

The Week In Real Estate



Prices Up 2.2% in May

Property prices grew more than 2% in May and most markets across the nation have increased 10% or more so far in 2021. The latest monthly price report from CoreLogic indicates that dwelling prices rose 2.2% nationally in May, with houses up 2.4% and units 1.5%.

In the first five months of 2021, the national average is an 11.3% rise in house prices and a 6.2% increase for units. Four capital cities and four state regional markets have grown more than 10% in the year to date, led by Sydney (up 15%), Regional Tasmania (12%) and Regional NSW (12%).

In May, according to CoreLogic, 12 of the 15 market jurisdictions (8 capital cities and 7 regional areas) lifted their house prices by at least 1.5%, led by Sydney (3.5%) Regional NT (3.1%) and Hobart (2.5%).

There was also good growth in unit markets, with all market jurisdictions except Regional WA delivering increases in May – led by Hobart (up 5.2%) and Darwin (up 4.9%). In annual terms, unit price growth is headed by Darwin (18%), Hobart (17%), Regional Victoria (15%) and Regional NSW (13%).

Quote of the Week

“There are more buyers than sellers in the market, which is fuelling the property boom. This is contributing to strong growth in prices, particularly in regional and coastal locations. The trend is also pronounced in the inland regions.”

SQM Research managing director Louis Christopher

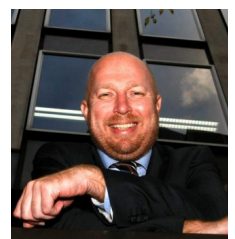


Property Listings Continue to Drop

Property listings nationwide dropped 6.3% in May compared to April and old stock is being cleared nationwide as the number of buyers outstrips sellers. Figures released this week by SQM Research indicate the largest monthly falls in listings were in Canberra, Melbourne, Brisbane, Adelaide and throughout regional Australia, as stock levels trend downwards. In annual terms, listings fell 19% across the nation, which SQM Research managing director Louis Christopher says is putting upward pressure on prices.

In a sign that older stock is clearing, listings over 180 days dropped 9.2% in May and are down 44% over the year, with falls recorded in all capital cities – and in particular in the smaller capital cities.

“Property listings fell in May due to strong market conditions,” says Christopher. “We have also seen a big fall in old listings, indicating old stock is getting moved. This suggests strong absorption rates, so new listings are not completely offsetting the falls in old listings.”





15% Rise In Prices Forecast

House prices will rise 15% by the end of the year before slowing to more moderate growth in 2022, a Westpac Housing Pulse report says. The forecast appears conservative, given that prices have risen 11.3% in the first five months of the year (CoreLogic data).

The Westpac quarterly report says capital city markets are in a “fully fledged, broad-based boom”. Senior economist Matthew Hassan says all aspects of the market are showing strength, with turnover 30% above the national pre-pandemic peak.

“Everyone is out there looking for any hint of a moderation to this boom,” Hassan says. “So far, there is nothing really that convincing – auction clearance rates have come off slightly, but are still running at around 80%.”

Hassan says strong price gains are happening in all cities, setting it apart from other housing booms. “In previous price rises, 2-3 cities propelled the gains each time,” he says. “One cycle was Sydney and Melbourne, and the cycle before that was the mining states. That’s just not happening now because all cities are booming.”

Banks Cut Some Rates, Lift Others

Australia’s last ultra-low four-year fixed home loan rate under 2% has been lifted by BankVic, as lenders rush to cut variable rates amid the lending boom.

The member-owned mutual bank has increased its four-year fixed home loan rate to 2.29%, from 1.95%.

At the start of 2021 there were 32 four-year fixed rates under 2%, including three of the big four banks, according to comparison website RateCity.com.au.

BankVic’s move comes after 30 lenders have cut at least one variable rate over the last two months. Reduce Home Loan boasts the lowest variable rate of 1.77% in the market, which is a record low. BCU has the lowest one and two-year fixed rates of 1.67% and 1.78%.

RateCity.com.au research director Sally Tindall says home lending is going through the roof and banks need to stay competitive. “While four and five-year rates have been on the rise, many banks are still trimming down their variable rates to attract new business, particularly on rates where there’s a bit of fat to cut,” she says.



Auction Markets Stay Buoyant

There were 2,930 homes taken to auction in the capital cities last week, the third highest number this year, despite the Melbourne lockdown.

The preliminary clearance rate was 76%, compared to 78% the previous week (revised down to 76% at final figures).

There were 1,177 homes auctioned in Sydney last week (compared to 1,103 the previous week and 452 this time last year), with a preliminary clearance rate of 81%, up slightly on the previous week’s preliminary rate of 80%, which revised down to 77% at final figures.

Across the smaller capital cities, Canberra recorded a preliminary clearance rate of 85%, followed by Brisbane with 72%. Adelaide recorded 69% while in Perth 35% of reported auctions were successful.

What was meant to be Melbourne’s second-biggest auction weekend of the year became yet another scramble by the property market to postpone or sell online following the snap lockdown announced on Thursday 27 May.

