



## The Week In Real Estate



### Highest Capital Gains Since 2009

National dwelling values rose 4% on average in the December Quarter, making it the most significant gain in Australia's housing market since 2009.

Most capital cities and regional areas finished the year with positive growth. In December, six of the eight capital cities, and six of the seven regions, recorded growth in their median house prices.

"The housing value rebound was spurred by a relaxation in borrower serviceability assessments, improved housing affordability, renewed certainty around property taxation policies post the federal election and lower interest rates," says CoreLogic head of research Tim Lawless.

While Sydney, Melbourne and Hobart were the standout performers over the last decade, with Sydney topping the list at 67% long-term growth, regional areas have also recorded solid gains.

Over the 10 years, regional Victoria achieved a 35% uplift followed by regional NSW at 31% and regional Tasmania at 24%. These growth rates surpassed the rises in Adelaide (up 17%) and Brisbane (up 9%).

### Quote of the Week

***"The potential is there for further interest rate cuts sooner rather than later, which will mean improved affordability, which will add to the momentum in the market in terms of confidence."***

**Independent property economist Andrew Wilson**



### Listings Decline Puts Pressure On Prices

A sharp decline in property listings, at a time when demand is increasing, helps to explain why prices are rising.

SQM Research's latest data shows that residential property listings nationwide in December were 12% lower than in December 2018. This is despite monthly increases of 2% in October and 6% in November – spring months which typically see increased sales activity.

But all capital cities experienced month-to-month decreases in properties for sale in December, with the largest falls occurring in Sydney (29%) and Canberra (28%).

Year-on-year listings also show similar declines for all capital cities, with Sydney recording a decline of 30%.

The month of December traditionally records falls in properties listed for sale as it is the start of the festive and summer holiday period, whilst November shows a surge in listings as vendors are keen to sell before the holiday season approaches.

The devastating bushfires, particularly in NSW and Victoria, could also result in further declines in property listings, putting additional pressure on house prices.





## Growth Tipped To Out-perform

Growth in dwelling prices over the next five years will be superior to the last five years, according to property market research firm Propertyology.

Head of Research Simon Pressley says the price growth in the future will be more widespread than recent years, when growth was concentrated on a select few locations.

He warns price growth in major markets late in 2019 may lure buyers into thinking the most expensive cities are starting a new market cycle.

“Those participating in 2020 would be wise to focus on the fundamentals,” he says. “Within a year or so, the current stimulatory policies will be gone and Australia’s best performed markets will be the ones that always had the strongest fundamentals.”

There are plenty of potential property hotspots around the nation and they are not necessarily in the big cities. Numerous smaller cities and regional markets are tipped to deliver solid performance.

Domain economist Trent Wiltshire suggests investors focus on Brisbane and the Gold Coast which offer value for money.

## 2020: A Year to Rebuild the Market

The outlook in 2020 for the Australian residential property market is positive, boosted by lower interest rates, easier access to credit and the First Home Buyers Deposit Scheme, says Lendlease property chief executive Kylie Rampa.

The first glimpses of improvement have been the uplift in auction clearance rates in Sydney and Melbourne. These had been in the high seventies, but are now rising into the low eighties.

The market in Melbourne will be assisted by strong population growth in the city, which was well above the national average.

Rampa says that the apartment market in Brisbane is still suffering from oversupply “which needs to be absorbed”, while the market in Perth is still under pressure in the wake of the end of the mining boom.

Rampa says 2020 will be a year of “rebuilding” for the housing market, recovering from the adverse pressures of the past two years.

She does not expect much speculative development in the Australian property market from foreign investors.

## Millennials Prioritise Home Ownership

Home ownership remains of paramount importance for most Millennials, according to research by lender Gateway Bank and mortgage insurance provider Genworth.

The survey of 2,127 Millennials (aged 23-38) across Australia found that 94% rated home ownership a key objective.

With a high number of younger Australians vying for a spot on the property ladder, many are looking at getting a start soon. The study found 66% of Millennials who don’t already own a home are hoping to purchase a property within the next five years.

According to the findings, 58% of Millennials cited the financial security of home ownership as the most attractive factor for getting into the property market, followed by 48% who stated investment potential as the biggest driver. Almost half of participants believed that renting is a waste of money.

Gateway Bank CEO Lexi Airey says it’s “really pleasing” to see Millennials striving for home ownership and taking on savings measures in order to achieve this goal.

