



## The Week In Real Estate



### Industry Warns Of Spruiker Danger

Property investors and home buyers eager to take advantage of the favourable lending conditions and lower property prices in some markets are warned to be careful of unscrupulous spruikers. Industry experts have observed an increase in spruiker activity in recent months and a warning has been jointly issued by the Property Investment Professionals of Australia and the Property Investors Council of Australia. Margaret Lomas, founder of Destiny Financial Solution, says: "When it's easy to invest, people are keener and therefore less careful, and so the spruiker has the chance to push over-priced property in areas with little going for them, where they receive great commissions." Brisbane-based buyer's agent Simon Pressley of Propertyology says he has been getting offers of up to 13% commissions for a successful referral. "The offers come as a generic email and, for all we know, it's probably been sent to hundreds of industry people," he says. "The broader public won't get those emails. What the public get is a phone call from an existing and trusted source like a mortgage broker, accountant, financial planner and so on, who get these types of emails."

### Quote of the Week

***"While the increase in plans to transact in the market is modest, greater positive sentiment in the market suggests the recent interest rate changes, house prices, auction clearance rates, etc., are making an impact."***

**ME's general manager of home loans, Andrew Bartolo**



### Mirvac Moves As Market Recovers

The market downturn in the two biggest cities is over its worst phase and beginning to recover, with an increase in sales expected in due course, according to property developer Mirvac. Mirvac chief executive Susan Lloyd-Hurwitz says home sales inquiries have increased across all of Mirvac's projects and that there were "now clear signs of improvement" in the Sydney and Melbourne residential markets.

Mirvac has moved into its next phase of residential development, buying new land sites in Sydney and Melbourne. Mirvac also noted there had been increased loan approvals and an upturn in auction activity, which supported the revival of the property market.

Reserve Bank deputy governor Guy Debelle says: "While the increase in supply has finally met the earlier increase in demand, demand will continue to grow given population growth but supply is going to decline."

Debelle says while there are pockets of oversupply, particularly in Sydney, they are not widespread. Prices have turned in Melbourne and Sydney, which will attract investors back into the market.





## HSBC Tips Price Rises in 2020

HSBC economists are forecasting national house prices to rise 5–9% in 2020. This is an increase on their previous forecasts of 0–4%.

Increased confidence, due largely to relaxed lending criteria and lower interest rates, led to an improved market from June onwards.

Paul Bloxham, HSBC's chief economist for Australia, New Zealand and global commodities, says the main reason is an increase in demand from buyers.

"We expect housing prices to continue to rise in 2020, underpinned by mortgage rates, which are likely to stay low for a considerable period of time," he says.

"However, while we expect to see housing demand remain strong, we also expect the recent strong housing price gains in major cities to entice more sellers, increasing available supply and housing turnover.

"This should temper the recent pace of housing price gains in Sydney and Melbourne from their current very rapid monthly rates."

Other major sources, including Commonwealth Bank and SQM Research, have recently forecast strong price growth across the major cities of the nation in 2020, with Darwin the only exception.

## Clearance Rates Hit 2-Year High

The latest Domain data shows there has been a two-year high in auction clearance rates which have created conditions that have increased the number of buyers and sellers active in market.

Mosman in Sydney has recorded 146 auctions since September, making it the NSW suburb with the most spring auctions so far. Mosman has been the most searched suburb on Domain since September.

In Melbourne's north-east, Reservoir has registered 197 auctions making it the most auction-dense suburb nationally. Buyers priced out of the inner east are finding Reservoir more affordable, according to Domain, though St Kilda was the most popular searched suburb.

In Queensland, Brisbane City and Burleigh Heads are the most popular for buyer searches, but Surfers Paradise has the most number of auctions – 76.

The Adelaide suburb of Prospect held the most auctions over spring (23), with a low clearance rate of 58%, while Adelaide city was the most searched suburb in SA.

The Canberra suburbs with the most number of auctions were Kambah and Kingston.

## Policy Stimulus Is Working: CBA

New research from the Commonwealth Bank Household Spending Intentions survey confirms that monetary policy stimulus is working.

It also reveals that home buying intentions rose further in October and are now close to the record highs seen in 2017. It says that CBA Home Buying HSI levels are consistent with an ongoing pick-up in dwelling prices.

CBA chief economist Michael Blythe says: "Lending over the four months to September grew at an annualised pace of 52%. And that certainly looks fast enough to give some boost to housing credit outstanding".

However, the RBA minutes says the recent improvement in housing market conditions has not yet translated into stronger sales for new housing.

"Despite the stronger-than-expected pick-up in established housing markets, there had been little evidence of a lift in the early stages of residential development activity," it says. The good news is that the lagged response to higher housing prices and a period of low building activity "raised the likelihood that dwelling investment would be stronger in the medium term than currently expected".

