

The Week In Real Estate



Banks Slash Loan Approval Times

The big four banks have significantly reduced home loan approval times, with the major lenders claiming turnaround times of two days or less for straightforward loans.

The increased pace of decision-making is allowing more first-home owners to enter the market and contrasts with bottlenecks in the approval process following the Hayne royal commission.

The banks say their processes have been streamlined and they can make decisions much faster. ANZ, Commonwealth Bank, National Australia Bank and Westpac have revealed that their turnaround times for home loan approvals had dropped to as low as a day for an existing customer earning regular income.

National Australia Bank CEO Ross McEwan says NAB can approve a "vanilla" home loan in as little as 24 hours.

"For a simple home loan through one of our branches, 50% are approved in less than a day and the other 50% are less than five days," McEwan says.

Quote of the Week

"The number of new homes we're going to build this year will exceed the high of every state's previous peak by a quantum of at least 10%."

HIA chief economist Tim Reardon

Sales Of New Homes Up 90%

Sales of new homes almost doubled in March, the second strongest monthly result since 2004, as buyers rushed to access the final phase of the HomeBuilder grant before the scheme ended.

A similar buying frenzy was recorded in December, which pushed the monthly sales volumes up by 92% – a near record, amid a scramble to get the full \$25,000 HomeBuilder grant before that stage of the stimulus finished.

"This same effect was evident in March as households raced to get access to the \$15,000 grant," HIA economist Angela Lillicrap says. "HomeBuilder, combined with changing population dynamics and improving market confidence, led to strong sales through to the end of 2020."

The reduced HomeBuilder grant finished on March 31, although the Federal Government has extended by 12 months the deadline for work to start on dwellings contracted under the program. The HIA says the extension will unleash an unprecedented national surge in housing construction, with every state booming above its previous peak.





ANZ More Bullish Than Other Banks

ANZ has greater expectations of the property market than other banks, sticking to its property price growth prediction of 17% this year.

ANZ chief Shayne Elliott has reiterated the bank's confidence in a 17% price boost in 2021, unlike the other three big banks, all of which foresee property price growth of around 10%.

Although he warns that regulators need to watch price movements and lending standards closely, Elliott says there is no cause for alarm. "We agree that price increases need to be watched and credit standards maintained to ensure the financial system remains stable," he says.

Elliott says ANZ is assessing its customers based on their ability to pay higher interest rates in the future.

CBA boss Matt Comyn has expressed similar sentiments, noting the bank is "not overly concerned with what we are seeing at the moment in the context of financial stability". The bank's confidence is underpinned by the mix of buyers, with owner-occupiers currently making up 75% of applicants.

Clearances Rise As Boom Continues

Capital cities recorded slightly higher clearance rates on higher volumes last weekend, building on the trend evident since Easter.

The combined capital cities had 2,448 auctions, which returned a preliminary clearance rate of 80.5%, according to CoreLogic's Property Market Indicator. These results were higher than the previous week's 2,199 auctions and preliminary clearance rate of 79.4%, which was revised down to 77% at final figures.

At the same time last year, only 30% of homes sold across 1,922 auctions, with confidence low as restrictions around onsite auctions and physical home inspections impeding activity.

Last weekend Canberra recorded the highest preliminary clearance rate at 87.4%, followed by Sydney with 84.8%, Adelaide 82.8%, Melbourne 78.1% and Brisbane 72.7%.

Melbourne saw the highest number of auctions over the week at 1,204, followed by Sydney with 913, Canberra with 112, Brisbane with 104, Adelaide with 81 and Perth with 30.

Investors Shrug Off Virus Negatives

Seven out of ten investors say the pandemic has had no impact on their intentions to buy real estate. A sentiment survey by Momentum Wealth reveals burgeoning confidence among property investors, with confidence highest in Brisbane and Perth.

Responses to the survey show the resilience of investor confidence, with almost 70% of respondents saying the pandemic had not impacted their plans to invest. A further 16% say the pandemic has increased their likelihood of investing.

Momentum Wealth general manager Jennifer Wakeman says Australians have a natural affinity for real estate, driven in part by its long-term performance. And buyers have benefited from stimulus measures aimed at reducing the economic impact of the virus.

"Job losses have largely been confined to a few industries and most of these jobs have since been recovered," she says. "The strengthening economy has also led to many people being in a better financial position than was first predicted."

