

EDITION 17



NATIONAL MARKET OVERVIEW





PERFORMANCE
PROPERTY DATA

EXECUTIVE SUMMARY




SUPPLY & DEMAND - Slightly Positive

Does Demand Exceed Supply?

-  National & Capital City Vacancy Rates
-  Dwelling Approvals
-  Population Change V. Bedroom Approvals
-  Dwelling Commencements
-  Population Growth
-  National Population Movement Type
-  State Net Overseas Migration
-  State Net Interstate Migration
-  Population Pyramid
-  Household Type
-  Short Term Arrivals V. Aus \$
-  International Student Commencements
-  International Student Enrolments per State

AFFORDABILITY - Neutral

Is Property Affordable?

-  National Affordability Index
-  Price to Income Ratio
-  % of First Home Buyers






CONFIDENCE - Slightly Positive

Is There Confidence In The Market?

-  Retail Spending
-  Unemployment & Underemployment
-  Business Investment
-  National Job Vacancies
-  Internet Job Vacancies

MONEY SUPPLY - Slightly Negative

Will There Be More or Less Money Into The Economy?

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

RISK - Slightly Negative

Are We In A Bubble?

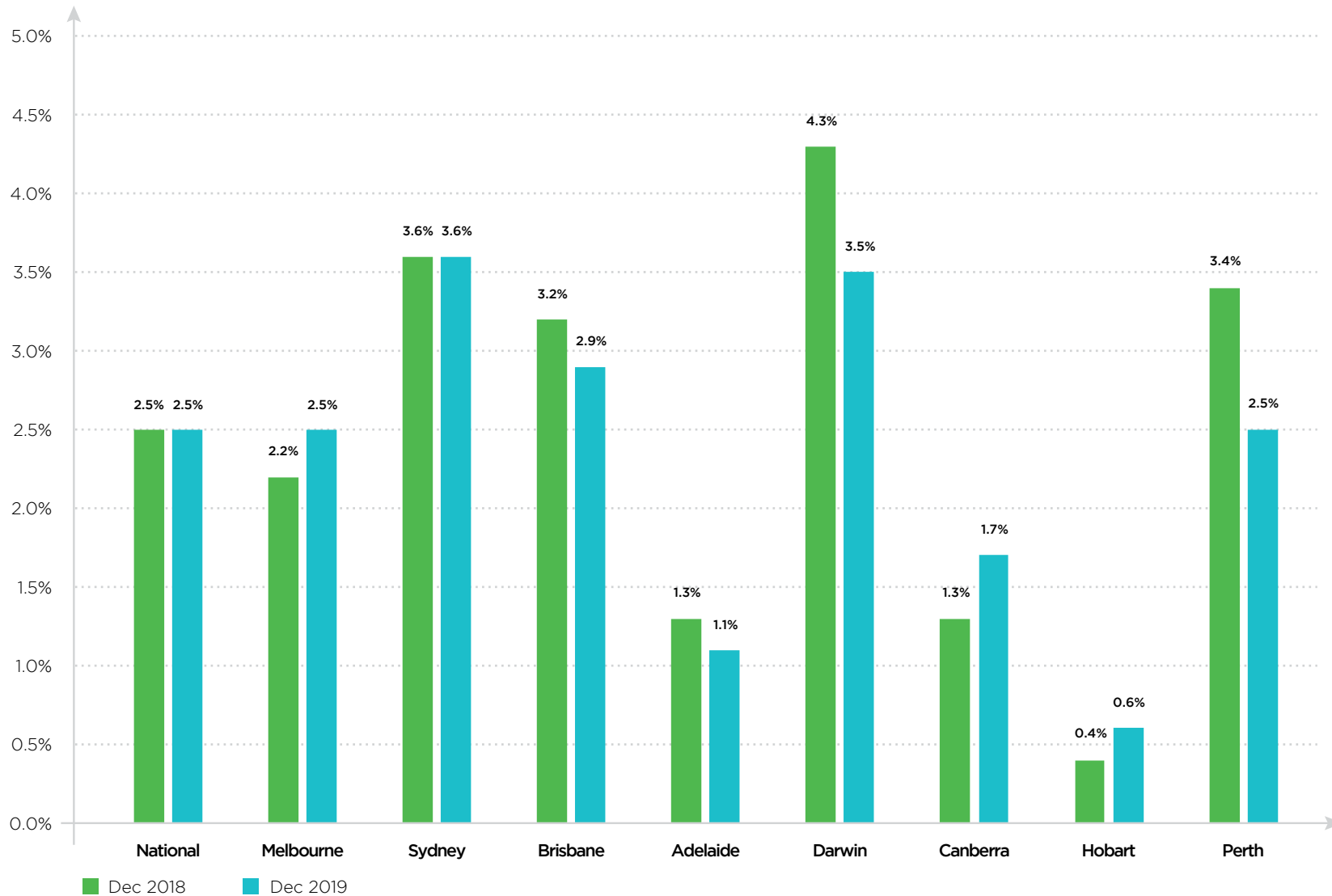
-  Government Debt to GDP Ratio V. RBA Cash Rate
-  Loan to Value Ratio
-  Loan to Income Ratio
-  Price to Income Ratio
-  Investor V Homebuyer Lending
-  Household Debt to Income
-  National Mortgage Arrears
-  State Mortgage Arrears
-  Foreign Investment- Volatility
-  Foreign Approvals By Nation

Housing Bubble Index



NATIONAL & CAPITAL CITY VACANCY RATES

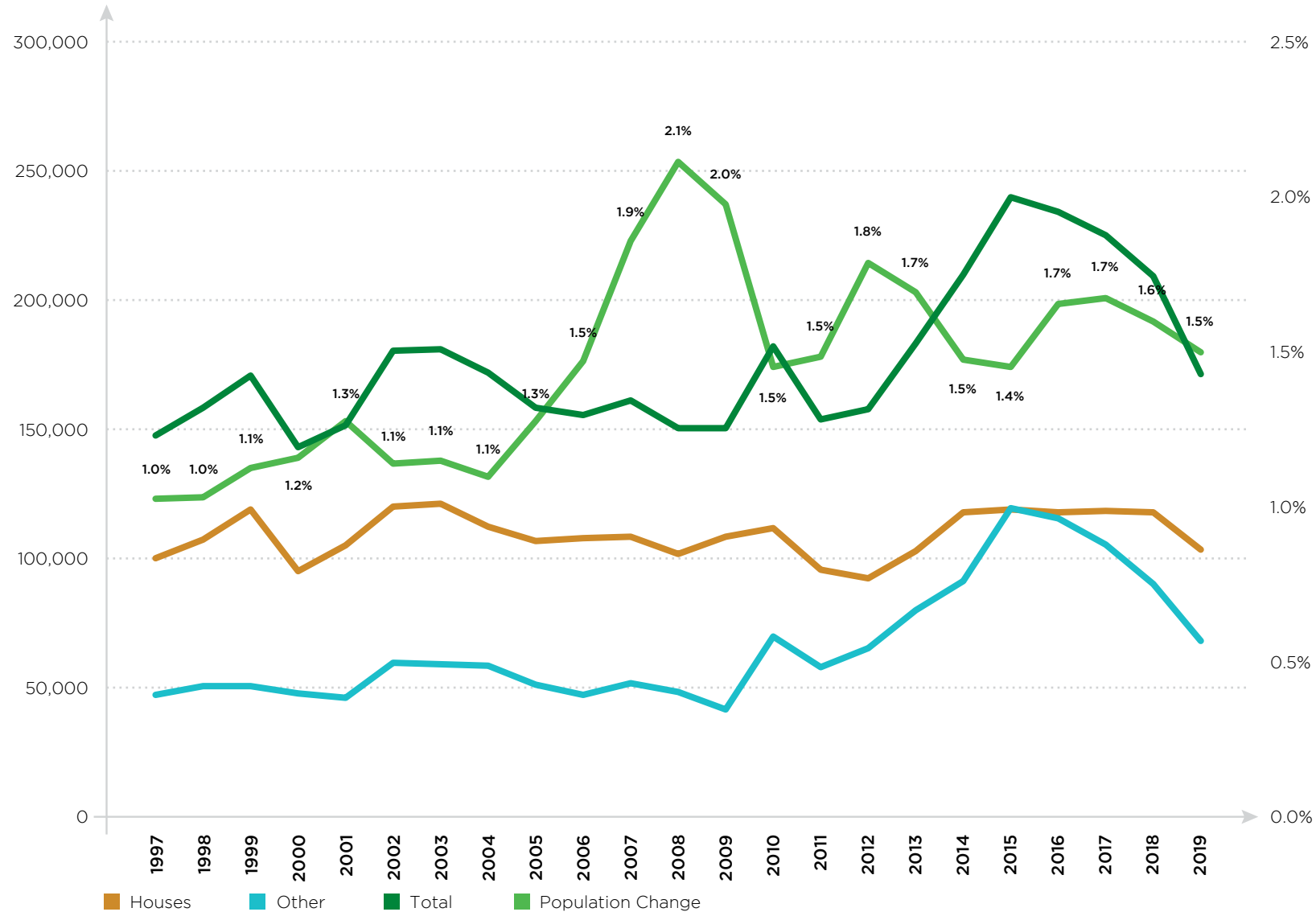
This graph displays the vacancy rate for all capital cities as at June 2016, 2017 & 2018. A vacancy rate of 2.5-3% is indication of a balanced rental market. Above 3% suggests an oversupply and below 3% suggests an undersupply.



NEUTRAL

DWELLING APPROVALS

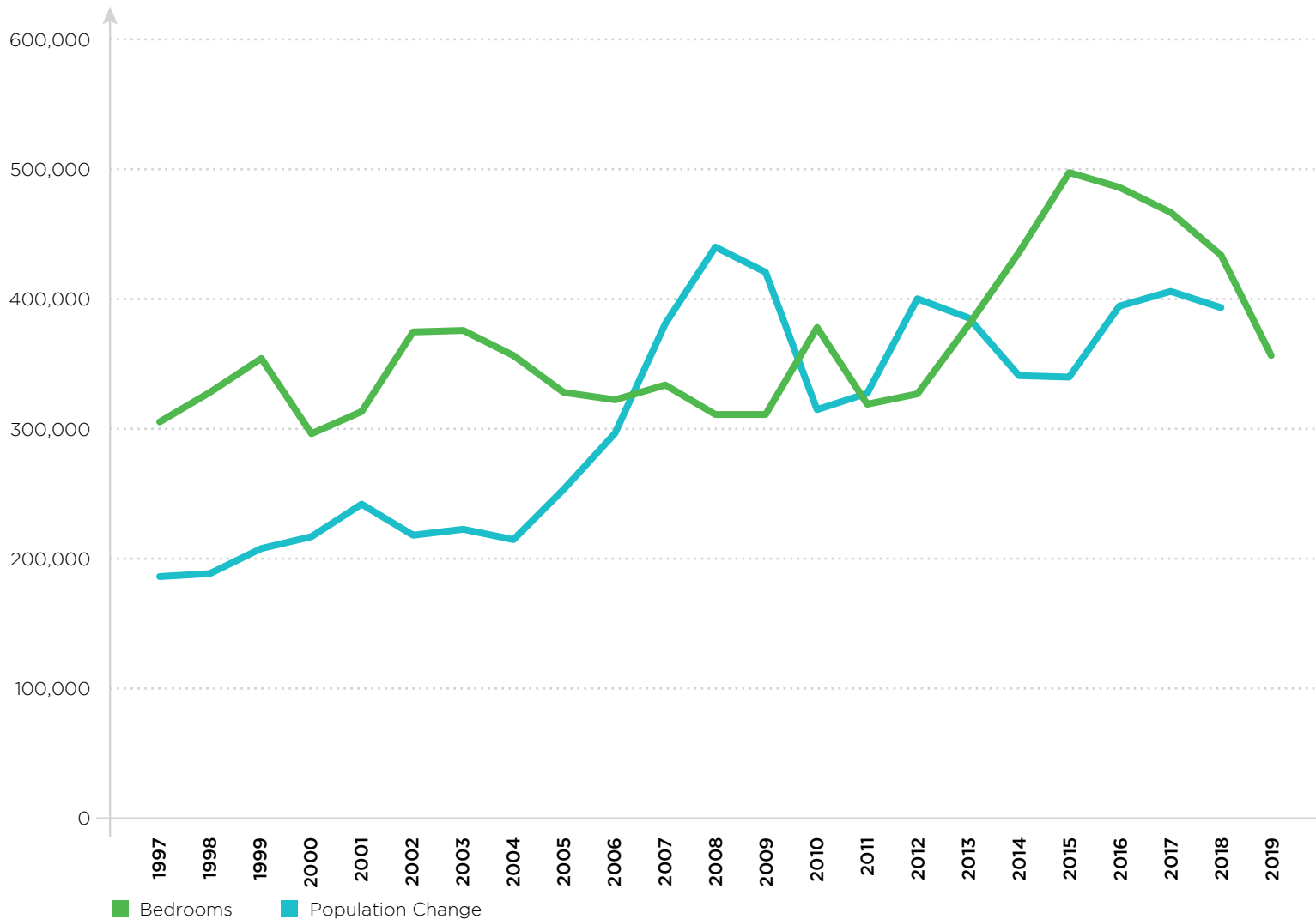
This graph displays the number of dwelling approvals for houses and other.



POSITIVE

POPULATION CHANGE V. BEDROOM APPROVALS

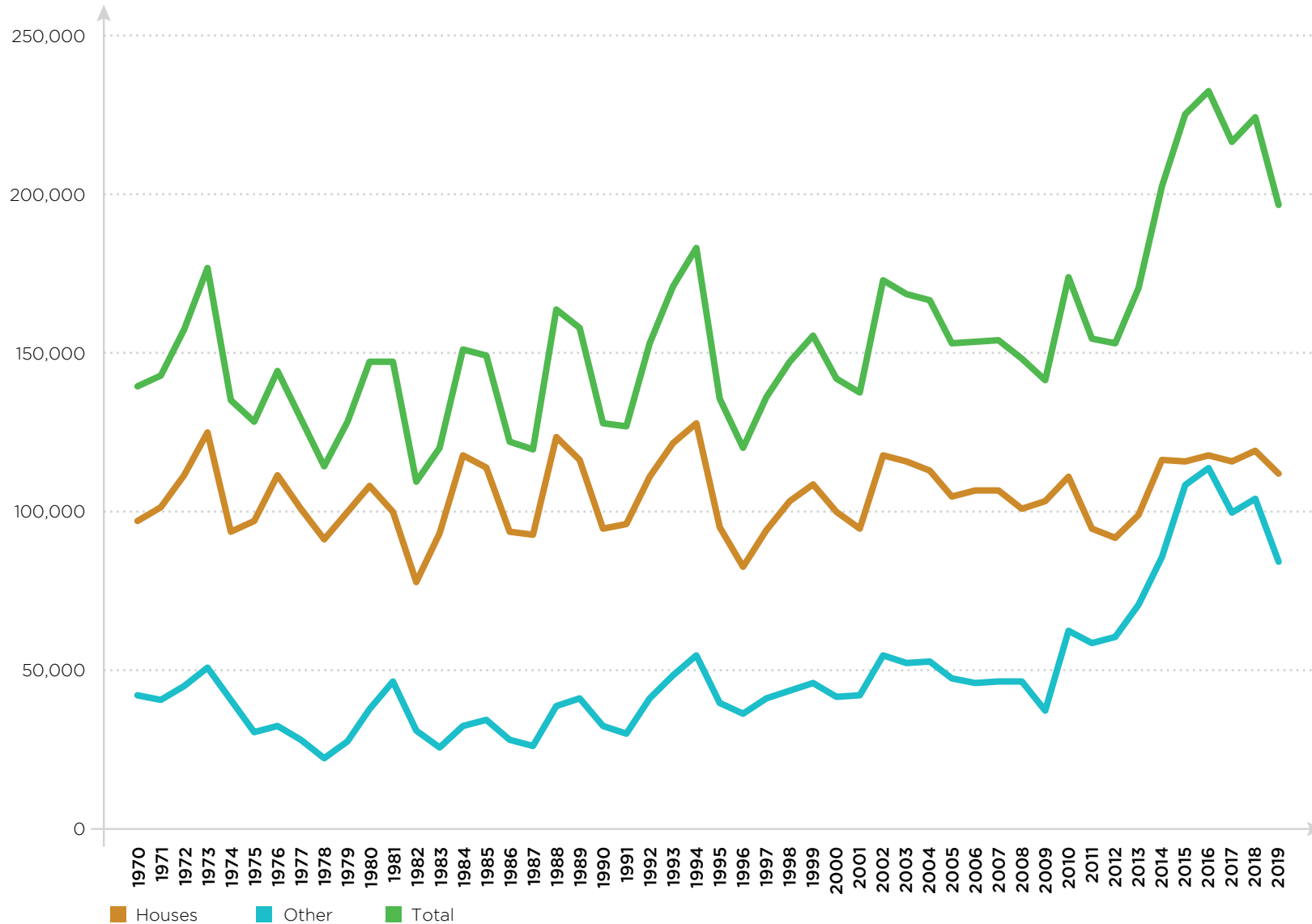
This graph displays the relationship between the approximate number of bedrooms being commenced nationally and the change in the national population. PPA calculates this assuming 80% of approvals commence and multiplying by the average household size.



SLIGHTLY
POSITIVE

DWELLING COMMENCMENTS

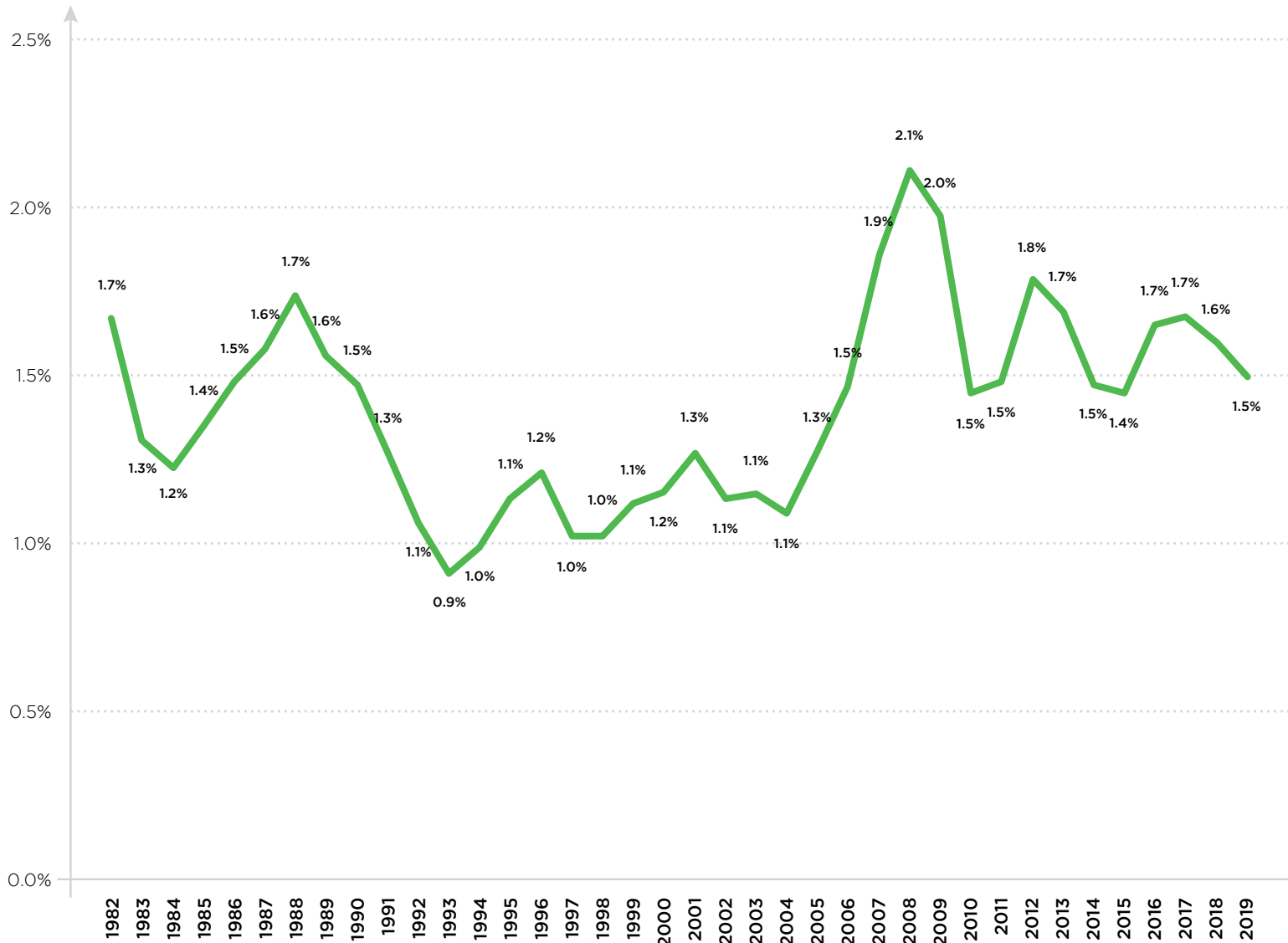
This graph displays the number of dwelling commencements for houses and other.



SLIGHTLY
POSITIVE

POPULATION GROWTH

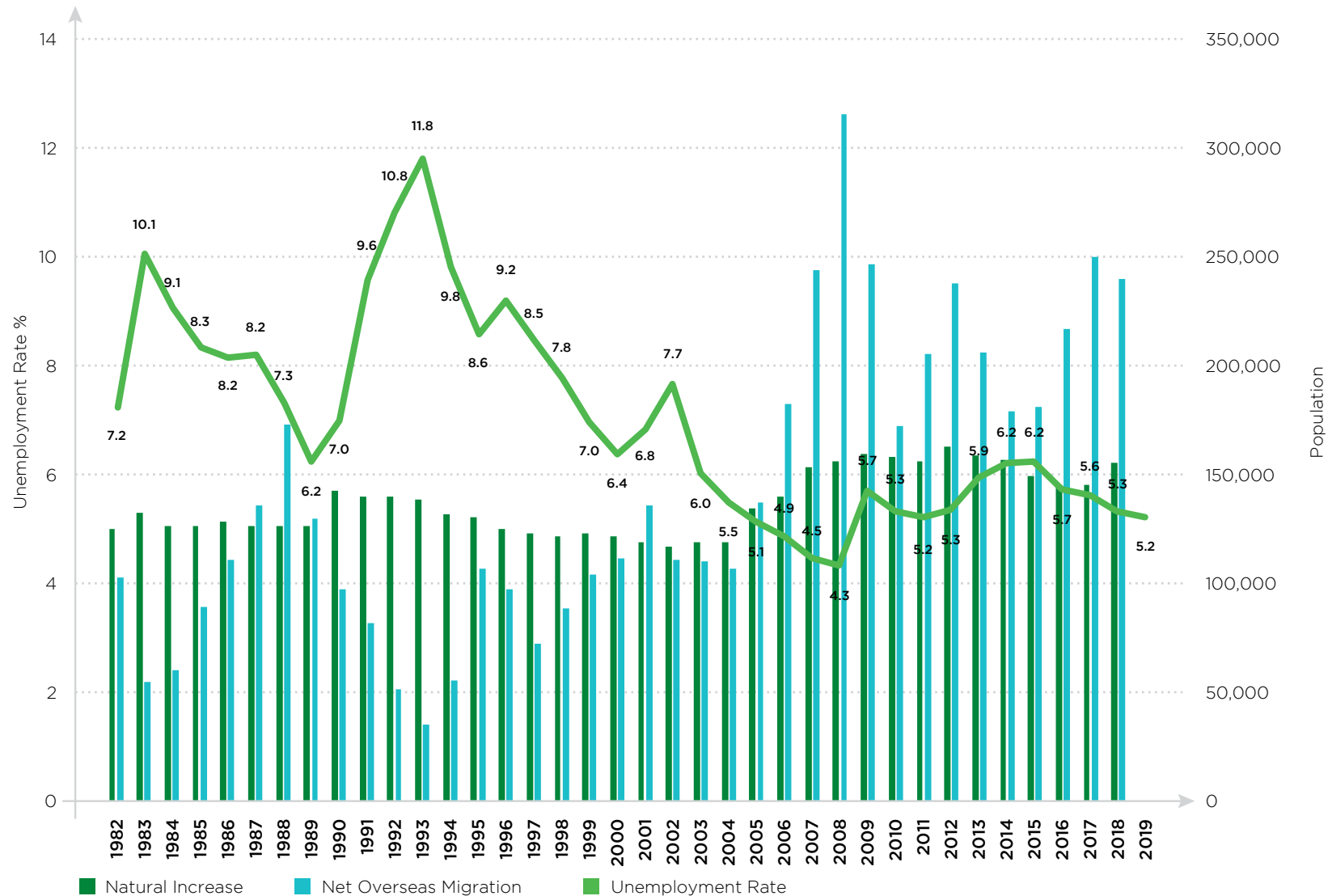
This graph shows the percentage change in the national population.



SLIGHTLY
POSITIVE

NATIONAL POPULATION MOVEMENT TYPE

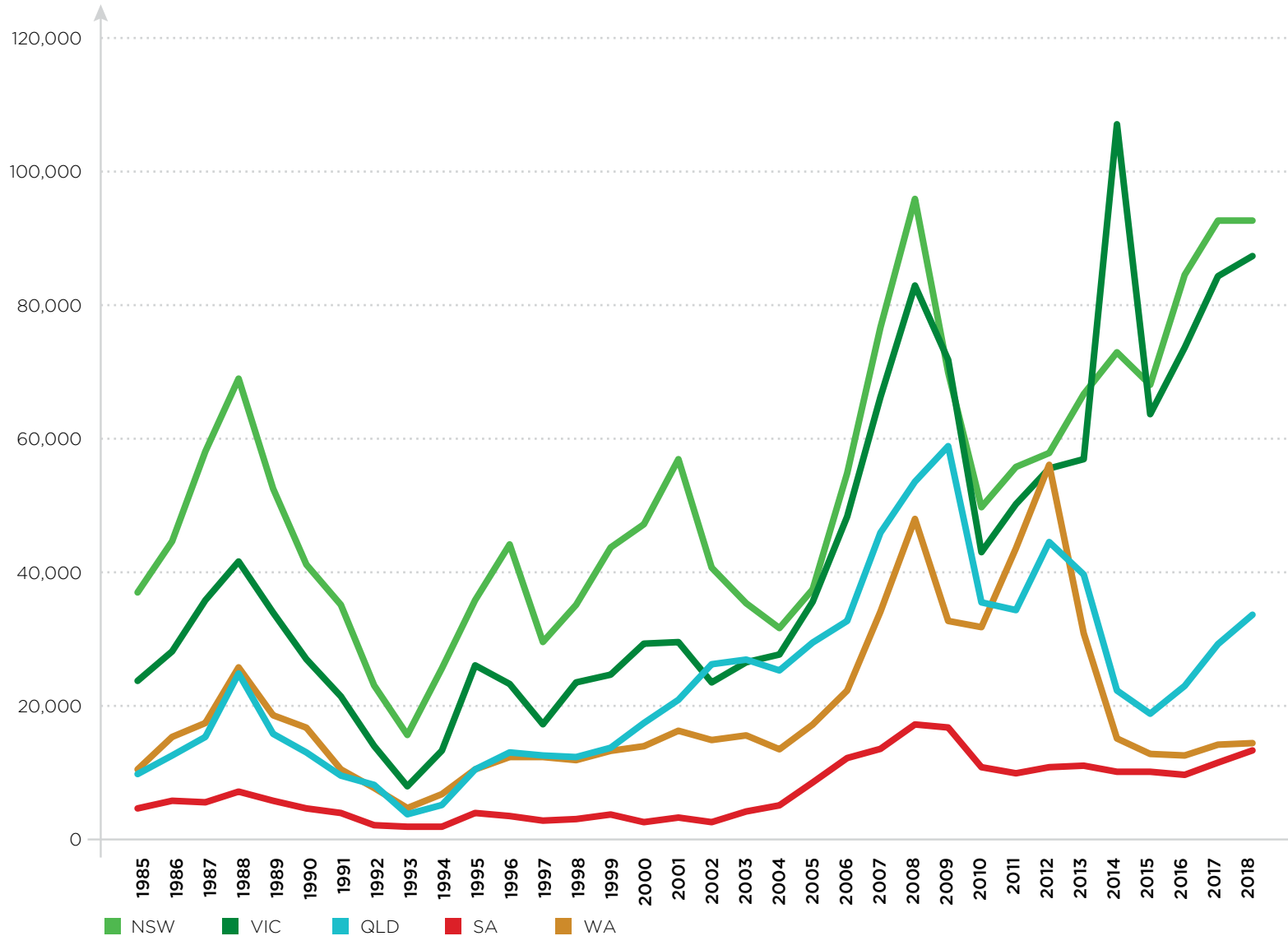
This graph displays the breakdown of the population into Natural Increase (births minus deaths) and Net Overseas Migration (net gain or loss of population through immigration and emigration) charted against the national unemployment rate.



POSITIVE

STATE NET OVERSEAS MIGRATION

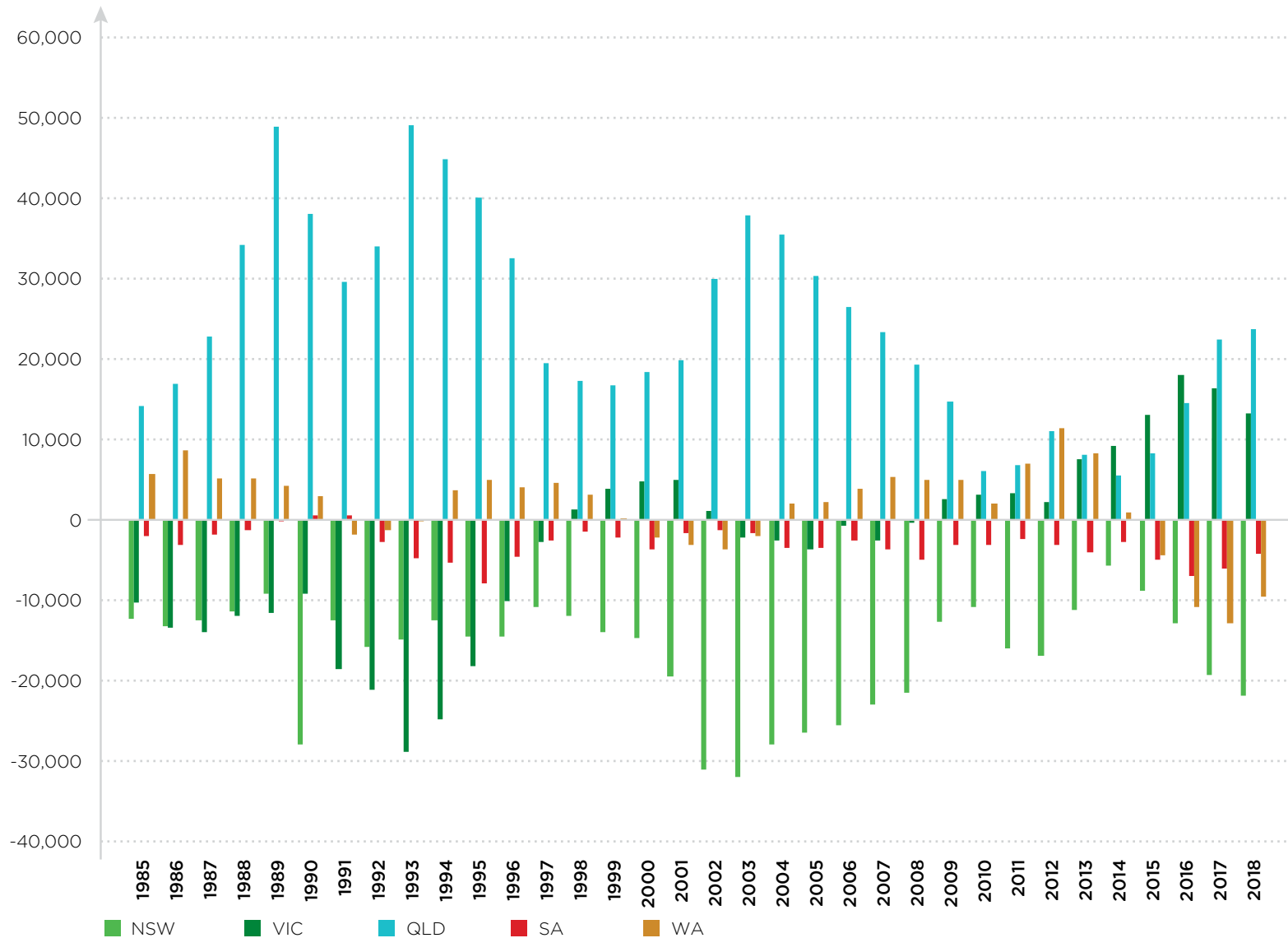
This graph displays Net Overseas Migration for each of the five major states.



NEUTRAL

STATE NET INTERSTATE MIGRATION

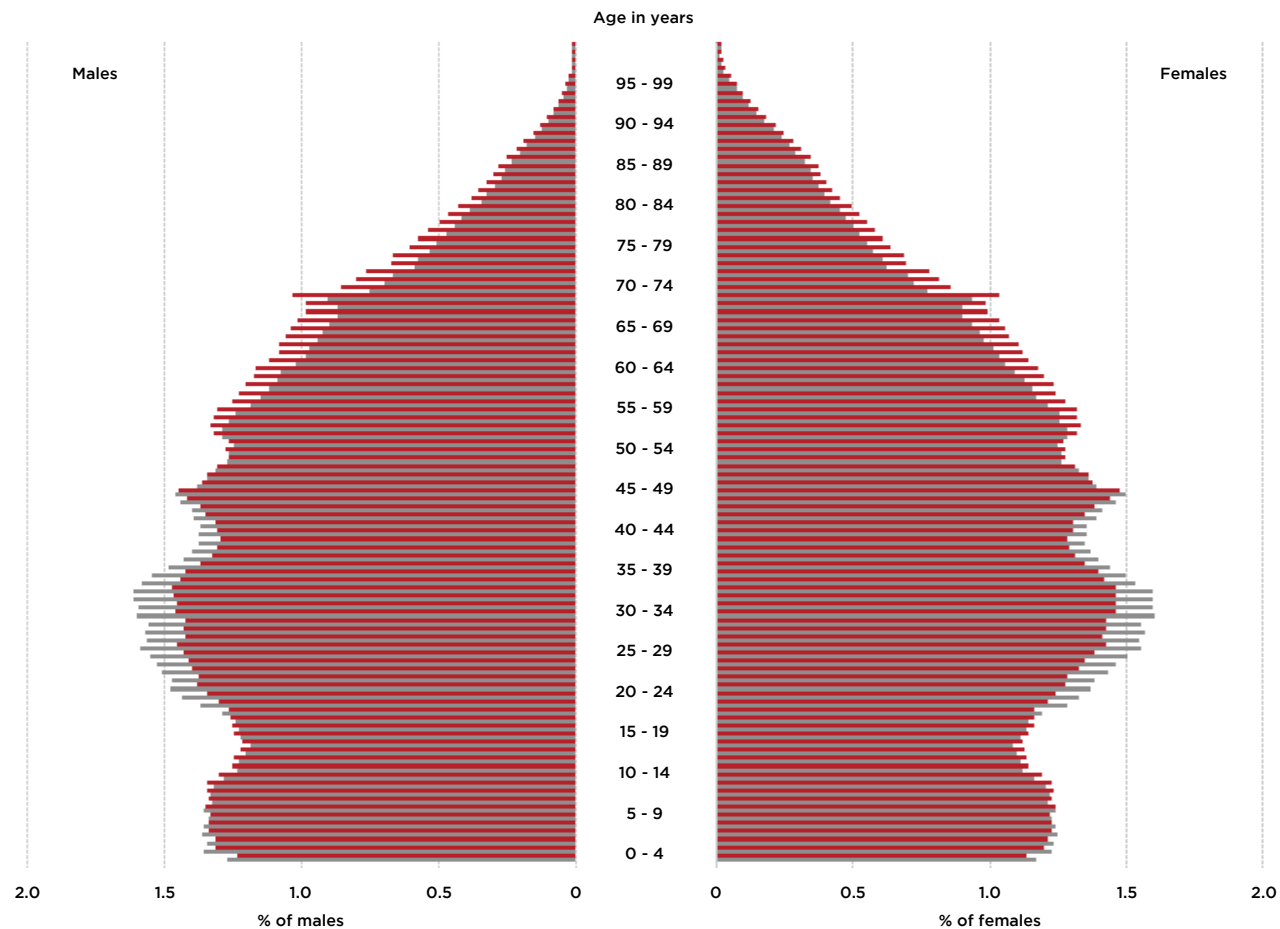
This graph displays the relationship between each of the five major states Net Interstate Migration.



NEUTRAL

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.



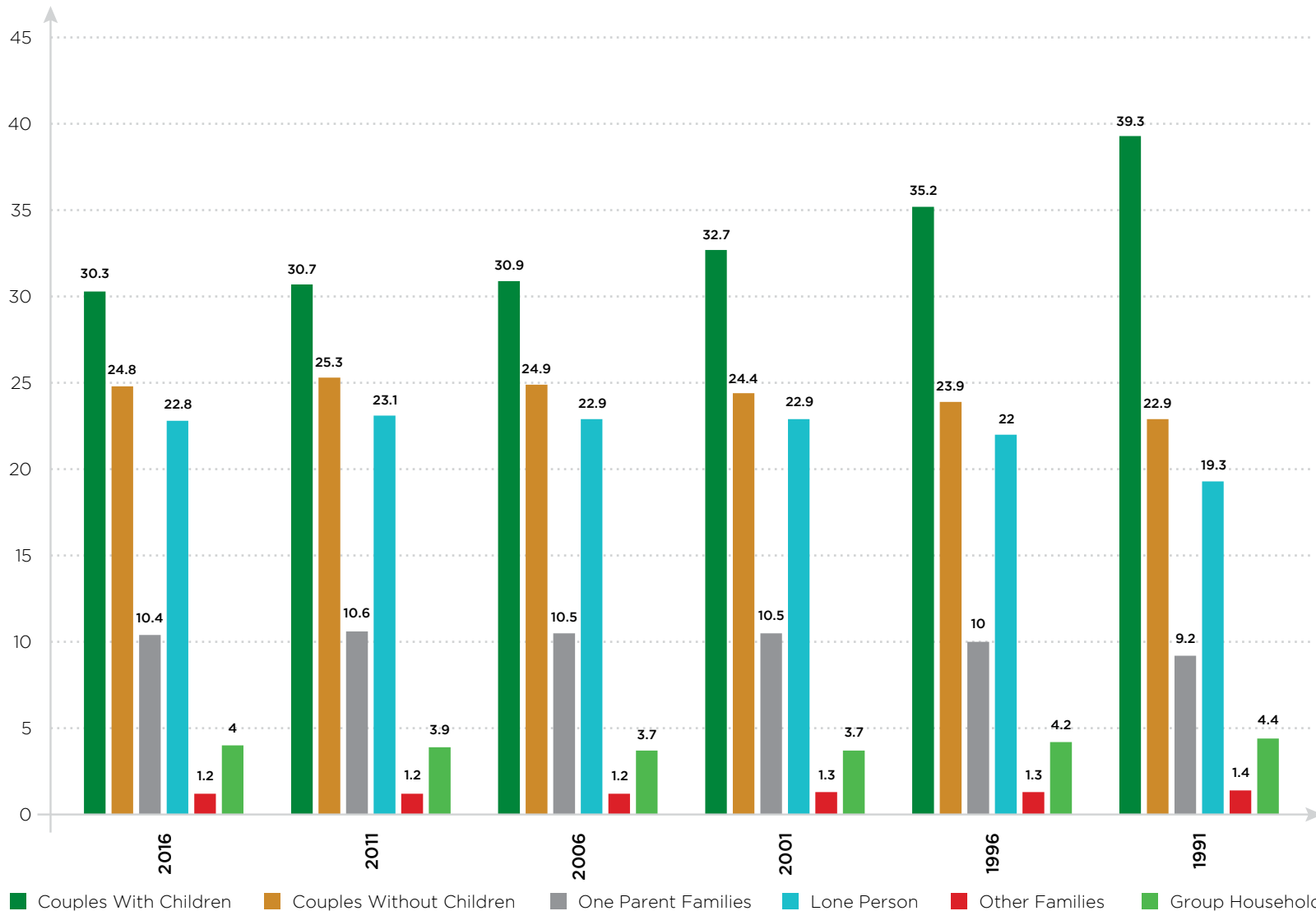
Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data)
Compiled and presented in profile.id by .id, the population experts.

■ Australia ■ Greater Capital Cities

SLIGHTLY
POSITIVE

HOUSEHOLD TYPE

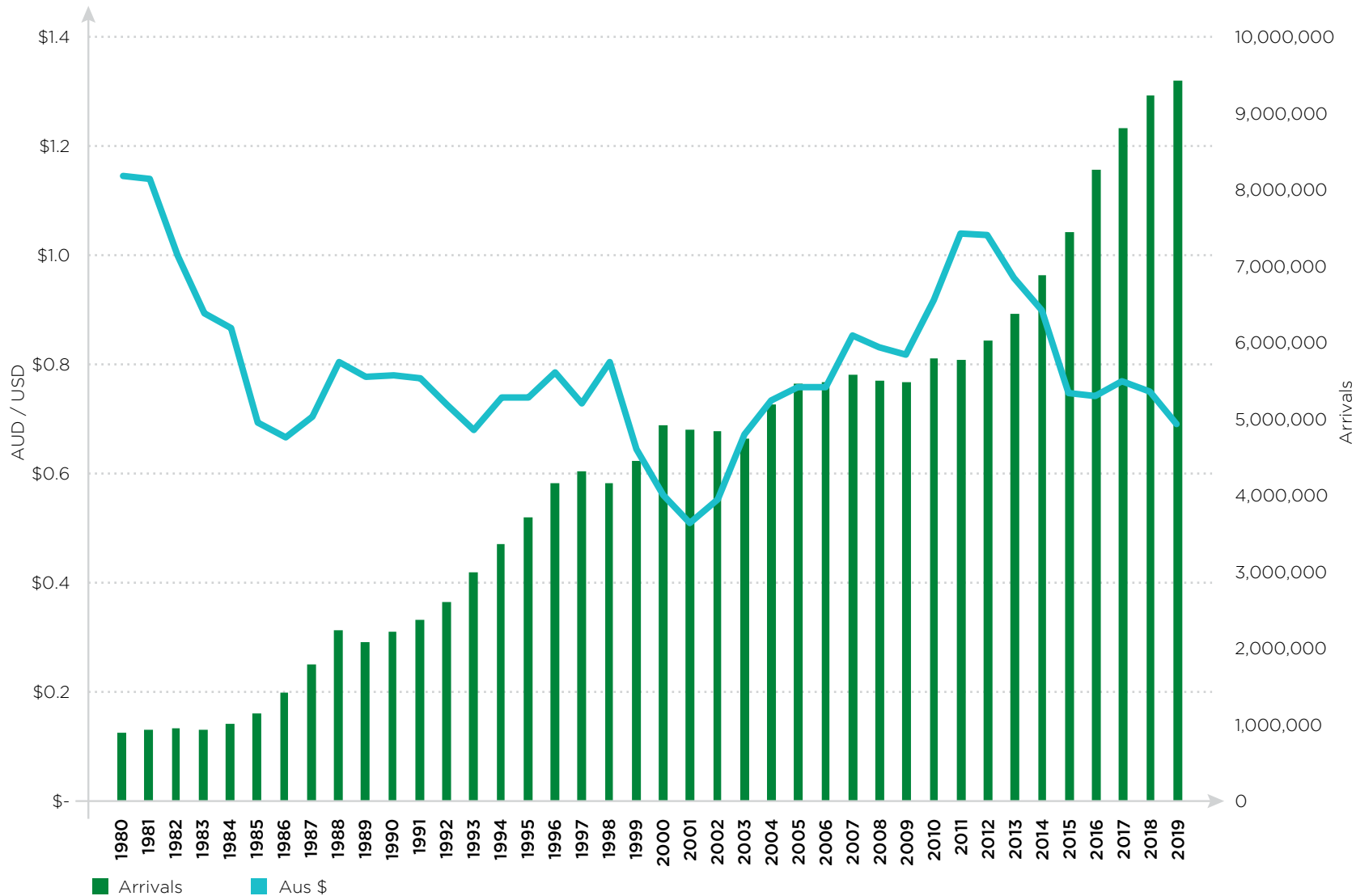
This graph displays the breakdown of the different household types across Australia and the changes in composition of households over 25 years.



SLIGHTLY
POSITIVE

SHORT TERM ARRIVALS V. AUS \$

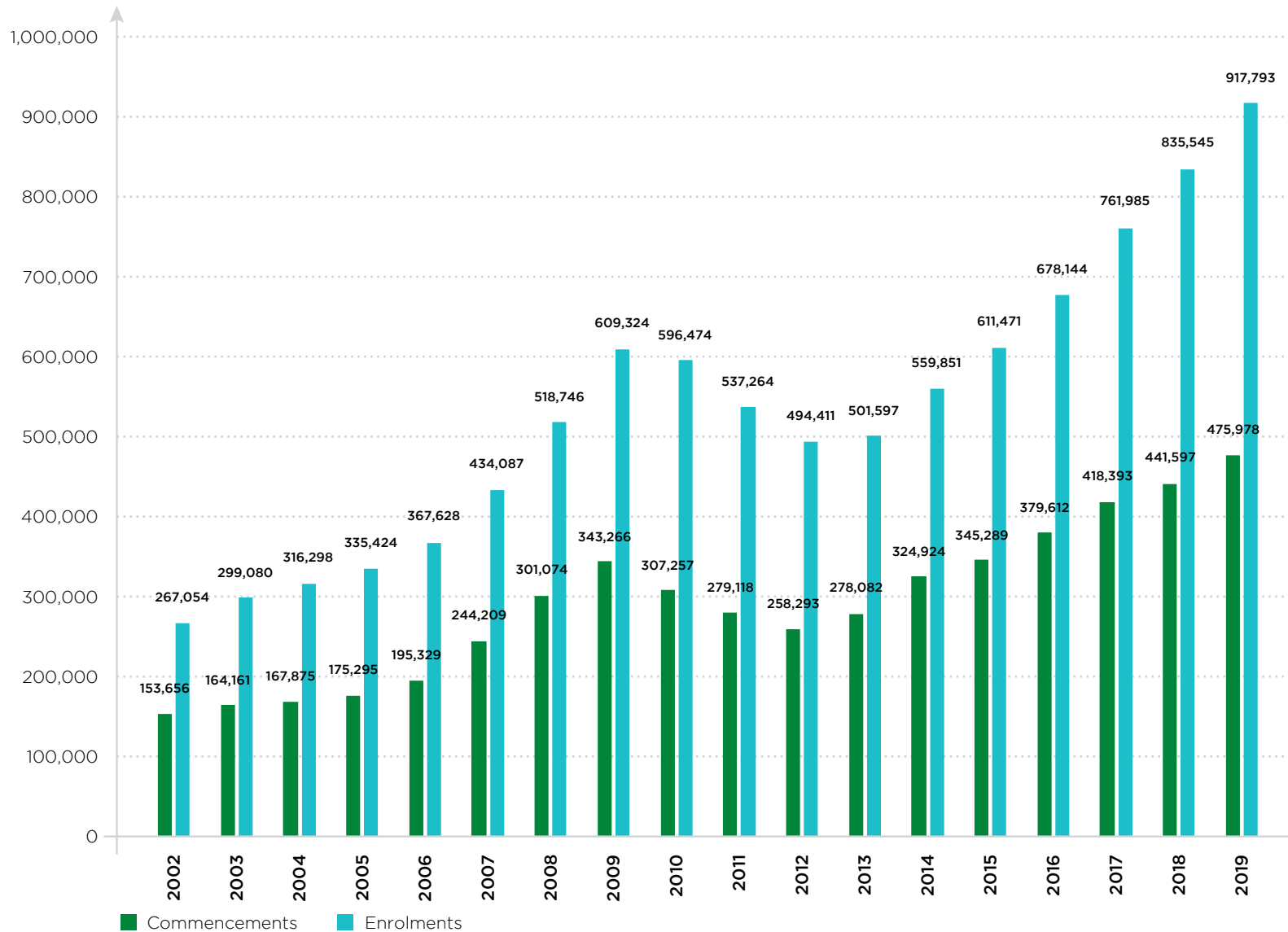
This graph displays short term visitor arrivals into Australia against the Australian dollar relative to the US dollar. Short term arrivals are classified as overseas visitors who stay for less than 12 months.



POSITIVE

INTERNATIONAL STUDENT COMMENCEMENTS

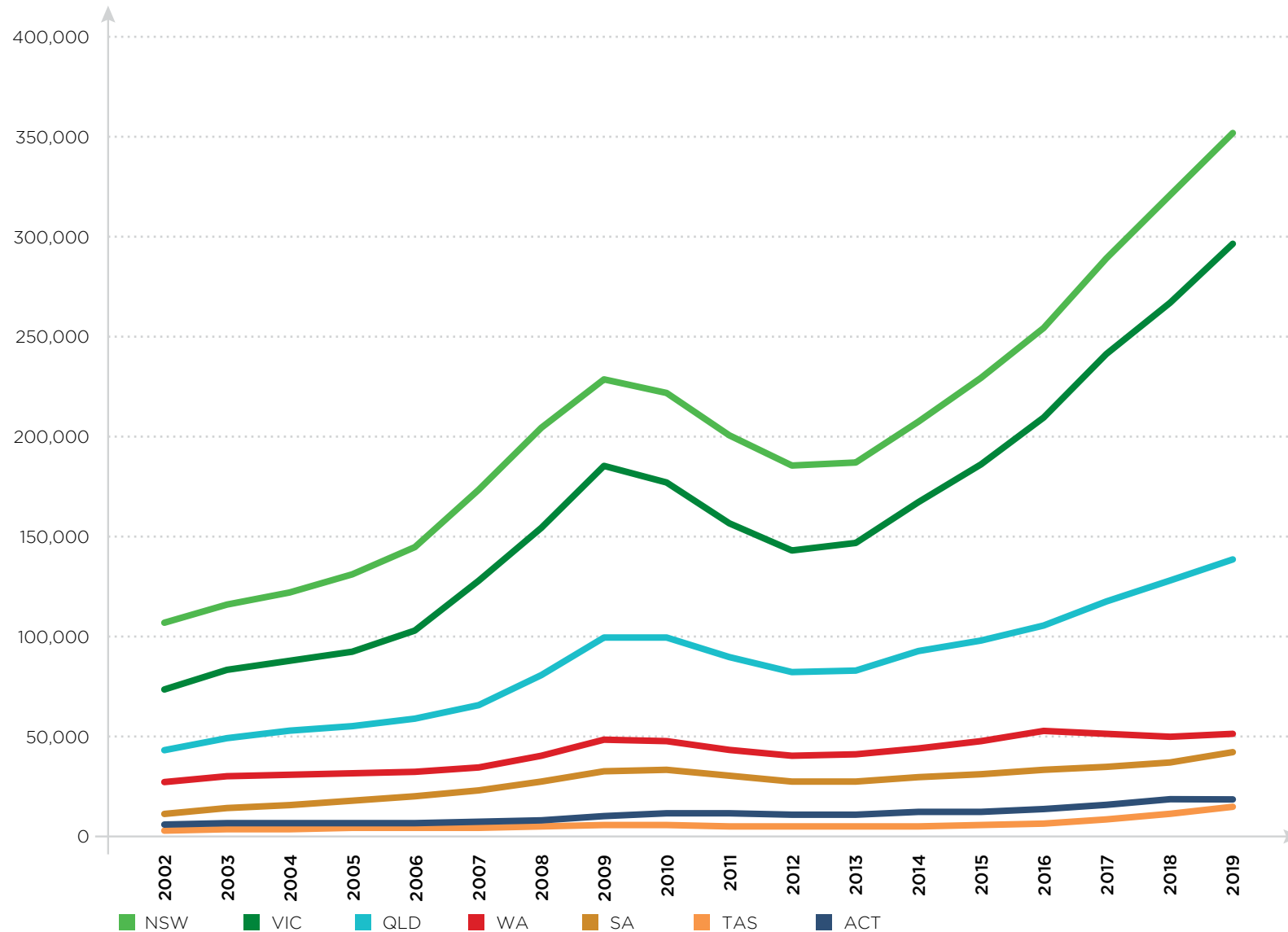
This graph displays the number of International Student Commencements nationally.



POSITIVE

INTERNATIONAL STUDENT ENROLMENTS PER STATE

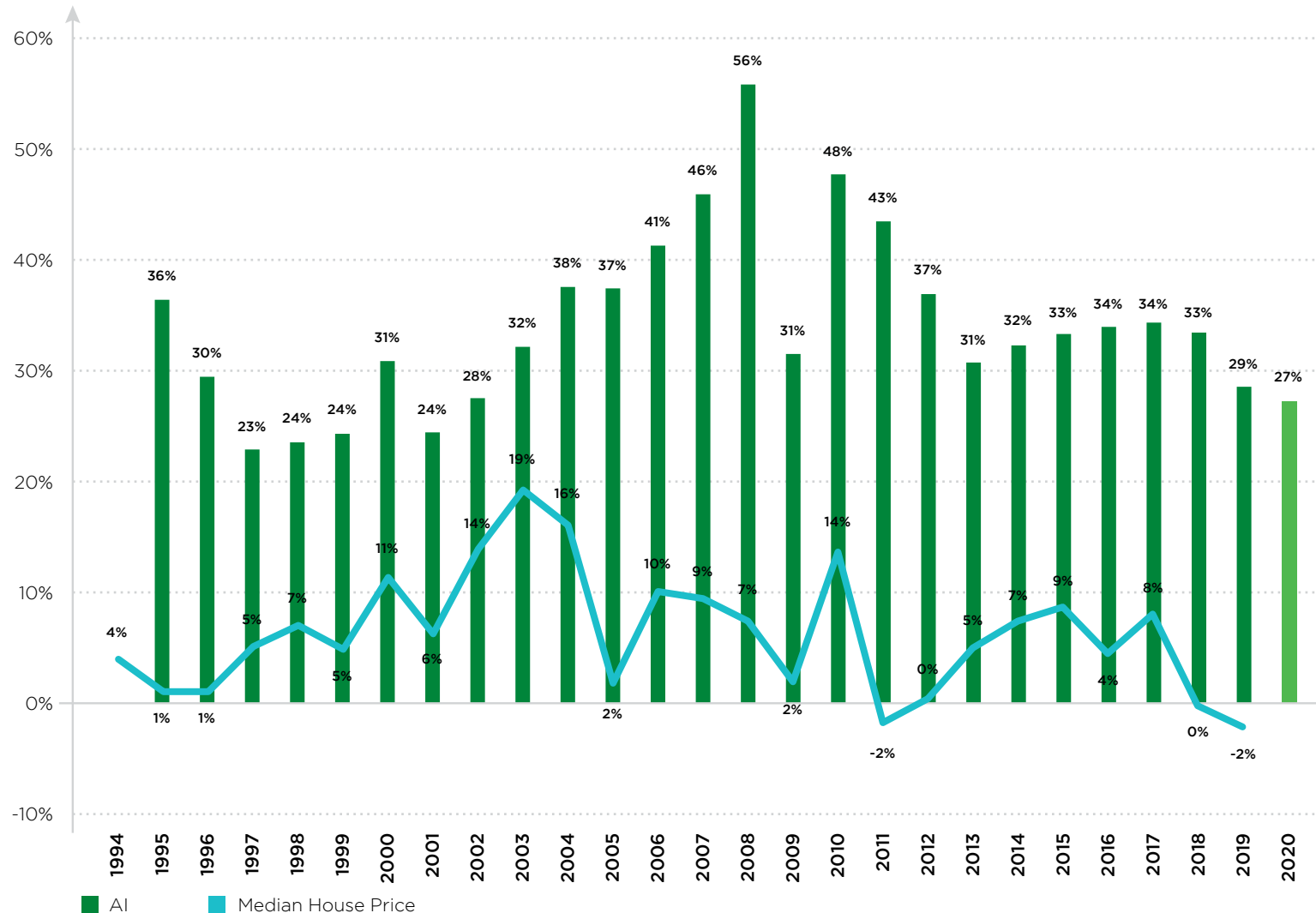
This graph displays the International Student enrolment numbers by state.



NEUTRAL

NATIONAL AFFORDABILITY INDEX

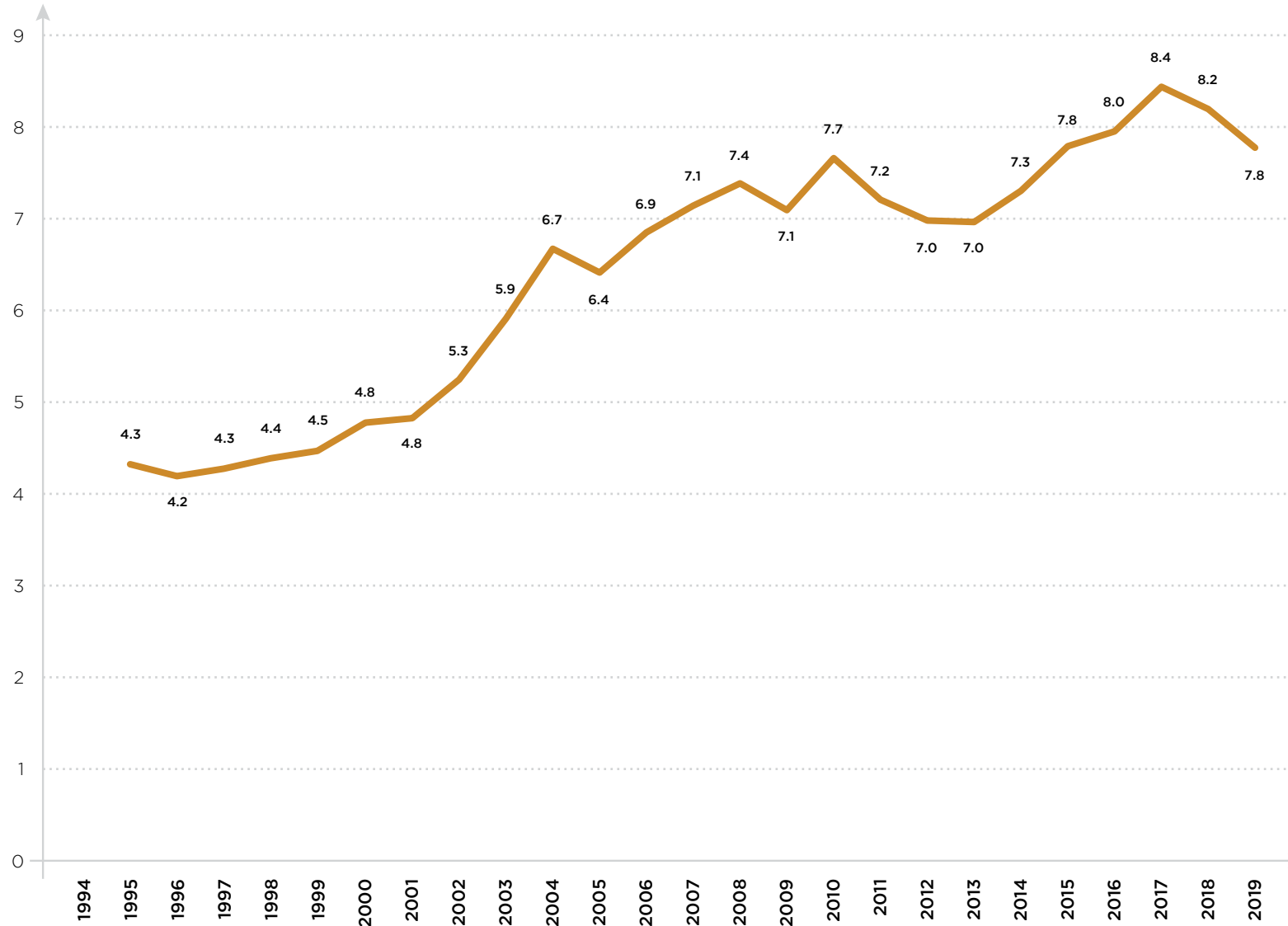
This graph displays the relationship between affordability and its impact on house price movement on a national level. The Affordability Index (AI) is calculated using the ABS mean house price, median individual wage, an LVR of 80% and the current variable rate. PPA's AI is a measure of the average mortgage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



POSITIVE

PRICE TO INCOME RATIO

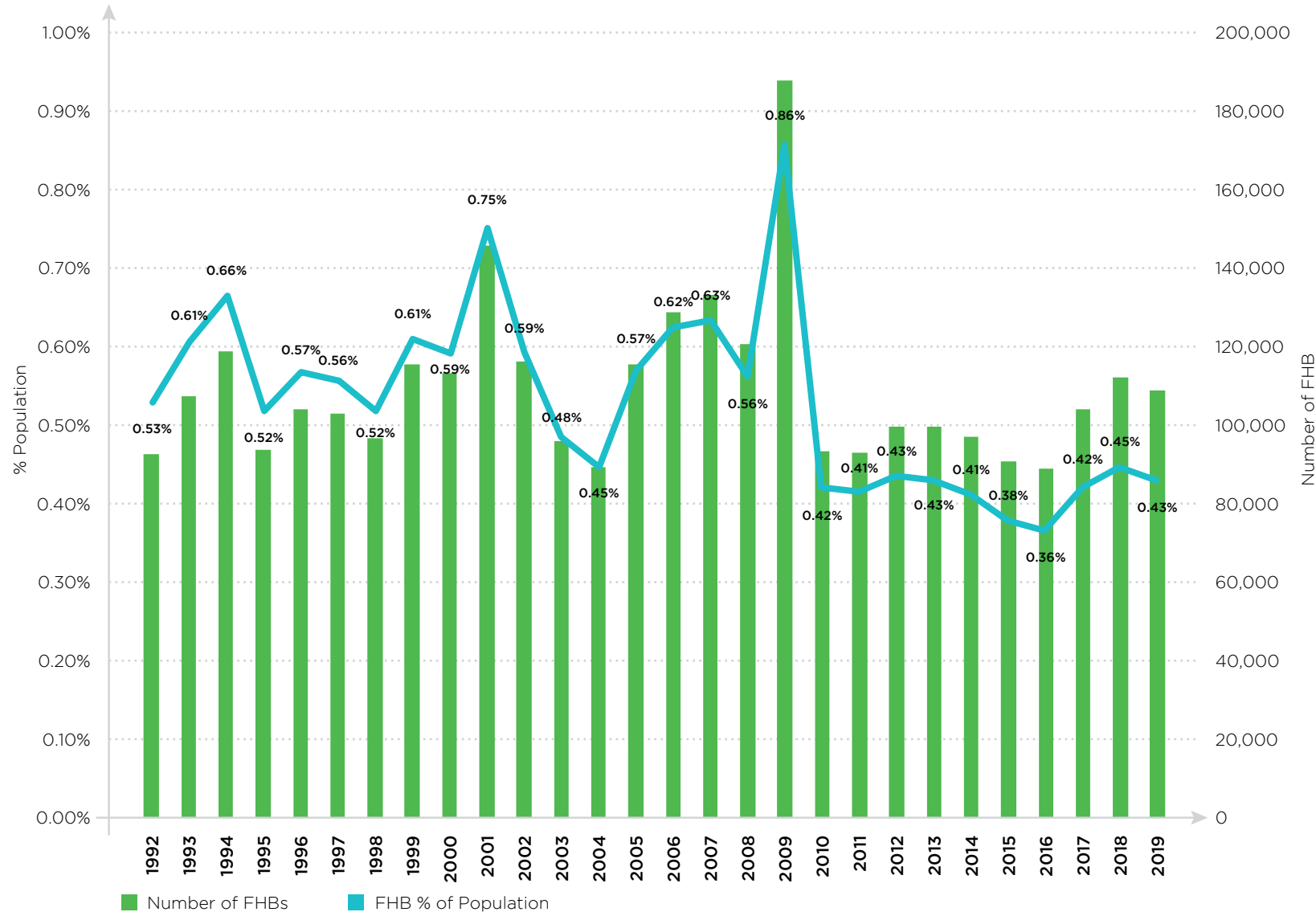
This graph displays the relationship between income growth and house price growth.



**SLIGHTLY
NEGATIVE**

NATIONAL FHB AS A % OF THE POPULATION

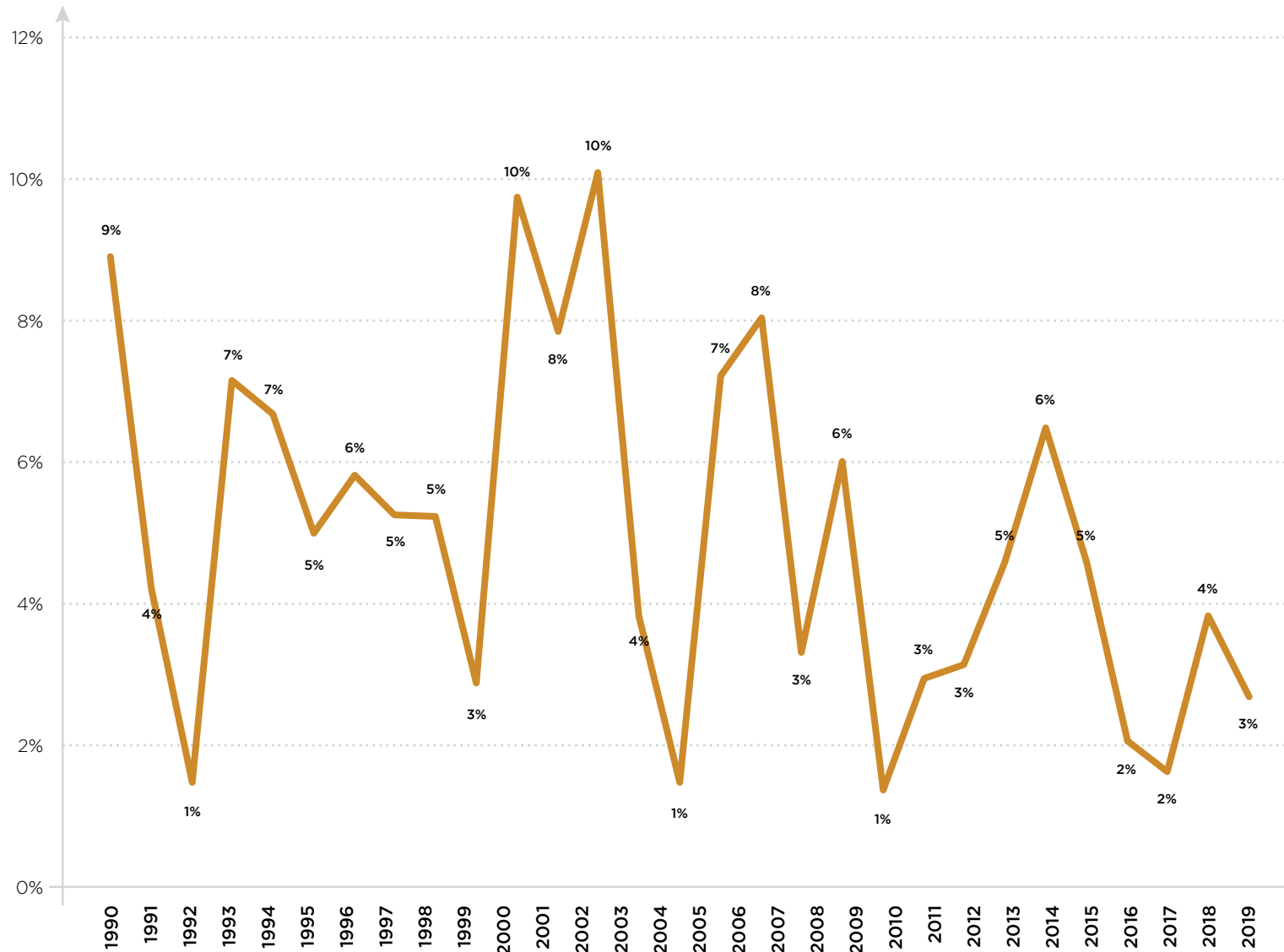
This graph displays the percentage of First Home Buyers (FHB) on a national level relative to the national population.



NEUTRAL

NATIONAL RETAIL SPENDING YOY GROWTH

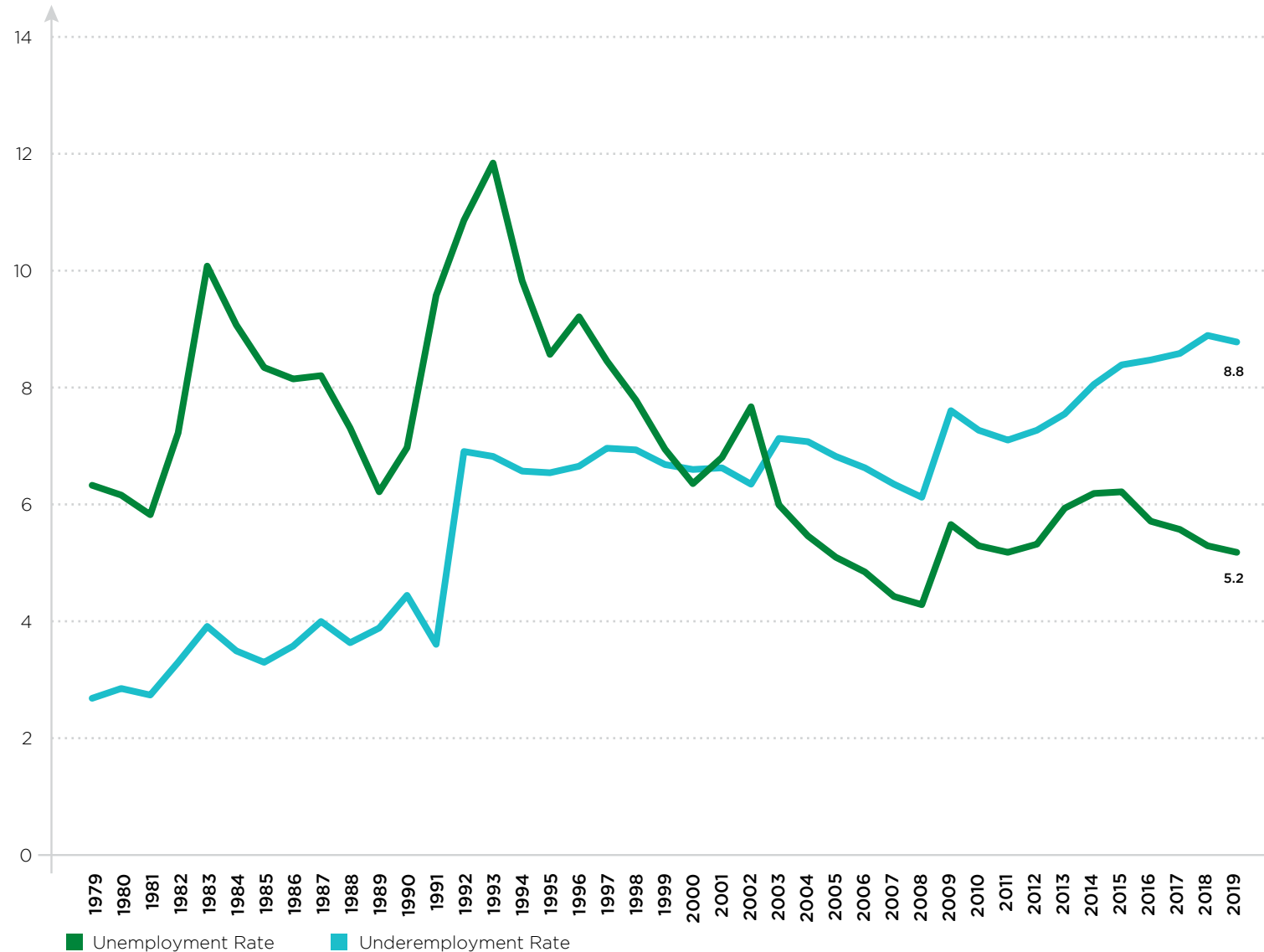
This graph displays the national retail spending trend. An increase in retail spending can correlate to confidence in the market.



SLIGHTLY
NEGATIVE

UNEMPLOYMENT & UNDEREMPLOYMENT

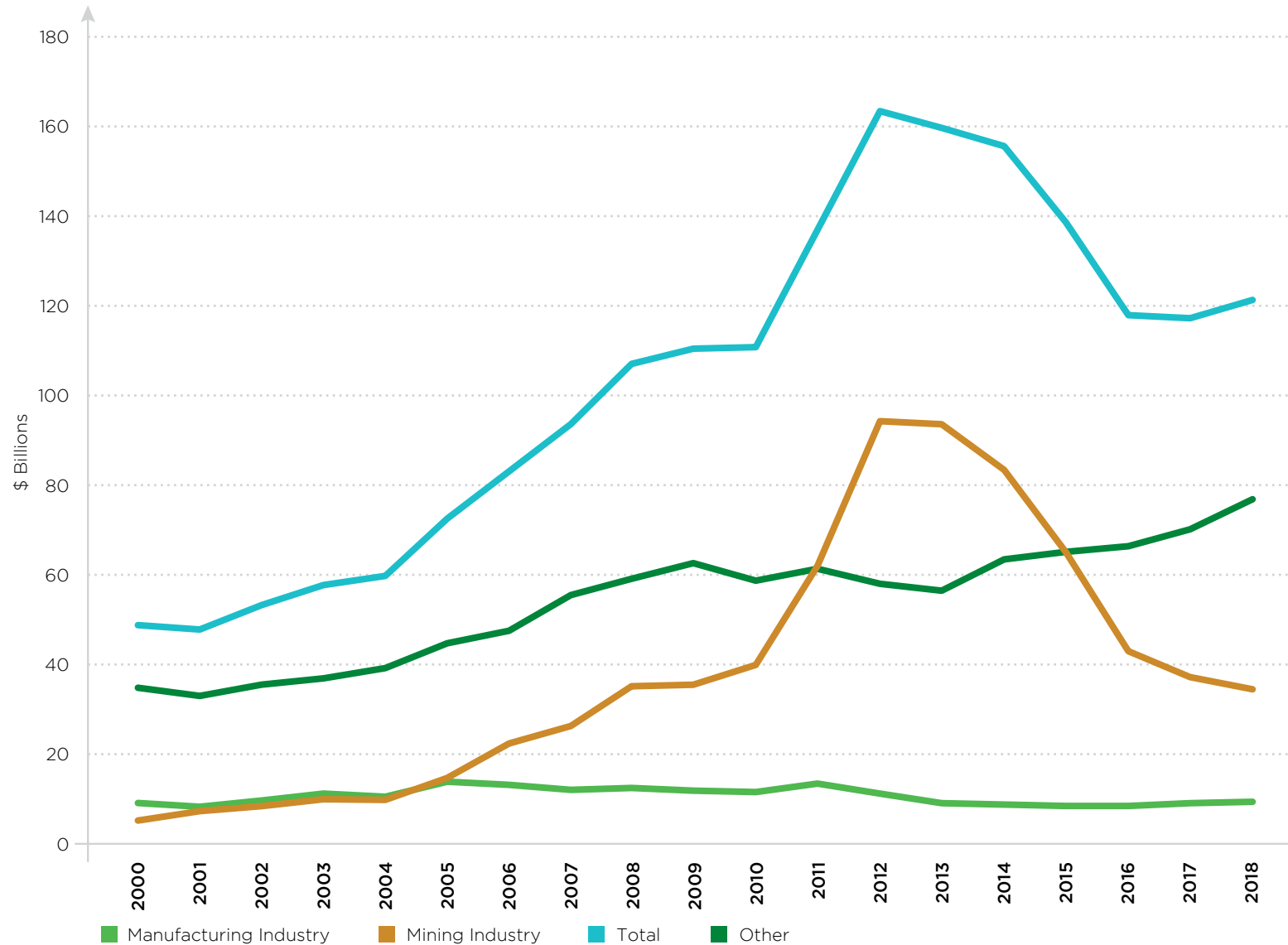
This graph displays the national unemployment and underemployment rate. Jobs help create confidence in the market.



POSITIVE

BUSINESS INVESTMENT

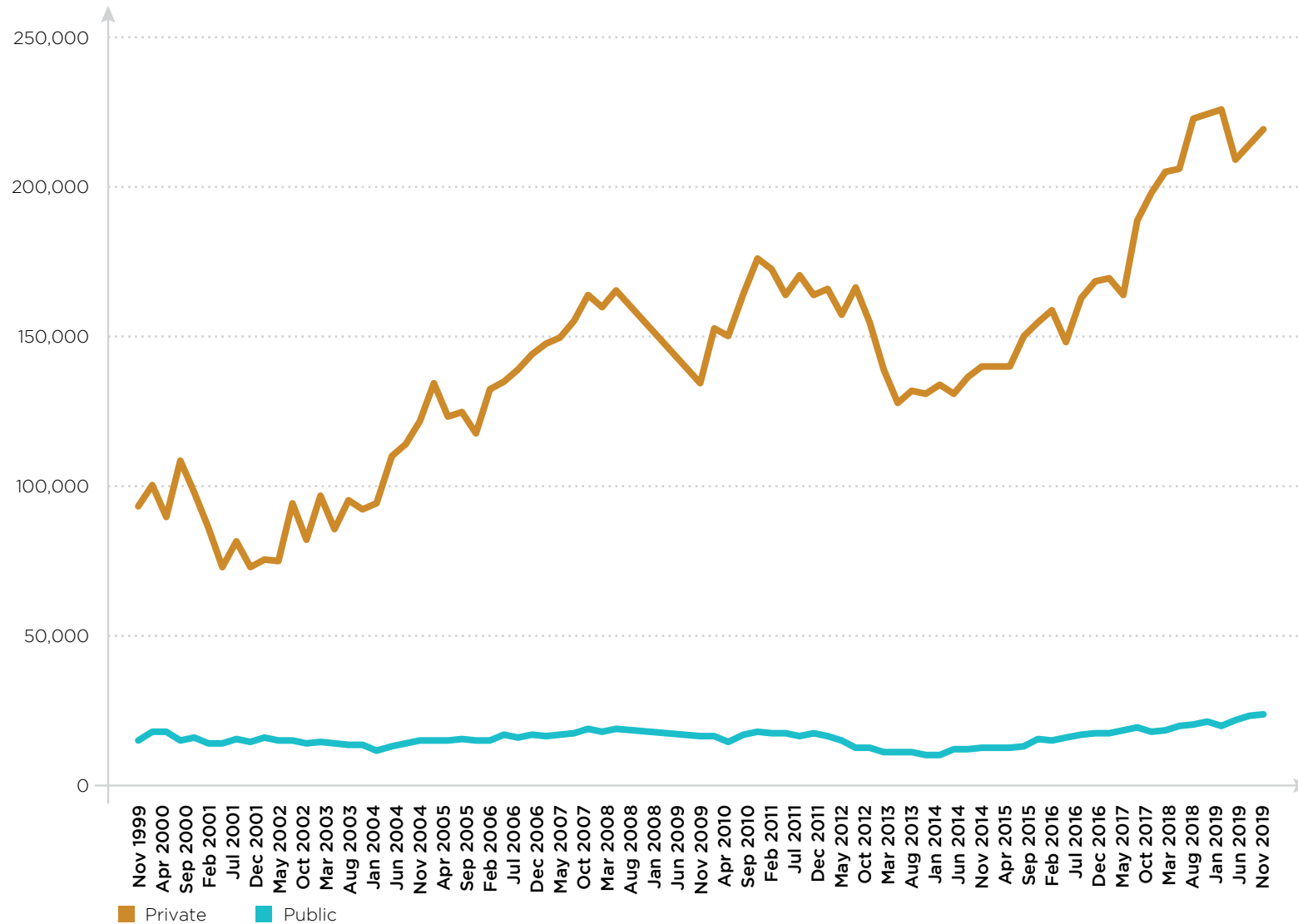
This graph displays private business investment into the mining, manufacturing and 'other' industries.



NEUTRAL

NATIONAL JOB VACANCIES

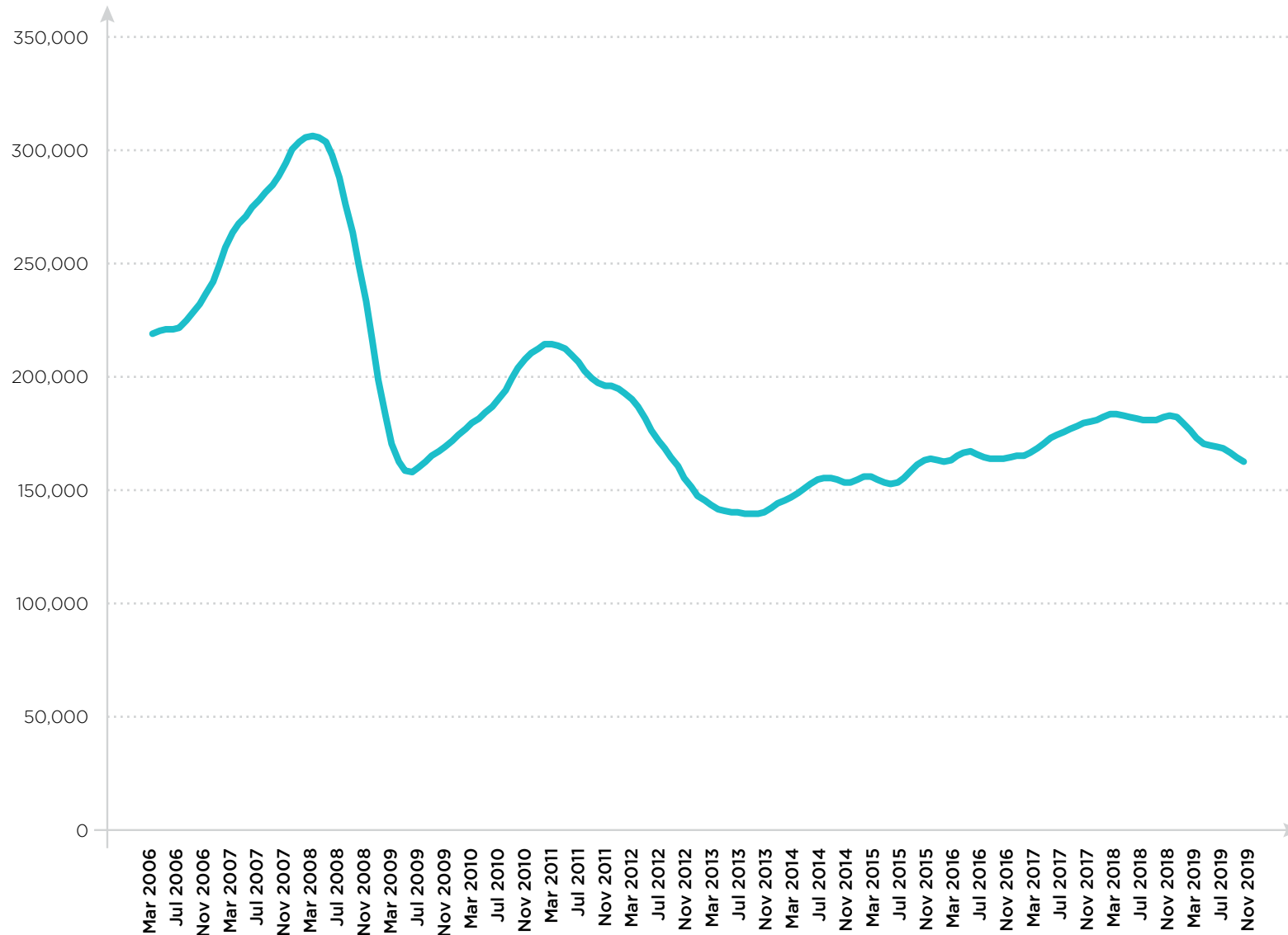
This graph displays the total job vacancies in the public and private sectors across the nation. Jobs help create confidence in the market.



**SLIGHTLY
NEGATIVE**

INTERNET JOB VACANCIES

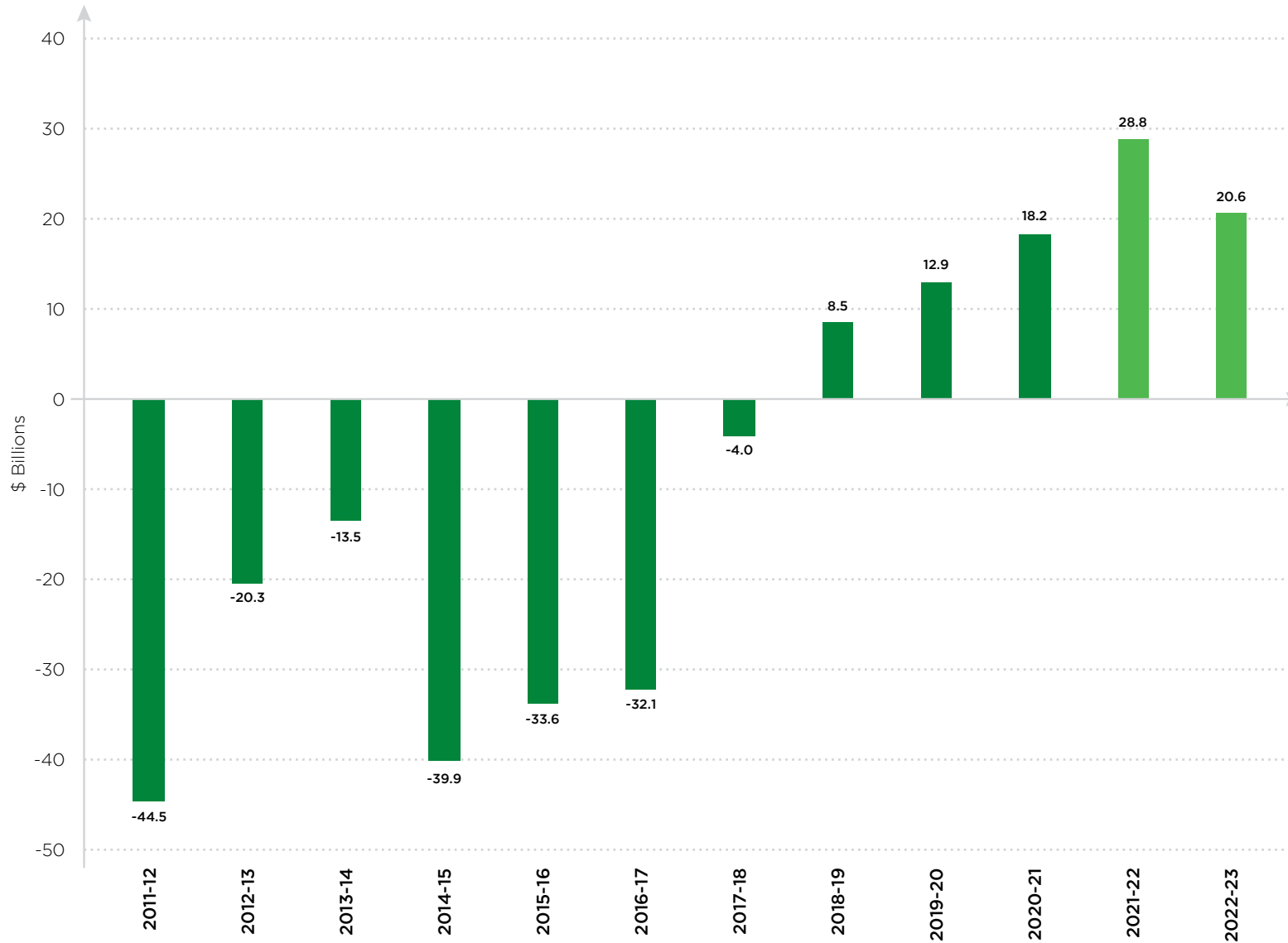
This graph displays the numbers of internet job vacancies across the three major job boards.



NEUTRAL

FEDERAL BUDGET

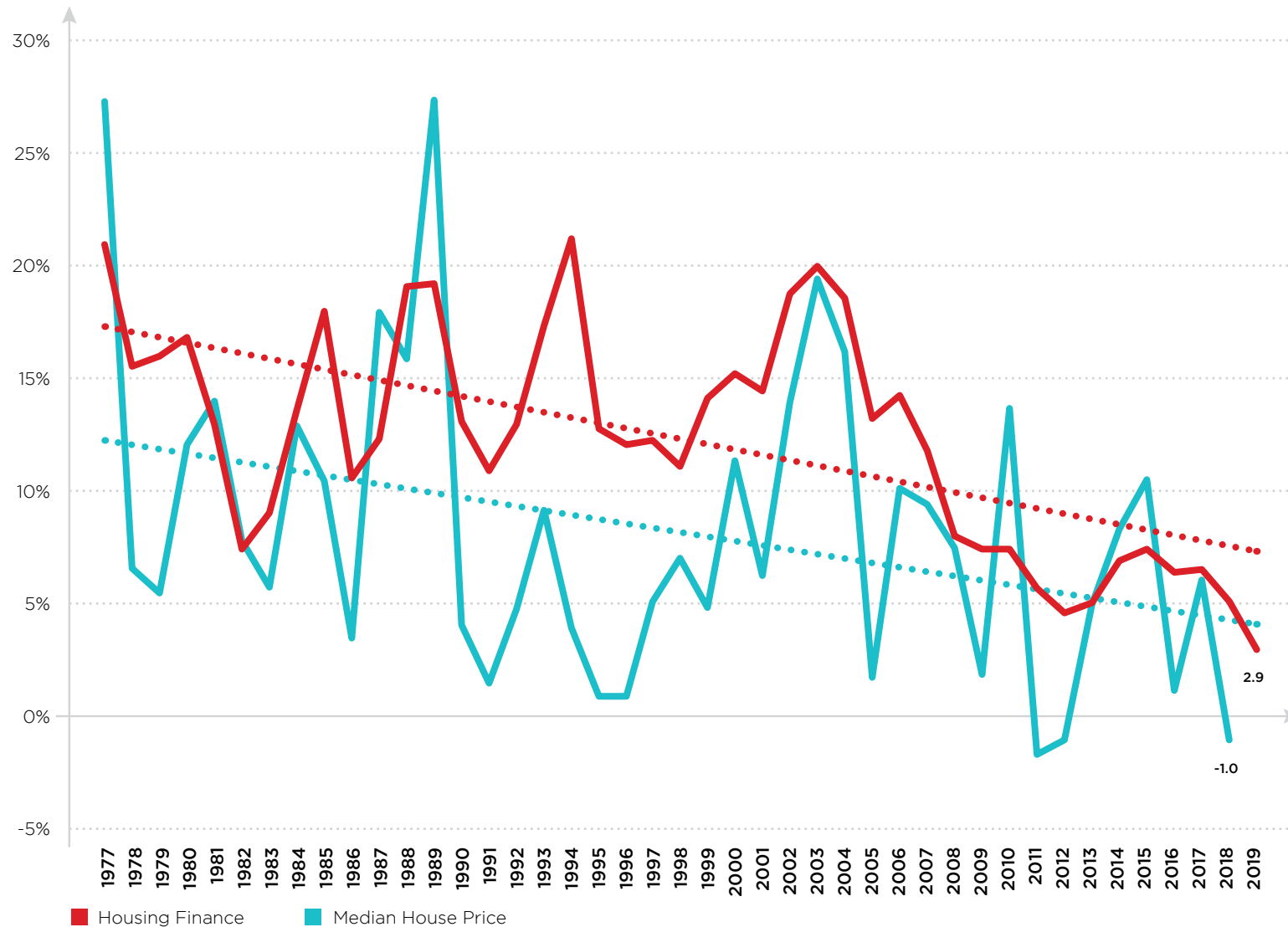
This graph displays the Federal Government budget position of either a surplus or deficit.



POSITIVE

LONG TERM CREDIT GROWTH TREND

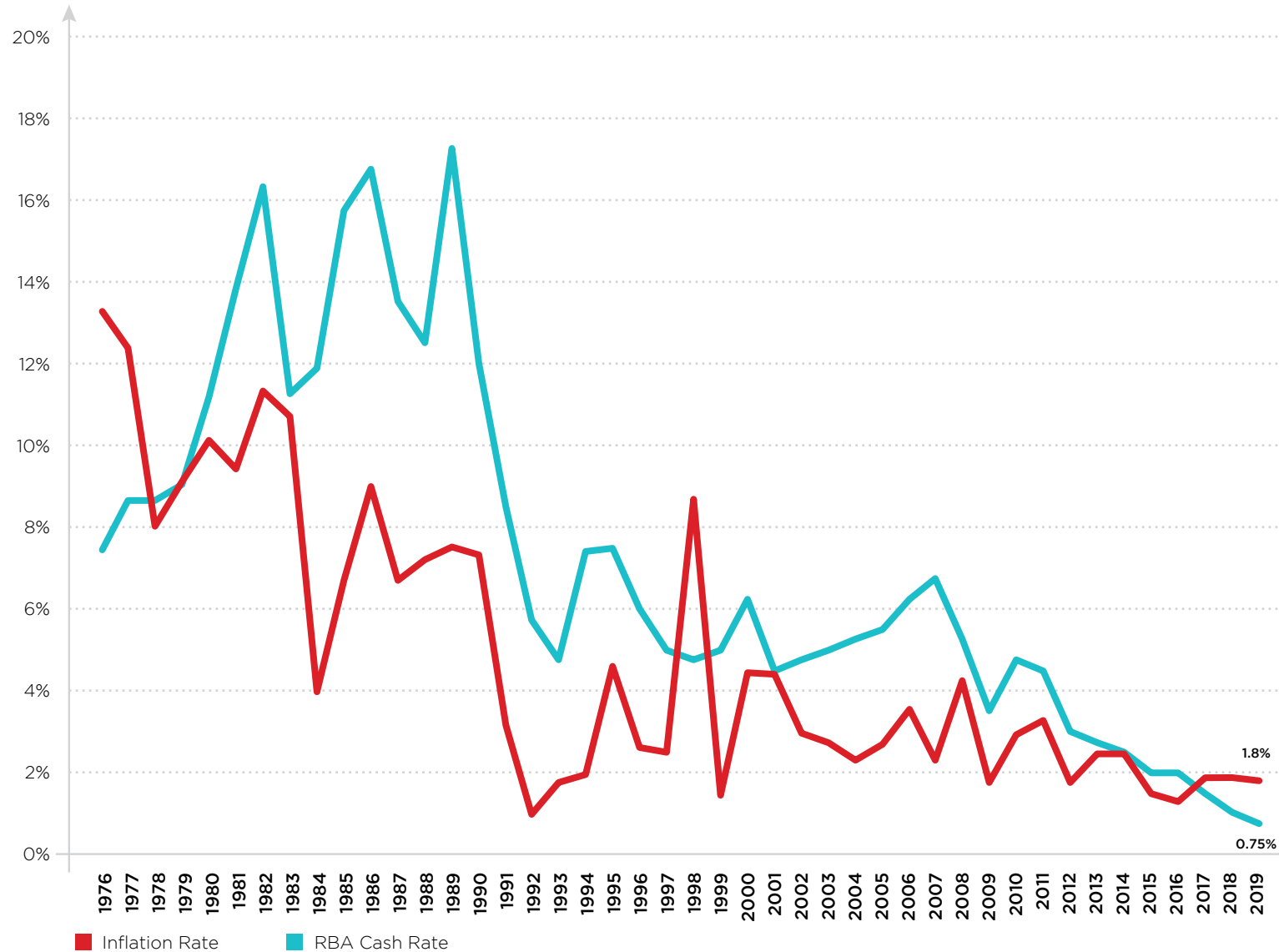
This graph displays long term housing finance changes against national median house price movements. Will there be more or less credit available?



NEGATIVE

INFLATION V. RBA CASH RATE

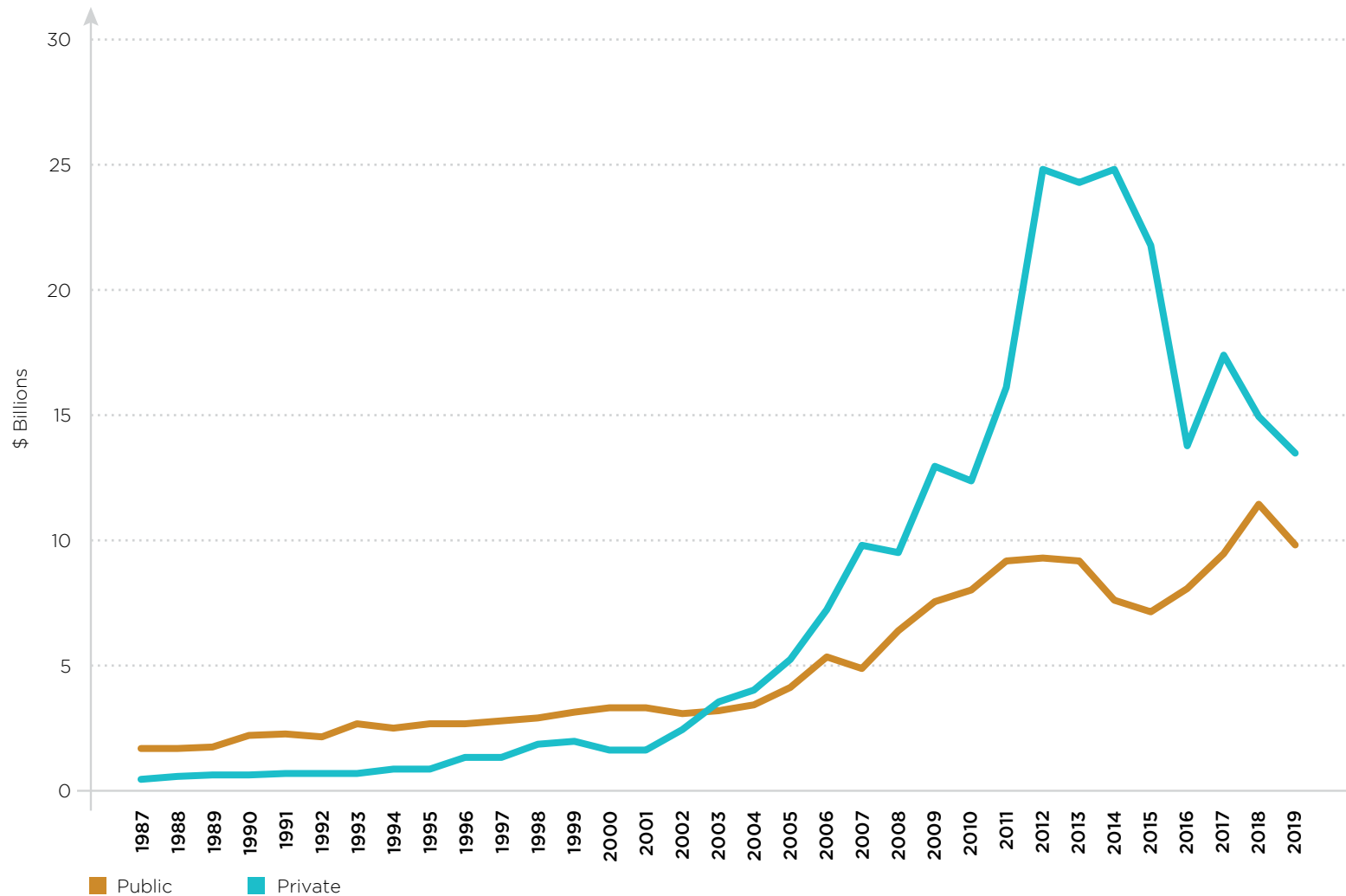
This graph displays the inflation rate against the RBA cash rate. Will interest rates rise or fall?



NEGATIVE

PUBLIC & PRIVATE ENGINEERING & CONSTRUCTION WORK COMPLETED

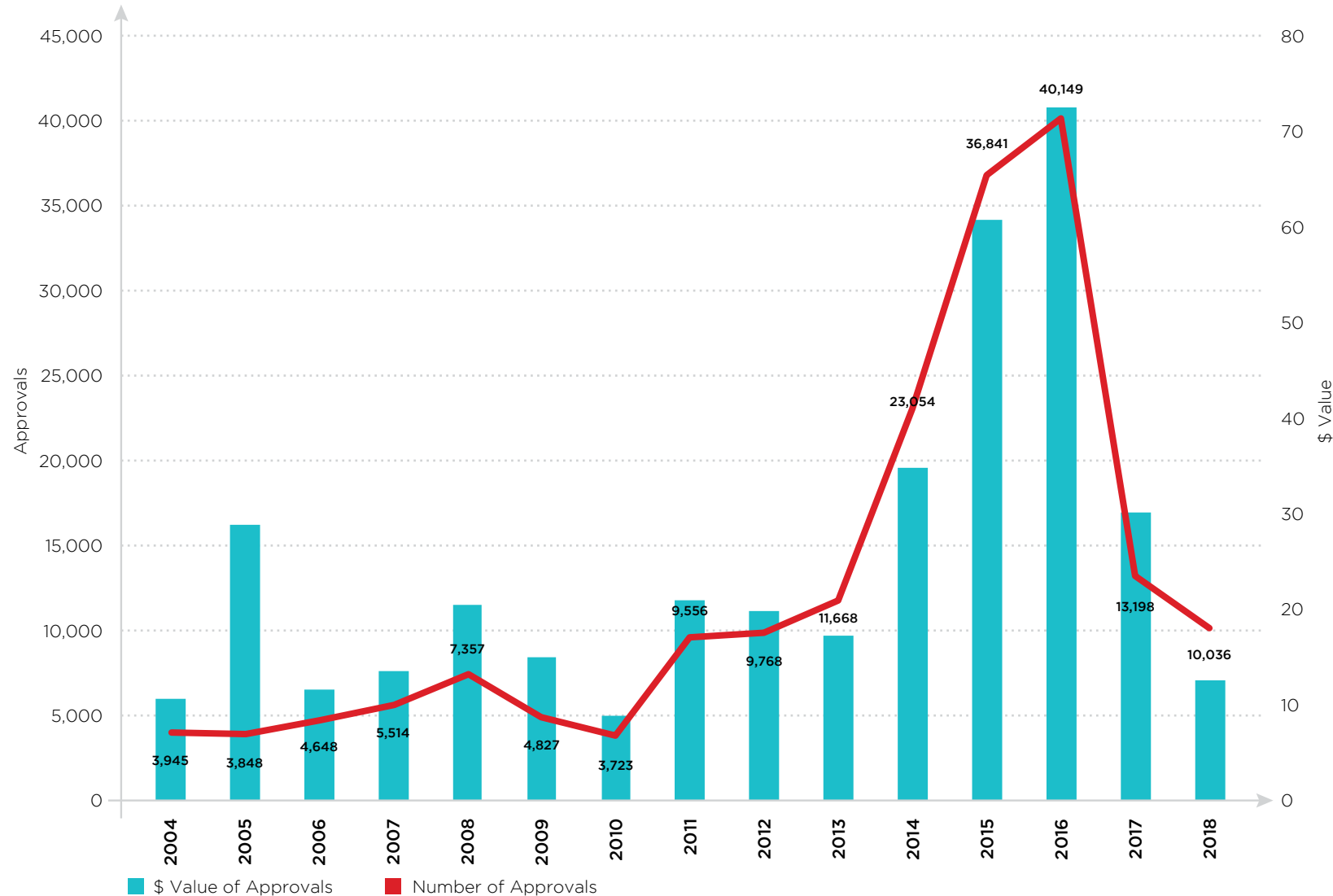
This graph displays the total private and public engineering construction work completed nationally. Are the private and public construction sectors spending more or less & creating more or less jobs?



**SLIGHTLY
NEGATIVE**

FOREIGN INVESTMENT APPROVALS - MONEY SUPPLY

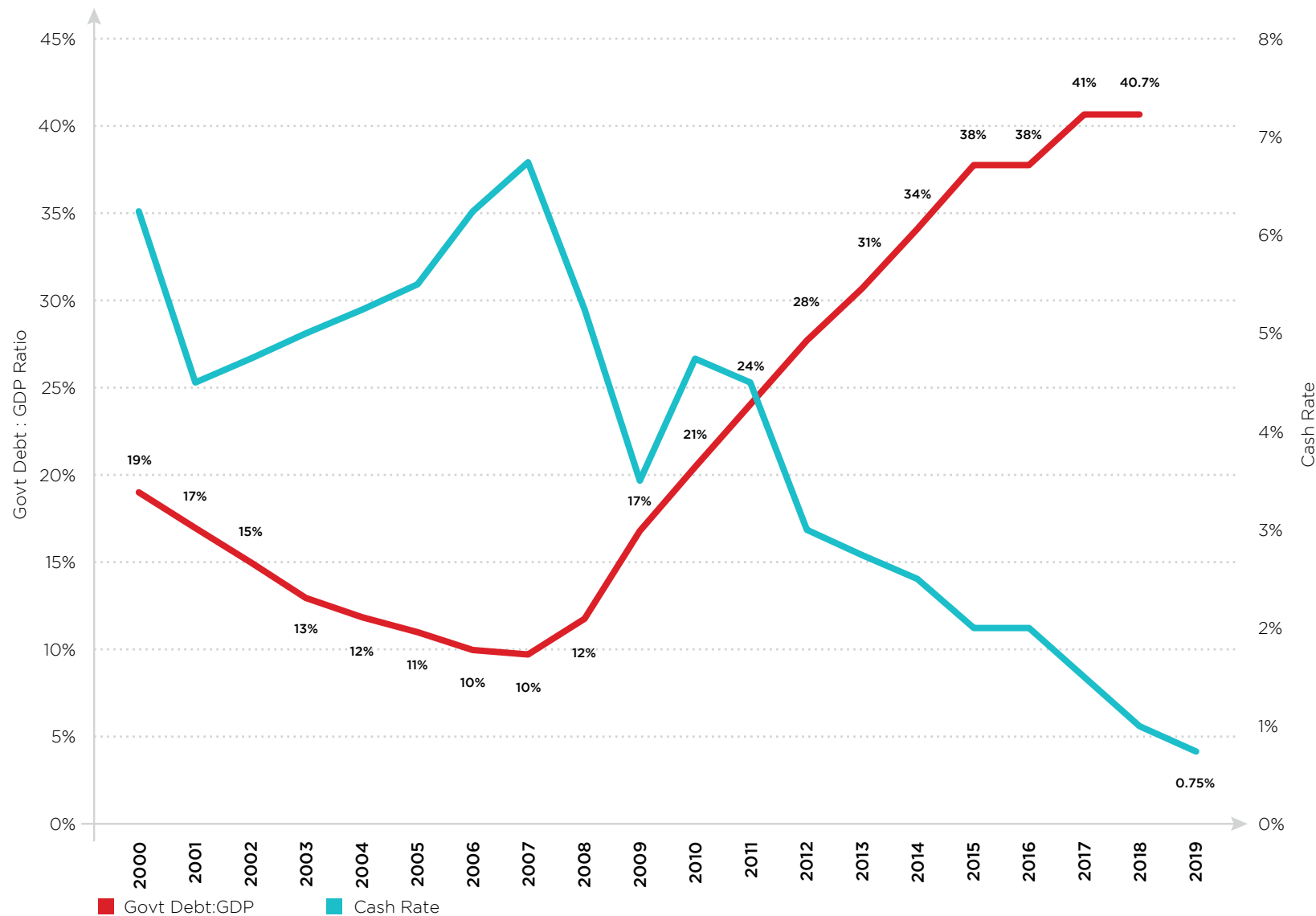
This graph displays the dollar value and number of foreign investment approvals per year. Will there be more or less foreign capital into Australia for residential property?



NEGATIVE

GOVERNMENT DEBT TO GDP RATIO V. RBA CASH RATE

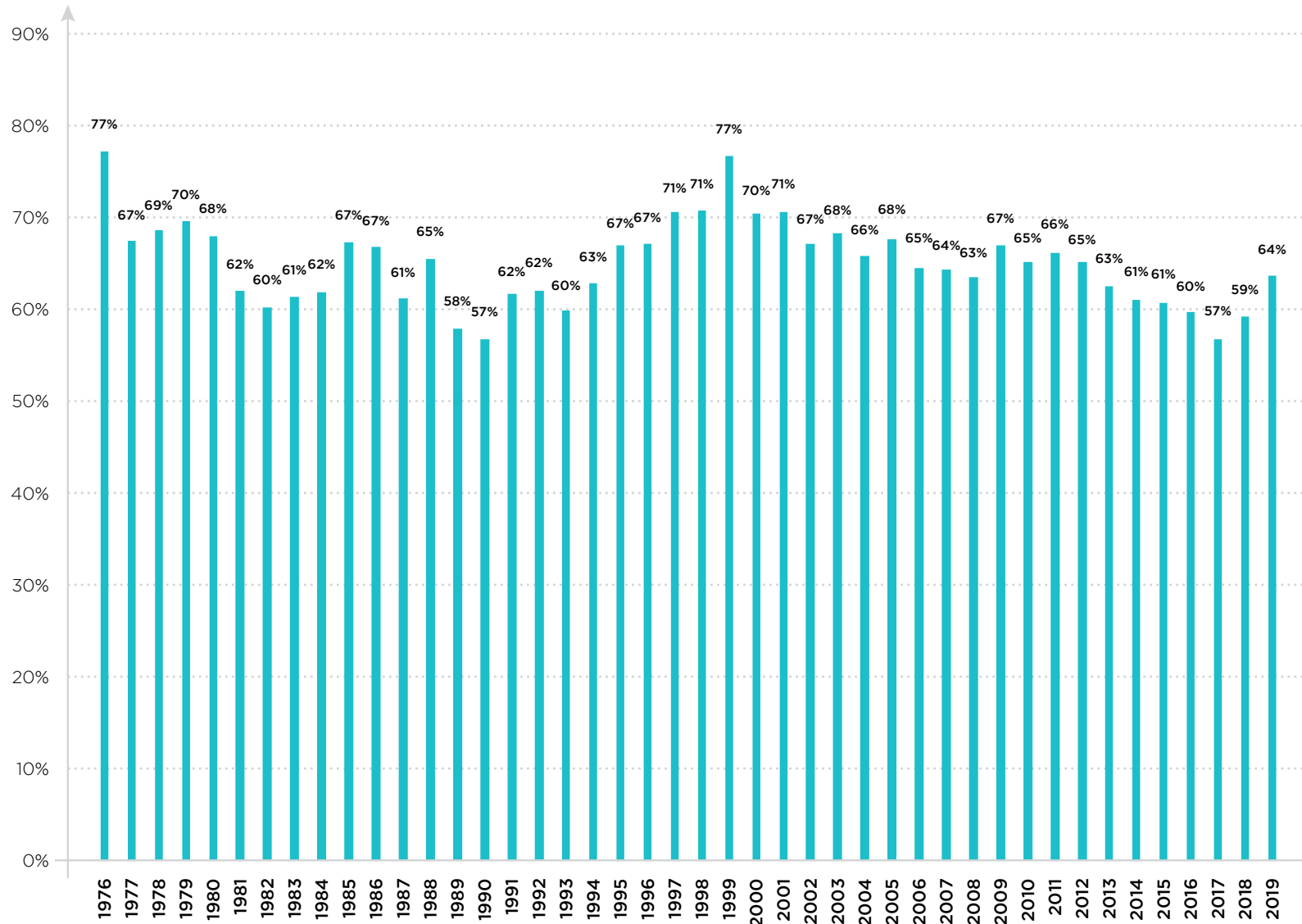
This graph displays the relationship between Government debt expressed as a relationship to GDP versus the RBA cash rate.



NEGATIVE

LOAN TO VALUE RATIO

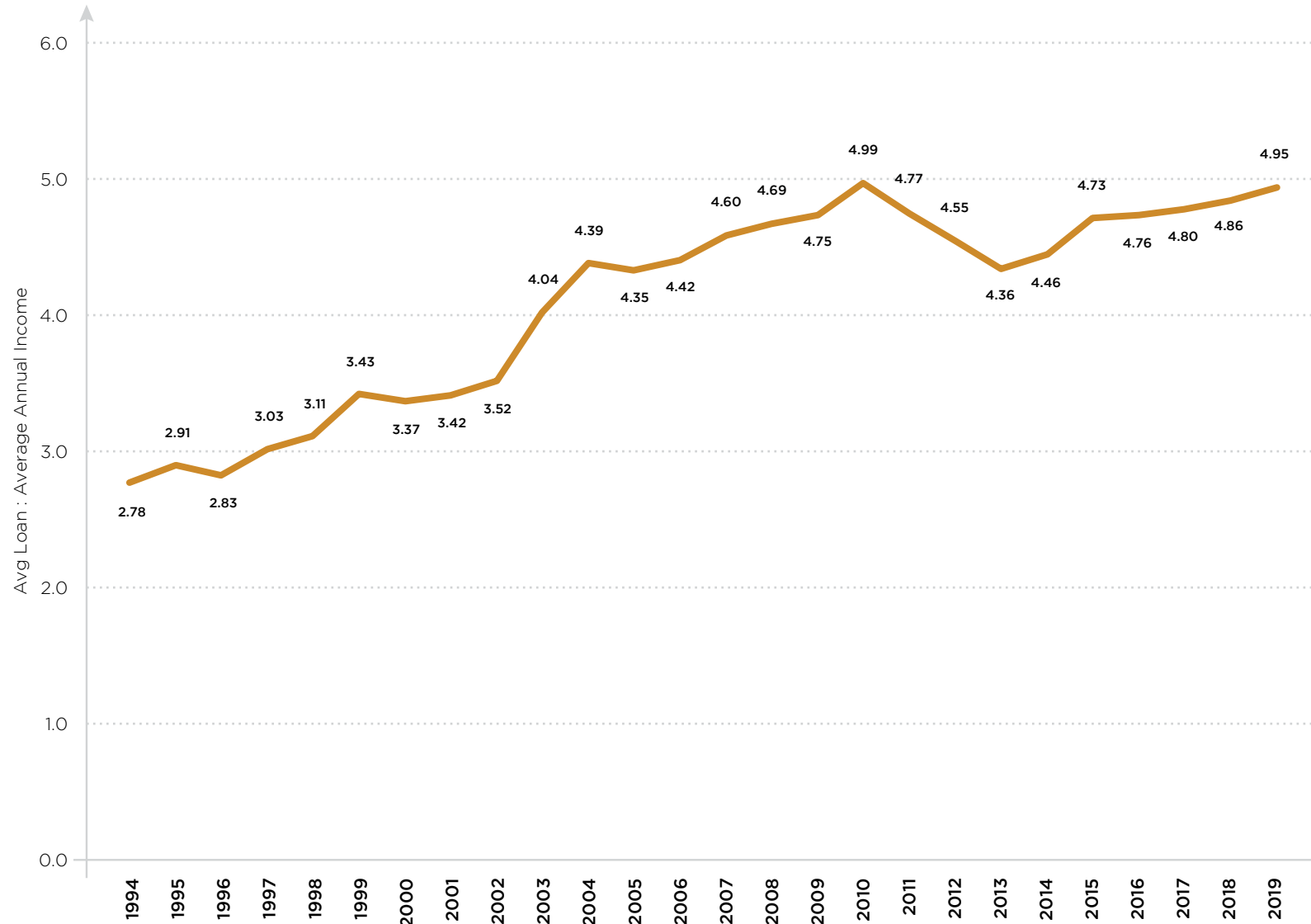
This graph displays the loan to value ratio (LVR) expressed as a percentage.



NEUTRAL

LOAN TO INCOME RATIO

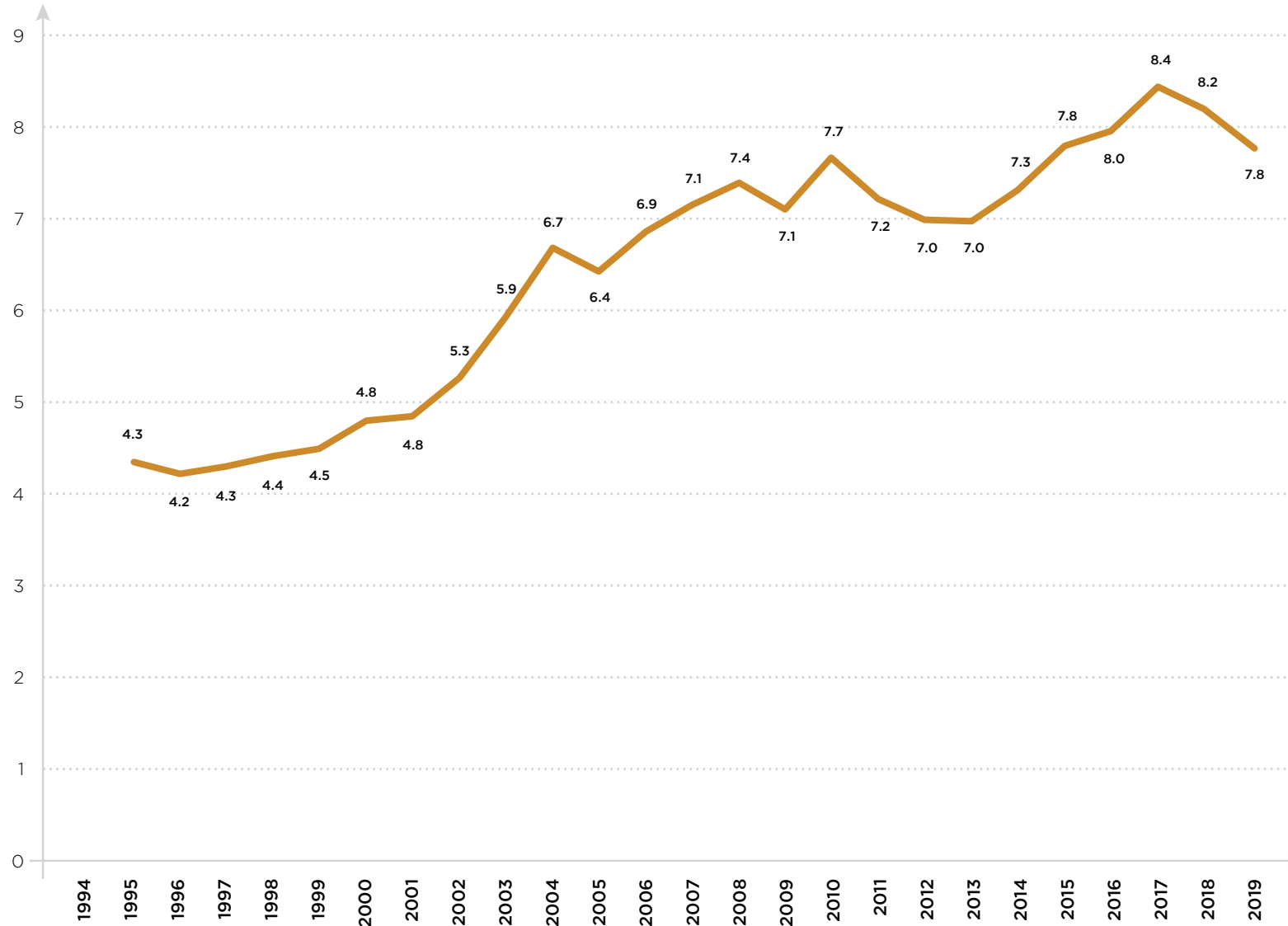
This graph displays the amount of housing debt relative to the average income.



SLIGHTLY
NEGATIVE

PRICE TO INCOME RATIO

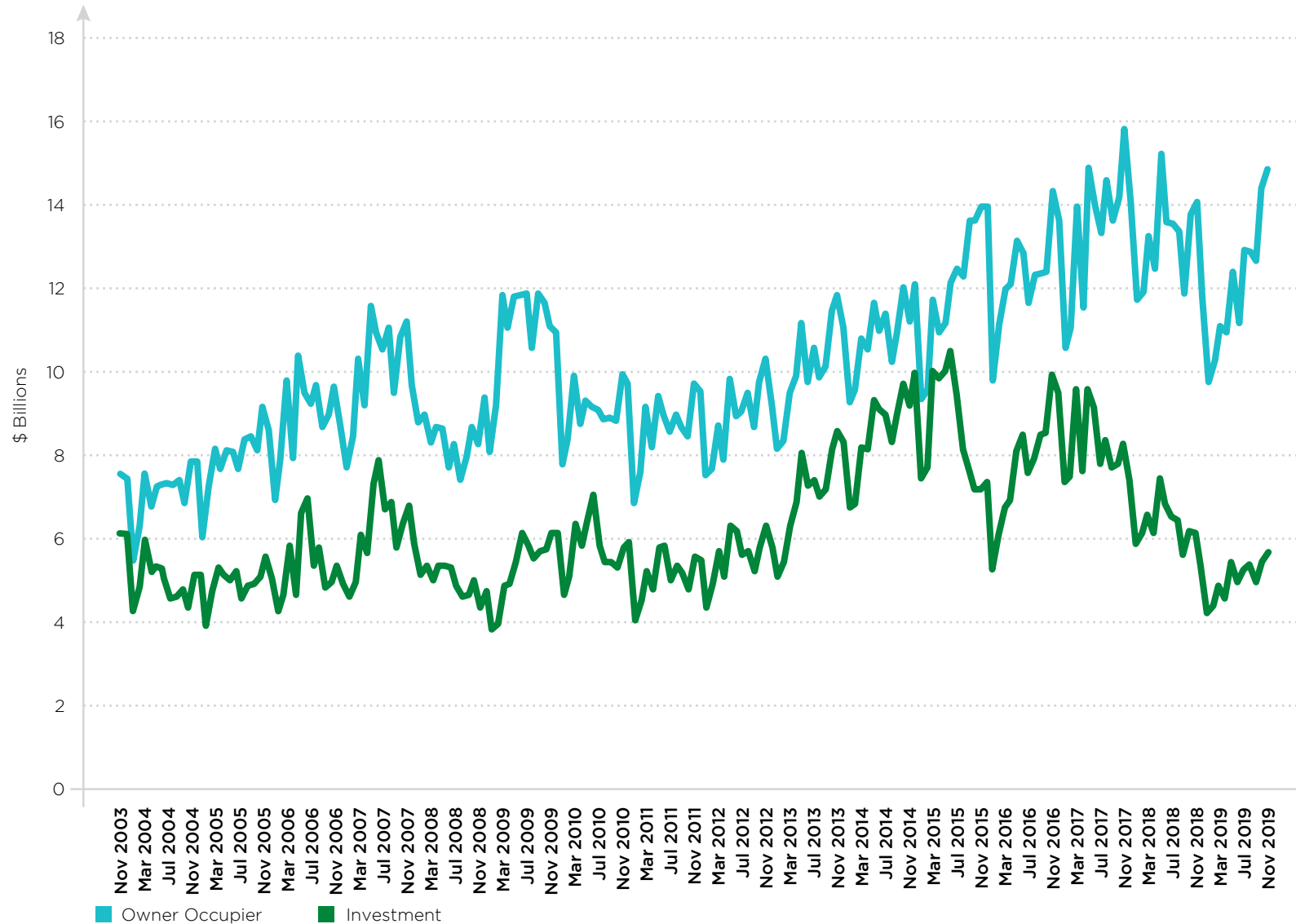
This graph displays the national average house price to national average income ratio.



SLIGHTLY
NEGATIVE

INVESTOR V. HOMEBUYER LENDING

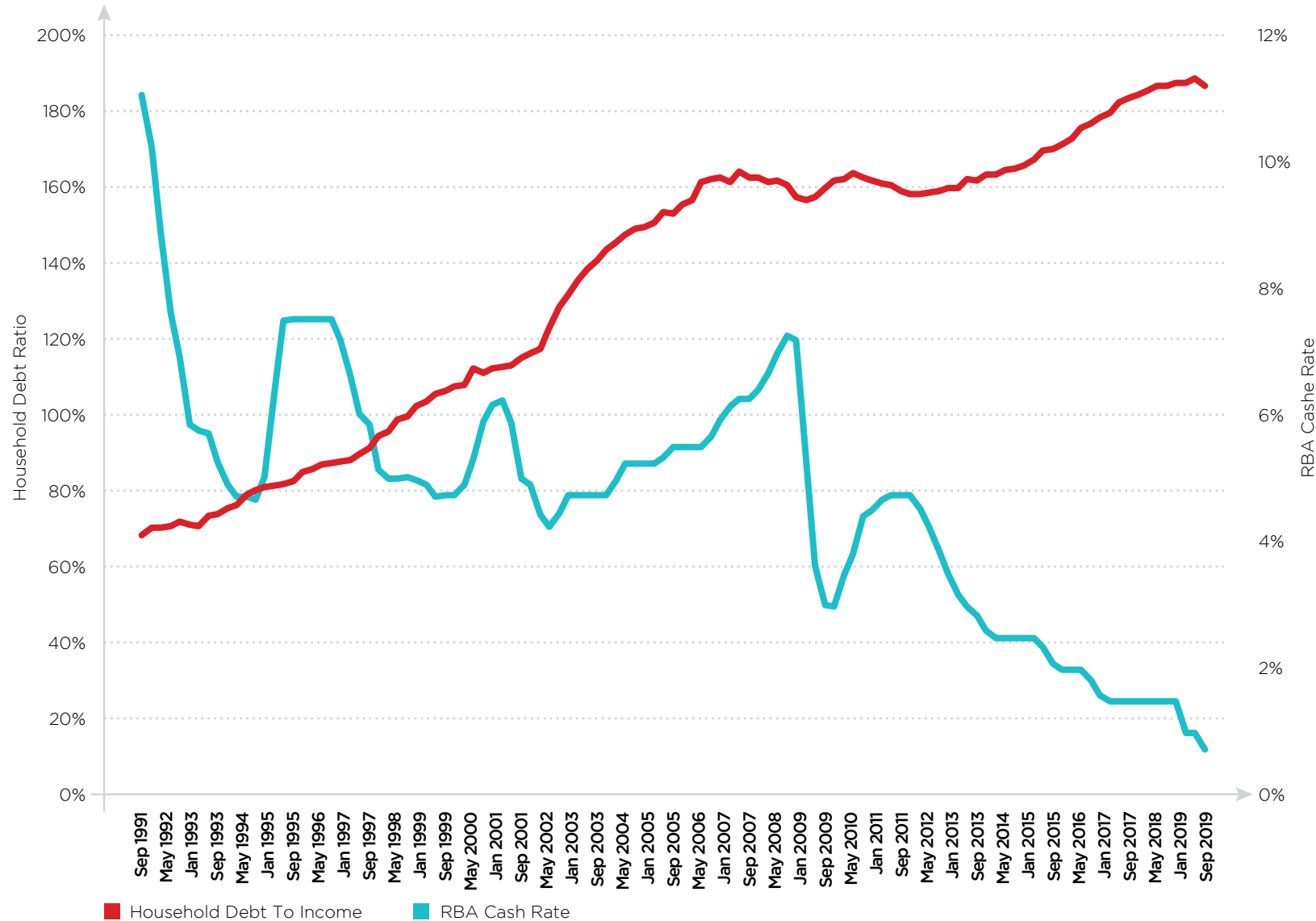
This graph displays the relationship between home buyer and investor activity.



POSITIVE

HOUSEHOLD DEBT TO INCOME

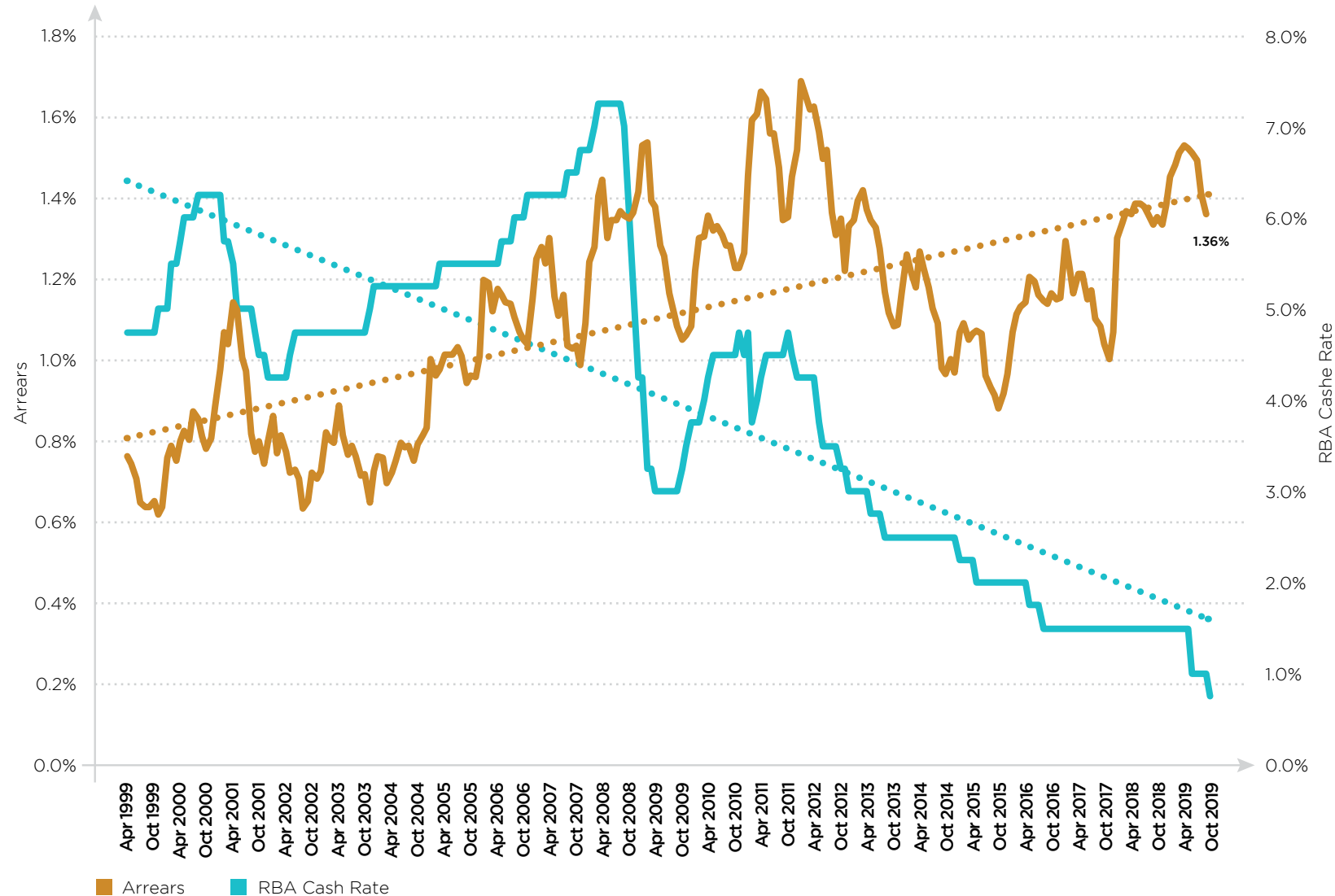
This graph demonstrates the relationship between the RBA cash rate and total household credit as a percentage of GDP.



NEGATIVE

NATIONAL MORTGAGE ARREARS

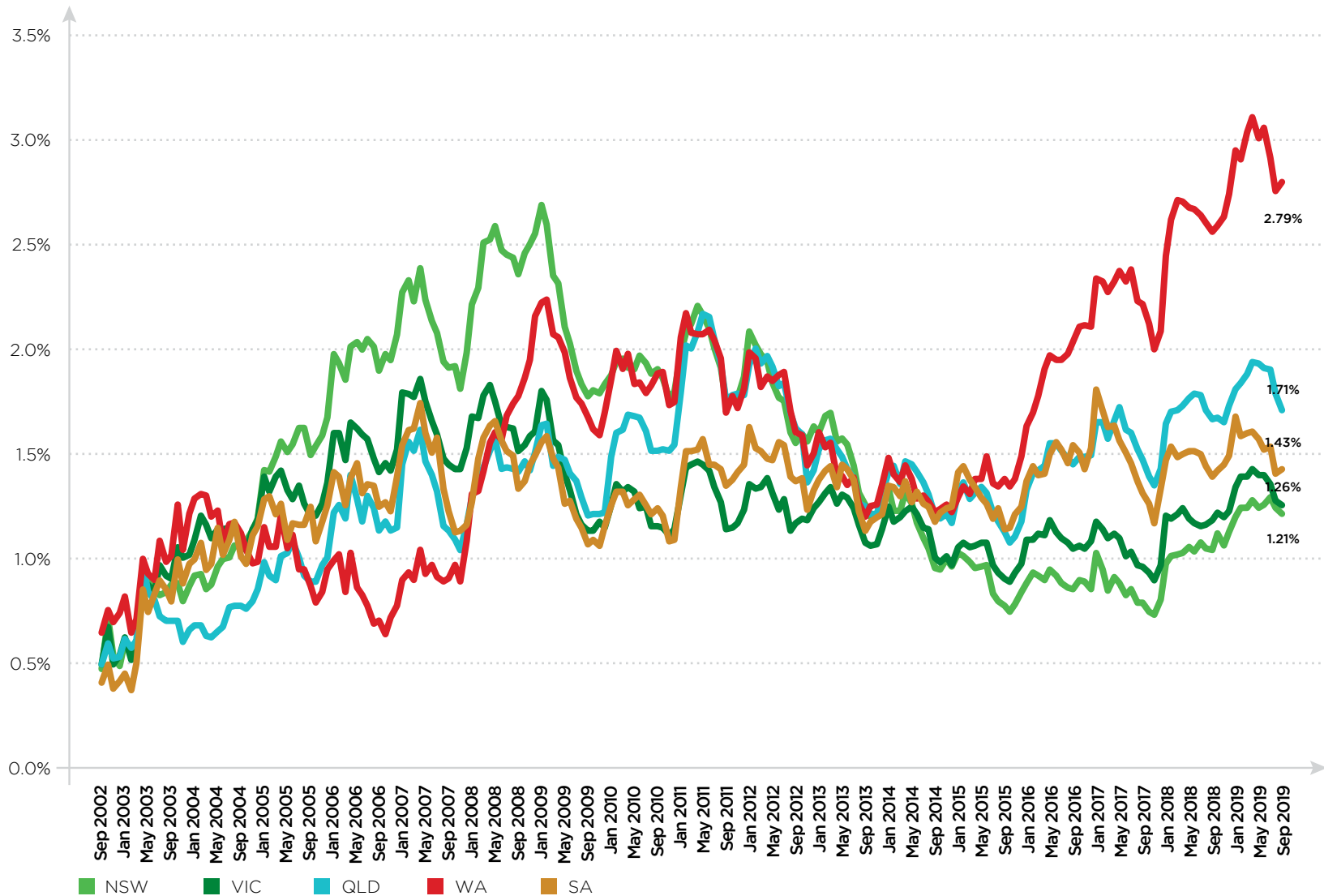
This graph displays the relationship between the RBA cash rate and the national mortgage arrears. This data is supplied by Standard & Poor's global ratings and shows the percentage of Australian mortgages that are past 30 days due.



**SLIGHTLY
NEGATIVE**

STATE MORTGAGE ARREARS

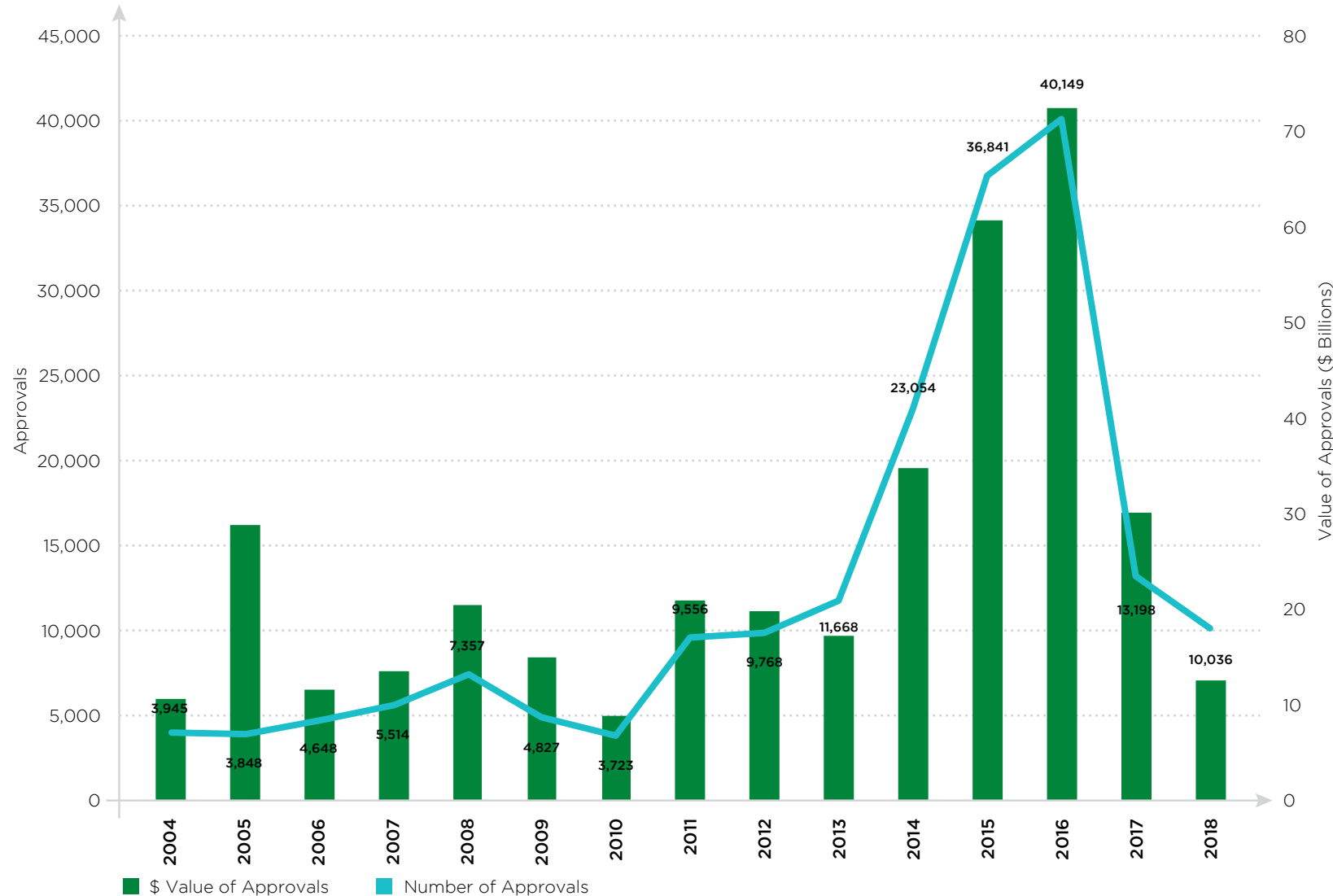
This graph displays the percentage of mortgages that are 30+ days in arrears for each of the five major states. This data is supplied by Standard & Poor's global ratings and shows the percentage of Australian mortgages that are past 30 days due.



SLIGHTLY
NEGATIVE

FOREIGN INVESTMENT APPROVALS - VOLATILITY

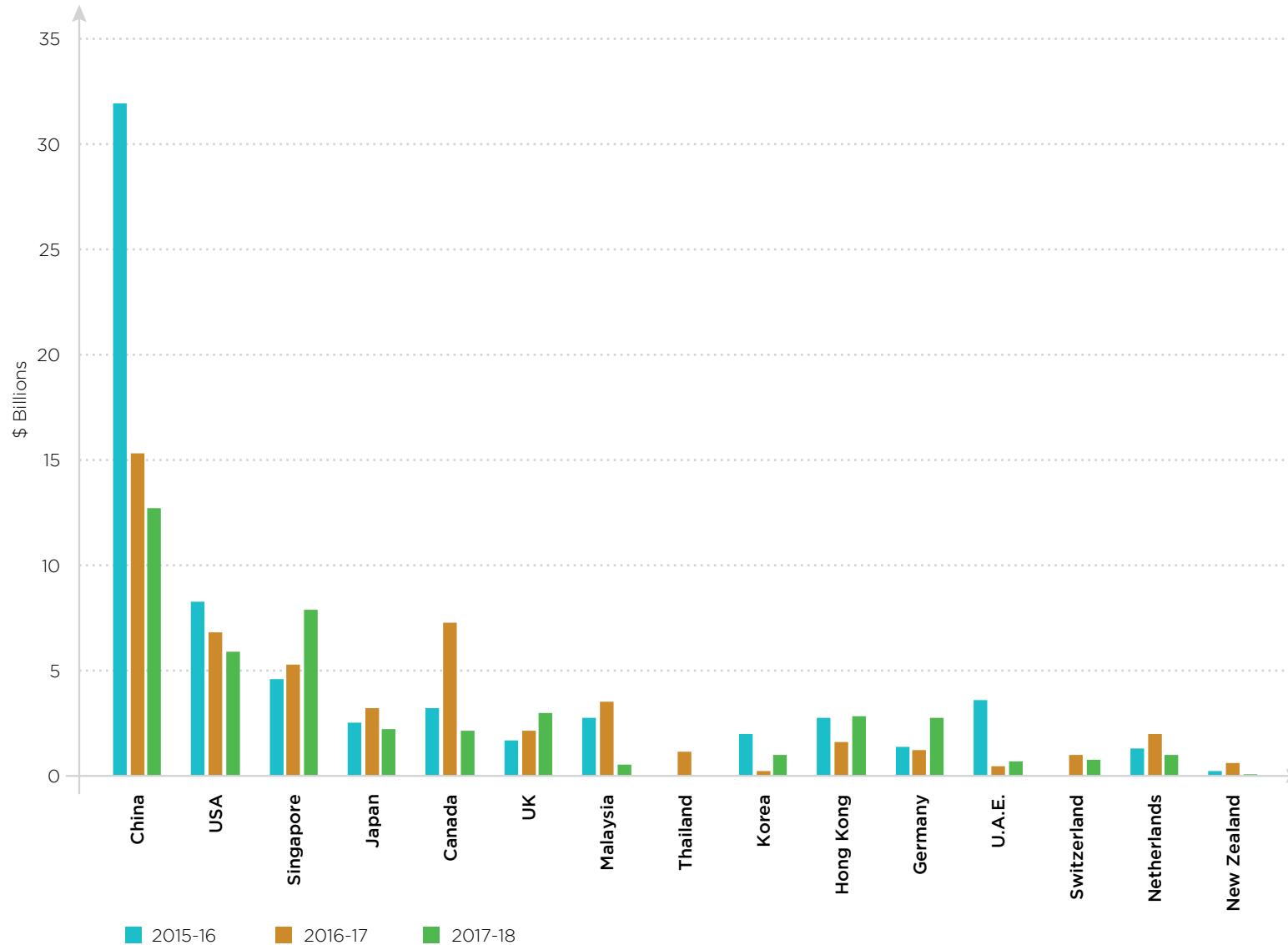
This graph displays the dollar value and number of foreign investment approvals per year. In this section we wish to determine if foreign investment into residential property is set to make the market more or less volatile.



POSITIVE

FOREIGN APPROVALS BY NATION

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



SLIGHTLY
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.

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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