

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr Higgins to the Treasurer:

Home Owner Assistance

1. Treasurer, your generous first home owner assistance packages have the stated aim of stabilising residential property prices across the Top End? However according to the data from the Real Estate Institute of the Northern Territory and RP Data Core Logic, prices of homes in Darwin are down over 28% from their peak and continue to fall.
 - a. How far will property prices fall in the Top End according to Treasury? What is the forecast?
 - b. How many mortgage holders in the Territory are under mortgage stress? How does this compare to three years ago?
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ANSWERS

QUESTION 1a:

The Department of Treasury and Finance monitors and reports on current and historical trends in the Territory's housing market from a range of different sources, including the Real Estate Institute of Australia and RP Data Core Logic. However, the Department of Treasury and Finance does not forecast property prices.

The median house price in Darwin increased rapidly over the first half of this decade, with prices increasing by 36.3 per cent (\$165 000) in the five years to March 2014. Unit prices increased by 36.5 per cent (\$140 500) over the same period, according to the Real Estate Institute of the Northern Territory. This rapid rise in prices coincided with very low vacancy rates in Darwin, at times reaching lows of 0.8 per cent. Since that period, a rapid expansion in levels of housing supply across Darwin and Palmerston, particularly in the number of units available, coupled with lower levels of demand for housing, has resulted in higher vacancy rates and lower house prices.

In the five years to March 2019, median house prices in Darwin have fallen by 19 per cent (\$117 500), while median unit prices have fallen by 40.1 per cent (\$210 745). However, according to the latest data from the Real Estate Institute of the Northern Territory, median house prices in Darwin and Palmerston increased by 1.8 per cent in the March quarter 2019, compared to the previous quarter. This result is part of a general trend seen over the past 18 months where house prices in Darwin have flattened, mainly driven by strengthening sales from first home owners in a more affordable housing market. Unit prices have continued to decline, in part reflecting a decline in demand for housing for those employed on the Ichthys LNG project.

QUESTION 1b:

The Department of Treasury and Finance does not hold information on the number of mortgage holders in the Territory who are under mortgage stress. This information is held by individual banks and financial institutions, and generally only available to the financial regulators and the Reserve Bank of Australia due to sensitivities and the commercial in confidence nature of the data. Moody's Investor Services provides a limited delinquency report with more information available to subscribers.

According to the Reserve Bank of Australia's (RBA) Financial Stability Review for April 2019, of the 2.75 per cent of loans that were in negative equity nationally, 60 per cent were in Western Australia and the Territory. However, there was no breakdown to show how many of these were just in the Territory, and being in negative equity is not on its own an indicator of mortgage stress, provided mortgage holders still have the capacity to make mortgage repayments. The RBA does report on mortgage arrears in its review, however, there is no discussion on the Territory. The RBA collects arrears data through its Securitisation System, however this information is not available to the general public.

According to Moody's Investors Services latest delinquency report, the proportion of Territory mortgages that were more than 30 days in arrears increased by 0.1 percentage point to 2.28 per cent over the year to November 2018. This was the second highest rate of the jurisdictions behind Western Australia at 2.89 per cent and the Australian Capital Territory had the lowest rate at 1.11 per cent. Mortgage delinquencies increased for all the jurisdictions except for Queensland which declined by 0.07 percentage points.