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**From:**  
**Sent:** Monday, 5 September 2022 8:30 AM  
**To:**  
**Cc:**  
**Subject:** RE: Domestic Housing Community - 8 September 2022

I don't really have strong views on frequency or format. Our schedule in ER is relatively flexible so happy to fit in with what works for others (I also forgot to mention that and I are happy to shoulder any additional admin load this creates). My hope is that some form of structure will help people develop the kind of informal back and forth that we have between ER and DAT at the moment, and ideally make these networks more robust to staff turnover.

Having research time blocked out in the regular meeting could be a good option. I don't have much of a sense of whether most people that come to the regular meeting would also be interested in the research component but hopefully we can find out.

Cheers

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**From:**  
**Sent:** Friday, 2 September 2022 2:47 PM  
**To:**  
**Cc:**  
**Subject:** RE: Domestic Housing Community - 8 September 2022

Hi

Thanks for the question. I think it's a great one, and I'm interested to see the discussion that follows. I think having a more structured communication channel for research would definitely be beneficial. Having a time blocked out in the Domestic Housing Community meeting would be good I think, and there doesn't seem to be many other questions so there'll be a bit of time to discuss this. I think this would be a good segment to have moving forward, but I wonder if a quarterly meeting like the Domestic Housing Community one is not frequent enough? Interested to hear your thoughts.

Thanks,

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**From:**  
**Sent:** Thursday, 1 September 2022 3:54 PM  
**To:**  
**Cc:**  
**Subject:** RE: Domestic Housing Community - 8 September 2022

Hi I have added a Q into the agenda

- How do we (i.e. the Domestic Housing Community) want to collaborate on research and analysis? Plus a quick update on housing research in ER.

The idea is to discuss whether we want to add to/change our mode of research sharing and collaboration. E.g. common research agenda for housing, dedicated analytical meetings, use part of the existing meeting etc.

Cheers

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**From:**  
**Sent:** Wednesday, 31 August 2022 9:33 AM  
**To:** Domestic Housing Community  
**Subject:** RE: Domestic Housing Community - 8 September 2022

Hi all,

A reminder that the Domestic Housing Community meeting is next week, and for sections to submit their questions by next Monday.

Thanks,

-----Original Appointment-----

**From:**  
**Sent:** Thursday, 28 July 2022 11:24 AM  
**To:** Domestic Housing Community  
**Subject:** TRIM: Domestic Housing Community - 8 September 2022  
**When:** Thursday, 8 September 2022 3:30 PM-4:30 PM (UTC+10:00) Canberra, Melbourne, Sydney.  
**Where:** HO-15-Conference Room (70) Z

Hi all,

We are planning to host the next Domestic Housing Community meeting on **Thursday 8 September, 3:30 – 4:30pm**. This will be a hybrid meeting, with the level 15 conference room booked for those who wish to attend in-person.

The meeting will start with brief updates on domestic housing conditions from DAT, RIA and IMS, followed by a discussion on some housing market questions.

I would like to invite each section to set out some questions that will form the discussion in the following document: [Agenda](#). Please remember to check in the document afterwards, and to submit questions by **Monday 5 September COB**.

Feel free to forward the invite to anyone else working on housing who is not on the mailing list.

Thanks,

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**From:**  
**Sent:** Monday, 5 September 2022 5:15 PM  
**To:**  
**Subject:** housing meeting slides [SEC=OFFICIAL]  
**Attachments:** RIA Housing Update - Sept.pptx

Hey

Sorry I forgot to send these on Friday, see slides attached. I'll brainstorm some questions too and send them through.

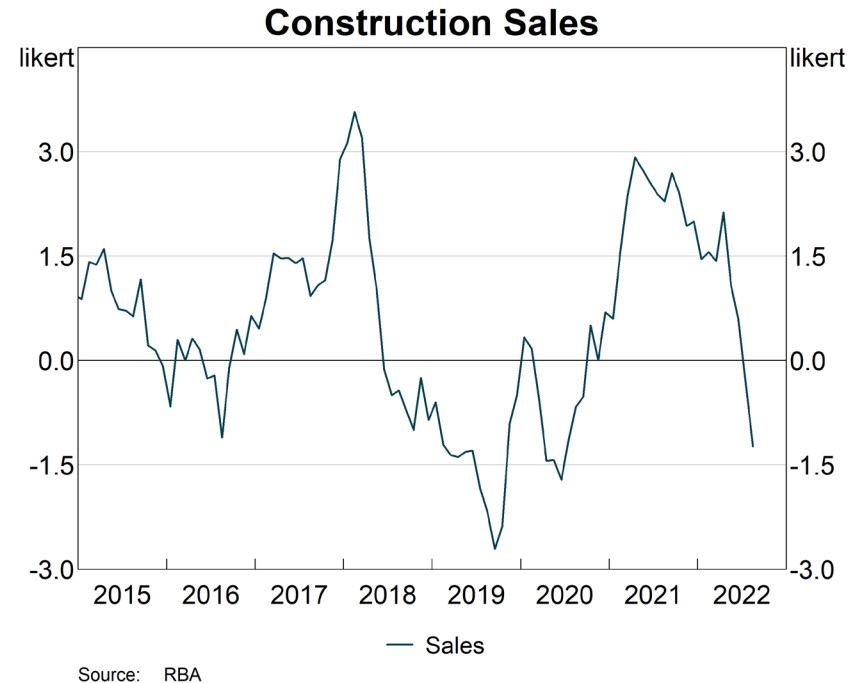
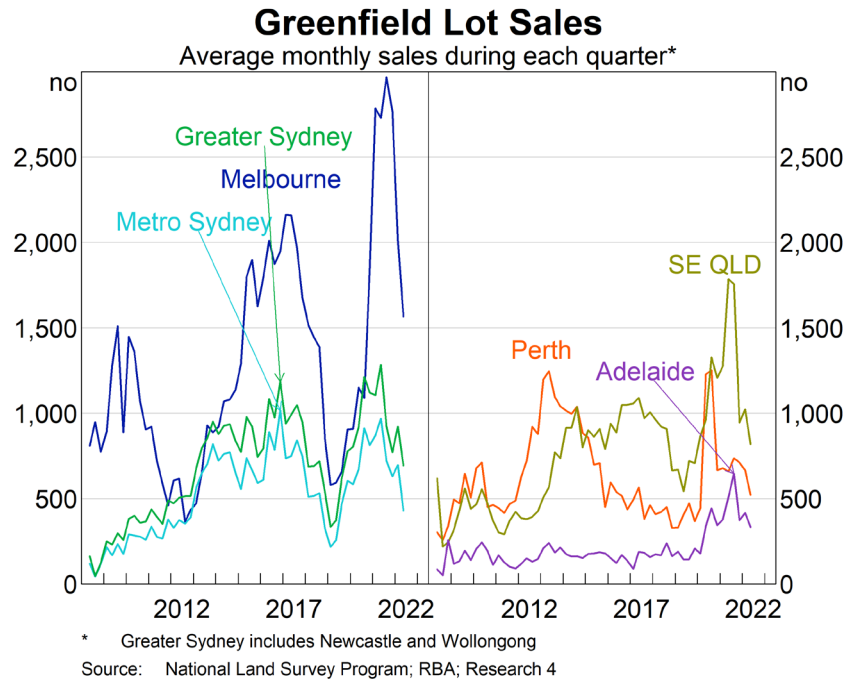


# RIA Housing Update

Domestic Housing Community Meeting

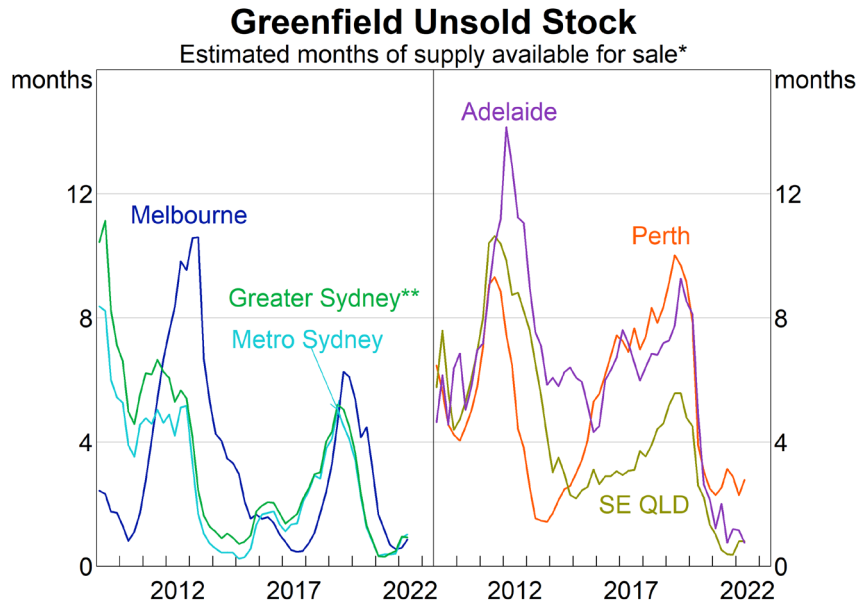
# New detached and greenfield land conditions

- Demand has continued to decline



# New detached and greenfield land conditions

- Greenfield land supply remains around historic lows and is constraining sales



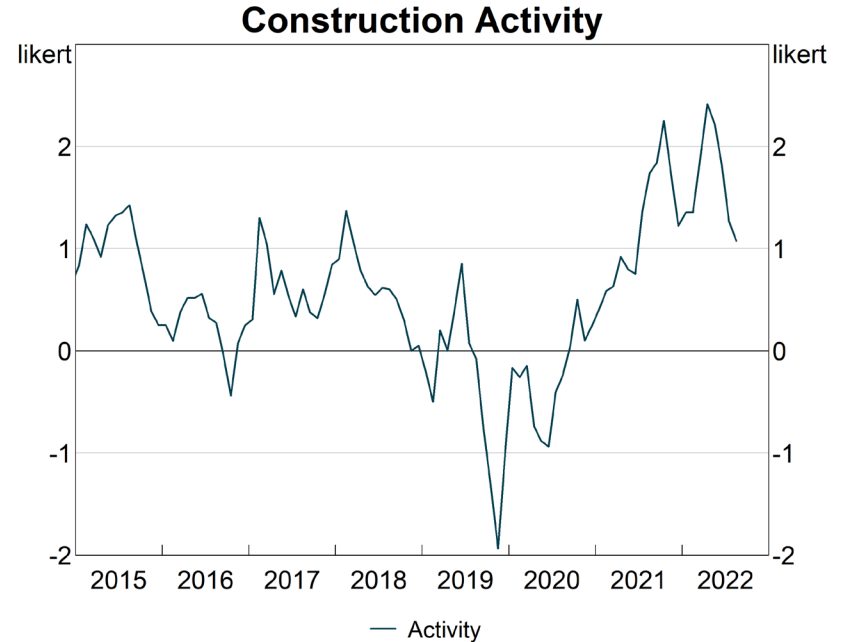
\* Calculated as the quarter-end stock of unsold lots divided by average monthly sales over the past year

\*\* Greater Sydney includes Newcastle and Wollongong

Source: Charter Keck Cramer; National Land Survey Program; RBA; Research 4

# Construction activity

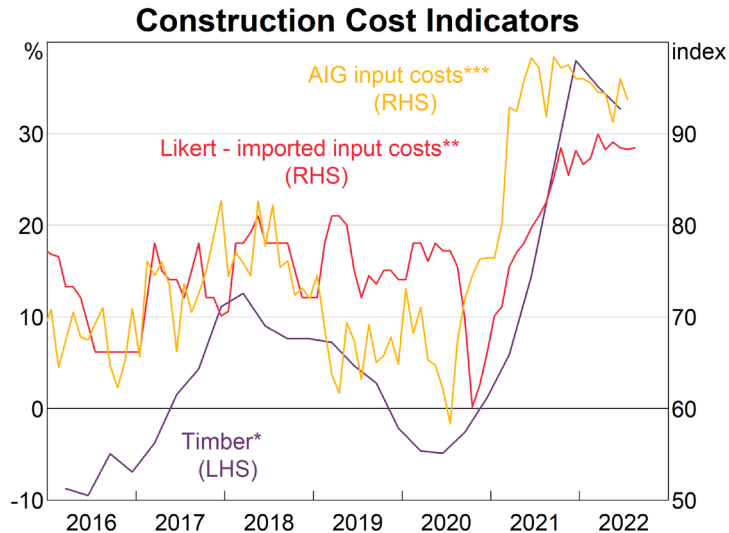
- The number of jobs on site has increased, but work done is lower
- Activity is close to its peak (in terms of jobs on site)
- Most firms continue to report that capacity constraints are yet to ease



Source: RBA

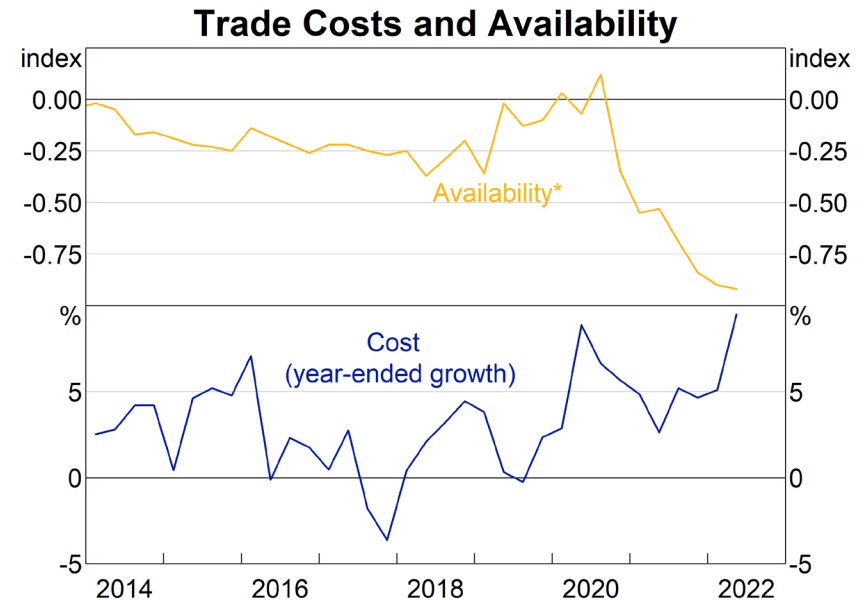
# Nominal pressures

- The size and frequency of material cost increase has eased... But contacts are reporting higher trade costs



\* Year-ended per cent change in structural treated timber.  
 \*\* Re-scaled to have the same mean and standard deviation as AIG series.  
 \*\*\* A score above 50 indicates an increase in costs with a larger score reflecting a faster increase.

Source: AIG; FWPA; RBA



\* Members are surveyed for their perception of trade availability using a Likert scale. A score from 0 and 1 indicates a moderate oversupply of skilled labour and a score from 1 and 2 indicates a substantial over supply. Conversely a negative score reflects an undersupply.

Source: HIA; RBA



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**From:**  
**Sent:** Thursday, 8 September 2022 12:54 PM  
**To:**  
**Subject:** RE: Domestic Housing Community - IMS Graphs

Sure thing – I'll send out the slides after this.

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**From:**  
**Sent:** Thursday, 8 September 2022 12:12 PM  
**To:**  
**Subject:** RE: Domestic Housing Community - IMS Graphs

Hi

Sorry, just 1 more last minute change to one of the graphs.

Could you please replace the housing interest rates graph with the one attached? (I'm just getting rid of the dots for the fixed rates).

Thanks,

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**From:**  
**Sent:** Wednesday, 7 September 2022 4:47 PM  
**To:**  
**Subject:** RE: Domestic Housing Community - IMS Graphs

Hi

Sure, no worries. Graph is deleted now.

Thanks,

**From:**  
**Sent:** Tuesday, 6 September 2022 9:21 AM  
**To:**  
**Subject:** RE: Domestic Housing Community - IMS Graphs

Great, thanks

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**From:**  
**Sent:** Monday, 5 September 2022 5:40 PM  
**To:**  
**Subject:**

Hi

Here are the graphs I'll be covering in my presentation.

Thanks,

Institutional Markets, Domestic Markets  
RESERVE BANK OF AUSTRALIA | 65 Martin Place, Sydney NSW 2000  
w: [www.rba.gov.au](http://www.rba.gov.au)

# Domestic Housing Community

8 September 2022



RESERVE BANK OF AUSTRALIA



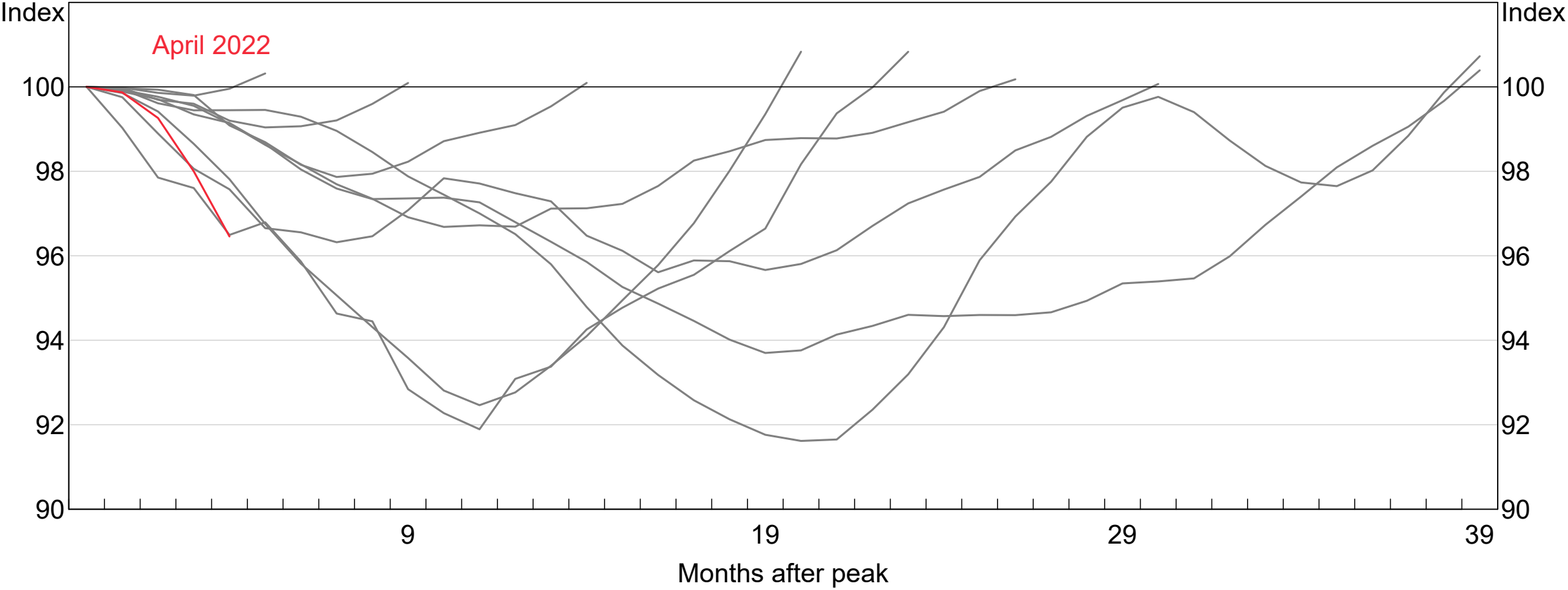
# Agenda

- 1 DAT update
- 2 IMS update
- 3 RIA update
- 4 Discussion questions

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- 2 IMS update
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# Housing Prices Peak to Trough

Nominal, Peak = 100\*

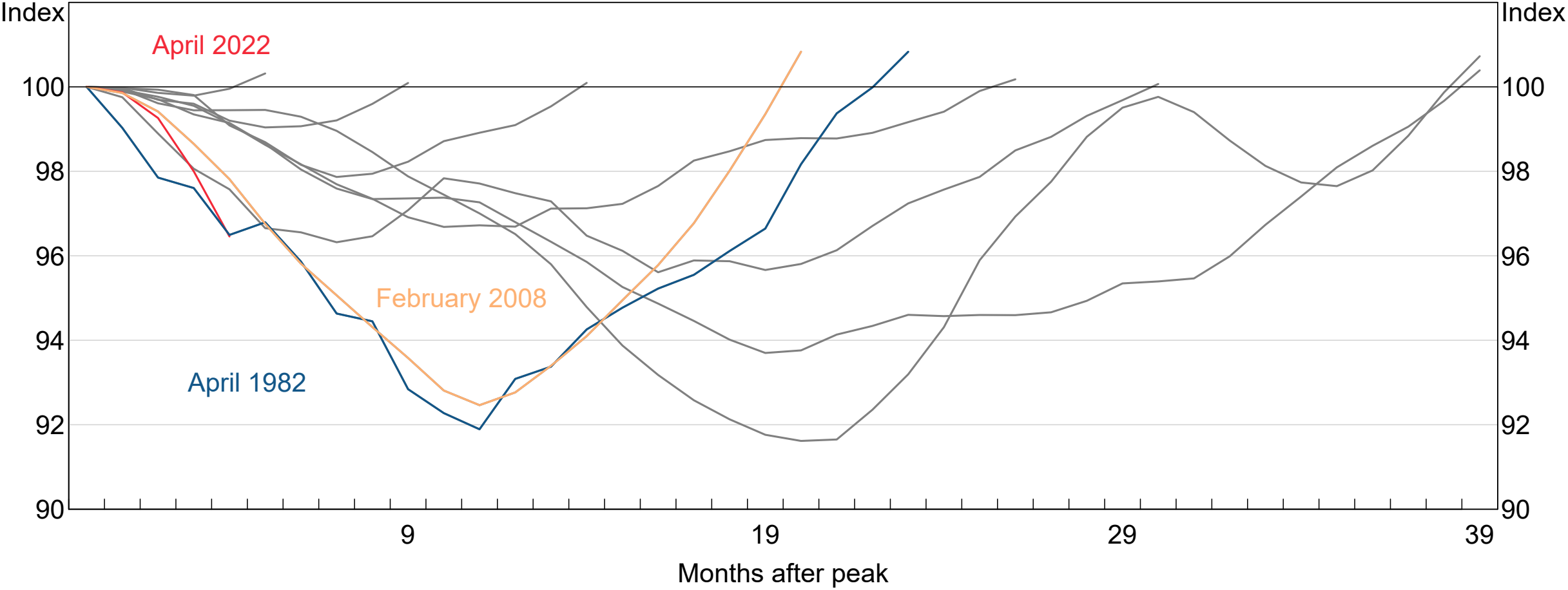


\* Peaks defined as a month before 3 consecutive monthly price declines, and atleast 15 months apart.



# Housing Prices Peak to Trough

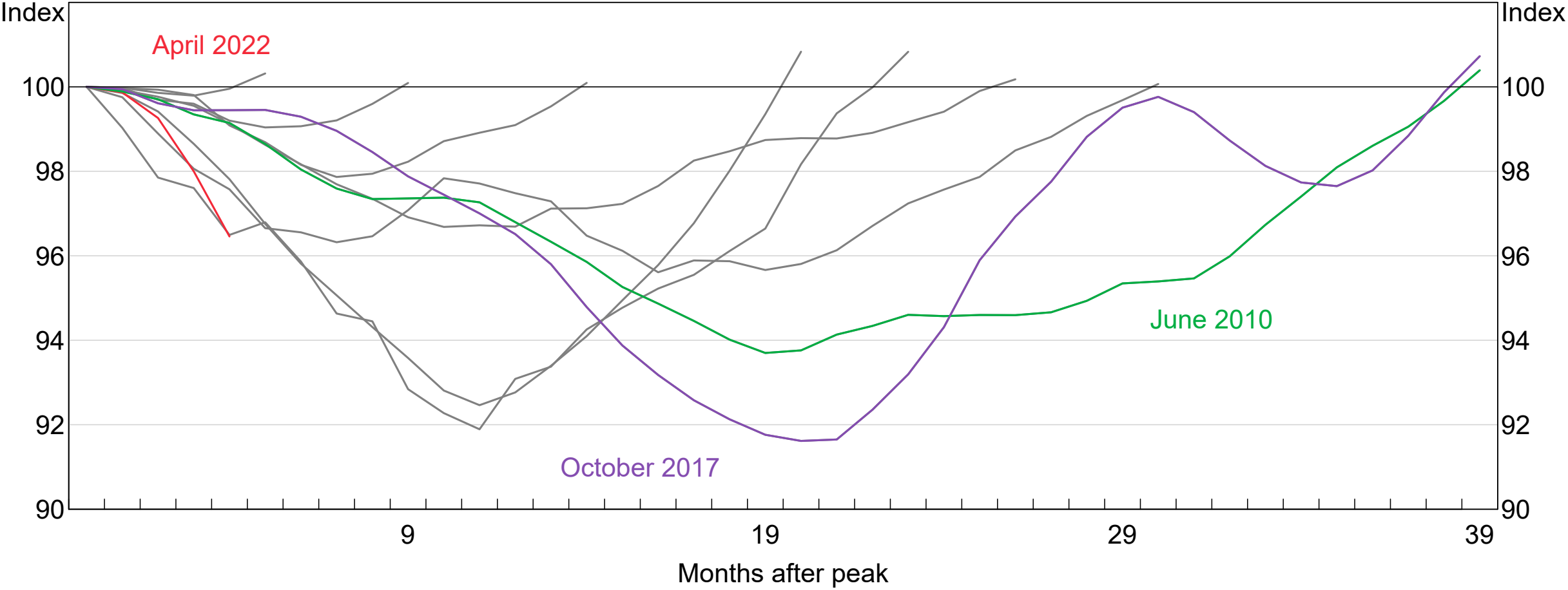
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# Housing Prices Peak to Trough

Nominal, Peak = 100\*



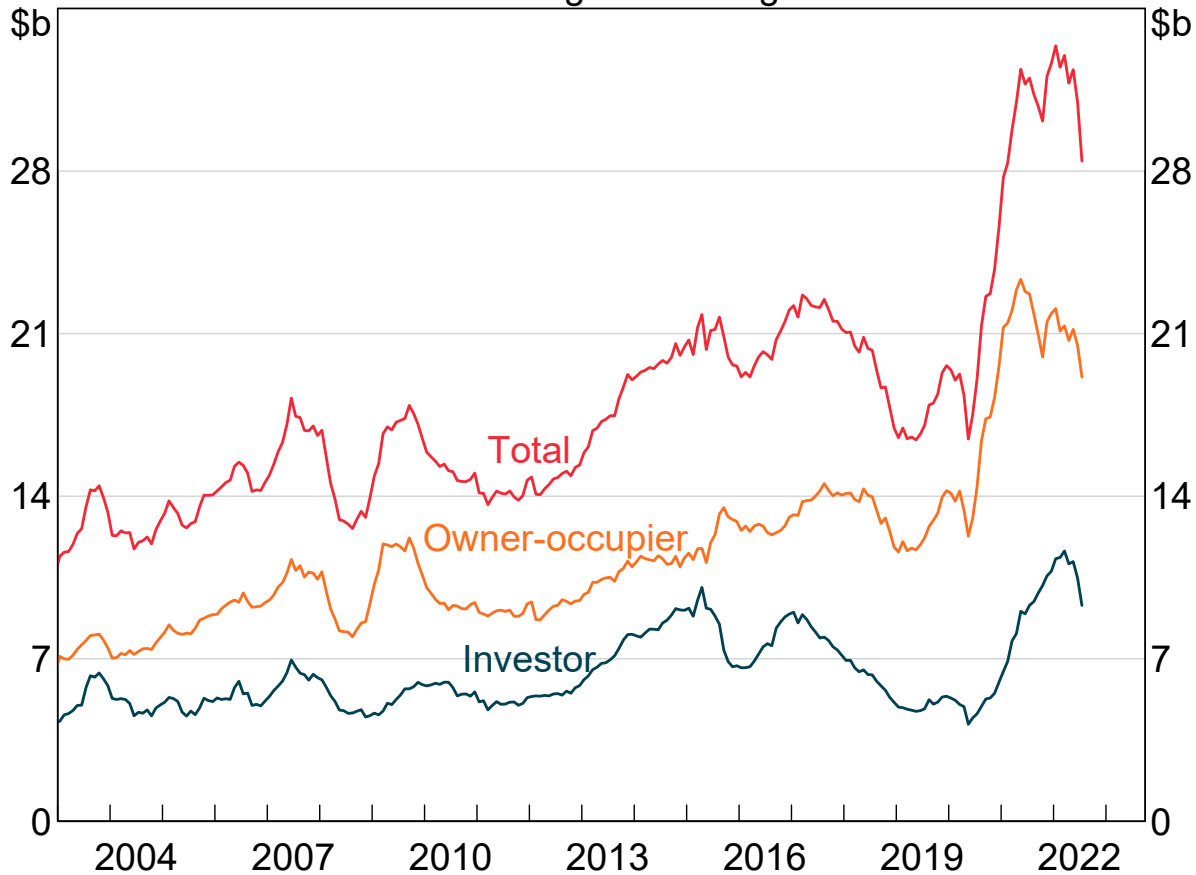
\* Peaks defined as a month before 3 consecutive monthly price declines, and atleast 15 months apart.



- 1 DAT update
- 2 IMS update**
- 3 RIA update
- 4 Discussion questions

# Housing Loan Commitments\*

Excluding refinancing

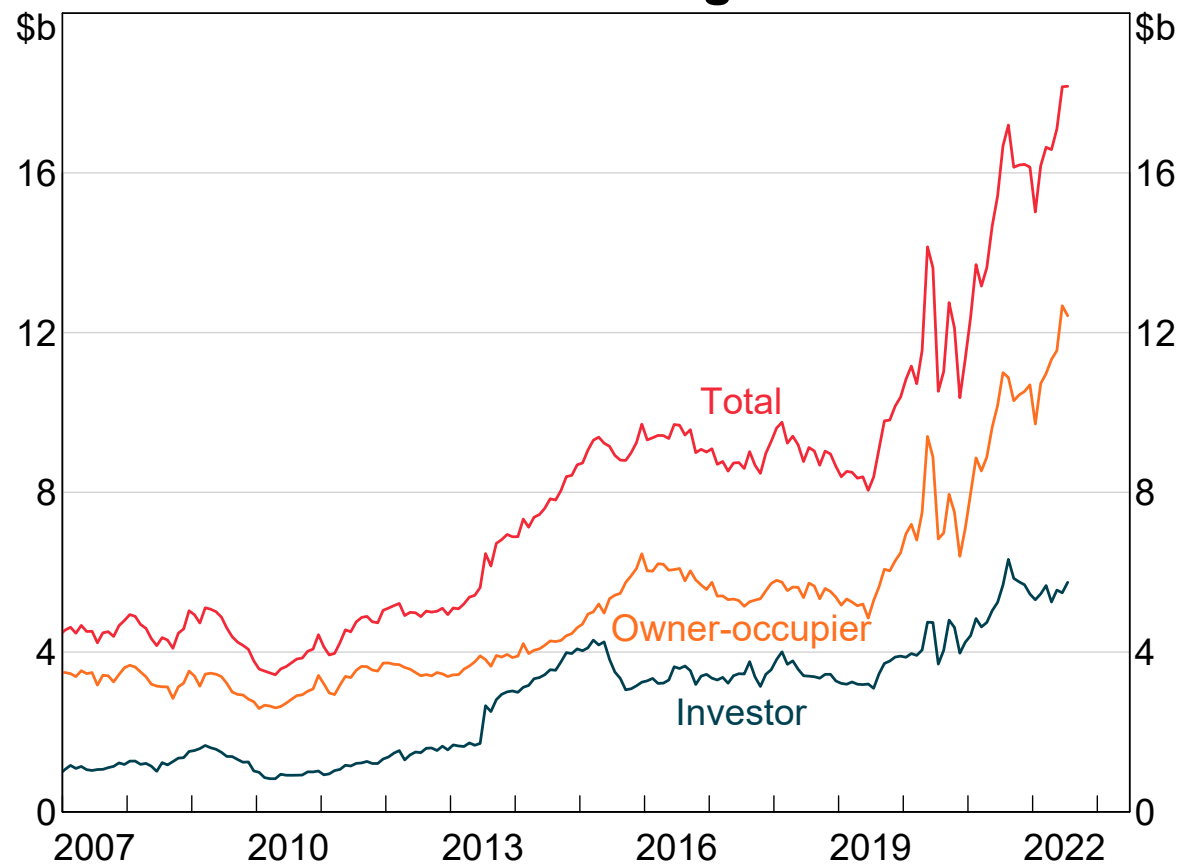


\* Seasonally adjusted and break-adjusted.

Sources: ABS; APRA; RBA

# Housing Loan Commitments for External Refinancing\*

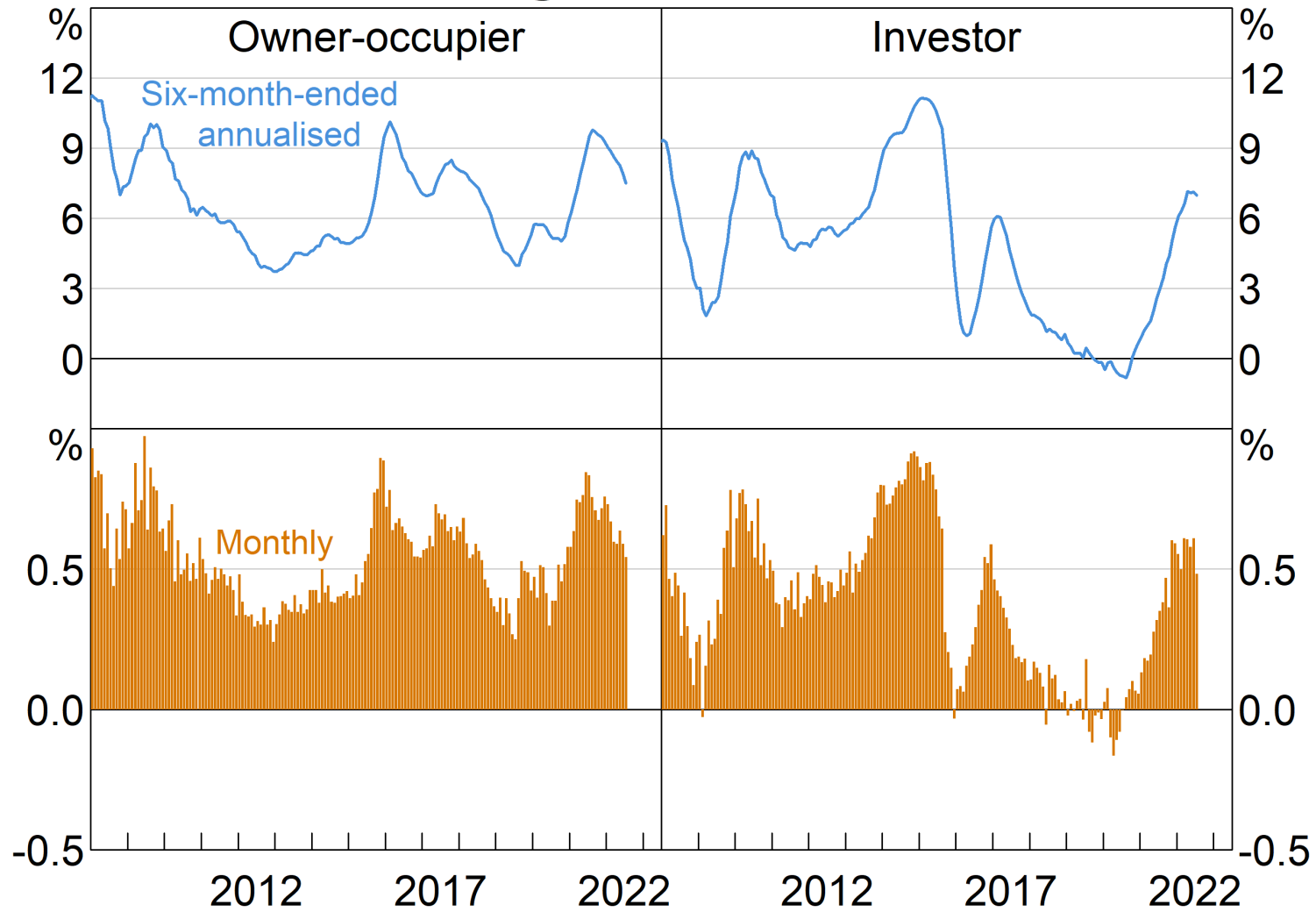
Excluding refinancing



\* Seasonally adjusted and break-adjusted.

Sources: ABS; APRA; RBA

# Housing Credit Growth\*

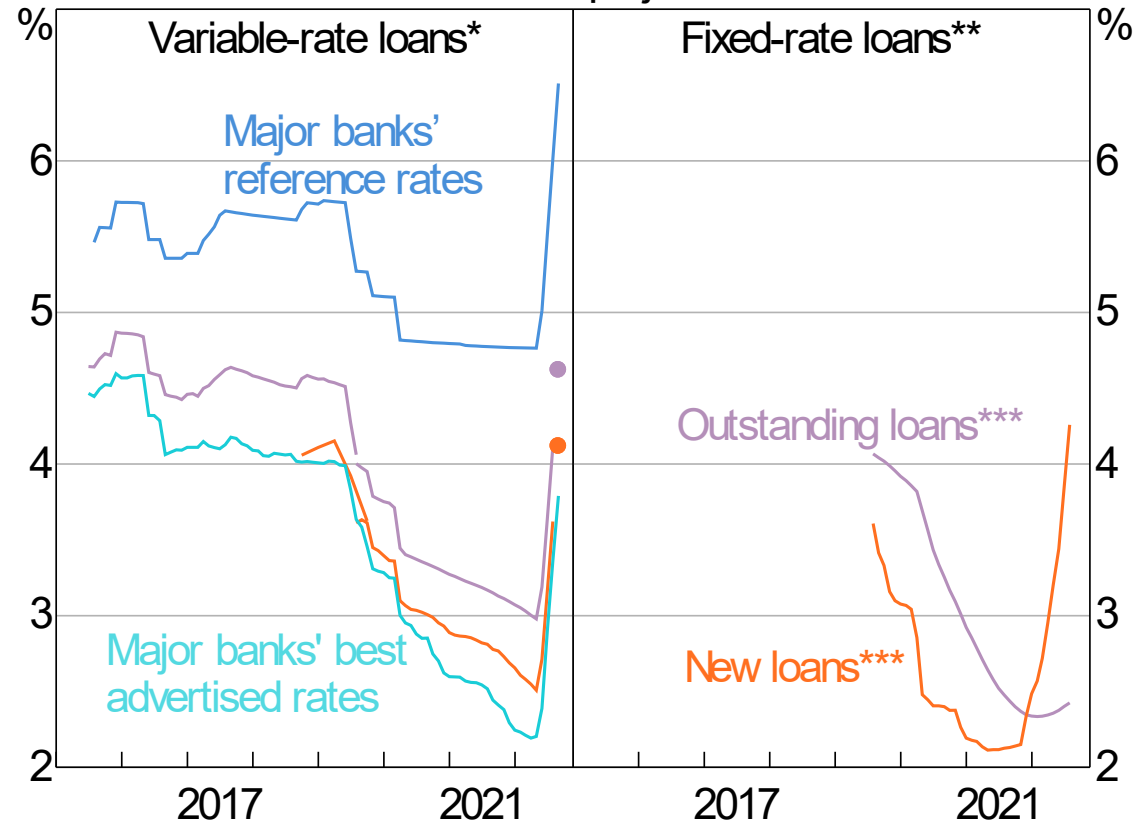


\* Seasonally adjusted and break-adjusted

Sources: APRA; RBA

# Housing Interest Rates

Actual and projected



\* Reference and advertised rates to end August 2022; new and outstanding rates to end July 2022; dots are projected rates at end August assuming all lenders fully pass through announced cash rate increases.

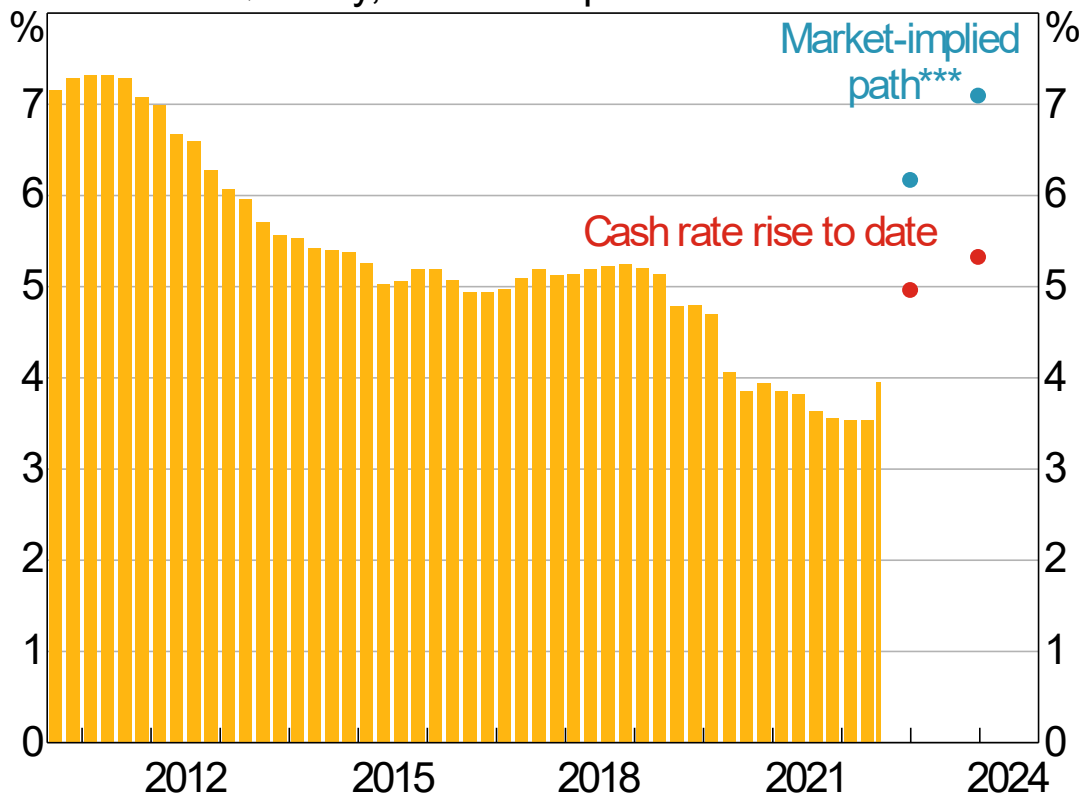
\*\* Weighted average interest rate across all fixed-rate periods; except dots showing major banks' advertised rates in August 2022.

\*\*\* Series break for new and outstanding loans in July 2019; thereafter, data based on EFS collection.

Sources: APRA; banks' websites; CANSTAR; RBA; Securitisation System

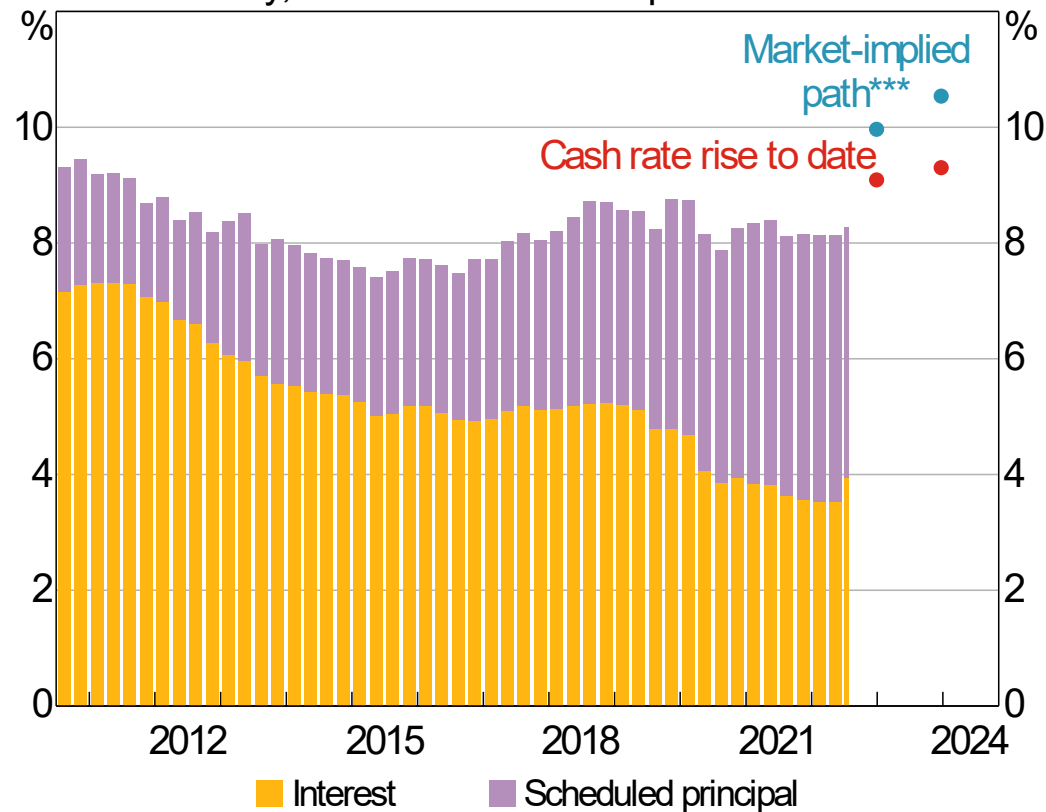
# Housing Interest Payments\*

Quarterly; share of disposable income\*\*



# Housing Loan Payments\*

Quarterly; share of household disposable income\*\*



- \* Dots show the impact of increases in the cash rate on variable-rate loans and fixed-rate loans due to roll off by the end of 2022 and 2023 respectively.
- \*\* Observations are break-adjusted and seasonally-adjusted. Last actual is monthly observation for July 2022 and is not seasonally adjusted. Projections hold debt-to-income ratio constant and assumes changes in the policy rate are passed through in full.
- \*\*\* Market-implied path (as at 31 August) assumes the cash rate will reach 3.26 per cent by the end of 2022 and 3.56 per cent by the end of 2023.

Sources: ABS; APRA; RBA

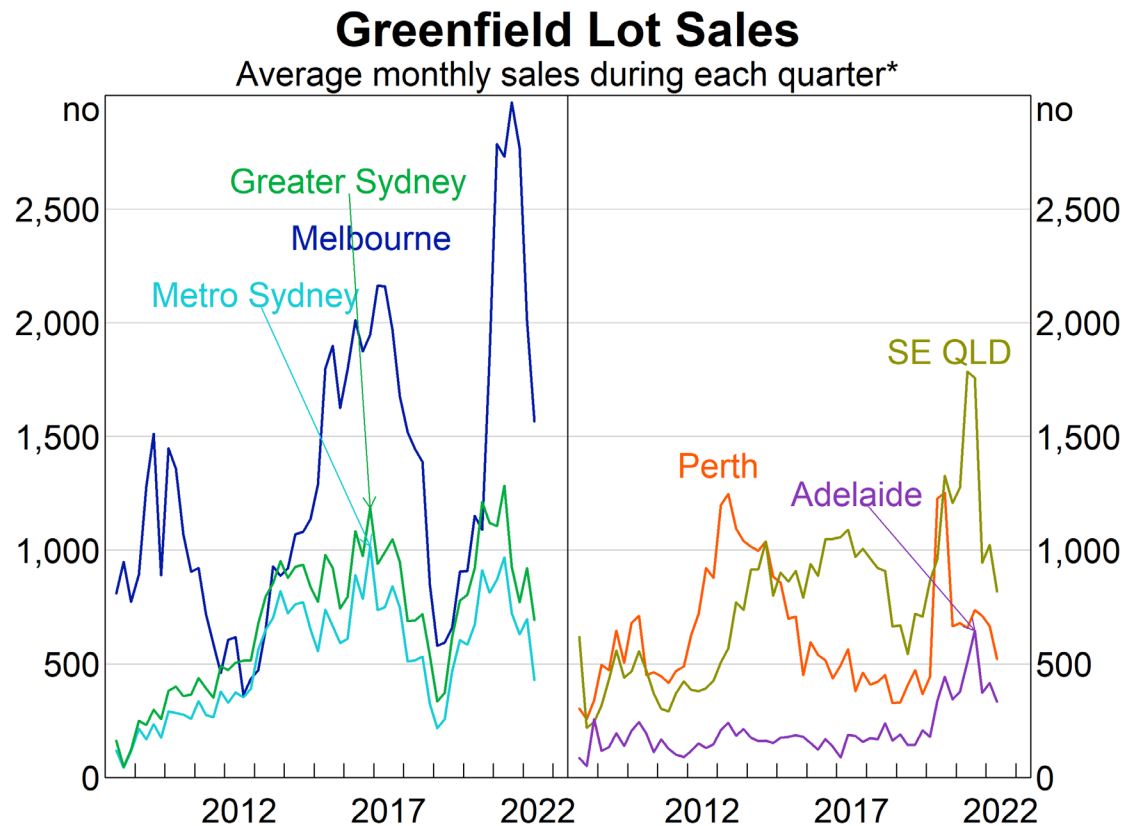
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Sources: ABS; APRA; RBA

- 1 DAT update
- 2 IMS update
- 3 RIA update**
- 4 Discussion questions

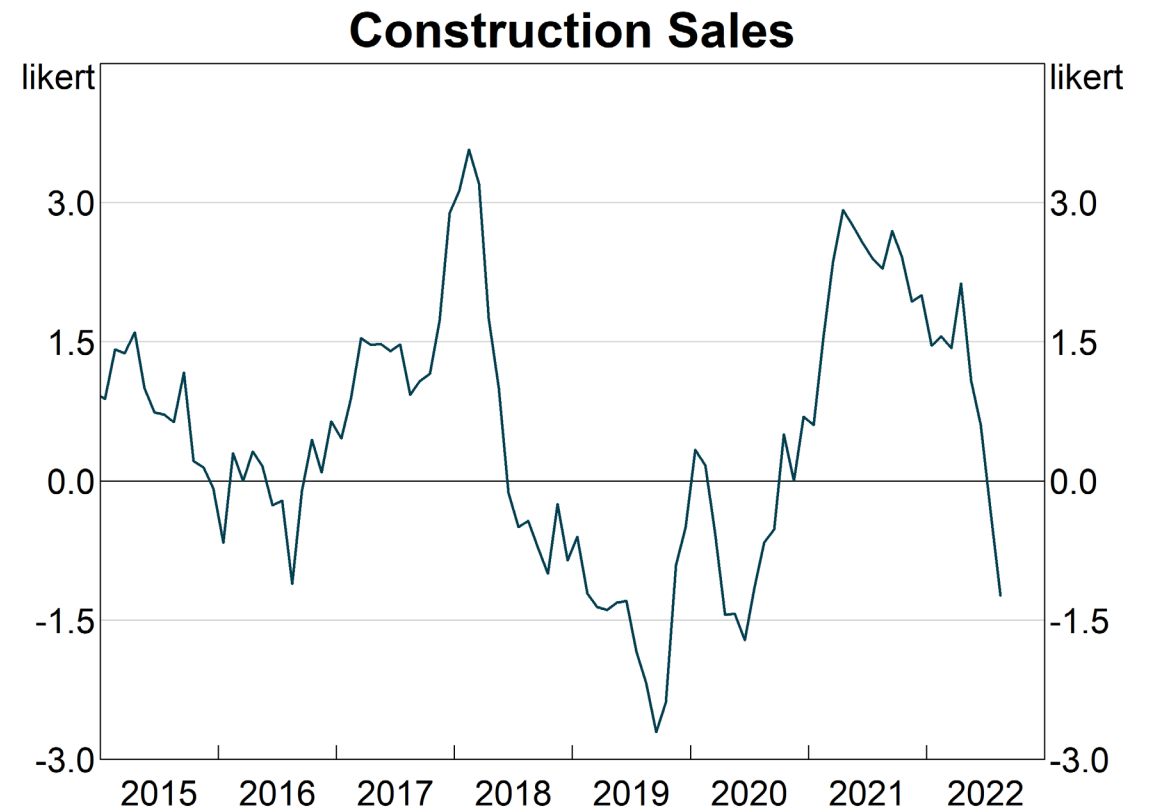
# New detached and greenfield land conditions

- Demand has continued to decline



\* Greater Sydney includes Newcastle and Wollongong

Source: National Land Survey Program; RBA; Research 4

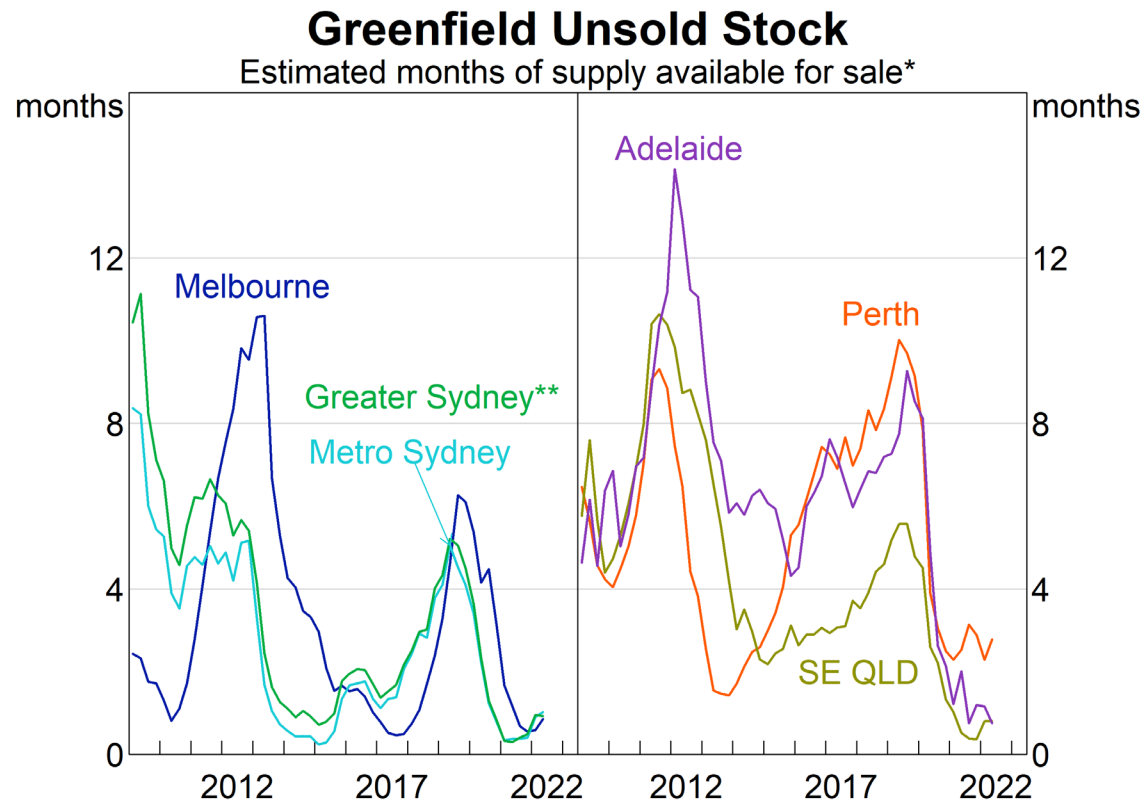


Source: RBA

— Sales

# New detached and greenfield land conditions

- Greenfield land supply remains around historic lows and is constraining sales



\* Calculated as the quarter-end stock of unsold lots divided by average monthly sales over the past year

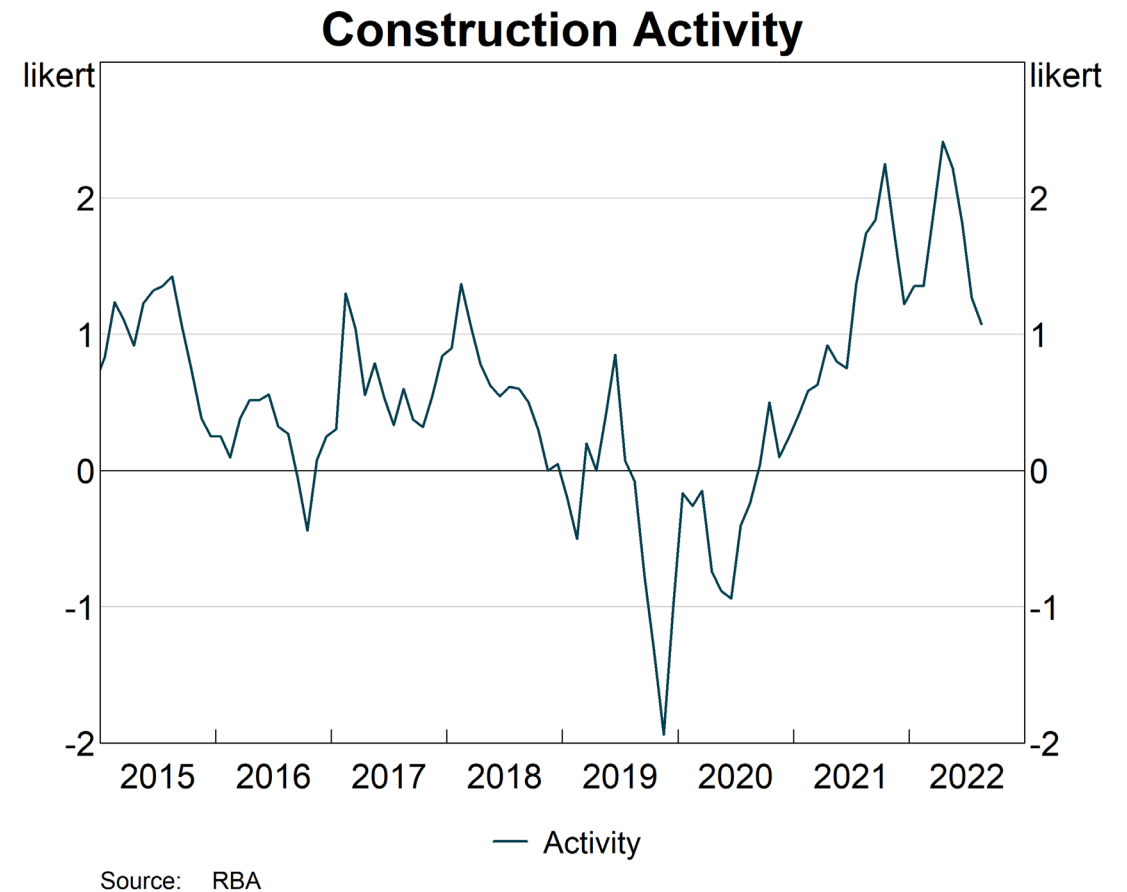
\*\* Greater Sydney includes Newcastle and Wollongong

Source: Charter Keck Cramer; National Land Survey Program; RBA; Research 4



# Construction activity

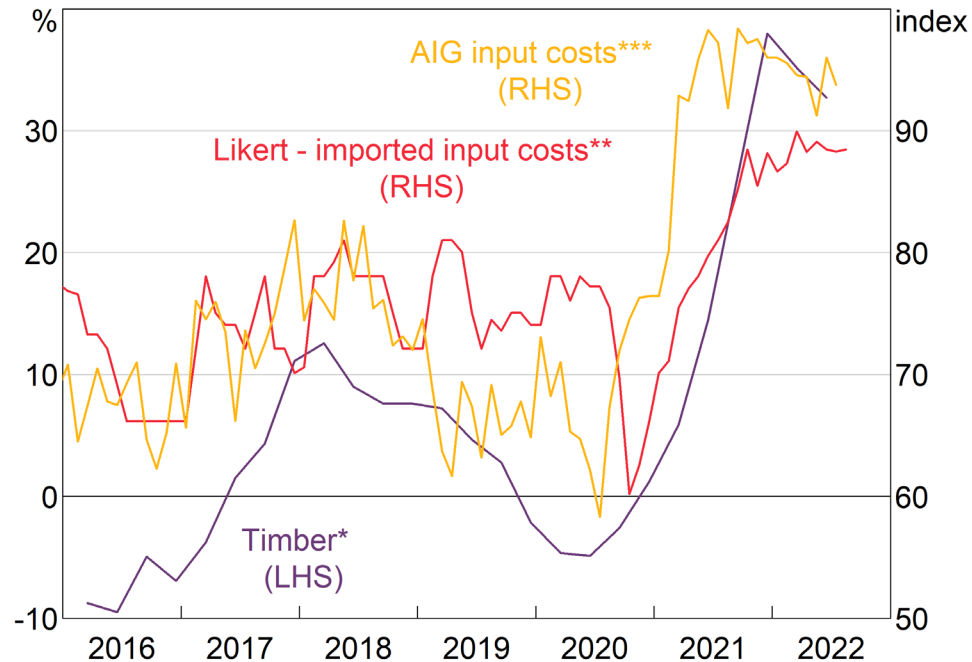
- The number of jobs on site has increased, but work done is lower
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- Most firms continue to report that capacity constraints are yet to ease



# Nominal pressures

- The size and frequency of material cost increase has eased... But contacts are reporting higher trade costs

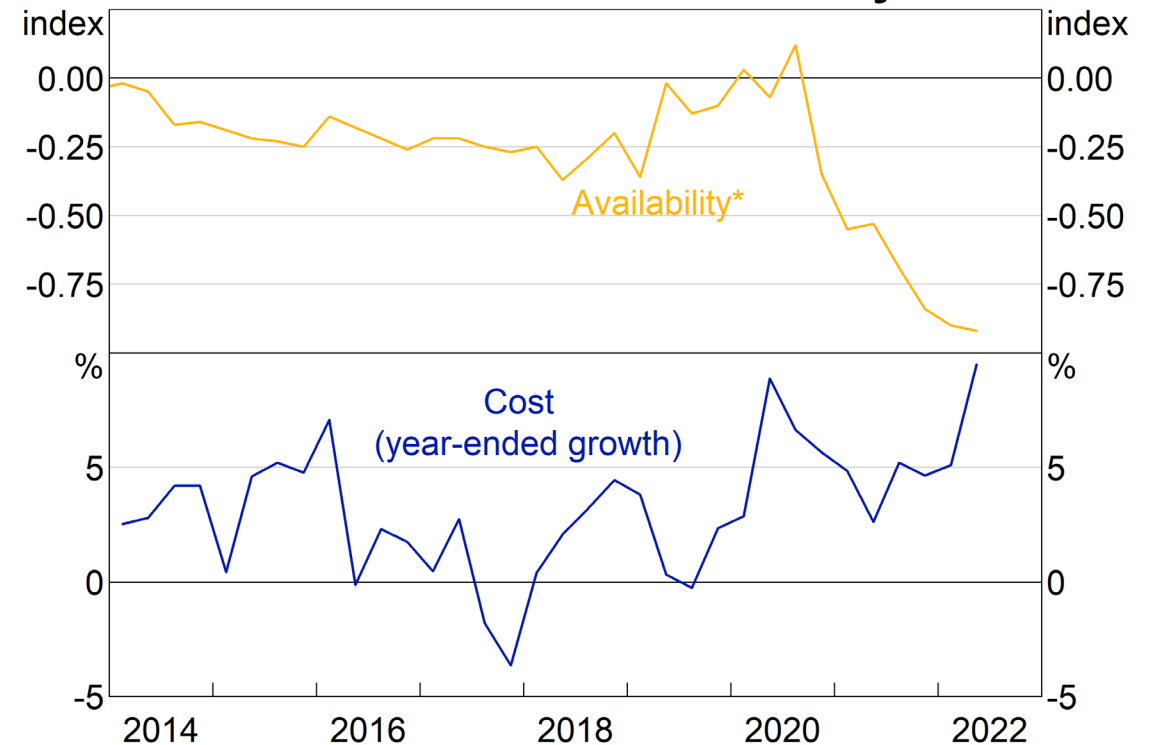
### Construction Cost Indicators



\* Year-ended per cent change in structural treated timber.  
 \*\* Re-scaled to have the same mean and standard deviation as AIG series.  
 \*\*\* A score above 50 indicates an increase in costs with a larger score reflecting a faster increase.

Source: AIG; FWPA; RBA

### Trade Costs and Availability



\* Members are surveyed for their perception of trade availability using a Likert scale. A score from 0 and 1 indicates a moderate oversupply of skilled labour and a score from 1 and 2 indicates a substantial over supply. Conversely a negative score reflects an undersupply.

Source: HIA; RBA

- 1 HANA update
- 2 IMS update
- 3 RIA update
- 4 Discussion questions**

## ER:

- How do we (i.e. the Domestic Housing Community) want to collaborate on research and analysis? Plus a quick update on housing research in ER.

## HBC:

- Are there any insights on changes in the ability of mortgaged households to refinance loans alongside rising repayment rates and falling house prices?
- RIA – On apartment construction activity, have you seen any green shoots in apartment development activity, along with any changes in financing conditions available to developers (inc non-banks)?
- RIA – Have you seen any reports from liaison contacts on rising financial stress?

## IMS:

- Latest evidence on consumption and saving (including offset accounts) responses to interest rate increases.

## DAT:

- What is the current composition of investor credit, by overseas/domestic and new dwellings/existing dwellings?
- Once construction costs reach their peak, are they expected to decline, or remain at a high level?

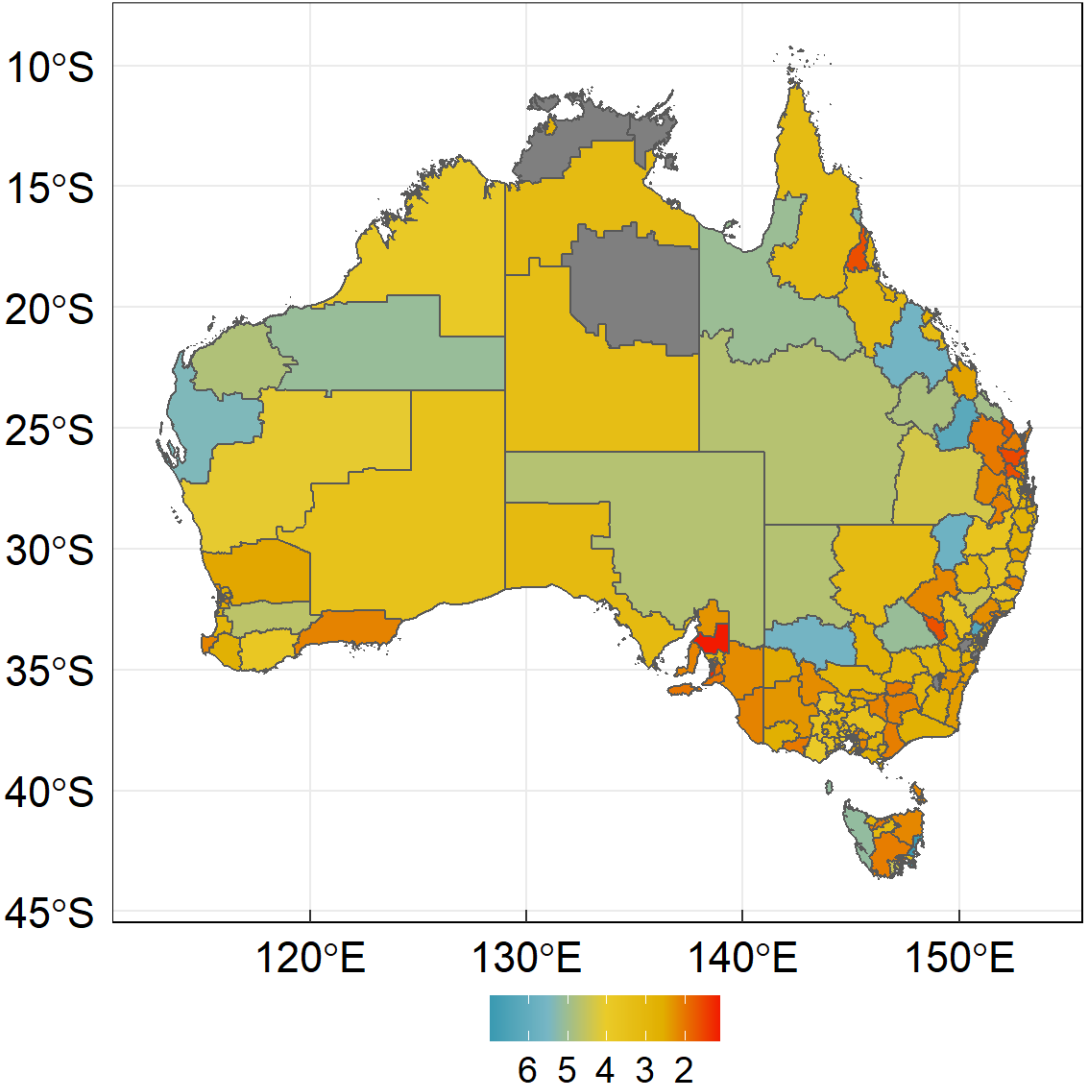
## RIA:

- What is the outlook for settlement risk for OTP apartments?
- Are we still confident in the ability of households to absorb interest rate increases?

**Spare**

# Rental Vacancy Rates

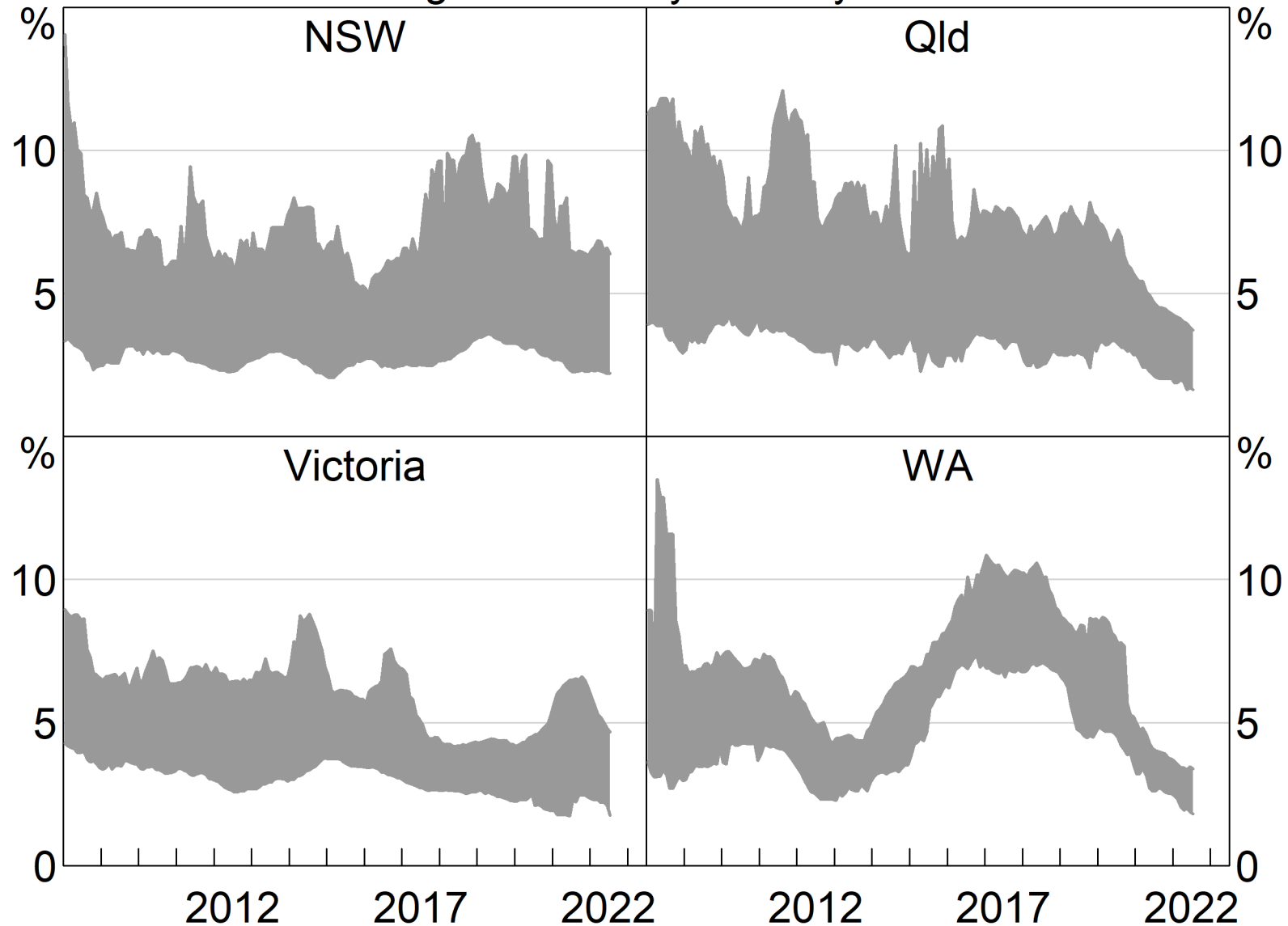
July 2022



Sources: ABS; Corelogic

# Metropolitan Rental Vacancy Rates

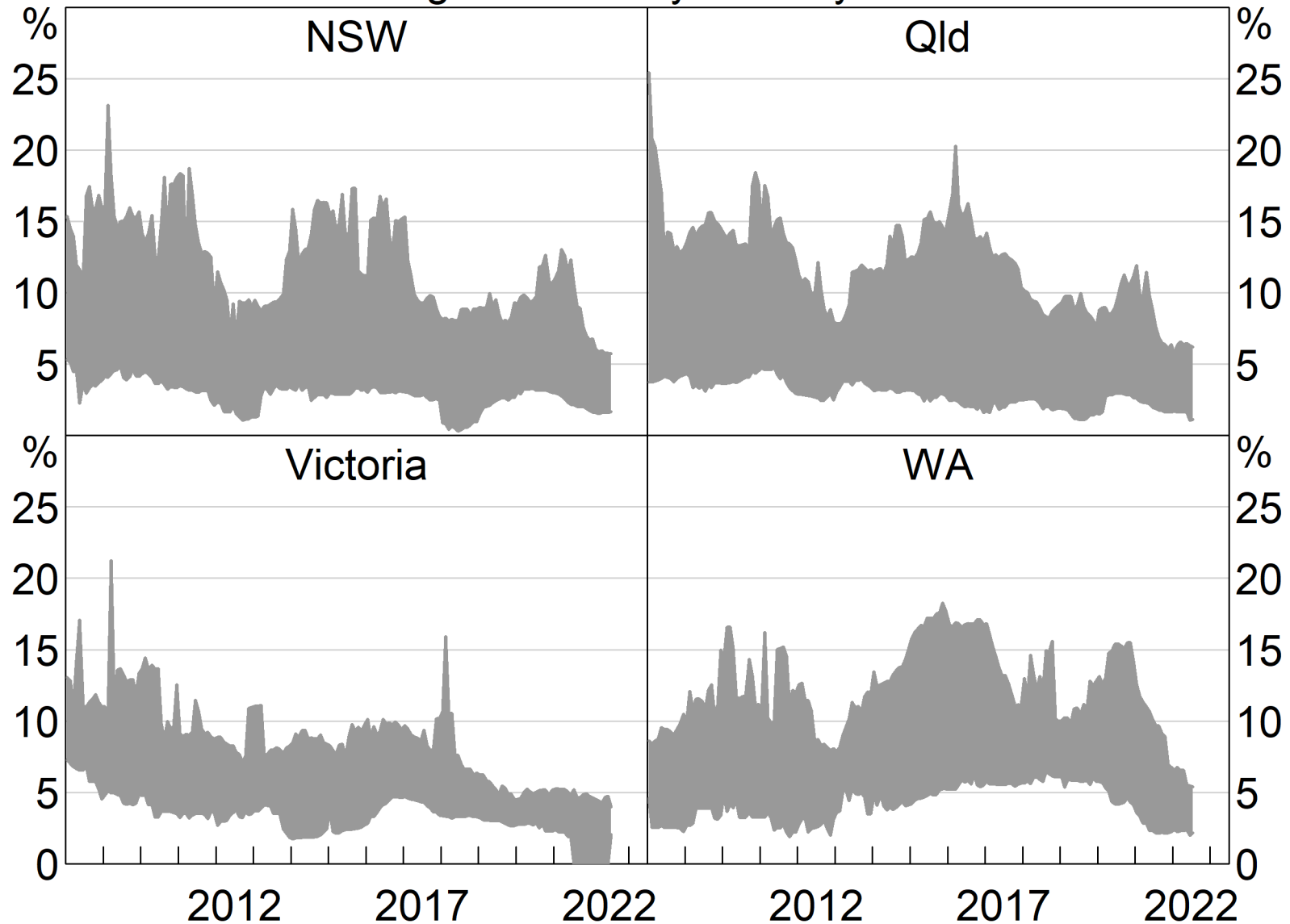
Range of vacancy rates by SA3



Source: Corelogic; RBA

# Regional Rental Vacancy Rates

Range of vacancy rates by SA3

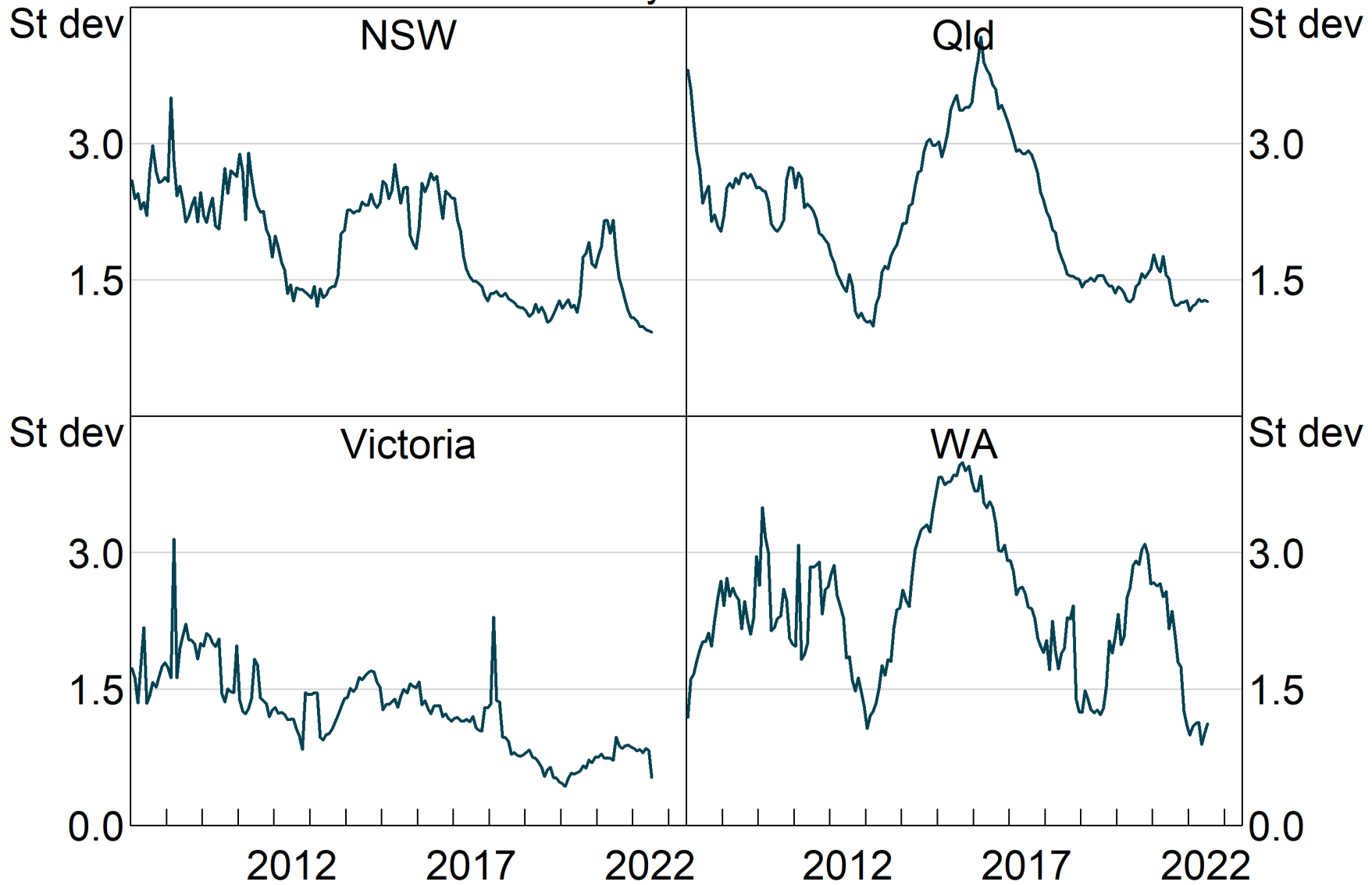


Source: Corelogic; RBA



# Variation in Regional Rental Vacancy Rates

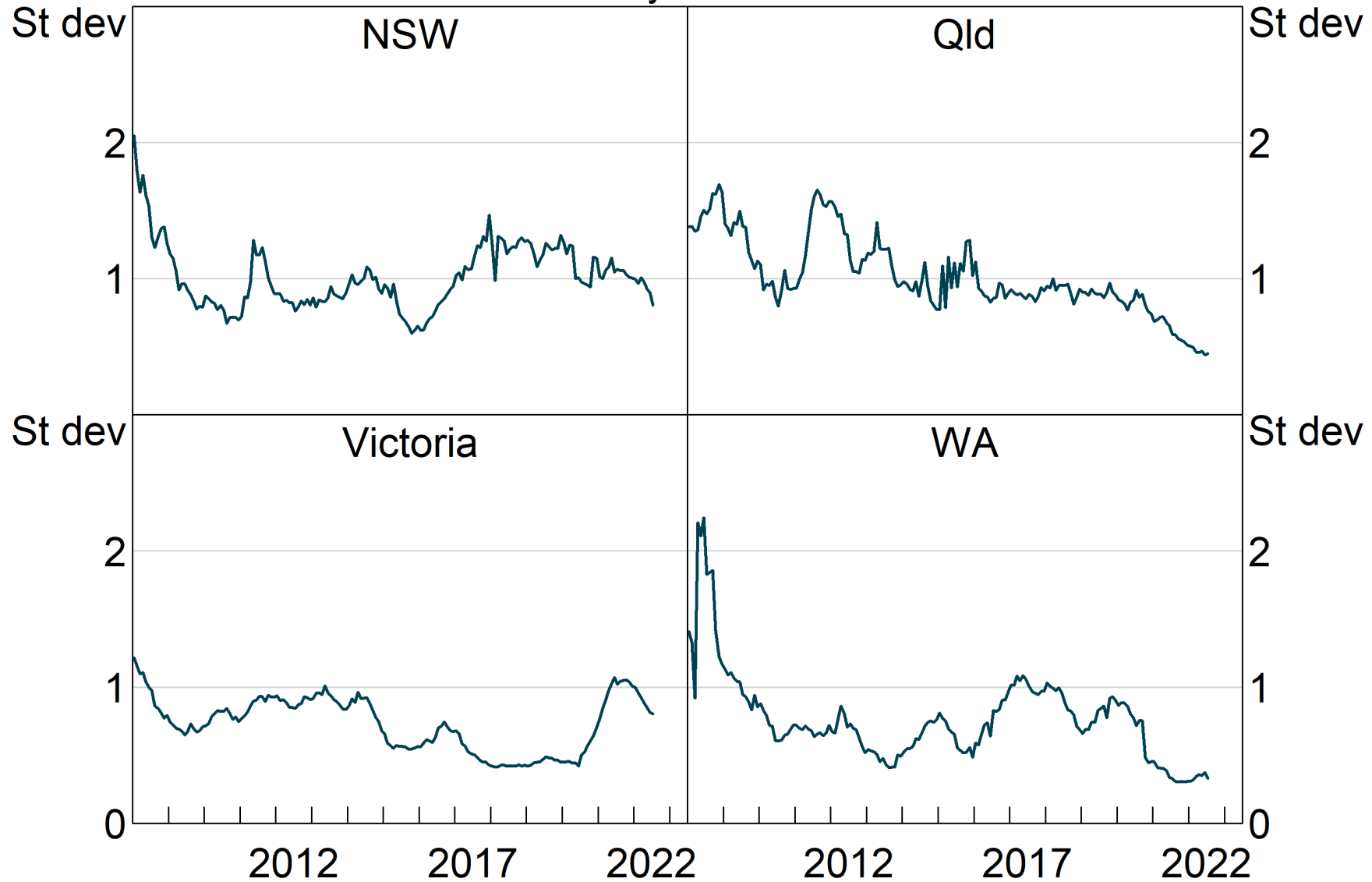
By SA3



Source: Corelogic; RBA

# Variation in Metropolitan Rental Vacancy Rates

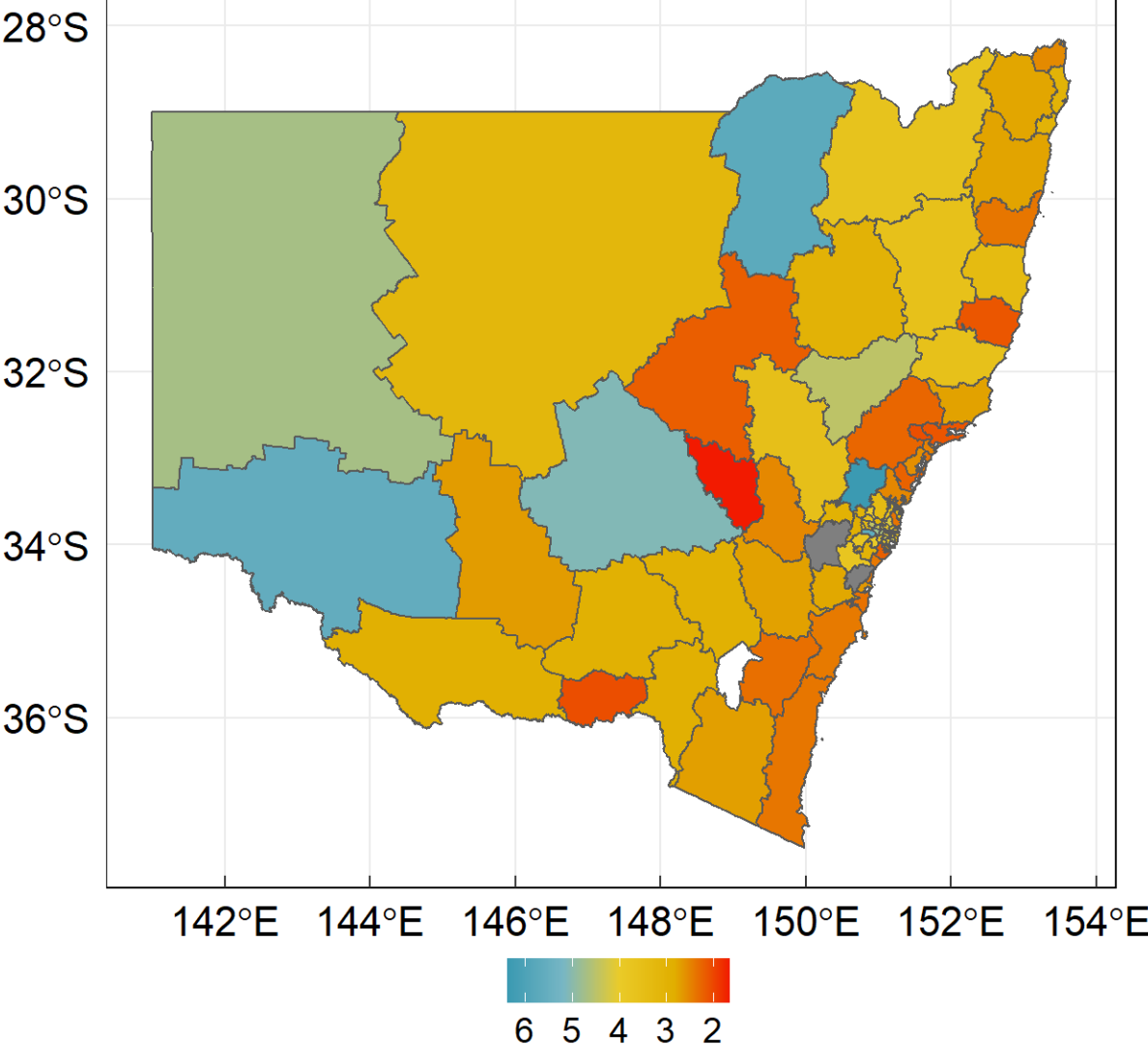
By SA3



Source: Corelogic; RBA

# Rental Vacancy Rates

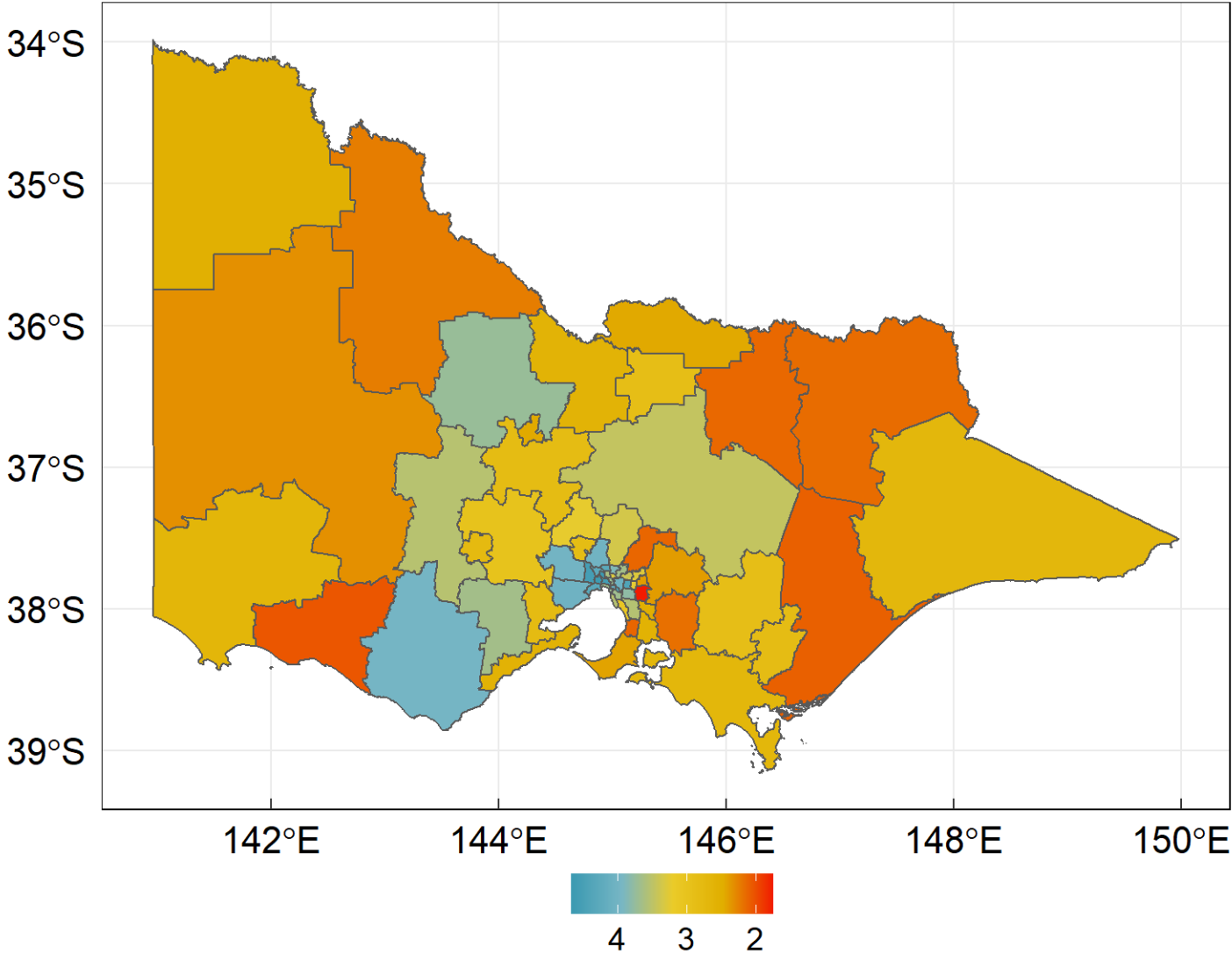
July 2022



Sources: ABS; Corelogic

# Rental Vacancy Rates

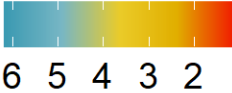
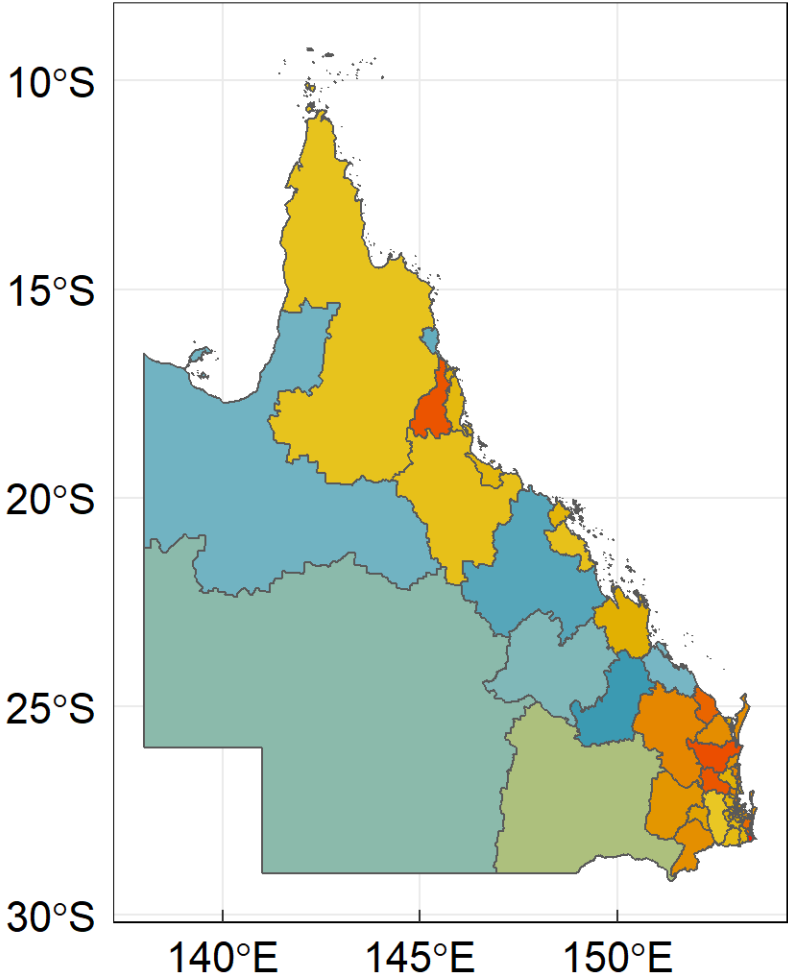
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Sources: ABS; Corelogic

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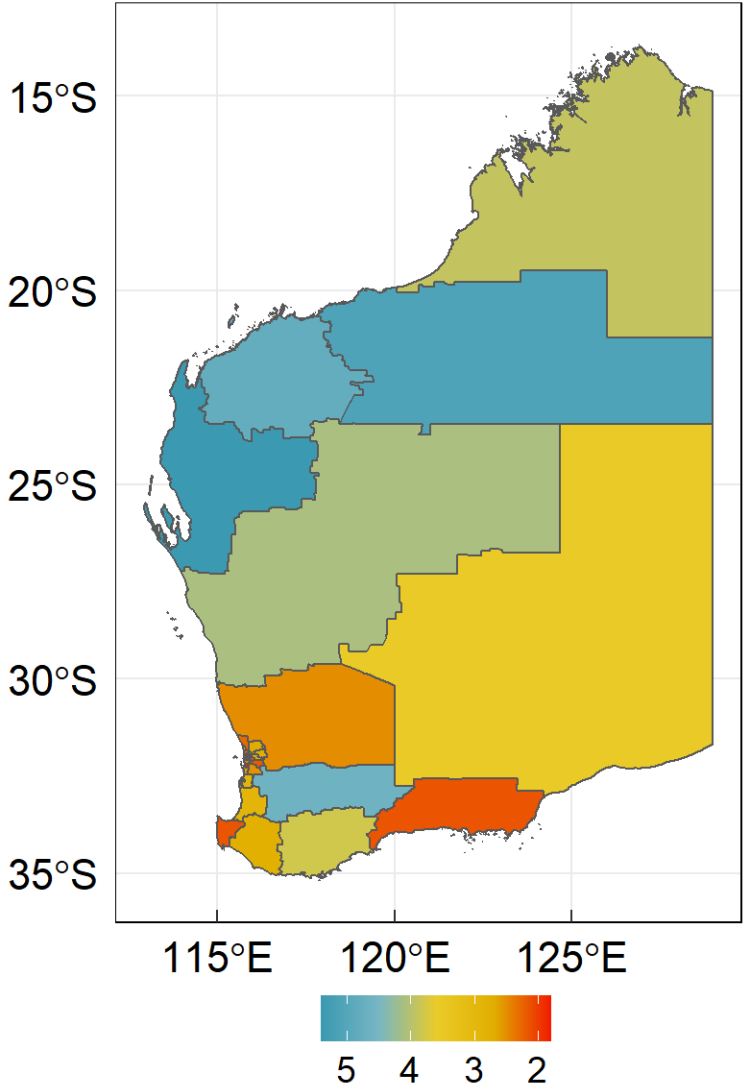
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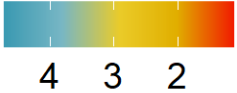
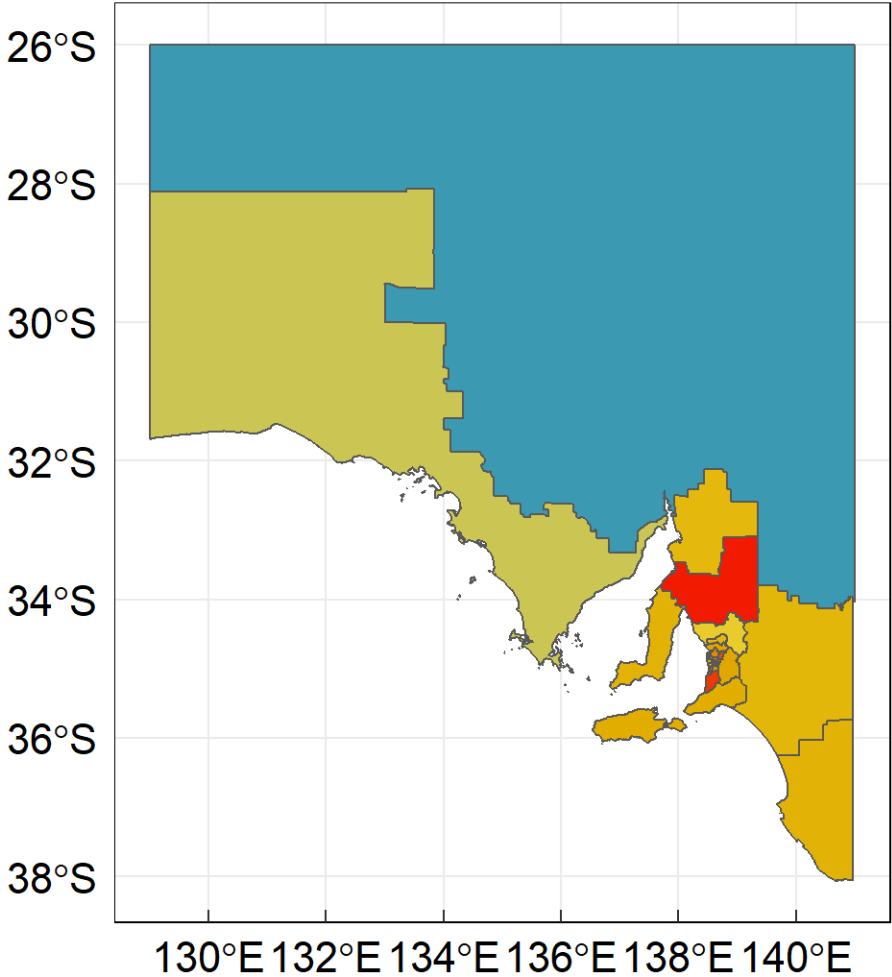
July 2022



Sources: ABS; Corelogic

# Rental Vacancy Rates

July 2022



Sources: ABS; Corelogic