

**EPISODE  
406**



**HOUSING AFFORDABILITY  
GETS EVEN TOUGHER**



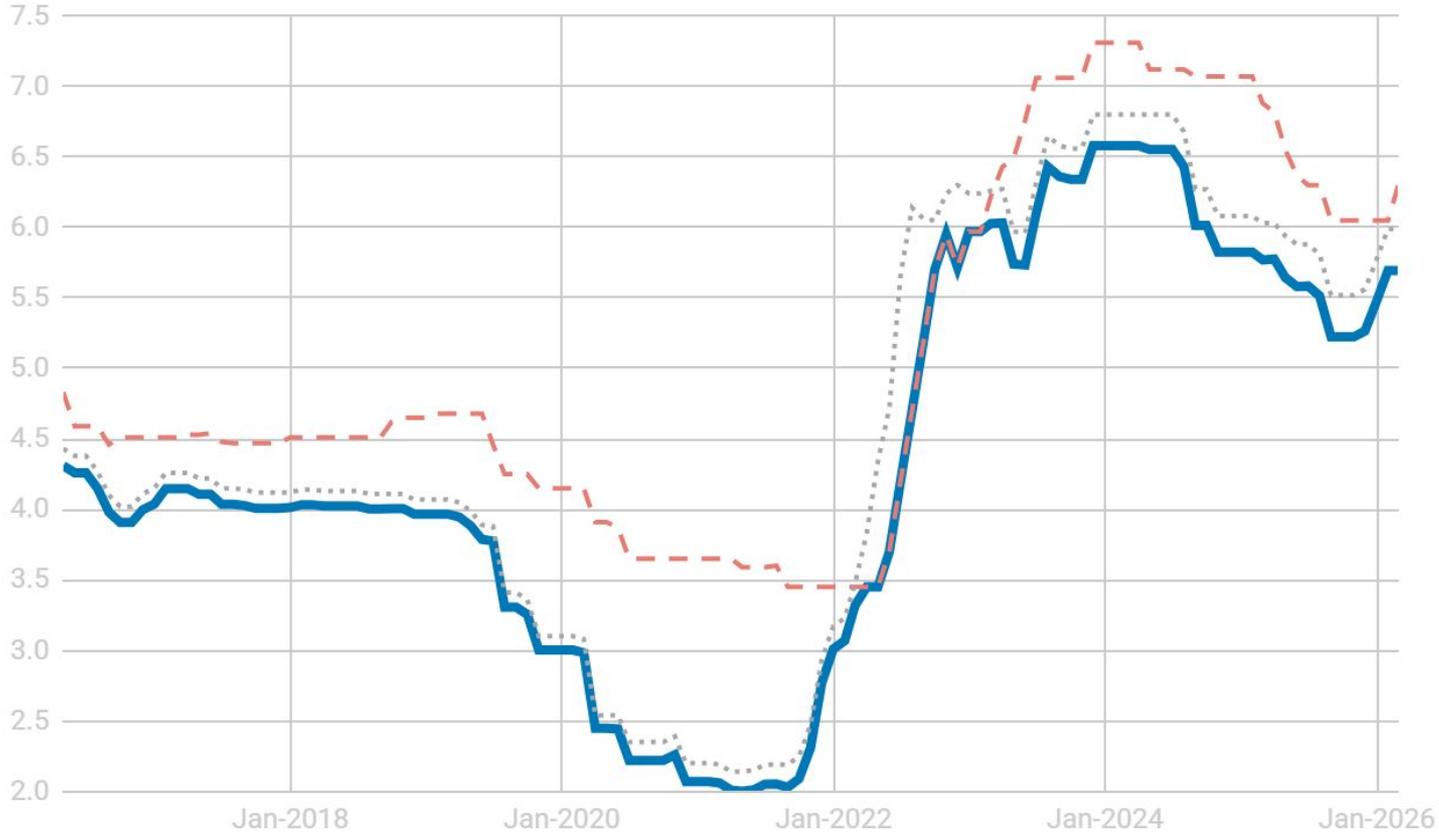
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# What even is an interest rate:

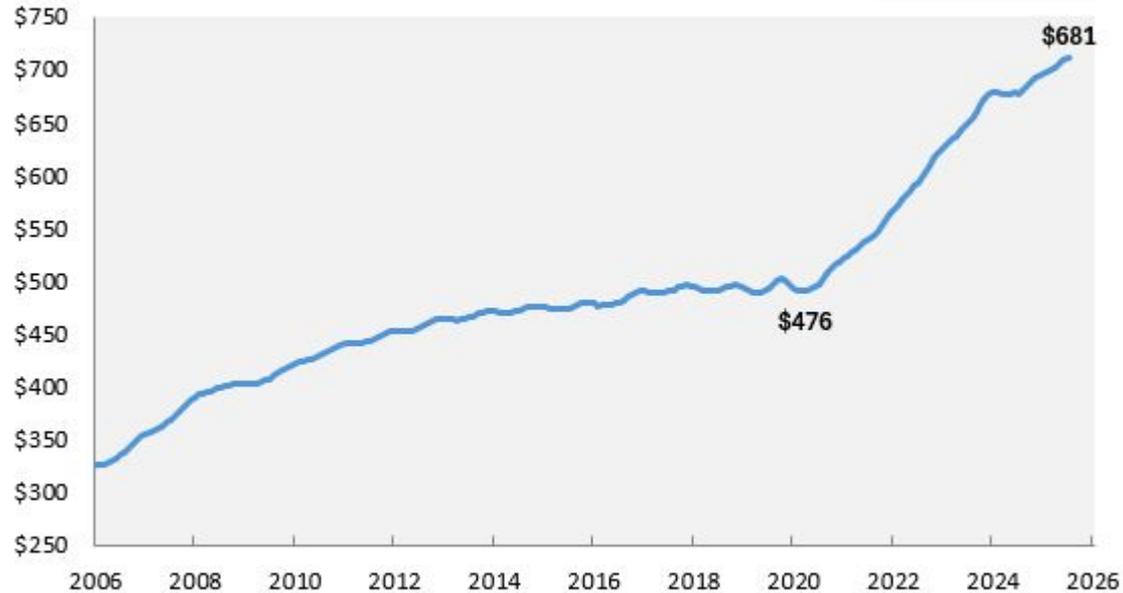


# Rental boom:

## Australian Advertised Rents

Source: Cotality

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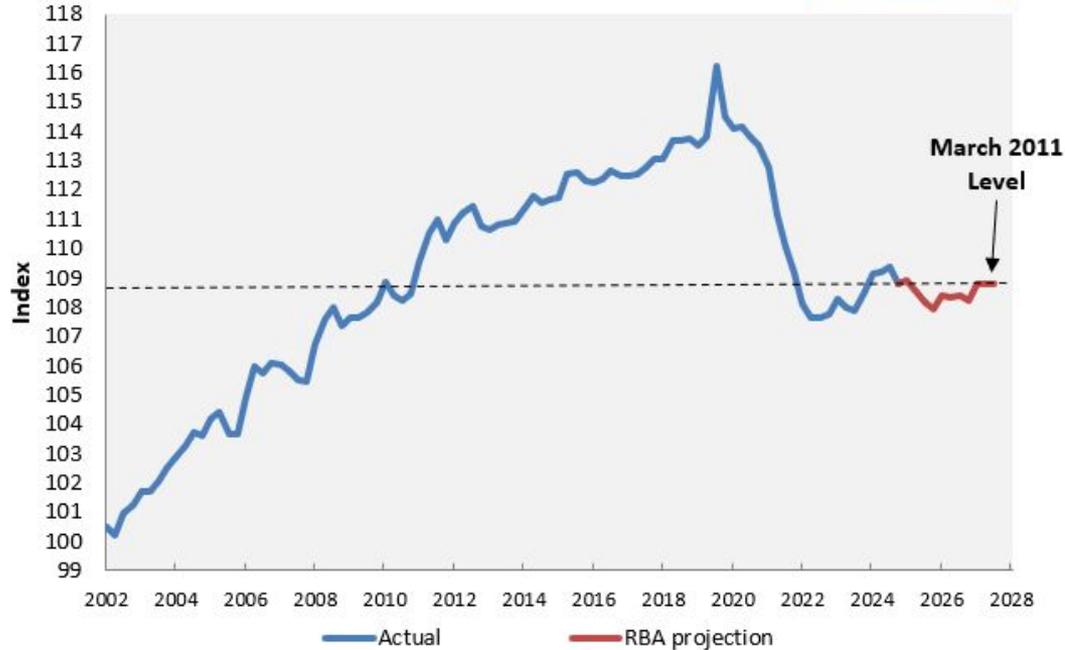


# Wage Bust:

## Australian Real Wages\*

Sources: Australian Bureau of Statistics; RBA SoMP

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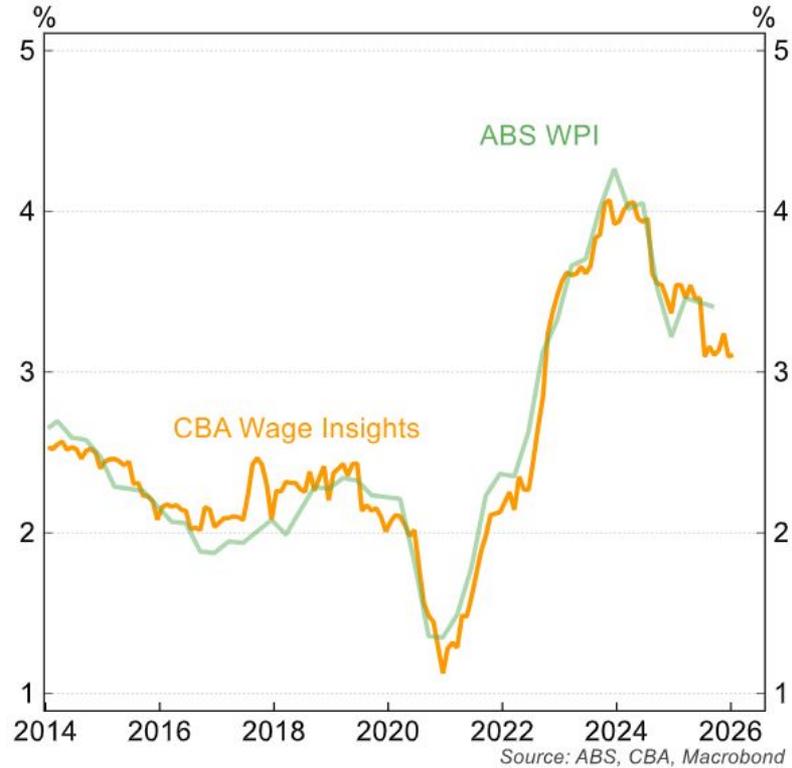


\* Deflated using headline inflation.



# Wage Bust:

## CBA Wage Insights (annual % change)



# Worse if you take out government:

## Labour Price Index: National by Sector

Source: Australian Bureau of Statistics

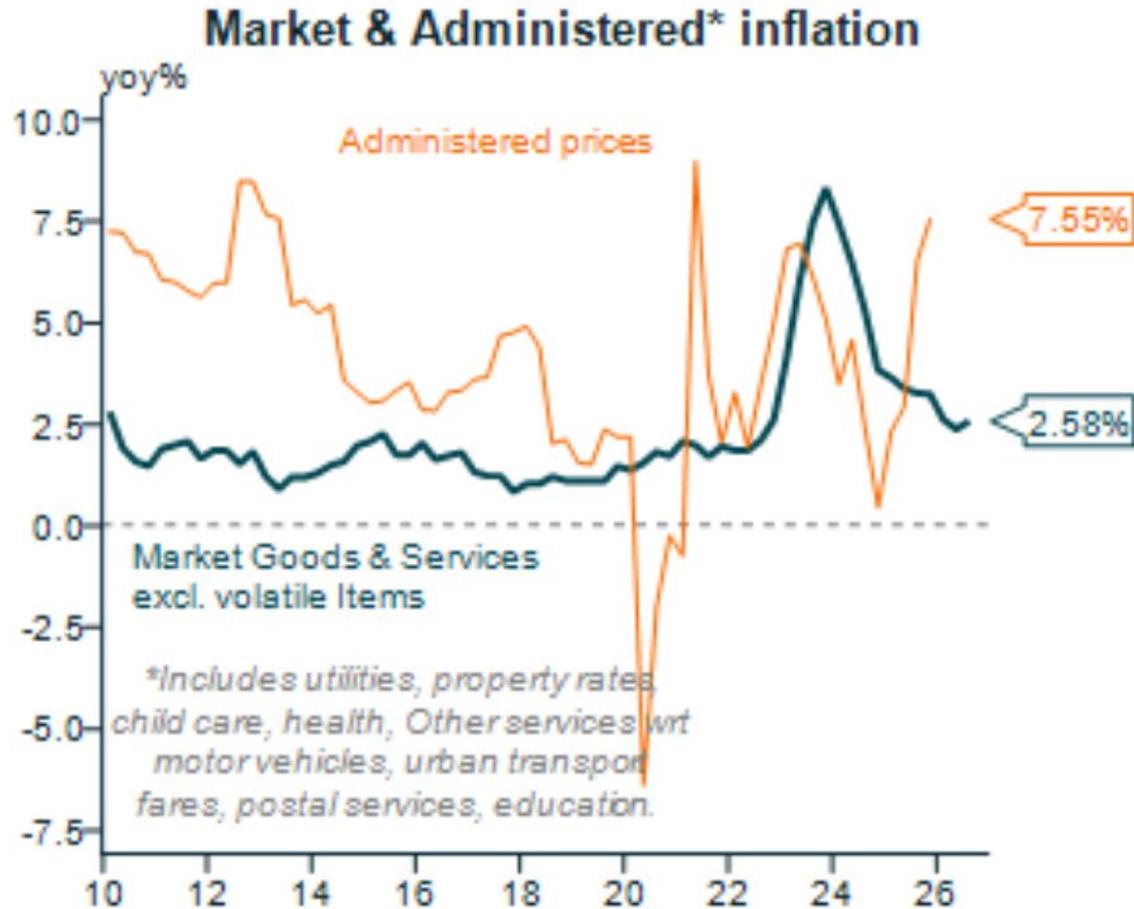
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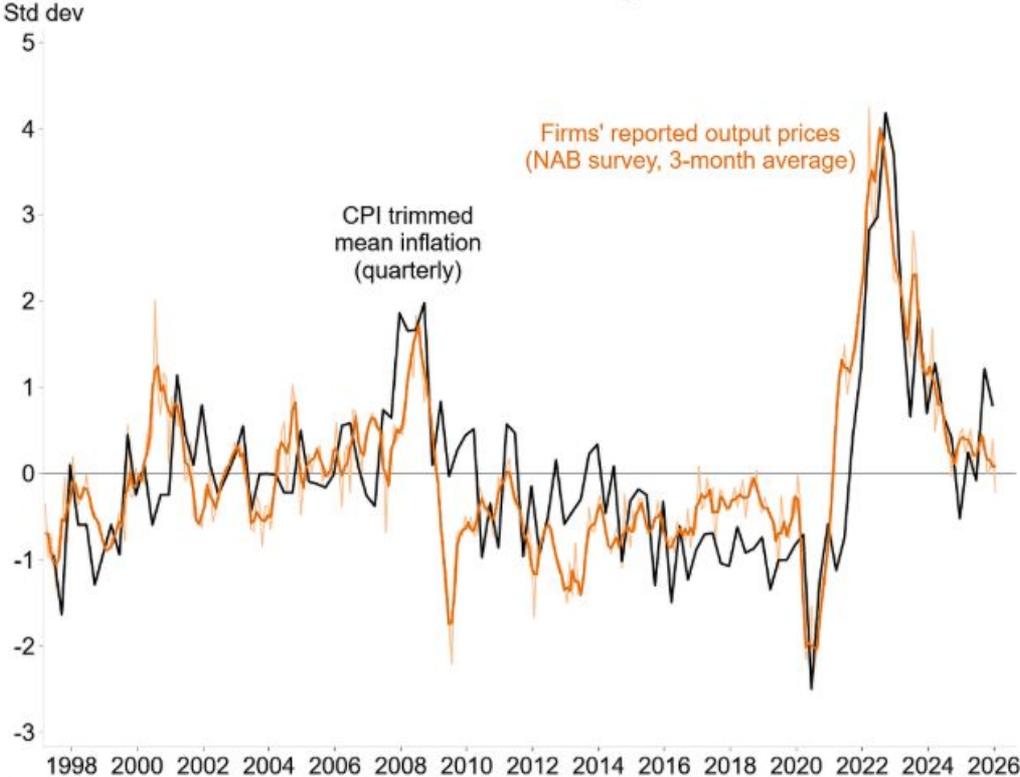


## Worse if you take out government:



# Moderating:

**Australia - Measures of Inflation**  
Standard deviations from average since 1997



Source: ABS, Macrobond, NAB, Antipodean Macro

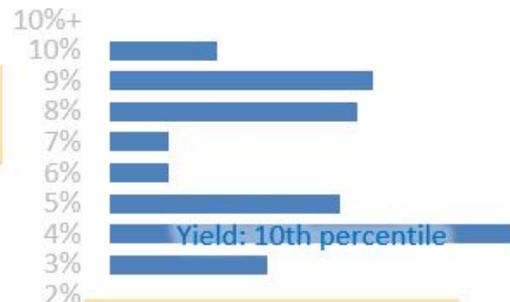
# Data:

## Sydney House: Affordability Measures



# Data:

## Sydney House: Investment Measures



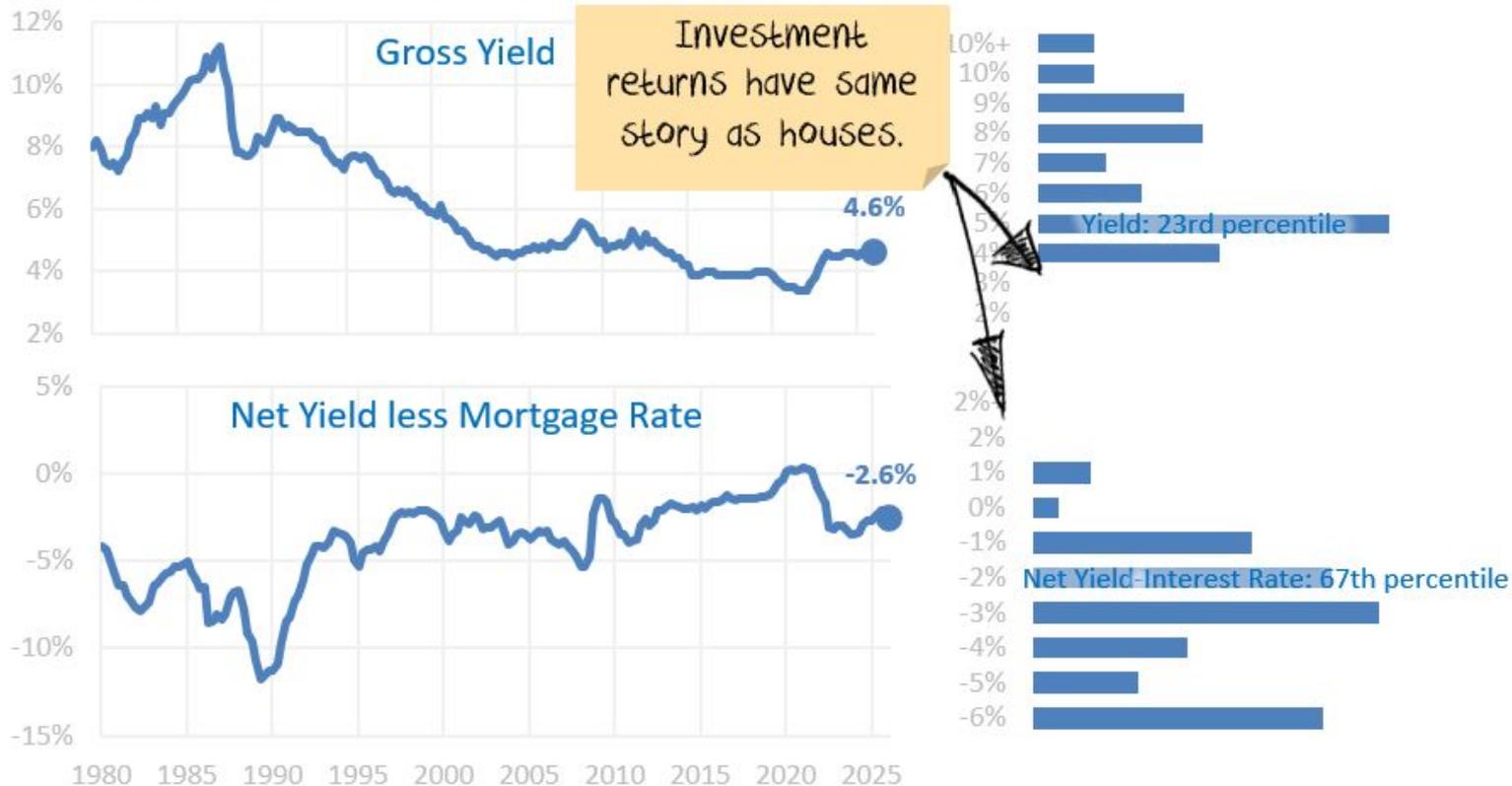
# Data:

## Sydney Units: Affordability Measures



# Data:

## Sydney Units: Investment Measures



Source: Nucleus Wealth, ABS, RBA, Domain, Rismark, SQM

# Property Valuation Ratios

		Affordability			Investment Returns	
		Mortgage Payment / Rent	Mortgage Payment / Full Time Wage	Property Price / Full Time Wage	Gross Rental Yield	Net Rental Yield Less Interest Rate
Houses	Sydney	197%	93%	15.6	3.1%	-3.6%
	Melbourne	189%	62%	10.2	3.2%	-3.5%
	Brisbane	155%	64%	10.7	3.9%	-3.0%
	Adelaide	156%	63%	10.4	3.9%	-3.1%
	Perth	121%	54%	9.0	5.0%	-2.3%
Units	Sydney	132%	45%	7.5	4.6%	-2.6%
	Melbourne	117%	33%	5.5	5.1%	-2.2%
	Brisbane	127%	42%	7.0	4.7%	-2.5%
	Adelaide	125%	36%	6.0	4.8%	-2.4%
	Perth	100%	30%	5.0	6.0%	-1.6%

Source: Nucleus Wealth, RBA, ABS, Domain, Rismark, SQM

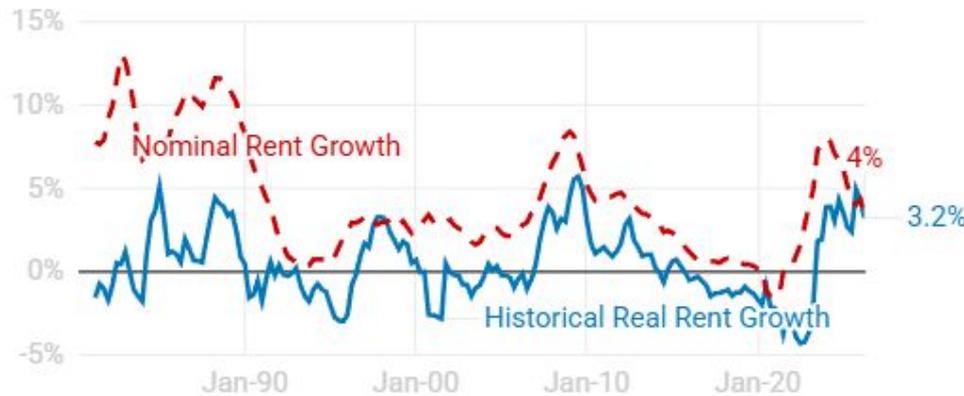
# Cheap or Expensive: Current vs Historical Values

Current Value as a Percentile. 1% = Cheap, 100% = Expensive

		Affordability			Investment Returns	
		Mortgage Payment / Rent	Mortgage Payment / Full Time Wage	Property Price / Full Time Wage	Gross Rental Yield	Net Rental Yield Less Interest Rate
Houses	Sydney	93%	96%	92%	90%	47%
	Melbourne	96%	92%	89%	93%	58%
	Brisbane	94%	100%	100%	97%	60%
	Adelaide	96%	100%	100%	100%	57%
	Perth	67%	100%	100%	63%	56%
Units	Sydney	65%	66%	73%	77%	33%
	Melbourne	66%	54%	62%	66%	44%
	Brisbane	80%	90%	100%	92%	42%
	Adelaide	88%	94%	99%	98%	51%
	Perth	54%	82%	88%	57%	32%

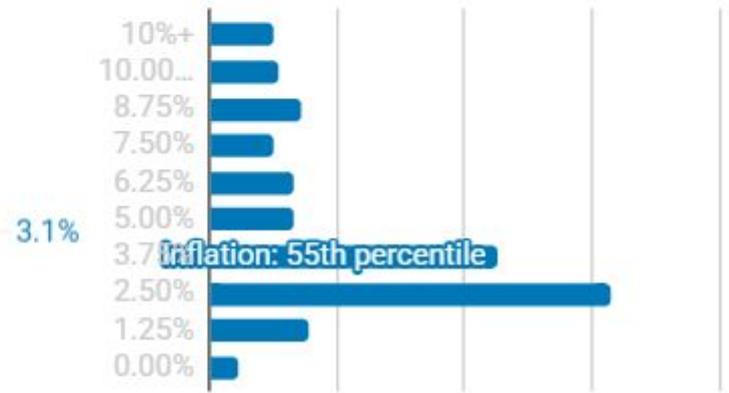
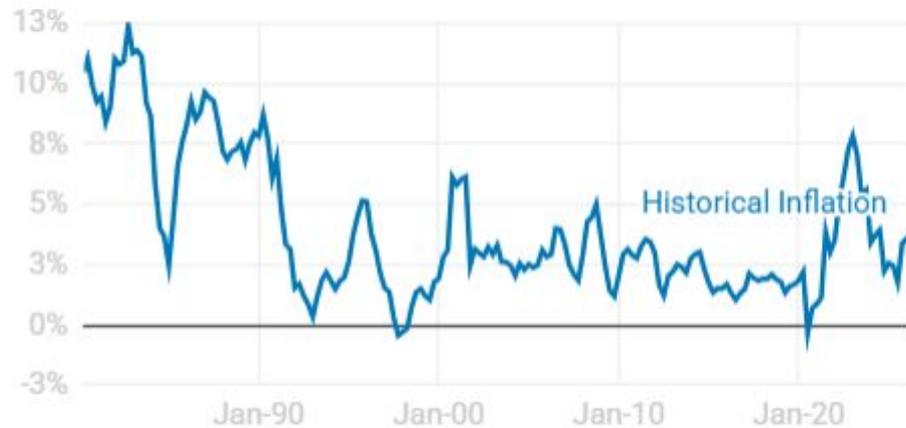
Source: Nucleus Wealth, RBA, ABS, Domain, Rismark, SQM

# Wages, Rent, Inflation, Interest Rates



Source: Nucleus Wealth, RBA, ABS

# Wages, Rent, Inflation, Interest Rates



## Background:

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