



# Future property investing returns...

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# Warning: this is not personal advice

The information provided during this presentation is general information only and does not consider your personal objectives, financial situation or needs.

Before acting on the information contained in this presentation, we recommend that you consult an independent, licensed and authorised financial advisor, credit advisor, property advisor and/or registered tax agent that will consider your personal circumstances.



# What we will cover today...



Stuart: Long-term fundamentals for property



Jarrold: Current state of the market



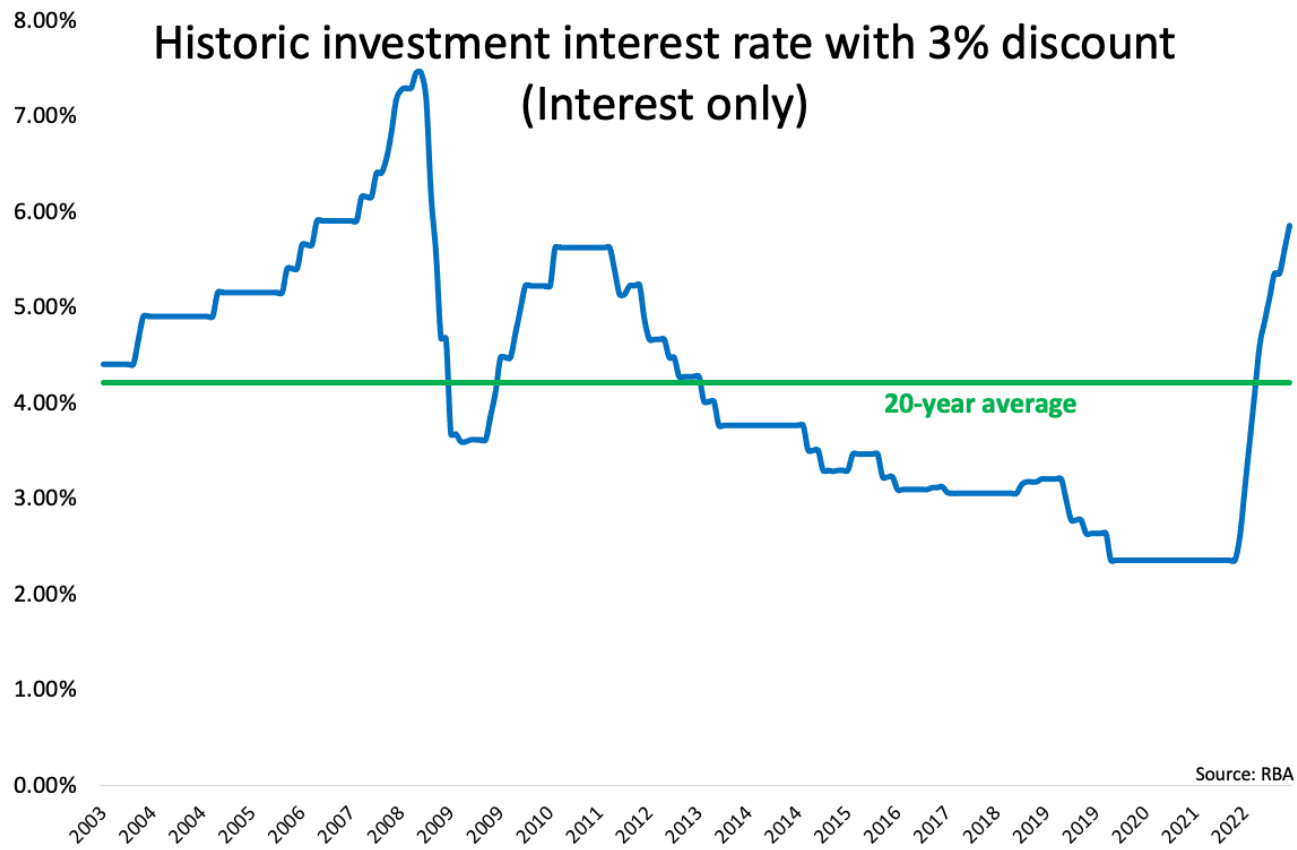
Stuart: Relative value of property in Melbourne



Jarrold: Market outlook



Questions and opinions

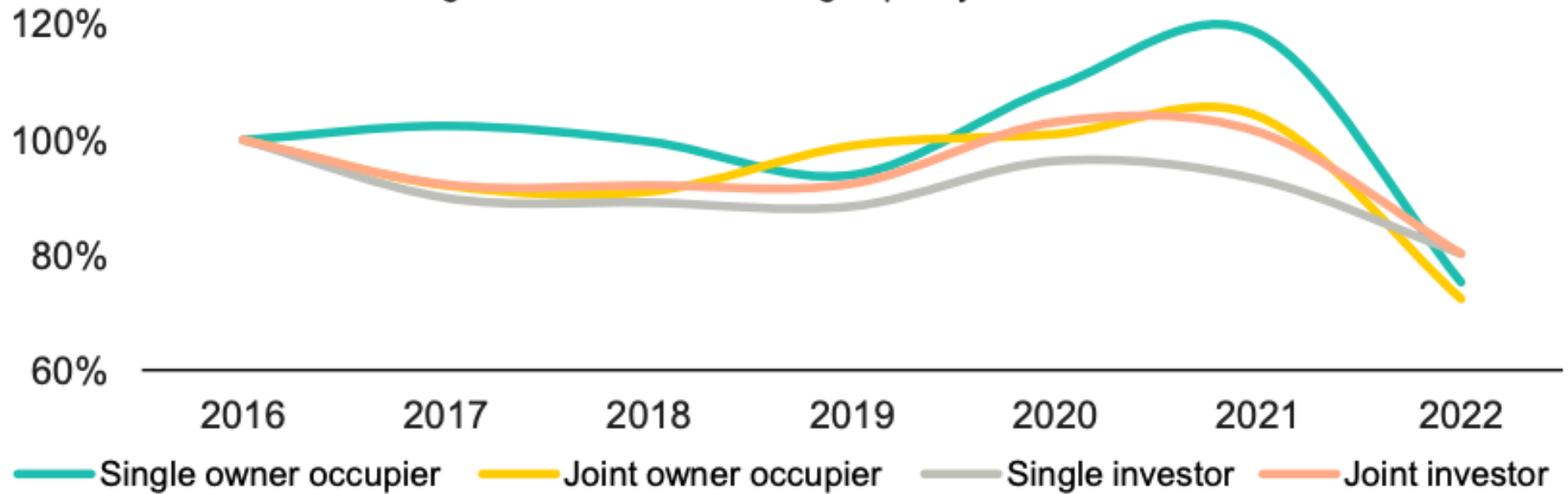


As a long-term investor, its likely your interest rate will range between 4% and 5%, but test affordability at 6% p.a.

# Borrowing capacity is currently well below normal

## Borrowing capacity reducing

Change in maximum borrowing capacity<sup>2</sup> – Indexed Dec 16



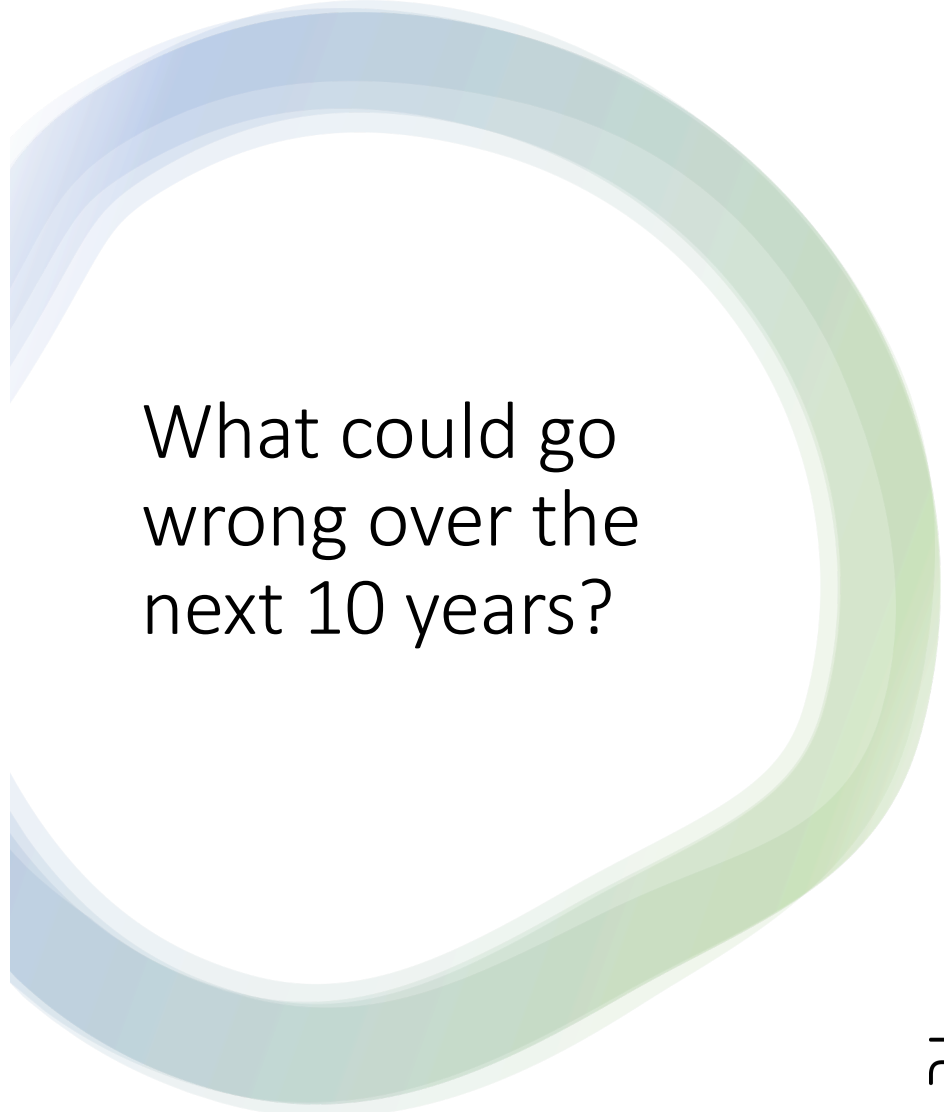
# Economic fundamentals are strong

## **Demand factors**

- Population growth – migration 650k people (2 financial years)
- People want more space = need 160k more dwellings
- Unemployment rate @ 3.5%
- Restrictive fiscal and monetary policies can be loosened

## **Supply factors**

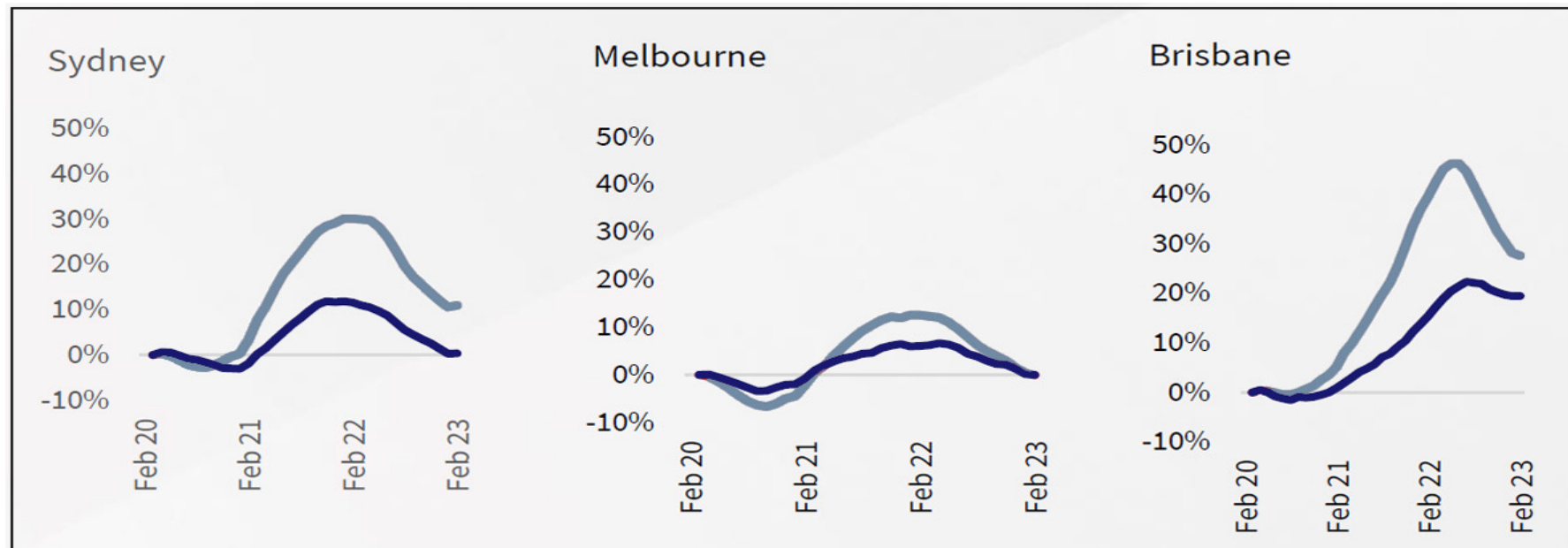
- Dwelling starts down – circa 180k dwellings p.a.



What could go wrong over the next 10 years?

- Fixed interest rate “cliff”
- Rise in unemployment/  
economic slowdown
- Higher interest rates for longer than expected
- Increase in housing supply
- Tightening in ending/  
borrowing capacity

## Home Value Index Sydney - Melbourne - Brisbane Houses and Units 2020 - 2023

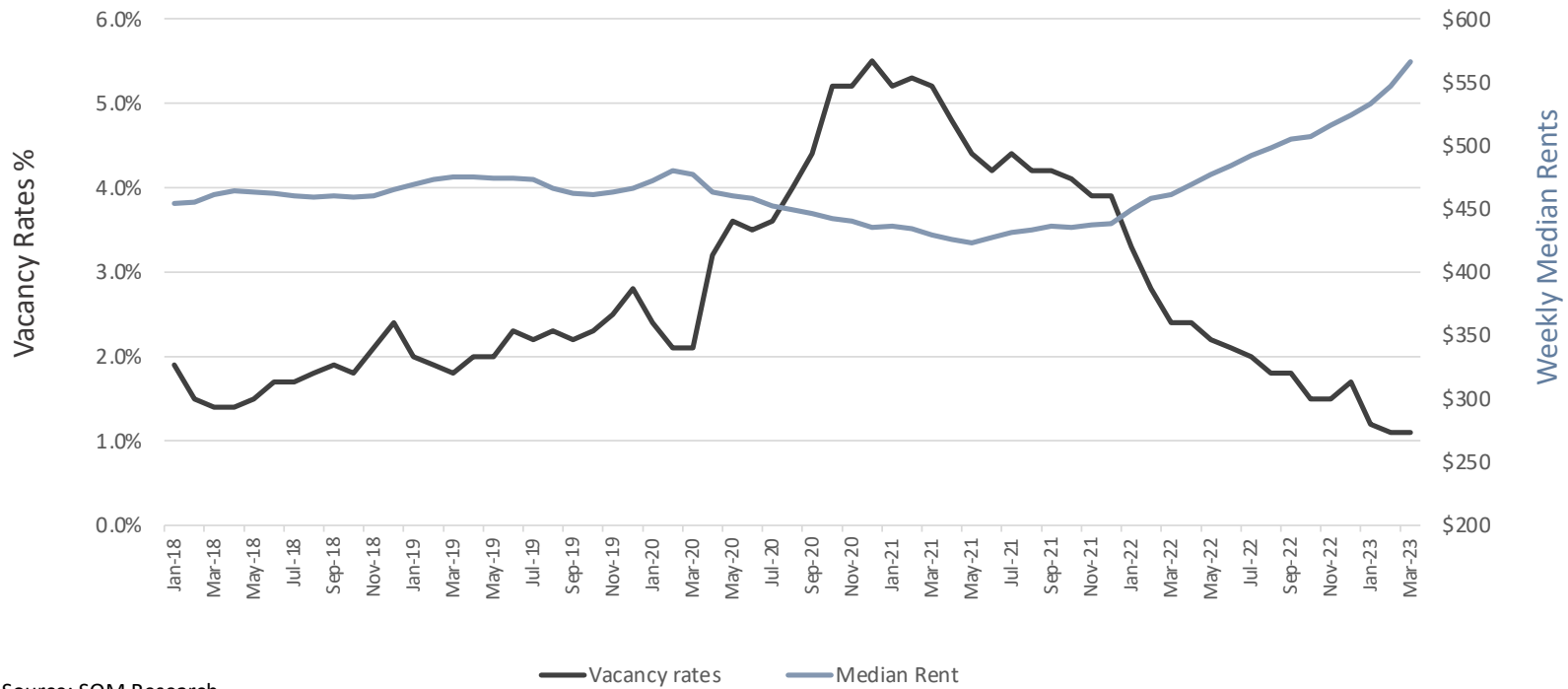


Source: CoreLogic

— Houses — Units



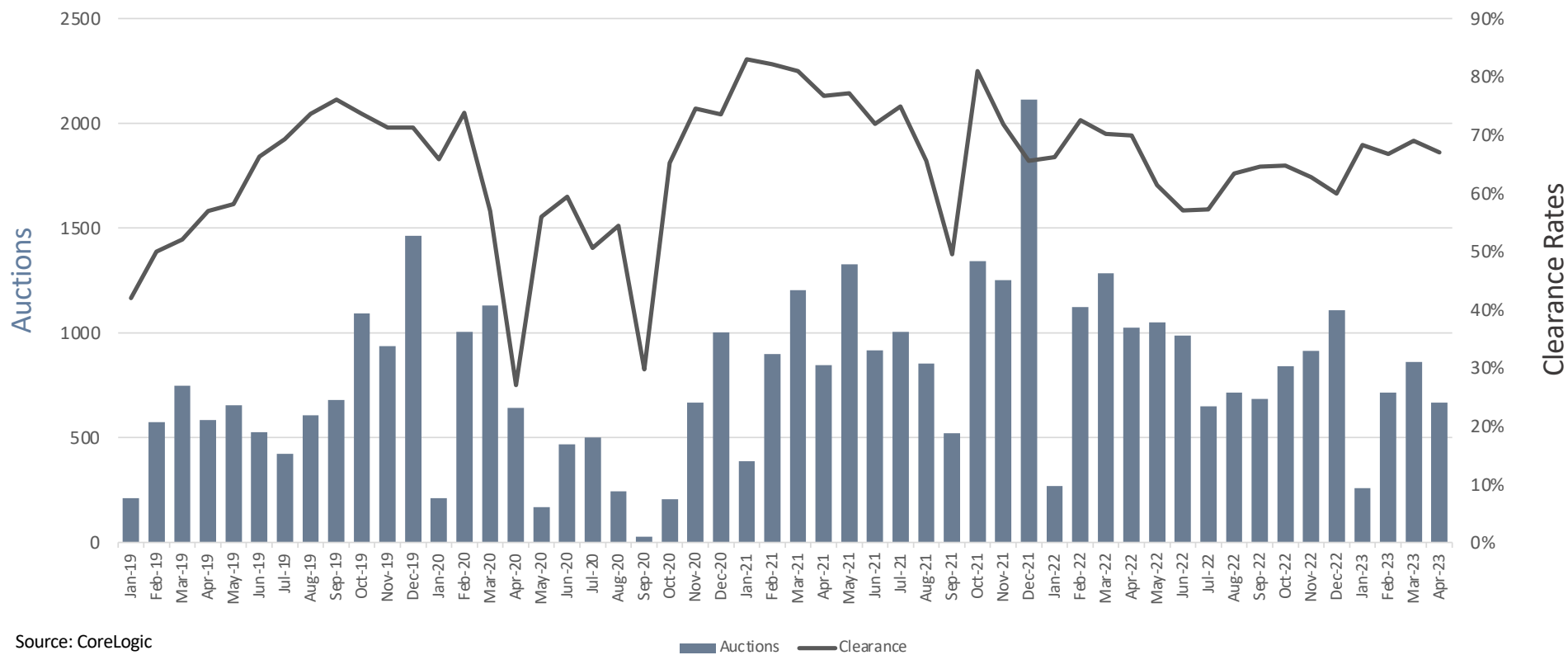
### Weekly Rents and Vacancy Rates Melbourne Metro (Houses/apartments combined) 2018 - 2023



Source: SQM Research

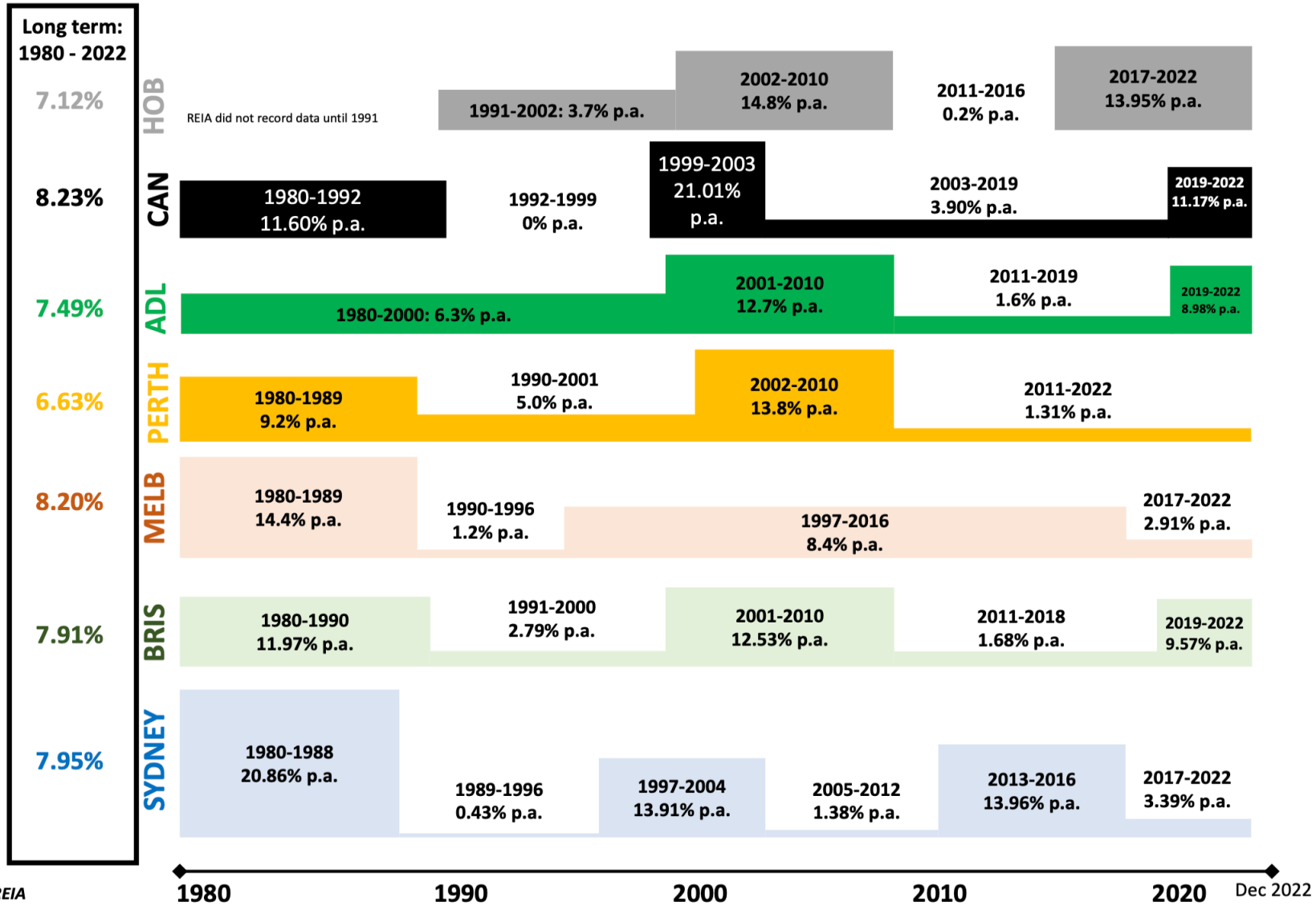


## Auctions and Clearance Rates Melbourne Metro 2018 - 2023 Weekly Average



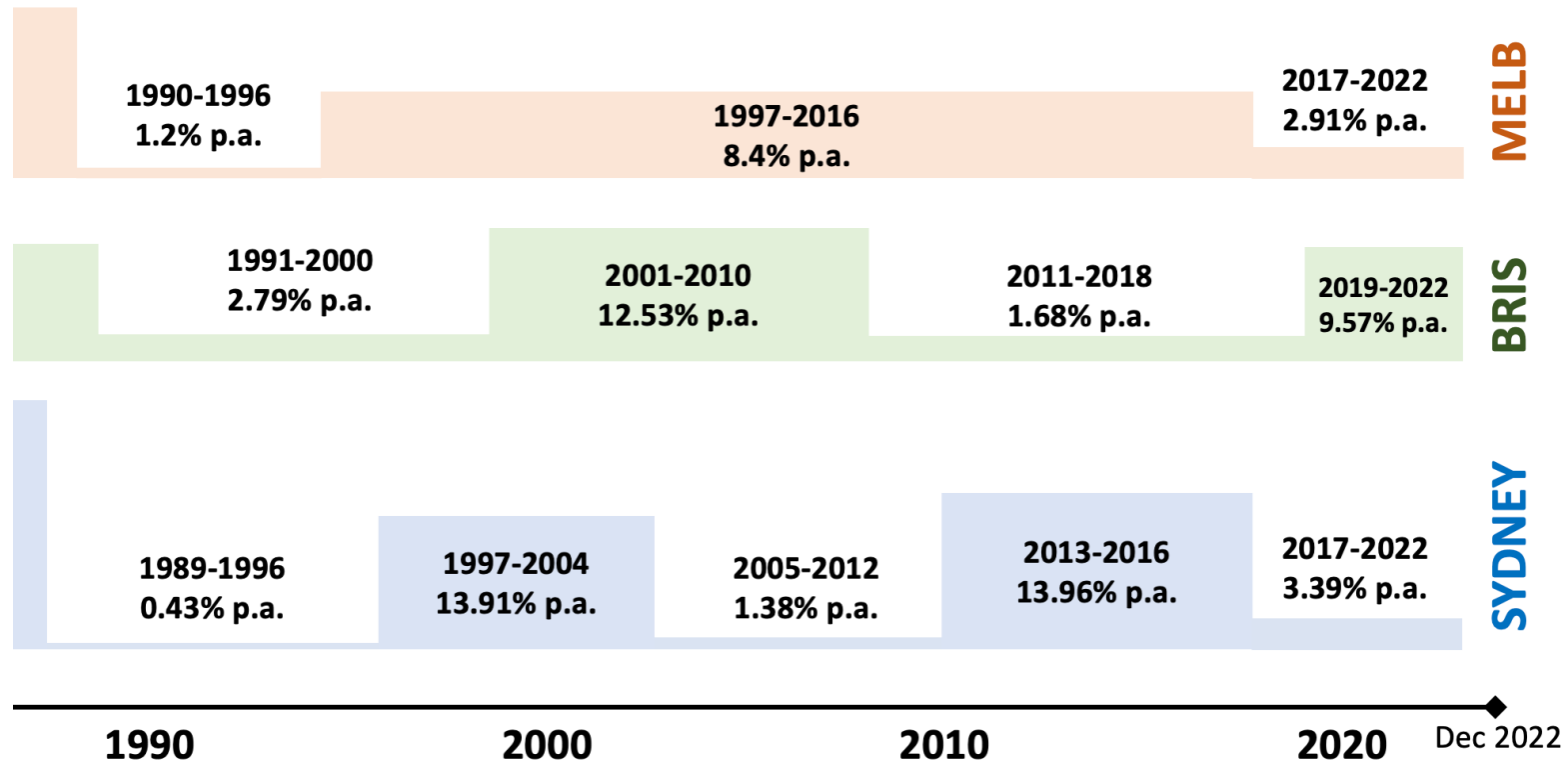
Source: CoreLogic

# DISTRIBUTION OF MEDIAN HOUSE PRICE GROWTH: 1980 - 2022

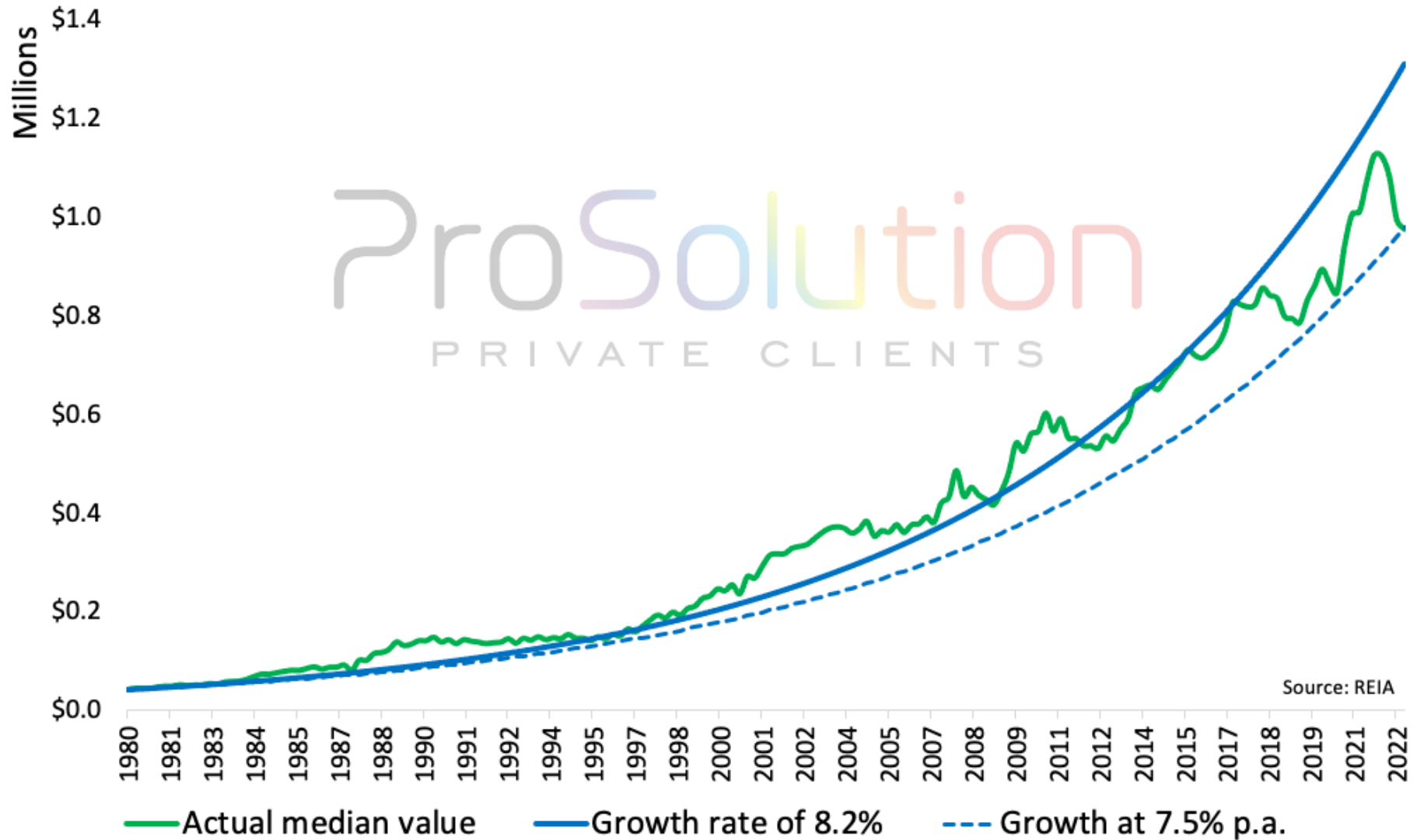


Source: REIA

# Taking a closer look at Melbourne and Sydney



# Melbourne median house price from 1980 to 2022



## Sydney



Diamond Bay Rd, Vaucluse

10kms from CBD

**\$1.8m**

Townhouse: 3 bed, 2 bath, 2 car

9.3% p.a. historic growth rate

2.5% rental yield

**11.8% total return**

## Brisbane



Browns Dip Road, Enoggera

8kms from CBD

**\$1.25m**

House: 3 bed, 1 bath, 1 car

8.6% p.a. historic growth rate

2.5% rental yield

**11.1% total return**

## Melbourne



Pridham St, Prahran

8.6kms from CBD

**\$1.47m**

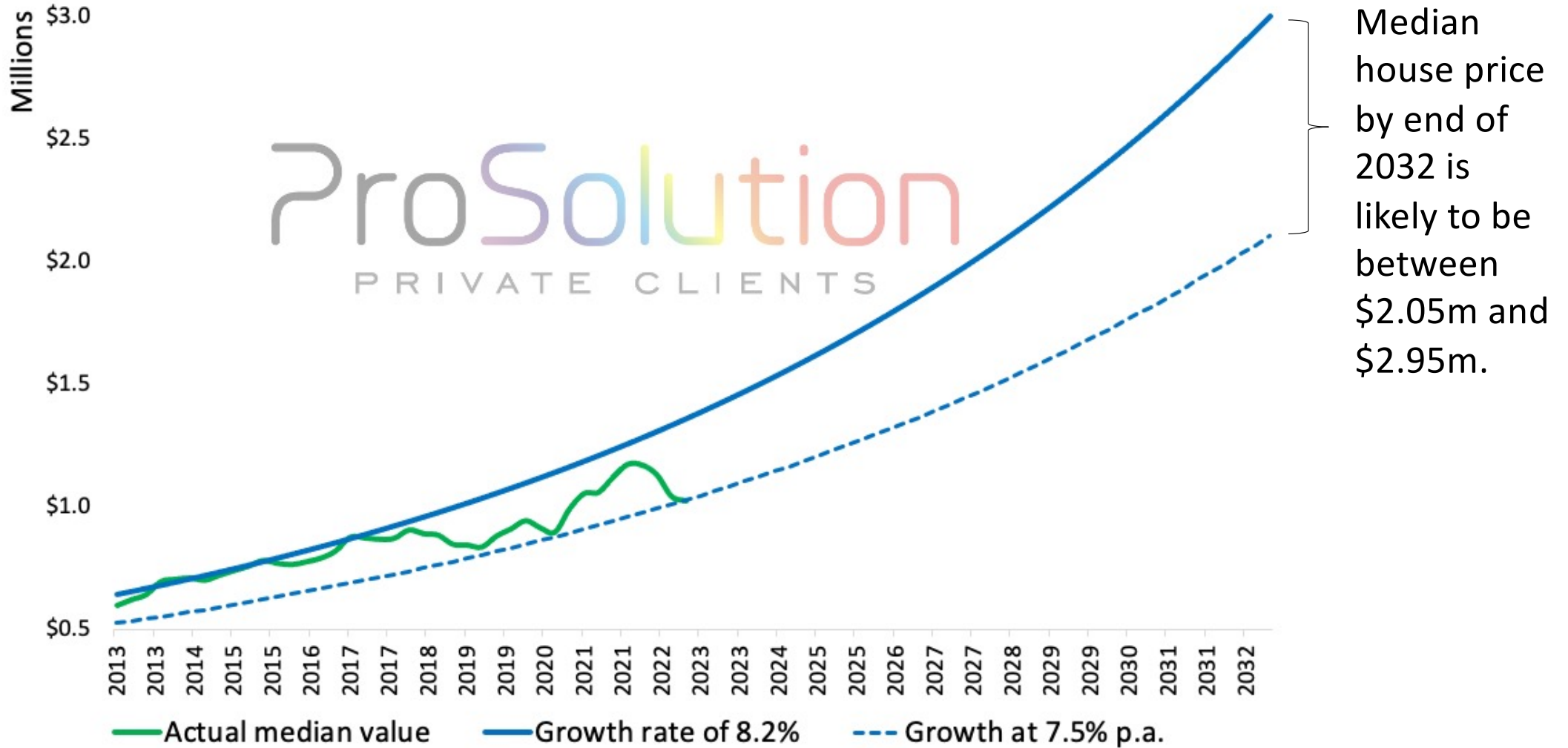
House: 2 bed, 1 bath, 1 car

8.1% p.a. historic growth rate

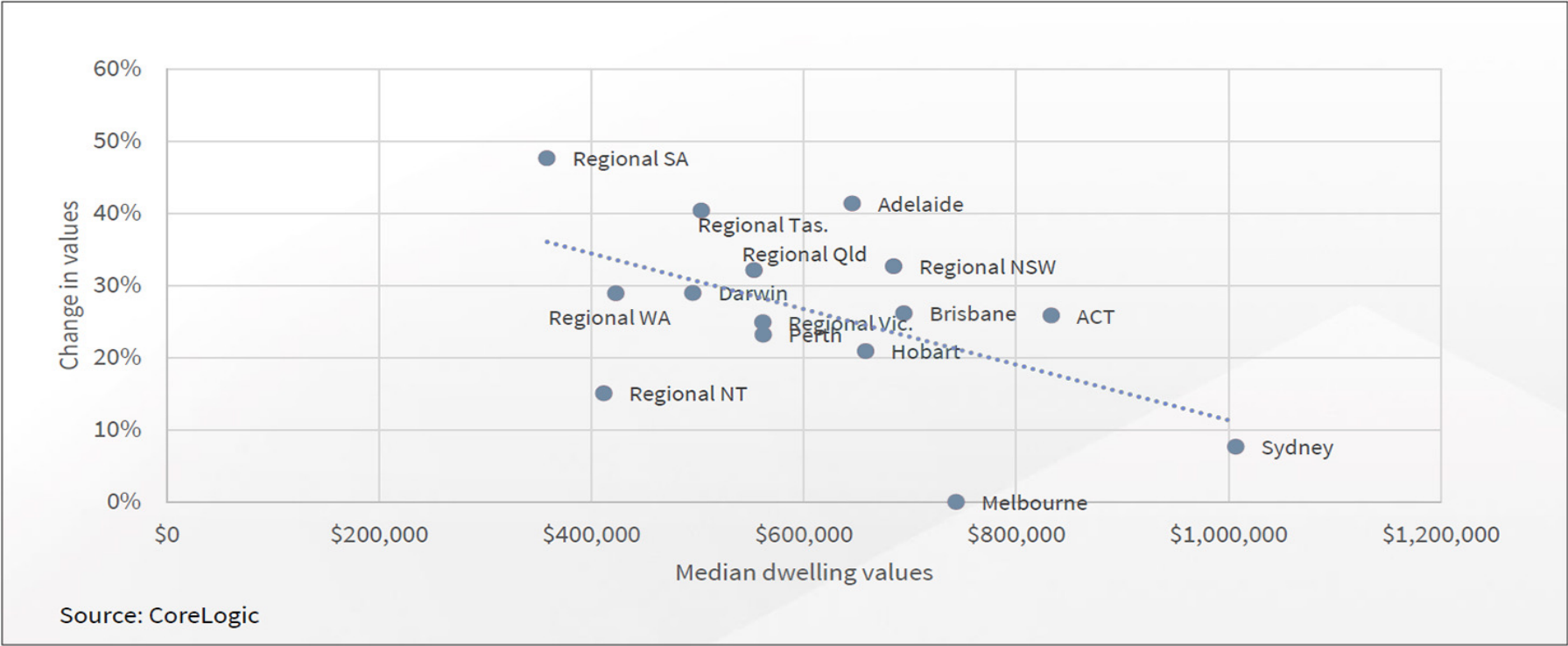
3% rental yield

**11.1% total return**

# What will the median house price be in 2032?



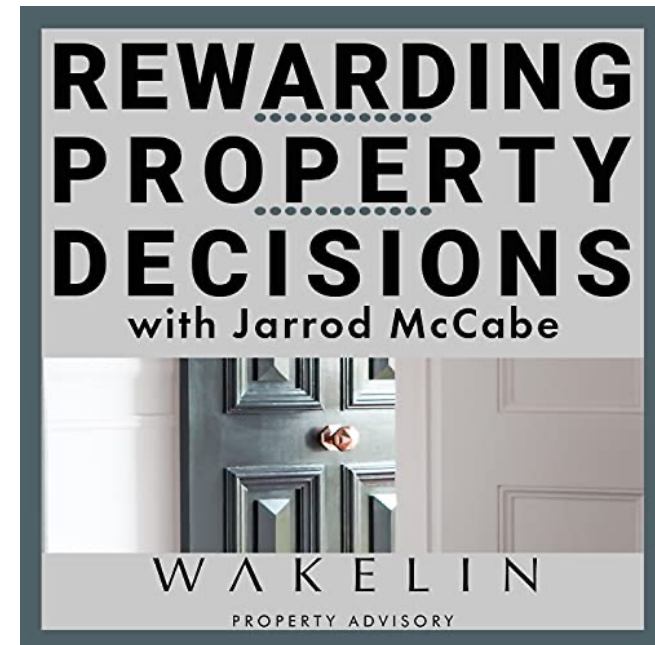
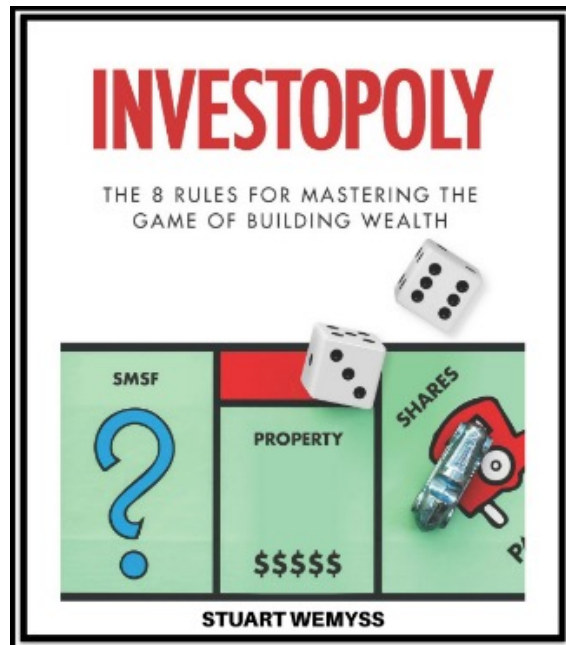
### Cumulative capital growth since pandemic versus median dwelling value





# Podcasts...

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# Questions & Opinions...

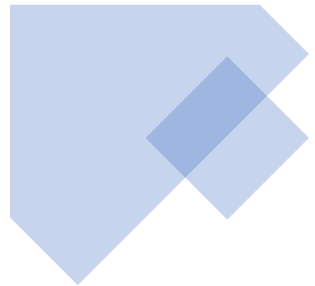
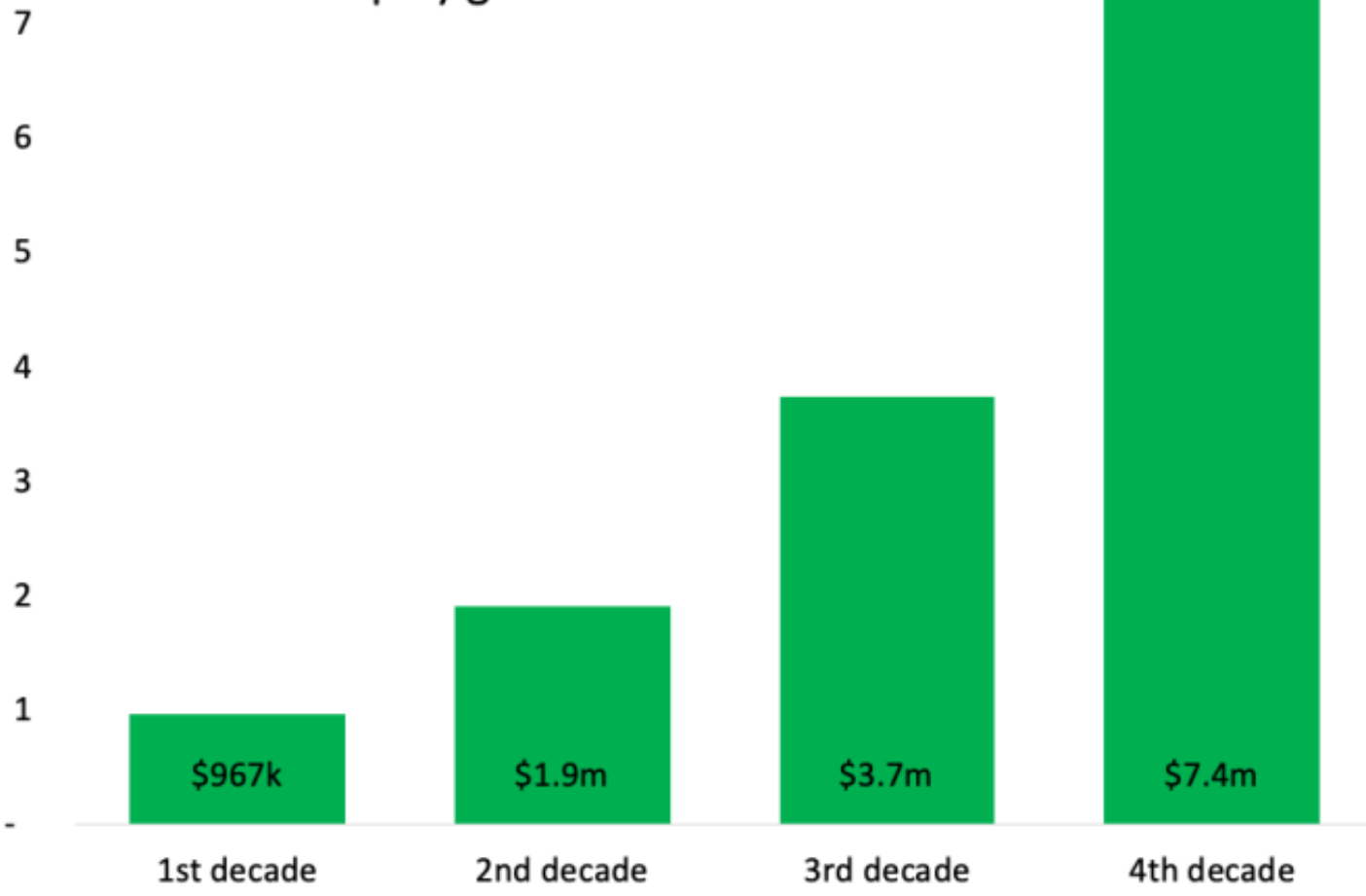
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Millions

### Equity growth over four decades



# Contact details

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