

The Week In Real Estate



Building Boosts Economic Recovery

The construction of homes provides the second largest boost to the economy among all industries in Australia, says a report by the National Housing Finance and Investment Corporation. Every \$1 million of residential building construction supports nine jobs across the economy, found the analysis Building Jobs: How Residential Construction Drives the Economy. The report found that each million spent in the home building industry saw \$2.9 million spent across the broader economy and with each new home, three jobs would be supported. Residential construction has one of the highest multiplier effects of any industry, meaning its economic activity benefits other industries through spending and job creation. The jobs impact includes construction services such as plumbing, electrical, bricklaying, carpentry and architecture. This adds further importance to the Federal Government's new \$25,000 grant to people building new homes. "Understanding how residential construction affects jobs and flows through to the broader economy is increasingly important, given the impact of COVID-19," says NHFIC chief executive Mr Dal Bon.

Quote of the Week

"If we look at current indicators we can see the property market has rebounded swiftly, showing that any price falls that occur are unlikely – at least initially – to be substantial."

Cameron Kusher, Director of Research, realestate.com.au



Vacancy Rates Fall In May

The national residential vacancy rate fell from 2.6% in April to 2.5% in May, shows data from SQM Research. Adelaide and Hobart each had a vacancy rate of 1.2% in May, making them the lowest among the capital cities. The year on year comparison reveals Perth (2.0%) and Darwin (2.3%) had lower vacancy rates compared to the same time last year.

Over the month, vacancies rose by 0.3% in Melbourne and 0.1% in each of Sydney and Canberra.

SQM Research's managing director Louis Christopher said vacancy rates had dropped across Brisbane, Perth, Darwin and Hobart, which had pulled the overall national rate down.

These capitals had also recorded some rises in asking rents for houses, while Sydney, Melbourne and Canberra saw a drop in rental prices.

Christopher says the lack of international and interstate holidaymakers, as well as the hiatus of international students, has contributed to the rise in vacancies in those cities.

Christopher says vacancy rates would likely fall in the coming months as restrictions ease.





Aussies Want to Live Near Family

Australians now want to live closer to family and friends rather than work, shows new research. The change in attitude has been brought about by the impacts of Covid-19.

The survey, conducted by RSL Art Union in December and again in May, looked at what makes a “dream home” for Australians.

The December survey found that more people valued proximity to work or places they regularly visited (14%), compared with those who wanted to be closer to their family and friends (10%).

When the same survey was held in May, 77% valued proximity to family rather than work.

RSL Art Union General Manager, Tracey Bishop says: “I think these unusual times have changed our perspective and when we asked our customers, the results showed a shift away from the preference to have their dream house near work.”

In other findings, RSL discovered a home near the beach; a house with a view; or a house with a big backyard or garden shed were highly desirable.

Millennials Move to Regional Australia

A new report confirms that many Australian millennials are leaving cities and moving to regional towns. New Regional Australia Institute research shows regional Australia attracted more young people than it lost to the capital cities during the last two Census periods.

The Big Movers: Understanding Population Mobility in Regional Australia shows that 1.2 million people moved to and around areas outside the capital cities between 2011 and 2016.

While nearly 180,000 millennials moved to capital cities in the five years to 2016, more than 207,000 moved between the regions.

The Gold Coast, Newcastle and Sunshine Coast were among the hot spots attracting young Australians. Other regional cities with facilities such as airports and universities also reported higher inflows.

Housing affordability, rapid career advancement and lifestyle choices were among the other factors drawing people aged 20-35 to regional areas. The trend has helped to boost property markets in regional centres close to major cities, a factor enhanced by the Covid-19 lockdown, which forced people to work from home.

Consumers Less Anxious Over Virus

Consumers are less anxious about the future as a result of the government’s pandemic response, an easing of restrictions and lower cost of living, NAB’S quarterly Anxiety Index has found.

Overall consumer anxiety fell from 60.1 points in the first quarter to 57.3 in the second.

Queensland’s anxiety score fell 4.0 points to 55.8, making it the fourth most anxious state behind Victoria (58.4), New South Wales (58.2) and Western Australia (56.5).

NAB’s index found that despite cost of living pressures easing, it was still the major driver of overall anxiety. Main concerns included an ability to fund retirement and government policy.

However, groceries, utilities and home improvements were the three largest factors that added to cost of living in the past three months, while transport, entertainment and travel eased the most.

NAB’s survey also found an increase in the number of people cutting back their spending when compared to the previous quarter.

