

The Week In Real Estate



Buyer Searches Rise Across Nation

Home buyer interest is up almost 50% on this time last year, according to property search data from realestate.com.au.

Compared to April 2019, the number of people searching for a home NSW is 39% higher. In Victoria it is 40% greater, in Queensland it has lifted 33% and in South Australia it is up 40%.

Prospective buyers have adapted smoothly to the new digitised ways of doing business as they continue to search for their new home.

With in-person auctions being banned, open home inspections have been changed to private viewings, resulting in a huge increase in digital inspections and also private treaties. Some agents claim as many as 80% of their purchases are now off-market properties.

Prospective buyers have viewed 3.16 million digital inspections since March 30, with a 325% increase in views of 3D tours since the first week of March.

"There is still a healthy amount of people with an appetite for buying real estate," says Thomas McGlynn, national head of sales at The Agency.

Quote of the Week

"Listings have dropped but buyer numbers haven't. Life in isolation has seen a spike in online traffic from consumers interested in property, tips, agent advice and rentals."

National real estate executive Dan White



Households Shore up Finances

Households are saving money by being frugal during lockdown, suggests figures from the Commonwealth Bank.

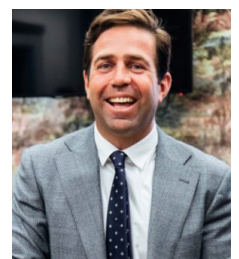
Most households have the same income as before but greatly reduced expenditure, giving them the opportunity to add to savings and pay off debt. Banks are still lending and a significant number of households are also better off because of stimulus payments.

Based on the bank's credit and debit card transactions, overall spending for the week ended April 17 was 18% lower than a year ago. But the fall was not matched in wages and salaries which decreased by only 6.7% between March 14 and April 4, shows ABS figures.

Since the start of the pandemic, banks have provided \$45 billion in new loans to businesses, including nearly \$8.5 billion to 23,000 small businesses, and another \$6 billion in extended credit.

Unemployment benefits, renamed from Newstart Allowance to JobSeeker Payment, have been doubled, to \$565.70 for a single person with no dependants.

The JobKeeper payment of \$1500 a fortnight will come into effect in May.





RBA Keeps Cash Rate on Hold

Reserve Bank governor Philip Lowe says a stronger than expected economic recovery is possible if Australia's successful containment of the coronavirus allows more businesses to reopen earlier.

After keeping the official interest rate on hold at a record low 0.25% at its monthly board meeting on Tuesday, Lowe said several scenarios for the economy had been considered and would be detailed in the Statement on Monetary Policy to be released soon.

The RBA's central scenario is for economic growth to fall 6% over this year, while the unemployment rate would peak at 10% and be done to around 7% by the end of next year.

"A stronger economic recovery is possible if there is further substantial progress in containing the coronavirus and there is a faster return to normal economic activity," he said.

The RBA will maintain its efforts to keep funding costs low and credit available to households and businesses. "The Board is committed to do what it can to support jobs, incomes and businesses and to make sure that Australia is well placed for the expected recovery," he said.

NSW/NT Allow Public Auctions

Home buyers will now be able to attend public auctions and open home inspections in NSW and the Northern Territory following an easing of coronavirus restrictions. Western Australia is also relaxing restrictions by allowing up to six people to attend open homes.

With Queensland beginning to relax restrictions around recreational activities, there is a suggestion it could soon follow suit with real estate practices.

Public auctions and open home inspections remain banned in Victoria, ACT, South Australia and Tasmania.

The return of on-site auctions is expected to encourage more vendors to return to the market and provide support to house prices.

Meanwhile, online auctions have proved successful with CoreLogic data showing around a third of homes put under the hammer sold in the past month.

New realestate.com.au data shows the number of prospective buyers using 3D tours of properties increased by 285% in the second week of April compared to the same week of March. Views on digital inspection videos were up 88% over the same period.

Homes Hold Their Values

National home values rose 0.3% in April with regional areas, as well as most of the capital cities, all delivering some level of increase, according to CoreLogic's Hedonic Home Value Index published early in May.

Capital city house prices are now 9.7% higher than they were in April 2019 despite the recent impact of the coronavirus. Regional areas have also performed well, with prices up 3.2% in the last 12 months.

"I'm feeling much more confident about market conditions than I was mid-March but we're not out of the woods yet," realestate.com.au chief economist Nerida Conisbee says.

During April, Darwin took the lead with a 1.7% increase to deliver a median dwelling value of \$402,000.

Sydney and Adelaide followed with 0.4% growth to register median dwelling values of \$890,000 and \$439,000 respectively.

Brisbane grew 0.3% in April to achieve a median value of \$508,000, while Perth was up 0.2% to \$448,000.

Tasmania remains the best regional performer, recording a 1.3% uplift in April and securing a 9% growth rate over the last year.

