NAB RESIDENTIAL PROPERTY SURVEY Q1-2017

HOUSING MARKET SENTIMENT RISES STRONGLY WITH GAINS SPREAD ACROSS ALL STATES. CONFIDENCE AND PRICE EXPECTATIONS ALSO LIFT, WITH ALL STATES (BAR WA) LOOKING SOLID.

National Australia Bank

NAB Behavioural & Industry Economics

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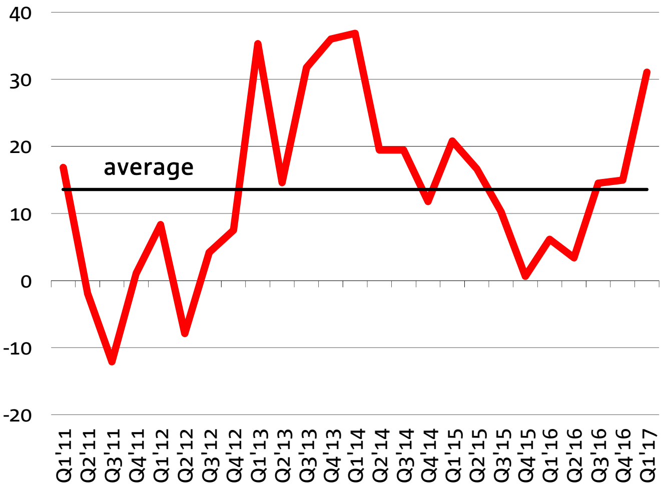
Housing market **sentiment** (measured by NAB's Residential Property Index) jumped to a 3-year high despite concerns about affordability, supply, the labour market, persistent warnings of a correction and the possibility of more official measures to reign in lending to housing. Market sentiment continues being led by NSW and VIC, but there were also encouraging gains in other states. **Confidence** levels and **house price expectations** have also lifted, with gains being led by the under-performing markets of QLD and SA/NT. Expectations in NSW and VIC remain upbeat, but WA continues to languish. The share of **foreign buyers** in local housing markets was steady (estimated at 10.8% of new and 7.3% of established sales), but property experts observed a noticeable decline in foreign buyers of new property in VIC. NAB Economics has revised up its 2017 housing forecasts based on solid market sentiment in the NAB Survey and better than expected price gains so far this year, but expects the market to cool from late-2017 resulting in more modest price growth in 2018 (see p.10).

VIEW FROM PROPERTY EXPERTS

Sentiment rises strongly with solid gains spread across all states (but WA still negative).

NAB RESIDENTIAL PROPERTY INDEX



RESIDENTIAL PROPERTY INDEX BY STATE

	Q4'16	Q1'17	Next Qtr	Next 1 year	Next 2 years
VIC	49	58	56	49	44
NSW	49	58	58	55	47
QLD	3	13	24	33	44
SA/NT	0	42	58	50	58
WA	-74	-43	-39	-14	5
AUST	**15**	**31**	**35**	**38**	**40**

VIEW FROM NAB ECONOMICS

Strength in prices for the year-to-date warrants an upward revision to our price forecasts for 2017, but markets still expected to cool into 2018.

NAB HEDONIC HOUSE PRICE FORECASTS (%)*

	2014	2015	2016	2017f	2018f
Sydney	13.4	11.5	16.7	10.5	4.9
Melbourne	8.4	11.7	15.1	10.8	5.5
Brisbane	5.2	4.3	4.0	1.0	1.9
Adelaide	4.5	-0.3	4.5	1.9	1.7
Perth	2.1	-3.8	-4.4	-3.4	0.7
Hobart	3.3	-1.6	11.7	6.7	1.7
Cap City Avg	**8.4**	**7.8**	**11.6**	**7.2**	**4.3**

NAB HEDONIC UNIT PRICE FORECASTS (%)*

	2014	2015	2016	2017f	2018f
Sydney	8.3	11.3	9.6	9.7	0.5
Melbourne	1.1	6.9	1.7	5.0	-2.4
Brisbane	1.2	1.8	-0.2	-0.3	-1.8
Adelaide	2.5	1.4	1.1	5.5	0.5
Perth	1.9	-3.5	-3.2	-6.0	0.7
Hobart	5.9	8.6	6.7	3.5	0.6
Cap City Avg	**5.1**	**7.9**	**5.9**	**6.8**	**-0.4**

SOURCE: CoreLogic, NAB Economics

Date **April 2017** | **Author: NAB Behavioural & Industry Economics**

MARKET SENTIMENT UP STRONGLY

NAB's Residential Property Index - based on survey expectations for capital growth and rents - increased significantly in Q1'17. The overall index rose +16 to +31 points to its highest level since Q1 2014 on the back of more positive expectations for both house price growth and rents.

Housing market sentiment improved in all states. VIC (up 9 to +58) and NSW (up 9 to +58) continued to lead the way in Q1'17, but the biggest gains were noted in SA/NT (up 42 to +42) but from a smaller sample size, and in WA, although sentiment is still negative (up 31 to -43). Solid gains were also noted in QLD (up 10 to +13).

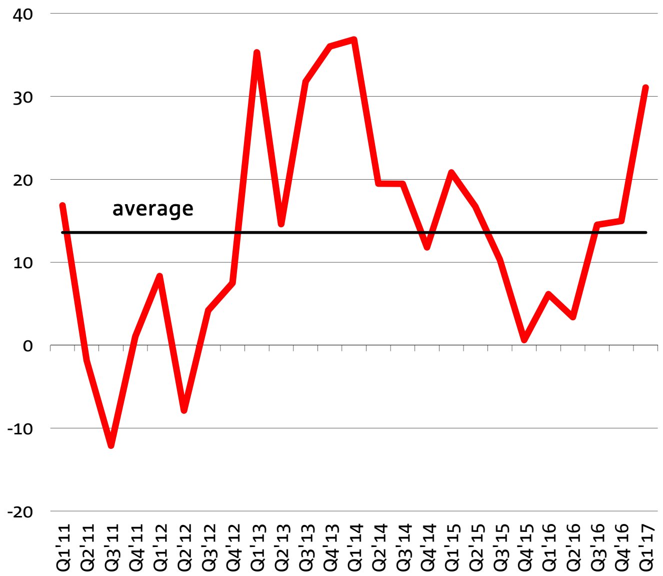
Overall confidence levels have also lifted. NAB's Residential Property Index is now expected to rise to +38 in the next year (+30 in the previous survey) and to +40 in 2 years' time (+33 in Q3).

Confidence levels in VIC dropped back a little in the quarter but are still relatively upbeat and among the highest in the country.

In contrast, confidence was moderately higher in NSW and improved noticeably in SA/NT (but from a smaller base) to be highest in the country. Solid gains were also noted in QLD. Property experts in WA continue to be the most pessimistic in the country by some margin, but were considerably less negative than in the previous survey.

NAB RESIDENTIAL PROPERTY INDEX

Overall housing market sentiment has risen to its highest level in 3 years...



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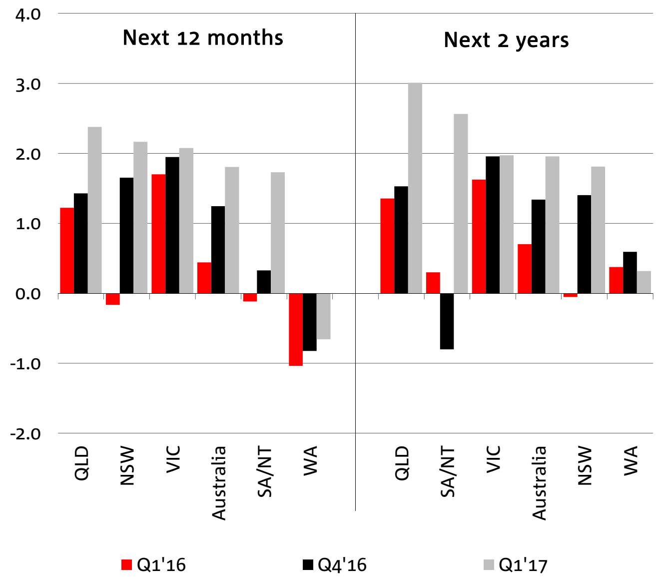
SURVEY HOUSE PRICE EXPECTATIONS

Average survey expectations for national house prices over the next 12 months have improved, with prices now expected to grow by 1.8% (1.2% in the previous survey).

Property experts on average are tipping stronger house price growth in all states in the next 12 months, with QLD to out-perform (2.4% vs. 1.4% in the last survey). Property experts also revised up expectations in NSW (2.2% vs. 1.7%) and VIC (2.1% vs. 1.9%) despite speculation that Sydney and Melbourne are over-valued. A big improvement is also forecast in SA/NT (1.7% vs. 0.3%), but from a small sample size. In WA however, property professionals still expect house prices to continue falling next year, albeit at a modestly slower rate (-0.7% vs. -0.8%).

SURVEY HOUSE PRICE FORECASTS

QLD expected to lead the country for house price growth in the next 1-2 years...



Longer-term prospects have also improved, with average survey expectations pointing to house price growth of 2.0% in 2 years' time (1.3% in the previous survey).

Property professional in QLD remain the most bullish, with average expectations doubling to 3.0% (1.5% in Q4'16). SA/NT also saw a very large increase in expectations (2.6% vs. -0.8%) but from a low base. Property experts in NSW were also somewhat more optimistic (1.8% vs. 1.4%). In contrast, expectations in VIC were unchanged at relatively high levels (2.0%), but were pared back a little in WA (0.3% vs. 0.6%).

On average, national rental growth is expected to accelerate to 1.3% in 2 years' time (0.7% in Q4'16).

Property experts SA/NT are tipping the strongest rental returns in this period, following a sharp upward revision in expectations to 2.5% (-0.9% in Q4'16), but from a small base. The outlook for rental growth in 2 years' time was also revised up in VIC (2.1% vs. 1.7%), NSW (1.8% vs. 1.7%) and QLD (0.9% vs. -0.5%).

In contrast, the outlook for housing rents was revised down in WA, with downward pressure on rents expected to accelerate (-1.0% vs. -0.8%).

SURVEY RENTAL EXPECTATIONS

The average national survey outlook for rental growth in the next year has risen to its highest level since mid-2014. Overall, rents are expected to grow by 1.0% (0.4% in Q4'16).

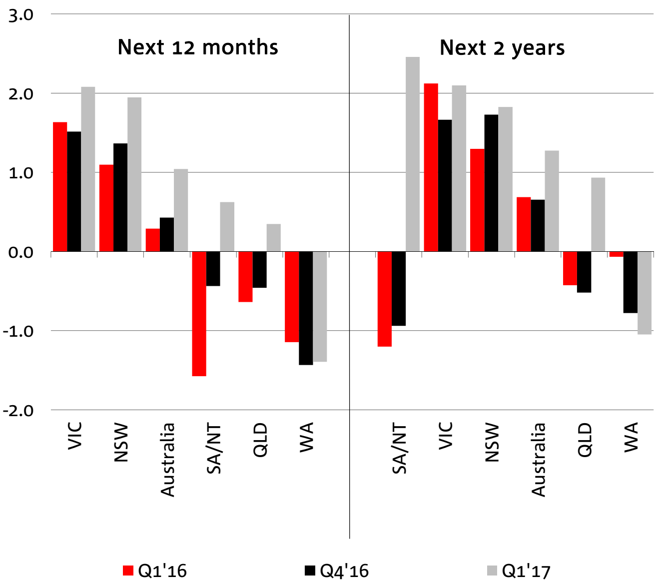
Positive rental returns were forecast in all states in the next 12 months, except in WA where the outlook is for a -1.4% fall (unchanged from Q4'16).

Property experts continue to see the best returns in VIC (2.1% vs. 1.5% previously) and NSW (1.9% vs. 1.4%). And with rents growing at around the same rate as house prices, this suggests that there will be little movement in rental yields over the next 12 months.

Modest rental growth is also forecast in SA/NT (0.6% vs. -0.4%) and QLD (0.3% vs. -0.5%)

SURVEY RENTAL GROWTH FORECASTS

VIC and continue to be the best states for income growth in the next year, but SA/NT the best in 2 years' time...

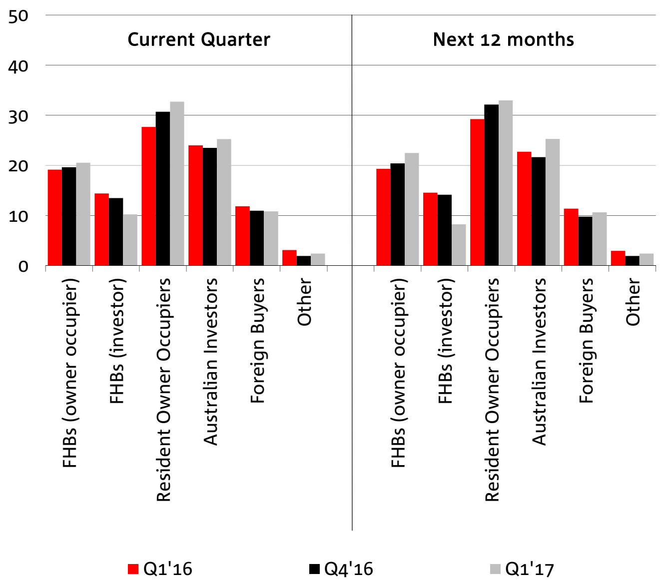


NEW DEVELOPMENTS

First home buyer (FHB) owner occupiers accounted for 20.5% of new property sales in Q1'17 (19.6% in Q4'16), while FHB investors accounted for 10.2% (13.5% in Q3). In total, FHBs made up 30.8% of all new property sales in Q1'17, down from 33.1% in the previous quarter - the smallest share since late-2015.

While first home buyer FHBs are expected to maintain their role in new property markets in the next year, FHB investors are expected to be much less active. This may possibly reflect expectations that the recent resurgence in investor home loan growth could force regulators to take further action to cool this market.

SHARE OF NEW PROPERTY SALES (%)



Owner occupiers (net of FHBs) were more prevalent in new property markets in Q1'17, accounting for 32.7% of total sales (30.7% in Q4'16). Local investors (net of FHBs) however increased their presence in this market, with their share of total sales rising to 25.3% (23.5% in Q4'16).

The share of foreign buyers in new property markets was broadly unchanged at 10.8% (10.9% in Q4'16). However, there was a noticeable re-balancing in foreign buyer activity by state. In VIC, their share in the market fell to 13.8% from 19.3% in the previous quarter. They were also less active in WA (5.6% vs. 9.3%). In contrast, foreign buyer activity increased in NSW (11.6% vs. 8.1%) and in QLD (12.9% vs. 9.2%)

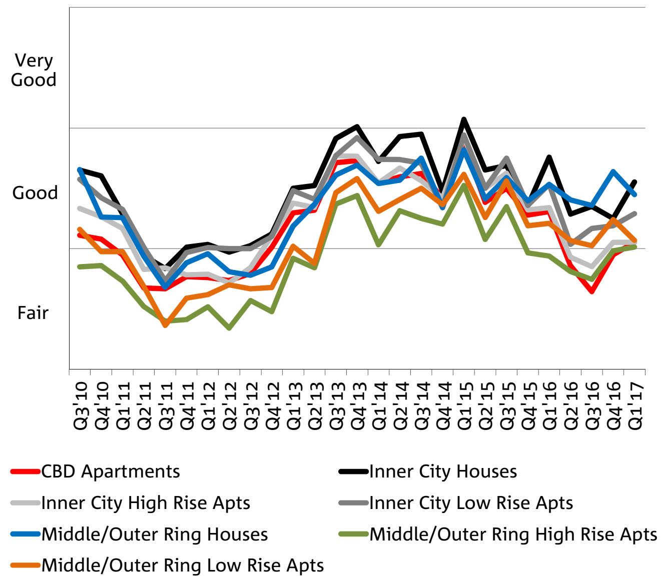
DEMAND FOR NEW PROPERTY

Overall demand for new property in the next 12 months is expected to improve for all types of property and in all locations, except houses and low rise apartments in the middle/outer ring. Property experts see "good" demand for all new property, led by new houses in the inner city and middle/outer ring, followed by inner city low rise apartments.

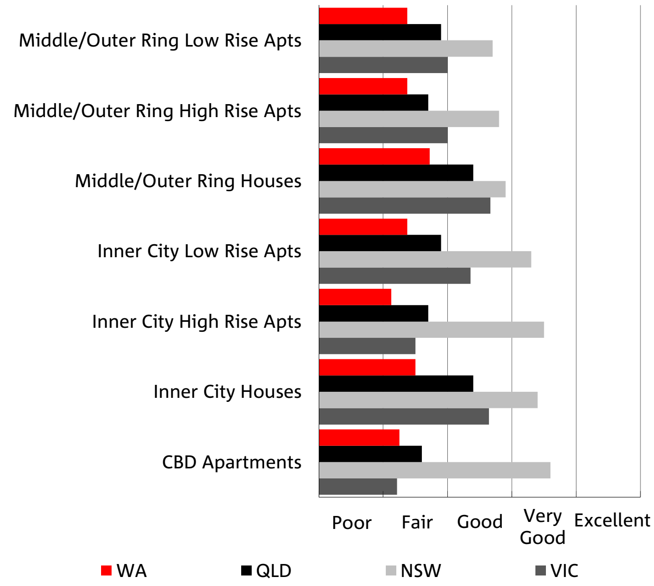
Expectations continue to vary a lot by state. NSW leads the way for all new property, especially inner city and CBD property where expectations are "very good". In VIC, middle/outer ring houses and inner city houses and low rise lead the way, with demand expected to be "good". In contrast, demand is expected to be weakest for CBD apartments amid ongoing reports of a potential over-build.

In QLD, new houses in all locations are expected to experience the strongest demand ("good"). But with market conditions in WA still very difficult, property experts are still expecting only "fair" demand for all types of new property in the next 12 months.

DEMAND - LOCATION & TYPE (NEXT 12M)



DEMAND - STATES (NEXT 12M)

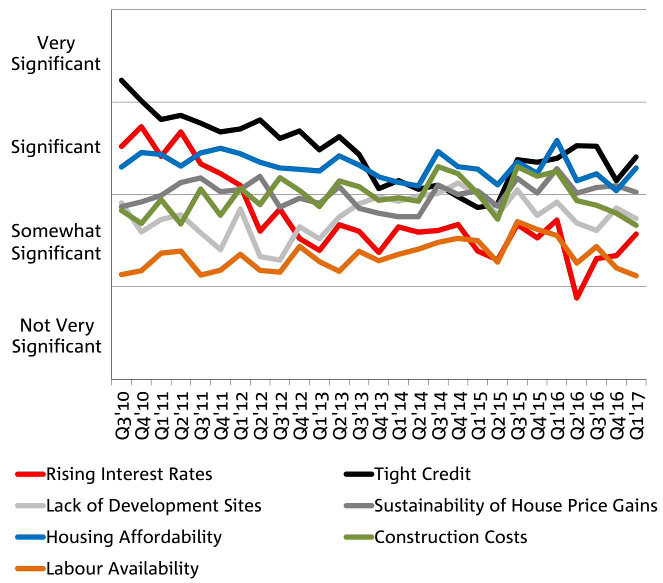


NEW HOUSING MARKET CONSTRAINTS

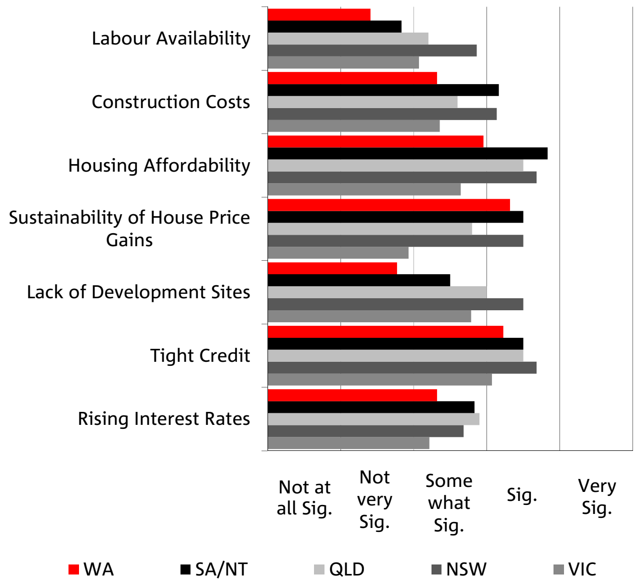
On average, property experts still identify tight credit and housing affordability as the most "significant" constraints to new housing development (and more so than in the previous survey). "Significant" concern was also expressed in relation to the sustainability of house price gains (but less so than in Q4'16).

We are also seeing a rapid pick up in the level of concern over the impact of rising interest rates on the market, which is not surprising as markets appear to have all but ruled out further rate cuts in this cycle.

KEY CONSTRAINTS - OVERALL



KEY CONSTRAINTS - STATES

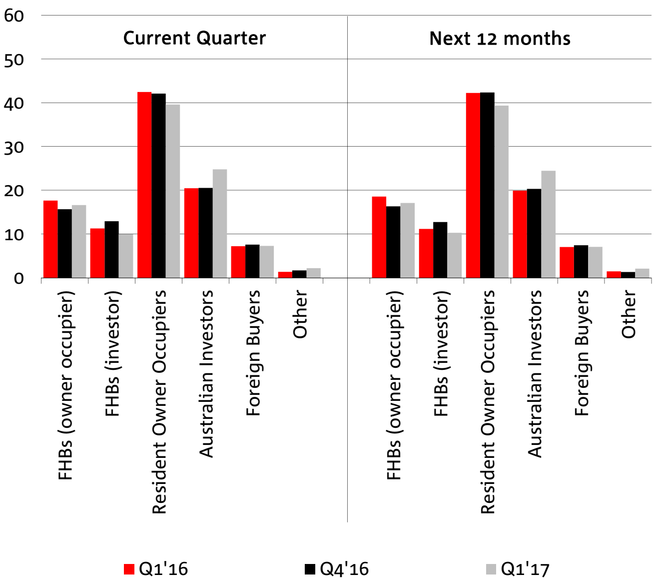


By state, tight credit was the main barrier to new housing development in VIC. It was also the biggest issue in NSW and QLD along with housing affordability. Property experts in SA/NT were most worried about housing affordability. Sustainability of house price gains was the main concern in WA.

ESTABLISHED PROPERTY

FHB (owner occupiers) accounted for 16.6% of established property sales in Q1'17 (15.6% in Q4'16). While these buyers were more active in SA/NT and WA, their market share fell in VIC, NSW and QLD.

SHARE OF EST. PROPERTY SALES (%)



FHB (investors) accounted for 9.9% of all sales (12.9% in Q4'17), with these buyers noticeably less active in NSW and QLD.

In total, FHBs accounted for 26.5% of established property sales in Q1'17 (28.6% in Q4'16) - their lowest level since Q3'15. But property experts expect FHBs to account for 27.4% of the market in 12 months' time - owner occupiers (17.1%) and investors (10.3%).

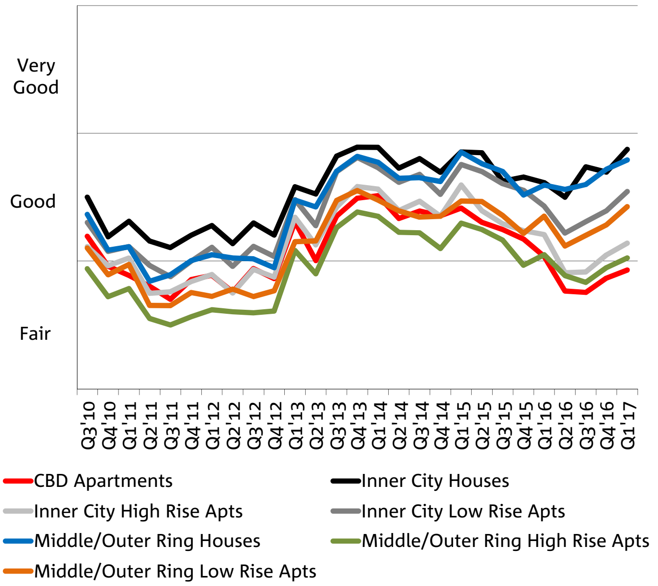
Owner occupiers (net of FHBs) continue to play the dominant role in established property markets, although their share of sales fell to 39.6% (42.1% in Q4'16). Market share for these buyers ranged from around 38-39% in VIC and NSW to 45% in SA/NT.

Local investors (net of FHBs) were much more active in established property markets in Q1'17, lifting their overall market share to 24.8% (20.5% in Q4'16). They were more active in all states (except SA/NT), and particularly in NSW and QLD. Property experts believe that these buyers will account for almost 1 in 4 of all sales in the next year.

Foreign buyers of established property accounted for 7.2% of all sales according to surveyed property experts, down slightly from 7.6% in the previous quarter.

Foreign buyers were less prevalent in VIC (7.4% vs. 10.8% in Q4'16) and NSW (8.0% vs. 8.4%), but they played a slightly bigger role in QLD (6.1% vs. 5.0%) and WA (7.0% vs. 5.4%).

DEMAND - LOCATION & TYPE (NEXT 12M)



Property experts are anticipating an improvement in demand for all types of established property and in all locations over the next 12 months. Demand is expected to be "good" for all property except CBD apartments ("fair").

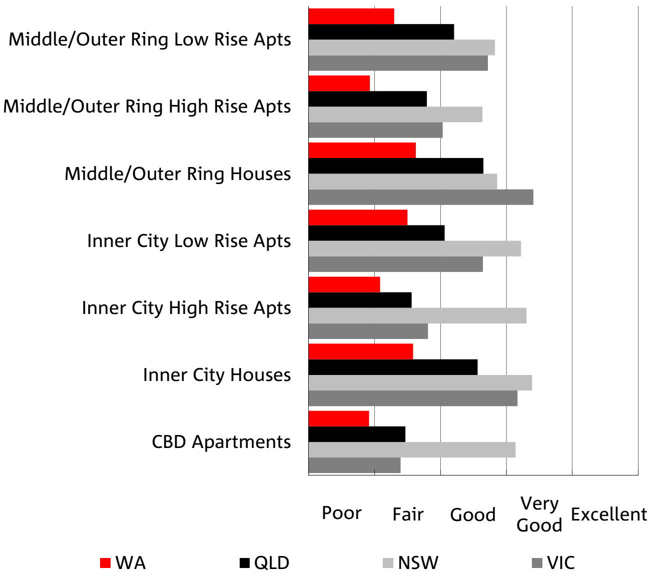
By sate, property experts in NSW anticipate "very good" demand for inner city houses, low and high rise and CBD apartments and "good" demand for all other property.

In VIC, "very good" demand is tipped for established houses located in the inner city and middle/outer ring, but demand for inner city high rise and CBD apartments is expected to be only "fair".

In QLD, property experts see "good" demand for houses and low rise apartments in all locations and "fair demand for all other property.

In WA, "fair" demand is expected for all property, except CBD and middle/outer ring high rise apartments ("poor").

DEMAND - STATES (NEXT 12M)



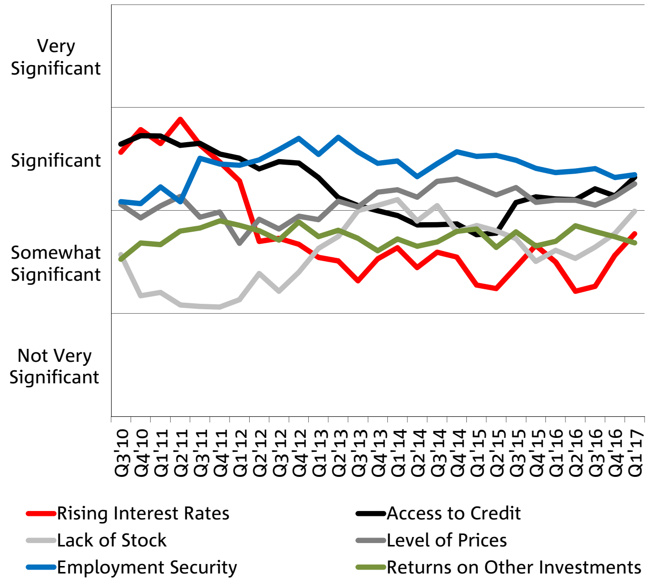
ESTABLISHED HOUSING MARKET CONSTRAINTS

On average, surveyed property experts continue to identify employment security as the most "significant" constraint on buyers of existing property in Australia, but only marginally ahead of access to credit (an issue that has been gaining momentum since mid-2015) and price levels.

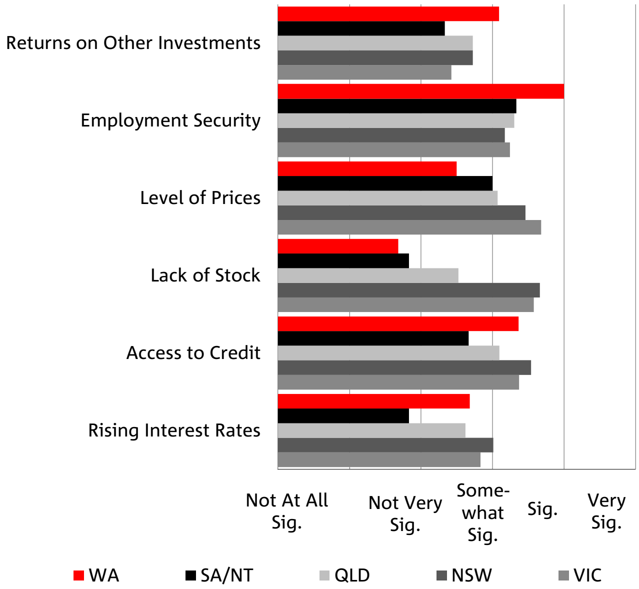
There is also growing concern about rising interest rates and a lack of stock, but less concern about relative returns from other investments.

By state, employment security was identified as the number one impediment for buyers of existing property in QLD, SA/NT and (particularly) WA. In NSW, a lack of stock was identified as the biggest issue, while property experts in VIC highlighted price levels as the biggest constraint in the market.

KEY CONSTRAINTS - OVERALL



KEY CONSTRAINTS - STATE



FOREIGN BUYERS

The latest NAB survey suggests that the proportion of foreign buyers in Australian housing markets was broadly unchanged in both new and established property markets in Q1'17. Foreign buyers accounted for an estimated 10.8% of all new property sales nationally (10.9% in Q4'16) and 7.2% of all established property sales (7.6% in Q4'16).

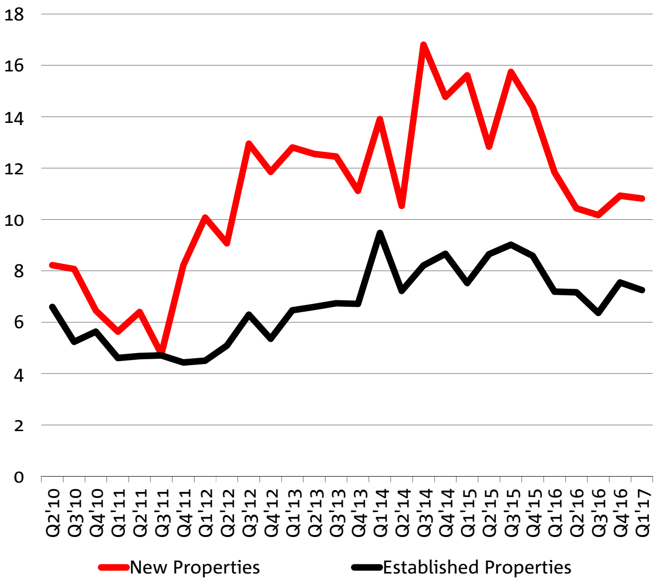
In new property markets, however, foreign buyers were noticeably less prevalent in VIC, where their market share of total sales fell to an estimated 13.8%

(19.3% in Q4'16). Foreign buyers were also less influential in WA, where their market share fell to an estimated 5.6% (9.3% in Q4'16).

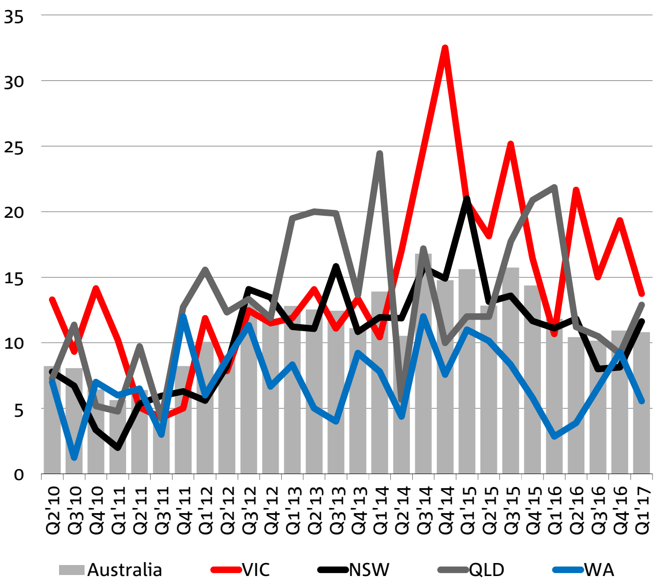
In contrast, foreign buyers played a bigger role in new property markets in NSW, with their share of total sales rising to an estimated 11.6% in Q1'17 (8.1% in the previous quarter). Foreign buyers were also more active in QLD (12.9% vs. 9.2%).

DEMAND FOR PROPERTY FROM FOREIGN BUYERS (% OF TOTAL)

Foreign buying activity broadly steady in new and established markets…

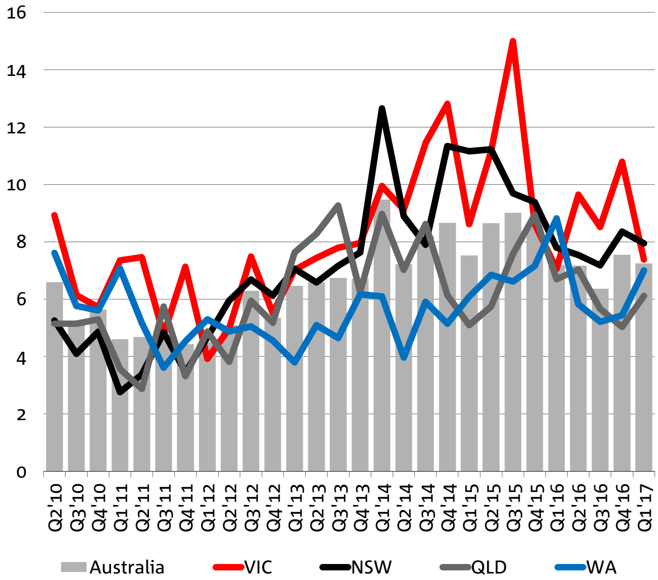


DEMAND FOR NEW PROPERTY FROM FOREIGN BUYERS (% OF TOTAL)



In established housing markets, the overall share of foreign buyers fell to 7.4% in VIC (10.8% in Q4'16) and to 8.0% in NSW (8.4% in the previous quarter). Foreign buyers were however a little more active in WA (7.0% vs. 5.4%) and QLD (6.1% vs. 5.0%).

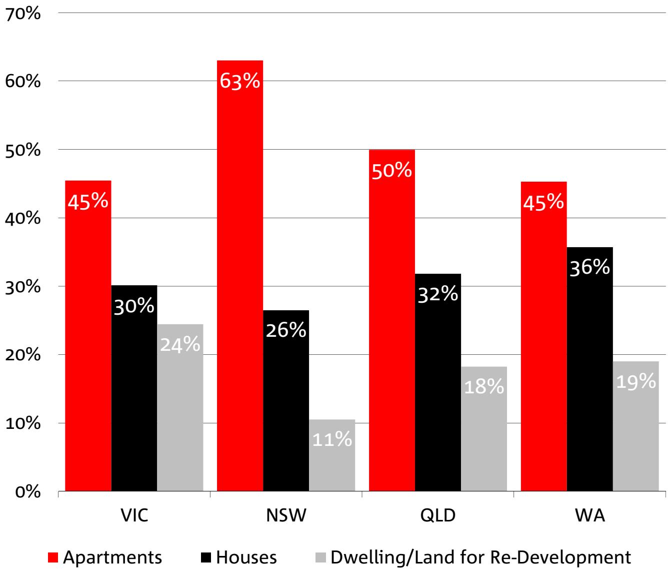
DEMAND FOR ESTABLISHED PROPERTY FROM FOREIGN BUYERS (% OF TOTAL)



PROPERTIES BOUGHT BY FOREIGNERS

Around 53% of all property purchases made by foreign buyers in Q1'17 were for apartments, 30% houses and 17% dwellings or land for re-development. But these ratios vary a lot by state.

FOREIGN PURCHASES – STATE (%)



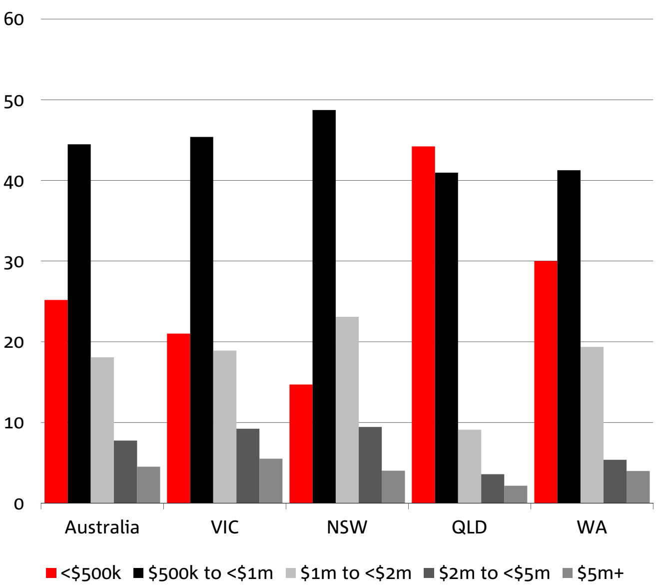
In VIC and WA, around 45% of all properties purchased by foreign buyers in Q1'17 were apartments, compared to around 63% in NSW and 50% in QLD. In contrast, around 36% of foreign purchases in WA and 32% in QLD were houses, compared to just 26% in NSW and 30% in VIC. Almost 1 in 4 (24%) properties purchased by foreign buyers in VIC were dwellings or land for re-development, compared to just 11% in NSW, 18% in QLD and 19% in WA

PRICES PAID BY FOREINGERS

By price, 1 in 4 (25%) apartments bought by foreigners cost less than $500,000, and 45% between $500,000-$1 million. Around 18% were worth $1-2 million, 8% worth $2-5 million and almost 5% over $5 million.

By state, around 44% of apartments sold in QLD were under $500,000, compared to just 15% in NSW and 21% in VIC. Sales in the $500,000-$1 million range varied from 49% in NSW to 41% in QLD and WA. In the $1-2 million range, NSW dominated (23.1%), but VIC led the way when it came to apartments worth more than $5 million (6%).

PRICES PAID FOR APARTMENTS (%)

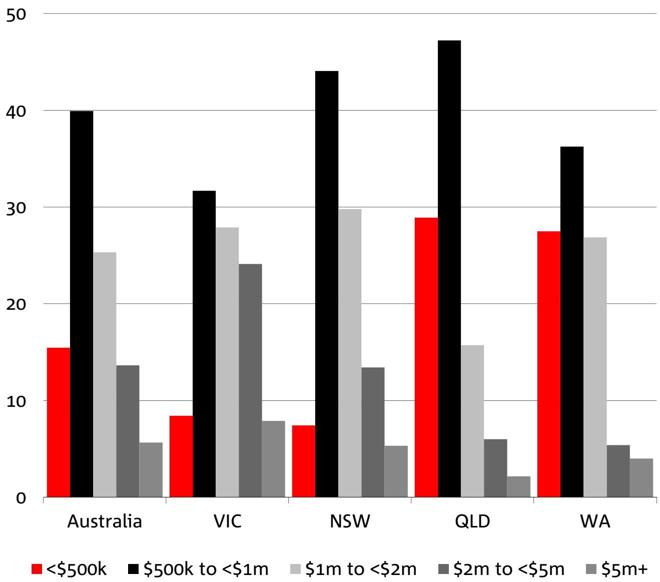


When it came to houses, just 16% foreign sales were for properties of $500,000 or less, 40% between $500,000-$1 million, 25% for $1-2 million, 14% for $2-5 million and 6% over $5 million.

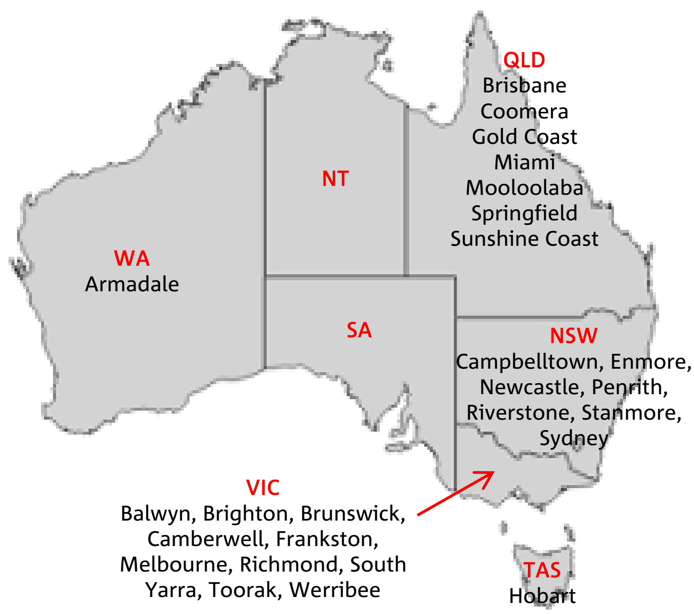
By state, almost 30% of sales in QLD and WA were for houses less than $500,000, compared to 7-8% in VIC and NSW where stock in this price point is more limited (particularly in Sydney and Melbourne). Around 32% of house purchases in VIC were in the $500,000-$1 million range, compared to 36% in WA, 44% in NSW and 47% in QLD. In the $1-2 million price range, foreign buyers were most active in NSW (30%) and least active in QLD (16%).

When it came to prestige houses, 24% of sales in VIC were worth $2-5 million and 8% over $5mn. In NSW, the share of sales at these price points was lower - 13% in $2-5 million range and 5% over $5 million.

PRICES PAID FOR HOUSES (%)



SUBURBS TIPPED TO ENJOY ABOVE AVERAGE GROWTH IN NEXT 12 MONTHS



AVERAGE SURVEY EXPECTATIONS: HOUSE PRICES (%)

	Q1'17	Next Qtr	Next 1 year	Next 2 years
VIC	1.7	1.8	2.1	2.0
NSW	2.1	2.0	2.2	1.8
QLD	1.1	1.6	2.4	3.0
SA/NT	0.9	1.2	1.7	2.6
WA	-1.5	-1.3	-0.7	0.3
AUST	1.3	**1.4**	**1.8**	**2.0**

RENTS (%)

	Q1'17	Next Qtr	Next 1 year	Next 2 years
VIC	1.1	1.5	2.1	2.1
NSW	1.2	1.3	1.9	1.8
QLD	-0.5	-0.1	0.3	0.9
SA/NT	0.0	0.6	0.6	2.5
WA	-2.3	-2.2	-1.4	-1.0
AUST	0.2	**0.5**	**1.0**	**1.3**

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NAB'S VIEW OF RESIDENTIAL HOUSES PRICES

The Australian housing boom has proven to be much more resilient than previously expected, led by very strong prices growth in Sydney and Melbourne in particular, both of which have largely shrugged off concerns around affordability and an oversupply of new apartment developments.

Annual dwelling price growth has reaccelerated since mid-last year, tipping back into double digit rates of growth since December.

While last year's cut to the cash rate has likely contributed to the strength, capital growth continues unabated despite recent tightening in credit conditions - suggesting other factors such as the strength in underlying demand - are playing a role.

That said, the apparent return of investors to the market is a trend that is raising some concerns and has recently prompted additional macro prudential measures from regulators. These policies are expected to have a modest dampening impact on the market and housing credit growth in the near-term, but the longer term impacts will be questionable. Additionally, it is possible that regulators could step-up their campaign to cool the housing market/minimise risk even further.

Given the current policy position, NAB Economics expects that property prices will maintain good momentum over coming months, especially in Sydney and Melbourne, before tighter credit and prudential conditions begin to have a more noticeable effect, compounded by large additions to the apartment stock and limitations from subdued wages growth/deteriorating affordability. The strength seen in prices for the year-to-date warrants an upward revision to our price forecasts for 2017, but markets are still expected to cool into 2018.

The Sydney property market remains the best performing, with prices rising by almost a fifth over the year to March 2017. Both detached houses and units are posting double digit rates of growth, despite the mounting concerns around strong additions to supply of the latter.

Meanwhile, Melbourne has performed incredibly well - with prices also increasing by double digits - although there is a much clearer divide in performance between detached houses and units in that market.

Most other markets have seen good-to-solid price growth, with Darwin and Perth being the main exceptions - both posting sizable declines over the year.

House prices in Sydney increased 19.7% over the year to March 2017, which compares to slightly more moderate growth of 17.2% in Melbourne. Across the other capital cities, Hobart (11%) and Canberra (13.6%) also recorded double digit growth, while Brisbane (4%) and Adelaide (3.6%) each had solid gains. In contrast, ongoing headwinds from the mining sector saw prices in both Perth (-4.6%) and Darwin (-7%) decline - although there are tentative signs these markets are stabilising.

Meanwhile, much of the risk associated with the current boom emanate from the apartment segment, and is somewhat evident in the relative performance of unit prices in certain markets. Unit price growth has underperformed detached houses in almost all capital cities, with Darwin being the only exception. Unsurprisingly, the difference is quite large in Melbourne (5.1%, vs. 17.2%) and Brisbane (0.2%, vs. 4%) where new supply concerns have been greatest. In contrast, unit prices in Sydney were a little softer, but not much (15.3%, vs. 19.7%).

In terms of the fundamentals looking forward, wages growth is expected to remain constrained, meaning that affordability is becoming more of an issue as prices rise and banks continue to raise mortgage lending rates. This fact, along with prudential tightening and solid supply additions (mainly apartments) could limit the potential for future price gains.

Additionally, a renewed turnaround in investor credit growth could trigger another round of prudential tightening by regulators, especially considering that the recent APRA announcement was less severe than some had expected.

Measures to address housing affordability are also likely in the upcoming commonwealth budget, although the nature and impact of this is difficult to predict, and will depend critically on whether the government makes changes to negative gearing and/or capital gains tax exemptions for investors. That said, anticipation of additional policy changes - especially those likely to impact investors - might bring forward demand, helping to maintain the current price trajectory for longer.

Population growth is also expected to remain solid, especially in Victoria, helping to drive underlying demand and soak-up some of the feared housing stock overhang - estimates still have pent-up demand in Sydney (at to a lesser extent Brisbane) at elevated levels also.

Foreign demand on the other hand is less certain. Improvement in alternative global assets and tighter capital controls in places like China appears to be weighing on foreign demand according to measures from the NAB Residential Property Survey.

Considering all of these factors, on balance conditions are expected to soften going forward, contributing to more moderate price growth in the major property markets this year and next. That said, solid market sentiment in the NAB Survey and better than expected price gains so far this year has prompted us to revise up our 2017 forecasts.

House prices are forecast to rise 7.2% (previously 3.4%) in 2017, while unit prices are forecast to increase 6.8% (was -0.8%). The factors mentioned above are then expected to cool the market from late 2017, resulting in more modest price growth of 4.3% for detached houses and -0.4% for units in 2018.

By capital city, house price growth is forecast to remain strongest along the eastern seaboard in 2017, consistent with outcomes in the NAB Residential Property Survey and a relatively solid outlook for their local economies. Sydney and Melbourne will both see solid, albeit slightly slower, growth in prices. Brisbane, Adelaide and Hobart will cool also, while Perth will remain very weak as house prices decline by another 3.4% - although the pace of decline is expected to ease. These trends will broadly continue into 2018, with growth in Sydney and Melbourne returning to more sustainable levels.

Various state government measures to combat affordability add another layer of uncertainty to the forecast. For example, the WA government announced a boost to the first home owners grant back in December, while the Victorian government announced a suite of measures recently, which included boosts to FHB grants, stamp duty concessions, taxes on vacant dwellings and the establishment of shared equity schemes (with similar schemes already existing in some other states). The net impact of these policies on prices is difficult to gauge.

Apartment prices are expected to continue their trend of underperformance relative to detached houses, reflecting the heightened supply concerns in the market. The timing of when new supply will come online and the willingness of potential buyers to shift their preferences towards these types of dwelling (influenced by affordability, cultural shifts, infrastructure and so on), however, adds to the uncertainty around the outlook. Sydney units are forecast to do relatively well, while Perth units are forecast to decline again in 2017 and both Melbourne and Brisbane are expected to dip into negative territory in 2018.

NAB HEDONIC HOUSE PRICE FORECASTS (%)*

	2014	2015	2016	2017f	2018f
Sydney	13.4	11.5	16.7	10.5	4.9
Melbourne	8.4	11.7	15.1	10.8	5.5
Brisbane	5.2	4.3	4.0	1.0	1.9
Adelaide	4.5	-0.3	4.5	1.9	1.7
Perth	2.1	-3.8	-4.4	-3.4	0.7
Hobart	3.3	-1.6	11.7	6.7	1.7
Cap City Avg	**8.4**	**7.8**	**11.6**	**7.2**	**4.3**

*Percentage changes represent through the year growth to Q4

NAB HEDONIC UNIT PRICE FORECASTS (%)*

	2014	2015	2016	2017f	2018f
Sydney	8.3	11.3	9.6	9.7	0.5
Melbourne	1.1	6.9	1.7	5.0	-2.4
Brisbane	1.2	1.8	-0.2	-0.3	-1.8
Adelaide	2.5	1.4	1.1	5.5	0.5
Perth	1.9	-3.5	-3.2	-6.0	0.7
Hobart	5.9	8.6	6.7	3.5	0.6
Cap City Avg	**5.1**	**7.9**	**5.9**	**6.8**	**-0.4**

*Percentage changes represent through the year growth to Q4

SOURCE: CoreLogic, NAB Economics

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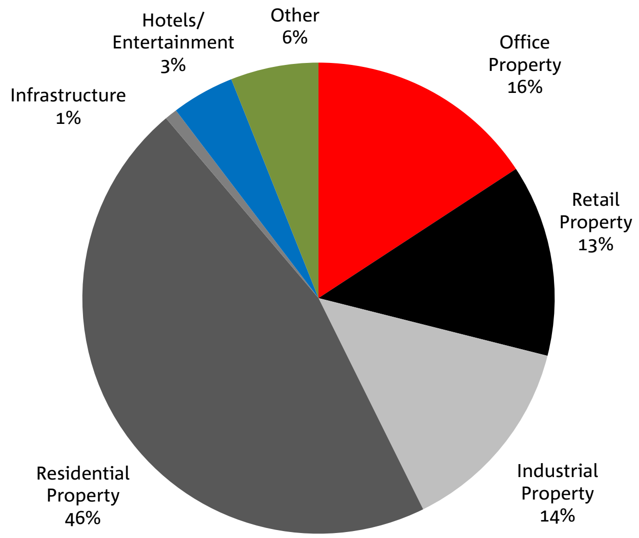
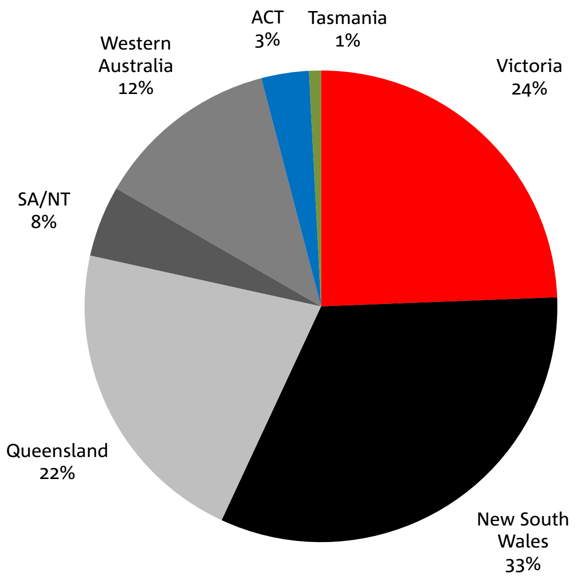
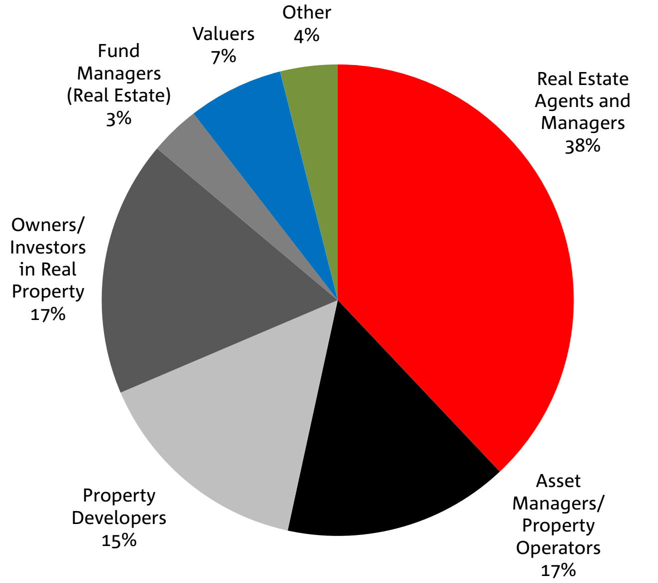
ABOUT THE SURVEY

The NAB Quarterly Australian Residential Property Survey was first launched in Q1 2011. The survey was expanded from NAB's Quarterly Australian Commercial Property Survey, which was launched in April 2010. Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian residential market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors. Around 250 panellists participated in the Q1 2017 Survey and the breakdown of our Survey respondents - by location, property sector and business type - are shown below.







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