

The Week In Real Estate



Expats Pumping Up Markets

The return of cashed-up expats is adding to property sales across the nation, according to the Property Investment Professionals of Australia (PIPA).

Hundreds of thousands of people have returned to Australia over the past year, with many of them coming from cities that have more expensive property markets.

PIPA chairman Peter Koulizos says expats are returning home en-masse with plenty of real estate dollars behind them, often in stronger currencies than the Australian dollar, which supercharges their buying power.

“Our members report that some of the sale prices being achieved in Sydney, for example, seem insane, with new money or the expat factor the likely reason,” he says.

Koulizos says Brisbane, Adelaide, and regional areas were also securing record sale prices due to “new money” coming from more expensive locations. Real Estate Buyers Agent Association (REBAA) president Cate Bakos says expats are having an impact in Melbourne as well.

Quote of the Week

“Given the significant number of customers who have returned to making repayments and additional support available, we don’t expect the end of loan deferrals to have a material impact on the housing market.”

NAB group executive for personal banking Rachel Slade



Low Supply A Big Factor: Westpac

Westpac CEO Peter King has highlighted a lack of housing supply as a major problem for the nation and a reason for climbing property prices.

King says a strong bounce back in house price growth has been an outcome of the Federal Government and the Reserve Bank moves to stimulate borrowing and economic activity to help the recovery from the pandemic recession.

But he says supply issues in the market are exacerbating house price growth.

“In relation to what’s driving housing prices, from my perspective it’s supply and demand,” he says. “One of the ratios we look at is new listings to sales and it’s still out of whack, with more sales than new listings.

“I don’t think bank debt is a driver of the housing prices, I think it’s a fundamental supply-demand issue.”

The strength in demand for housing is echoed by Mortgage Choice CEO Susan Mitchell who cites a rush of first-home buyers. “Everything has blossomed - it’s just been an incredible period of time,” she says.





RBA Repeats: No Rise Until 2024

The RBA has retained record low interest rates at its April meeting. The board, with newly appointed members Carolyn Hewson and Alison Watkins, notes that housing markets have strengthened, with prices rising in most locations.

“Housing credit growth to owner-occupiers has picked up, with strong demand from first-home buyers,” RBA Governor Philip Lowe says, adding that the board does not see a cash rate change until 2024 at the earliest.

Susan Mitchell, CEO of Mortgage Choice says: “The latest RBA decision comes as no surprise when you consider the unemployment rate and inflation are some way off the RBA’s targets.”

But some economists believe there will be a cash rate increase by the end of the year. Finder’s RBA cash rate survey saw six out of its 39 panellists suggest there will be a rate change, with Dale Gillham of Wealth Within expecting a rise as early as July. Five other economists predict a cash rate rise in the December Quarter.

UBS Tips 15% Price Rises

House prices could rise 15% this year as investors push into the booming market, with APRA unlikely to intervene, says investment bank UBS. The forecast is significant because UBS generally takes a highly negative view of real estate prospects.

The forecast comes as the latest CoreLogic housing data suggests national house prices are rising at the fastest pace in three decades.

A shortage of houses, rising sentiment, government stimulus, credit availability and a willingness to borrow have combined to push house prices to fresh record highs, with the market now watching for APRA’s next move.

“The future expectation of low rates has given the market another leg up,” says UBS Australia chief economist George Tharenou. “People are thinking that over the next three to five years they’re going to have continued low interest rates, so their willingness to borrow more has increased materially.”

FHBs Consider Interstate Move

One in five Australian first-home buyers are considering buying in another state to get ahead in the real estate game.

That’s 2,300 people per month who are prepared to move interstate to get their foot on the property ladder, according to Finder’s First Home Buyer survey.

The move is being fuelled by the Exodus to Affordable Lifestyle trend, with many people looking to leave bigger cities for more lifestyle-appropriate areas.

“Given the exodus of people from major cities like Sydney and Melbourne and an increased demand for regional properties, it isn’t surprising that so many first-home buyers are open to a regional or interstate move,” says Sarah Megginson, home loans expert at Finder. “The booming market in certain areas is starting to see first-home buyers being priced out of their own cities.”

In Victoria, 17% of first-home buyers say they would consider purchasing in another state with men (24%) more likely to do so than women (17%).

