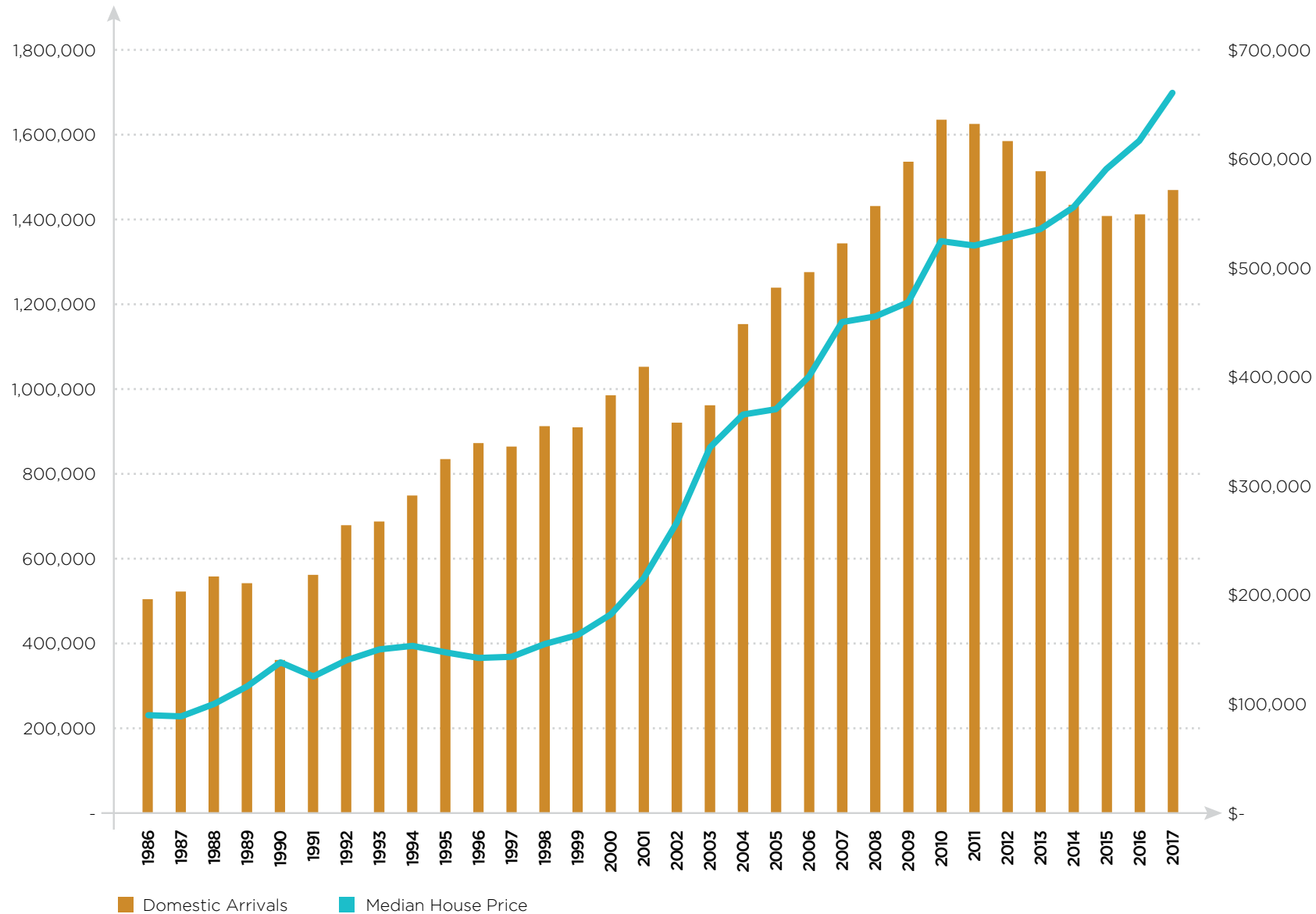
# PUBLIC INFRASTRUCTURE SPENDING



**SLIGHTLY  
NEGATIVE**

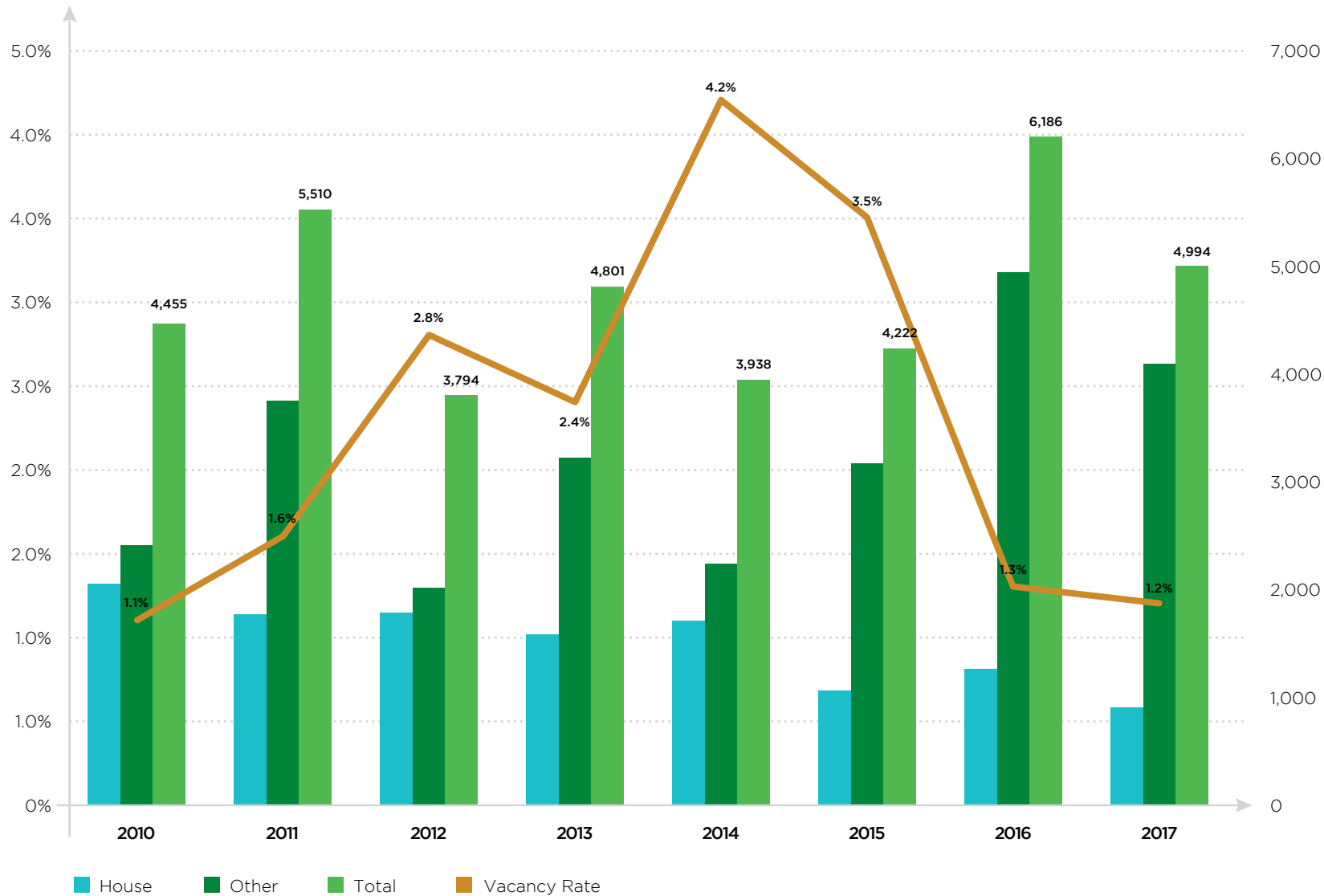


# AIRPORT ARRIVALS



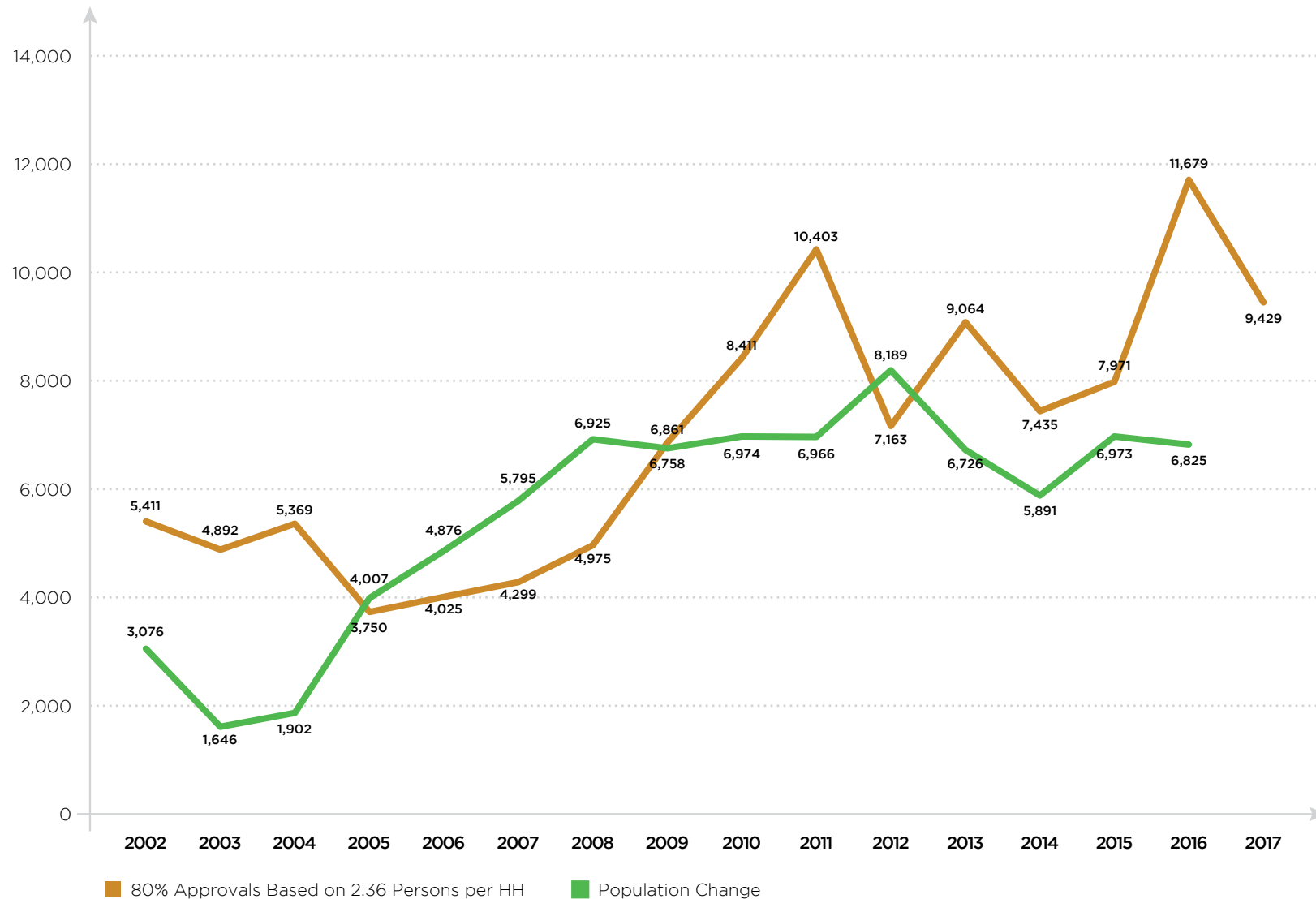
**SLIGHTLY  
NEGATIVE**

# DWELLING APPROVALS V. POPULATION % CHANGE



**SLIGHTLY POSITIVE**

# BEDROOM APPROVALS V. POPULATION CHANGE



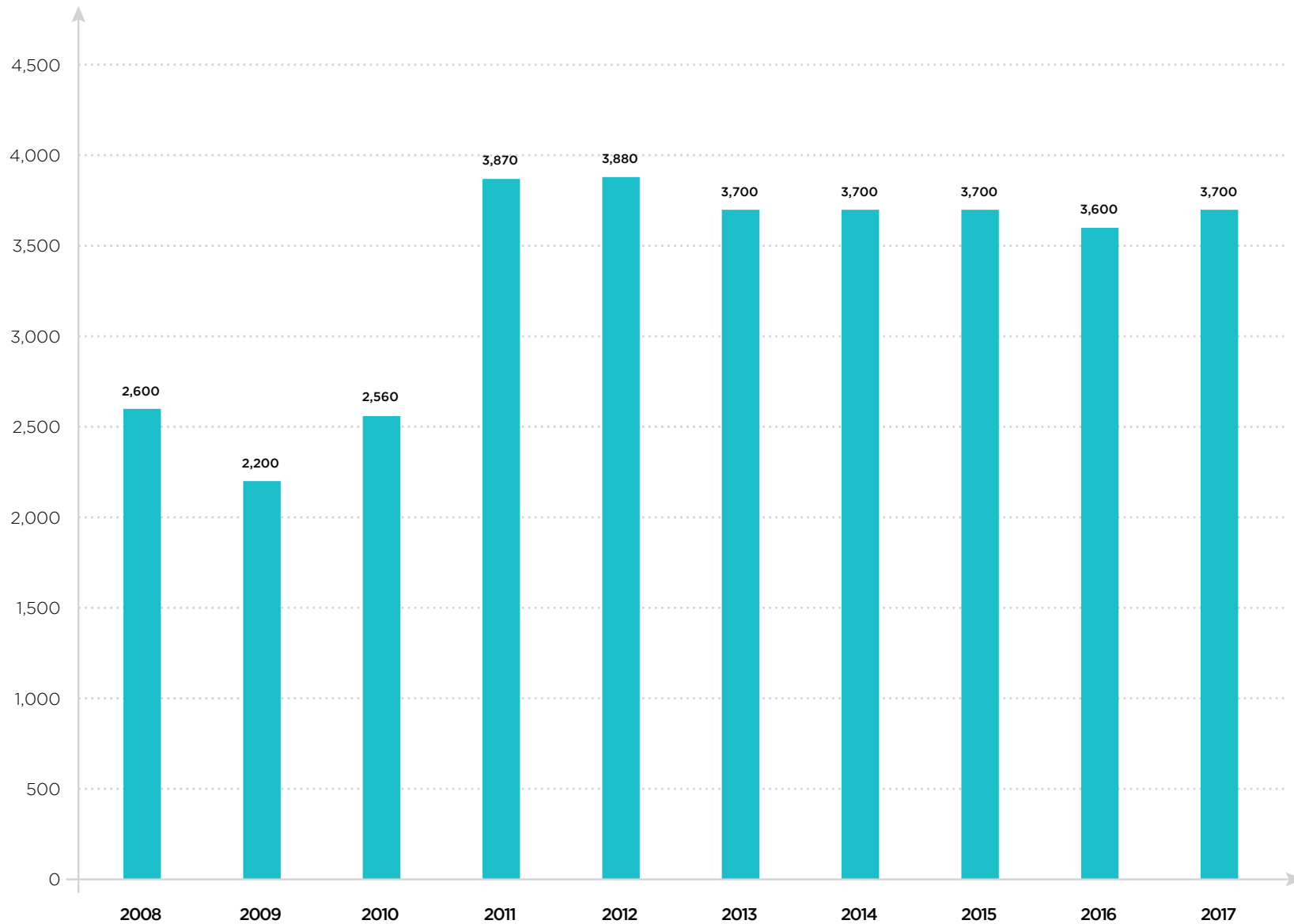
**SLIGHTLY  
NEGATIVE**

# VACANCY RATE V. MEDIAN RENT



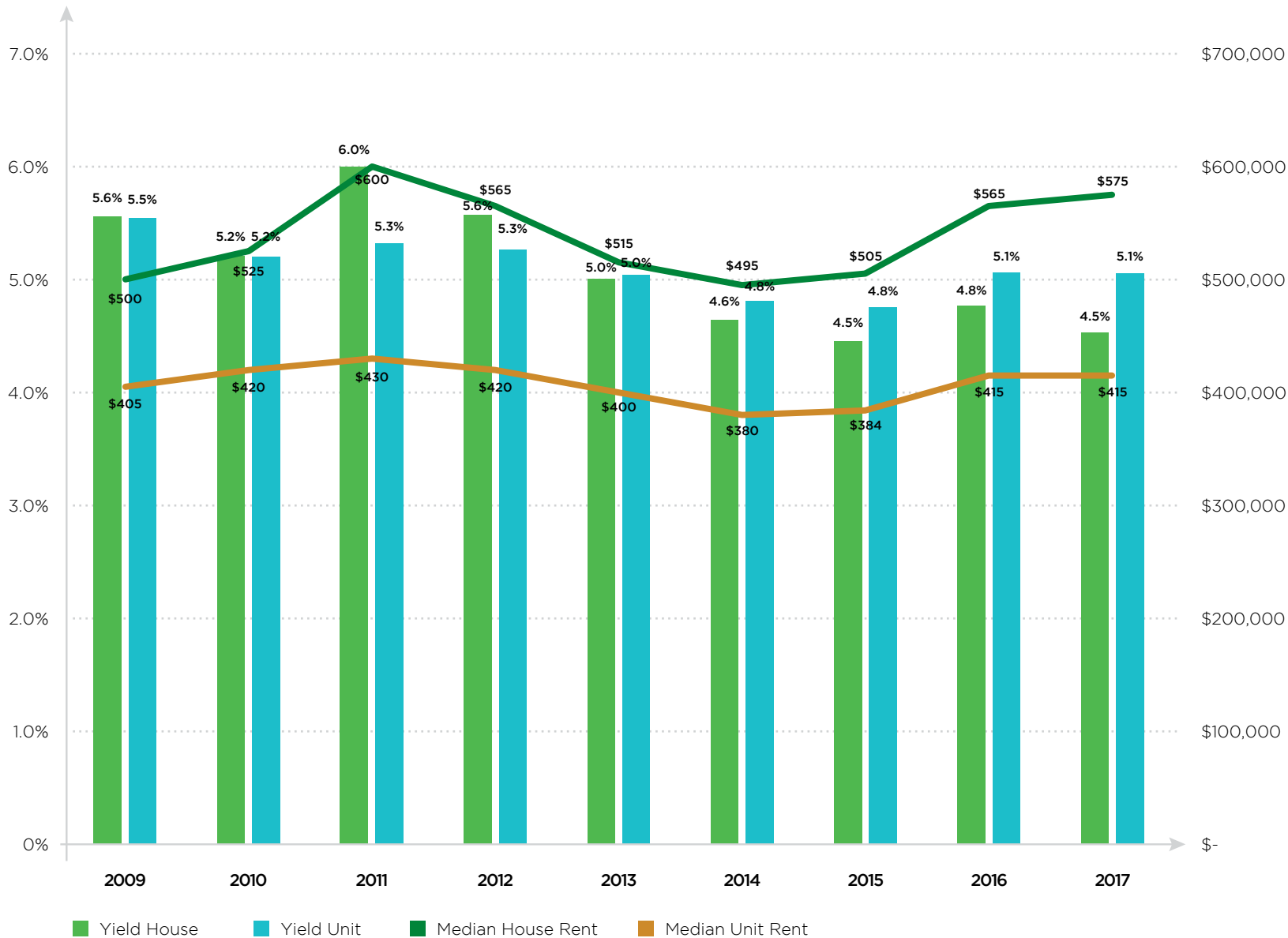
**SLIGHTLY  
POSITIVE**

# STOCK ON MARKET



**NEUTRAL**

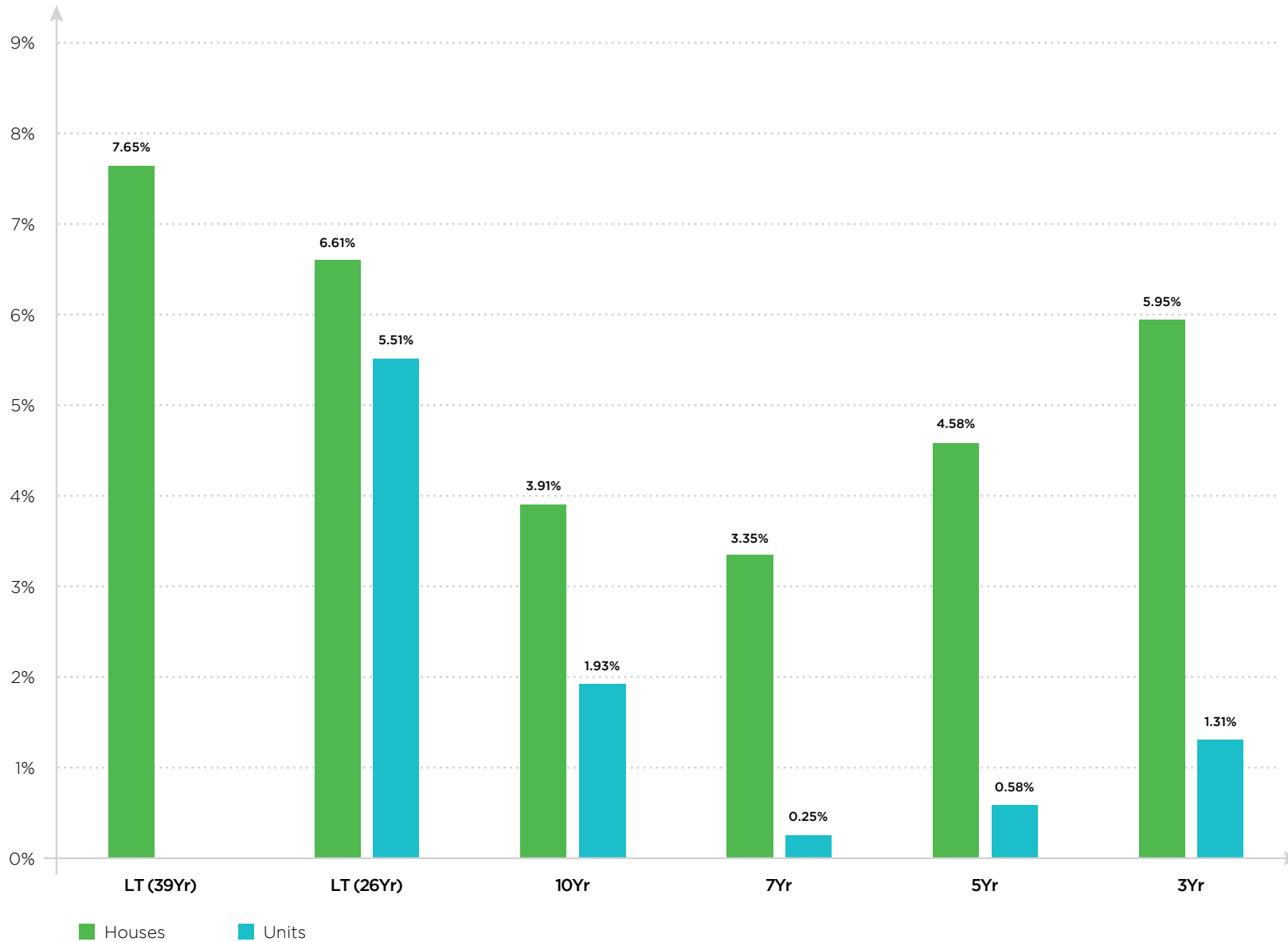
# YIELD



**SLIGHTLY  
POSITIVE**

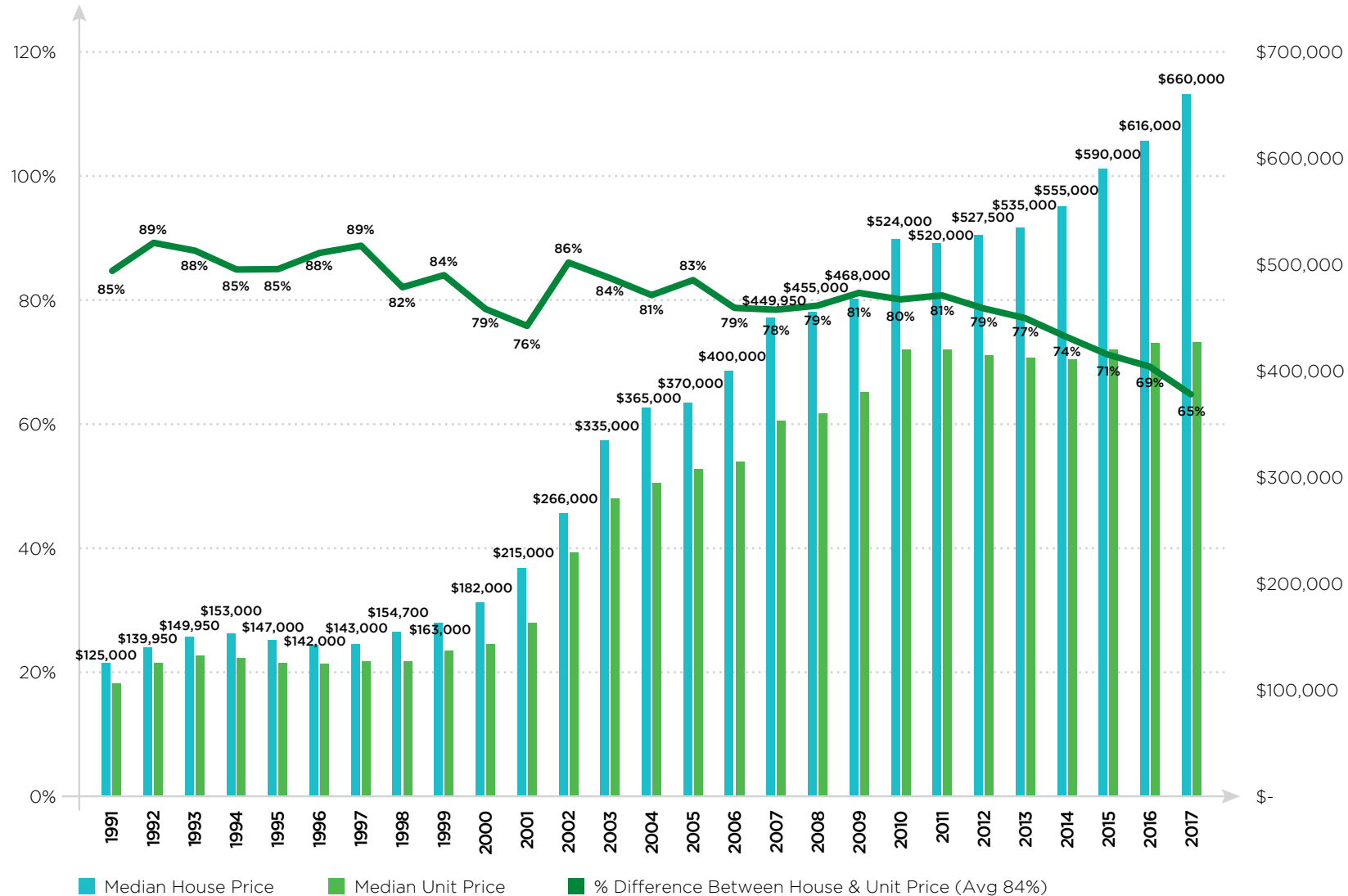


# LONG TERM PERFORMANCE



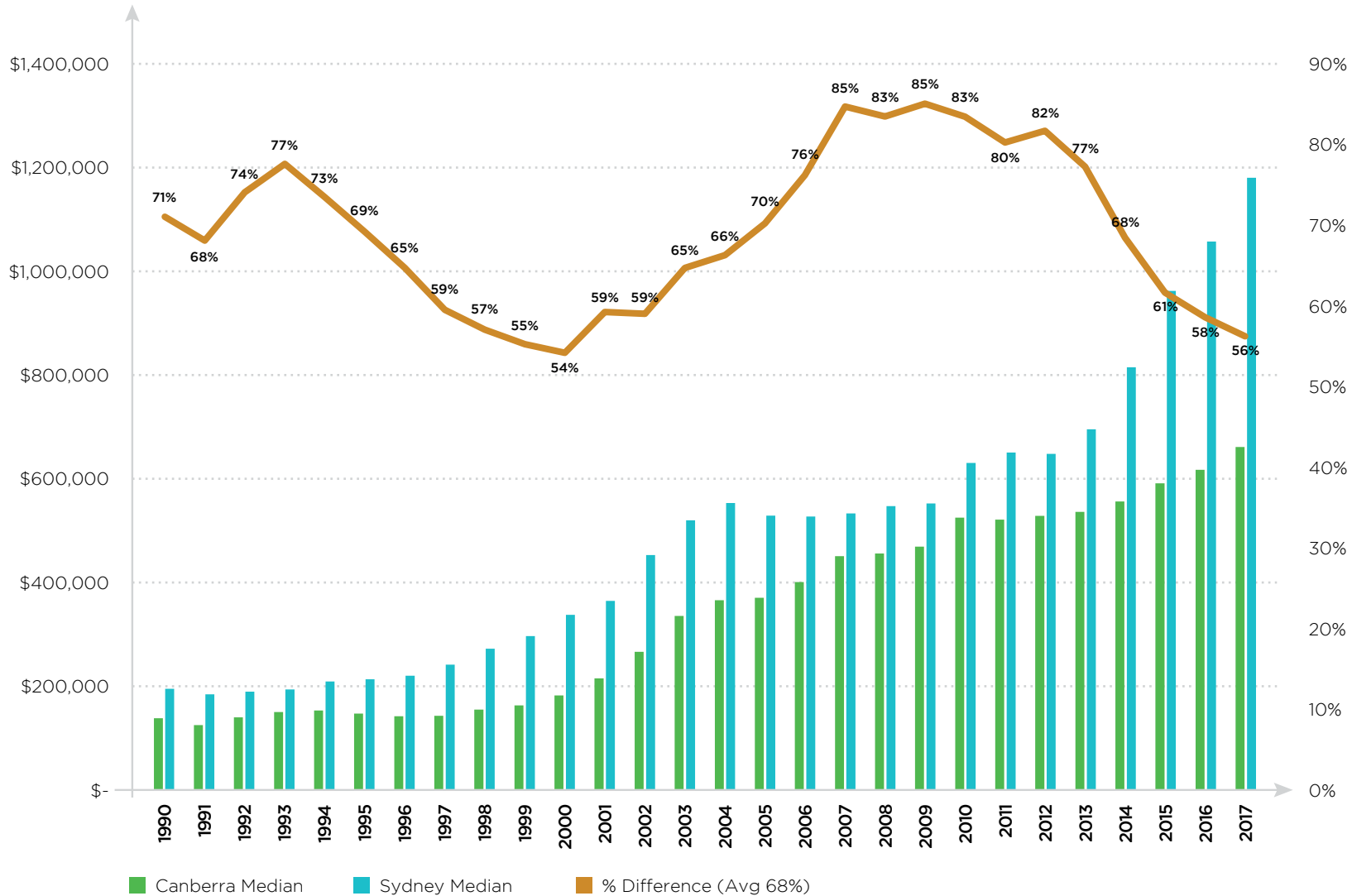
SLIGHTLY  
POSITIVE

# HOUSE V. UNIT PRICE COMPARISON



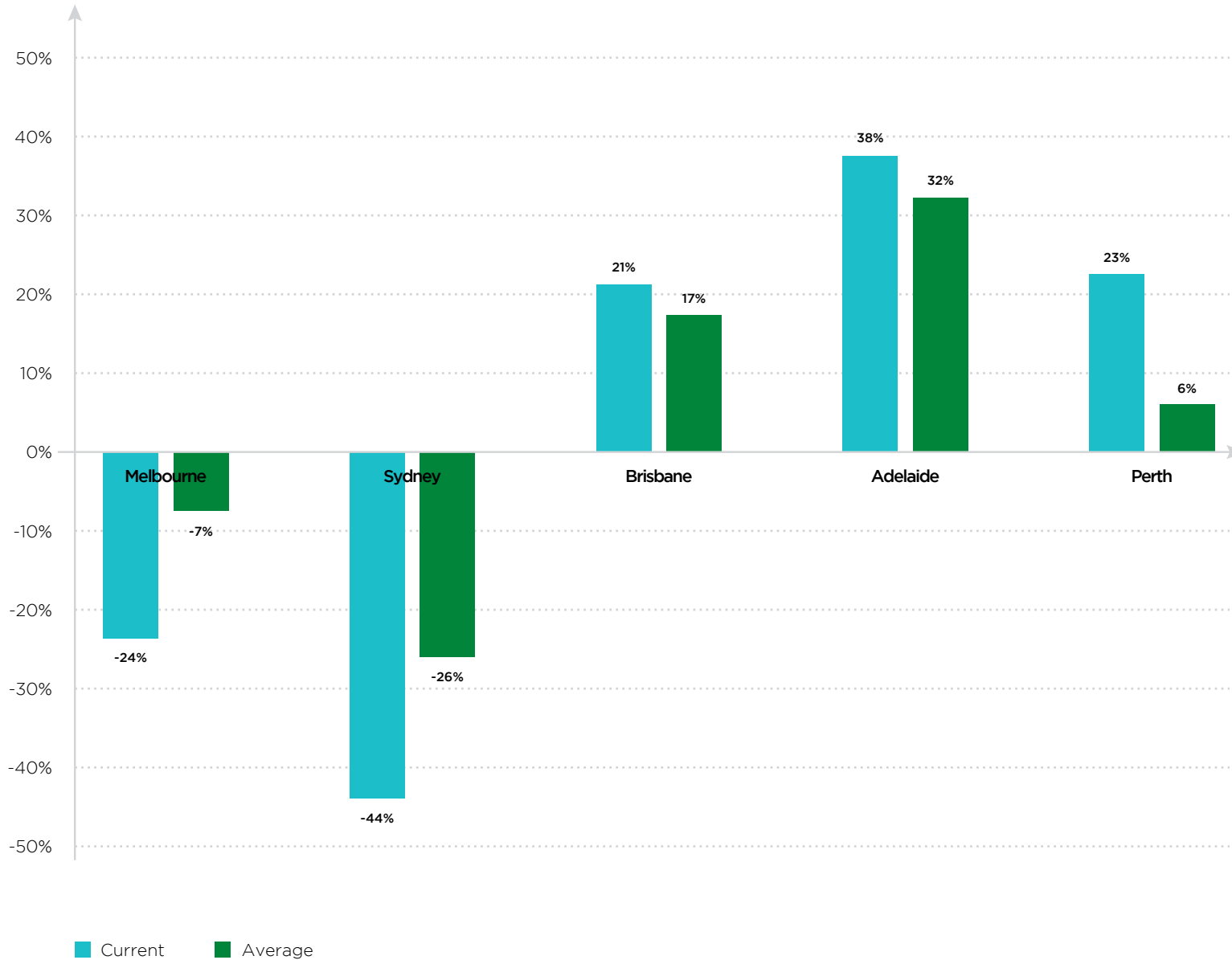
**POSITIVE**

# CANBERRA V. SYDNEY PRICE MOVEMENT



**SLIGHTLY  
POSITIVE**

# PRICE COMPARISON



**POSITIVE**

# WHY USE US?

## INVESTMENT PHILOSOPHY

PERFORMANCE PROPERTY ADVISORY IS A DYNAMIC PROPERTY FIRM PROVIDING PROPERTY ACQUISITION SERVICES ACROSS AUSTRALIA. OUR FIRM IS COMPLETELY RESEARCH DRIVEN AND WE APPLY A SOUND COUNTERCYCLICAL INVESTMENT APPROACH.

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Our objective is not to buy you a property. Purchasing a property is the last step in our considered and thorough process.

Our mission is to understand and satisfy your needs - financial or emotional, in a low risk and efficient manner. Our objective is to build you wealth through sophisticated property investment. We believe in everything we do because we treat your investment portfolio like it was our own.

## 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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