

The Week In Real Estate



Listings Show Vendor Confidence

More people are putting their homes up for sale as confidence in securing a successful sale increases.

Domain chief executive Jason Pellegrino says buyer demand is strengthening following a challenging half for the Australian property sector.

Pellegrino said the listings environment was at its worst for 30 years in July and August 2019, but has been consistently improving since with positive results reflected in auction clearance rates and off-market sales.

Domain says January is a seasonally small month for listings, but numbers had been rising since the Australia Day weekend.

Domain's clearance rates across the five capital cities of Melbourne, Sydney, Brisbane, Adelaide and Canberra show that the number of properties listed for sale rose each week from 400 in the week ending 1st February to over 2,100 as at 22nd February.

Prior to the increase in listings, the CoreLogic Home Property Value Index showed that the five cities recorded an increase in dwelling prices over the year to 31 January.

Quote of the Week

"Firstly we've had three interest rate cuts. Getting finance is a lot cheaper so people are able to borrow more money. The second issue is around the fact that there are fewer listings, so even if people want to upgrade into a new home, a lot haven't been able to find one, so it becomes attractive to renovate the one they're in."

REA Group chief economist Nerida Conisbee



FHBs Look to Regional Areas

Around half of the applicants for the Federal Government's First Home Loan Deposit Scheme are single - and looking to buy their home outside of Sydney, Melbourne or Brisbane, shows Government data.

According to Nerida Conisbee, chief economist with REA Group, the desire for buyers to purchase outside the major cities is a reflection on the high entry price points of those cities, which is good news for regional areas and the smaller cities.

Single participants who have been accepted are earning an average salary of \$67,126 a year while couples averaged \$111,534. Under the scheme, the income threshold is \$125,000 a year for singles or \$200,000 for couples.

The latest figures from the National Housing Finance and Investment Corporation show that while most of the applicants are aged 25 to 29 (34%), 11% of the applicants are aged between 40 and 59.

Domain economist Trent Wiltshire says the pension asset test is skewed towards home owners and that there will be more people buying their first home in their 50s.





High Prices Make Vendors Happy

Vendors are being pleasantly surprised with the sale price their homes can achieve as buyer interest increases.

In a survey of 40,000 Australians, ratings firm RateMyAgent discovered respondents had the highest level of satisfaction seen in two years with many selling their properties for more than they expected.

The satisfaction level doubled from 20% of those surveyed in December 2018 to 41% in December 2019.

“Aussies across the country are rising in happiness, as seller satisfaction doubles nationwide – indicative of a steady upturn in the property market,” the report says.

The strongest Queensland results were in Townsville, but the south-east corridor dominated the top 10 list in the state. The highest levels of satisfaction were in Townsville, Scenic Rim, Moreton Bay, Brisbane, Gold Coast, Logan, Sunshine Coast, Ipswich, Rockhampton and Redland.

The report found the happiest state was Victoria (55%), which had overtaken Tasmania (51%), followed by New South Wales (50%), Australian Capital Territory (48%), South Australia (42%), Queensland (38%) and Western Australia (33%).

Revival Sparks Sales Spike

National developer Stockland has recorded a 60% increase in new housing sales in the last three months of 2019, with residential property and retirement living expected to continue to deliver strong results.

The housing market has rebounded since July making Stockland’s results consistent with other market measures – new loan commitments have increased on the back of interest rate cuts, house prices in most major cities are rising and first-home buyers are finding their way into the market.

Stockland chief executive Mark Steinert says the group has a large pipeline of active projects with over 4,200 contracts on hand.

“We have indicated in this release that in FY2021 we expect a significant lift in settlement volumes to over 5,800, which is moving up towards the top of the cyclical range that we’ve seen historically,” Steinert says.

According to Jones Lang LaSalle, the outlook for the apartment markets in Sydney, Perth and Canberra is promising and though buyer confidence has rebounded in Melbourne, inner city apartment development remains challenging.

Renovations Hit Record Levels

Cheaper finance and fewer property listings are behind the growing trend of home renovations, says REA Group chief economist Nerida Conisbee.

Australian Bureau of Statistics data shows Queensland councils have approved the highest number of alterations and additions to homes during the six months to the end of December.

Around \$930 million in major residential renovations work was approved in Queensland, \$80 million more than in the same period the previous year.

“It doesn’t surprise me,” says Conisbee. “Firstly we’ve had three interest rate cuts. Getting finance is a lot cheaper so people are able to borrow more money.

“The second issue is around the fact that there are fewer listings, so even if people want to upgrade into a new home, a lot haven’t been able to find one, so it becomes attractive to renovate the one they’re in.

“Also if you are looking for a bigger home, it may be better value to renovate your (current) home because of the cost of moving and selling.”

