

The Week In Real Estate



Property Markets Remain Resilient

Housing markets have remained resilient through the coronavirus period, shows new research from CoreLogic. In the month of July, dwelling values across the combined capital cities only fell 0.8% while values in regional markets stagnated at 0%.

Viewing the data from a quarterly perspective, dwelling prices rose in Canberra (up 1.3%), Hobart (up 0.9%) and Adelaide (up 0.3%) with regional areas also delivering positive results. Prices were up in regional NSW (0.7%), regional SA (1.6%) and regional Tasmania (1.4%).

"The impact from COVID-19 on housing values has been orderly to-date, with CoreLogic's national index falling only 1.6% since the recent high in April and housing turnover has recovered quickly after it's sharp fall in late March and April," says CoreLogic's head of research, Tim Lawless.

In the three months following the rapid fall of home sales in April, sales have been tracking 2.9% higher than the same period in 2019.

Overall, dwelling prices nationally remain 7.1% higher than at the same time in 2019.

Quote of the Week

"CBA data shows a rise in new mortgage applications taking advantage of low fixed rates, and this should provide support to home buying in the future."

CBA chief economist Stephen Halmarick



Boomers Renovate To Stay Put

Many Baby Boomers are planning to stay in their existing homes for at least another 10 years, according to a survey by Houzz & Home Australia. This possibly explains why a large proportion of them undertook a major renovation in 2019.

The survey found that 48% of home-owners carried out renovations to their home in 2019. Of those, 45% were Baby Boomers (those aged 55 to 74), up from 40% who had reported a renovation the year prior.

The median amount spend on the projects was \$18,500 for the Baby Boomers, which was higher than Millennial median spending of \$12,000, but lower than Gen X spending, which was typically around \$20,000. Gen X are aged 40 to 55; Millennials are aged in their 30s.

The motivation for undertaking projects by each group was explained as wanting to do it all along and finally having the time.

Being financially secure and having the financial means was also a factor for 42% of Baby Boomers who carried out renovations.





Demand For Housing Still Strong

Underlying demand for housing remains strong despite the pandemic, says AVJennings Managing Director and CEO Peter Summers.

The national housing developer had expected a strong 12 months to June, but land sales dropped back from March when Covid-19 struck.

Before March, sales momentum had been “fairly strong” after recovering from the earlier impact of the bushfires, Summers says.

Following a low uptake of fewer than 60 contracts in each of March and April, AVJennings signed 80 contracts in May and 100 in June. As a result, the developer entered the current financial year with 385 contracts on hand – on par with a year ago – with a further 76 sales recorded in July.

“The HomeBuilder scheme hasn’t created demand but it has underpinned and motivated buyers to move forward with their purchases,” Summers says. “The housing market is all about confidence. Price moderation and stimulus provided the opportunity for first-home buyers, who tend to act quickly.”

Summers says the second lockdown in Victoria has not had a huge impact on demand.

Homebuyers See Covid Opportunities

There are plenty of prospective homebuyers out there, but they want professional advice and guidance in these uncertain times, according to mortgage broker Aussie.

In a survey conducted by Aussie, 54% of prospective home-buyers want guidance with property and finance.

Uncertainty is the biggest challenge to 42% of the 1,000 people surveyed; they want to take advantage of the current conditions of the real estate market but don’t know how to.

Aussie Chief Customer Officer David Smith says the result is missed opportunities and unrealised goals for potential home buyers.

“In a market which sees prices in some capital cities continuing to fall, interest rates remaining the lowest on record, a range of refinancing options, access to lender cashback incentives, and a range of government initiatives and grants available, there are many opportunities for both first-home buyers and home-owners to secure their goals,” he says.

A significant number of respondents said Covid-19 was responsible for making their property goal more important now and accelerating their plans.

Tree Changers Drive Regional Prices

Regional areas in the eastern states are booming as city residents seek a sea or tree change to escape a restrictive coronavirus lifestyle and as working from home becomes the new norm.

“Since COVID-19 lockdowns began, there has been an interesting shift in search activity to regional NSW,” says REA Chief Economist Nerida Conisbee.

“The Richmond-Tweed appeal appears to be driven by white collar nomads, released from the shackles of their CBD offices.”

Since June, the Master Builders Association of Victoria has noticed spikes in demand in the three regional cities closest to Melbourne, as well as in Shepparton and Wodonga.

MBAV chief executive Rebecca Casson says the new normal of working from home has combined with the \$25,000 HomeBuilder grant, and \$20,000 in bonus grants for first-home buyers who build a home outside of the city, to rejuvenate the regions.

Other reports state that people are buying properties in South East Queensland, often sight unseen.

The overall result is increased demand which is driving up prices, says Conisbee.

