

# The Week In Real Estate



## Banks Extend Pause On Payments

Mortgage holders who paused payments will be able to extend their loan deferrals by up to four months if needed. The banks are offering a support package for people who may struggle with repayments when the initial loan deferral scheme starts to wind down in September.

After the onset of the coronavirus pandemic, the banks allowed customers to defer their mortgage payments for six months, with payment "holidays" also available on small business loans, personal loans and credit cards. According to the Australian Bankers Association, 485,000 mortgages have been deferred across the country since March.

The measure comes as Australia's economy has performed better than the banks expected when the deferral package was announced in March.

Commonwealth Bank chief executive Matt Comyn says the extension is aimed at giving bank customers confidence and certainty about options after September. "We all want to avoid any form of a cliff, so this is all about how do we make sure we achieve an orderly transition," he says.

## Quote of the Week

***"New listings, which bottomed out in April, started to rise again in May and June. Some of those properties listed more recently have sold quite quickly."***

Domain economist Trent Wiltshire



## Homes Selling Faster Than In 2019

Properties in Australia's biggest cities are selling faster than this time last year, despite the economic downturn from the pandemic, according to the latest data from Domain.

In the first six months of 2019 the property market was hampered by tougher lending criteria and uncertainty surrounding the Federal Election. Even though the current economic outlook is uncertain, homes are selling faster now. With only serious buyers in the market now, and few sellers, new listings are being snapped up quickly, Domain says. It took 69 days on average to sell a Sydney house in the June Quarter, down from 87 days a year earlier, Domain data shows. Melbourne houses are being sold in 59 days, down from 76, while units in the Victorian capital are selling in 67 days, down from 84. Houses on the Gold Coast are being offloaded in 98 days compared to 110 days a year ago.

Domain economist Trent Wiltshire says last year's market was even softer than expected because of the election, while markets are currently doing better than many predicted.





## Homebuilder Inspires Rising Land Sales

New home sales rose 78% in June from a record low in May, says HIA chief economist Tim Reardon.

The increase is attributed to the Government's HomeBuilder program and all states have recorded an uplift which, in turn, is driving construction and jobs growth.

First-home buyers are snatching up vacant titled land, even blocks that have been sitting on the market for more than two years, in a rush to get the HomeBuilder grant, agents and developers say.

Stockland Communities chief executive Andrew Whitson says there has been strong levels of inquiry since the announcement of the HomeBuilder stimulus. "At some of our communities, we're seeing around three times the 2019 average weekly enquiry level," Whitson says.

Across the country, Western Australia had the largest monthly increase in June compared to May 2020, rising by 211%. South Australia followed, increasing by 157%; Victoria (+48%), Queensland (+43%) and New South Wales (+13%) also recorded significant monthly increases.

## 88% Of Homes Sold At A Profit

The majority of homes sold in the March Quarter were sold at a profit, according to CoreLogic's Pain and Gain report which analysed 72,500 sales.

Nationally, the portion of profit-making sales in the March quarter fell slightly to 88% from 89% in the December quarter.

The total value of gross profit derived from resold dwellings was \$19.8 billion, down 12.0% from the \$22.5 billion gained over the December 2019 quarter, though substantially higher than the \$14.3 billion in profit-making sales over March 2019 when housing the housing market broadly remained in a downturn.

Eliza Owen, head of research at CoreLogic, says: "Despite the potential for some fallout from COVID-19 at the end of the quarter, only a small portion of the loss-making sales are a reflection of the onset of the pandemic."

There was a 32% decline in transaction activity in April 2020, which then recovered over May and June.

## Banks Cut Rates For New Customers

Banks are dropping their interest rates in fierce competition to win new customers.

RateCity.com.au data shows that despite the Reserve Bank cash rate remaining at 0.25%, 19 lenders cut at least one variable home loan rate, and 22 lenders cut at least one fixed home loan rate, in the last month.

Competition in the home loan market means an average borrower taking out a \$400,000 home loan at the lowest two-year fixed rate today, compared to a year ago, would pay \$7,344 less in interest over the two-year fixed period, a RateCity statement says.

"It's been a record-busting month for mortgages as lenders leapfrog each other in a bid to offer the lowest-rate home loans," says Sally Tindall, research director at RateCity.com.au.

"With refinancing on the rise, lenders have to keep whittling down their rates if they want to be in contention for these borrowers."

Data from the ABS shows the number of external refinances increased by 29% from April to May, and rose 63% year-on-year.

