



## The Week In Real Estate



### Listings Drop Puts Pressure On Prices

Home buyers have been active in markets across Australia, making the most of favourable lending conditions by buying up and depleting stock levels of properties for sale.

The latest figures from SQM Research show listings nationwide fell 12% in December compared to the same time a year earlier.

The stock shortage has inspired a rise in asking prices, with the national average rising by 2.4% for houses and 0.8% for units during December.

Data from realestate.com.au shows a surge in buyers searching for properties in many states, with Brisbane recording a 63% jump in searches, NSW 50% and Victoria 36% over the year to December.

That trend is set to continue into the early months of 2020, according to analysts and agents, causing more vendors to list their properties for sale.

"When people get confident that the market has turned around and they can see the demand there, then the listings pick up," AMP Capital's chief economist Shane Oliver says.

### Quote of the Week

***"Buyers have been out in the market and vendors who came to the market in November managed to sell nearly everything. That's a big sign of stronger activity and this suggests to me that the recovery is strengthening not just in Sydney and Melbourne but across a number of cities."***

**Louis Christopher, SQM Research managing director**



### High-rise Approvals Spur Growth

Building approvals rose 12% in November, the first rise in 23 months. The figures were boosted by a 23% surge in high-density approvals, with a significant rise in apartments approved in New South Wales.

JPMorgan economist Tom Kennedy says the data indicates that the decline in approvals has now stabilised. "The data have been particularly volatile of late, but through the noise there are signs that building approvals are stabilising following a period of prolonged weakness," he says.

BIS Oxford Economics' Maree Kilroy says lower interest rates and easier lending are starting to drive the market again. "The freeing up of credit, as seen in recent new loan growth, is starting to have a positive effect on new dwelling demand, with the increased churn of established dwellings encouraging upgraders towards new construction," she says.

Despite the monthly rise, building approvals remain 12% lower than this time last year.

Many market analysts expect a rebalance of supply and demand to occur this year, leading to a rise in house prices and more construction activity.





## FHBs Target New Govt Scheme

The first 3,000 spots available in the new Federal Government first-home-buyer scheme have already been filled.

Since the scheme began on 1st January, the Commonwealth Bank and National Australia Bank – the only two big banks to be part of the scheme – have filled their quota for January. They will have to wait until February to accept another 2,000 applications.

And from February, another 5,000 applications can also be accepted by any of the other 25 lenders who are part of the scheme.

The Minister for Housing and Assistant Treasurer Michael Sukkar says the majority of applicants have been single buyers with a median income of \$68,900.

Once applicants are successful they have 10 days to get pre-approved finance from an applicable lender to purchase property and they must then go through settlement within three months.

The National Housing Finance and Investment Corporation is releasing 10,000 First Home Loan Deposit Scheme guarantees this financial year and another 10,000 places will be available from July 2020.

## Banks Help Fire Victims

The big four banks have all announced assistance packages for customers and communities impacted by the bushfires. Each bank has pledged at least \$1 million in bushfire donation packages.

Westpac customers whose homes have been destroyed will have their mortgages paid for an entire year. The bank will also offer customers interest-free loans to cover the gap between insurance payouts and rebuilding costs, while businesses will receive low-interest loans.

Westpac says it will not foreclose on any farming businesses in the affected areas for three years and will provide a \$15,000 grant to businesses to refurbish damaged premises.

The CBA has pledged at least \$10 million in recovery grants while NAB will provide \$2,000 grants and has committed to not foreclose on existing loans for up to three years. NAB customers may be eligible to defer repaying their loans for up to three years.

The Victorian Government has announced land tax and stamp duty relief for people whose properties have been destroyed or damaged by bushfires.

## Green Home Loans Offer 2.44%

Australians will soon be able to get a discounted home loan if they buy or build housing that meets high energy efficiency standards, with rock-bottom interest rates from 2.44%.

The Clean Energy Finance Corporation is launching a green home loan program for borrowers who meet a minimum 7-star energy rating.

Bank Australia is the first lender to offer the scheme and will grant a 0.4 percentage point discount on its home loan rate.

The energy rating will be assessed under the Nationwide House Energy Rating Scheme which provides guidelines for sustainable design principles and construction techniques for a range of climate zones across Australia.

The property sector accounts for almost a quarter of Australia's greenhouse gas emissions, according to the CEFC's investment team executive director Richard Lovell. He says sustainable housing design and construction could improve energy and economic outcomes.

The Bank Australia Clean Energy Home Loan will fund up to \$60 million, providing the interest rate discount to mortgages below \$1.5 million.

