



## The Week In Real Estate



### Listings Rise As Activity Rebounds

Property markets in major cities are gathering momentum with buyer activity and listings rising, after strong price gains in recent months. SQM Research figures show listings across all capital cities rebounded in January.

SQM Research managing director Louis Christopher says: "We saw a real surge in new listings in January, one of the stronger increases in supply of homes for sale that we've seen for a number of years."

In Hobart, listings increased 5% compared to December as sellers moved to take advantage of the price growth recorded in recent years.

New stock in Sydney also rose 5%; Perth's listings were up 3.2%; Brisbane listings climbed 3%; Melbourne stock levels were 2.7% higher; and Adelaide's rose 2.6%.

But listings remained lower year-on-year in all capital cities, led by Sydney and Darwin, which were both down 25%.

Christopher says there are early signs that listings will rise further in the next few weeks as the summer selling season ramps up.

### Quote of the Week

***"While big city investors struggle with eye-watering mortgages and massive holes in their annual cash flow, a myriad of smaller locations provide investors with cash in their pockets each year along with the capital growth."***

**Simon Pressley, head of research at Propertyology**



### Clearances Confirm Confidence

Clearance rates in the early weeks of 2020 have been higher than a year ago, confirming the revival in buyer confidence seen in the latter part of 2019.

Domain senior research analyst Nicola Powell says: "The market is starting to kick back into gear and we'll begin to see lots of new listings come on between now and Easter."

"Last weekend's clearance rates really illustrate the confidence that has come back into the market."

Powell says lending conditions were tight and there was an oversupply of stock 12 months ago, but a marked improvement in conditions has encouraged buyers to return to auctions.

"Last year, there were fewer buyers in the market, it was harder to get a loan and we were seeing an elevation of stock," she says.

The latest clearance results include 83% in Canberra (compared to 52% for the same time last year); 80% in Sydney (57% a year ago); 74% in Melbourne (56% a year ago); 60% in Adelaide (52% a year ago); and 37% in Brisbane (21% a year ago).





## Home Buyers Lead Fastest Recovery

With record-high values for Australian dwellings expected in a few months' time, 2020 will see the fastest market recovery on record. And it's being led by owner-occupiers, says CoreLogic.

Since national dwelling values bottomed out 8.4% below their peak at June 2019, the Australian dwelling market has quickly recovered 6.7%, says CoreLogic's Eliza Owen.

"If growth rates continue at the January trajectory, Australia's dwelling market will make a full nominal recovery by April, marking a 10-month recovery period," she says.

"This compares to an average recovery time of 11.7 months in previous cycles. This is remarkable when considering the relatively long time it took for the market to bottom-out."

Owen says housing finance data from the ABS shows much more activity from first home buyers, upgraders, and down-sizers in this recovery. During the previous upswing - from 2012 to 2017 - owner occupiers accounted for 59% of new housing finance, but over the past seven months this has risen to 71%.

## Building To Drive Economy Forward

The Reserve Bank forecasts Australia's economy will grow by about 2.75% this year, and by 3% next year, confirming a positive outlook for the nation despite the bushfires and the coronavirus.

Reserve Bank governor Philip Lowe says falling unemployment through reconstruction activity will counterbalance any damaging effects of the bushfires and the virus. He says the economic hit from the devastating bushfire season and unfolding virus threat will only "temporarily weigh on domestic growth".

He notes that the slowdown in global growth that started in 2018 was "coming to an end" and that global growth is expected to be slightly stronger this year and next than it was last year.

He attributes the expected growth to the low level of interest rates, recent tax refunds, ongoing spending on infrastructure, a brighter outlook for the resources sector and, later this year, an expected recovery in residential construction.

Lowe also points to the Australian dollar being "around its lowest levels in recent times", which will boost exporters.

## FHBs Loans Reach Decade High

First-home-buyer home loans surged in December to their highest level since late 2009, according to new ABS data.

Master Builders chief economist Shane Garrett says the volume of home loans to FHBs increased 6.2% to record a monthly total of 9,606. The last time a higher monthly total was recorded was exactly 10 years ago - back in December 2009.

"The good news is that FHB activity has stepped up even further since the start of this year," he says. "The new First Home Loan Deposit Scheme is already a big success and the official data will show more big gains for FHBs once it is released."

During December, the FHB share of the owner-occupier market was highest in Western Australia (43%) followed by Victoria (41%), the Northern Territory (38%) and the ACT (33%).

This week's figures also show that other areas of the housing market are recovering well. Property investor loans expanded for the third consecutive month and hit a 14-month high during December, Garrett says.

