Aussie Progress Report

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Aussie | 30

Foreword

Brad Cramb
CEO of Distribution
at Lendi Group

When Aussie entered the market 30 years ago, the property and home loan industries looked very different to what we know today.

Interest rates were around 12%, the margin charged by banks on home loans was around 5%, residential mortgage broking was not an established industry and customer choice was limited by proximity to bank branches.

Fast forward to today, mortgage brokers have never been more important writing over two-thirds of home loans in Australia, interest rates are slowly moving up from all time lows, customers can choose from thousands of home loan products and manage their banking and home loans digitally.

Alongside all this progress, the Australian housing market has delivered remarkable capital growth to Australian homeowners over the last three decades.

The most recent upswing in the Australian housing market has produced the highest annual rate of growth in housing values for the past 30 years. The current conditions won't last forever but the last 30 years shows us just how important property is as a long-term wealth creation strategy for Australians.

This report highlights the progress that can be made by taking the plunge and getting into the market when and where you can.

Owning a home is one of the biggest and most important purchases most people make in their lifetime but everyone's situation is unique. This is where the value of engaging a broker really comes into play. Whether you're looking to buy your first home or expand your portfolio, mortgage brokers play a pivotal role in helping customers protect their best interests while understanding how to maximise opportunities and options.

Backed by a heritage of 30 years, Aussie brokers have led the industry with their dedication to helping locals achieve their home loan and refinancing goals by understanding them, being in their corner and providing straight talking home loan advice.

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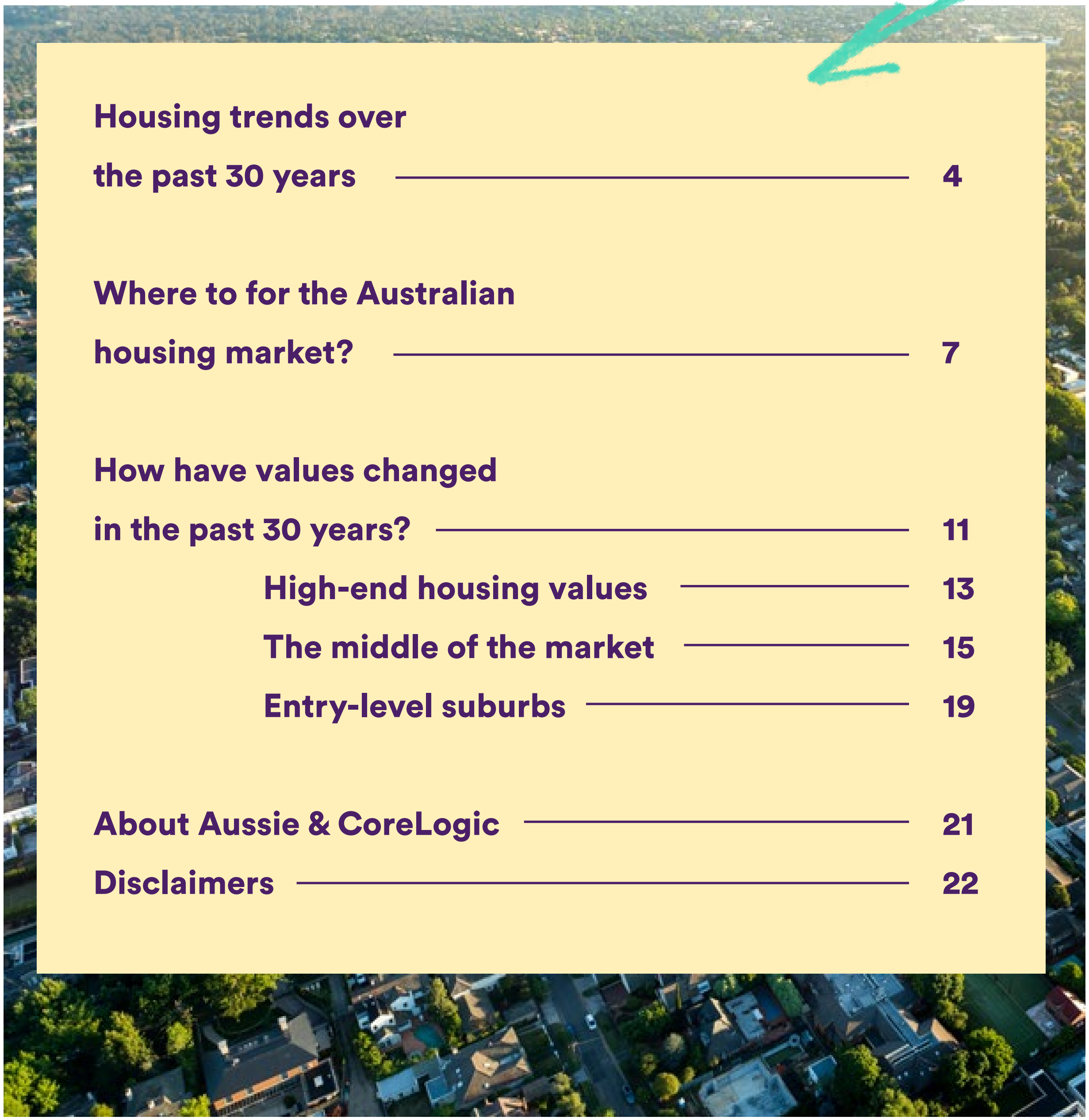


CoreLogic

Housing price trends over the past 30 years

In the past 30 years, the Australian economy has been shaped by many significant events including major economic and financial reform, commodity booms, a global financial crisis, and most recently, a global pandemic.

The Australian housing market delivered overall capital growth of 381.2% between December of 1991 and December 2021.[1] The median dwelling value across the country rose from $114,034 to $709,803 in the same period. The change in the CoreLogic Home Value Index over the last 30 years was slightly higher than growth in the All Ordinaries index (which was 371.1%).

[1]Based on the change in the CoreLogic Home Value Index, an index which measures the value of the Australian dwelling market over time.

Housing price trends

While the high-level figures suggest strong growth in the Australian housing market over the last 30 years, there have been variations in different locations and stock type:

Australian house values increased 414.6% in the past 30 years, compared to growth of 293.1% across Australian units. 30 year annualised growth for houses and units were 5.6% and 4.7% respectively.

Dwellings across the combined capital cities increased 414.9% in value over the past 30 years, compared to 278.0% in the combined regions. 30 year annualised growth was 5.6% across the combined capitals, and 4.5% across the combined regional market.

Across the greater capital city and regional markets, the highest increase in values over a 30 year period was across Sydney, where capital growth over the past 30 years was 475.1%, and annualised growth was 6.0%. The lowest capital growth returns in the period were across regional WA, where dwelling values rose 207.5% in the past 30 years, with an annualised growth rate of 3.8%.

The ebb and flow of Australian dwelling values

Figure 1.1 Rolling annual change in CoreLogic Home Value Index of Australian dwelling values

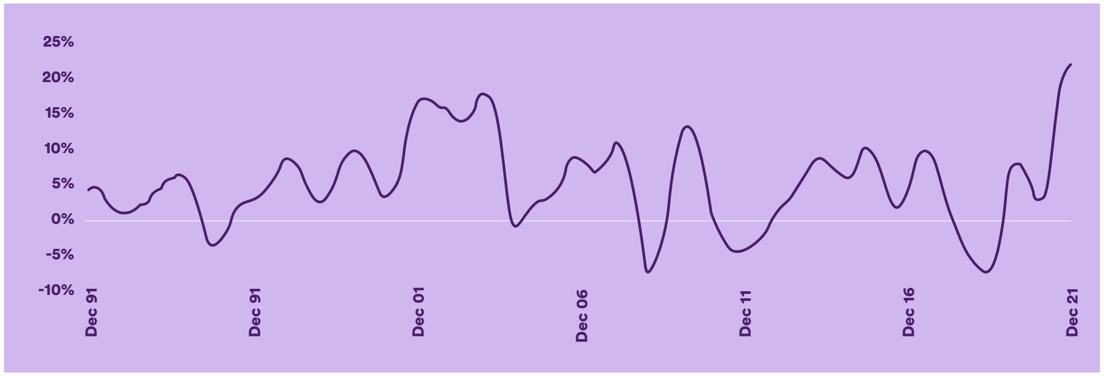


Figure 1.1 shows the rolling annual change in Australian dwelling values over the past 30 years. Over this time frame, there have been 7 periods of sustained increase in values at the national level, and 7 periods of decline. Value increases over the course of these cycles have an average length of 41 months, with average cumulative growth of 34%. Comparatively, periods of peak-to-trough declines have on average lasted 12 months, with an average fall in values of -4.3%.

> **The current national housing market upswing, which commenced in October 2020, has lasted 17 months to February 2022.**

Over that time, values have increased 27.0%. Most major Australian banks forecast continued dwelling value increases through 2022, though at a slower growth rate than in 2021, with value declines expected through the 2023 calendar year.

One of the longest periods of sustained value increases in the Australian housing market was between September 1995 and January 2004, where the national Home Value Index increased for 95 for 101 months. This period was marked by a relatively low cash rate environment for the time, with the cash rate averaging 5.5% between December 1994 and December 2004. Prior to December 1994, the cash rate had averaged 8.5%.

An important development that bolstered growth in housing markets through the 1990s was the deregulation of the Australian financial system, which gradually contributed to increased competition in the mortgage space. For example, over the course of the decade, the interest rate margin banks charged on housing loans declined from almost 5 percentage points in 1993, to around 1.75 percentage points by the end of the decade.[2] The cost of debt has been one of the most important influences on property price trajectories, with RBA research suggesting that reductions in the cash rate lead to an increase in property values.

Reductions in the cash rate off the back of negative economic shocks have generally led to periods of upswing in the housing market. This was evident through 2009 and 2010, when the housing market was bolstered off the back of cash rate reductions in response to the GFC, along with other fiscal support including a temporary boost to the first home owners grant.

[2] Gizycki, Marianne & Lowe, Philip. (2000). The Australian Financial System.

How the resources boom changed the housing market

This period also saw one of the most significant upticks in net overseas migration on record, as the GFC spurred skilled migrants to seek employment opportunities across Australia.

Ultra-low interest rates have also been a driver of the latest housing market upswing from October 2020, which in combination with first home buyer incentives, stimulated housing market activity and wealth effects from higher house prices.

While at a high level, property values have seen relatively robust periods of growth, it is worth noting the 'Australian' housing market is comprised of many different markets.

The mining sector in particular has had an extraordinary impact on creating divergent housing market performance.

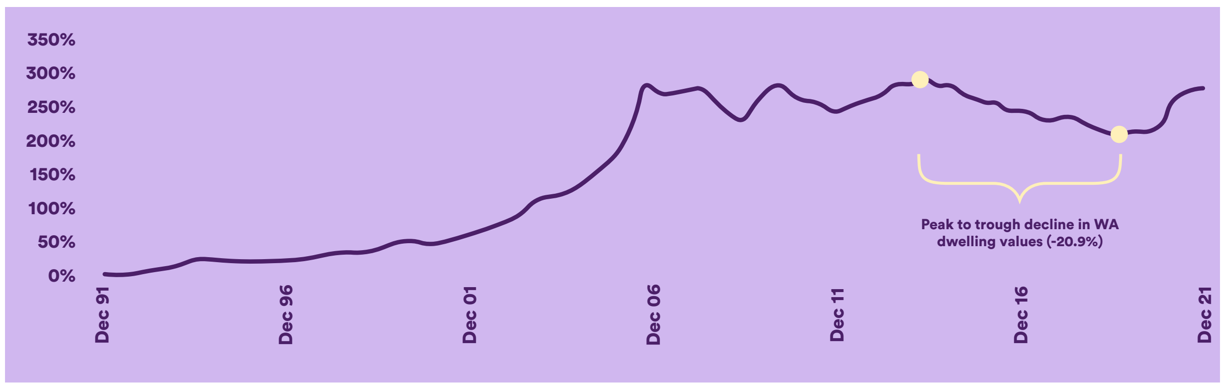
A strong increase in demand for iron ore between 2009 and 2014 created a large upswing in housing markets across Western Australia, where there was a rapid increase in mining employment across the state. The resulting strength in the Australian dollar from the resources boom created more subdued outcomes for manufacturing-based regions, such as parts of South Australia.

Between 2014 and 2015, a supply glut of iron ore met slowing demand from China, and this kicked off a downswing in the WA property market which extended from mid-2014 to October-2019 **(figure 1.2).** In the past few decades, similar boom-and-bust patterns have been seen across the resource-based markets of the Northern Territory and parts of regional Queensland.

In recent years, a recovery in resources and mining activity in the low interest rate environment has led housing market performance to re-synchronise, in what has been a fairly broad-based upswing in housing values across different capital city and regional markets.

Figure 1.2

Cumulative growth in WA dwelling market values - December 1991 to December 2021



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Where to for the Australian housing market?

The most recent upswing in the Australian housing market (from October 2020 to present) has produced the highest annual rate of growth in housing values for the past 30 years (with a peak of 22.4% in the 12 months to January 2022).

The general consensus across housing market forecasts suggests that in the short-term, these high rates of growth cannot be sustained, as interest rates begin to rise, affordability constraints hinder demand, and an unprecedented level of new housing approvals filter through the construction pipeline to delivery. This has already been evidenced in short-term capital growth rates, which have been slowing through the current cycle since April 2021.

While predicting housing market outcomes for the next year or so is difficult in itself, forecasting property market performance for the **next** 30 years is impossible. However, there are several important trends which are likely to shape housing markets in decades to come. These are considered below.

Leading factors affecting the property market

The official cash rate impacts the housing market. As has been the case over the **past** 30 years, housing market performance in the next 30 years is expected to be heavily impacted by the cost of housing finance, and by extension, the cash rate setting.

As of February 2022, a record low cash rate setting of 0.1% has been in place for 16 consecutive months. The low cost of debt has created a strong rebound in economic activity, with the unemployment rate falling to 4.0% in February 2022, its lowest level since August 2008. With inflation and wages growth ramping up, there are increased expectations that the cash rate could be moved higher through 2022. This would mark the first lift in the cash rate since November 2010. Cash rate increases are used to curb inflation by reducing demand when the economy is ‘overheating’.

> **30 years ago, at the start of 1991, the cash rate was as high as 12% off the back of a high inflationary environment.**

With around 40% of new borrowers taking on mortgages with a loan-to-value ratio of 80% or more, the prospect of rising interest rates may seem alarming.

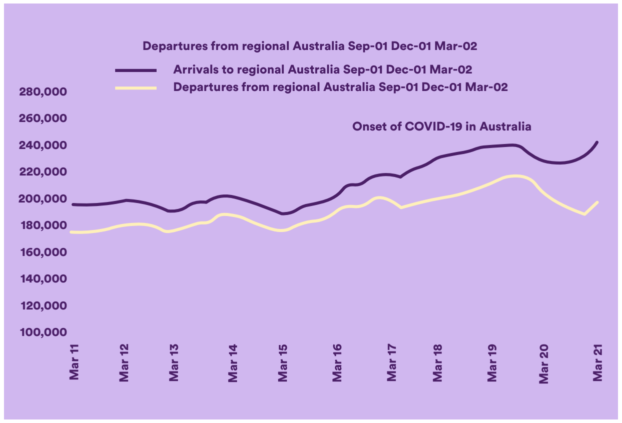
However, curbing inflation in the current economic environment is likely to take a far lower cash rate target than in the past. RBA research has noted a decline over time in the cash rate necessary to stabilise inflation, while bringing about full employment.[3] This is known as the ‘neutral’ interest rate, and economists have placed current estimates of the neutral interest rate at between 1% and 3%. Higher levels of household debt may increase the sensitivity of spending patterns amid an increase to the cash rate. It could also be the case that highly leveraged households will be impacted by an increase in rates. However, in the event of future economic shocks, a higher cash rate also allows the RBA to re-deploy expansive monetary policy.

Remote working increases as a result of the COVID-19 pandemic. The onset of a global health pandemic in 2020 accelerated trends in remote work, at least for knowledge workers who are able to operate remotely. In the past two years, working from home went from being a ‘perk’ of the job, to a health necessity mandated by all employers that could manage it.

This trend is thought to have contributed to sea change and tree change migration trends. ABS internal migration data did show a slightly higher shift in migration from cities to regions toward March 2021, while movement away from regions has been more subdued **(figure 2.1)**.

Figure 2.1

Regional internal migration trends - rolling annual number of internal migrants



[3] McCririck, R., & Rees, D. (2017). The neutral interest rate. RBA Bulletin, September, 9-18.

Factors influencing purchasing trends

Many of the high growth dwelling markets in regional Australia through the pandemic suggested buyers were still 'hedging their bets' around distance to a major metropolitan centre. Values rose strongly across commutable regional markets, like the Illawarra and Shoalhaven housing markets, the Mornington Peninsula, the Gold Coast and the Sunshine Coast. However, remote work trends, where enabled by sound technology and transport infrastructure, have the potential to increase the areas in which knowledge workers can live.

Prospects for employers to allow remote work long term are not certain, but in the current, competitive labour market, workers may have an advantage arguing their case for flexibility around their location. ABS survey data indicated that, off the back of initial lockdown periods in the June quarter of 2020, more firms would embrace remote work long term than before the pandemic.

It is also important to remember that not everyone can work remotely in the short term, with sectors like hospitality, warehousing, and many other services requiring workers to be physically present. But this also means the growth in popularity of regional, lifestyle markets that are popular with wealthy, remote workers, could attract more service jobs over time, and increase demand for more affordable housing at the periphery of lifestyle markets.

Climate change and extreme weather dictate property purchases. There are several ways in which housing markets will be shaped, and already have been influenced, by climate change. Rising average temperatures may deter buyers from areas with low tree canopy shade, and the increased incidence of extreme weather events have already contributed to higher insurance premiums in pockets of the market, which may make housing costs prohibitive for some prospective buyers.

Meanwhile, there is evidence of some markets seeing an increase in demand for their cooler climates, which has been cited as a motivation for internal migration in Australia.[4]

Cooler-climate areas like the Blue Mountains of Sydney, and parts of Tasmania and Victoria may be at an advantage long term, should average temperatures continue to rise.

[4] Osbaldiston, Nick & Denny, Lisa & Picken, Felicity. (2020). SEACHANGE IN TASMANIA: EXPLORING INTERSTATE MIGRATION INTO THE 'APPLE ISLE'.

Where to for the Australian housing market?

Housing affordability takes a nosedive. The flip-side of strong capital growth in the Australian housing market and a low interest rate environment has been a worsening of housing affordability, particularly when looking at metrics around the deposit hurdle. At the national level, figures produced by CoreLogic and the ANU Centre for Social Research and Methods showed the ratio of median dwelling values to household income had risen from 4.3 in December 2001, to 7.7 as of June 2021.

> **The time taken to save a 20% deposit at the national level has increased from 5.8 years to 10.2 years in the same period.**

This has implications for housing demand, where first home buyers may have to compromise on the size of purchases, or the distance of homes relative to popular metropolitan hubs. Suburban sprawl, or more emphasis on regional markets, could see more demand for good transport infrastructure. Additionally, there has already been a rise in innovative approaches to finance for first home buyers to get their foot on the property ladder, whether it be the introduction of the First Home Loan Deposit scheme in 2020, the rise of 'rent-vesting', or finance solutions that have allowed first home buyers to tap in to 'the bank of mum and dad'. Innovative finance solutions are likely to remain a crucial part of addressing the high costs of entry for first home buyers.

Australia is as safe as houses. The Australian housing market poses many advantages which may be appealing as a foreign investment opportunity, or migration destination in decades to come. Through the pandemic, banks introduced mortgage repayment deferrals which may have mitigated an influx of distressed real estate sales, while a low cash rate setting stimulated housing market activity. Federal government payments to households also aided rent and mortgage repayments to a smaller extent. The strong and swift institutional response from the banking sector, the federal and state governments and the Reserve Bank of Australia demonstrates the lengths Australian institutions go to in the pursuit of economic stability amid a negative shock to demand.

Australia may also be considered an attractive market for asset investment long term because of the sound government structures in place, particularly the rule of law, which protects ownership and stability of property in the long term. APRA has also worked to ensure Australian banks remain well-capitalised in the event of a housing market downturn.

How have values changed in the past 30 years?

The popularity of different housing markets has been shaped by various forces over time.

For example, the post-war period saw a trend of wealthier households moving from cities to more spacious housing in the suburbs. In later decades, the rise of dual income and childless couple households played a part in the increasing desirability of more inner-city, 'cosmopolitan' suburbs.

Most recently, the global pandemic has shifted the relationship between work and home, as remote work became a necessity for knowledge workers. Pandemic-related housing trends included buyers preferring house and land over apartments, and preferring regional, lifestyle markets over inner city suburbs.

The national CoreLogic Home Value Index has shown dwelling values across Australia rose 381.2% in the past 30 years.

However, the Australian property market remains diverse, and what was most desirable in housing decades ago may shift in the future.

Suburb values in 1991 versus 2021

To celebrate Aussie's 30th anniversary, CoreLogic has prepared a dataset that features suburb-level information about the change in property market dynamics between December 1991 and December 2021.[5] The suburb information includes changes in the CoreLogic Home Value Index over time, as well as how suburbs ranked by value over time. Suburbs were ranked by the 25th percentile, 50th percentile (median) and 75th percentile dwelling values in 1991 and 2021. This provides insights into how suburbs have changed at the entry level, mid-level and high-end in both periods. Between the two time periods, data was gathered for 2,370 suburbs across Australia, with most of the coverage concentrated in the capital cities. Suburbs of South Australia and the Northern Territory do not have comparable metrics going back to 1991, and so are not included in the rankings.

[5] Notes on the data. Only suburbs with a reliable median valuation have been included in this analysis. A minimum of 10 sales and 100 valid CoreLogic valuation estimates are used to refine the suburb data. For dwelling markets across South Australia and the Northern Territory, value change information is available from 1993 and 1999 respectively, where other states and territories are compared to property data information from 1991.

High-end housing values

Figure 3.1 Highest 75th percentile value rankings – 1991 versus 2021

High end values - Top 5 surburbs in 1991

Greater capital city/region	Suburb name	30 year change in dwelling values	75th percentile value - 1991	75th percentile value - 2021	Value rank in 1991	Value rank in 2021
Greater Sydney	Vaucluse	522.6%	$980,478	$8,625,930	1	1
Greater Sydney	The Rocks	213.0%	$644,730	$2,356,323	2	175
Greater Sydney	Bellevue Hill	682.2%	$609,723	$6,519,828	3	3
Greater Sydney	Clontarf	437.9%	$583,673	$5,169,844	4	7
Greater Sydney	Longueville	514.0%	$554,675	$5,727,480	5	4

Figures 3.1 shows the most expensive, high-end suburb markets in 1991 versus 2021. Despite a span of 30 years, all of the most expensive, high-end markets are still located in Sydney's water front suburbs.

High end values - Top 5 surburbs in 2021

Greater capital city/region	Suburb name	30 year change in dwelling values	75th percentile value - 1991	75th percentile value - 2021	Value rank in 1991	Value rank in 2021
Greater Sydney	Vaucluse	522.6%	$980,478	$8,625,930	1	1
Greater Sydney	Dover Heights	852.1%	$485,708	$6,625,553	12	2
Greater Sydney	Bellevue Hill	682.2%	$609,723	$6,519,828	3	3
Greater Sydney	Longueville	514.0%	$554,675	$5,727,480	5	4
Greater Sydney	Bronte	946.1%	$307,729	$5,436,474	81	5

High-end housing values

Sydney suburbs maintain poll position in high-end market

Vaucluse has maintained the most expensive, high end value between these two periods, with the top 25% of dwelling values starting at $980,478 in 1991. In 2021, the 75th percentile value across houses and units in the suburb was $8,625,930. This is perhaps unsurprising given the geographic advantage of the suburb, which showcases views of the Harbour Bridge and Opera House to the west, and ocean cliffs on the eastern border.

Bellevue Hill was the only other suburb to maintain its rank (at number 3) in the high-end dwelling market, where the 75th percentile value rose from $609,723 in 1991 to $6,519,828 in 2021.

The most dramatic change in ranking was across The Rocks in Sydney. Despite dwelling values increasing 213% in the past 30 years, the city dwelling market has not kept pace with the eastern suburb counterparts. The 75th percentile suburb dwelling value has slipped from the second-highest nationally, to 175th between the two periods analysed.

This dramatic change in The Rocks is likely due to changes in the composition of stock over time, with relatively high levels of construction weighing on the 75th percentile value in the suburb. Even in the 2020-21 financial year, ABS data shows 520 new dwelling approvals for the SA2 market in which The Rocks is situated. This compares to 37 in the Rose Bay – Vaucluse – Watsons Bay market, and 0 in Woollahra.

This increase in density across Sydney's inner suburbs has weakened the correlation between high end dwelling value rankings and distance to CBD. Based on the sample of Sydney suburbs analysed, the Pearson correlation coefficient between suburb distance to CBD, and the rank of its 75th percentile value, fell from 0.7 in 1991 to 0.6 as of 2021. This may have also been exacerbated by trends in remote work and people spending more time at home in the past two years, as buyer demand increased strongly in Sydney suburbs across the Northern Beaches and the North West.

Melbourne high-end suburbs on the rise

Looking at 75th percentile rankings nationally, the biggest changes in ranking were across the Melbourne suburbs of Seddon, St Andrews Beach and Kingsville. Seddon saw the 75th percentile value climb from the 1,922nd highest value in 1991 (at 89,828) to the 548h highest of the suburbs analysed in 2021, with a value of $1,371,813. In Kingsville, the 75th percentile dwelling value was $89,497 in 1991, ranking 1,931st. By 2021, the ranking had risen to 617th, with a value of $1,285,764.

St Andrews Beach has seen extraordinary gains in the past year alone, but total dwelling values rose 927.9% across the suburb between 1991 and 2021. For the suburb partly popularised by the pandemic, offering a sea change escape within reasonable commuting distance to Melbourne, St Andrews Beach has risen from the 1,668th most expensive high-end market, to 337th on the list.

The middle of the market

Figure 3.2 – Middle market rankings – 1991 versus 2021

Median values - Middle of the market in 1991

Greater capital city/region	Suburb name	30 year change in dwelling values	Median value - 1991	Median value - 2021	Value rank in 1991	Value rank in 2021
Greater Perth	Ocean Reef	398.6%	$113,507	$889,640	1,183	916
Greater Melbourne	Keysborough	504.6%	$113,461	$918,045	1,184	845
Greater Melbourne	Oak Park	443.6%	$113,423	$825,391	1,185	1,070
Greater Brisbane	Wavell Heights	571.8%	$113,418	$1,157,851	1,186	484
Rest of NSW	Lake Illawarra	290.2%	$113,319	$742,799	1,187	1,280
Rest of NSW	Kanahooka	382.9%	$113,276	$743,736	1,188	1,278

In 1991, the median dwelling value across Australia was recorded at $114,034. This has increased to $709,803 as of December 2021. As of 2021, suburbs which typify the ‘middle’ of the market have seen average dwelling value increases of 406.9% over a 30 year period. **Figure 3.2** lists suburbs that ranked in the middle of suburbs analysed for 1991 and 2021.

Median values - Middle of the market in 2021

Greater capital city/region	Suburb name	30 year change in dwelling values	Median value - 1991	Median value - 2021	Value rank in 1991	Value rank in 2021
Greater Sydney	Hassall Grove	493.2%	$107,005	$777,874	1,339	1,183
Greater Melbourne	Pascoe Vale	471.6%	$109,581	$777,729	1,276	1,184
Greater Perth	Gooseberry Hill	276.6%	$143,086	$777,348	595	1,185
Greater Perth	Doubleview	317.8%	$116,826	$776,940	1,104	1,186
Greater Sydney	Wyongah	360.3%	$109,152	$776,757	1,290	1,187
Greater Sydney	Gwandalan	522.0%	$81,710	$775,367	1,940	1,188

Median dwelling values of Australian suburbs

Of the 2,370 suburbs analysed across Australia, the middle of this dataset was ranked between the 1,183rd and 1,188th places.

In 1991, one of the middle-market suburbs that typified the median property across Australia was Oak Park in the Melbourne council area of Moreland. Oak Park has since moved to a higher value ranking, based on the current median dwelling value of $825,391. 30 years later, the neighbouring suburb of Pascoe Vale represents the Moreland local government area as a mid-level value area in Australia, having climbed through the suburb ranks.

Of the middle-market suburbs in 2021, Hassall Grove, Pascoe Vale, Wyongah and Gwandalan had each seen a relatively strong increase in median value, which pushed them to more central suburb rankings. However, Gooseberry Hill and Doubleview has seen a slip in rankings. Being a more central location of Perth, Doubleview may have seen median dwelling values weighed down by additional development over time.

Perhaps one of the more dramatic shifts in market dynamics from this analysis is the extraordinary gain in values across Wavell Heights in Brisbane over the past 30 years (at 571.8%).

The median value in the suburb has gone from a central ranking among values in Australia, to 484th place (in other words, it is now in the top 21% of median dwelling values of the suburbs analysed).

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Shift in suburb rankings of coastal markets

Figure 3.3 Heat map of national suburb rank, based on median dwelling value (highest to lowest)

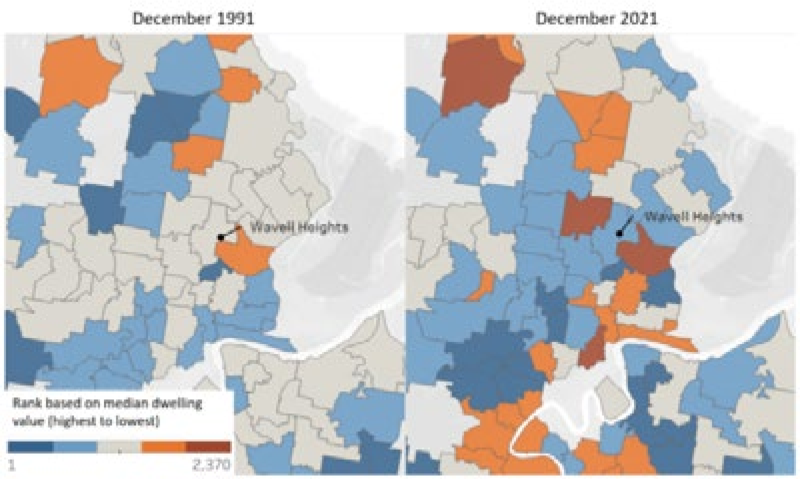

Figure 3.3 shows a heat map of suburb rankings by median value across select suburbs north of the Brisbane CBD. The rankings are compared between 1991 on the left and 2021 on the right.

Wavell Heights represents a potentially more gentrified suburb of Brisbane. Comparing census data between 2001 and 2016 shows the population has become younger and wealthier over time, with a greater proportion of professionals in the local workforce, and a lower proportion of people aged 65 and over. Surrounding suburbs such as Virginia, Kedron and Northgate have seen a similar trajectory of higher suburb rankings between 1991 and 2021 based on the median dwelling value.

Interestingly, the neighbouring suburbs of Nundah and Chermside have seen a slip in rankings based on suburb value (the suburbs to the north-west and south-east of Wavell Heights in figure 3.3). This is likely to do with higher densification of Nundah and Chermside over time, where CoreLogic estimates around 73% of dwellings in these suburbs are currently unit stock, compared with just 10.5% of dwelling stock in Wavell Heights.

Coastal markets on the move

Other notable shifts in suburb rankings from mid-level to the top 20% of median values have taken place in coastal markets across the eastern states. In Melbourne, these include Somers, Blairgowrie and Balnarring in the Mornington Peninsula. Dwelling values across these suburbs in 1991 averaged $112,326. As of December 2021, the average median dwelling value in these suburbs is $1.4 million.
At the median value level, the largest change in value rank over the past 30 years across Australia was in the suburb of St Andrews Beach on the Mornington Peninsula. The dwelling market in this suburb has seen a 927.9% increase in value in the past 30 years, and the median has gone from the 1,732nd position of suburbs analysed in 1991, to 299th in 2021.

Noosaville on the Sunshine Coast has climbed the median dwelling value ranks from 1,333rd of values in 1991, to 333rd in 2021. Saratoga, Erina, Davistown and Green Point on the Central Coast have also leapt up the median value ranks, from the third quintile (which is the middle 20% value band of suburbs), to the first quintile of suburb values (the top 20%) between 1991 and 2021. Suburb medians in these Central Coast markets have gone from an average of around $118,000 in 1991 to $1.2 million in 1991.

Increasing price pressure due to population growth

Part of the increased price pressure on the eastern state coastal markets has been a relatively strong increase in population over the 30 year period.

ABS migration data shows the combined eastern states population[6] increased 50.1% (or by around 6.9 million people) between December 1991 and June 2021.

The eastern states accounted for 81.9% of Australian population growth during this period. As the eastern states population has grown, increased housing demand is likely to have been concentrated in desirable coastal markets, particularly those in reasonable commuting distance to major metropolitan hubs, such as the Central Coast, the Sunshine Coast and the Mornington Peninsula. Between March 2020 and December 2021, normalised remote work trends and a low mortgage rate environment have enhanced demand for coastal property.

This contributed to a 40.5% increase in values across the Central Coast, and a 41.2% lift in dwelling values on the Sunshine Coast. This is almost double the lift in values seen nationally over the same period (22.6%).

At the other end of the spectrum, there were 15 suburbs analysed where median dwelling values have slipped from the third quintile of values across Australia (the middle of the market) to the fifth quintile (or bottom 20% of values).

These suburbs had an average dwelling value appreciation of 150.6% in the past 30 years. 14 of the 15 suburbs were located in more rural-regional areas of QLD, including Townsville, Toowoomba and Mackay. Only one of the suburbs was not located in regional QLD, and that was Travancore in the Moonee Valley region of Melbourne.

This suburb may have seen relatively weak appreciation at the median value level due to high density unit development over time, and having a less convenient setting than unit stock in and around the CBD.

[6] 'Eastern states' refers to the combined population of NSW, ACT, VIC & QLD.

Entry-level suburbs

Figure 3.4 Lowest 25th percentile suburb dwelling values in 1991 and 2021

Low values - Most affordable entry-level markets in 1991

Greater capital city/region	Suburb name	30 year change in dwelling values	Median value - 1991	Median value - 2021	Value rank in 1991	Value rank in 2021
Greater Perth	Stratton	435.5%	$28,029	$335,721	2,370	2,078
Rest of QLD	Mount Morgan	195.9%	$29,442	$124,382	2,369	2,368
Rest of QLD	Moranbah	412.2%	$31,088	$246,588	2,368	2,292
Greater Perth	Port Kennedy	438.6%	$32,029	$394,075	2,367	1,913
Rest of WA	Sinclair	406.9%	$36,090	$268,745	2,366	2,256

Figure 3.4 features the most affordable, 'entry' level markets of the suburbs analysed. The 'entry' level value is the 25th percentile valuation across dwellings in the suburb. In both 1991 and 2021, the most affordable suburb markets across Australia were recorded in parts of Queensland and Western Australia. Many of these suburbs are rural, regional areas, with values that are often heavily impacted by resource based projects and employment.

Low values - Most affordable entry-level markets in 2021

Greater capital city/region	Suburb name	30 year change in dwelling values	Median value - 1991	Median value - 2021	Value rank in 1991	Value rank in 2021
Rest of WA	Kambalda West	23.3%	$54,977	$122,979	2,274	2,370
Rest of QLD	Blackwater	37.1%	$45,881	$124,222	2,346	2,369
Rest of QLD	Mount Morgan	195.9%	$29,442	$124,382	2,369	2,368
Rest of QLD	Ingham	144.0%	$51,146	$147,315	2,306	2,367
Rest of QLD	Woree	109.9%	$77,593	$155,992	1,868	2,366

Entry-level suburbs

The lowest value suburb in 1991 by entry level value was Stratton, in the Swan local government area of Perth. Although the Home Value Index across Stratton has seen above-average levels of growth over the past 30 years (the median growth of dwelling market values analysed was 373.2%), entry level values across the suburb remain in the lowest 20% of suburbs analysed.

Mount Morgan in Rockhampton, Queensland, is the only suburb to hold the title of lowest entry-level dwelling values through 1991 and 2021. This historic gold mining town has seen dwelling value increases of 195.9% in the past 30 years, but an entry-level home is still valued at a relatively low $124,382. Mount Morgan also has the lowest 75th percentile dwelling value of the suburbs analysed, at $145,319.

NSW entry level markets

While the most affordable entry level markets remain scattered across Queensland and Western Australia, NSW has seen some of the most dramatic changes in entry level markets. The suburb of Carrington in Newcastle saw a 25th percentile valuation of $74,080 in 1991, which reached $943,167 in 2021. This makes it the suburb with the largest increase in rank across the suburbs analysed, from 1,973 in 1991, to 441st most expensive entry-level market in 2021.

Following the closure of the BHP Steelworks in 1999, suburbs of Newcastle have been gradually gentrified by buyers who saw the potential of this coastal town. Newcastle now has an established café culture, with breweries, gift shops and many short term accommodations for tourists. Carrington has seen an additional advantage in having relatively low density housing stock, plenty of green space, and being bordered by the coastline to the east, as well as Throsby Creek to the west.

This growth across Newcastle suburbs is welcome news to many homeowners in the area. However, this has also created affordability challenges and displacement for some residents, particularly through the current housing boom which has been concentrated in regional, coastal markets.

About Aussie

Aussie was founded in 1992 and was widely credited for bringing competition to the Australian home lending industry. For the past 30 years, Aussie Brokers have put progress within reach of more Australians, helping over 1.5 million customers with their home loan. Today, Aussie is part of the Lendi Group; and has the largest retail brokerage footprint across Australia.

For more information about Aussie, please visit Aussie.com.au or call 13 13 33

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