

EDITION 15



# NATIONAL MARKET OVERVIEW









PERFORMANCE  
PROPERTY DATA

# EXECUTIVE SUMMARY

## **MONEY SUPPLY** - Slightly Negative

### Is the Money Supply Increasing?

-  Federal Budget
-  Long Term Credit Trend
-  Inflation V. RBA Cash rate
-  Private Capital Expenditure
-  Public & Private Engineering & Construction Work Completed
-  Foreign Investment - Money Supply




## **CONFIDENCE** - Slightly Positive

### Is There Confidence In The Market?

-  Retail Spending
-  Unemployment & Underemployment
-  National Job Vacancies

## **AFFORDABILITY** - Slightly Positive

### Is Property Affordable?

-  National Affordability Index
-  Income Growth V. Price Movement
-  % of First Home Buyers







## **SUPPLY & DEMAND** - Slightly Positive

### Does Demand Exceed Supply?

-  National & Capital City Vacancy Rates
-  Dwelling Approvals
-  Population Change V. Bedroom Approvals
-  Dwelling Commencements
-  Population Growth
-  Population Pyramid
-  Household Type
-  Short Term Arrivals V. Aus \$



## **POPULATION** - Slightly Positive

### Will More Migrants Come To Australia Next Year?

-  National Population Movement Type
-  State Net Overseas Migration
-  State Net Interstate Migration
-  International Student Commencements
-  International Student Enrolments per State
-  Top 10 Regions for Student Commencements









## **FOREIGN INVESTMENT** - Positive

### Will The Market Be More Or Less Volatile?

-  Foreign Investment- Volatility
-  Foreign Approvals By Nation

## **RISK** - Slightly Negative

### Are We In A Bubble?

-  Government Debt to GDP Ratio V. RBA Cash Rate
-  Loan to Value Ratio
-  Loan to Income Ratio
-  Price to Income Ratio
-  Investor V Homebuyer
-  Household Debt to Income
-  National Mortgage Arrears
-  State Mortgage Arrears

Positive

Slightly Positive

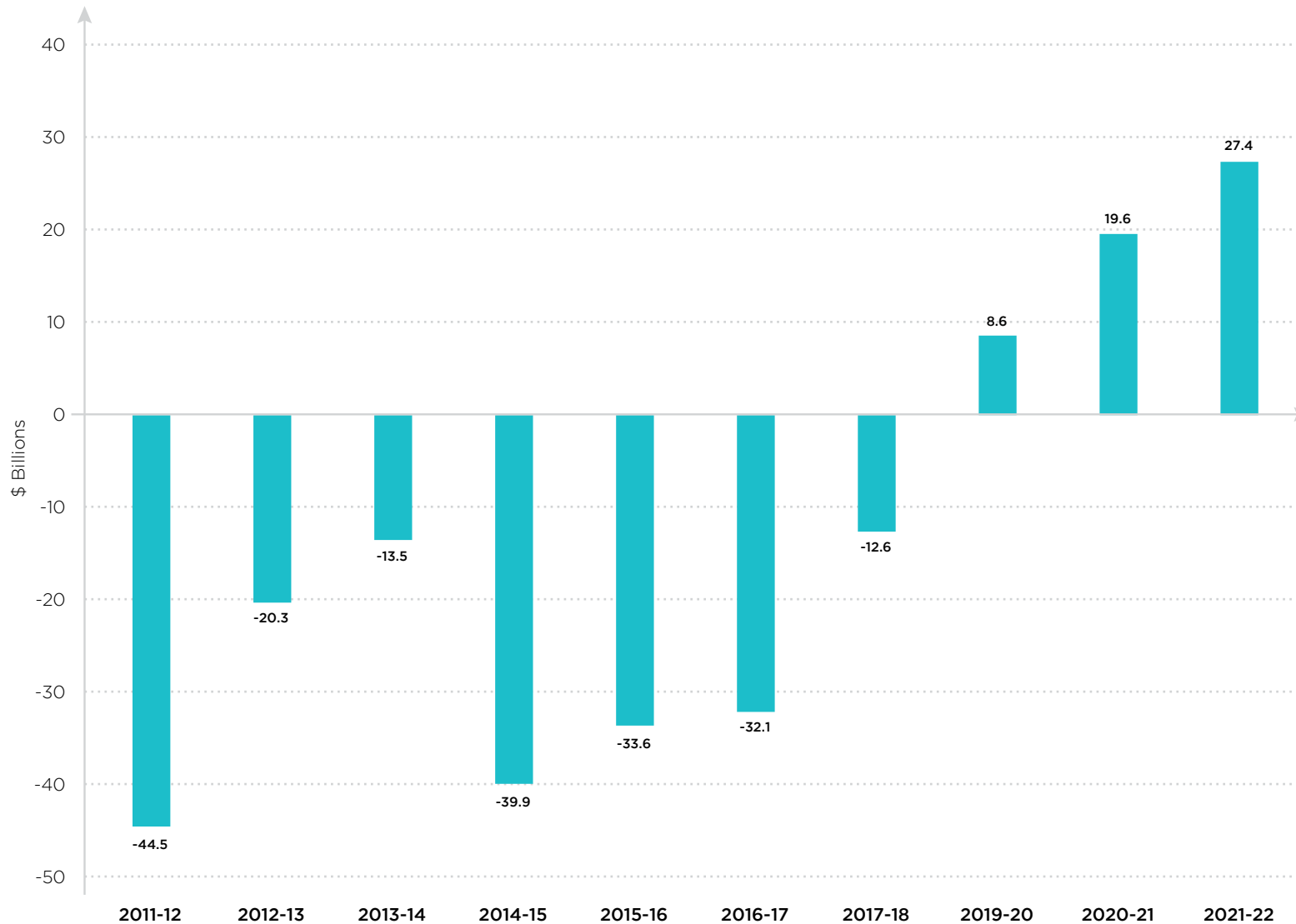
Neutral

Slightly Negative

Negative

# FEDERAL BUDGET

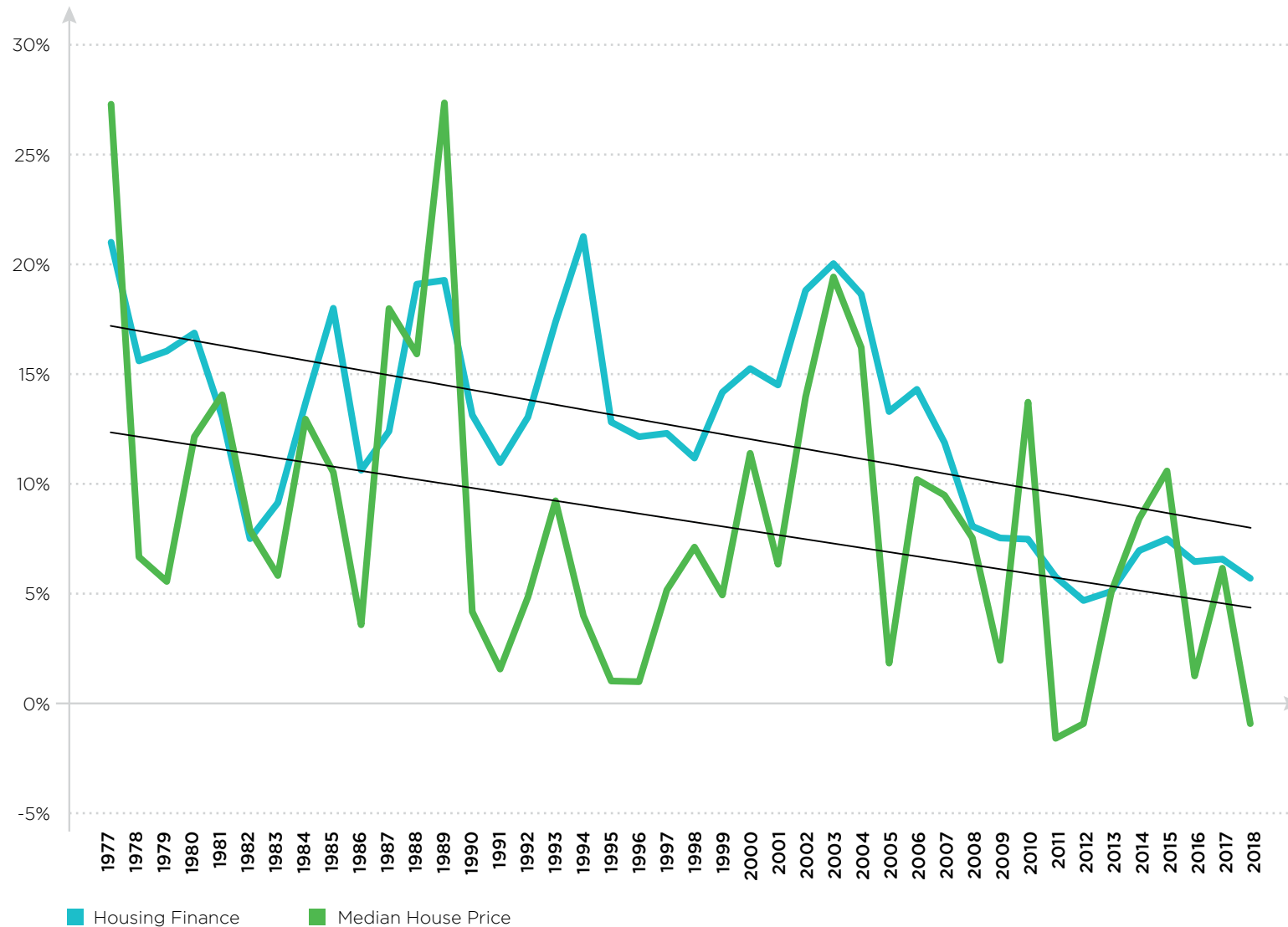
This graph displays the Federal Government budget position of either a surplus or deficit.



NEUTRAL

# LONG TERM CREDIT GROWTH TREND

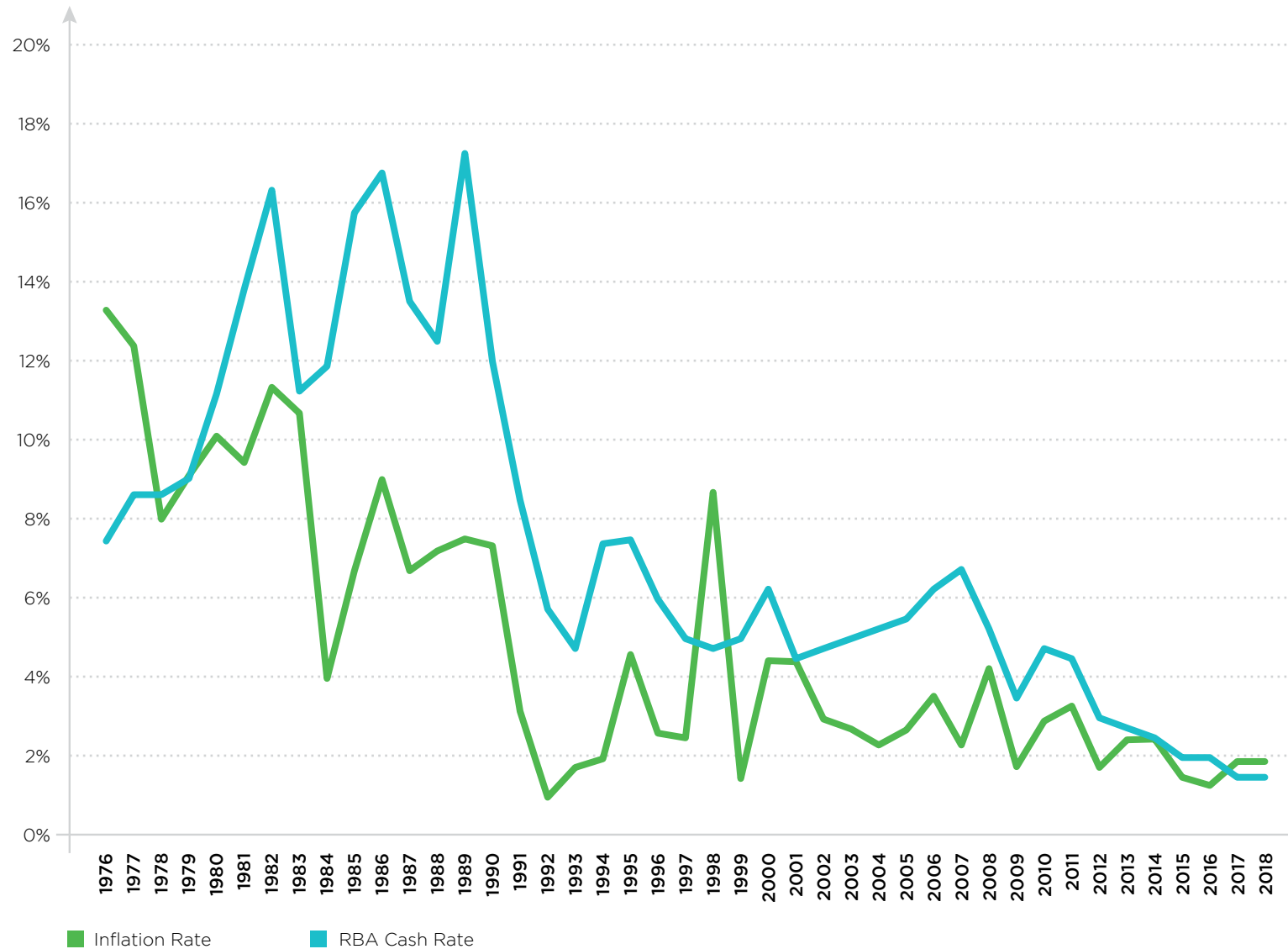
This graph displays long term housing finance changes against national median house price movements.



**NEUTRAL**

# INFLATION V. RBA CASH RATE

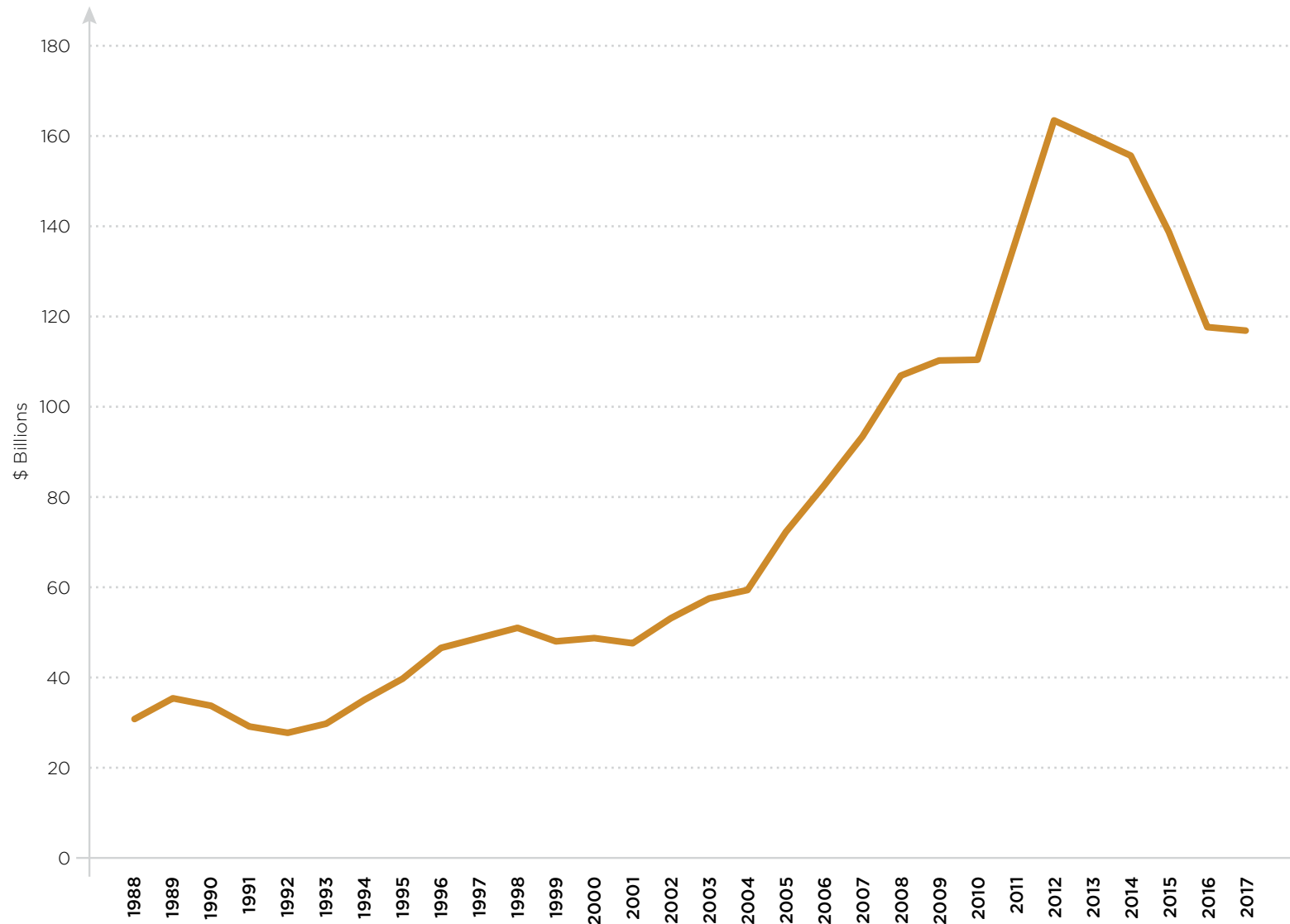
This graph displays the inflation rate against the RBA cash rate.



SLIGHTLY  
POSITIVE

# PRIVATE CAPITAL EXPENDITURE

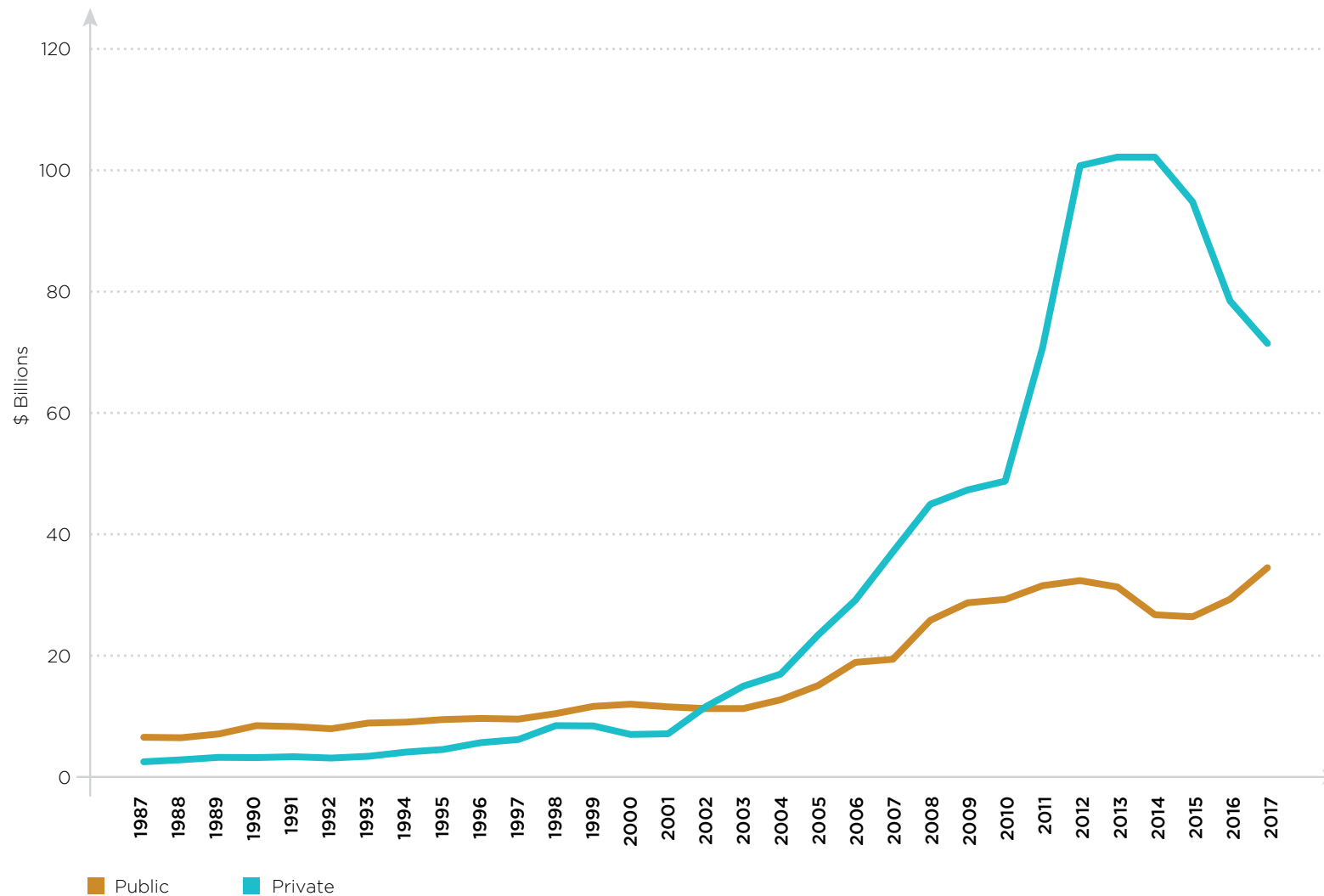
This graph displays the total private capital expenditure for all states and industries.



**SLIGHTLY  
NEGATIVE**

# PUBLIC & PRIVATE ENGINEERING & CONSTRUCTION WORK COMPLETED

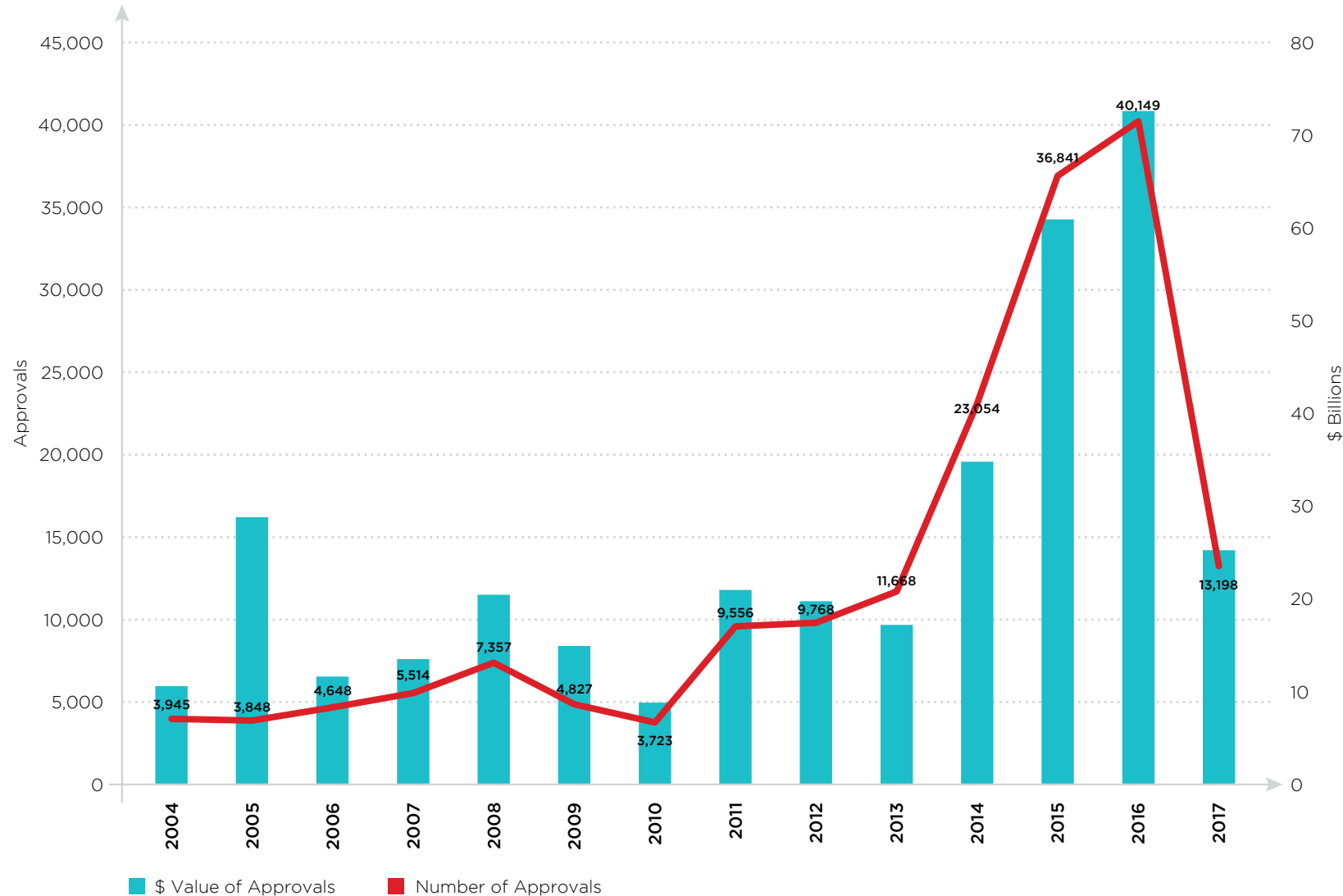
This graph displays the total private and public engineering construction work completed nationally.



SLIGHTLY  
NEGATIVE

# FOREIGN INVESTMENT APPROVALS - MONEY SUPPLY

This graph displays the dollar value and number of foreign investment approvals per year. In this graph we are looking at foreign investment in relation to the money supply.

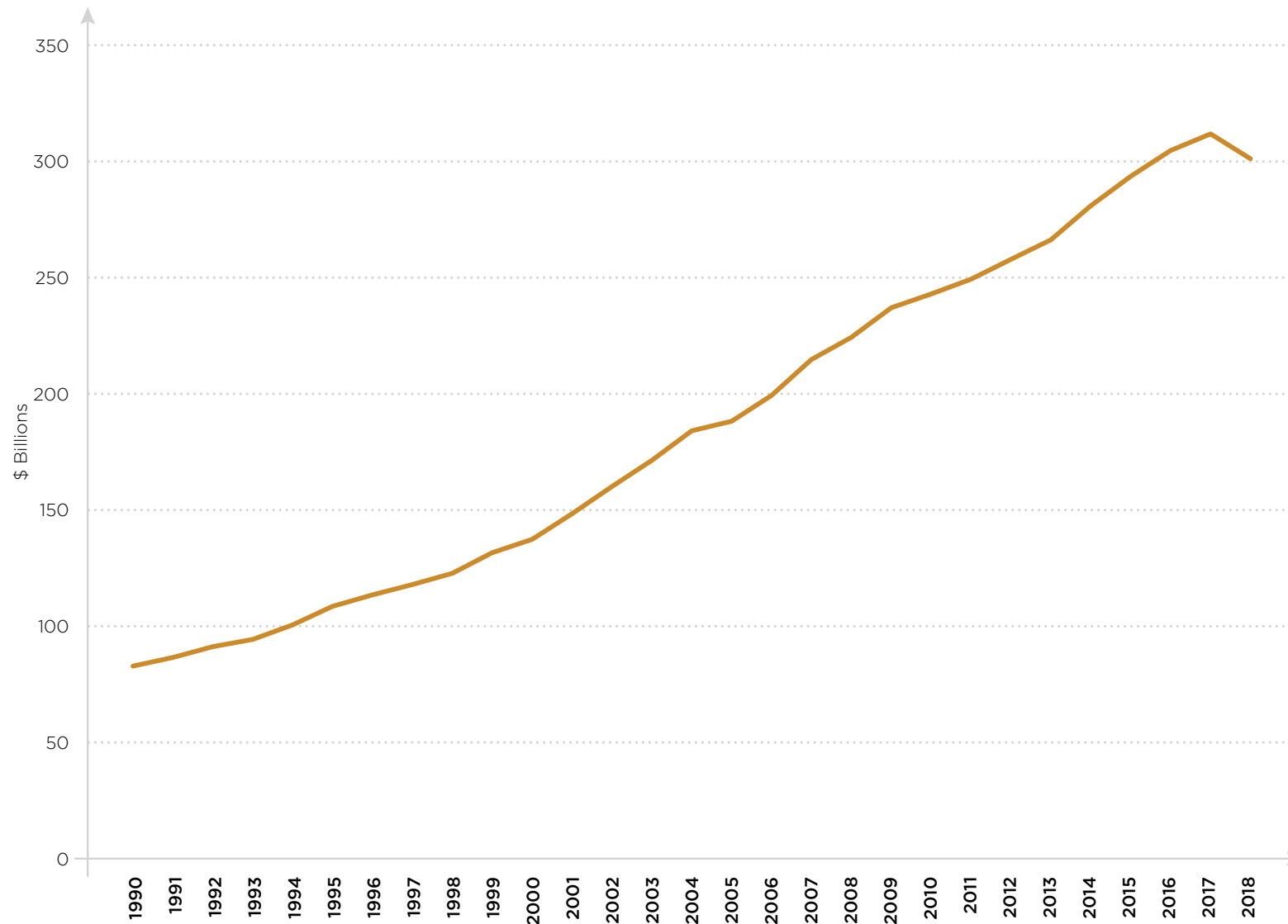


**NEGATIVE**



# NATIONAL RETAIL SPENDING

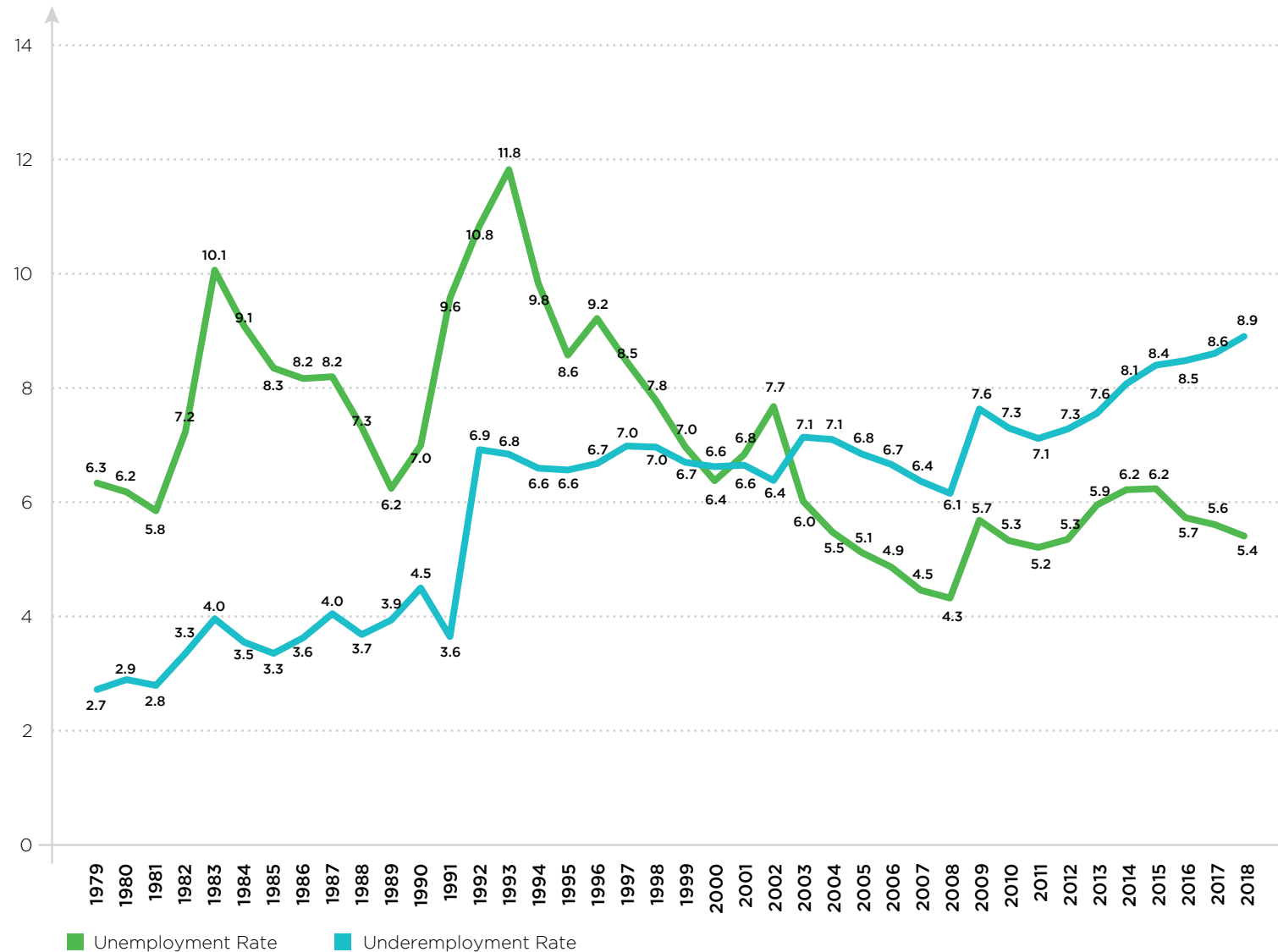
This graph displays the national retail spending trend. An increase in retail spending can correlate to confidence in the market.



**SLIGHTLY  
NEGATIVE**

# UNEMPLOYMENT & UNDEREMPLOYMENT

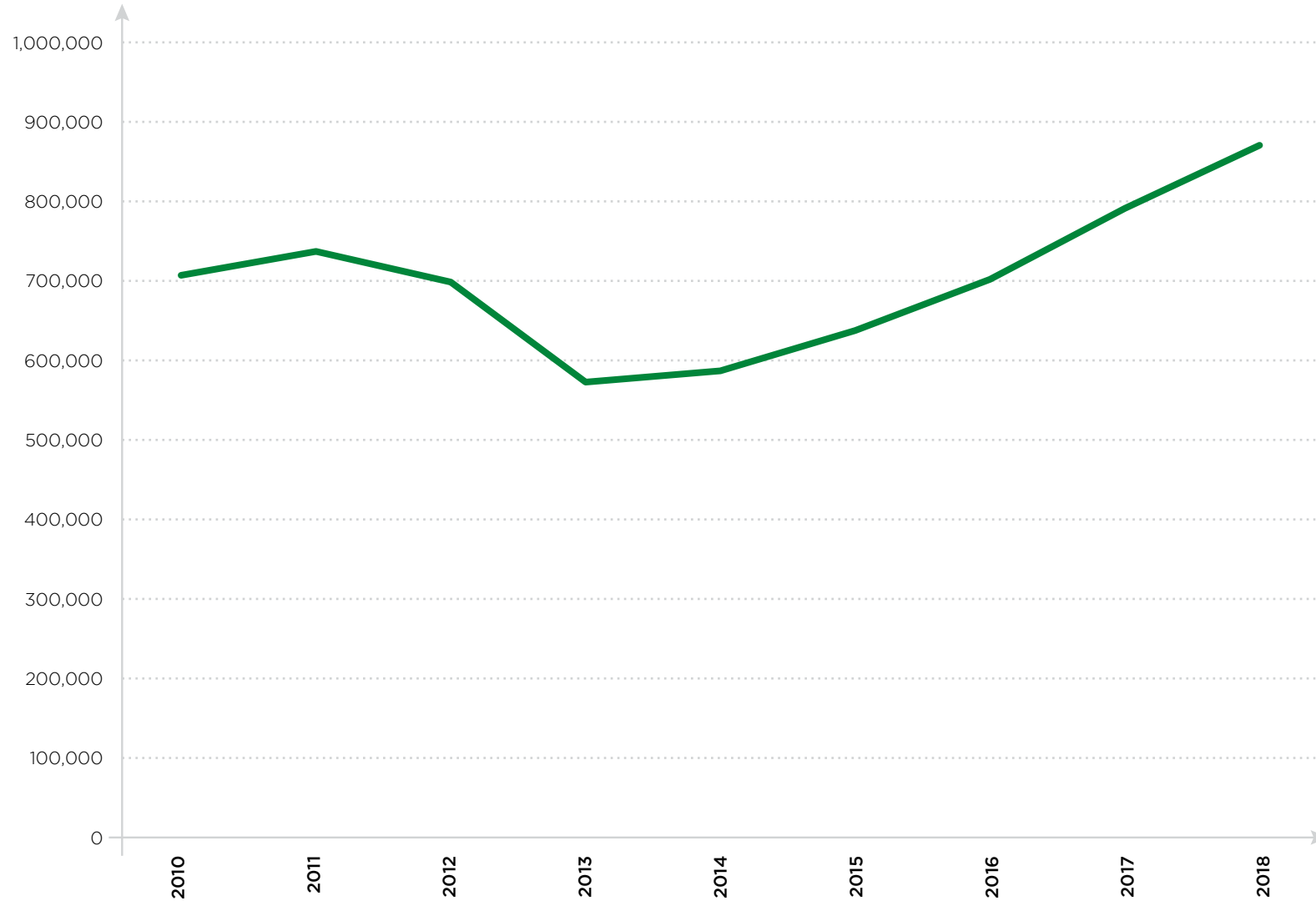
This graph displays the national unemployment and underemployment rate. Jobs help create confidence in the market.



SLIGHTLY  
POSITIVE

# NATIONAL JOB VACANCIES

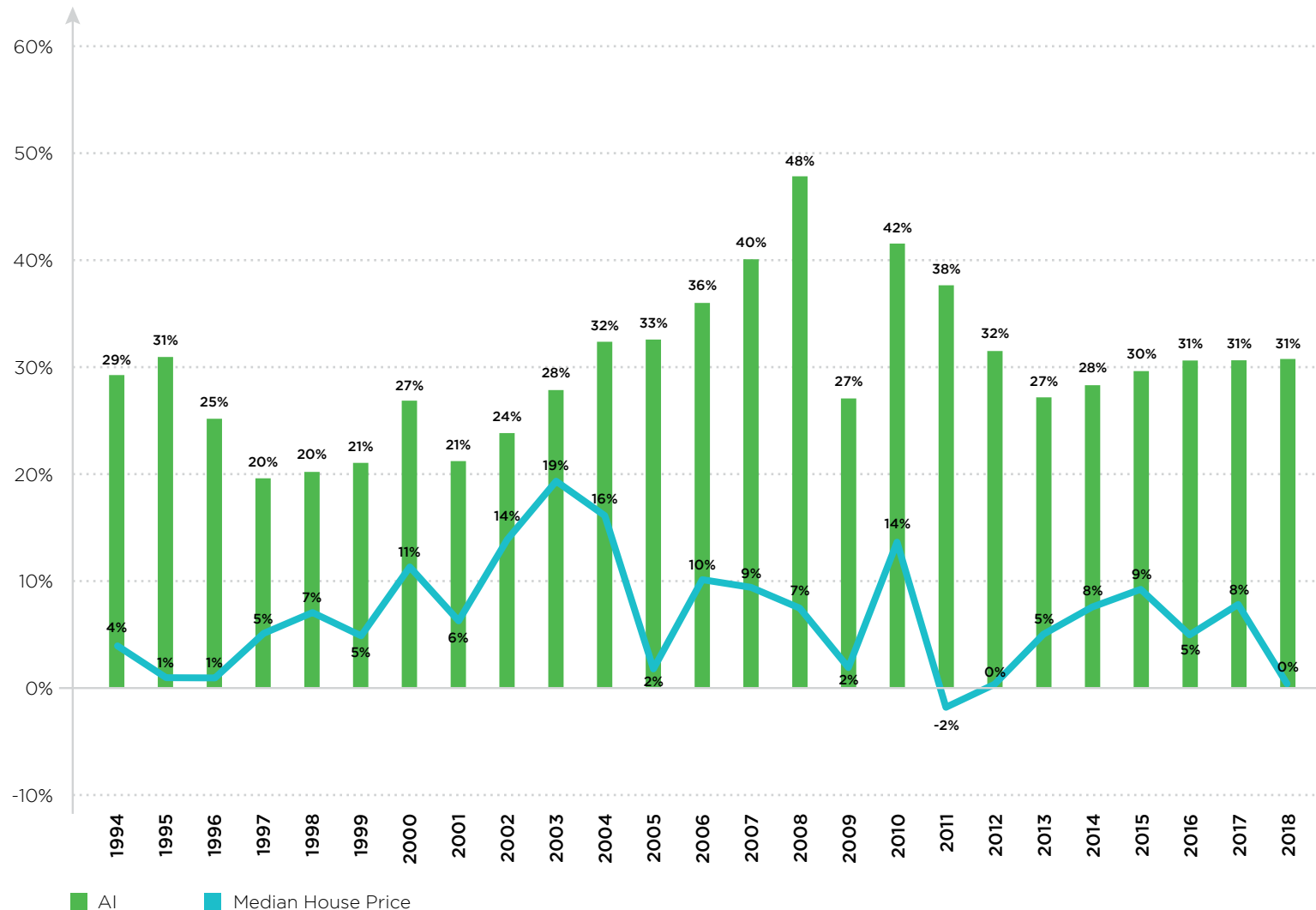
This graph displays the total job vacancies in the public and private sectors across the nation. Jobs help create confidence in the market.



**POSITIVE**

# NATIONAL AFFORDABILITY INDEX

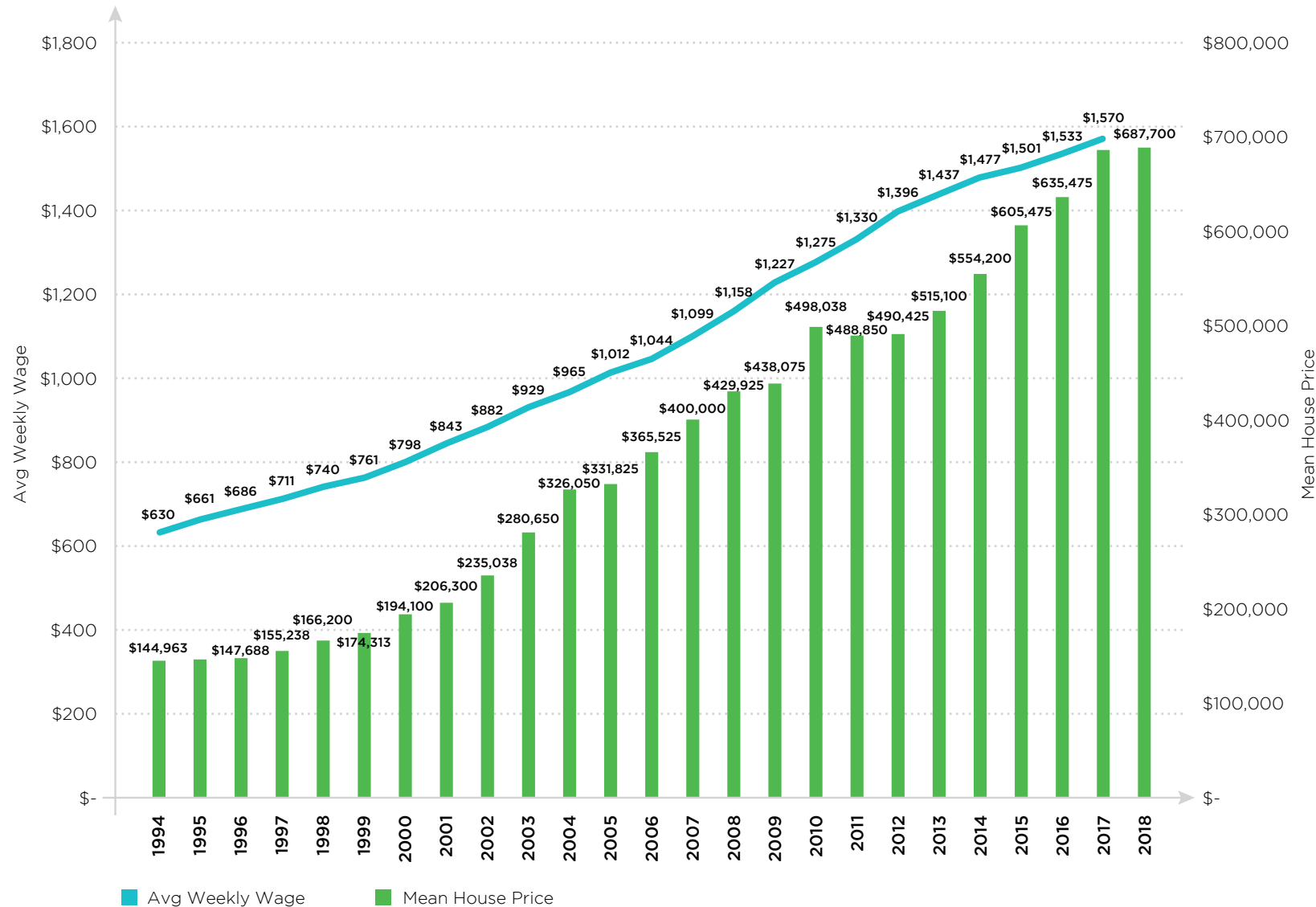
This graph displays the relationship between affordability and its impact on house price movement on a national level. The Affordability Index (AI) is calculated using the ABS mean house price, median individual wage, an LVR of 80% and the current variable rate. PPA's AI is a measure of the average mortgage repayments versus the average income.



SLIGHTLY  
POSITIVE

# INCOME GROWTH V. PRICE MOVEMENT

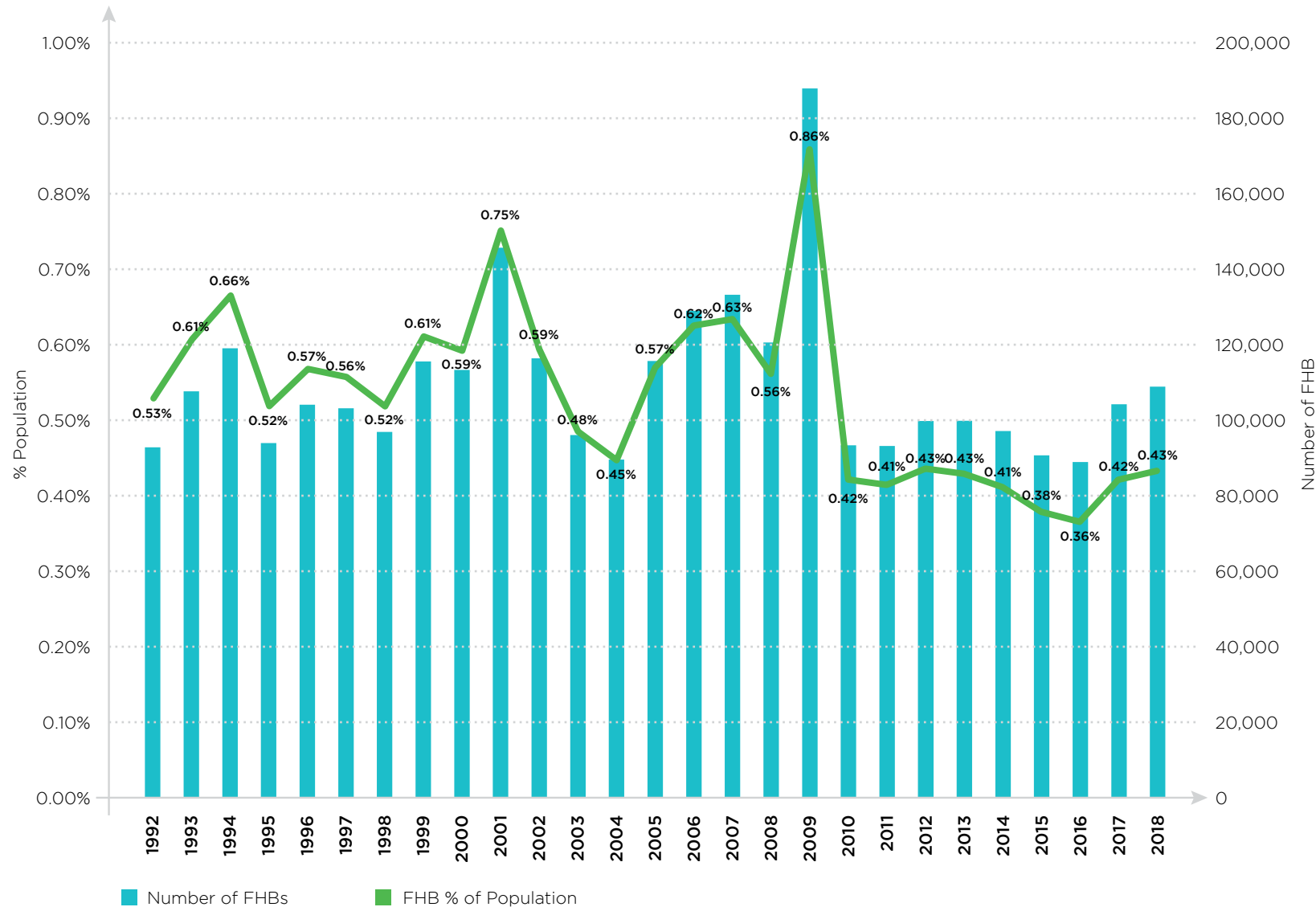
This graph displays the relationship between income growth and house price growth.



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# NATIONAL FHB AS A % OF THE POPULATION

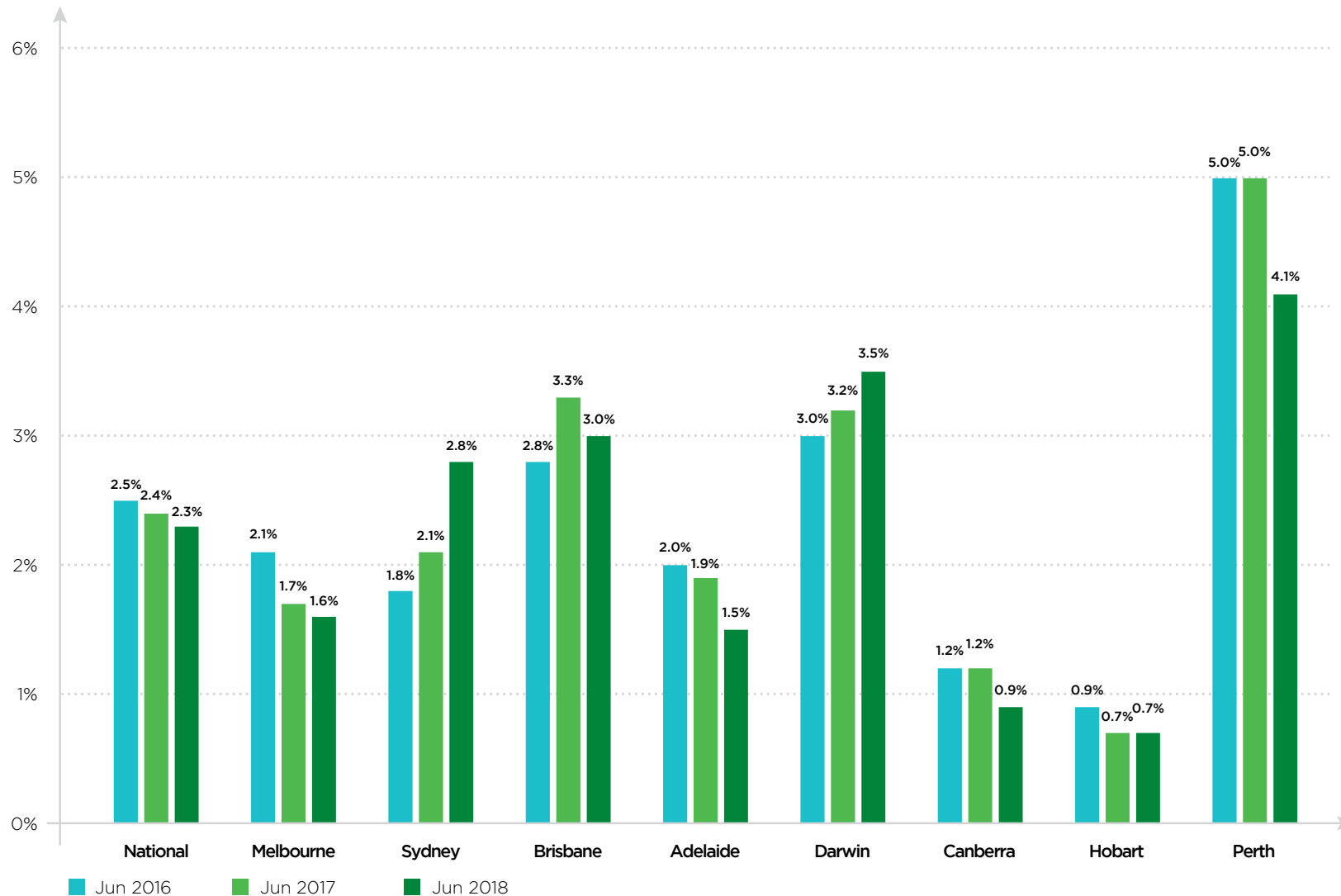
This graph displays the percentage of First Home Buyers (FHB) on a national level relative to the national population.



SLIGHTLY  
POSITIVE

# NATIONAL & CAPITAL CITY VACANCY RATES

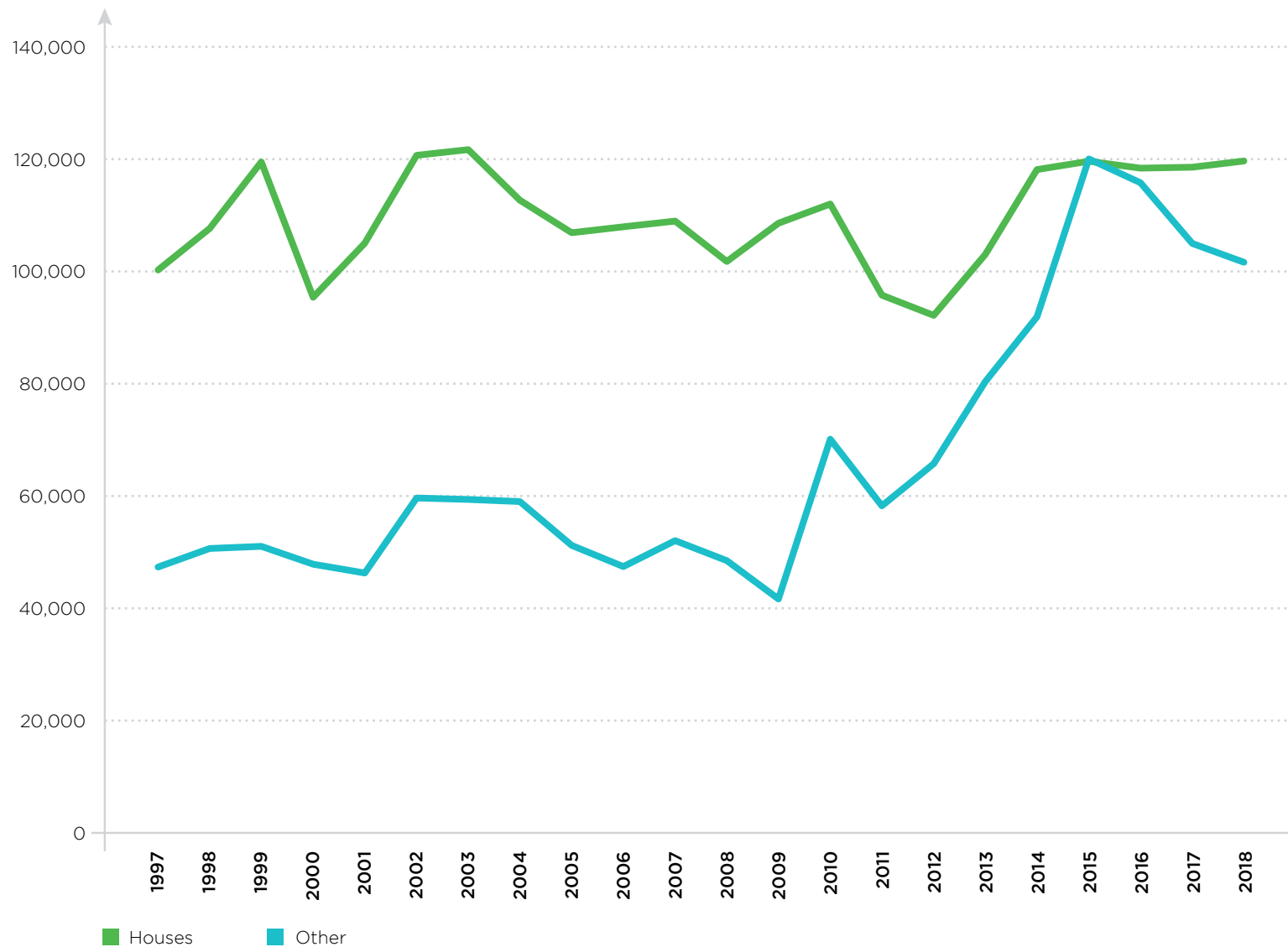
This graph displays the vacancy rate for all capital cities as at June 2016, 2017 & 2018. A vacancy rate of 2.5-3% is indication of a balanced rental market. Above 3% suggests an oversupply and below 3% suggests an undersupply.



POSITIVE

# DWELLING APPROVALS

This graph displays the number of dwelling approvals for houses and other.

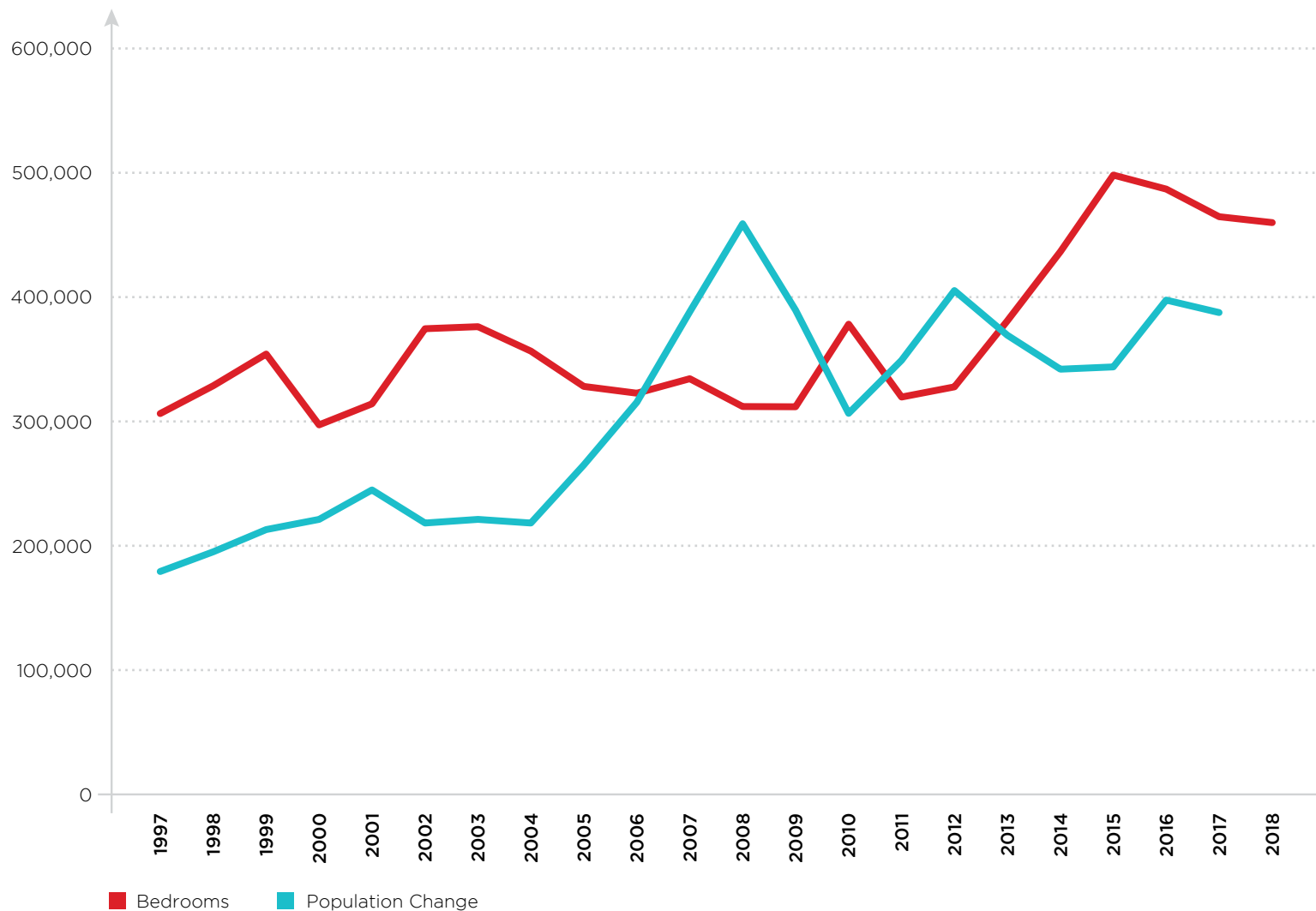


SLIGHTLY  
POSITIVE



# POPULATION CHANGE V. BEDROOM APPROVALS

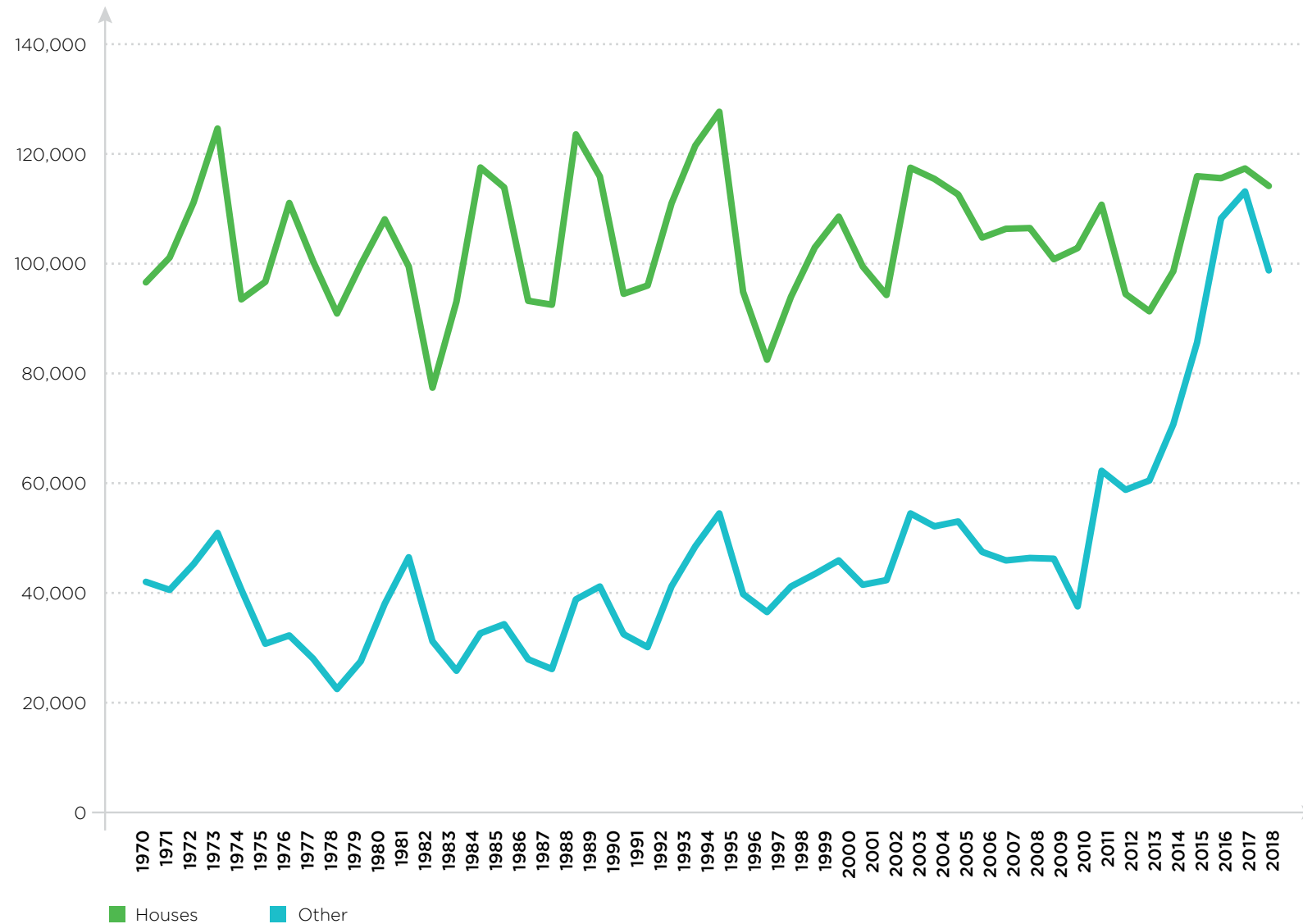
This graph displays the relationship between the approximate number of bedrooms being commenced nationally and the change in the national population. PPA calculates this assuming 80% of approvals commence and multiplying by the average household size.



NEGATIVE

# DWELLING COMMENCMENTS

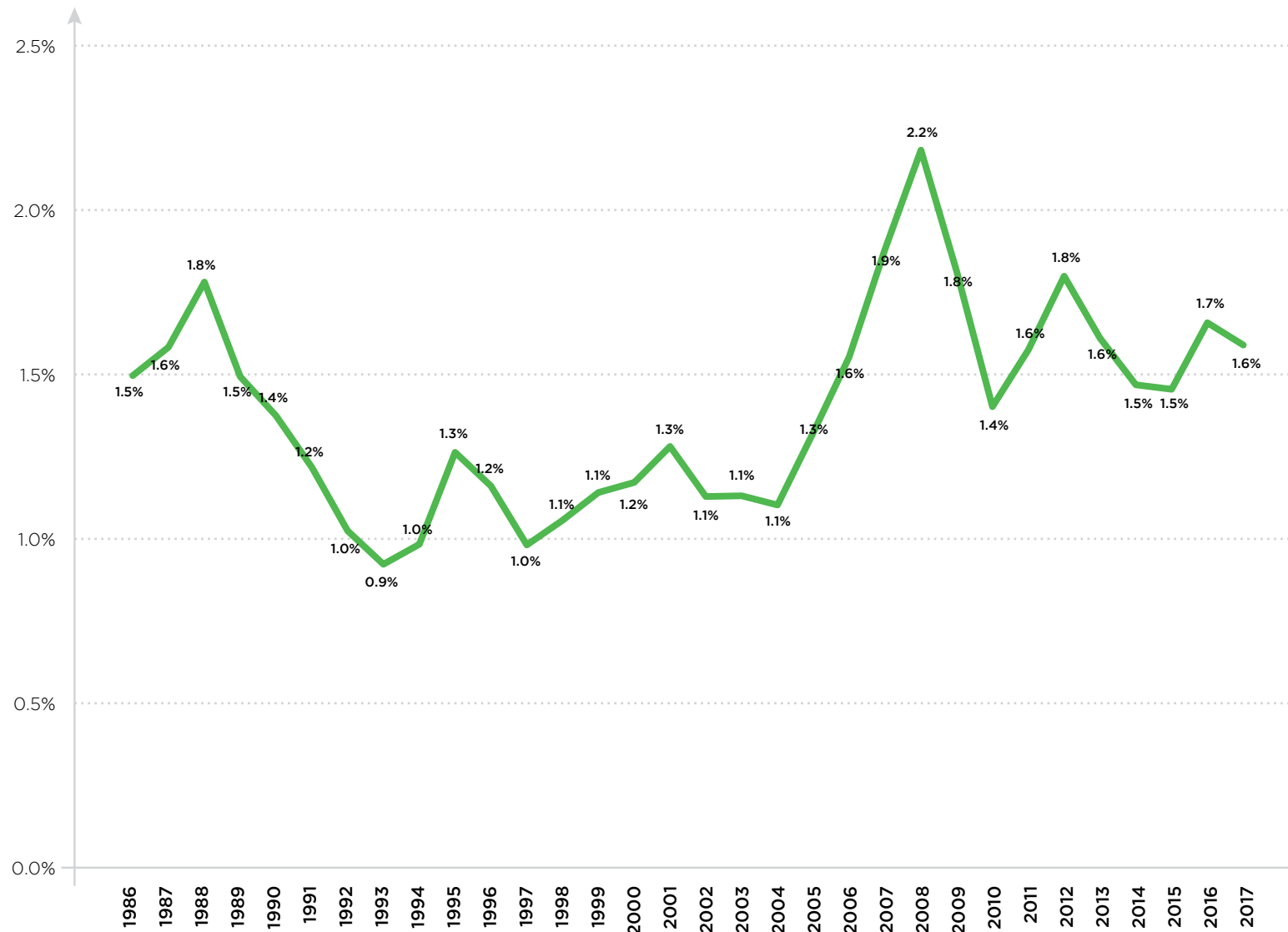
This graph displays the number of dwelling commencements for houses and other.



SLIGHTLY  
POSITIVE

# POPULATION GROWTH

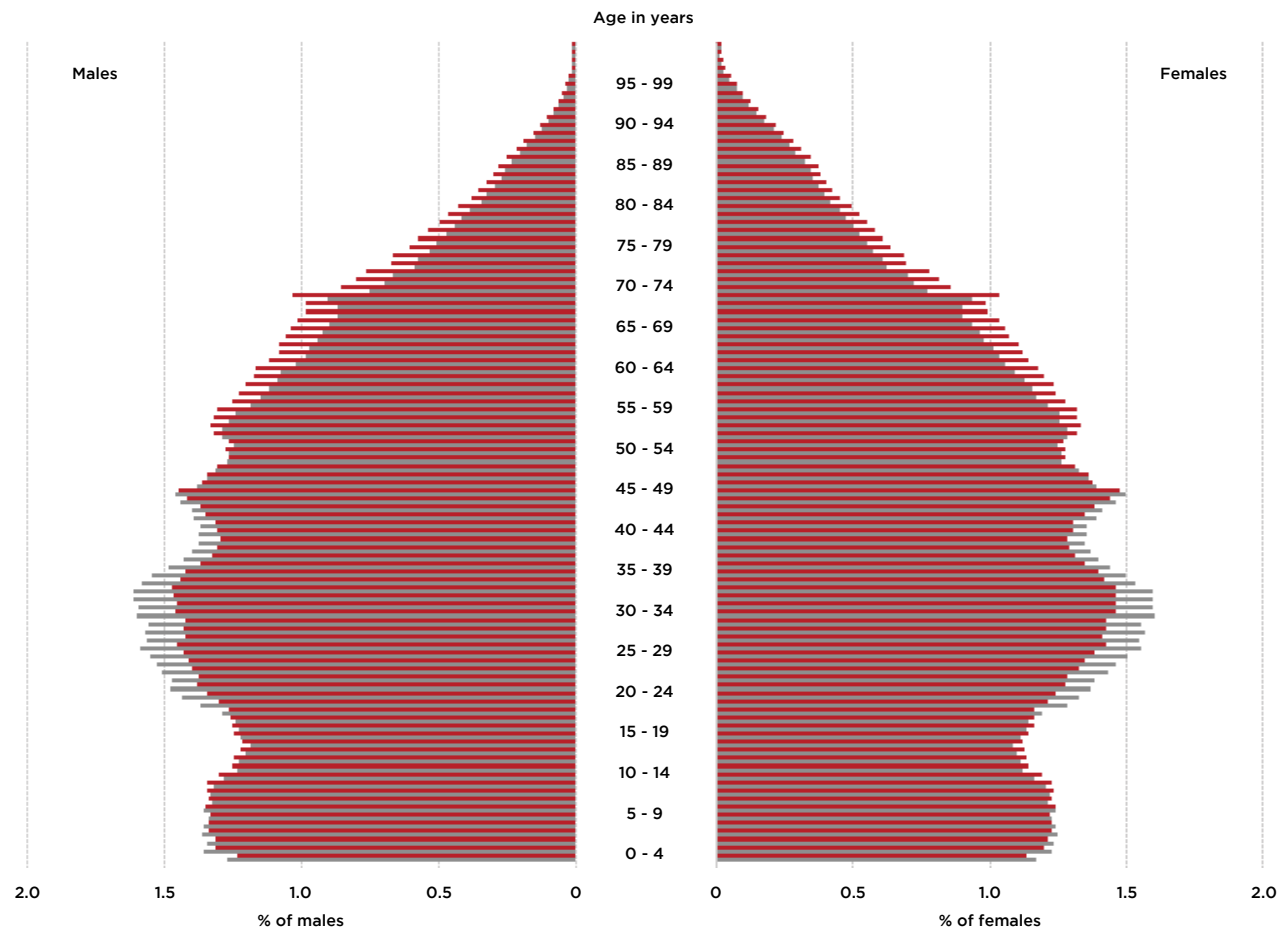
This graph shows the percentage change in the national population.



SLIGHTLY  
POSITIVE

# POPULATION PYRAMID

The population pyramid demonstrates the breakdown of the different ages and sex percentages of the population. The dominant consumer base of a population is the 35 to 49 age bracket and ideally we would like to see the preceding age brackets larger as they are to replace the existing group.



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.

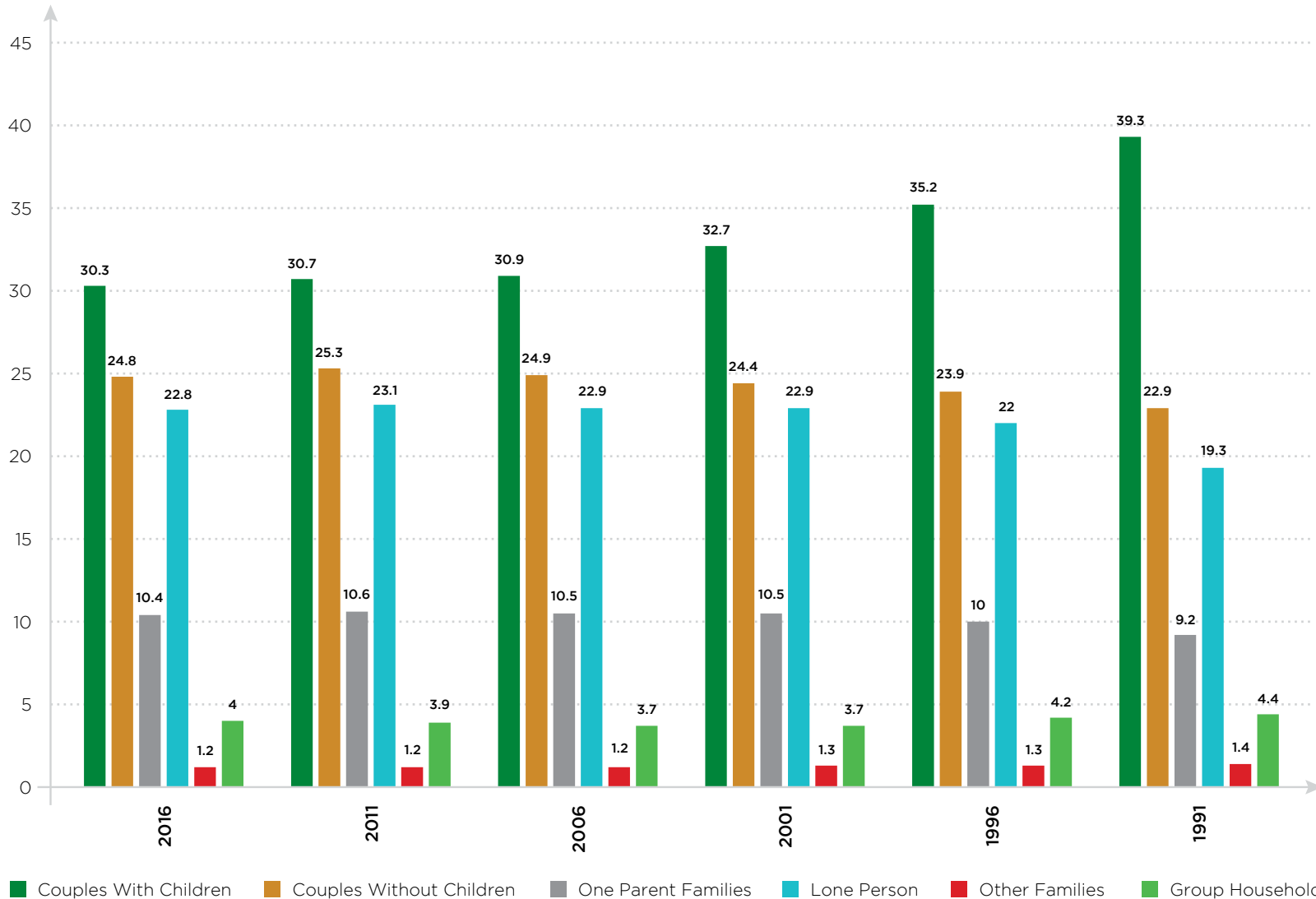
■ Australia    ■ Greater Capital Cities



SLIGHTLY  
POSITIVE

# HOUSEHOLD TYPE

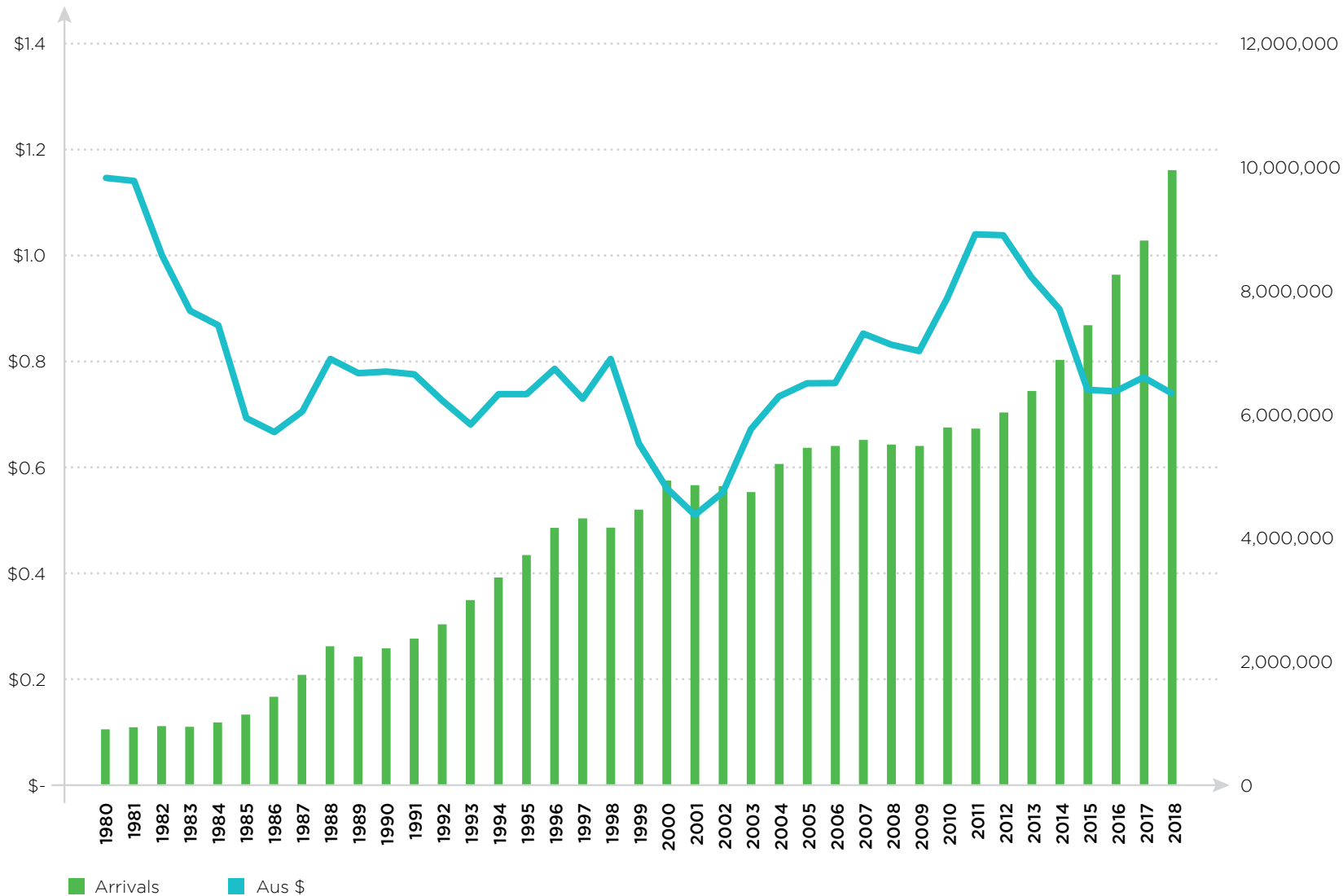
This graph displays the breakdown of the different household types across Australia and the changes in composition of households over 25 years.



SLIGHTLY  
POSITIVE

# SHORT TERM ARRIVALS V. AUS \$

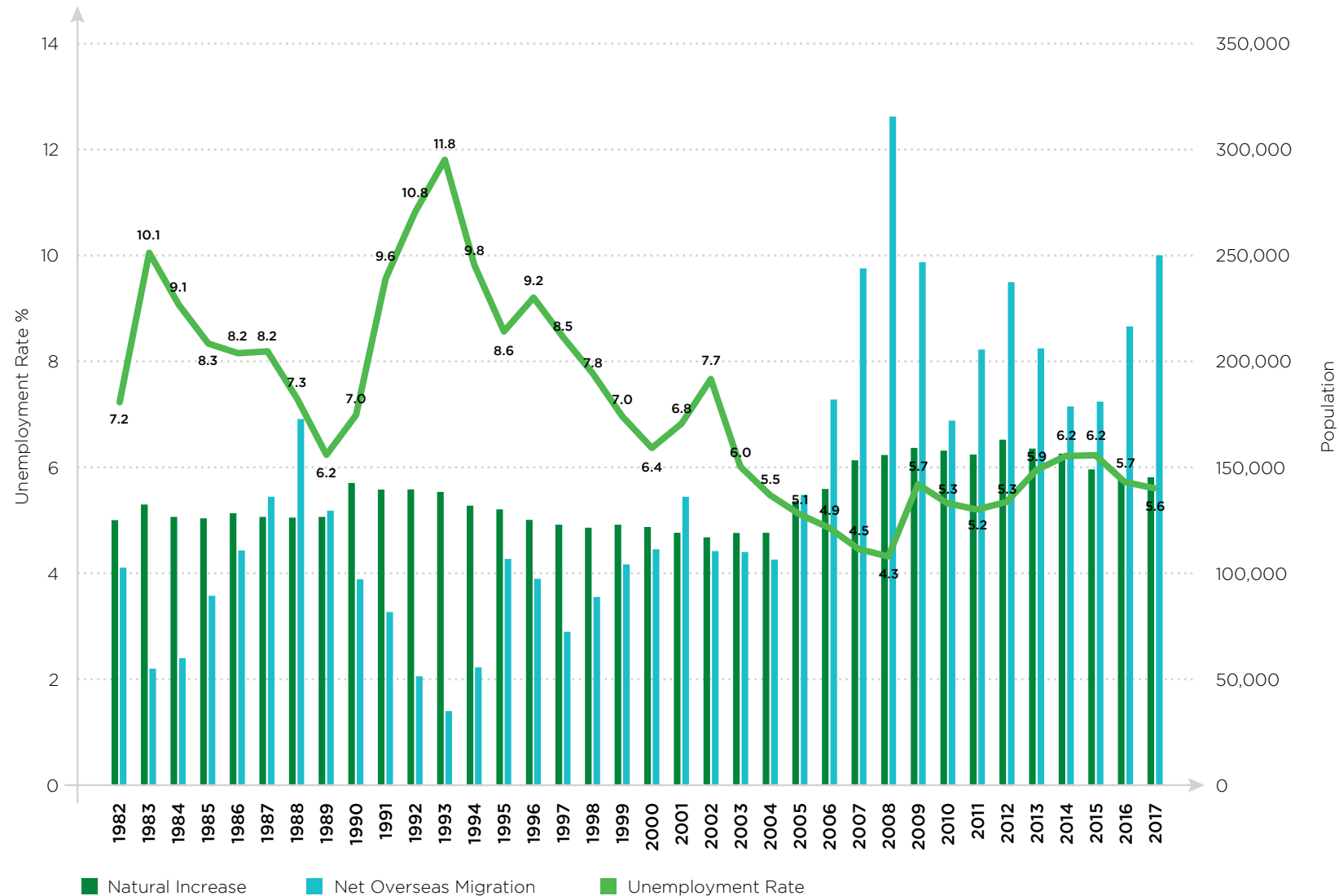
This graph displays short term visitor arrivals into Australia against the Australian dollar relative to the US dollar. Short term arrivals are classified as overseas visitors who stay for less than 12 months.



**POSITIVE**

# NATIONAL POPULATION MOVEMENT TYPE

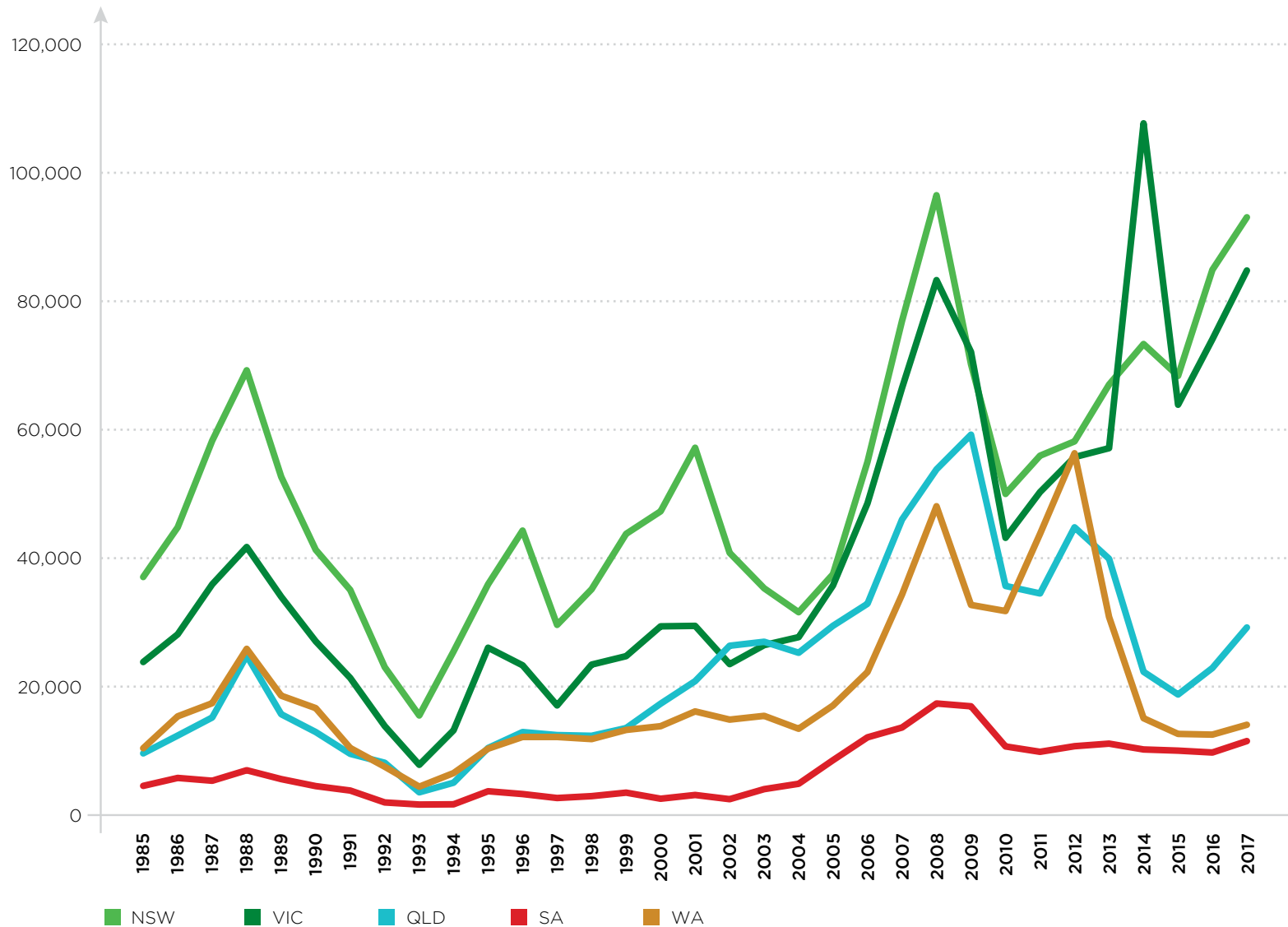
This graph displays the breakdown of the population into Natural Increase (births minus deaths) and Net Overseas Migration (net gain or loss of population through immigration and emigration) charted against the national unemployment rate.



POSITIVE

# STATE NET OVERSEAS MIGRATION

This graph displays Net Overseas Migration for each of the five major states.

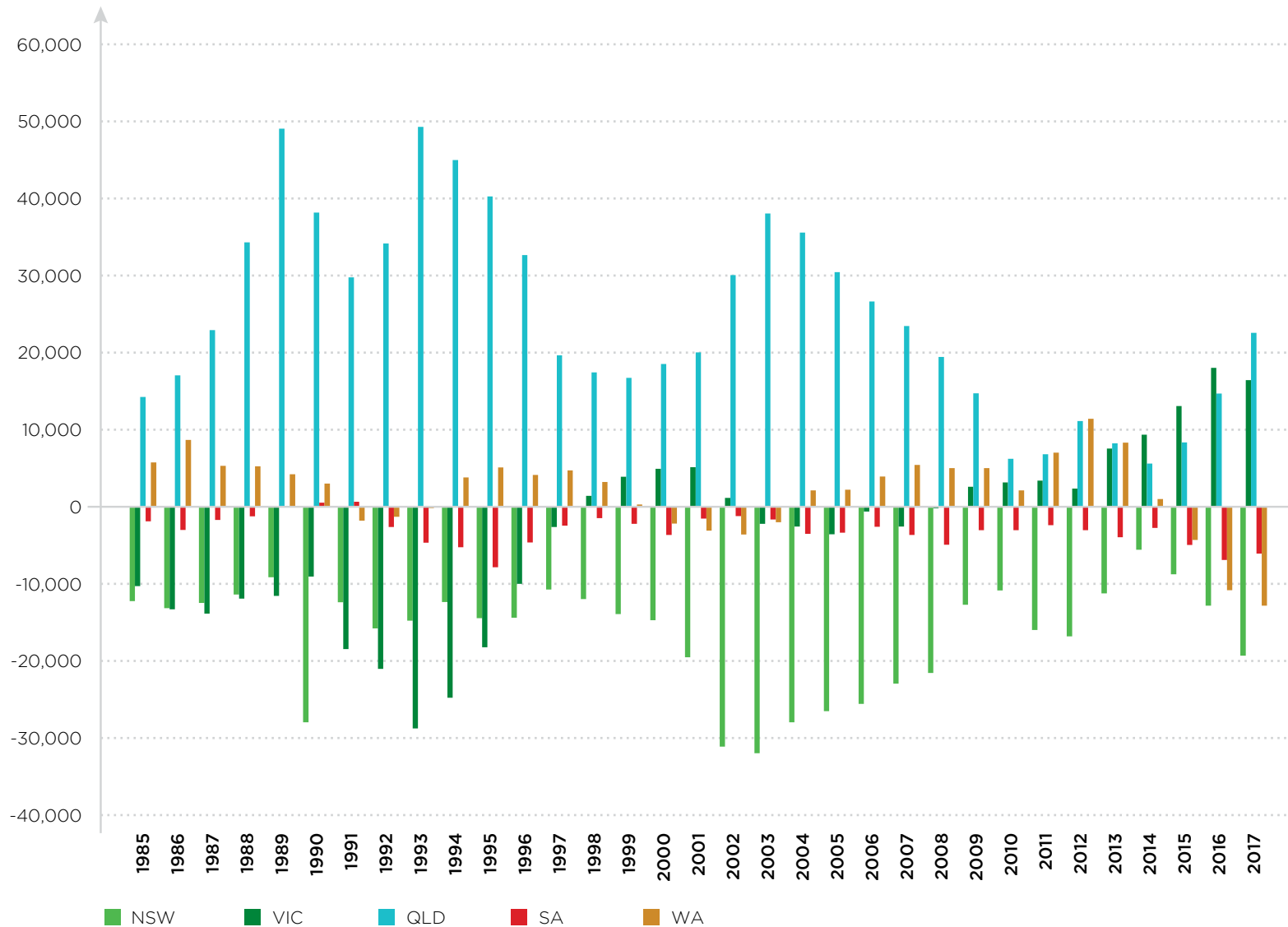


SLIGHTLY  
POSITIVE



# STATE NET INTERSTATE MIGRATION

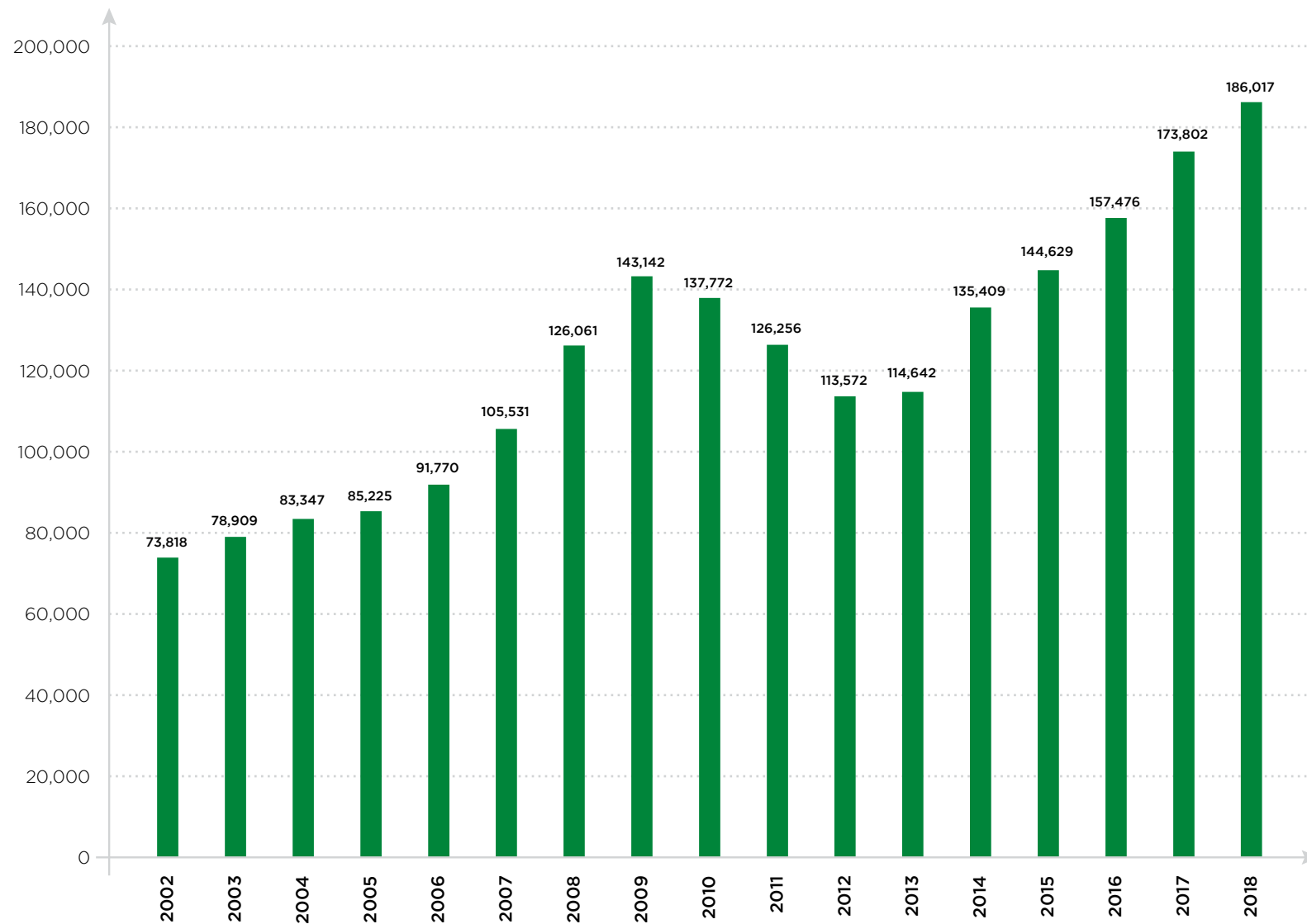
This graph displays the relationship between each of the five major states Net Interstate Migration.



NEUTRAL

# INTERNATIONAL STUDENT COMMENCMENTS

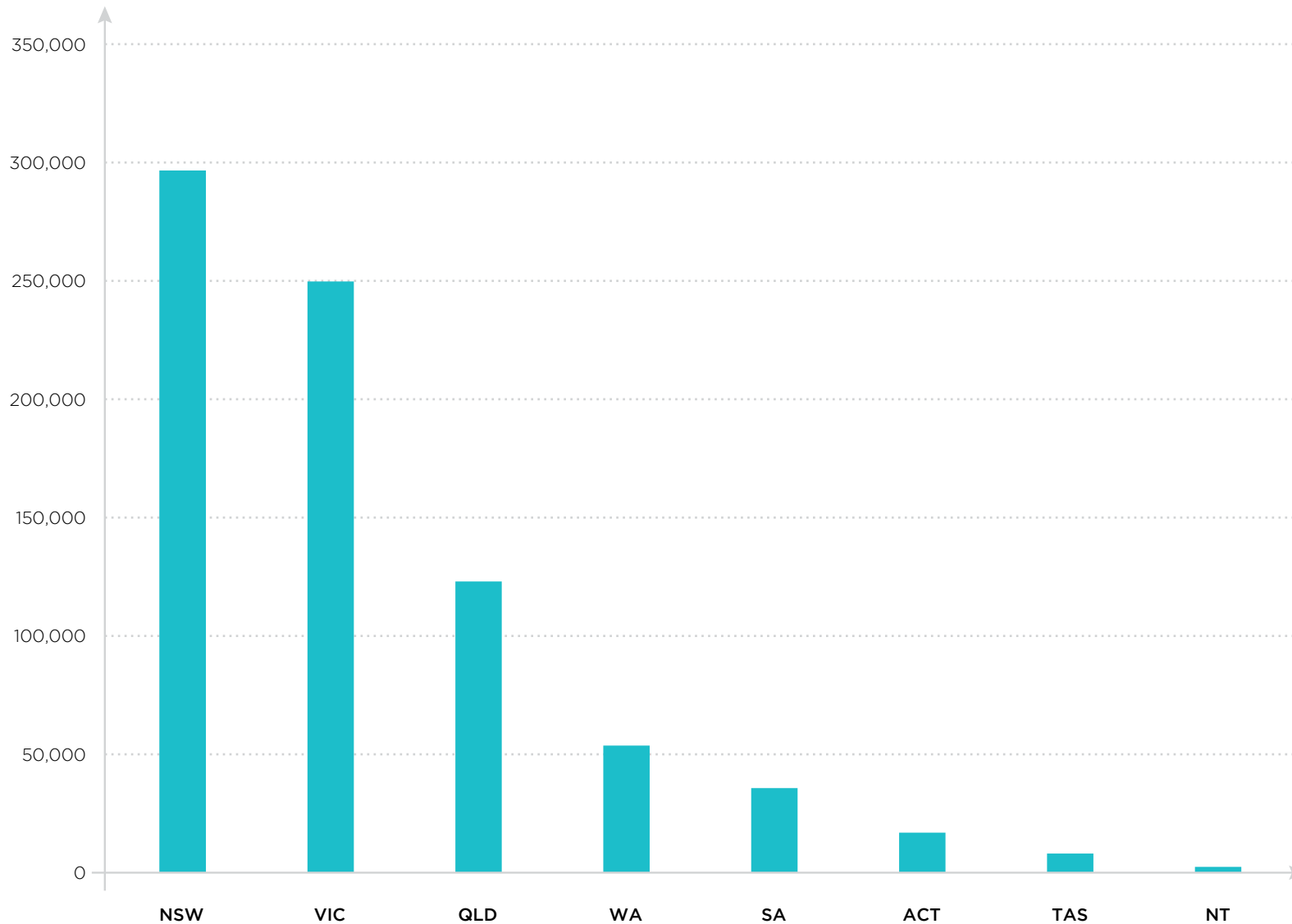
This graph displays the number of International Student Commencements nationally.



POSITIVE

# INTERNATIONAL STUDENT ENROLMENTS PER STATE

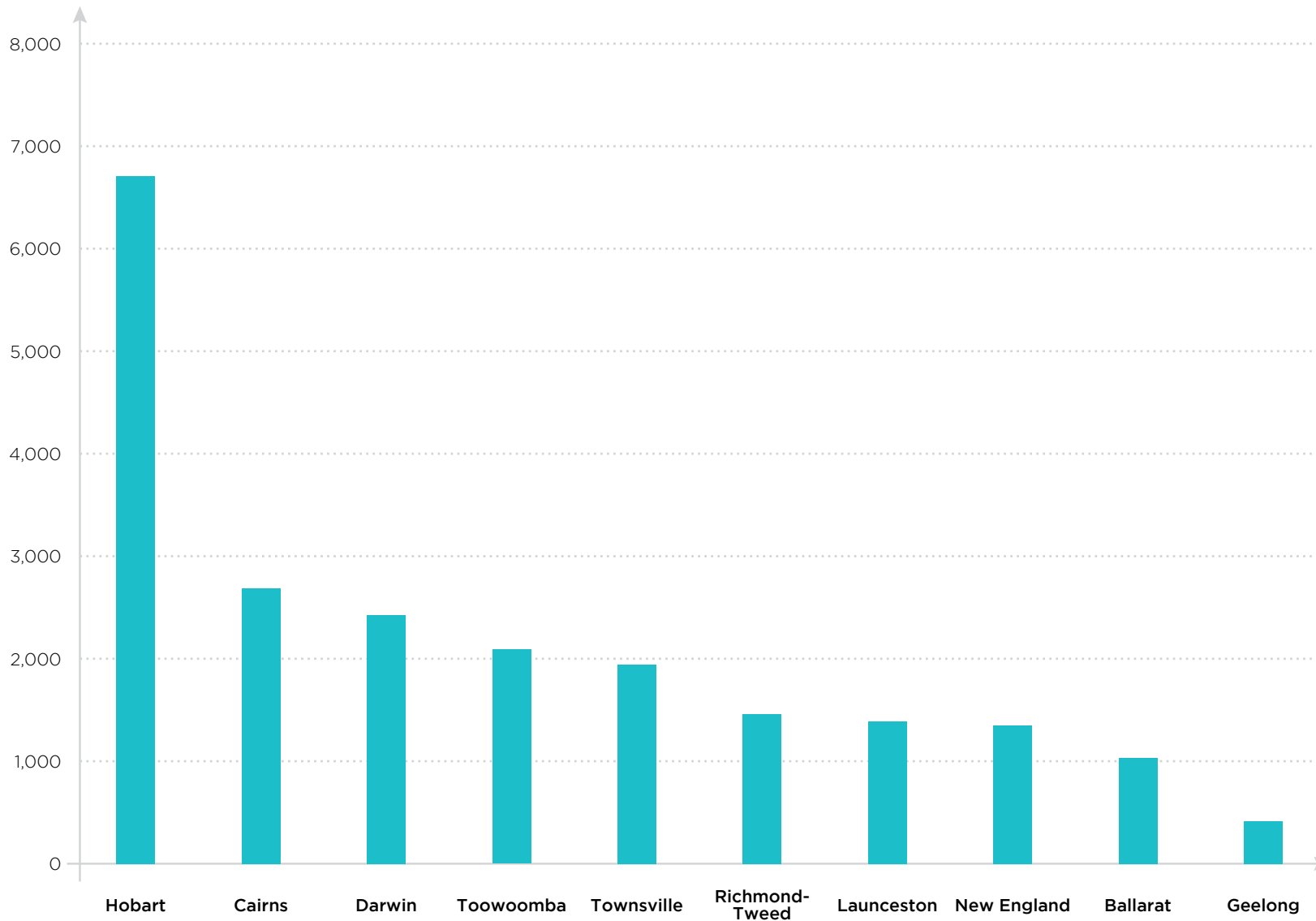
This graph displays the International Student enrolment numbers by state.



NEUTRAL

# TOP 10 REGIONS FOR STUDENT COMMENCEMENTS

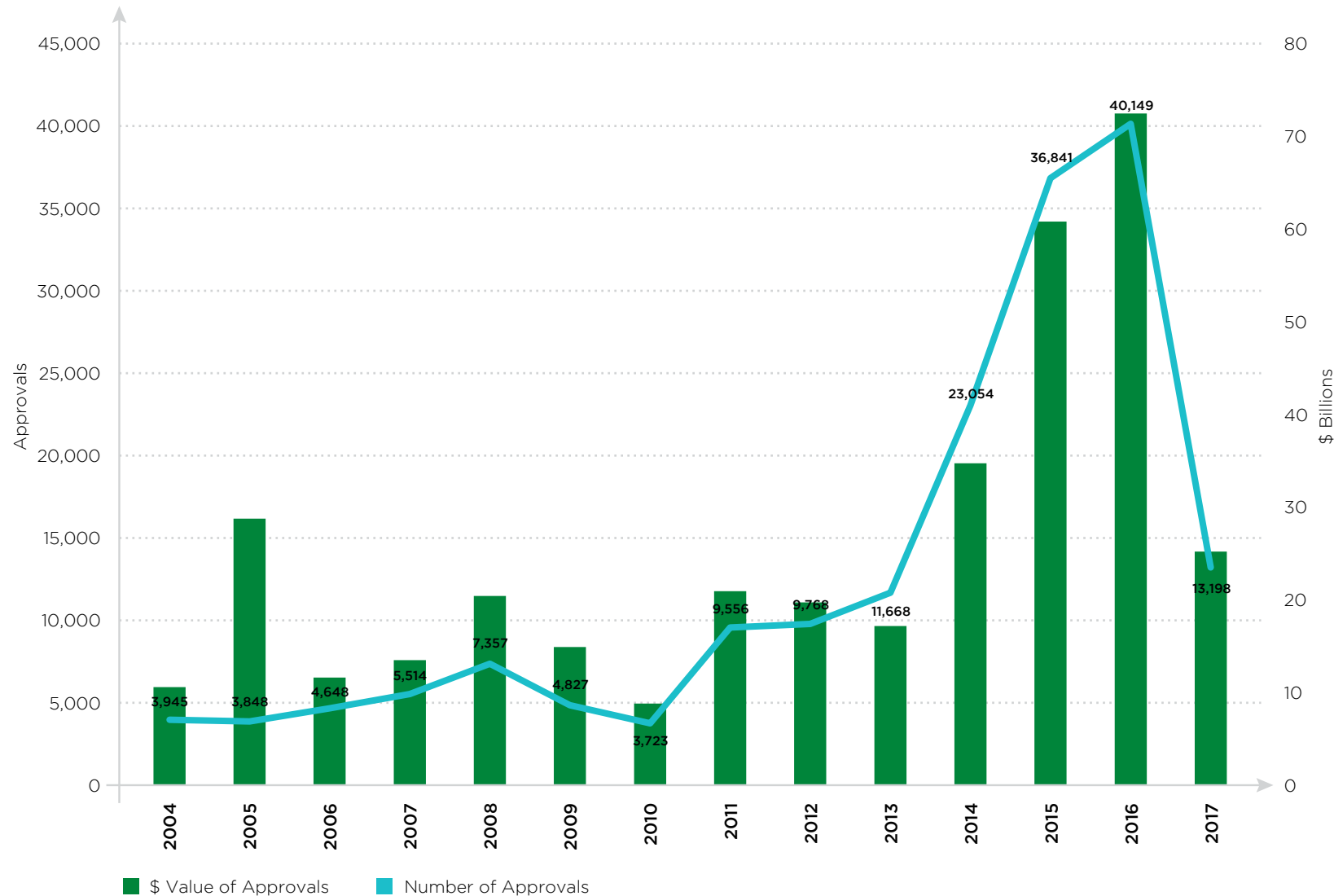
This graph displays the top ten regional locations for international student enrolments.



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# FOREIGN INVESTMENT APPROVALS - VOLATILITY

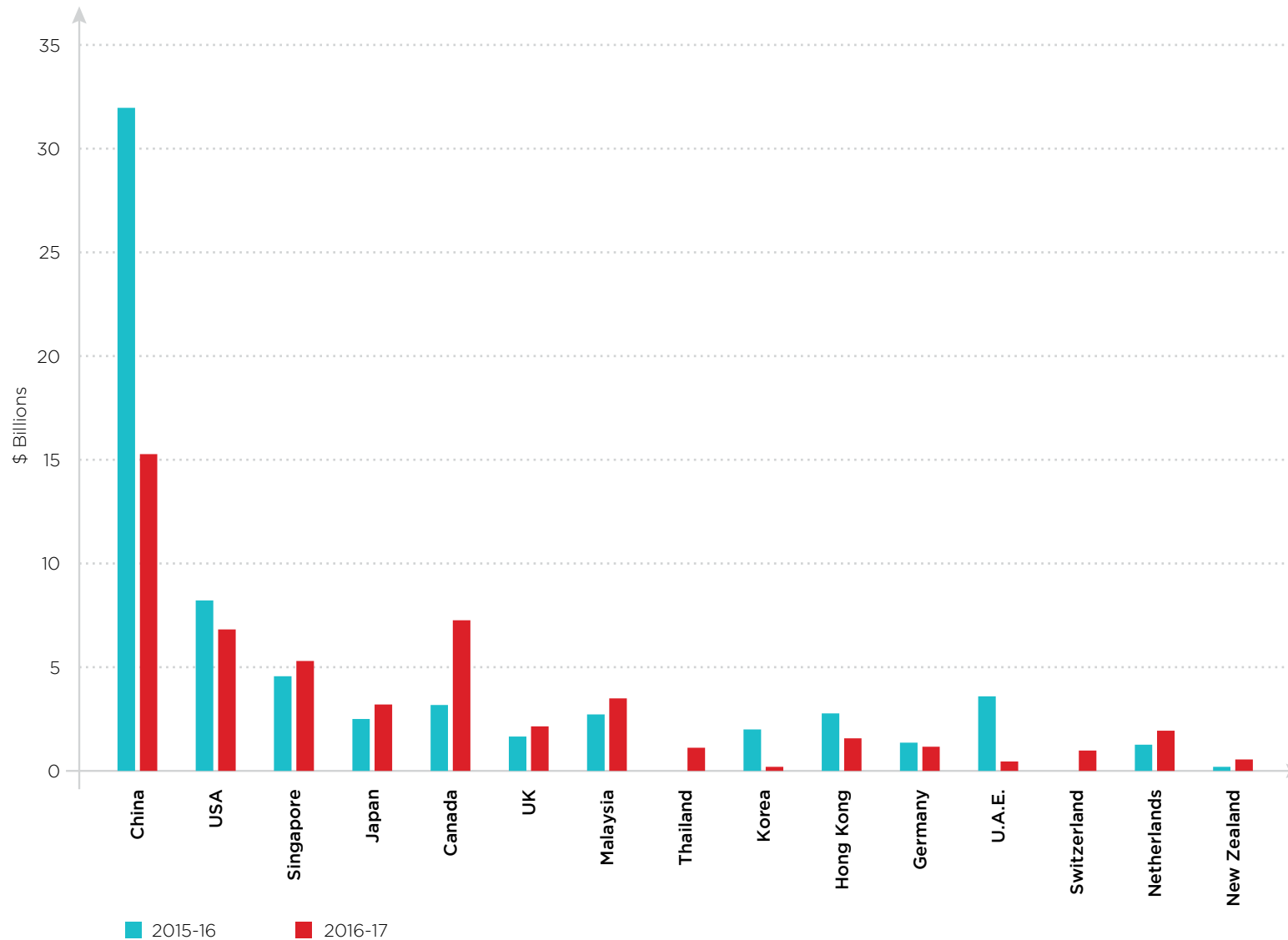
This graph displays the dollar value and number of foreign investment approvals per year. In this section we wish to determine if foreign investment into residential property is set to make the market more or less volatile.



**POSITIVE**

# FOREIGN APPROVALS BY NATION

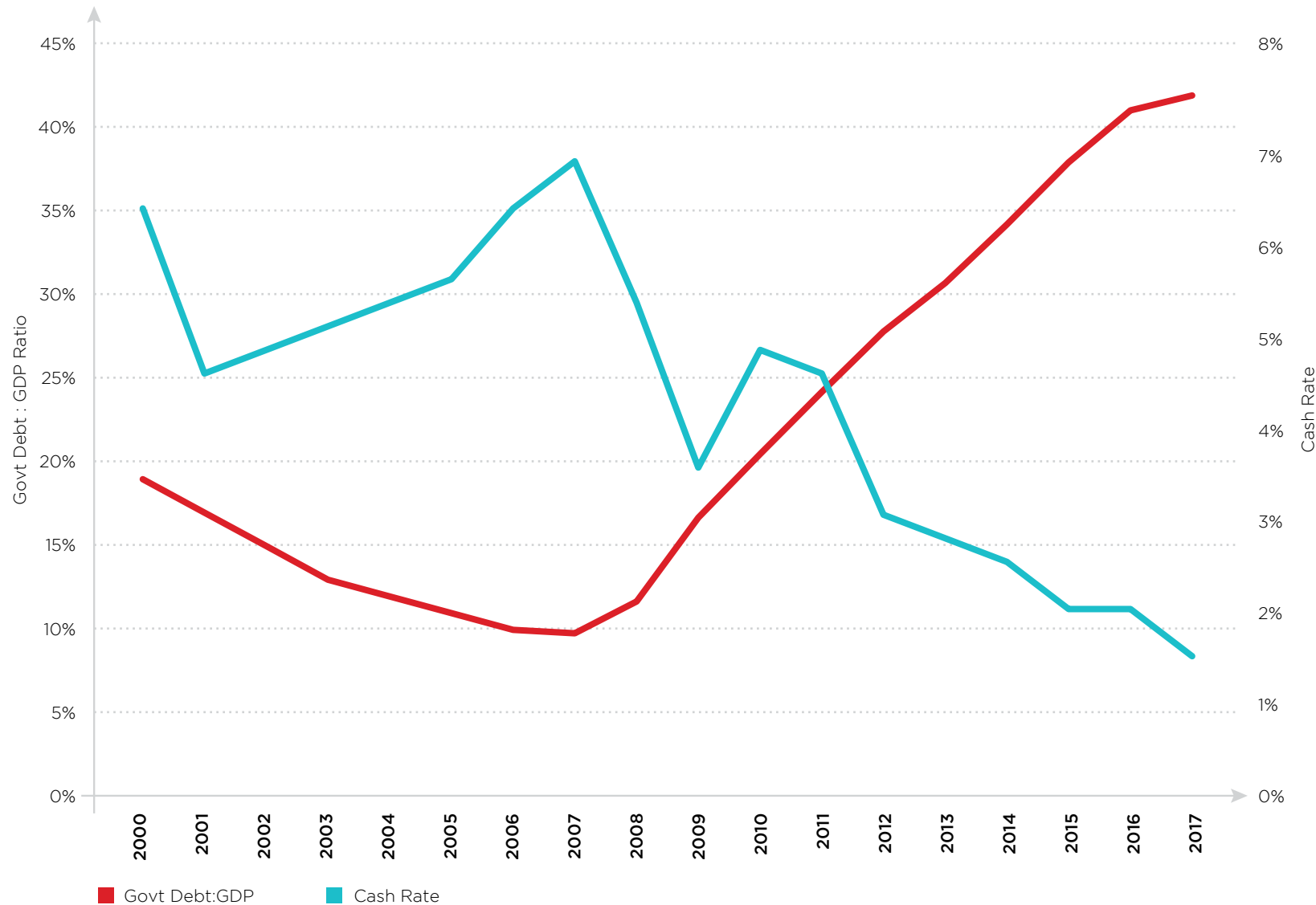
This graph displays the breakdown of foreign investment in the Australian residential market by nation.



NEGATIVE

# GOVERNMENT DEBT TO GDP RATIO V. RBA CASH RATE

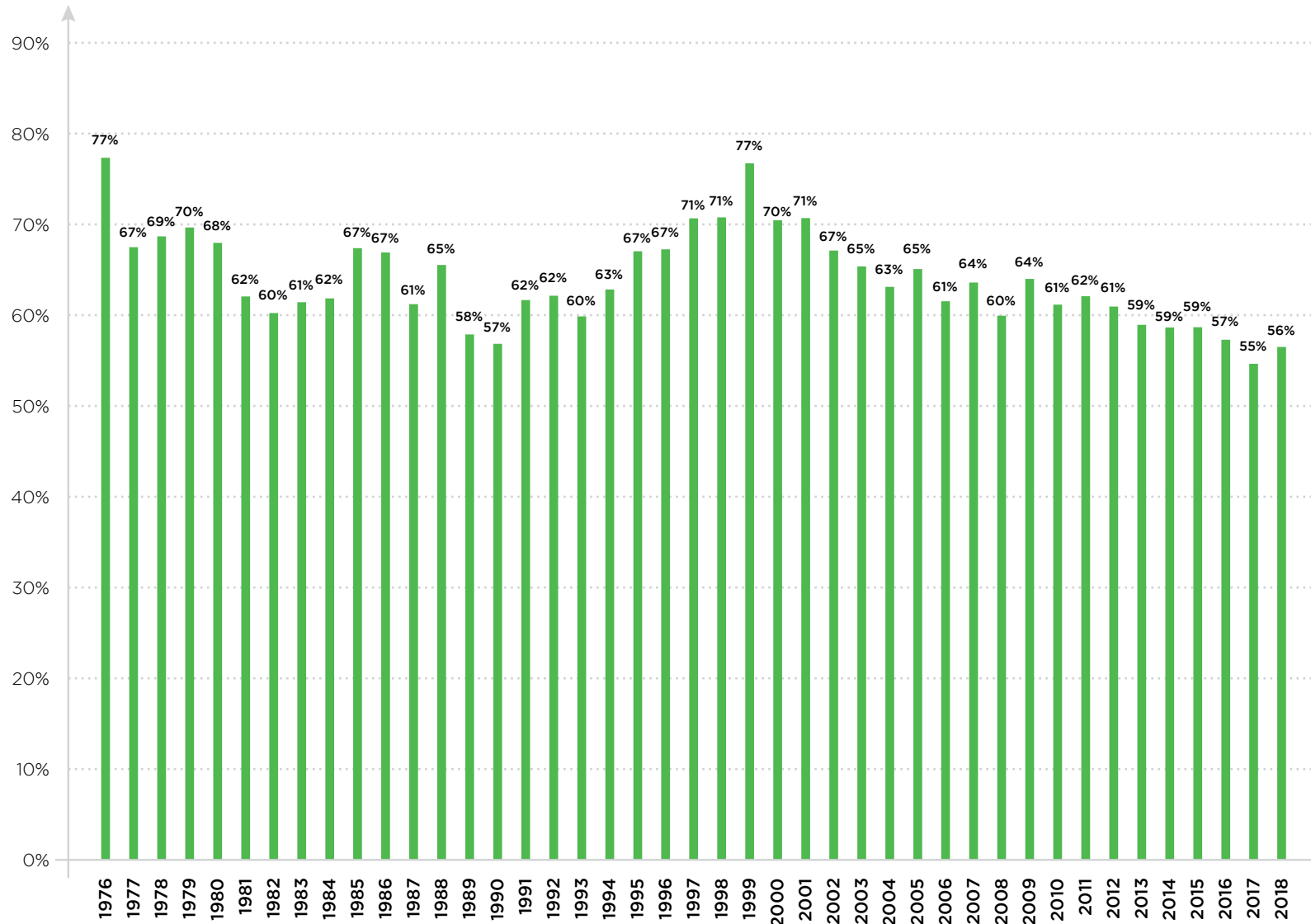
This graph displays the relationship between Government debt expressed as a relationship to GDP versus the RBA cash rate.



**NEGATIVE**

# LOAN TO VALUE RATIO

This graph displays the loan to value ratio (LVR) expressed as a percentage.

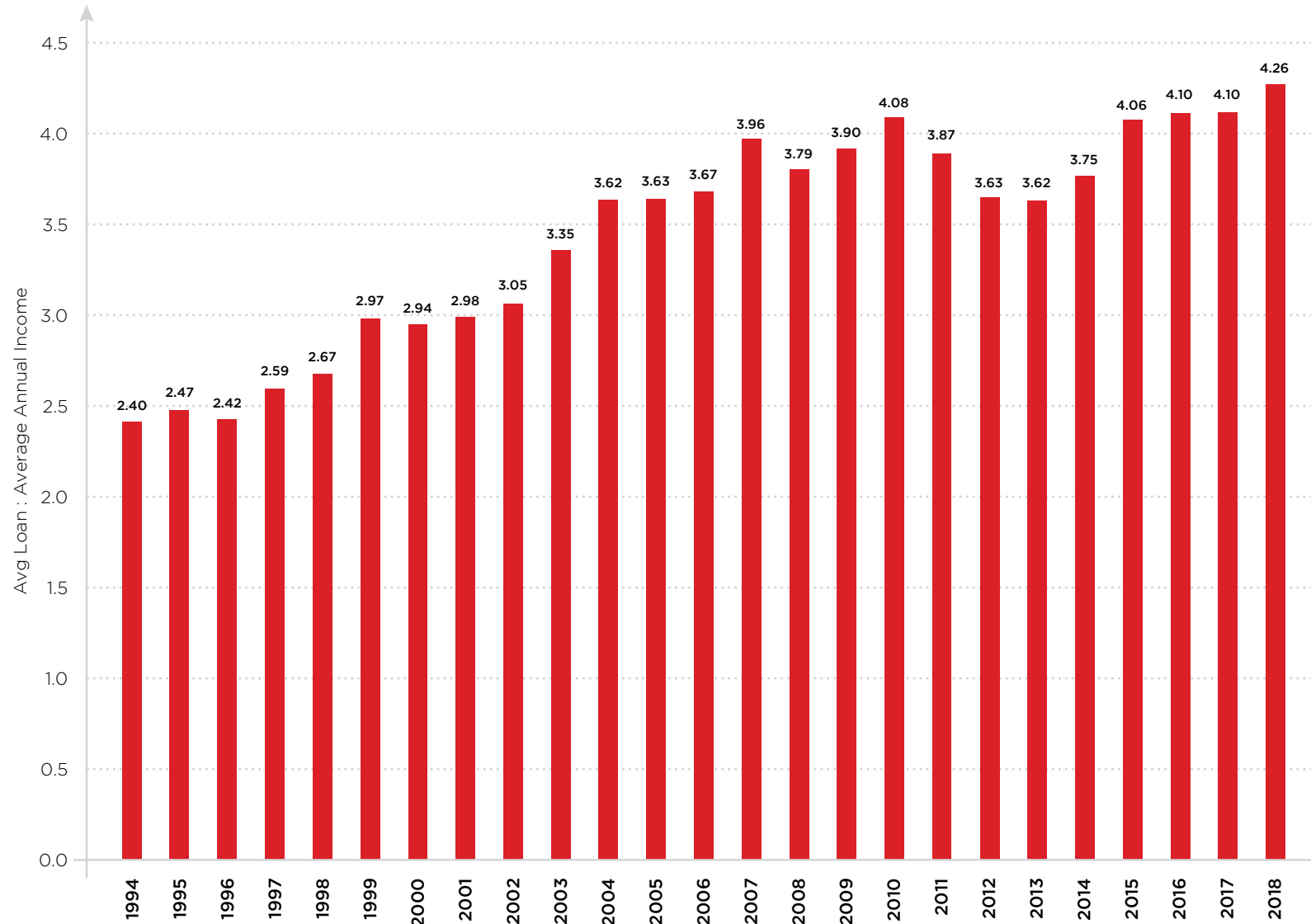


SLIGHTLY  
POSITIVE



# LOAN TO INCOME RATIO

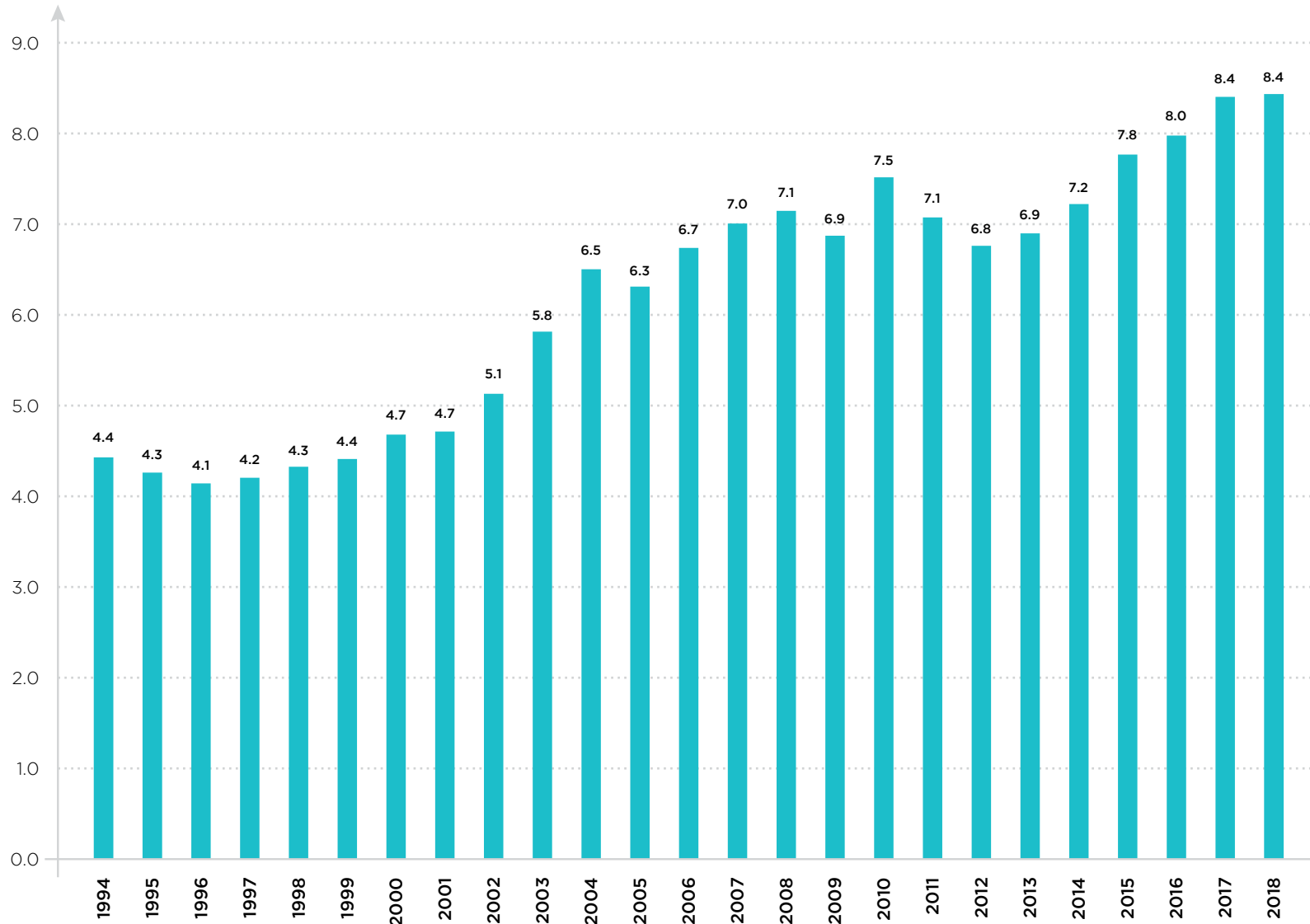
This graph displays the amount of housing debt relative to the average income.



NEGATIVE

# PRICE TO INCOME RATIO

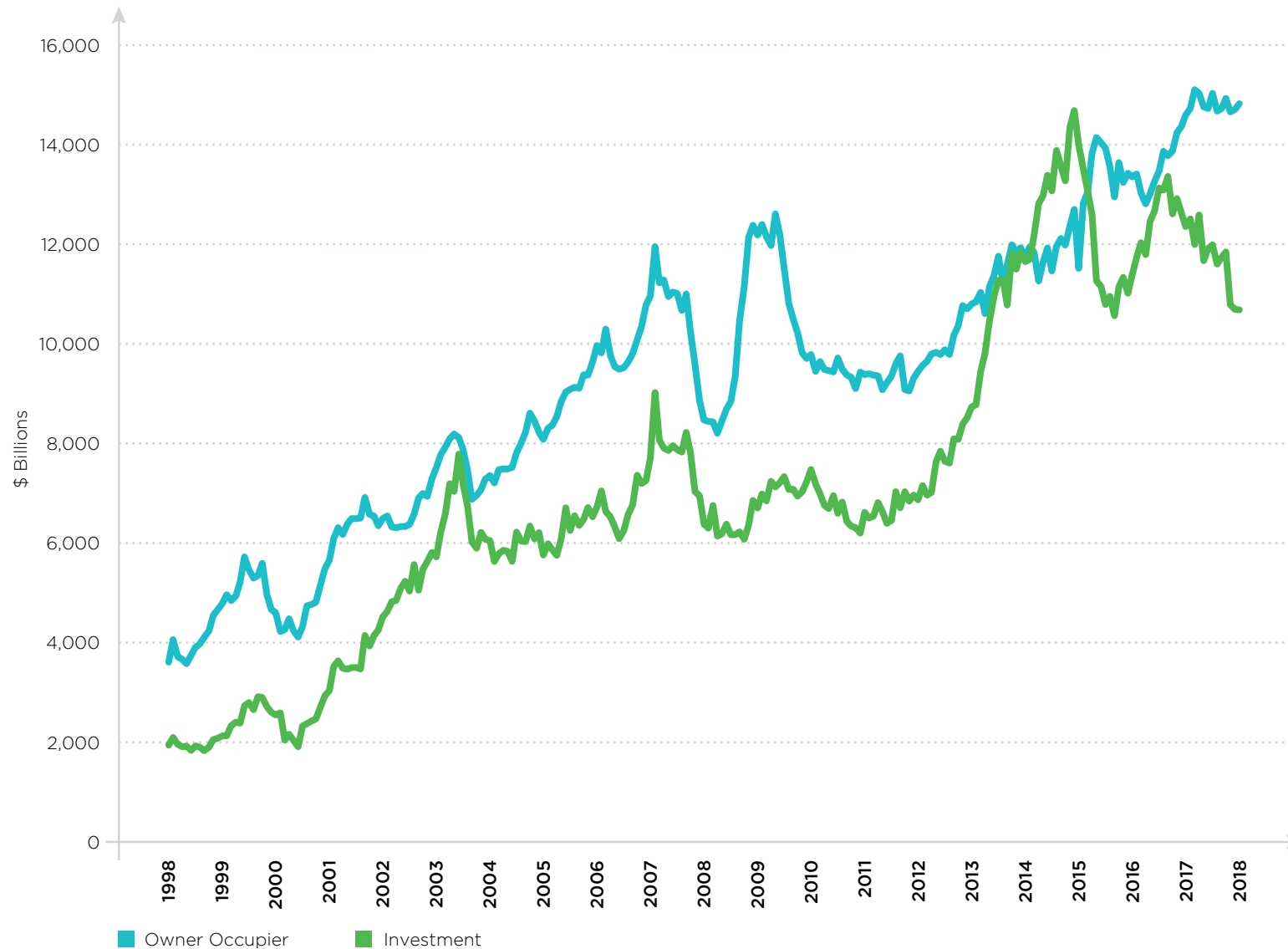
This graph displays the national average house price to national average income ratio.



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# INVESTOR V. HOMEBUYER

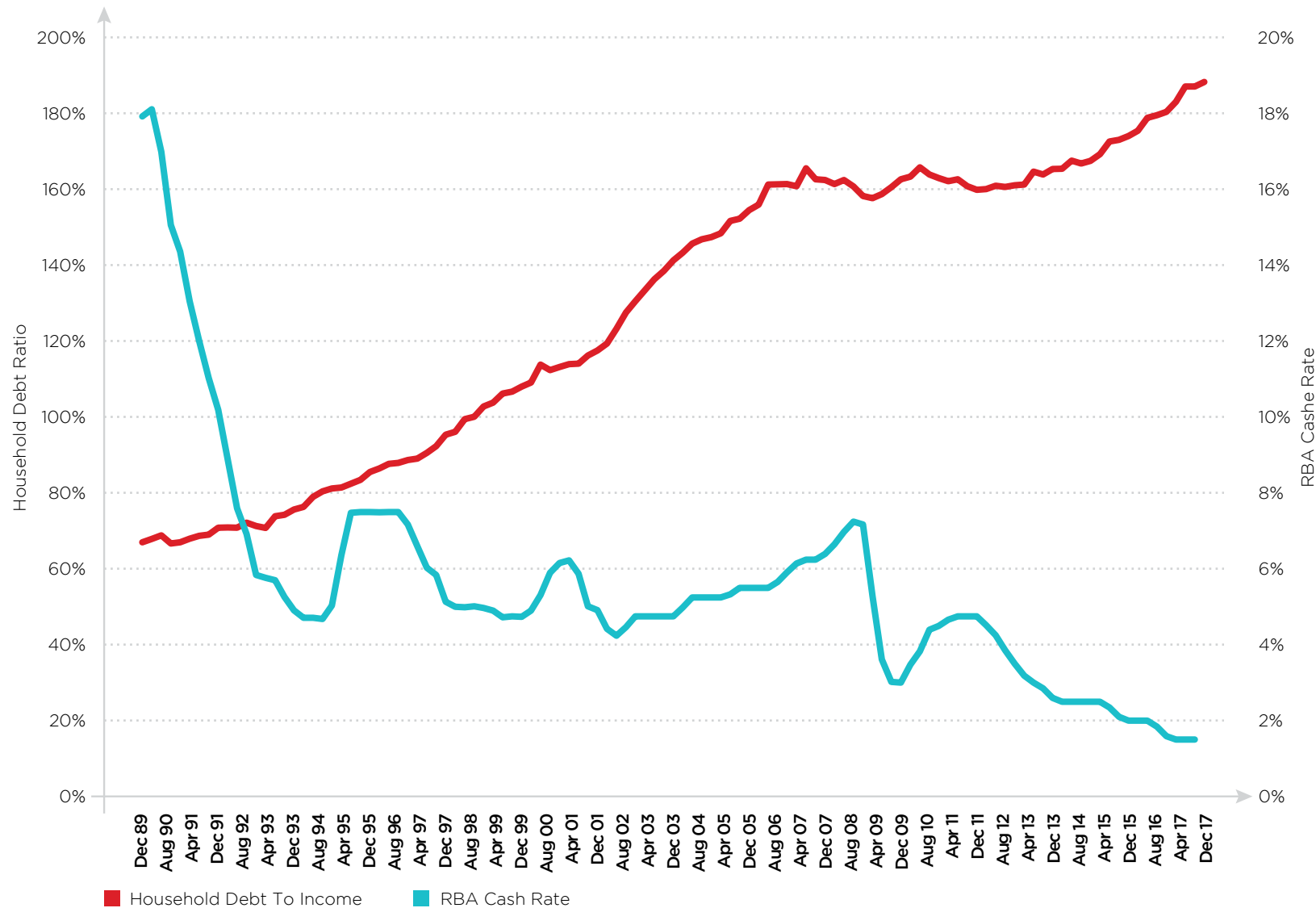
This graph displays the relationship between home buyer and investor activity.



SLIGHTLY  
POSITIVE

# HOUSEHOLD DEBT TO INCOME

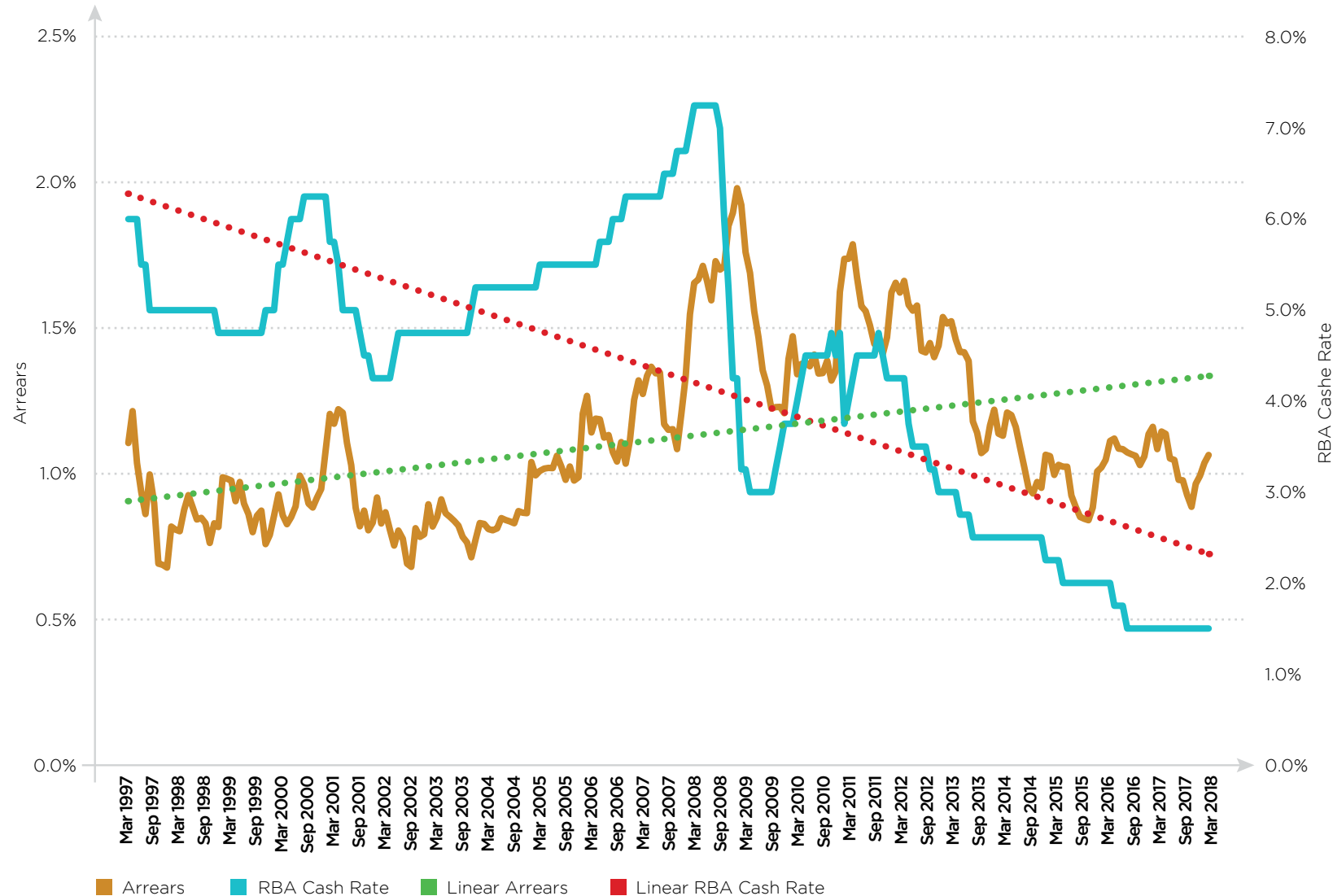
This graph demonstrates the relationship between the RBA cash rate and total household credit as a percentage of GDP.



**NEGATIVE**

# NATIONAL MORTGAGE ARREARS

This graph displays the relationship between the RBA cash rate and the national mortgage arrears. This data is supplied by Standard & Poor's global ratings and shows the percentage of Australian mortgages that are past 30 days due.



SLIGHTLY  
NEGATIVE



# 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.

All property must pass our stringent investment criteria and is subject to a thorough due diligence process. Our low risk approach excludes 99% of all properties currently on the market. We never source properties direct from developers and we don't buy properties off the plan or in new housing developments. We have a strict no commission policy preventing us from ever taking commissions from agents or referrers. We believe in providing quality ethical advice and exceptional customer service. We pride ourselves on delivering successful outcomes every time, guaranteed.

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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