

Buy vs Rent Report 2020





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Foreword



While the duration and impact of the pandemic that has dominated 2020 is still unclear, Australia is relatively well positioned. We are starting from a position of fiscal and economic strength, and significant stimulus measures will continue to support the economy. Even in this current environment, Australians' appetite for residential property is strong.

The property market has shown positive indications of this; September for example marked a turning point in market sentiment, when consumer confidence rose, new listings forged ahead, and home values nationally made annual gains of 4.8 per cent.

Amid this backdrop, new home loan approvals jumped 12.6 percent in August, and some experts are speculating house prices are likely to hit a new high in 2021, with values potentially rising 15 per cent by 2023.

Despite the uncertainty of the pandemic, one thing is for sure: home loan interest rates are the lowest in Australia's history.

With some interest rates starting with a '2', it could now be cheaper to buy a home than rent. The research in this report shows that if you have your heart set on a house, it could cost less to own than rent in up to 52 per cent of suburbs nationally.

The report also confirms that in many suburbs across Australia, especially those outside the major capital cities, on a monthly basis, it is cheaper to buy than rent.

Importantly, the rates used to calculate the savings in this report are estimated based on the average rates from the RBA. While this is a really good indication of the suburbs where it could be cheaper to buy than rent, there are a lot of current market rates well below these averages, so the savings and range of suburbs is potentially even greater.

This is where a broker can add value, by helping borrowers source the latest competitive rates, incentives, or government grants that enable first home buyers to get into the market.

Right now, 8 million Australians rent their home – and they're renting for longer. Today's low rates coupled with generous first home buyer incentives, could be the key that allows aspiring home-owners to break out of the rent cycle and into their own home. No more 'dead' rent money, no more restrictions on what they can or can't do to the place, and no more stress about what happens when the lease ends.

From bustling national cities to the regional towns across the nation, we've identified the suburbs where Australians can be a home-owner and still be in front compared to renting.

These findings should inspire many Australians to get off the rental treadmill and into a place they can truly call home.

James Symond
CEO
Aussie

Introduction

Capital city home values were slightly lower through the COVID-19 period, and mortgage rates reached record lows. As a result, many renters and prospective home buyers are likely to be doing their sums to work out whether it is better for them to pay a mortgage or pay a landlord.

This report provides a region-by-region comparison of the estimated costs involved with servicing a mortgage and the costs of renting. This is based on median house and unit values compared with median asking rents across regions of the country.

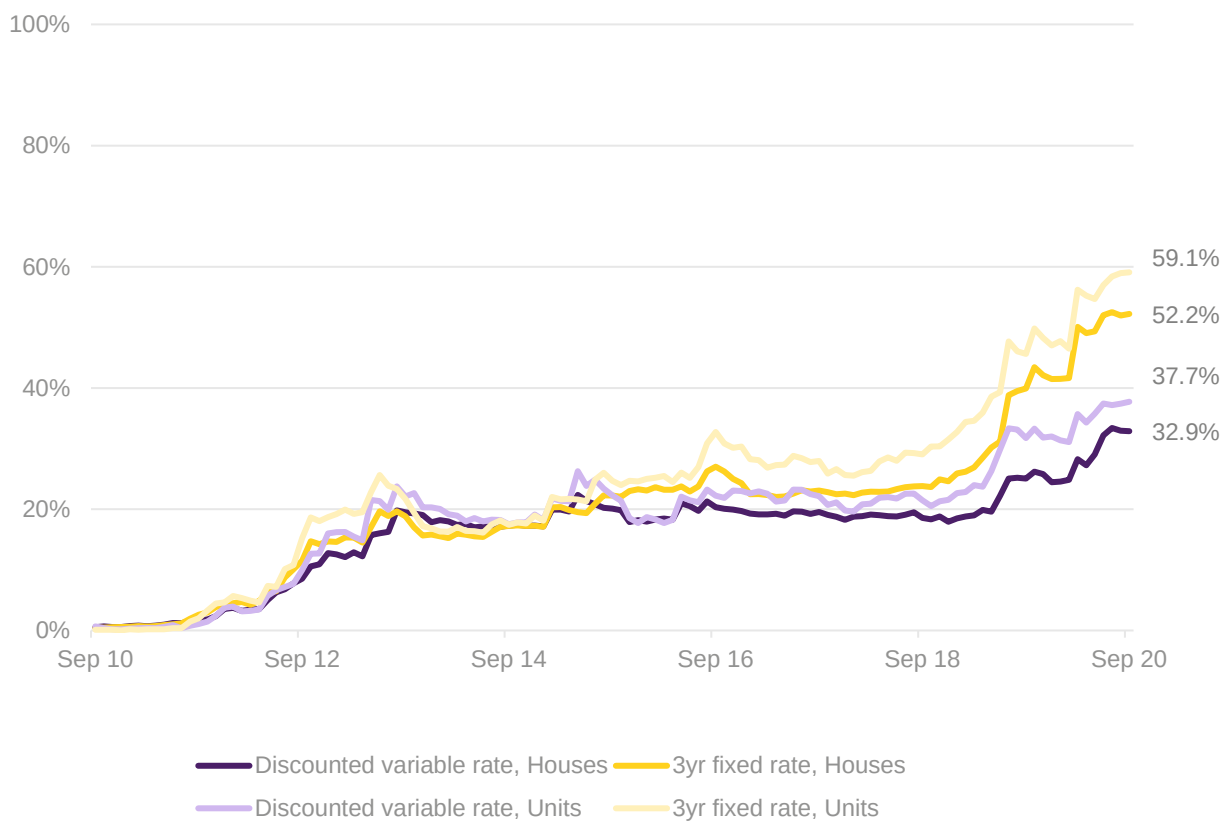
The results of the analysis show a persistent reduction in the cost of mortgage repayments due to record low mortgage rates, along with a subtle reduction in house values through the COVID-19 period. Regions where housing values were previously under more sustained downwards pressure, such as Perth and Darwin, show a substantial rise in the proportion of suburbs where it is cheaper to pay down a home loan than pay a landlord, while in cities where housing values are around record highs, such as Canberra and Sydney, the trend is less noticeable.

The analysis factored in two interest rate scenarios for mortgage repayments, utilising principal & interest payments over a thirty year loan term based on either the discounted variable mortgage rate or the three year fixed rates as reported by the Reserve Bank of Australia.

The scenarios resulted in a broad range of suburbs where it is currently cheaper to service a mortgage than rent:

- **Under the discounted variable mortgage rate for houses,** 32.9% of Australian suburbs recorded lower monthly mortgage repayments than rental payments, up from 25.1% a year ago and only 0.5% ten years ago.
- **Under the discounted variable mortgage rate for units,** 37.7% of Australian suburbs were more affordable to pay down a mortgage than rent, up from 31.8% a year ago and 0.7% ten years ago.
- **Under the three year fixed rate scenario for houses,** just over half (52.2%) of Australian suburbs were cheaper to pay down a mortgage than pay rent on a house, up from 39.9% a year ago and 0.4% of suburbs ten years ago.
- **Under the three year fixed rate scenario for units,** 59.1% of Australian suburbs recorded a lower cost for servicing a mortgage than renting, up from 45.6% a year ago and 0.1% ten years ago.

Proportion of suburbs where paying a mortgage is cheaper than paying rent, National



Methodology and assumptions

The analysis looks at the results across two interest rate scenarios, specifically:

- Servicing a principal and interest loan on a discounted variable mortgage rate;
- Servicing a principal and interest loan on a three year fixed mortgage rate;

The benefit of using these different scenarios is that it highlights to potential purchasers, particularly first home buyers, the different options that are available when contemplating purchasing a property and taking on a mortgage. Many first home buyers may not realise that buying a property can actually reduce housing costs in the long term. It also highlights the difference in results when choosing different loan products.

The analysis includes a number of key assumptions:

- A loan to valuation ratio (LVR) of 90% which means that the purchaser is borrowing 90% of the value of the home (i.e. they have a 10% deposit).
- The principal is calculated at 90% of suburb median house and unit value.
- Mortgage rates are based on indicator lending rates reported by the RBA. For the most recent reporting date, September 2020, the discounted variable rate was reported at 3.65% and the three year fixed rate was reported at 2.35%. Indicator lending rates have been used over the housing lending rates publication due to the longer back-series available.

- The loan period is 30 years.
- The repayment schedule is monthly.
- Rental costs are based on the median rental valuation.

When considering the figures it is important to note that the analysis does not provide consideration for capital appreciation, transaction costs or other costs associated with either home ownership or renting. These may include, but are not limited to, maintenance, council rates, electricity, water and sewerage, land tax, body corporate levies, stamp duty, legal and conveyancing fees.

We would encourage readers to undertake their own research to understand what additional costs may be associated with owning or renting a particular property.



Setting the scene

Housing values

Housing markets around Australia have recorded diverse performance over the past twelve months. Sydney and Melbourne led a rapid, broad-based upswing in the nine months to March 2020. However, the onset of the COVID-19 pandemic disrupted this upswing. Property market performance varied across the capital cities, depending on the extent of COVID-19 cases, government stringency and the impact to housing demand from inter-state and international border closures. The six months through to the end of September saw the median house value across the combined capital cities fall by 0.5%, while the median unit value was down a larger 3.1%.

Across Melbourne, house values declined -4.7%, and unit values were down -5.1%. In Sydney, house values fell -3.7% while unit values declined -3.5%. These cities have worn the brunt of lower home values over the six months to September. Meanwhile, each of the remaining capital cities has seen the median house value actually rise over the six months to September, while unit markets recorded more diverse performance.

Rental markets

Similar to housing values, rental markets have recorded a diverse performance before, and during, the COVID-19 period to-date. At a broad level, median rental rates across the capital cities have held firm over the past six months since COVID, as well as holding steady over the past 12 months. Meanwhile, unit rents are down 2.2% over the six and 12 month period. Rental market conditions across the unit sector have been more heavily impacted by stalled overseas migration, and weaker labour market outcomes for industry sectors such as food and accommodation and arts and recreation, where workers are more likely to rent than in other industries.

More extreme movements in median rental rates can be seen in Hobart, where the median rent for a house is down 7.1% over the six months ending September, while the median unit rent is down a more substantial 11.1% over the same period. Lower rents can also be seen across the unit markets of Sydney (-3.8%), Melbourne (-7.8%) and Canberra (-1.0%).



Setting the scene (cont'd)

Median house and unit values

	Median house values					Median unit values				
	Sep 10	Sep 15	Sep 19	Mar 20	Sep 20	Sep 10	Sep 15	Sep 19	Mar 20	Sep 20
Sydney	\$572,369	\$932,175	\$900,017	\$1,020,849	\$983,262	\$470,344	\$705,247	\$710,559	\$770,469	\$743,288
Melbourne	\$542,610	\$662,493	\$729,051	\$819,611	\$780,836	\$447,750	\$494,217	\$546,202	\$589,042	\$558,952
Brisbane	\$452,709	\$497,725	\$540,224	\$557,714	\$559,646	\$375,682	\$396,437	\$377,447	\$386,427	\$388,505
Adelaide	\$404,578	\$429,746	\$462,177	\$474,425	\$486,943	\$315,570	\$313,227	\$323,599	\$330,192	\$332,287
Perth	\$492,140	\$538,979	\$452,580	\$461,845	\$463,634	\$403,926	\$434,559	\$348,594	\$356,868	\$348,398
Hobart	\$349,891	\$351,494	\$489,662	\$513,325	\$519,092	\$269,191	\$279,270	\$379,780	\$397,409	\$397,993
Darwin	\$529,654	\$568,626	\$464,825	\$473,479	\$485,085	\$399,230	\$415,970	\$293,047	\$273,202	\$272,244
Australian Capital Territory	\$549,068	\$558,442	\$672,203	\$702,173	\$723,634	\$425,510	\$399,167	\$424,911	\$443,468	\$458,498
Rest of NSW	\$336,216	\$369,205	\$454,638	\$478,770	\$490,842	\$290,360	\$316,907	\$396,615	\$400,188	\$411,748
Rest of Vic.	\$259,062	\$301,649	\$379,396	\$410,337	\$411,295	\$207,554	\$235,654	\$277,865	\$286,007	\$293,069
Rest of Qld	\$386,569	\$367,623	\$376,139	\$388,812	\$397,182	\$334,991	\$330,128	\$351,021	\$359,019	\$363,816
Rest of SA	\$237,725	\$242,321	\$239,771	\$248,333	\$250,943	\$208,765	\$210,437	\$182,551	\$187,699	\$202,320
Rest of WA	\$365,296	\$356,096	\$309,819	\$320,158	\$314,016	\$316,580	\$291,228	\$192,555	\$215,153	\$185,777
Rest of Tas.	\$253,253	\$240,994	\$308,086	\$334,007	\$341,270	\$212,602	\$205,043	\$246,904	\$262,594	\$264,222
Rest of NT	\$405,538	\$381,287	\$408,868	\$396,607	\$404,111	\$319,308	\$266,278	\$269,138	\$296,398	\$260,487
Combined capital cities	\$487,976	\$618,790	\$631,045	\$676,067	\$672,873	\$428,507	\$533,163	\$543,192	\$582,506	\$564,648
Combined regional areas	\$333,249	\$343,510	\$386,675	\$405,413	\$409,797	\$299,598	\$304,667	\$341,160	\$347,911	\$351,221

Median house and unit rents (monthly)

	Median house rent					Median unit rent				
	Sep 10	Sep 15	Sep 19	Mar 20	Sep 20	Sep 10	Sep 15	Sep 19	Mar 20	Sep 20
Sydney	\$1,993	\$2,340	\$2,297	\$2,381	\$2,383	\$1,863	\$2,188	\$2,210	\$2,253	\$2,167
Melbourne	\$1,517	\$1,690	\$1,863	\$1,907	\$1,907	\$1,473	\$1,647	\$1,907	\$1,950	\$1,798
Brisbane	\$1,560	\$1,798	\$1,820	\$1,842	\$1,863	\$1,517	\$1,733	\$1,668	\$1,712	\$1,733
Adelaide	\$1,430	\$1,517	\$1,690	\$1,712	\$1,733	\$1,213	\$1,300	\$1,430	\$1,473	\$1,560
Perth	\$1,647	\$1,820	\$1,603	\$1,647	\$1,712	\$1,517	\$1,733	\$1,517	\$1,517	\$1,603
Hobart	\$1,430	\$1,473	\$1,993	\$2,145	\$1,993	\$1,213	\$1,213	\$1,777	\$1,950	\$1,733
Darwin	\$2,253	\$2,383	\$2,080	\$1,993	\$2,080	\$1,820	\$1,950	\$1,560	\$1,603	\$1,603
Australian Capital Territory	\$2,145	\$1,950	\$2,470	\$2,665	\$2,513	\$1,820	\$1,690	\$2,080	\$2,123	\$2,102
Rest of NSW	\$1,300	\$1,538	\$1,768	\$1,777	\$1,820	\$1,213	\$1,343	\$1,517	\$1,517	\$1,560
Rest of Vic.	\$1,105	\$1,278	\$1,517	\$1,560	\$1,560	\$910	\$1,083	\$1,213	\$1,300	\$1,300
Rest of Qld	\$1,517	\$1,517	\$1,820	\$1,777	\$1,820	\$1,387	\$1,428	\$1,582	\$1,582	\$1,603
Rest of SA	\$997	\$1,083	\$1,170	\$1,192	\$1,192	\$758	\$867	\$910	\$910	\$893
Rest of WA	\$1,387	\$1,712	\$1,517	\$1,560	\$1,603	\$1,213	\$1,430	\$1,300	\$1,343	\$1,430
Rest of Tas.	\$1,040	\$1,127	\$1,387	\$1,517	\$1,517	\$867	\$997	\$1,148	\$1,235	\$1,235
Rest of NT	\$1,647	\$1,993	\$2,167	\$2,167	\$2,167	\$1,430	\$1,560	\$1,668	\$1,647	\$1,603
Combined capital cities	\$1,647	\$1,842	\$1,950	\$1,950	\$1,950	\$1,603	\$1,820	\$1,993	\$1,993	\$1,950
Combined regional areas	\$1,300	\$1,452	\$1,668	\$1,690	\$1,712	\$1,300	\$1,300	\$1,495	\$1,512	\$1,517

Setting the scene (cont'd)

Interest rates

Mortgage rates have been following a downwards trend for most of the past decade, moving through a recent peak in mid-2008, when the discounted variable rate for owner occupiers reached 8.96% and the three year fixed rate was 9.42%. By June 2020 the average discounted variable rate had reduced to 3.65% and three year fixed rates were averaging 2.35%. Mortgage rates have held at these record lows through to September 2020.

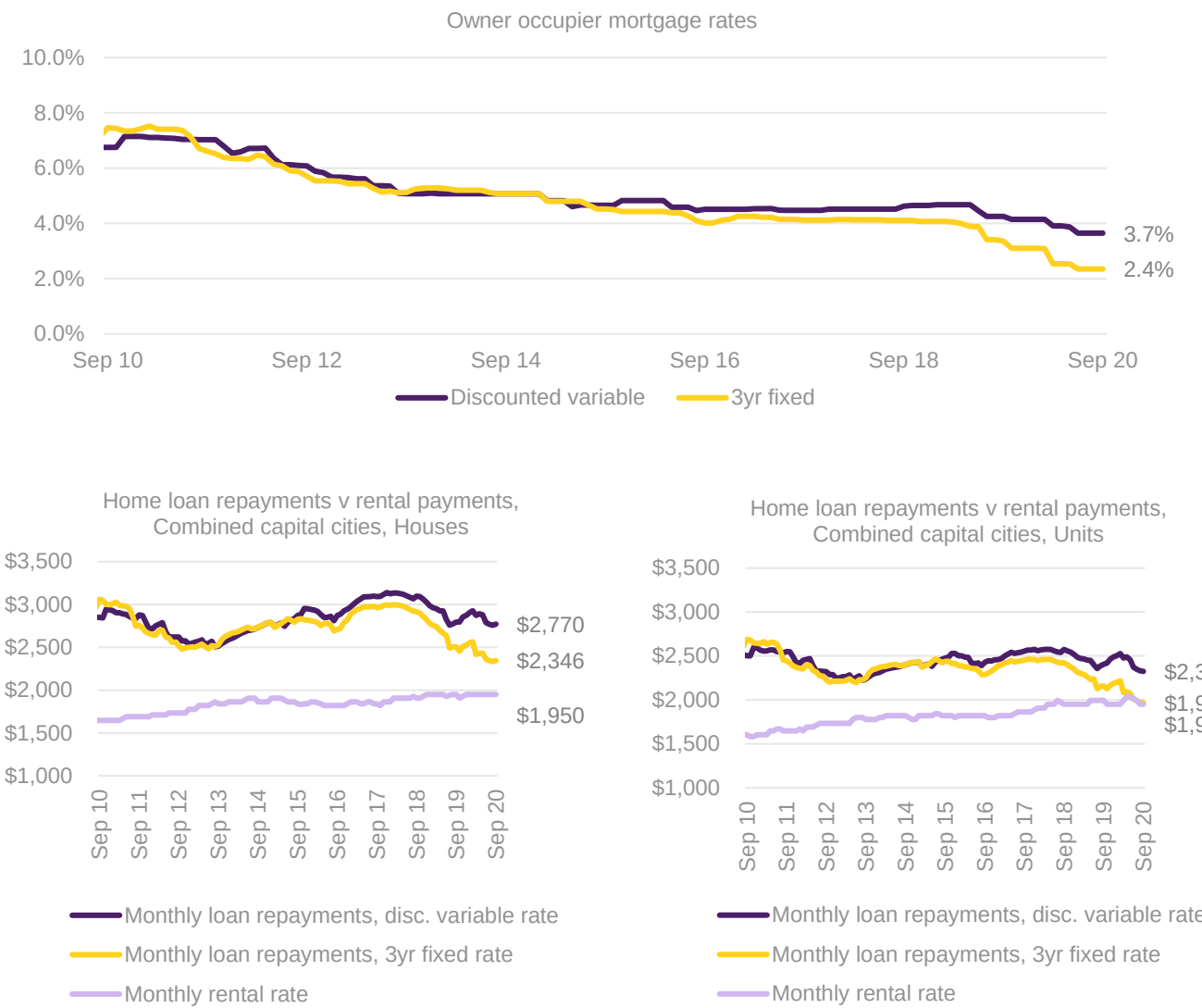
The reality is that most new mortgage originations are securing even lower interest rates, with the RBA estimating the mortgage rate for a newly originated owner occupier variable rate home loan was averaging 2.9% in August 2020, while newly originated three year fixed rates were averaging 2.29%.

Although interest rates are already at record lows, there is some speculation they could be reduced even further, as the Reserve Bank has hinted at further reductions to the cash rate.

The outlook for interest rates remains positive, with the Reserve Bank recently confirming their expectation that interest rates won't rise for at least three years, providing some certainty that interest rates will remain low for an extended period of time.

With such low interest rates, along with changes in home values and rental rates, the gap between mortgage repayments and renting has narrowed substantially over recent years. While the trends vary from region to region, the macro-view across the combined capital cities shows typical mortgage repayments are reducing significantly. For a house, based on average discounted variable loan rates, mortgage repayments have reduced from \$3,139 per month in late 2017 to \$2,770 in September 2020 (a saving of \$369 per month). Under a fixed rate scenario, typical mortgage repayments on a house have reduced from a decade high in early 2010 of \$3,163 per month to \$2,346 in September 2020 (a saving of \$809 per month).

The gap between renting and paying a mortgage on a unit has also narrowed, with typical discounted variable mortgage rate repayments reducing from a recent high of \$2,597 per month in 2010 to \$2,325 in September 2020; a monthly saving of \$272. The savings is larger based on the three year fixed rate scenario at \$777 per month from the recent high.



Trends across the regions

Under a discounted variable rate scenario, 16.9% of capital city suburbs recorded lower monthly mortgage repayments compared with rental payments for houses, rising to 34.7% of suburbs under a three year fixed rate scenario. A year ago, a lower 10.9% and 22.3% of suburbs recorded lower mortgage repayments than rents.

For unit buyers, the proportion of suburbs where it was cheaper to service a mortgage than rent is higher. 27.9% of capital city suburbs recorded lower mortgage repayments than rental payments for units, based on discounted variable mortgage rates. This rose to 48.5% of suburbs under the three year fixed rate scenario.

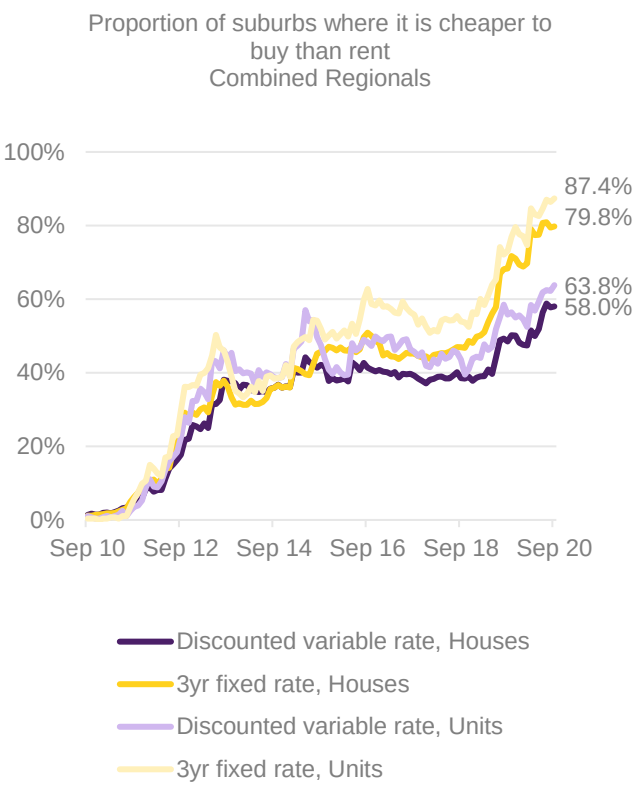
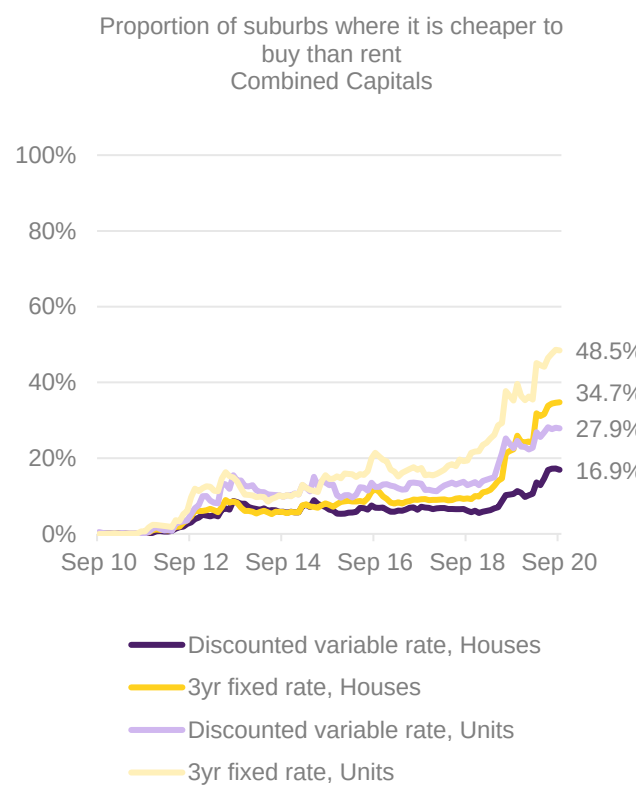
Across the capital cities the trends were varied. At one end of the spectrum, Sydney and Melbourne recorded no suburbs where it was cheaper to service a mortgage on houses than rent based on a variable rate, while at the other extreme, 82.6% of Darwin suburbs, 50% of Hobart suburbs and more than a third of suburbs across Perth and Adelaide were more affordable to pay down a discounted variable rate mortgage than rent for houses.

Under the fixed rate scenario, 5.3% of Sydney suburbs were more affordable to service a mortgage than rent for houses, and this was the case for almost 1% of Melbourne suburbs. Every suburb across Darwin was cheaper to pay a mortgage than rent under a fixed rate scenario, and the proportion was more than 50% across Brisbane, Adelaide, Perth, Hobart and Darwin.

Regional areas of Australia have a much higher likelihood of being cheaper to service a mortgage than rent a home. Broadly, 58% of regional suburbs recorded lower mortgage repayments than rental rates under a discounted variable mortgage rate scenario for houses, rising to almost 64% for units. Under the lower interest rate scenario associated with a fixed rate mortgage, the proportion rose to 79.8% for houses and 87.4% for units.

Across the regional areas of Northern Territory, South Australia, Tasmania and Western Australia, more than 80% of suburbs showed lower typical mortgage repayments than renting for houses under a discounted variable mortgage rate, reducing to 33.8% of regional Victorian suburbs and 44.4% of regional New South Wales suburbs.

Based on the fixed rate scenario, the proportions were substantially higher across each of the regional areas.



Proportion of suburbs where paying down a mortgage is cheaper than paying rent

	Discounted variable mortgage rate				Three year fixed mortgage rate			
	Sep 10	Sep 15	Sep 19	Sep 20	Sep 10	Sep 15	Sep 19	Sep 20
Sydney	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%	5.3%
Melbourne	0.0%	0.8%	0.0%	0.0%	0.0%	0.8%	0.3%	0.9%
Brisbane	0.0%	15.5%	22.0%	29.3%	0.0%	18.5%	41.3%	63.3%
Adelaide	0.0%	10.8%	15.9%	35.1%	0.0%	13.8%	38.2%	66.0%
Perth	0.0%	2.7%	16.9%	35.3%	0.0%	4.3%	38.7%	63.9%
Hobart	2.9%	51.1%	57.9%	50.0%	2.9%	51.1%	71.1%	88.2%
Darwin	0.0%	41.9%	72.0%	82.6%	0.0%	51.6%	96.0%	100.0%
Australian Capital Territory	0.0%	0.0%	2.6%	6.4%	0.0%	0.0%	21.1%	48.9%
Rest of NSW	1.1%	42.5%	33.7%	44.4%	0.7%	45.0%	56.0%	70.9%
Rest of Vic.	0.7%	38.1%	30.1%	33.8%	0.0%	41.8%	49.4%	63.1%
Rest of Qld	1.3%	36.5%	59.5%	69.9%	1.3%	40.9%	80.6%	88.1%
Rest of SA	0.0%	53.3%	73.7%	91.5%	0.0%	58.3%	86.0%	100.0%
Rest of WA	4.7%	46.3%	72.3%	86.4%	4.7%	50.0%	88.0%	97.5%
Rest of Tas.	2.4%	62.5%	80.4%	80.5%	2.4%	67.9%	92.2%	97.6%
Rest of NT	0.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Capitals	0.1%	6.4%	10.5%	16.9%	0.1%	7.7%	22.3%	34.7%
Regionals	1.4%	42.2%	48.5%	58.0%	1.2%	45.7%	68.4%	79.8%
National	0.5%	20.1%	25.1%	32.9%	0.4%	22.2%	39.9%	52.2%

	Discounted variable mortgage rate				Three year fixed mortgage rate			
	Sep 10	Sep 15	Sep 19	Sep 20	Sep 10	Sep 15	Sep 19	Sep 20
Sydney	0.8%	0.0%	0.4%	0.0%	0.0%	0.3%	4.3%	17.4%
Melbourne	0.4%	4.7%	4.0%	2.2%	0.0%	4.7%	11.2%	28.1%
Brisbane	0.0%	36.5%	53.9%	76.3%	0.0%	40.6%	82.6%	96.6%
Adelaide	0.0%	19.7%	53.5%	73.2%	0.0%	19.7%	83.7%	100.0%
Perth	0.0%	10.5%	51.5%	74.6%	0.0%	13.2%	75.8%	88.9%
Hobart	0.0%	35.0%	55.6%	43.8%	0.0%	40.0%	88.9%	81.3%
Darwin	6.3%	78.6%	71.4%	100.0%	0.0%	78.6%	85.7%	100.0%
Australian Capital Territory	0.0%	27.5%	87.8%	88.2%	0.0%	40.0%	97.6%	100.0%
Rest of NSW	0.0%	30.9%	33.3%	46.1%	0.0%	36.0%	56.8%	78.3%
Rest of Vic.	0.0%	30.2%	52.2%	60.5%	0.0%	34.0%	65.2%	90.7%
Rest of Qld	2.5%	69.5%	73.6%	77.0%	0.8%	73.8%	86.8%	92.9%
Rest of SA								
Rest of WA								
Rest of Tas.	0.0%	46.2%	64.3%	91.7%	0.0%	53.8%	92.9%	100.0%
Rest of NT								
Capitals	0.5%	12.9%	22.6%	27.9%	0.0%	14.5%	35.2%	48.5%
Regionals	1.1%	47.5%	55.8%	63.8%	0.4%	51.9%	73.1%	87.4%
National	0.7%	22.3%	31.8%	37.7%	0.1%	24.7%	45.6%	59.1%



Sydney

The past decade has seen housing values rise substantially more than rents, which has had a negative impact on housing affordability and generally made it more affordable to rent a home across Sydney than to buy. Since 2010 the median house value across Sydney has increased by 71.8% or by \$410,893 while the median rent on a Sydney house is up a much smaller 19.6%, or \$90/week over the same time period.

The results across the unit sector aren't quite as dramatic, but the trend is similar with the median unit value rising by 58.0% or \$272,944 while median rents for units are only 16.3% higher (\$70/week).

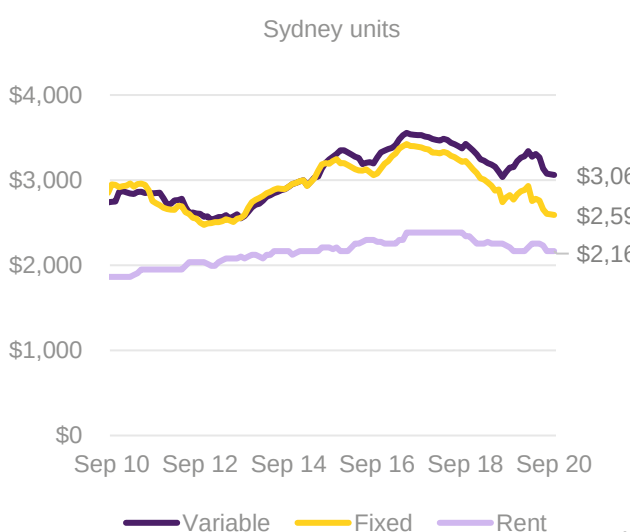
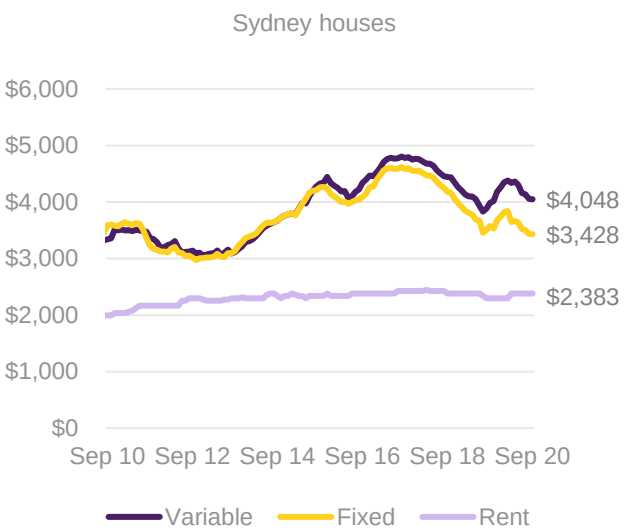
More recently the gap between buying and renting has diminished which is the bi-product of lower home values and lower interest rates. Based on servicing a mortgage at the discounted variable mortgage rate, the cost of servicing a new Sydney house loan has reduced from \$4,783/month to \$4,048/month. Despite the improvement, the expense of servicing a loan remains higher than renting, at least at a macro level, across the Sydney market.

Servicing a new mortgage on a house, based on the discounted variable mortgage rate, remains \$1,665 per month higher relative to renting a house, while the gap between servicing a mortgage on a unit and paying rent has reduced to \$894 per month. With fixed rate mortgages lower than variable rates, the cost difference between renting and paying a mortgage is less substantial.

Geographically, the areas of Sydney where servicing a mortgage is closer, or even cheaper than the costs of renting, tend to be located around the outer fringes of the metro region and within the unit sector. For houses, the Central Coast region stands out as having the smallest difference between paying down a new mortgage and renting, with a difference of \$550/month based on discounted variable mortgage rates. For unit buyers, Sydney's Outer Southwestern region has the smallest difference with only \$157/month separating mortgage repayments and renting each month.



Typical monthly payments, mortgage v rental



Sydney (cont'd)

Sydney by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Central Coast	Houses	\$2,187	\$664,738	\$2,737	\$2,317	\$550	\$130
Central Coast	Units	\$1,827	\$518,542	\$2,135	\$1,808	\$308	-\$19
Sydney - Baulkham Hills and Hawkesbury	Houses	\$3,021	\$1,326,597	\$5,462	\$4,625	\$2,440	\$1,603
Sydney - Baulkham Hills and Hawkesbury	Units	\$2,373	\$823,235	\$3,389	\$2,870	\$1,016	\$497
Sydney - Blacktown	Houses	\$2,092	\$708,026	\$2,915	\$2,468	\$823	\$377
Sydney - Blacktown	Units	\$1,820	\$520,315	\$2,142	\$1,814	\$322	-\$6
Sydney - City and Inner South	Houses	\$3,322	\$1,453,178	\$5,983	\$5,066	\$2,661	\$1,744
Sydney - City and Inner South	Units	\$2,549	\$902,074	\$3,714	\$3,145	\$1,165	\$596
Sydney - Eastern Suburbs	Houses	\$4,668	\$2,516,995	\$10,363	\$8,775	\$5,694	\$4,107
Sydney - Eastern Suburbs	Units	\$2,706	\$1,059,410	\$4,362	\$3,693	\$1,656	\$988
Sydney - Inner South West	Houses	\$2,672	\$1,054,731	\$4,342	\$3,677	\$1,671	\$1,005
Sydney - Inner South West	Units	\$1,941	\$629,751	\$2,593	\$2,195	\$652	\$254
Sydney - Inner West	Houses	\$3,318	\$1,780,222	\$7,329	\$6,206	\$4,011	\$2,888
Sydney - Inner West	Units	\$2,181	\$776,351	\$3,196	\$2,707	\$1,016	\$526
Sydney - North Sydney and Hornsby	Houses	\$3,971	\$2,207,268	\$9,088	\$7,695	\$5,116	\$3,724
Sydney - North Sydney and Hornsby	Units	\$2,476	\$960,722	\$3,955	\$3,349	\$1,479	\$873
Sydney - Northern Beaches	Houses	\$4,190	\$1,784,550	\$7,347	\$6,221	\$3,157	\$2,031
Sydney - Northern Beaches	Units	\$2,733	\$957,212	\$3,941	\$3,337	\$1,208	\$604
Sydney - Outer South West	Houses	\$2,045	\$631,470	\$2,600	\$2,201	\$555	\$157
Sydney - Outer South West	Units	\$1,607	\$428,310	\$1,763	\$1,493	\$157	-\$114
Sydney - Outer West and Blue Mountains	Houses	\$2,000	\$655,534	\$2,699	\$2,285	\$699	\$286
Sydney - Outer West and Blue Mountains	Units	\$1,631	\$464,685	\$1,913	\$1,620	\$282	-\$11
Sydney - Parramatta	Houses	\$2,332	\$918,073	\$3,780	\$3,201	\$1,447	\$868
Sydney - Parramatta	Units	\$1,947	\$563,903	\$2,322	\$1,966	\$375	\$19
Sydney - Ryde	Houses	\$3,180	\$1,672,707	\$6,887	\$5,832	\$3,707	\$2,652
Sydney - Ryde	Units	\$2,068	\$740,841	\$3,050	\$2,583	\$982	\$515
Sydney - South West	Houses	\$2,303	\$756,568	\$3,115	\$2,638	\$812	\$335
Sydney - South West	Units	\$1,538	\$416,320	\$1,714	\$1,451	\$176	-\$86
Sydney - Sutherland	Houses	\$3,322	\$1,164,058	\$4,793	\$4,058	\$1,470	\$736
Sydney - Sutherland	Units	\$2,299	\$752,464	\$3,098	\$2,623	\$799	\$324

Sydney (cont'd)

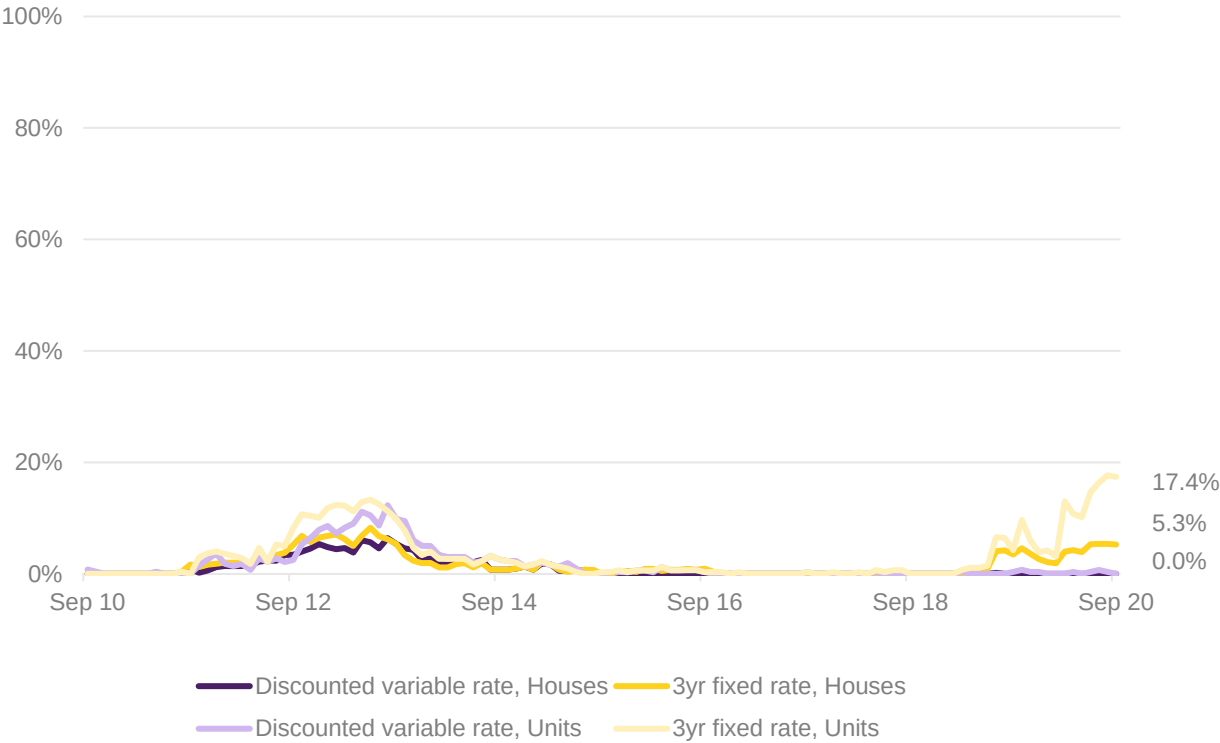
With Sydney home values falling more than rents, along with lower interest rates, the trend across Sydney has seen more suburbs becoming cheaper to buy than rent, especially for borrowers taking out a fixed rate mortgage. Despite the volatility over recent years, Sydney's median house value remains 7.0% or \$73,451 lower than the recent peak in mid-2017, while house rents are down only 2.7% from a recent peak in early 2018.

At a suburb level we can start to see more opportunities where the costs of paying a mortgage are less than or close to renting. Based on the discounted variable mortgage rates scenario there are not any suburbs where the cost of paying down a new mortgage is less than renting, but some suburbs are getting very close.

There are 12 suburbs across Sydney where the cost of repaying a new variable rate mortgage is likely to be less than \$50/week extra compared with renting (all located across the Central Coast region). For units, there are 23 suburbs across the outer fringes of the metro area including within the Central Coast, Liverpool, Blacktown, Penrith and Campbelltown areas.

The lower interest rates associated with fixed rate mortgages provide a wider array of options. Slightly more than 5% of Sydney suburbs are cheaper to service a new mortgage than rent for houses and 17.4% of suburbs for units.

Proportion of suburbs where it is cheaper to buy than rent, Sydney



Top suburbs across Greater Sydney

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Lake Haven	Central Coast	Houses	\$477,804	\$1,931	\$1,967	\$1,666	\$36	-\$265
San Remo	Central Coast	Houses	\$459,805	\$1,851	\$1,893	\$1,603	\$42	-\$248
Charmhaven	Central Coast	Houses	\$464,610	\$1,862	\$1,913	\$1,620	\$51	-\$242
Blue Haven	Central Coast	Houses	\$495,199	\$1,983	\$2,039	\$1,726	\$56	-\$257
Watanobbi	Central Coast	Houses	\$480,028	\$1,907	\$1,976	\$1,674	\$69	-\$234
Kanwal	Central Coast	Houses	\$481,763	\$1,908	\$1,983	\$1,680	\$76	-\$228
Gorokan	Central Coast	Houses	\$468,449	\$1,800	\$1,929	\$1,633	\$129	-\$167
Halekulani	Central Coast	Houses	\$487,062	\$1,850	\$2,005	\$1,698	\$156	-\$152
Lake Munmorah	Central Coast	Houses	\$501,740	\$1,890	\$2,066	\$1,749	\$176	-\$140
Summerland Point	Central Coast	Houses	\$513,025	\$1,931	\$2,112	\$1,789	\$181	-\$143

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
West Gosford	Central Coast	Units	\$447,239	\$1,841	\$1,841	\$1,559	\$1	-\$282
Gorokan	Central Coast	Units	\$370,500	\$1,507	\$1,525	\$1,292	\$19	-\$215
Warwick Farm	Liverpool	Units	\$368,860	\$1,480	\$1,519	\$1,286	\$39	-\$194
North Gosford	Central Coast	Units	\$457,113	\$1,826	\$1,882	\$1,594	\$56	-\$233
Jamisontown	Penrith	Units	\$386,713	\$1,525	\$1,592	\$1,348	\$67	-\$177
Liverpool	Liverpool	Units	\$388,357	\$1,509	\$1,599	\$1,354	\$90	-\$155
Leumeah	Campbelltown	Units	\$390,888	\$1,510	\$1,609	\$1,363	\$100	-\$147
Mount Druitt	Blacktown	Units	\$393,693	\$1,520	\$1,621	\$1,373	\$101	-\$147
Fairfield	Fairfield	Units	\$396,266	\$1,506	\$1,631	\$1,382	\$125	-\$125
Campbelltown	Campbelltown	Units	\$433,067	\$1,653	\$1,783	\$1,510	\$130	-\$143

Regional New South Wales

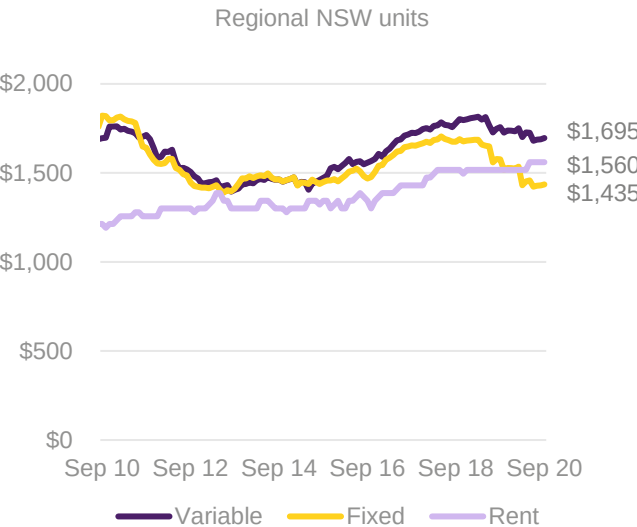
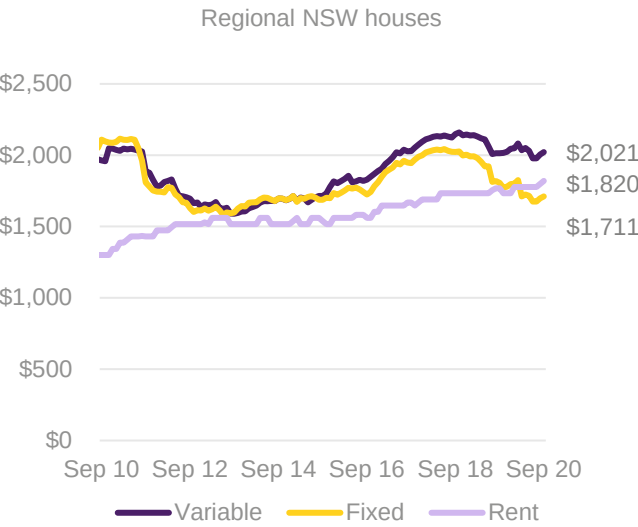
The gap between paying down a new mortgage and paying rent has been diminishing across the non-metro areas of NSW. Two years ago typical mortgage repayments for a house (based on discounted variable mortgage rates) were about \$415 more each month than paying rent. By September 2020 the difference had more than halved to \$201/month and fixed rate mortgage repayments are now less than rental payments.

The difference between renting and paying a mortgage is mostly a factor lower interest rates. The change in house values and rental rates has been similar over the past two years, with the median house value rising by 5.7% while the median rental rate is up by a slightly lower 5%. Over the same time frame, discounted variable mortgage rates have reduced by 97 basis points and three year fixed rates are down 176 basis points.

The areas of regional NSW where repaying a mortgage is substantially cheaper than renting tend to be around the rural areas of the state, including the Far West and Orana SA4 region (which includes major regional centres such as Dubbo and Broken Hill), the Riverina region and the New England / North West region of NSW where rental costs are high relative to the value of homes.

The largest regional centres, including Illawarra, Newcastle / Lake Macquarie and the Southern Highlands/Shoalhaven are at the other end of the spectrum. The value of housing is typically higher relative to rents. Mortgage repayments, based on the discounted variable mortgage rate for houses across the Illawarra region are around \$480 more each month than renting.

Typical monthly payments, mortgage v rental



Regional New South Wales (cont'd)

Regional NSW by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Capital Region	Houses	\$2,022	\$491,779	\$2,025	\$1,714	\$3	-\$307
Capital Region	Units	\$1,473	\$314,369	\$1,294	\$1,096	-\$179	-\$377
Central West	Houses	\$1,623	\$368,676	\$1,518	\$1,285	-\$105	-\$338
Central West	Units	\$1,245	\$267,013	\$1,099	\$931	-\$146	-\$314
Coffs Harbour - Grafton	Houses	\$2,067	\$500,255	\$2,060	\$1,744	-\$8	-\$323
Coffs Harbour - Grafton	Units	\$1,608	\$360,379	\$1,484	\$1,256	-\$124	-\$351
Far West and Orana	Houses	\$1,456	\$181,204	\$746	\$632	-\$710	-\$824
Far West and Orana	Units	\$1,113	\$225,549	\$929	\$786	-\$184	-\$326
Hunter Valley exc Newcastle	Houses	\$1,876	\$444,874	\$1,832	\$1,551	-\$45	-\$325
Hunter Valley exc Newcastle	Units	\$1,547	\$346,002	\$1,425	\$1,206	-\$123	-\$341
Illawarra	Houses	\$2,392	\$697,806	\$2,873	\$2,433	\$480	\$40
Illawarra	Units	\$1,824	\$549,303	\$2,262	\$1,915	\$437	\$91
Mid North Coast	Houses	\$1,827	\$494,174	\$2,035	\$1,723	\$208	-\$104
Mid North Coast	Units	\$1,527	\$374,663	\$1,543	\$1,306	\$15	-\$221
Murray	Houses	\$1,330	\$267,954	\$1,103	\$934	-\$227	-\$396
Murray	Units	\$1,108	\$218,433	\$899	\$762	-\$209	-\$346
New England and North West	Houses	\$1,396	\$269,383	\$1,109	\$939	-\$287	-\$457
New England and North West	Units	\$1,105	\$213,812	\$880	\$745	-\$225	-\$360
Newcastle and Lake Macquarie	Houses	\$2,033	\$598,258	\$2,463	\$2,086	\$430	\$53
Newcastle and Lake Macquarie	Units	\$1,818	\$500,858	\$2,062	\$1,746	\$244	-\$72
Richmond - Tweed	Houses	\$2,489	\$645,689	\$2,658	\$2,251	\$170	-\$237
Richmond - Tweed	Units	\$1,977	\$474,478	\$1,953	\$1,654	-\$23	-\$323
Riverina	Houses	\$1,536	\$277,224	\$1,141	\$966	-\$394	-\$569
Riverina	Units	\$1,153	\$225,966	\$930	\$788	-\$223	-\$365
Southern Highlands and Shoalhaven	Houses	\$2,200	\$599,844	\$2,470	\$2,091	\$270	-\$109
Southern Highlands and Shoalhaven	Units	\$1,682	\$443,870	\$1,827	\$1,547	\$146	-\$134

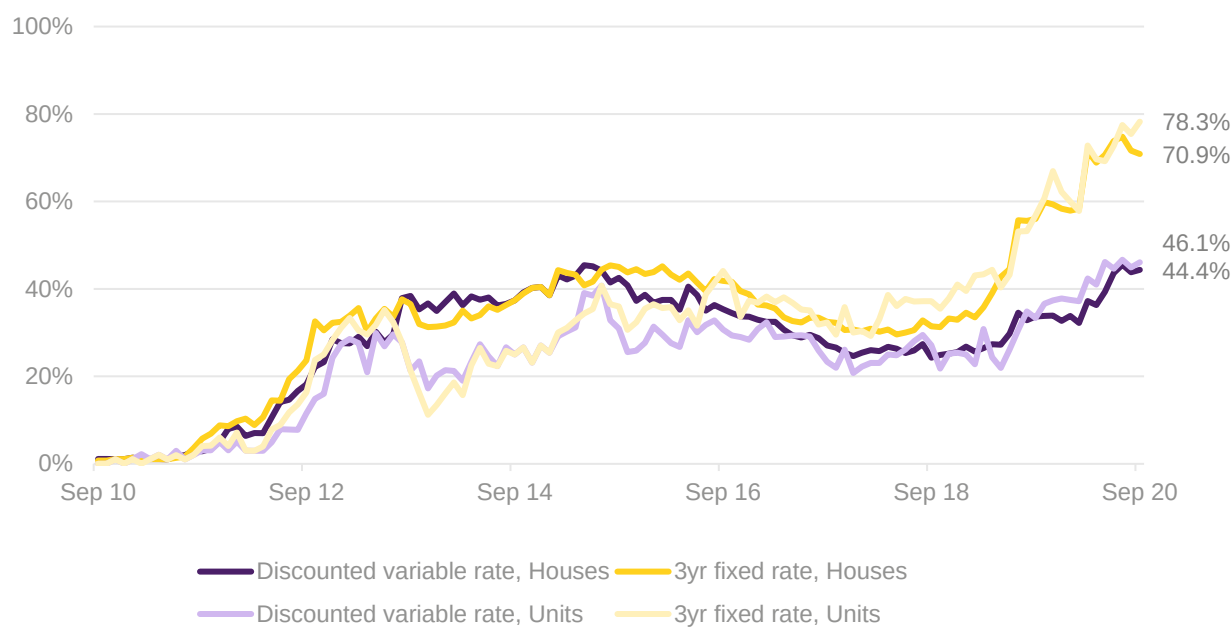
Regional New South Wales (cont'd)

With the gap between paying a mortgage and renting diminishing, the proportion of suburbs where mortgage payments are less than rental costs has been consistently trending higher. Based on discounted variable mortgage rate repayments, 44% of regional NSW suburbs are now cheaper to pay a mortgage than rent for houses (34% a year ago) and 46% for units (33% a year ago).

Based on three year fixed term rates, the proportion rises substantially, to 71% of suburbs for houses and 78% for units where mortgage repayments are less than renting.

Suburbs showing the most substantial gap between mortgage repayments and renting tend to be located across rural markets, often associated with the resources or agricultural sector. In the case of Broken Hill, which shows the most significant gap between paying a mortgage a renting, the difference is almost \$1,000 per month based on mortgage repayments utilising a three year fixed interest rate.

Proportion of suburbs where it is cheaper to buy than rent, Regional NSW



Top suburbs across Regional New South Wales

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Broken Hill	Broken Hill	Houses	\$92,826	\$1,310	\$382	\$324	-\$928	-\$986
Werris Creek	Liverpool Plains	Houses	\$133,238	\$1,257	\$549	\$465	-\$709	-\$793
Wellington	Western Plains Regional	Houses	\$154,350	\$1,303	\$635	\$538	-\$668	-\$765
Muswellbrook	Muswellbrook	Houses	\$250,133	\$1,688	\$1,030	\$872	-\$658	-\$816
Condobolin	Lachlan	Houses	\$126,692	\$1,179	\$522	\$442	-\$657	-\$737
Cobar	Cobar	Houses	\$123,277	\$1,148	\$508	\$430	-\$641	-\$718
Moree	Moree Plains	Houses	\$153,406	\$1,260	\$632	\$535	-\$629	-\$726
Coonamble	Coonamble	Houses	\$87,310	\$965	\$359	\$304	-\$606	-\$661
Narrabri	Narrabri	Houses	\$193,172	\$1,396	\$795	\$673	-\$600	-\$722
Narrandera	Narrandera	Houses	\$157,706	\$1,207	\$649	\$550	-\$558	-\$657

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Sapphire Beach	Coffs Harbour	Units	\$315,550	\$1,831	\$1,299	\$1,100	-\$532	-\$731
Crestwood	Queanbeyan-Palerang Regional	Units	\$235,422	\$1,427	\$969	\$821	-\$457	-\$606
Griffith	Griffith	Units	\$209,542	\$1,300	\$863	\$731	-\$438	-\$570
Tweed Heads West	Tweed	Units	\$307,985	\$1,658	\$1,268	\$1,074	-\$390	-\$584
Queanbeyan	Queanbeyan-Palerang Regional	Units	\$276,313	\$1,509	\$1,138	\$963	-\$371	-\$546
Singleton	Singleton	Units	\$238,325	\$1,351	\$981	\$831	-\$370	-\$520
Tweed Heads South	Tweed	Units	\$399,315	\$2,002	\$1,644	\$1,392	-\$358	-\$610
Armidale	Armidale Regional	Units	\$195,518	\$1,156	\$805	\$682	-\$351	-\$475
Moama	Murray River	Units	\$217,200	\$1,201	\$894	\$757	-\$306	-\$443
Grafton	Clarence Valley	Units	\$261,289	\$1,379	\$1,076	\$911	-\$303	-\$468

Melbourne



Melbourne has historically shown mortgage repayments to be higher than rental costs, however the gap between the two has narrowed substantially since 2017 due to lower home values, higher rents and falling interest rates. The median house value was 5.3% lower than three years ago across Melbourne while house rents were 4.8% higher.

Over the longer term Melbourne housing values have risen substantially more than rental rates. The median house value is up 44% since September 2010 compared with a 26% rise in the median rental rate for houses. This long term trend of house values rising faster than house rents is the primary reason why mortgage repayments remain substantially higher than rental payments for houses, despite record low interest rates.

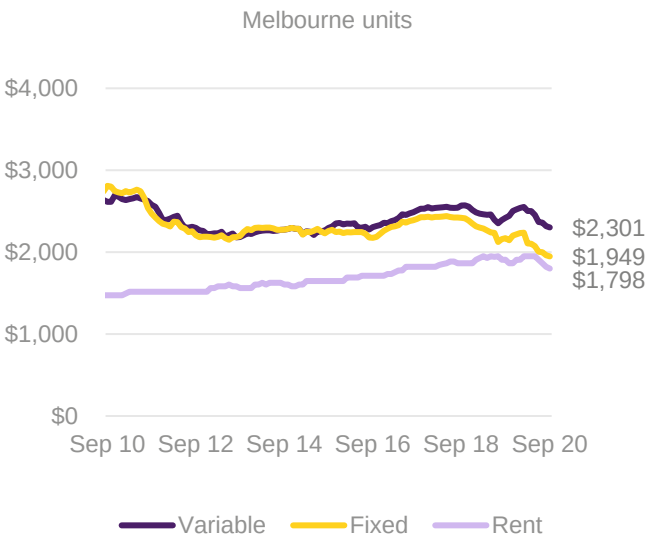
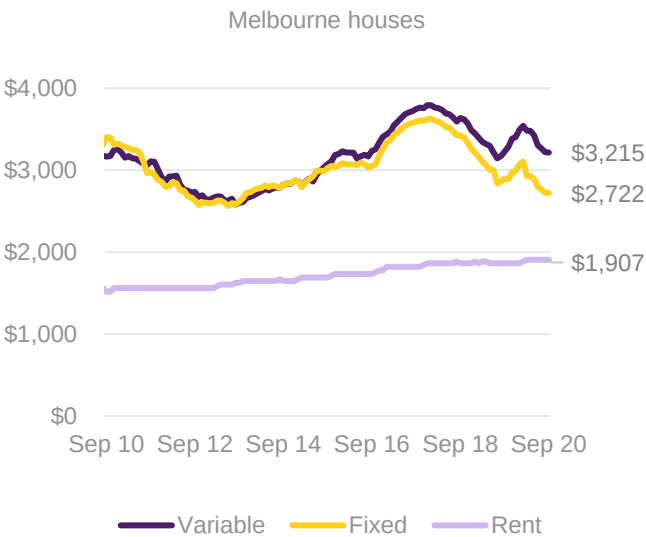
For the unit sector, the ten year change in values compared with rents has been more comparable with the median unit value, up 25%, while median rental rates are 22% higher.

Despite the recent trend towards lower costs associated with servicing a mortgage, the gap between discounted variable rate mortgage payments and rental payments remains substantial at \$1,308 per month for houses. Three years ago the gap was \$1,927 per month.

Mortgage repayments for units relative to rental costs are much closer, at \$503 per month based on the discounted variable mortgage rate, while the gap based on a three year fixed rate is only \$150 per month.

Across the broad sub-regions of Melbourne, the gap between renting and mortgage repayments is the smallest for houses within the North West region of the metro area, where typical mortgage repayments are \$764 more per month than paying rent (based on the discounted variable mortgage rate). For units, the Mornington Peninsula shows the smallest gap, with the cost of a discounted variable rate mortgage \$296 more per month relative to renting.

Typical monthly payments, mortgage v rental



Melbourne (cont'd)

Melbourne by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Melbourne - Inner	Houses	\$2,956	\$1,308,720	\$5,388	\$4,563	\$2,432	\$1,607
Melbourne - Inner	Units	\$1,917	\$540,953	\$2,227	\$1,886	\$310	-\$31
Melbourne - Inner East	Houses	\$2,845	\$1,424,037	\$5,863	\$4,965	\$3,018	\$2,119
Melbourne - Inner East	Units	\$1,992	\$705,606	\$2,905	\$2,460	\$913	\$468
Melbourne - Inner South	Houses	\$2,998	\$1,379,685	\$5,680	\$4,810	\$2,682	\$1,812
Melbourne - Inner South	Units	\$1,997	\$670,529	\$2,761	\$2,338	\$763	\$340
Melbourne - North East	Houses	\$1,880	\$714,232	\$2,941	\$2,490	\$1,061	\$610
Melbourne - North East	Units	\$1,724	\$538,255	\$2,216	\$1,877	\$492	\$152
Melbourne - North West	Houses	\$1,839	\$632,345	\$2,603	\$2,205	\$764	\$365
Melbourne - North West	Units	\$1,692	\$549,104	\$2,261	\$1,914	\$569	\$222
Melbourne - Outer East	Houses	\$2,102	\$817,255	\$3,365	\$2,849	\$1,263	\$747
Melbourne - Outer East	Units	\$1,788	\$592,677	\$2,440	\$2,066	\$653	\$279
Melbourne - South East	Houses	\$1,857	\$664,643	\$2,736	\$2,317	\$879	\$460
Melbourne - South East	Units	\$1,700	\$493,725	\$2,033	\$1,721	\$333	\$21
Melbourne - West	Houses	\$1,744	\$612,682	\$2,522	\$2,136	\$778	\$392
Melbourne - West	Units	\$1,612	\$464,564	\$1,913	\$1,620	\$301	\$8
Mornington Peninsula	Houses	\$2,070	\$694,148	\$2,858	\$2,420	\$788	\$350
Mornington Peninsula	Units	\$1,704	\$485,960	\$2,001	\$1,694	\$296	-\$10

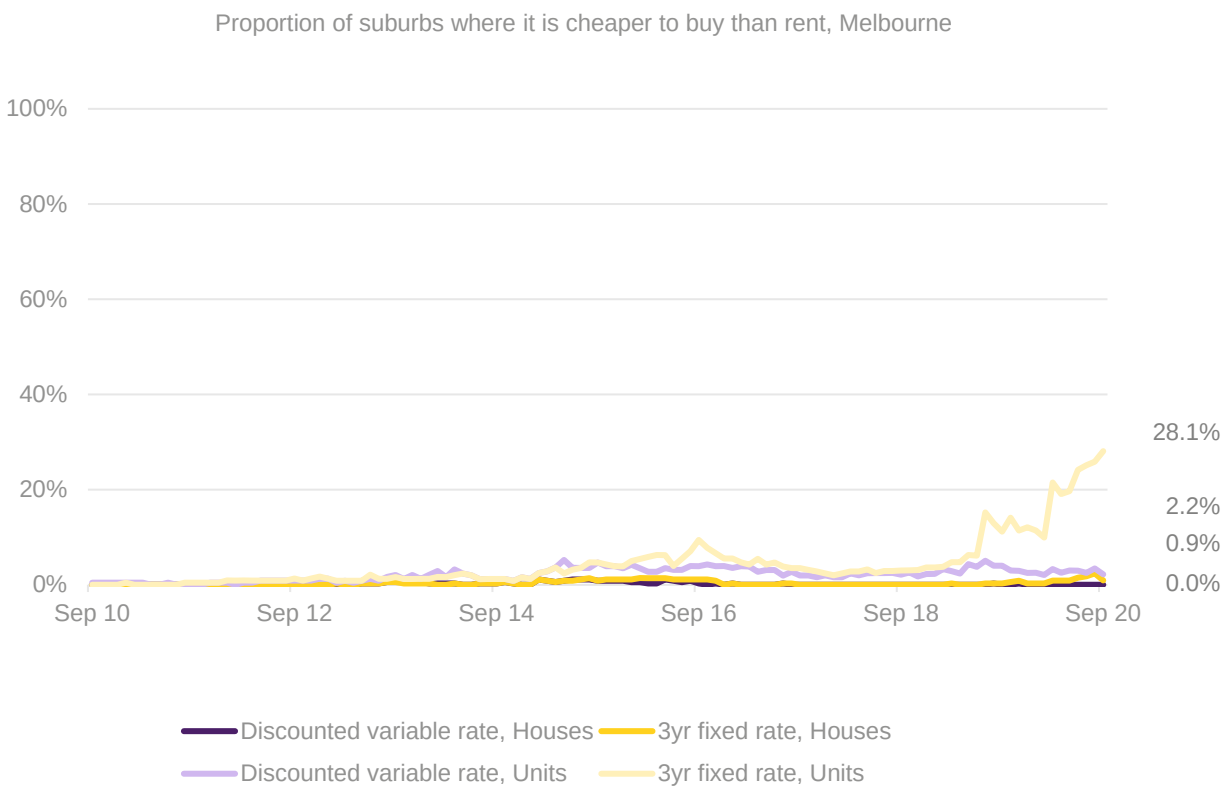
Melbourne (cont'd)

As mortgage rates reduce and housing values fall more than rents, a larger proportion of suburbs are approaching the tipping point where mortgage costs are less than rental costs, especially within the unit sector and based on repayments utilising a three year fixed interest rate where 28% of Melbourne suburbs are now cheaper pay down a home loan than rent.

The trend in Melbourne is moving from a low base. In fact, based on discounted variable mortgage rates, only 2.2% of Melbourne suburbs are cheaper to service a mortgage on a unit than renting and there are not any suburbs where mortgage repayments on a house are typically less than renting.

With fixed mortgage rates substantially lower than discounted variable rates, more suburbs are emerging where it is cheaper to service a loan than rent. For houses, there are three suburbs (Hastings, Melton and Melton South) where the costs associated with three year fixed rate mortgages are lower than monthly rental rates for houses.

Within the unit sector the number of suburbs where fixed rate mortgage costs are less than rental repayments is much higher, at 64 suburbs located across the inner city, middle ring and outer ring areas of the city.



Top suburbs across Greater Melbourne

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Hastings	Mornington Peninsula	Houses	\$471,587	\$1,901	\$1,942	\$1,644	\$40	-\$257
Melton	Melton	Houses	\$389,135	\$1,463	\$1,602	\$1,357	\$139	-\$106
Melton South	Melton	Houses	\$417,770	\$1,490	\$1,720	\$1,456	\$231	-\$33
Kurunjang	Melton	Houses	\$444,667	\$1,540	\$1,831	\$1,550	\$291	\$10
Melton West	Melton	Houses	\$453,808	\$1,575	\$1,868	\$1,582	\$293	\$7
Campbellfield	Hume	Houses	\$477,386	\$1,660	\$1,965	\$1,664	\$306	\$5
Dallas	Hume	Houses	\$472,214	\$1,631	\$1,944	\$1,646	\$313	\$15
Meadow Heights	Hume	Houses	\$487,606	\$1,664	\$2,008	\$1,700	\$343	\$36
Wallan	Mitchell	Houses	\$508,110	\$1,744	\$2,092	\$1,771	\$348	\$28
Cobblebank	Melton	Houses	\$481,041	\$1,629	\$1,981	\$1,677	\$351	\$48

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Carlton	Melbourne	Units	\$296,024	\$1,707	\$1,219	\$1,032	-\$488	-\$675
Travancore	Moonee Valley	Units	\$331,028	\$1,718	\$1,363	\$1,154	-\$355	-\$564
Flemington	Melbourne	Units	\$346,889	\$1,662	\$1,428	\$1,209	-\$234	-\$453
Notting Hill	Monash	Units	\$385,843	\$1,656	\$1,589	\$1,345	-\$67	-\$310
Melbourne	Melbourne	Units	\$438,527	\$1,866	\$1,805	\$1,529	-\$61	-\$337
Melton	Melton	Units	\$323,119	\$1,323	\$1,330	\$1,126	\$7	-\$197
Dandenong	Greater Dandenong	Units	\$361,350	\$1,462	\$1,488	\$1,260	\$25	-\$203
Bacchus Marsh	Moorabool	Units	\$336,608	\$1,356	\$1,386	\$1,174	\$30	-\$183
Hastings	Mornington Peninsula	Units	\$394,851	\$1,595	\$1,626	\$1,377	\$31	-\$218
Craigieburn	Hume	Units	\$383,704	\$1,548	\$1,580	\$1,338	\$32	-\$210

Regional Victoria

The typical costs of paying a variable rate mortgage on a regional Victorian property have been reducing, with house repayments on a three year fixed rate mortgage now \$126 per month lower than the costs of renting, while mortgage repayments for units are lower than the cost of renting on both the discounted variable rate (\$93 per month cheaper) and three year fixed rate (\$278 per month cheaper).

The improved purchasing position is due primarily to lower interest rates. Regional house values have actually risen faster than rental rates over the past twelve months, rising by 8.4% while the median rental rate was only 2.9% higher over the same period.

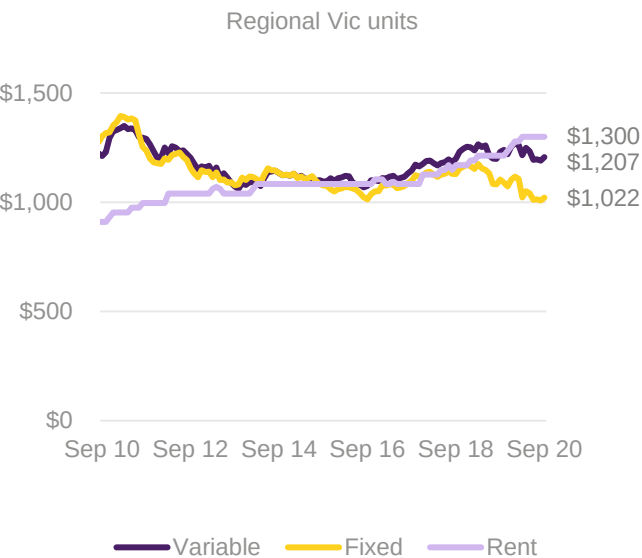
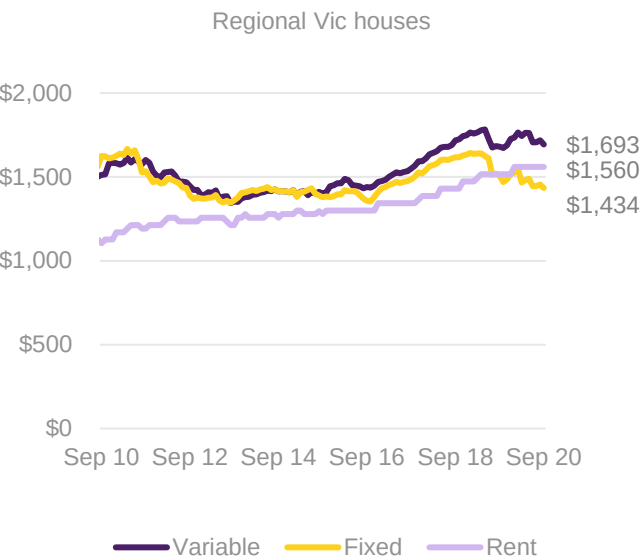
The unit sector has recorded a different performance, with rental rates (+7.1% over the past year) rising more than unit values (+5.5% over the past year). The combination of rents moving higher relative to values, as well as the effect of lower mortgage rates has positioned the regional Victorian unit market extremely well in terms of mortgage costs compared with rental costs.

For houses, the region where typical variable mortgage rate repayments are the lowest relative to rental payments is the North West, followed by Shepparton. Discounted variable rate repayments across the North West are around \$406 lower per month relative to renting, while at Shepparton the difference is \$254 per month.

Similarly for the unit sector, Shepparton (\$396 per month) and North West (\$392 per month) are the stand outs for locations where it is cheaper to service a mortgage than rent.

At the other end of the spectrum, the major regional center of Geelong shows the largest difference where renting is cheaper than servicing a mortgage, with the cost of variable rate repayments on a house typically \$655 per month more than renting while the unit sector is \$287 more per month relative to renting.

Typical monthly payments, mortgage v rental



Regional Victoria (cont'd)

Regional Victoria by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Ballarat	Houses	\$1,528	\$445,383	\$1,834	\$1,553	\$306	\$25
Ballarat	Units	\$1,281	\$295,783	\$1,218	\$1,031	-\$63	-\$250
Bendigo	Houses	\$1,660	\$430,115	\$1,771	\$1,500	\$110	-\$161
Bendigo	Units	\$1,257	\$293,068	\$1,207	\$1,022	-\$51	-\$236
Geelong	Houses	\$1,856	\$609,945	\$2,511	\$2,126	\$655	\$270
Geelong	Units	\$1,552	\$446,620	\$1,839	\$1,557	\$287	\$6
Hume	Houses	\$1,619	\$374,262	\$1,541	\$1,305	-\$78	-\$314
Hume	Units	\$1,201	\$243,785	\$1,004	\$850	-\$198	-\$352
Latrobe - Gippsland	Houses	\$1,563	\$388,437	\$1,599	\$1,354	\$37	-\$208
Latrobe - Gippsland	Units	\$1,236	\$252,944	\$1,041	\$882	-\$195	-\$355
North West	Houses	\$1,385	\$237,712	\$979	\$829	-\$406	-\$556
North West	Units	\$1,137	\$213,728	\$880	\$745	-\$257	-\$392
Shepparton	Houses	\$1,539	\$312,107	\$1,285	\$1,088	-\$254	-\$451
Shepparton	Units	\$1,118	\$207,163	\$853	\$722	-\$265	-\$396
Warrnambool and South West	Houses	\$1,608	\$349,484	\$1,439	\$1,218	-\$170	-\$390
Warrnambool and South West	Units	\$1,299	\$284,481	\$1,171	\$992	-\$128	-\$307

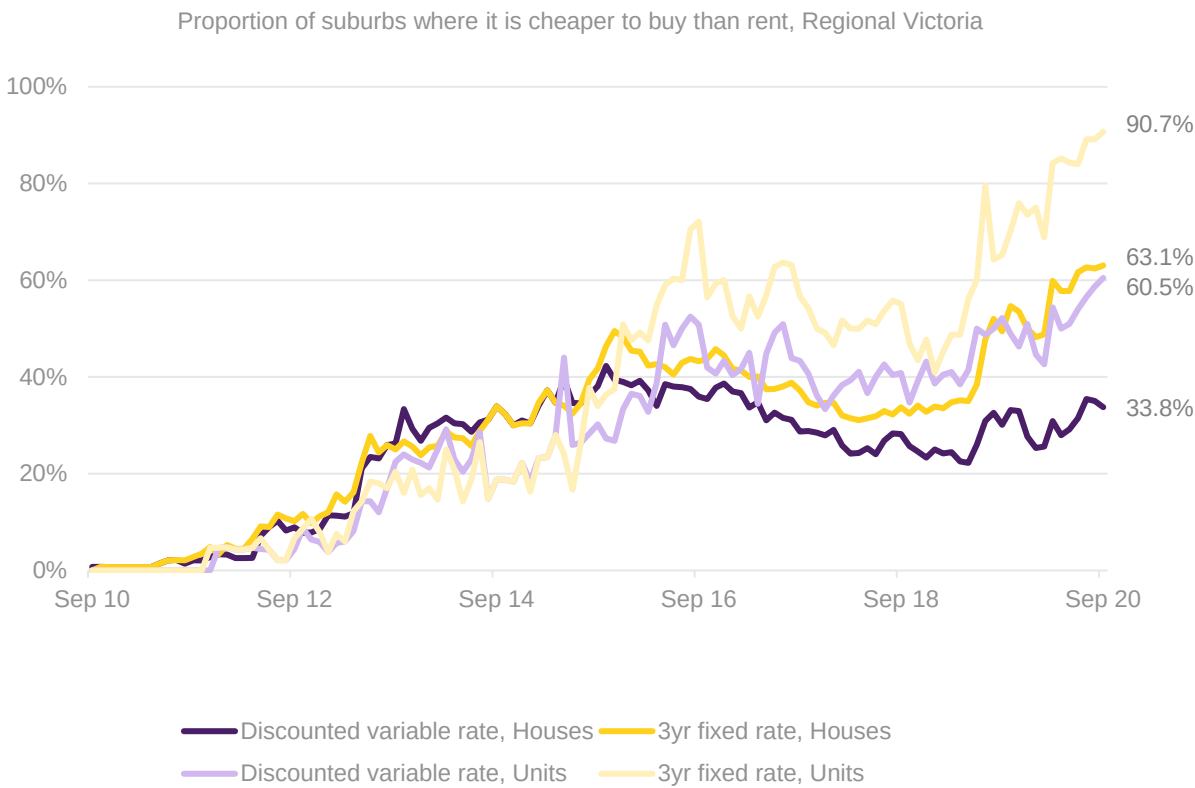
Regional Victoria (cont'd)

As mortgage rates reduce, a larger proportion of regional Victorian suburbs are becoming more affordable to service a mortgage than to rent. Based on discounted variable mortgage rate repayments, just over one third of regional suburbs are cheaper to service a mortgage on a house than rent and 60.5% of suburbs are showing lower mortgage repayments for units compared with renting.

Utilising the lower three year fixed rate mortgage scenario, almost two thirds (63%) of suburbs are more affordable to pay a mortgage on a house than rent. For units, the balance towards mortgage repayments being cheaper than rental rates is more extreme, with almost 91% of suburbs showing a lower mortgage repayment rate than rental costs.

In the most extreme examples, monthly variable rate mortgage repayments in some suburbs such as Red Cliffs and Terang provide a saving over renting of more than \$530 per month, or more than \$650 per month if utilising the lower three year fixed rate scenario.

Similarly, across the unit sector, some suburbs such as Portland, Traralgon and Mildura provide a monthly saving of more than \$330 in paying down a mortgage over renting.



Top suburbs across Regional Victoria

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Red Cliffs	Mildura	Houses	\$216,155	\$1,422	\$890	\$754	-\$532	-\$668
Terang	Corangamite	Houses	\$199,580	\$1,353	\$822	\$696	-\$531	-\$657
Kerang	Gannawarra	Houses	\$154,025	\$1,131	\$634	\$537	-\$497	-\$594
Portland	Glenelg	Houses	\$271,455	\$1,611	\$1,118	\$946	-\$493	-\$664
Ararat	Ararat	Houses	\$217,447	\$1,368	\$895	\$758	-\$473	-\$610
Hamilton	Southern Grampians	Houses	\$231,109	\$1,409	\$952	\$806	-\$458	-\$603
Orbost	East Gippsland	Houses	\$192,599	\$1,249	\$793	\$671	-\$456	-\$577
Stawell	Northern Grampians	Houses	\$222,807	\$1,365	\$917	\$777	-\$448	-\$588
Mooroopna	Greater Shepparton	Houses	\$245,553	\$1,452	\$1,011	\$856	-\$441	-\$596
Morwell	Latrobe	Houses	\$198,973	\$1,248	\$819	\$694	-\$429	-\$554

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Portland	Glenelg	Units	\$197,452	\$1,236	\$813	\$688	-\$423	-\$548
Traralgon	Latrobe	Units	\$201,338	\$1,174	\$829	\$702	-\$345	-\$472
Mildura	Mildura	Units	\$211,077	\$1,204	\$869	\$736	-\$335	-\$468
Mooroopna	Greater Shepparton	Units	\$179,770	\$1,051	\$740	\$627	-\$311	-\$424
Lakes Entrance	East Gippsland	Units	\$228,573	\$1,240	\$941	\$797	-\$299	-\$444
West Wodonga	Wodonga	Units	\$230,494	\$1,239	\$949	\$804	-\$290	-\$435
Horsham	Horsham	Units	\$209,391	\$1,151	\$862	\$730	-\$288	-\$421
Cobram	Moir	Units	\$182,998	\$1,039	\$753	\$638	-\$285	-\$401
Shepparton	Greater Shepparton	Units	\$208,305	\$1,134	\$858	\$726	-\$276	-\$407
Wodonga	Wodonga	Units	\$229,671	\$1,214	\$946	\$801	-\$269	-\$414

Brisbane

The gap between servicing a mortgage and paying rent has narrowed over recent years across Brisbane, especially across the unit sector where values have been under downwards pressure over the past decade.

For houses the cost of typical discounted variable rate mortgage repayments has reduced from \$2,643 per month ten years ago to \$2,304 in September 2020. The difference is mostly due to lower interest rates, while the rate of appreciation in the median house value (+23.6% over the past ten years) has only been slightly higher than growth in the median rental rate (+19.4%). Monthly repayments based on the three year fixed rate scenario are currently tracking only slightly higher than monthly rental payments (\$88 difference per month).

The unit sector has generally seen weaker capital growth conditions, which along with higher rents and lower mortgage rates, has supported a swing towards mortgage repayments being lower than rental payments across both the discounted variable rate and three year fixed rate scenarios. Over the past decade,

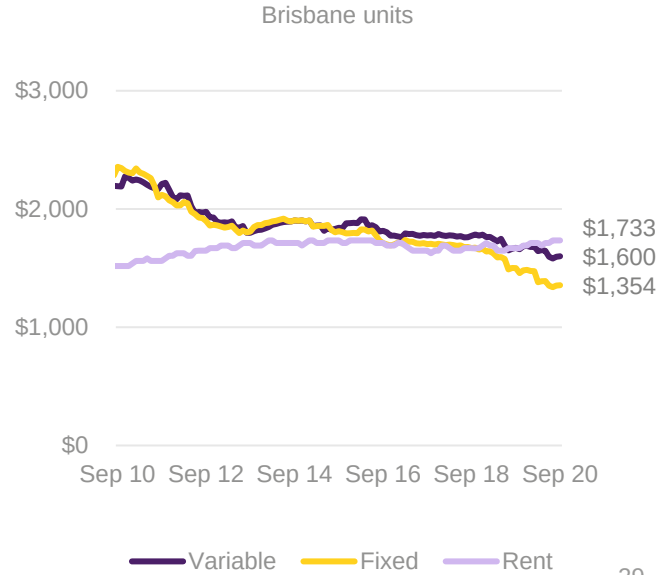
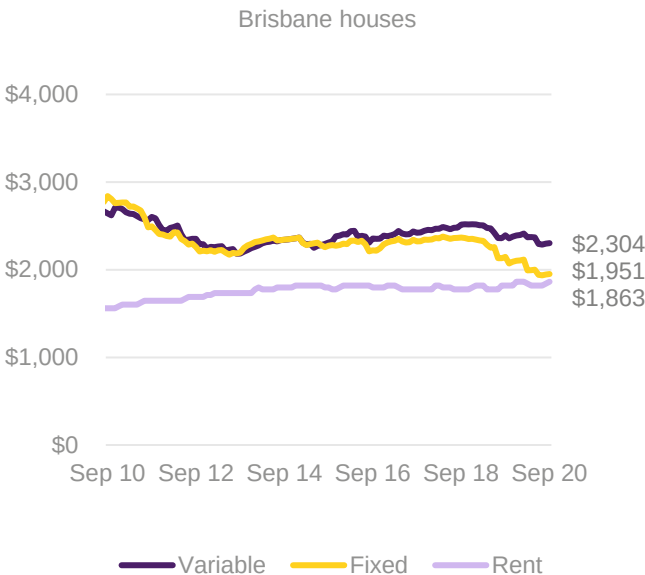
the median unit value for Brisbane has increased by only 3.4% while the median rental rate for units is up 14.3% over the same period. Currently the difference between paying a mortgage on a Brisbane unit is \$134 per month cheaper than renting based on the discounted variable mortgage rate, while under a three year fixed rate scenario the gap is a larger \$379 per month favourable towards mortgage repayments.

The areas where paying a mortgage is cheaper than paying rents are generally most concentrated around the Ipswich and Logan-Beautesert areas. These regions show the largest difference between paying a mortgage and renting for both houses and units.

At the other extreme, areas within the Brisbane council region are less likely to reflect a scenario where mortgage repayments are lower than rental payments for houses. For units, every SA4 sub-region, apart from the Inner City and Brisbane West, is showing a bias towards mortgage repayments being cheaper than renting.



Typical monthly payments, mortgage v rental



Brisbane (cont'd)

Brisbane by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Brisbane - East	Houses	\$2,233	\$596,835	\$2,457	\$2,081	\$224	-\$152
Brisbane - East	Units	\$1,777	\$385,297	\$1,586	\$1,343	-\$191	-\$434
Brisbane - North	Houses	\$2,147	\$619,015	\$2,549	\$2,158	\$402	\$11
Brisbane - North	Units	\$1,662	\$375,325	\$1,545	\$1,308	-\$117	-\$354
Brisbane - South	Houses	\$2,229	\$716,686	\$2,951	\$2,499	\$722	\$270
Brisbane - South	Units	\$1,745	\$385,597	\$1,588	\$1,344	-\$157	-\$401
Brisbane - West	Houses	\$2,485	\$753,816	\$3,104	\$2,628	\$618	\$143
Brisbane - West	Units	\$1,802	\$439,223	\$1,808	\$1,531	\$6	-\$271
Brisbane Inner City	Houses	\$2,650	\$993,176	\$4,089	\$3,463	\$1,440	\$813
Brisbane Inner City	Units	\$1,860	\$453,151	\$1,866	\$1,580	\$5	-\$280
Ipswich	Houses	\$1,605	\$360,598	\$1,485	\$1,257	-\$120	-\$347
Ipswich	Units	\$1,378	\$243,285	\$1,002	\$848	-\$376	-\$529
Logan - Beaudesert	Houses	\$1,764	\$418,143	\$1,722	\$1,458	-\$43	-\$307
Logan - Beaudesert	Units	\$1,322	\$230,091	\$947	\$802	-\$375	-\$520
Moreton Bay - North	Houses	\$1,760	\$442,256	\$1,821	\$1,542	\$61	-\$218
Moreton Bay - North	Units	\$1,491	\$344,200	\$1,417	\$1,200	-\$73	-\$291
Moreton Bay - South	Houses	\$1,991	\$532,945	\$2,194	\$1,858	\$204	-\$133
Moreton Bay - South	Units	\$1,511	\$306,707	\$1,263	\$1,069	-\$249	-\$442

Brisbane (cont'd)

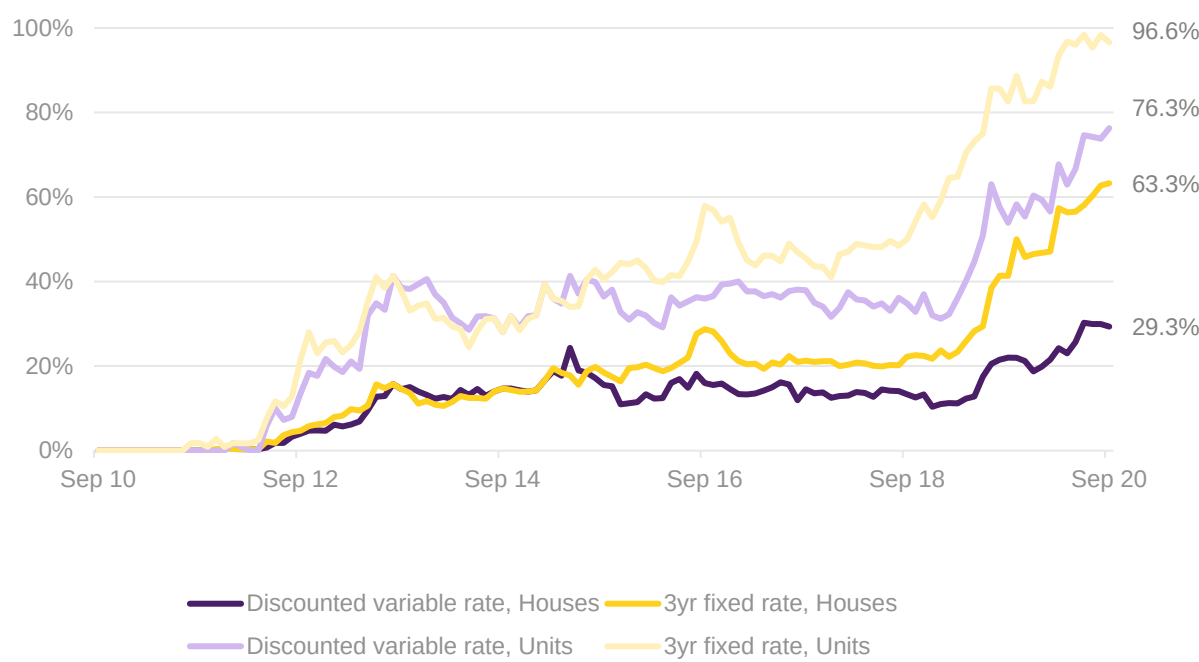
More than three quarters of Brisbane suburbs are now more affordable to service a mortgage on a unit than paying rent. Under a discounted variable rate scenario, 76% of Brisbane suburbs are showing a lower cost for repaying a mortgage than renting, with the proportion rising to almost 97% under the lower interest rates of a three fixed rate mortgage.

For houses the trend has been towards more suburbs becoming cheaper to service a mortgage than rent, with 29% of suburbs across the region showing lower mortgage repayments than renting under a discounted variable rate scenario and 63% of suburbs under a three year fixed rate scenario. Five years ago only 16% of suburbs based on the variable rate scenario and 19% of suburbs based on the fixed rate scenario were more affordable to pay down a mortgage than rent for houses.

At a suburb level for houses, the top ten list where repaying a mortgage tends to be cheaper than renting is dominated by outer fringe locations, where house values tend to be around \$300,000 or lower. Kilcoy, positioned within the outer north-west of the Greater Brisbane region, shows the most significant savings. Mortgage repayments under a discounted variable rate scenario in the suburb are almost \$470 per month less than typical rental costs.

The unit market shows a similar dynamic, with the greatest savings from paying down a mortgage rather than renting found around the outer fringe. The largest savings between paying a mortgage and renting are evident in Browns Plains and Oxley, where typical discounted variable rate mortgage repayments are more than \$500 per month less than renting.

Proportion of suburbs where it is cheaper to buy than rent, Brisbane



Top suburbs across Greater Brisbane

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Kilcoy	Somerset	Houses	\$274,772	\$1,600	\$1,131	\$958	-\$468	-\$642
Woodridge	Logan	Houses	\$267,937	\$1,525	\$1,103	\$934	-\$422	-\$591
Kingston	Logan	Houses	\$283,712	\$1,579	\$1,168	\$989	-\$411	-\$590
Logan Central	Logan	Houses	\$277,008	\$1,537	\$1,140	\$966	-\$396	-\$571
Goodna	Ipswich	Houses	\$281,784	\$1,536	\$1,160	\$982	-\$375	-\$553
Macleay Island	Redland	Houses	\$256,501	\$1,415	\$1,056	\$894	-\$359	-\$521
Slacks Creek	Logan	Houses	\$316,669	\$1,658	\$1,304	\$1,104	-\$355	-\$554
Laidley	Lockyer Valley	Houses	\$251,678	\$1,384	\$1,036	\$877	-\$348	-\$507
Russell Island	Redland	Houses	\$221,136	\$1,252	\$910	\$771	-\$341	-\$481
Leichhardt	Ipswich	Houses	\$254,226	\$1,383	\$1,047	\$886	-\$336	-\$497

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Browns Plains	Logan	Units	\$238,273	\$1,510	\$981	\$831	-\$529	-\$679
Oxley	Brisbane	Units	\$285,773	\$1,682	\$1,177	\$996	-\$506	-\$686
Waterford West	Logan	Units	\$190,209	\$1,239	\$783	\$663	-\$455	-\$575
Springwood	Logan	Units	\$244,704	\$1,461	\$1,007	\$853	-\$454	-\$608
Richlands	Brisbane	Units	\$283,320	\$1,570	\$1,166	\$988	-\$404	-\$582
Beenleigh	Logan	Units	\$194,677	\$1,204	\$802	\$679	-\$402	-\$525
Murrumba Downs	Moreton Bay	Units	\$268,508	\$1,495	\$1,105	\$936	-\$389	-\$559
Eagleby	Logan	Units	\$223,243	\$1,308	\$919	\$778	-\$389	-\$530
Logan Central	Logan	Units	\$181,627	\$1,131	\$748	\$633	-\$383	-\$497
Woodridge	Logan	Units	\$196,814	\$1,173	\$810	\$686	-\$363	-\$487

Regional Queensland

The costs of paying down a mortgage across regional Queensland have been trending lower, and are now, on average, lower than the costs associated with renting for both houses and units. The trend has been driven by several factors including lower interest rates but also the fact that rents have been rising at a faster pace than values over the past decade.

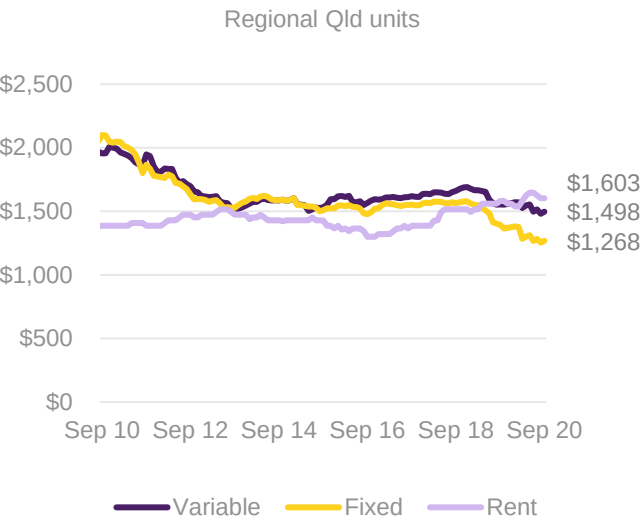
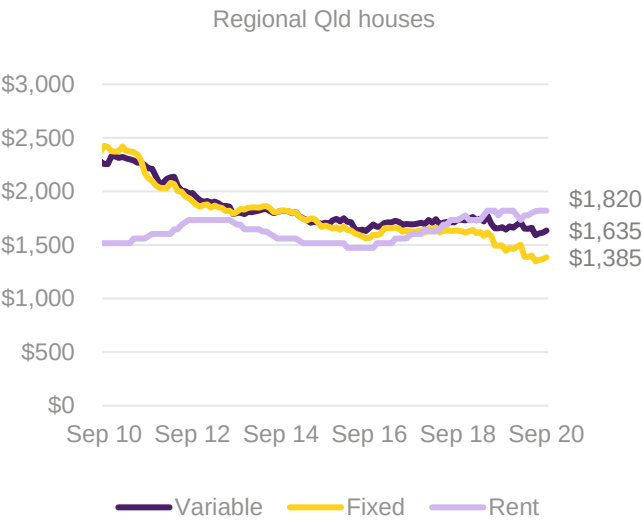
The median house value across regional Queensland has risen by only 2.7% in ten years while rents are up 20% over the same period of time. The trend across the unit sector is similar, but less significant, with the median unit value rising 8.6% over the past decade while the median rental rate for units is 15.6% higher.

The cost of servicing a mortgage on a house across regional Queensland was averaging \$1,635 in September, based on the discounted variable mortgage rate, which was \$631 per month less than monthly repayments ten years ago. Under a three year fixed rate scenario, monthly repayments were lower at \$1,385, which is \$1,040 less than repayments ten years ago.

Savings associated with repaying a mortgage rather than renting were broad based across the sub-regions of regional Queensland. On average, the only regions where the costs associated with a mortgage on a house were higher than renting, based on the discounted variable mortgage rate, were the Sunshine Coast and Gold Coast markets.

Similarly, the broad 'Outback' region showed mortgage repayments were slightly higher than rental payments for units in September.

Typical monthly payments, mortgage v rental



Regional Queensland (cont'd)

Regional Queensland by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Cairns	Houses	\$1,962	\$386,278	\$1,590	\$1,347	-\$371	-\$615
Cairns	Units	\$1,465	\$213,484	\$879	\$744	-\$586	-\$721
Central Queensland	Houses	\$1,593	\$293,753	\$1,209	\$1,024	-\$383	-\$569
Central Queensland	Units	\$1,087	\$200,261	\$825	\$698	-\$262	-\$389
Darling Downs - Maranoa	Houses	\$1,299	\$221,791	\$913	\$773	-\$385	-\$525
Darling Downs - Maranoa	Units	\$956	\$175,589	\$723	\$612	-\$233	-\$344
Gold Coast	Houses	\$2,635	\$673,716	\$2,774	\$2,349	\$139	-\$286
Gold Coast	Units	\$2,019	\$433,828	\$1,786	\$1,512	-\$233	-\$507
Mackay - Isaac - Whitsunday	Houses	\$1,832	\$337,070	\$1,388	\$1,175	-\$444	-\$657
Mackay - Isaac - Whitsunday	Units	\$1,351	\$207,253	\$853	\$723	-\$498	-\$629
Queensland - Outback	Houses	\$1,618	\$158,022	\$651	\$551	-\$967	-\$1,067
Queensland - Outback	Units	\$1,236	\$332,356	\$1,368	\$1,159	\$133	-\$77
Sunshine Coast	Houses	\$2,389	\$663,827	\$2,733	\$2,314	\$344	-\$75
Sunshine Coast	Units	\$1,932	\$479,578	\$1,974	\$1,672	\$43	-\$260
Toowoomba	Houses	\$1,619	\$381,783	\$1,572	\$1,331	-\$47	-\$288
Toowoomba	Units	\$1,243	\$270,440	\$1,113	\$943	-\$129	-\$300
Townsville	Houses	\$1,633	\$296,240	\$1,220	\$1,033	-\$413	-\$600
Townsville	Units	\$1,221	\$234,082	\$964	\$816	-\$257	-\$405

Regional Queensland (cont'd)

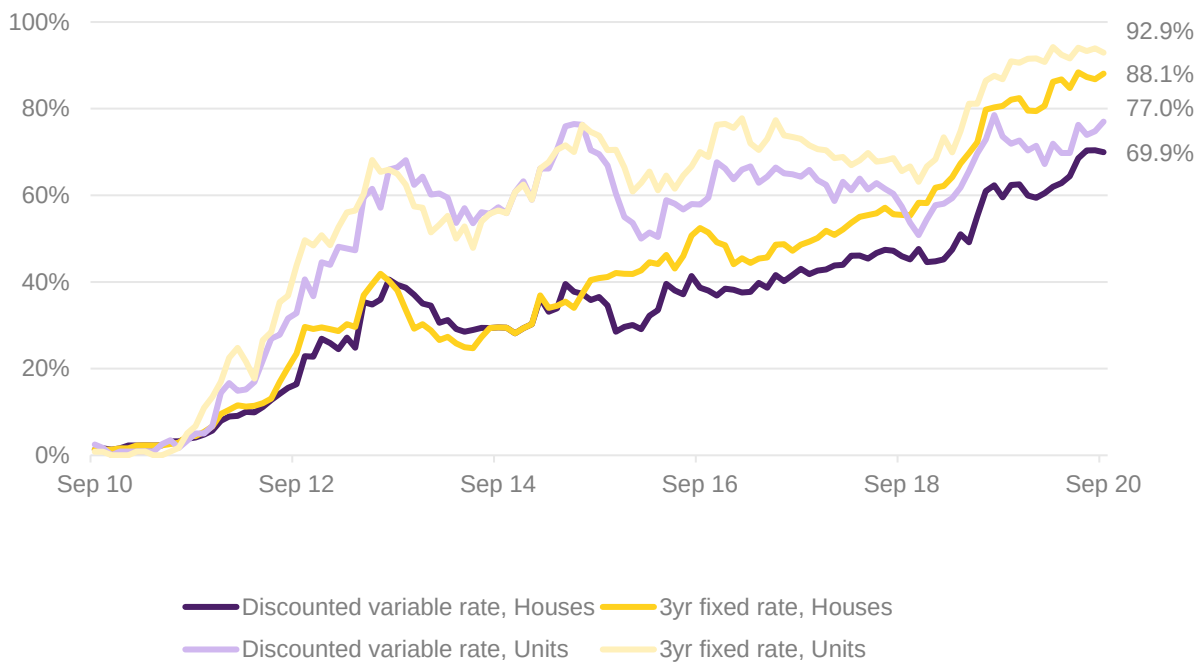
The large majority of regional Queensland suburbs show the costs associated with mortgage repayments are generally lower than the cost of renting. Based on the discounted variable mortgage rate scenario, 70% of regional Queensland suburbs are more affordable to pay down a mortgage on a house compared with renting, and 77% of suburbs for paying down a mortgage on a unit. Ten years ago, when interest rates were substantially higher, the same proportions were 1.3% and 2.5%.

Under a three year fixed rate scenario the proportions are even higher, with 88% of suburbs cheaper to service a mortgage for houses than renting and 93% of suburbs cheaper to service a mortgage on a unit.

Mining regions have once again risen to the top of the list for areas where it is cheaper to pay down a mortgage than pay a landlord. Areas around Mt Isa and the Bowen Basin have seen sharp rises in rental rates over recent years along with lower home values following the mining related investment boom.

For units, the clear trend is towards areas of Cairns where unit values have been under downwards pressure for some time.

Proportion of suburbs where it is cheaper to buy than rent,
Regional Queensland



Top suburbs across Regional Queensland

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Healy	Mount Isa	Houses	\$241,726	\$2,025	\$995	\$843	-\$1,030	-\$1,183
Sunset	Mount Isa	Houses	\$217,198	\$1,903	\$894	\$757	-\$1,009	-\$1,146
Townview	Mount Isa	Houses	\$211,177	\$1,878	\$869	\$736	-\$1,008	-\$1,141
Parkside	Mount Isa	Houses	\$230,173	\$1,938	\$948	\$802	-\$990	-\$1,135
Cloncurry	Cloncurry	Houses	\$171,136	\$1,612	\$705	\$597	-\$907	-\$1,015
Moranbah	Isaac	Houses	\$271,367	\$1,952	\$1,117	\$946	-\$835	-\$1,006
Collinsville	Whitsunday	Houses	\$96,512	\$1,208	\$397	\$336	-\$811	-\$872
Blackwater	Central Highlands	Houses	\$122,489	\$1,306	\$504	\$427	-\$802	-\$879
Longreach	Longreach	Houses	\$115,515	\$1,220	\$476	\$403	-\$745	-\$818
Depot Hill	Rockhampton	Houses	\$128,872	\$1,272	\$531	\$449	-\$741	-\$822

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
White Rock	Cairns	Units	\$210,031	\$1,670	\$865	\$732	-\$805	-\$938
Woree	Cairns	Units	\$123,621	\$1,290	\$509	\$431	-\$781	-\$859
Manunda	Cairns	Units	\$143,560	\$1,306	\$591	\$500	-\$715	-\$805
Manoora	Cairns	Units	\$148,951	\$1,312	\$613	\$519	-\$698	-\$792
Cairns North	Cairns	Units	\$215,738	\$1,545	\$888	\$752	-\$657	-\$793
Redlynch	Cairns	Units	\$225,524	\$1,585	\$929	\$786	-\$656	-\$799
Bungalow	Cairns	Units	\$176,925	\$1,382	\$728	\$617	-\$654	-\$765
Clifton Beach	Cairns	Units	\$256,732	\$1,696	\$1,057	\$895	-\$639	-\$801
Parramatta Park	Cairns	Units	\$226,102	\$1,546	\$931	\$788	-\$615	-\$758
Ashmore	Gold Coast	Units	\$300,421	\$1,848	\$1,237	\$1,047	-\$611	-\$800

Adelaide



The typical cost associated with servicing a discounted variable rate mortgage on a house has reduced from \$2,161 per month two years ago to \$2,005. This represents savings of around \$156 per month. Similarly, the cost of servicing a discounted variable rate mortgage on a unit has reduced by \$132 per month over the past two years.

Despite the reduction in mortgage repayments, based on the discounted variable mortgage rate scenario, the costs associated with a mortgage remain slightly higher than renting for Adelaide houses, but have trended lower than rental payments for units.

The trend towards lower mortgage repayment costs relative to rents is partially attributable to lower interest rates, but also the fact that rents have generally risen at a faster pace than housing values over the past five years.

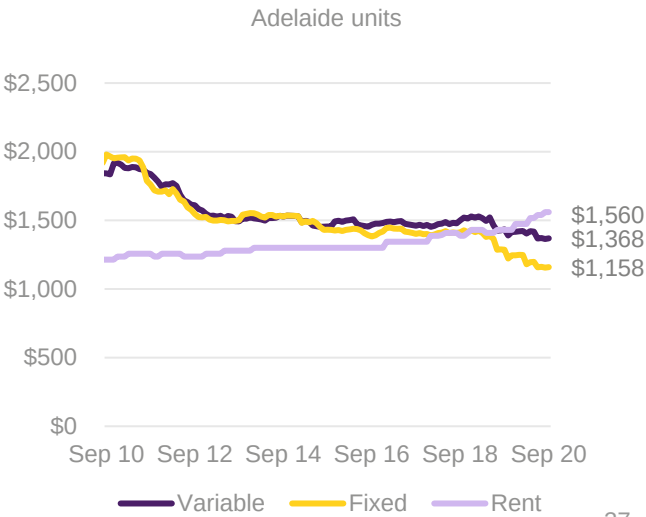
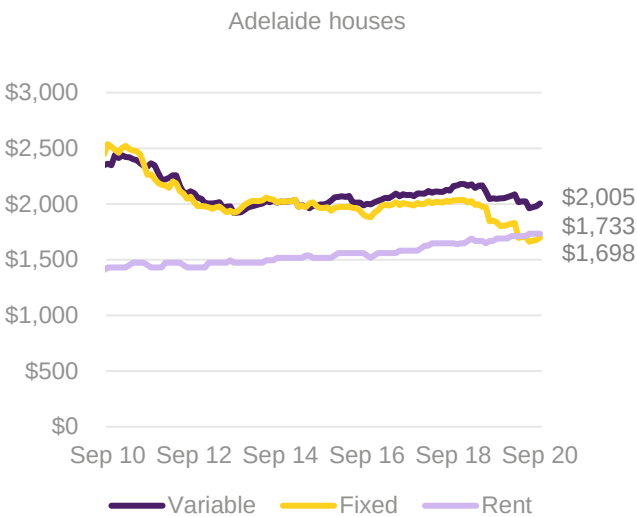
The median house value across Adelaide increased by 13.3% since September 2015, while the median rental rate on a house is 14.3% higher. The difference in growth rates is more substantial

across the unit sector where the median value is up 6.1% over five years while the median rental rate is 20% higher.

The larger rise in units rents relative to values has been a key factor contributing to mortgage repayments becoming cheaper than rental payments. At the end of September, under the discounted variable mortgage rate scenario, the costs associated with paying down a mortgage on a unit was about \$192 less per month than renting. Under the three year fixed rate scenario, unit rents were \$402 more expensive than mortgage repayments each month.

The largest savings between paying a mortgage and paying rent were evident across the more affordable Northern suburbs of Adelaide. For unit owners, repayments on new mortgages were averaging \$353 less than rental payments each month, and for house owners the typical saving was \$16 per month.

Typical monthly payments, mortgage v rental



Adelaide (cont'd)

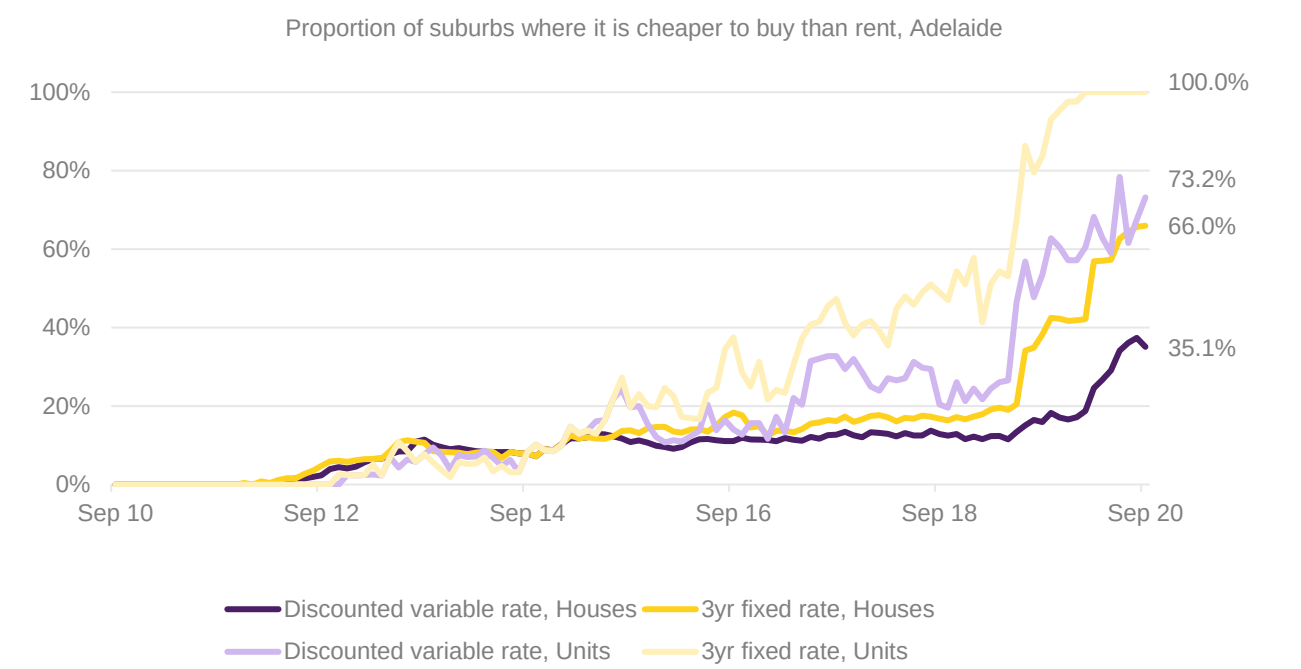
The proportion of Adelaide suburbs where the cost of paying a mortgage is less than rental payments has been trending higher, in line with lower mortgage rates and the shifting dynamic between changes in housing values and rental rates. Under the discounted variable mortgage rate scenario, five years ago only 11% of suburbs were more affordable to pay down a mortgage on a house than rent. By September 2020 the proportion had increased to 35%. The trend across the unit sector has been similar, but more amplified. Five years ago the proportion was 20% compared with 73% on September 2020 numbers.

Under a three year fixed rate mortgage repayment scenario, the proportion of suburbs where there is a cost saving in paying down a mortgage over renting is more significant. 66% of suburbs were more affordable to make mortgage payments on a house than

renting, while 100% of suburbs were cheaper to repay a mortgage for units than renting.

For houses the suburbs where paying down a mortgage was substantially more affordable than renting were concentrated within the Playford council area where the median value of house is generally around the low \$200,000 mark or less and cost savings against renting are averaging at least \$375 per month across the top ten locations.

The top ten list for units shows greater diversity, with a broader geographic range that includes both inner city, middle ring and out fringe suburbs.



Adelaide by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Adelaide - Central and Hills	Houses	\$2,103	\$728,106	\$2,998	\$2,538	\$894	\$435
Adelaide - Central and Hills	Units	\$1,621	\$377,121	\$1,553	\$1,315	-\$69	-\$306
Adelaide - North	Houses	\$1,585	\$381,048	\$1,569	\$1,328	-\$16	-\$257
Adelaide - North	Units	\$1,348	\$241,614	\$995	\$842	-\$353	-\$506
Adelaide - South	Houses	\$1,820	\$480,323	\$1,978	\$1,675	\$158	-\$145
Adelaide - South	Units	\$1,432	\$330,600	\$1,361	\$1,153	-\$71	-\$279
Adelaide - West	Houses	\$1,916	\$560,743	\$2,309	\$1,955	\$393	\$39
Adelaide - West	Units	\$1,450	\$326,525	\$1,344	\$1,138	-\$105	-\$311

Top suburbs across Greater Adelaide

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Elizabeth North	Playford	Houses	\$166,268	\$1,218	\$685	\$580	-\$533	-\$638
Elizabeth Downs	Playford	Houses	\$184,946	\$1,258	\$761	\$645	-\$496	-\$613
Smithfield	Playford	Houses	\$209,709	\$1,334	\$863	\$731	-\$470	-\$603
Elizabeth South	Playford	Houses	\$183,066	\$1,220	\$754	\$638	-\$466	-\$582
Davoren Park	Playford	Houses	\$188,163	\$1,230	\$775	\$656	-\$455	-\$574
Elizabeth Park	Playford	Houses	\$210,229	\$1,302	\$866	\$733	-\$436	-\$569
Elizabeth Grove	Playford	Houses	\$197,224	\$1,247	\$812	\$688	-\$435	-\$560
Elizabeth Vale	Playford	Houses	\$224,757	\$1,310	\$925	\$784	-\$385	-\$527
Smithfield Plains	Playford	Houses	\$214,803	\$1,261	\$884	\$749	-\$376	-\$512
Elizabeth East	Playford	Houses	\$225,781	\$1,305	\$930	\$787	-\$376	-\$518

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Mawson Lakes	Salisbury	Units	\$265,954	\$1,515	\$1,095	\$927	-\$420	-\$587
Salisbury	Salisbury	Units	\$183,902	\$1,156	\$757	\$641	-\$399	-\$515
Adelaide	Adelaide	Units	\$381,304	\$1,896	\$1,570	\$1,329	-\$326	-\$566
Klemzig	Port Adelaide Enfield	Units	\$241,217	\$1,305	\$993	\$841	-\$312	-\$464
Lightsview	Port Adelaide Enfield	Units	\$358,073	\$1,769	\$1,474	\$1,248	-\$295	-\$521
Brooklyn Park	West Torrens	Units	\$266,185	\$1,357	\$1,096	\$928	-\$261	-\$429
Morphett Vale	Onkaparinga	Units	\$241,971	\$1,254	\$996	\$844	-\$258	-\$411
Modbury	Tea Tree Gully	Units	\$267,761	\$1,344	\$1,102	\$933	-\$242	-\$410
Mount Barker	Mount Barker	Units	\$288,596	\$1,422	\$1,188	\$1,006	-\$234	-\$416
Broadview	Prospect	Units	\$284,458	\$1,398	\$1,171	\$992	-\$227	-\$407

Regional South Australia

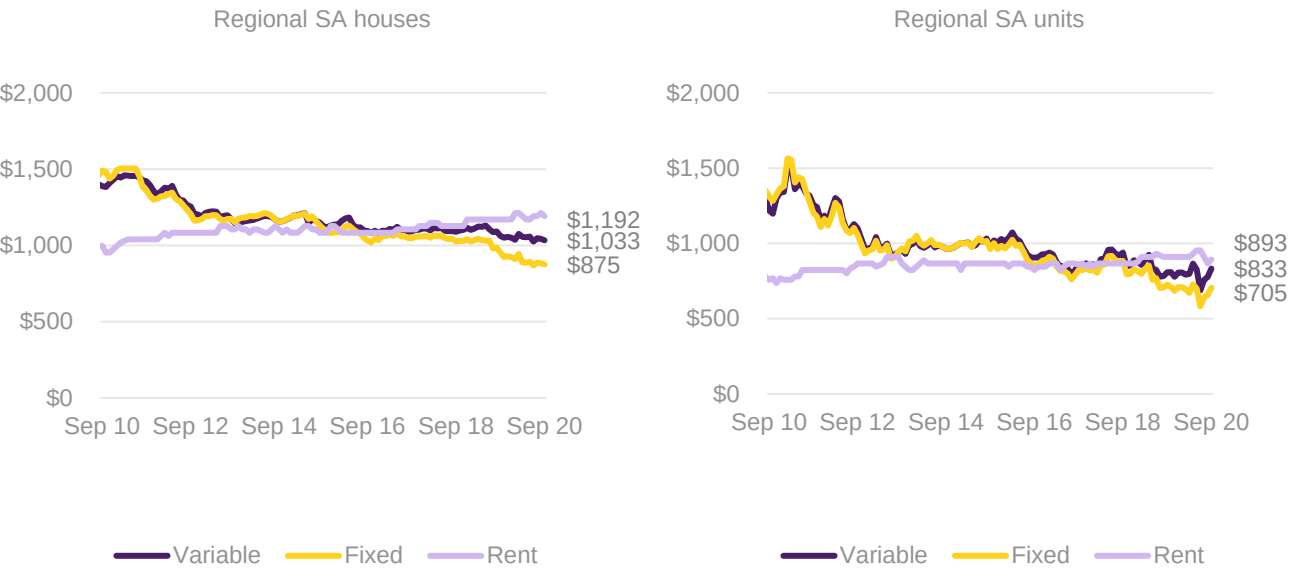
The past decade has seen a consistent trend towards lower mortgage repayments, driven by lower interest rates but also supported by relatively low rates of appreciation in housing values over the past ten years. The median value of a house across regional South Australia is only 5.6% higher than it was ten years ago, while the median unit value is down 3.1% over the same period of time.

The costs associated with mortgage payments on a house across regional South Australia have been consistently lower than rental costs since mid-2017, increasing from a gap of only \$37 per month two years ago to the current difference of \$159 per month on average. Under the three year fixed mortgage rate scenario, the trend of cheaper loan repayments relative to rents has been evident since mid-2016.

A similar trend has been evident across the unit market, noting that multi-unit dwellings are less common across regional South Australia than many other parts of the country. As at September, the typical cost of servicing a discounted variable rate mortgage on a unit was about \$60 less than the costs of renting.

The most significant differential between paying a mortgage and renting is evident across the broad 'Outback' region of South Australia. This includes the townships of Olympic Dam and Coober Pedy where mortgage repayments, based on the discounted variable mortgage rate, were about \$486 per month less than the costs of renting.

Typical monthly payments, mortgage v rental



Regional South Australia by sub-regions, rent v buy

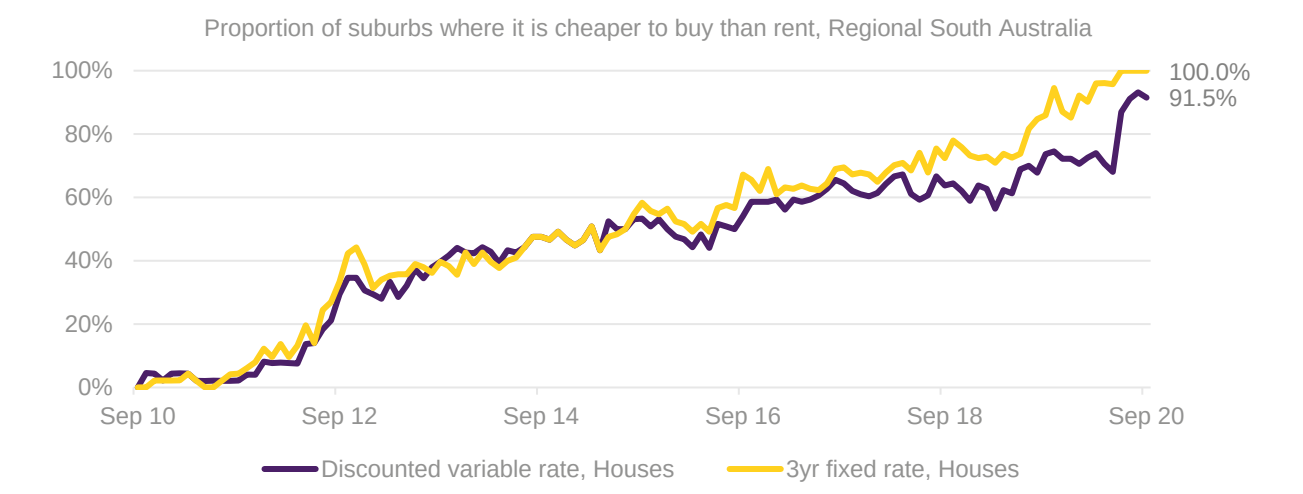
SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Barossa - Yorke - Mid North	Houses	\$1,193	\$248,831	\$1,024	\$867	-\$169	-\$326
Barossa - Yorke - Mid North	Units	\$1,071	\$200,305	\$825	\$698	-\$246	-\$372
South Australia - Outback	Houses	\$1,225	\$179,436	\$739	\$626	-\$486	-\$600
South Australia - Outback	Units	\$913	\$200,135	\$824	\$698	-\$89	-\$215
South Australia - South East	Houses	\$1,380	\$287,222	\$1,183	\$1,001	-\$197	-\$379
South Australia - South East	Units	\$1,051	\$203,518	\$838	\$710	-\$213	-\$341

Top suburbs across Regional South Australia

The large majority of regional South Australian suburbs are recording lower costs associated with paying down a mortgage compared with renting. At the end of September 2020, almost 92% of suburbs across regional South Australia were recording a lower cost associated with discounted variable rate mortgage repayments than rents.

Under a three year fixed interest rate scenario, every suburb was showing mortgage costs to be lower than renting.

The areas with the largest differential between renting and mortgage repayments makes for a diverse list, including coastal markets, mining and resource intensive areas, port towns and agricultural markets.



Top ten suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Kingston Se	Kingston	Houses	\$276,251	\$1,751	\$1,137	\$963	-\$614	-\$788
Bordertown	Tatiara	Houses	\$150,494	\$1,221	\$620	\$525	-\$602	-\$697
Whyalla	Whyalla	Houses	\$178,304	\$1,317	\$734	\$622	-\$583	-\$695
Port Augusta West	Port Augusta	Houses	\$153,000	\$1,197	\$630	\$533	-\$567	-\$664
Port Pirie West	Port Pirie City and Dists	Houses	\$99,345	\$949	\$409	\$346	-\$540	-\$603
Port Augusta	Port Augusta	Houses	\$144,020	\$1,125	\$593	\$502	-\$532	-\$623
Whyalla Playford	Whyalla	Houses	\$172,151	\$1,235	\$709	\$600	-\$526	-\$635
Whyalla Norrie	Whyalla	Houses	\$156,707	\$1,137	\$645	\$546	-\$491	-\$590
Balaklava	Wakefield	Houses	\$168,110	\$1,181	\$692	\$586	-\$489	-\$595
Kingscote	Kangaroo Island	Houses	\$243,832	\$1,474	\$1,004	\$850	-\$470	-\$623

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Mount Gambier	Mount Gambier	Units	\$186,772	\$1,007	\$769	\$651	-\$238	-\$356
Victor Harbor	Victor Harbor	Units	\$244,662	\$1,224	\$1,007	\$853	-\$217	-\$371

Perth



As housing values declined and mortgage rates reduced, the typical cost of mortgage repayments across the Perth housing market have been consistently falling. Ten years ago, mortgage repayments on a discounted variable rate mortgage were averaging \$2,873 per month for Perth houses. By September 2020 the cost of servicing a mortgage had reduced by about one third to \$1,712 per month.

The unit market, where the median value has fallen more substantially relative to houses (down 23.4% from the 2014 peak), has recorded a larger drop in servicing costs. The typical monthly mortgage repayment for a unit, under a discounted variable rate scenario, reduced from \$2,358 per month ten years ago to \$1,434 per month in September 2020 – a reduction of 39%.

Under the variable rate scenario, the costs of paying a mortgage on a Perth house are still slightly higher than rental costs, by about \$197 per month. Under the fixed rate scenario, where the

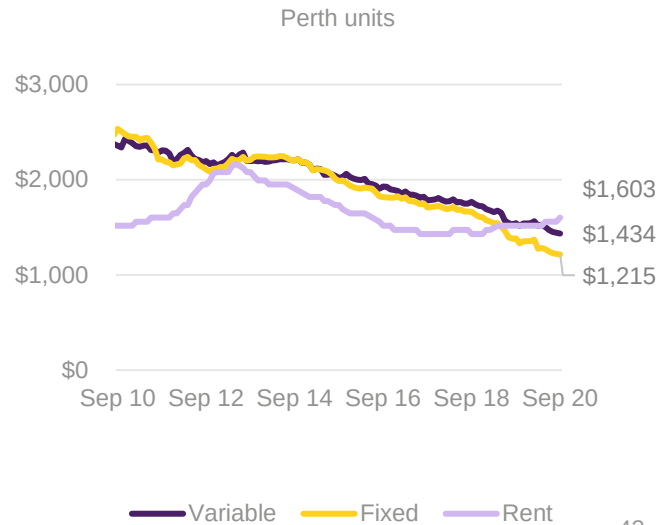
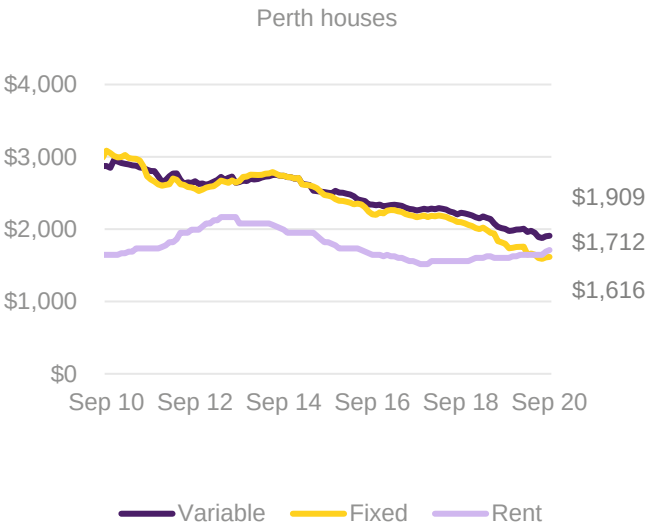
mortgage rate is about 130 basis points lower than the discounted variable rate, the cost of servicing a mortgage is about \$95 per month less than the median rental rate.

For unit owners, both the discounted variable rate scenario and three year fixed rate scenario are providing cheaper options relative to monthly rent payments.

Across the sub-regions of Perth, Mandurah is showing the smallest differential between discounted variable rate mortgage payments and renting. The September 2020 data indicates monthly mortgage repayments across Mandurah are only \$5 more per month compared with renting. The more expensive, Inner Perth suburbs have a much larger gap, with mortgage repayments averaging about \$1,743 more per month than renting.

For units, every sub-region is skewed towards lower mortgage costs relative to rental costs.

Typical monthly payments, mortgage v rental



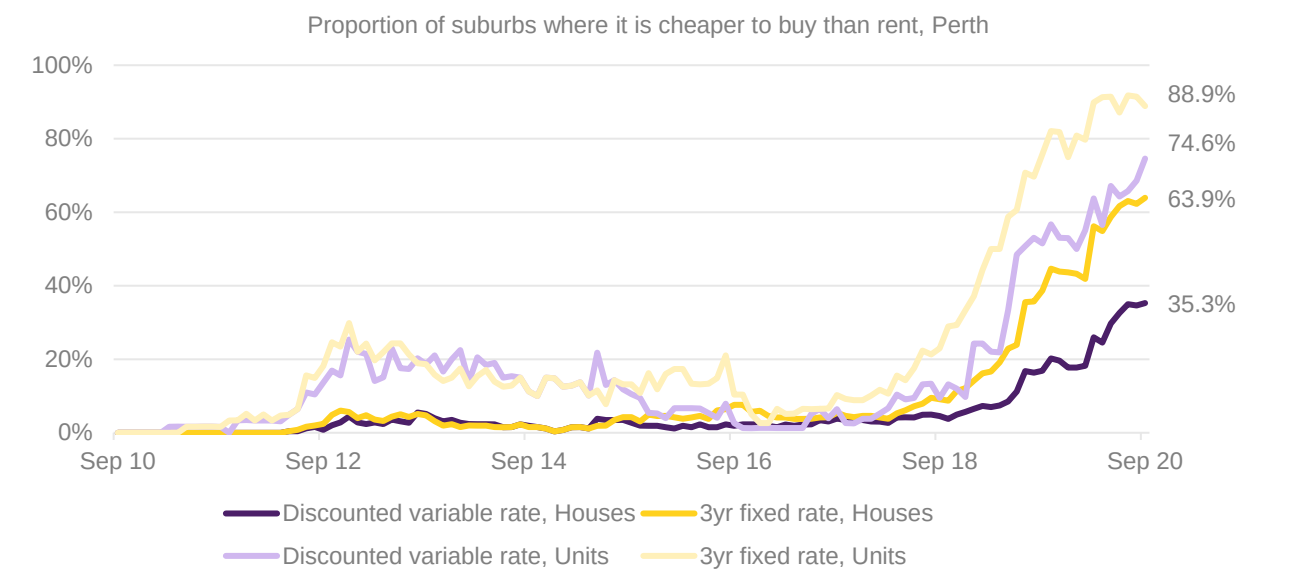
Perth (cont'd)

With the recent history of sustained declines in Perth home values, along with lower mortgage rates and a recent lift in rental rates, the proportion of suburbs where it is cheaper to pay down a mortgage than rent has grown substantially. Five years ago, less than 3% of Perth suburbs were showing the cost of servicing a discounted variable rate mortgage on a house to be lower than the cost of renting. By September 2020, just over 35% of suburbs had cheaper mortgage serviceability than rental costs.

The trend is more extreme across the Perth unit market, where five years ago 10.5% of suburbs showed lower variable rate mortgage costs than rental costs. In September 2020, almost three quarters of suburbs had become more affordable to pay down a mortgage than rent.

The largest savings between variable rate mortgage payments and renting for houses are located across the more affordable suburbs of Perth. Across the top ten list, nine of the suburbs listed have a median house value less than \$300,000, while rental costs are generally around the mid \$1,000 mark over a month.

The suburbs showing the most significant cost savings for paying down a mortgage on a unit compared with renting show some diversity geographically, with each of the top ten locations providing a saving of at least \$300 per month over renting.



Perth by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Mandurah	Houses	\$1,577	\$384,218	\$1,582	\$1,339	\$5	-\$237
Mandurah	Units	\$1,382	\$264,188	\$1,088	\$921	-\$294	-\$461
Perth - Inner	Houses	\$3,032	\$1,159,845	\$4,775	\$4,044	\$1,743	\$1,011
Perth - Inner	Units	\$1,800	\$387,536	\$1,596	\$1,351	-\$205	-\$449
Perth - North East	Houses	\$1,765	\$432,574	\$1,781	\$1,508	\$16	-\$257
Perth - North East	Units	\$1,319	\$251,703	\$1,036	\$878	-\$282	-\$441
Perth - North West	Houses	\$1,900	\$499,708	\$2,057	\$1,742	\$158	-\$158
Perth - North West	Units	\$1,519	\$341,368	\$1,405	\$1,190	-\$113	-\$329
Perth - South East	Houses	\$1,722	\$440,224	\$1,812	\$1,535	\$91	-\$187
Perth - South East	Units	\$1,554	\$347,325	\$1,430	\$1,211	-\$124	-\$344
Perth - South West	Houses	\$1,765	\$452,088	\$1,861	\$1,576	\$97	-\$188
Perth - South West	Units	\$1,577	\$359,571	\$1,480	\$1,254	-\$96	-\$323

Top suburbs across Greater Perth

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Cooloongup	Rockingham	Houses	\$251,318	\$1,473	\$1,035	\$876	-\$438	-\$597
Parmelia	Kwinana	Houses	\$226,895	\$1,356	\$934	\$791	-\$421	-\$564
Calista	Kwinana	Houses	\$225,062	\$1,320	\$927	\$785	-\$393	-\$535
Orelia	Kwinana	Houses	\$239,103	\$1,375	\$984	\$834	-\$391	-\$541
Brookdale	Armadale	Houses	\$265,652	\$1,466	\$1,094	\$926	-\$373	-\$540
Medina	Kwinana	Houses	\$228,954	\$1,295	\$943	\$798	-\$352	-\$497
Camillo	Armadale	Houses	\$249,520	\$1,370	\$1,027	\$870	-\$343	-\$500
Armadale	Armadale	Houses	\$230,426	\$1,292	\$949	\$803	-\$343	-\$488
Haynes	Armadale	Houses	\$301,986	\$1,556	\$1,243	\$1,053	-\$312	-\$503
Mandurah	Mandurah	Houses	\$254,415	\$1,357	\$1,047	\$887	-\$309	-\$470

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Spearwood	Cockburn	Units	\$235,121	\$1,376	\$968	\$820	-\$408	-\$557
Armadale	Armadale	Units	\$168,619	\$1,098	\$694	\$588	-\$404	-\$510
Midland	Swan	Units	\$214,366	\$1,278	\$883	\$747	-\$395	-\$530
Bayswater	Bayswater	Units	\$234,308	\$1,348	\$965	\$817	-\$383	-\$531
Glendalough	Vincent	Units	\$233,621	\$1,342	\$962	\$814	-\$380	-\$527
Rockingham	Rockingham	Units	\$227,752	\$1,297	\$938	\$794	-\$359	-\$503
Beckenham	Canning	Units	\$227,542	\$1,281	\$937	\$793	-\$344	-\$487
Success	Cockburn	Units	\$247,083	\$1,360	\$1,017	\$861	-\$343	-\$498
Westminster	Stirling	Units	\$250,516	\$1,372	\$1,031	\$873	-\$341	-\$499
Belmont	Belmont	Units	\$294,849	\$1,547	\$1,214	\$1,028	-\$333	-\$519

Regional Western Australia

The costs associated with mortgage payments have reduced substantially over the past decade across regional Western Australia, falling from \$2,132 per month for a discounted variable rate mortgage on a house to \$1,293 in September 2020; a reduction of 39% or \$839. The reduction in repayment costs can be attributed to lower interest rates, but also the sustained and significant fall in housing values across many areas of regional Western Australia.

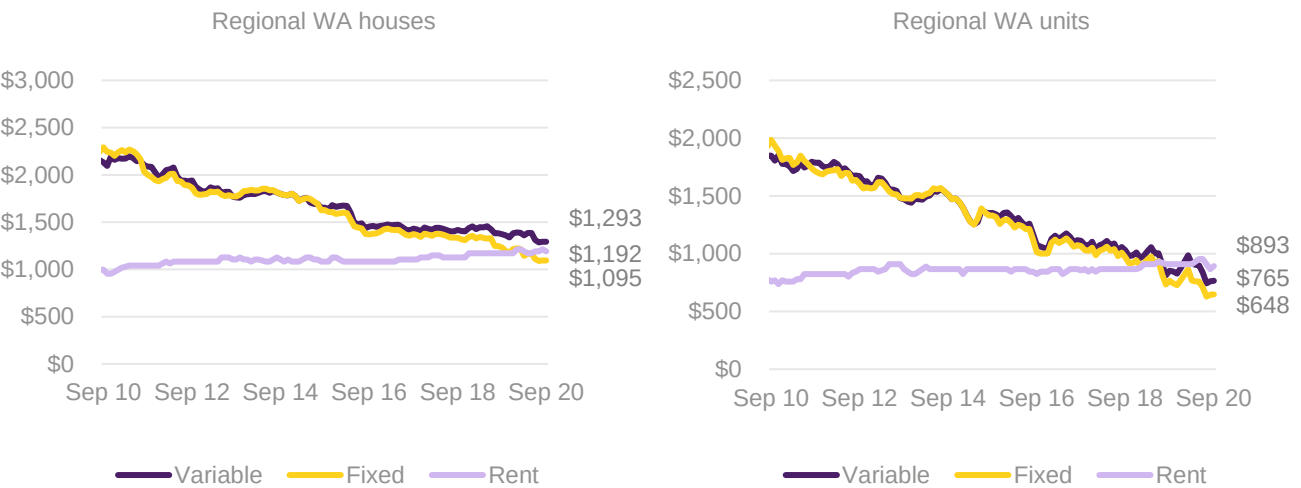
Based on median values to September 2020, house values were 14% lower than a decade ago and unit values were 41% lower across regional Western Australia.

Despite the substantial decline in house values, the monthly cost of servicing a discounted variable rate mortgage remains higher than rental costs by about \$101 per month, although, based a three year fixed mortgage rate, paying down a mortgage is \$97 cheaper each month than renting.

The trend across the regional unit sector is more volatile due to the small proportion of unit dwellings outside of the Perth metro region, however the trend is showing the cost of servicing a mortgage on a regional unit is now cheaper than renting based on both a discounted variable mortgage rate and three year fixed rate.

Across the sub-regions, the most significant difference between paying a mortgage on a house and renting can be found within the northern region of the state which is synonymous with the Pilbara mining and port regions. Monthly mortgage repayment costs are substantially lower than rental rates in these areas for both houses and units.

Typical monthly payments, mortgage v rental



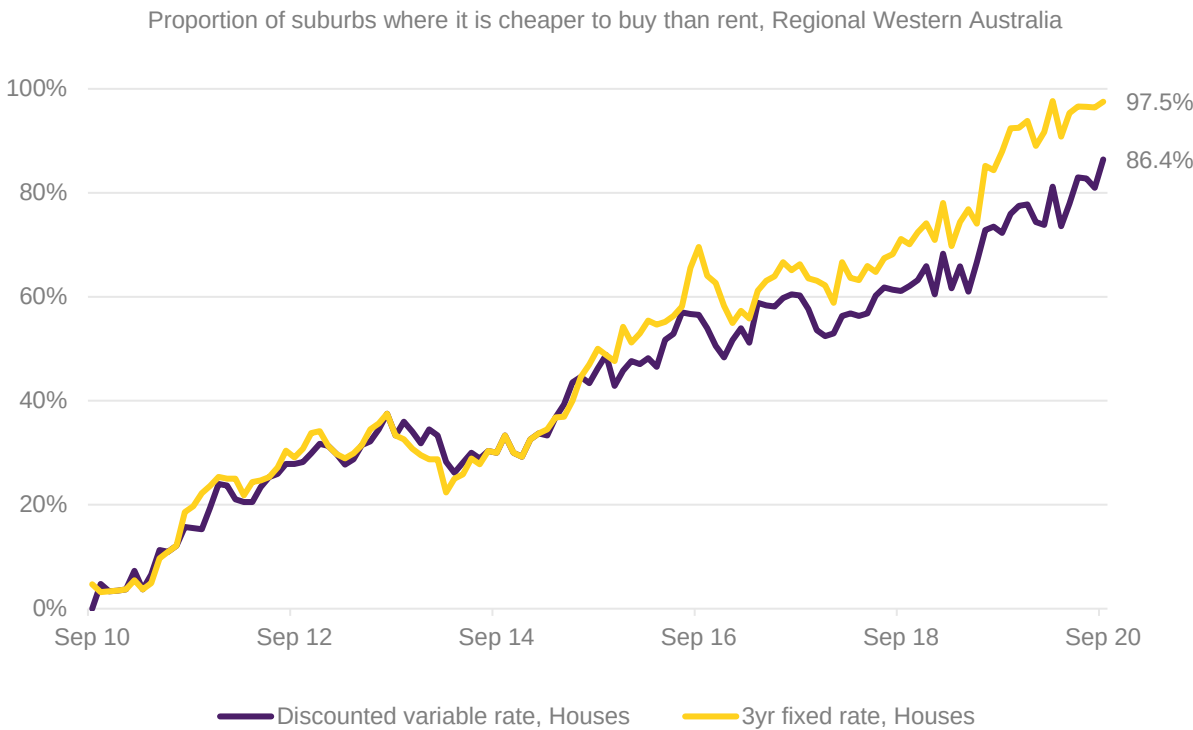
Regional Western Australia by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Bunbury	Houses	\$1,672	\$382,104	\$1,573	\$1,332	-\$99	-\$340
Bunbury	Units	\$1,376	\$263,488	\$1,085	\$919	-\$291	-\$457
Western Australia - Outback (North)	Houses	\$2,544	\$347,267	\$1,430	\$1,211	-\$1,115	-\$1,334
Western Australia - Outback (North)	Units	\$1,794	\$161,842	\$666	\$564	-\$1,128	-\$1,230
Western Australia - Outback (South)	Houses	\$1,447	\$228,734	\$942	\$797	-\$505	-\$649
Western Australia - Outback (South)	Units	\$1,221	\$127,175	\$524	\$443	-\$697	-\$777
Western Australia - Wheat Belt	Houses	\$1,480	\$262,404	\$1,080	\$915	-\$399	-\$565
Western Australia - Wheat Belt	Units	\$1,256	\$189,069	\$778	\$659	-\$477	-\$597

Regional Western Australia (cont'd)

The proportion of regional Western Australia suburbs where the costs associated with a mortgage are lower than the costs of renting has been progressively rising since 2014 when housing values moved through their peak. Ten years ago less than 5% of regional Western Australia suburbs were recording mortgage costs less than rental costs, based on a discounted variable mortgage rate. By September 2010 the proportion had increased to 86%.

The most significant gaps between mortgage repayments and renting are centered around the Pilbara mining regions where suburbs with the Karratha, East Pilbara and Port Hedland council areas are generally recording a differential of more than \$1,000 between monthly mortgage payments and renting.



Top suburbs across Regional Western Australia

Top ten suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Nickol	Karratha	Houses	\$429,600	\$3,336	\$1,769	\$1,498	-\$1,567	-\$1,838
Baynton	Karratha	Houses	\$532,803	\$3,711	\$2,194	\$1,858	-\$1,517	-\$1,854
Newman	East Pilbara	Houses	\$187,295	\$2,159	\$771	\$653	-\$1,388	-\$1,506
Port Hedland	Port Hedland	Houses	\$456,698	\$3,089	\$1,880	\$1,592	-\$1,208	-\$1,496
South Hedland	Port Hedland	Houses	\$229,685	\$2,140	\$946	\$801	-\$1,194	-\$1,339
Kununurra	Wyndham-East Kimberley	Houses	\$226,657	\$2,085	\$933	\$790	-\$1,152	-\$1,295
Millars Well	Karratha	Houses	\$426,104	\$2,859	\$1,754	\$1,486	-\$1,105	-\$1,374
Derby	Derby-West Kimberley	Houses	\$153,338	\$1,599	\$631	\$535	-\$968	-\$1,065
Pegs Creek	Karratha	Houses	\$437,938	\$2,742	\$1,803	\$1,527	-\$939	-\$1,215
Merredin	Merredin	Houses	\$109,895	\$1,384	\$452	\$383	-\$932	-\$1,001

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Port Hedland	Port Hedland	Units	\$120,383	\$2,030	\$496	\$420	-\$1,534	-\$1,610
South Hedland	Port Hedland	Units	\$122,271	\$1,653	\$503	\$426	-\$1,149	-\$1,227
Cable Beach	Broome	Units	\$182,823	\$1,704	\$753	\$637	-\$951	-\$1,067
Bunbury	Bunbury	Units	\$255,529	\$1,509	\$1,052	\$891	-\$457	-\$618
Withers	Bunbury	Units	\$149,139	\$987	\$614	\$520	-\$373	-\$467
South Bunbury	Bunbury	Units	\$239,639	\$1,335	\$987	\$835	-\$348	-\$499
Geraldton	Greater Geraldton	Units	\$141,309	\$913	\$582	\$493	-\$331	-\$420

Hobart

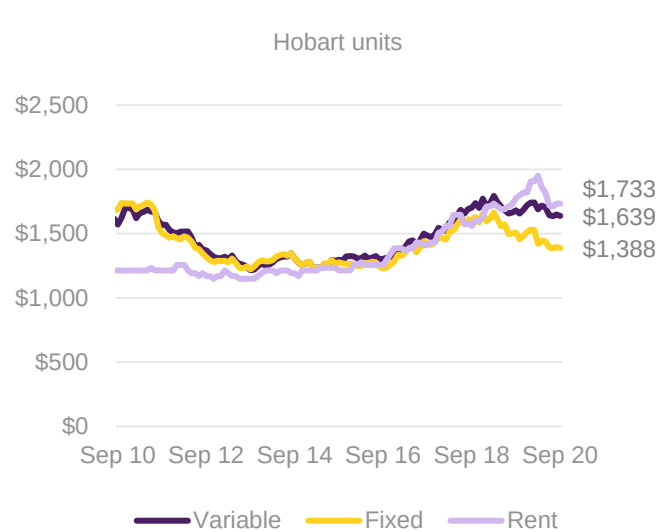
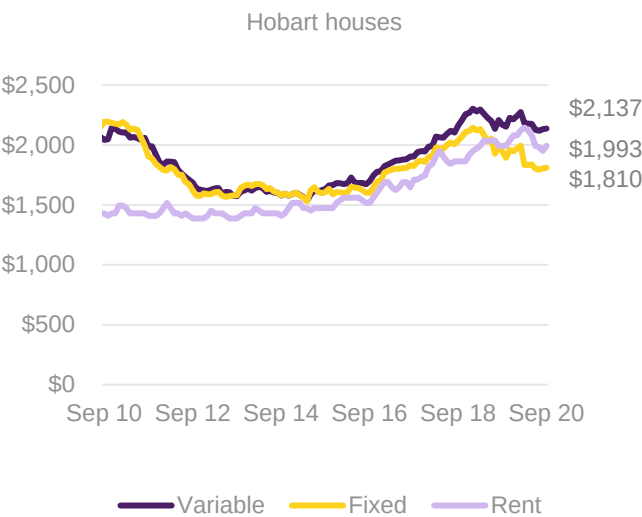
Despite lower mortgage rates, between mid-2015 and early-2019 the cost of servicing a mortgage on a Hobart home was consistently rising, reflecting a trend towards high housing values. That trend has reversed since growth conditions slowed and interest rates have trended lower, however the monthly payment on a new discounted variable rate mortgage was about 4.6% higher than ten years ago for Hobart houses and 4.3% higher for units.

The past five years has seen Hobart house and unit values rise at a faster rate than rents. The median house value is up 47.7% since September 2015 compared with a 35.4% rise in rents. Growth rates across the unit sector have been more evenly matched, with the median unit value up 42.5% over the past five years, and median unit rents up 42.9%.

Based on the discounted variable mortgage rate scenario, Hobart houses remain \$144 per month more expensive to pay off a mortgage than to rent, while the repayments on a unit are generally \$94 less per month than renting. Under the three year fixed rate scenario, both house and unit mortgage payments are less than monthly rental rates.



Typical monthly payments, mortgage v rental



Hobart (cont'd)

The proportion of Hobart suburbs where mortgage repayments are lower than rental payments has shown some volatility over recent years, reflecting both changing market conditions and interest rates, but also volatility from the smaller number of dwellings across Hobart relative to larger capitals.

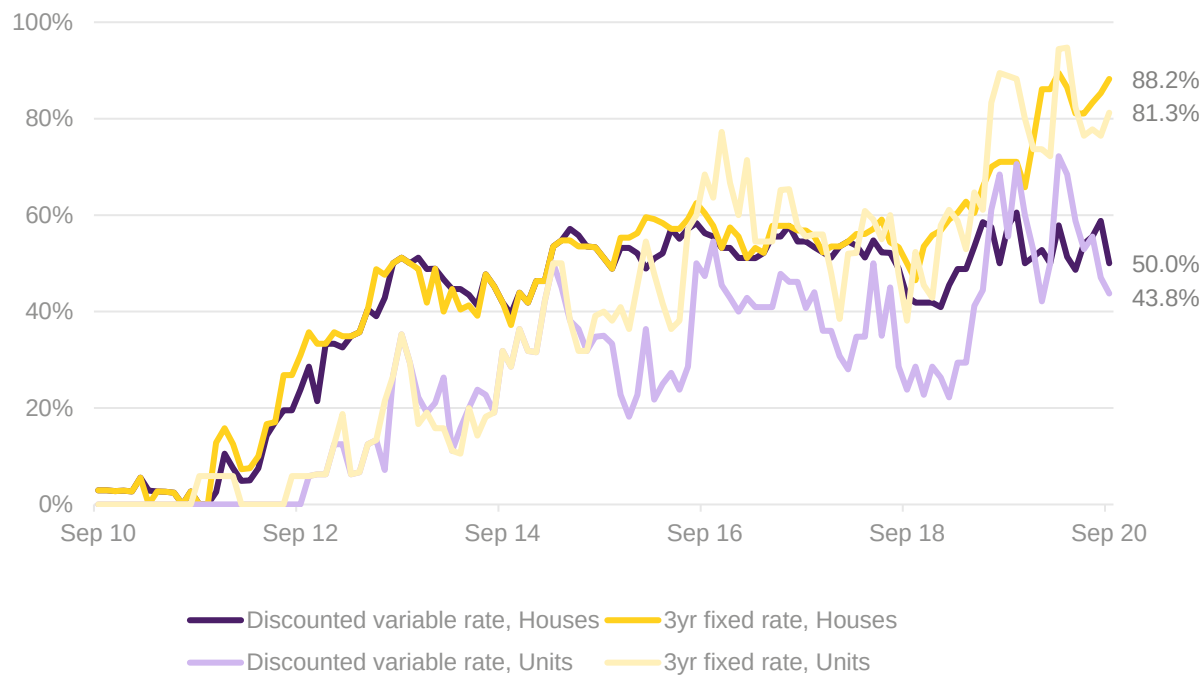
Reading through the volatility, the proportion of suburbs where mortgage repayments are less than rental payments has not changed a great deal over the past five years. In September 2015, 51% of Hobart suburbs were showing lower mortgage repayments for houses than rental rates compared with 50% in September 2020. Similarly, 35% of Hobart suburbs were cheaper to pay a mortgage than rent five years ago compared with 44% in September 2020.

The stability comes despite mortgage rates moving to record lows. Higher home values along with strong rental growth pre-COVID has largely offset the effect of lower mortgage rates on servicing costs.

The suburbs where the gap between mortgage payments and renting is most significant are concentrated around some of the most affordable areas of Hobart, with only two of the top ten suburbs for houses recording a median value over \$400,000.

Fewer suburbs are more affordable to pay down a mortgage than rent across Hobart, with only seven of the top ten locations recording lower monthly mortgage payments than renting.

Proportion of suburbs where it is cheaper to buy than rent, Hobart



Hobart by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Hobart	Houses	\$1,993	\$519,092	\$2,137	\$1,810	\$144	-\$183
Hobart	Units	\$1,733	\$397,993	\$1,639	\$1,388	-\$94	-\$345

Top suburbs across Greater Hobart

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Rokeby	Clarence	Houses	\$342,301	\$1,820	\$1,409	\$1,193	-\$410	-\$626
Risdon Vale	Clarence	Houses	\$307,386	\$1,665	\$1,266	\$1,072	-\$400	-\$594
Bridgewater	Brighton	Houses	\$326,318	\$1,661	\$1,343	\$1,138	-\$318	-\$524
Warrane	Clarence	Houses	\$382,786	\$1,868	\$1,576	\$1,335	-\$292	-\$533
Primrose Sands	Sorell	Houses	\$335,675	\$1,650	\$1,382	\$1,170	-\$268	-\$480
New Norfolk	Derwent Valley	Houses	\$326,064	\$1,585	\$1,342	\$1,137	-\$243	-\$449
Chigwell	Glenorchy	Houses	\$384,902	\$1,801	\$1,585	\$1,342	-\$216	-\$459
Berriedale	Glenorchy	Houses	\$393,002	\$1,812	\$1,618	\$1,370	-\$194	-\$442
Mornington	Clarence	Houses	\$415,745	\$1,894	\$1,712	\$1,449	-\$183	-\$445
Glenorchy	Glenorchy	Houses	\$414,639	\$1,870	\$1,707	\$1,446	-\$163	-\$424

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Brighton	Brighton	Units	\$288,384	\$1,523	\$1,187	\$1,005	-\$336	-\$518
Glenorchy	Glenorchy	Units	\$318,833	\$1,554	\$1,313	\$1,112	-\$242	-\$443
Claremont	Glenorchy	Units	\$321,589	\$1,564	\$1,324	\$1,121	-\$240	-\$443
Sorell	Sorell	Units	\$342,585	\$1,488	\$1,410	\$1,194	-\$78	-\$294
Blackmans Bay	Kingborough	Units	\$411,213	\$1,749	\$1,693	\$1,434	-\$56	-\$316
Lindisfarne	Clarence	Units	\$401,142	\$1,686	\$1,652	\$1,399	-\$34	-\$287
Kingston	Kingborough	Units	\$402,047	\$1,676	\$1,655	\$1,402	-\$21	-\$275
Lenah Valley	Hobart	Units	\$400,906	\$1,639	\$1,651	\$1,398	\$12	-\$241
Bellerive	Clarence	Units	\$422,218	\$1,691	\$1,738	\$1,472	\$48	-\$219
New Town	Hobart	Units	\$417,238	\$1,665	\$1,718	\$1,455	\$53	-\$210

Regional Tasmania

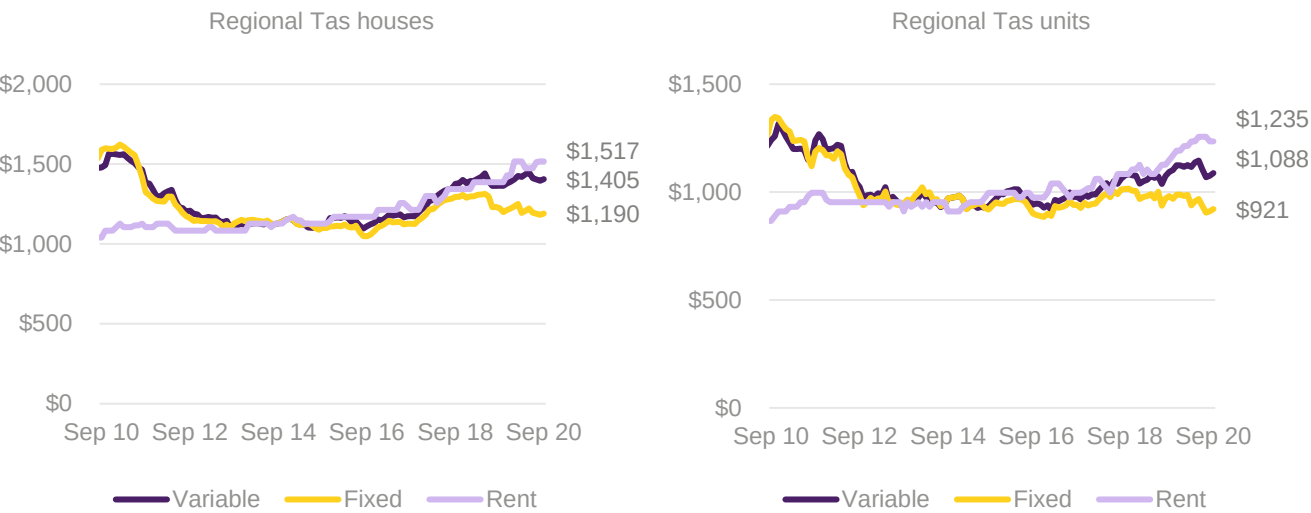
Mortgage repayments have been consistently lower or roughly equal to monthly rental payments across regional Tasmania since 2012 for both houses and units. The gap has widened more recently, with mortgage repayments reducing further against rental rates as interest rates reduced.

Additionally, the past decade has seen Regional Tasmanian rents rise more than housing values, which has added to the more affordable position of mortgage repayments compared with rental payments. Since September 2010, the median house value across regional Tasmania is up 35% compared with a 46% rise in the median rental rate for houses. The gap between unit values and rents has widened more substantially, with the median unit value rising 24% over the past ten years while the median rental rate for units was up almost twice as much, increasing by 43%.

Across the sub-regions of non-metro Tasmania, the West and North West region of the state, which includes Devonport and Burnie, are recording the largest differential between monthly loan repayments and rental rates for houses. The typical monthly mortgage payment, based on a discounted variable rate mortgage, was recorded at \$1,208 per month; \$235 per month less than rental costs.

From the unit perspective, the largest savings on mortgage rates compared with rental rates is in Launceston and North East Region where mortgage costs, on the discounted variable rate, were tracking at \$1,117 per month which was \$202 per month less than rental costs.

Typical monthly payments, mortgage v rental



Regional Tasmania by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Launceston and North East	Houses	\$1,637	\$360,868	\$1,486	\$1,258	-\$151	-\$379
Launceston and North East	Units	\$1,319	\$271,292	\$1,117	\$946	-\$202	-\$373
South East	Houses	\$1,448	\$380,638	\$1,567	\$1,327	\$119	-\$121
South East	Units	\$1,350	\$329,429	\$1,356	\$1,148	\$6	-\$202
West and North West	Houses	\$1,443	\$293,420	\$1,208	\$1,023	-\$235	-\$420
West and North West	Units	\$1,114	\$257,261	\$1,059	\$897	-\$55	-\$217

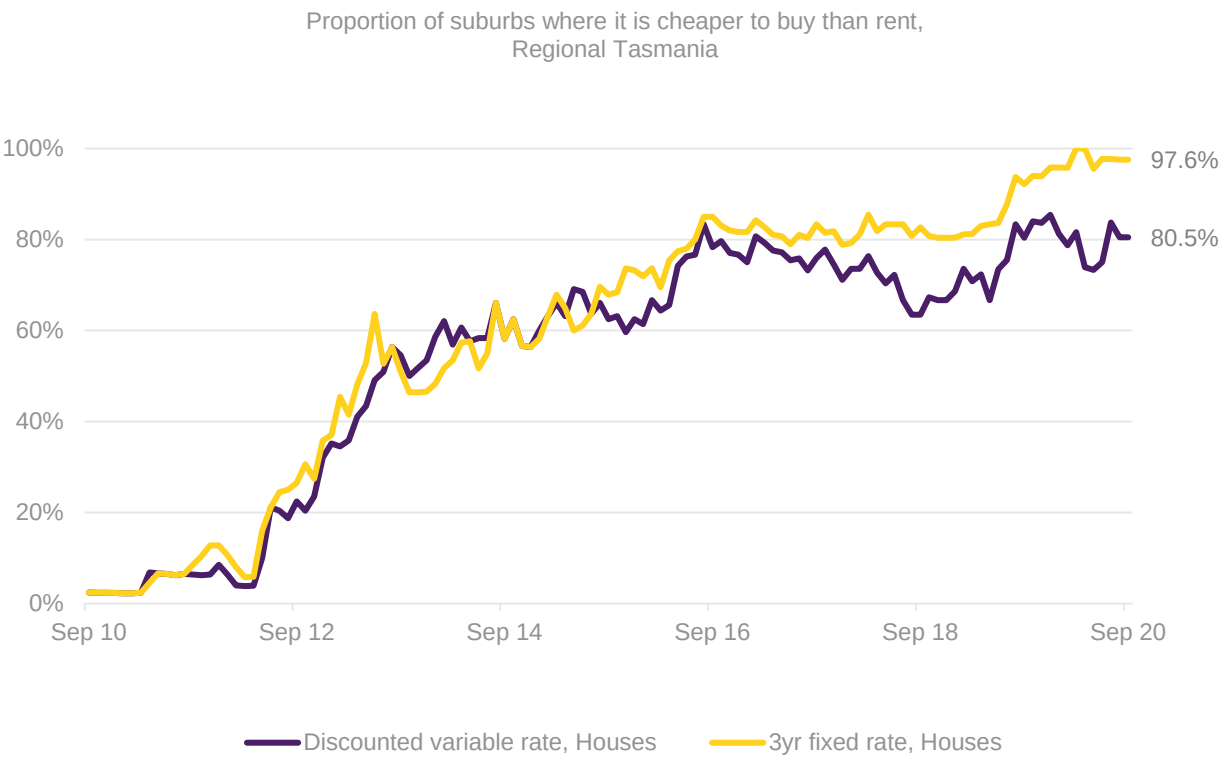
Regional Tasmania (cont'd)

The large majority of suburbs across regional Tasmania were showing lower mortgage repayment costs relative to rental rates. Almost 81% of regional Tasmanian suburbs showed paying off a mortgage was cheaper than renting, based on the discounted variable mortgage rate.

Based on a three year fixed rate scenario, almost 98% of regional Tasmanian suburbs were cheaper to pay down a mortgage than rent.

Outside of the coastal suburb of Bicheno, where high asking rents are likely impacted by holiday home rentals, the suburb of Zeehan, on Tasmania's West Coast, was showing the largest difference between paying a mortgage and paying rent on a house, with mortgage repayments around \$780 less per month than renting.

The regional unit market is small, with most of the suburbs recording a positive cost differential between mortgage repayments and rents centered around Launceston. The Launceston suburb of Mowbray topped the list, with typical variable rate mortgage costs of \$897 per month while rental rates were a higher \$1,232 a month.



Top suburbs across Regional Tasmania

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Bicheno	Break O'Day	Houses	\$390,645	\$2,936	\$1,608	\$1,362	-\$1,328	-\$1,575
Zeehan	West Coast	Houses	\$109,928	\$1,230	\$453	\$383	-\$777	-\$847
Queenstown	West Coast	Houses	\$98,025	\$1,095	\$404	\$342	-\$691	-\$753
Ravenswood	Launceston	Houses	\$216,430	\$1,381	\$891	\$755	-\$490	-\$627
Mayfield	Launceston	Houses	\$253,759	\$1,503	\$1,045	\$885	-\$459	-\$619
Acton	Burnie	Houses	\$216,863	\$1,328	\$893	\$756	-\$435	-\$572
Upper Burnie	Burnie	Houses	\$227,403	\$1,345	\$936	\$793	-\$409	-\$552
Smithton	Circular Head	Houses	\$212,427	\$1,210	\$875	\$741	-\$336	-\$470
Devonport	Devonport	Houses	\$279,601	\$1,481	\$1,151	\$975	-\$330	-\$506
Newnham	Launceston	Houses	\$295,319	\$1,543	\$1,216	\$1,030	-\$327	-\$513

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Mowbray	Launceston	Units	\$217,826	\$1,232	\$897	\$759	-\$335	-\$473
Legana	West Tamar	Units	\$297,942	\$1,480	\$1,227	\$1,039	-\$253	-\$441
South Launceston	Launceston	Units	\$264,397	\$1,315	\$1,089	\$922	-\$226	-\$393
Newnham	Launceston	Units	\$235,104	\$1,186	\$968	\$820	-\$218	-\$366
Riverside	Launceston	Units	\$292,513	\$1,408	\$1,204	\$1,020	-\$203	-\$388
Prospect Vale	Launceston	Units	\$292,155	\$1,404	\$1,203	\$1,019	-\$202	-\$386
Newstead	Launceston	Units	\$301,337	\$1,359	\$1,241	\$1,051	-\$118	-\$308
Wynyard	Waratah/Wynyard	Units	\$247,490	\$1,098	\$1,019	\$863	-\$79	-\$235
Devonport	Devonport	Units	\$258,164	\$1,126	\$1,063	\$900	-\$63	-\$226
Ulverstone	Central Coast	Units	\$270,896	\$1,165	\$1,115	\$944	-\$50	-\$221

Darwin



Monthly mortgage repayments have been consistently falling over the past decade across Darwin, reducing from \$3,092 per month ten years ago to \$1,997 in September 2010; a reduction of 35% and savings of \$1,095 per month based on the discounted variable mortgage rate.

The drop in unit repayments has been more significant, with the typical cost of monthly mortgage repayments reducing by 52% over the past decade, providing for a \$1,210 reduction in mortgage repayments per month.

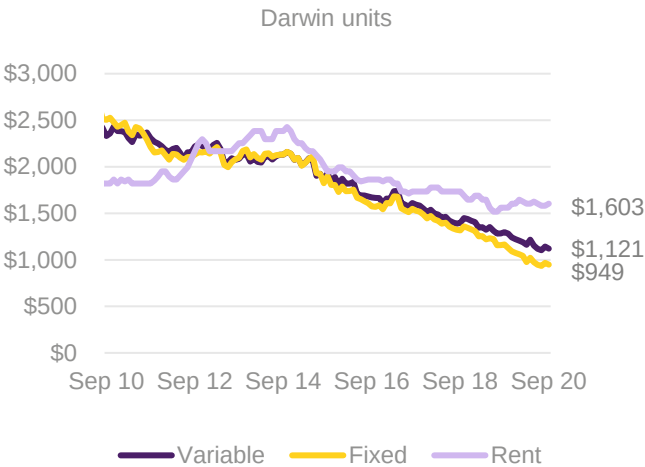
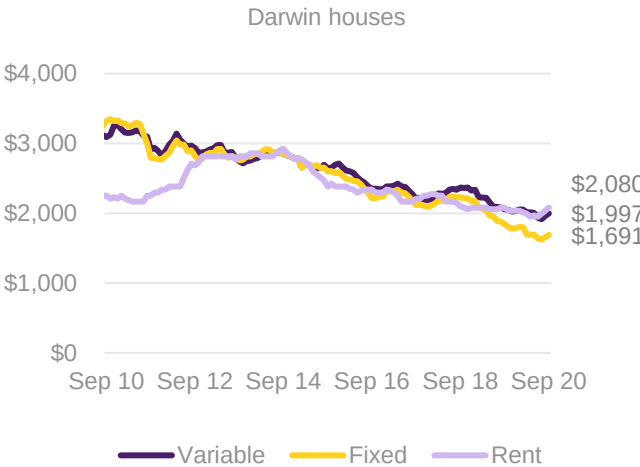
A large part of the reduced cost of servicing a mortgage relates to the significant decline in Darwin housing values. The median house value was 18% lower than the 2014 peak across Darwin and the median unit value was 39% lower. Lower interest rates have also played a role in reducing mortgage repayments.

While house values have fallen materially, so to have rental rates. The median house rent is down 29% since peaking in 2014 and the median unit rent is 34% lower since 2014.

Although rents have fallen more than values across both the house and unit sector, the benefit of record low interest rates has been enough to push mortgage repayments below rental costs for loans on both discounted variable rates and three year fixed rates.

For Darwin houses, variable rate mortgage costs are averaging \$83 per month less than rental costs, and for units the gap is wider at \$482 per month.

Typical monthly payments, mortgage v rental



Darwin (cont'd)

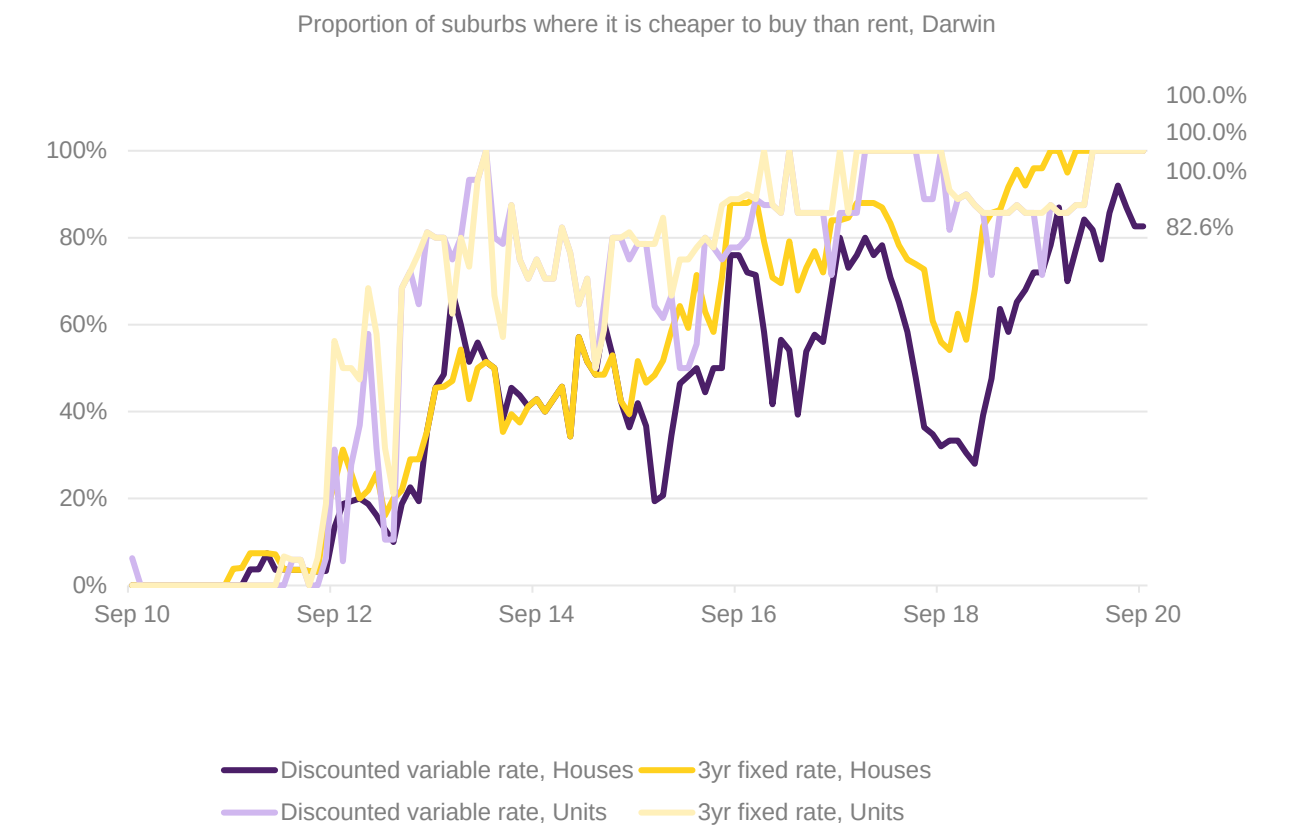
The large majority of Darwin suburbs are recording a lower cost for repaying a home loan than renting.

The September data shows almost 83% of Darwin suburbs were cheaper to pay down a mortgage than rent for houses (based on a discounted variable rate mortgage), while every suburb has a lower cost associated with mortgage repayments for units compared with rents.

Based on the lower mortgage rates associated with a fixed rate loan, every suburb of Darwin has recorded lower mortgage costs relative to rental rates.

The largest differential for houses are located around the Palmerston council, with the suburb of Moulden topping the list. Monthly mortgage repayments for a Moulden house are around \$1,200 per month compared with the median rental cost of \$1,788; a saving of \$589 per month.

For units, the inner city precincts are showing the largest potential savings between mortgage repayments and the cost of renting.



Darwin by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Darwin	Houses	\$2,080	\$485,085	\$1,997	\$1,691	-\$83	-\$389
Darwin	Units	\$1,603	\$272,244	\$1,121	\$949	-\$482	-\$654

Top suburbs across Greater Darwin

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Moulden	Palmerston	Houses	\$291,163	\$1,788	\$1,199	\$1,015	-\$589	-\$773
Zuccoli	Palmerston	Houses	\$449,926	\$2,391	\$1,852	\$1,569	-\$538	-\$822
Driver	Palmerston	Houses	\$344,818	\$1,913	\$1,420	\$1,202	-\$493	-\$710
Gray	Palmerston	Houses	\$329,231	\$1,804	\$1,355	\$1,148	-\$449	-\$657
Woodroffe	Palmerston	Houses	\$356,904	\$1,835	\$1,469	\$1,244	-\$366	-\$591
Millner	Darwin	Houses	\$402,205	\$2,018	\$1,656	\$1,402	-\$363	-\$616
Karama	Darwin	Houses	\$394,836	\$1,942	\$1,626	\$1,377	-\$316	-\$565
Wulagi	Darwin	Houses	\$445,860	\$2,122	\$1,836	\$1,554	-\$287	-\$568
Farrar	Palmerston	Houses	\$472,988	\$2,216	\$1,947	\$1,649	-\$269	-\$567
Gunn	Palmerston	Houses	\$433,362	\$2,021	\$1,784	\$1,511	-\$237	-\$510

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Parap	Darwin	Units	\$246,869	\$1,781	\$1,016	\$861	-\$764	-\$920
Darwin City	Darwin	Units	\$335,007	\$1,973	\$1,379	\$1,168	-\$593	-\$805
Nightcliff	Darwin	Units	\$245,210	\$1,523	\$1,010	\$855	-\$513	-\$668
Stuart Park	Darwin	Units	\$333,804	\$1,870	\$1,374	\$1,164	-\$496	-\$707
Coconut Grove	Darwin	Units	\$234,859	\$1,459	\$967	\$819	-\$492	-\$641
Larrakeyah	Darwin	Units	\$361,651	\$1,951	\$1,489	\$1,261	-\$462	-\$690
Rapid Creek	Darwin	Units	\$263,478	\$1,531	\$1,085	\$919	-\$446	-\$612
Fannie Bay	Darwin	Units	\$334,873	\$1,766	\$1,379	\$1,167	-\$388	-\$599

Australian Capital Territory

The cost of servicing a mortgage on a house has held remarkably firm across Canberra, despite the lowest mortgage rates on record. The stable reading in variable rate servicing costs can be attributed to the persistent rise in Canberra house values, which were at a record high in September after rising by 4.6% over the first nine months of 2020. Mortgage repayments based on the three year fixed rate have been trending lower since early 2019 as fixed rates and variable rates diverged.

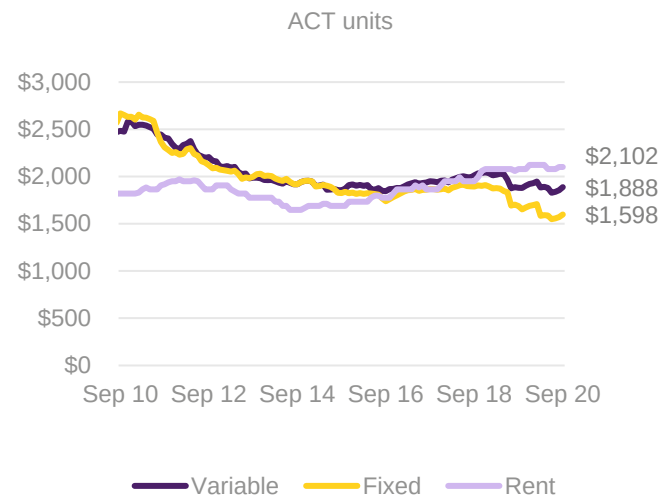
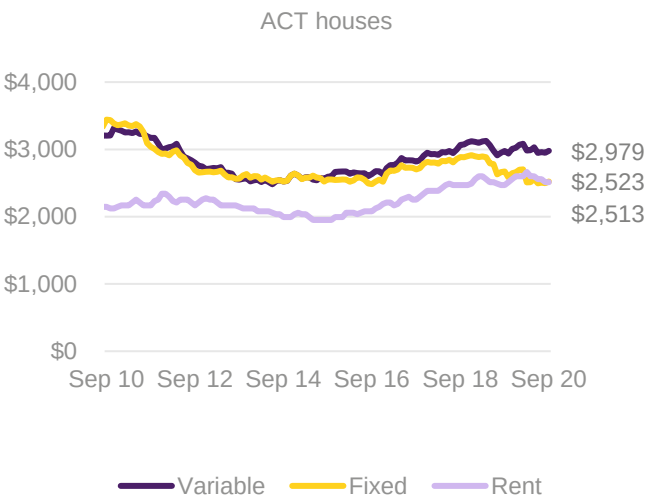
Across the unit sector servicing costs have been trending lower due to the weaker performance of unit values along with support from lower interest rates. Over the past ten years, Canberra unit values are up by only 7.8% compared with a 31.8% rise in the median house value and a 15.5% lift in the median rental rate for units.

The vastly different performance between houses and units has resulted in the monthly mortgage repayments for a house remaining higher than the cost of renting under both a variable interest rate and fixed interest rate scenario.

The opposite is true for Canberra's unit sector, where mortgage repayments are \$214 lower per month than rent under the discounted variable rate scenario, and \$504 lower per month under the fixed rate scenario.



Typical monthly payments, mortgage v rental



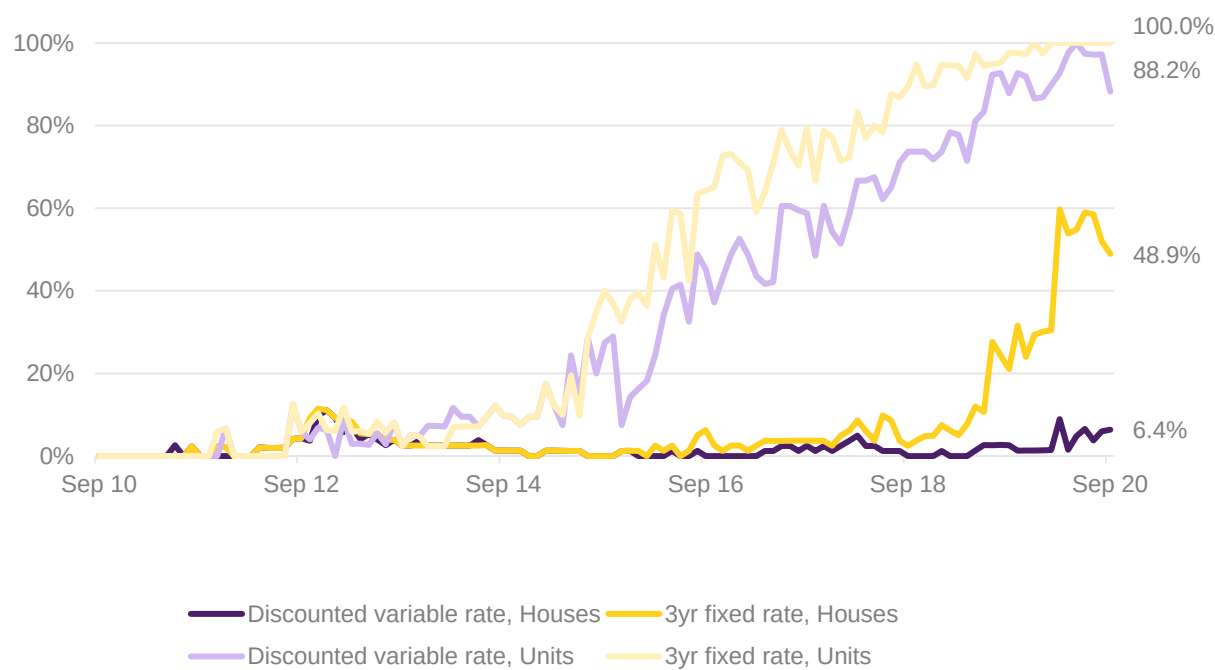
Australian Capital Territory (cont'd)

Only 6% of Canberra suburbs are recording a lower cost for variable rate mortgage repayments on a house relative to rental costs (up from 2.6% of suburbs a year ago), while under a fixed rate scenario almost half of Canberra suburbs are cheaper to pay down a mortgage on house than rent.

For units, with softer growth in values over time, rising rents and lower interest rates, the large majority of suburbs are showing mortgage repayments to be cheaper than renting. 88% of suburbs are cheaper to service a mortgage than pay a landlord based on a discounted variable rate scenario, while every suburb is cheaper to pay down a mortgage under the lower interest rates associated with a fixed rate.

The suburbs where it cheaper to service a mortgage on a house than rent, based on using a discounted variable mortgage rate, are all located in the northern regions of Canberra around Gungahlin and Belconnen. The largest savings between monthly mortgage repayments and rental costs on a unit are generally located closer the city centre.

Proportion of suburbs where it is cheaper to buy than rent, Australian Capital Territory



Australian Capital Territory by sub-regions, rent v buy

SA4 Name	Property Type	Monthly rental cost	Median value	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Australian Capital Territory	Houses	\$2,513	\$723,634	\$2,979	\$2,523	\$466	\$10
Australian Capital Territory	Units	\$2,102	\$458,498	\$1,888	\$1,598	-\$214	-\$504

Top suburbs across Australian Capital Territory

Top suburbs where its cheaper to pay a mortgage than rent, Houses

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Charnwood	Unincorporated ACT	Houses	\$498,203	\$2,198	\$2,051	\$1,737	-\$147	-\$461
Holt	Unincorporated ACT	Houses	\$533,787	\$2,296	\$2,198	\$1,861	-\$99	-\$435
Ngunnawal	Unincorporated ACT	Houses	\$565,722	\$2,363	\$2,329	\$1,972	-\$34	-\$390
Latham	Unincorporated ACT	Houses	\$562,608	\$2,289	\$2,316	\$1,961	\$27	-\$328
Macgregor	Unincorporated ACT	Houses	\$565,928	\$2,282	\$2,330	\$1,973	\$48	-\$309
Dunlop	Unincorporated ACT	Houses	\$639,320	\$2,526	\$2,632	\$2,229	\$106	-\$297
Gordon	Unincorporated ACT	Houses	\$674,452	\$2,668	\$2,777	\$2,351	\$109	-\$316
Rivett	Unincorporated ACT	Houses	\$613,741	\$2,398	\$2,527	\$2,140	\$129	-\$258
Kambah	Unincorporated ACT	Houses	\$597,740	\$2,293	\$2,461	\$2,084	\$168	-\$209
Bonner	Unincorporated ACT	Houses	\$713,720	\$2,759	\$2,938	\$2,488	\$179	-\$271

Top suburbs where its cheaper to pay a mortgage than rent, Units

Suburb	Council area	Property type	Median value	Monthly rental cost	Monthly repayments on variable rate	Monthly repayments on 3yr fixed rate	Difference Variable rate repayments v renting	Difference 3yr fixed rate repayments v renting
Mawson	Unincorporated ACT	Units	\$389,477	\$2,085	\$1,604	\$1,358	-\$482	-\$728
Phillip	Unincorporated ACT	Units	\$365,444	\$1,984	\$1,505	\$1,274	-\$480	-\$710
Campbell	Unincorporated ACT	Units	\$505,409	\$2,540	\$2,081	\$1,762	-\$459	-\$778
Lyons	Unincorporated ACT	Units	\$325,291	\$1,792	\$1,339	\$1,134	-\$452	-\$658
Braddon	Unincorporated ACT	Units	\$436,362	\$2,230	\$1,797	\$1,521	-\$433	-\$708
Lyneham	Unincorporated ACT	Units	\$402,661	\$2,070	\$1,658	\$1,404	-\$412	-\$666
Wright	Unincorporated ACT	Units	\$401,929	\$2,065	\$1,655	\$1,401	-\$410	-\$664
O'Connor	Unincorporated ACT	Units	\$424,009	\$2,146	\$1,746	\$1,478	-\$400	-\$668
Gungahlin	Unincorporated ACT	Units	\$387,565	\$1,988	\$1,596	\$1,351	-\$392	-\$637
Greenway	Unincorporated ACT	Units	\$408,871	\$2,066	\$1,683	\$1,425	-\$383	-\$640

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