

The Week In Real Estate



Increased Listings Spur Market

The number of homes for sale is rising again, following the lifting of bans on public auctions and open homes inspections in May. And, according to CoreLogic, buyers in market are matching the new level of listings.

Sydney's property market has seen the biggest jump, with Domain data showing a 32% increase in new listings over the four weeks to 24 May, compared to the previous four weeks.

Perth was next with a 30% rise, followed by Melbourne and Brisbane which both saw a 15% increase and Adelaide with a 6% jump.

"New listings have rebounded for a number of weeks now from the low point in April," says Domain economist Trent Wiltshire. "But they are still below where they were in February when the market was really strong." Wiltshire says the increase reflected a rebound in seller confidence off the back of eased restrictions.

The uplift was also experienced across regional Australia – some examples are St George Region (up 128% over the last four weeks); South WA (up 79%), Mornington Peninsula (up 55%); Cairns (up 51%), Redlands City (up 45%) and Mandurah (up 43%).

Quote of the Week

"One surprising sign of stabilising emerged in May. Home sales have risen, with home owners testing the market, and new listings are rising. In fact, buyer demand is outweighing the volume of new listings."

Eliza Owen, head of research Australia at CoreLogic



\$700m Program Activates Buyers

The Housing Industry Association estimates the Federal Government grant to new home builders and renovators could generate \$15 billion in national economic activity.

Reports suggest land buyers are highly active, seeking home sites to take advantage of the new offer.

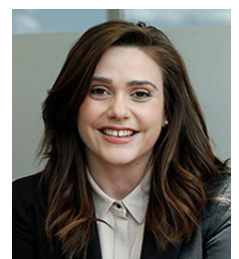
Home-owners wanting to build a new home or undertake a major renovation may be entitled to a grant of up to \$25,000 under the Government's stimulus package for the construction industry.

The HomeBuilder program will be restricted to people on middle incomes and to new homes and major renovations valued between \$150,000 to \$750,000.

Singles who earned up to \$125,000 the previous financial year and couples who earned up to \$200,000 will be eligible to apply.

The pre-renovation value of the house must not exceed \$1.5 million and excludes sheds, pools, granny flats and any other structures attached to the home.

The temporary scheme, which will last until the end of the year, aims to build 30,000 homes by Christmas.





Strong Demand Keeps Prices Stable

Reports of a stronger-than-expected job market and only modest house price declines during the Coronavirus lockdown suggest property values won't fall as much as previously thought, say market experts. UBS, which previously forecast a price collapse, has "upgraded" its outlook for the housing market. The bank now expects a smaller price decline of between 5% and 10% this year.

Real Estate Institute of Australia president Adrian Kelly says previous forecasts of 30% price drops were "highly questionable".

Kelly says the property market is experiencing an increase in prospective buyers, while listings remain lower than normal. "It is simple economics that when supply decreases and demand remains that prices edge upwards," he says.

CoreLogic, ANZ and AMP Capital are in unison with their forecasts of a peak-to-trough decline of less than 10%. "The early signs of a trough in the labour market and consumption mean the contraction in GDP is less than initially forecast," says UBS. "This revision is more about the economy than the stimulus."

Buyers Head To The Country

There has been a surge in inquiries for suburban and regional properties as buyers turn their attention away from inner-city apartments to detached houses with multiple living spaces and backyards.

Knight Frank Prestige residential partner Deb Cullen says people want more space and they want to be able to grow veggies. Since Covid-19 home isolation enforcements, they don't want a city apartment where they have to share a lift, foyer or communal staircase with other residents.

"People are now thinking about their health and wellbeing with every purchase," she says.

"Offshore, Singapore and Hong Kong-based apartment dwellers want to get out of their city apartments where they can't open windows, particularly if they have young children."

With technology allowing more people to work from home during the Coronavirus, there is no longer a need for professionals to live in the city where the cost of housing is much higher than in the suburbs or a regional area.

70% Of Investors Ready To Buy

Seven out of 10 property investors say it's a good time to buy residential property with the majority also believing it's 'business as usual', according to a survey by the Property Investment Professionals of Australia and the Property Investors Council of Australia.

The results, which examined the market's short-term prospects, are down only slightly from an investor sentiment survey conducted in September last year.

PIPA chairman Peter Koulizos says the survey shows that investors were overwhelmingly optimistic.

"Nearly 60% of respondents indicated that the pandemic had not made them change their investment plans over the next six months, with a further 18% saying the crisis had actually made it more likely they would purchase a property over that timeframe," he says.

"The survey results also showed about 30% of investors were more likely to buy a property in the next 6-12 months because of the pandemic.

Koulizos says most investors have the financial buffers to see them through the current economic uncertainty.

