

The Week In Real Estate



Vendors Happy With Sale Prices

Australians are happier now with the price they received when they sold their home than they were a year ago, according to new research.

RateMyAgent's half-yearly Price Expectation Report (January-June 2020) asked 33,000 successful vendors if the sale price achieved was above, below or in line with their expectations.

Results showed an increase in satisfaction year-on-year, with overall net happiness up 12% from June 2019 (27%) to June 2020 (39%).

Although vendor price satisfaction fell in March and April, when compared to the same period year-on-year (April 2019), April 2020 still reported an 8% increase.

The stabilisation can be linked to a fall in property supply in April when buyers had to compete for a reduced number of properties. This kept prices stable, improving vendor sale price satisfaction.

The return of consumer confidence is largely attributed to various government stimulus packages like HomeBuilder, JobKeeper and JobSeeker, says RateMyAgent CEO and co-founder Mark Armstrong.

Quote of the Week

"We are now seeing a clear trend of falling vacancies in outer suburban and regional locations around Australia due to the wider-scale move away from the high-density inner city areas as a result of the virus and the ability to work from home."

SQM Research managing director Louis Christopher



Rental Markets Tighten Nationwide

Residential vacancies in outer suburbs and regional areas fell sharply in July, as professionals avoid their inner-city units because of the coronavirus and the ability to work from home.

The SQM Research July report showed a drop in vacancies in all capital cities except for Melbourne where it rose by 0.1 percentage point to 3%. Most capital cities have vacancy rates below 1.5%, but vacancies in the CBDs remained high: Brisbane was 13%, Sydney 13.2% and Melbourne 8.8%.

By contrast, vacancies in regional NSW's Blue Mountains fell to 1% – its lowest level in 10 years. On the NSW Central Coast, vacancies fell to 1.1% from 2.7% in December while empty rentals on Queensland's Sunshine Coast have fallen to 0.7%, a drop from 1.8% in December.

The latest vacancy report from the REIQ shows that some Queensland towns are having their tightest rental markets on record. REIQ CEO Antonia Mercorella says the latest figures show the state overall is facing the tightest rental conditions since the GFC.





HomeBuilder Boosts New Home Sales

Sales of new homes have risen significantly because of the Federal Government's HomeBuilder stimulus package, according to Housing Industry Association analysis.

The onset of the pandemic in March saw the new home sales market and consumer confidence fall drastically. But in the two months following the June announcement of the \$668 million grants package, sales numbers rose 64% compared to the two months prior.

Chief Economist at the HIA, Tim Reardon, says the \$25,000 grant to eligible new residential homes, together with the improving health conditions and easing of restrictions across most jurisdictions, caused confidence in the market to improve.

WA is the biggest beneficiary of the grants program, supported by affordable housing and additional state government assistance. Its sales have risen 171% since the June announcement.

South Australia was another strong performer through the period, recording a 142% increase, followed by Queensland (up 42%), Victoria (up 40%) and NSW (up 10%).

Searches For "Home Offices" Increase

The number of home buyers searching for a "home office" as part of their next property purchase has risen for the second time since the onset of the coronavirus, new data shows.

Prospective buyers are also looking for extras like a home studio, retreat, garden or a courtyard for extra space, the keyword search data on Domain shows. It builds on the growing trend of more people working from home across Australia.

Domain senior research analyst Nicola Powell says the surge in searches in Victoria was much more pronounced than those in NSW, as Melbourne and Victoria have faced multiple lockdowns over the year.

Victorian searches for a "home office" were up 1107% between June and July. This coincided with its stage three and four lockdowns which forced more people to work from home.

By comparison, NSW home office searches rose 17%. The largest increase in search criteria in NSW between June and July was for "retreat", which was up 78%.

Property Prices Hold Firm

CoreLogic says property prices are holding up better than expected during the pandemic.

Its latest data shows Adelaide home values have increased since Covid-19 intensified in March and are up 0.7% since then. Overall, they're up 2.4% over the past 12 months. CoreLogic says Adelaide traditionally performs well during economic shocks, because it has a lower percentage of investor-owned properties.

Three other capital city's home values were higher or flat between March and July, Canberra being up 1.3% and Hobart up 0.8%, while Darwin recorded no change.

In the same period, price falls in the remaining cities were modest, except for Melbourne. Brisbane values dropped 0.6%, Sydney fell 1.7% and Perth was down 2%.

This is a stark contrast to initial predictions from some economists of falls between 10% and 30%.

Federal Government wage subsidies and stimulus packages designed to support Australians through the Covid-19 period are helping to keep the economy and property markets solid.

