

The Week In Real Estate



Two-thirds Of Vendors Happy

With property prices continuing to rise in the face of the pandemic, it's no real surprise that vendors are happier than ever. A new survey reveals two-thirds of sellers are happy with the price they achieved when they sold during the first six months of this year.

To put this in perspective, the RateMyAgent Price Expectation Report shows satisfaction levels were only 45% during the same period in 2020.

The results were uniform across Australia according to RateMyAgent's Mark Armstrong, with sellers in regional and metropolitan markets equally satisfied with the prices they achieved this year.

The increase in satisfaction follows news that national dwelling values increased by 16.1% in the 12 months to July 2021, which according to CoreLogic is the fastest pace of annual price growth in Australia since February 2004.

The most satisfied sellers this year were in Wimmera in Victoria with a happiness rating of 78%, followed by Hobart with 74% and South-east Tasmania with 71%.

Quote of the Week

"In a normal market our happiness rate would be around 40% and we're a long way above that because we're in a really hyper hot market."

Mark Armstrong, co-founder of RateMyAgent



75% Expect Growth In Next Year

It's not just owner-occupiers who are feeling happy about the property market, with investors also overwhelmingly positive about future price growth prospects.

The latest Australian Property Investor magazine Quarterly Investor Sentiment Survey shows that 68% of investors are positive about the market and three-quarters expect prices to grow in the next 12 months.

While price increases from the current national boom have a few concerned, it isn't enough to deter the 52% of investors who still want to buy.

Affordability is top of mind for most investors, followed by concerns about growth potential and whether tenants will find it difficult to pay rent during future lockdowns.

A third of investors say they are planning to buy within the next 12 months, with Queensland the state most would like to buy in. Many say they have already reduced their costs by taking advantage of the current low interest rates to refinance their loans.





Scrap Stamp Duty, Says Report

Stamp duty remains one of the biggest bugbears for property investors and owner-occupiers alike and now a new report has recommended it be abolished in favour of a broad-based land tax.

A paper by the National Housing Finance and Investment Corporation says abolishing stamp duty would encourage more efficient use of Australia's housing stock.

It says it would increase the number of property transactions and ensure more stability around state and territory government revenues.

The report suggests the typical household in every state and territory, except the ACT, would be better off paying land tax on a median priced property than stamp duty.

NHFIC CEO Nathan Dal Bon says owners will be more willing to sell up and downsize or upsize if there isn't the added financial burden of stamp duty, resulting in more efficient use of current housing stock.

Rising house prices mean all states and territories except the ACT have experienced substantial increases in the effective rate of stamp duty in the past 20 years.

Prices Booming Across The World

Australians aren't the only ones experiencing a property market boom, with a new report revealing New Zealand is chalking up some of the highest price increases in the world.

Auckland was in the same league as Montreal, Los Angeles and Toronto, which all recorded price increases of at least 30% since early last year.

Montreal, up 39%, had the highest growth of the 21 cities analysed by Juwai IQI, which compared the latest 2021 price data with the first quarter of 2020. Auckland's prices grew 32%.

Juwai IQI Group executive chairman Georg Chmiel says Australian cities were near the centre of the pack. Sydney was the highest-ranking capital city in Australia, followed by Perth which was in 9th spot. Brisbane ranked 11th in the list and Melbourne was ranked 14th.

Chmiel says Australian prices increases are "mild" compared with other capital cities of the world.



Auctions Strong Amid Lockdowns

The latest auction clearance rates show that once again lockdowns are not enough to put off determined property buyers.

Auctions moved to online last week while Sydney, Melbourne and Brisbane were all in lockdown and while the number of properties offered for auction dropped a little, clearance rates didn't.

Of the 1,672 properties to be put to "virtual auction" 76.4% sold, according to preliminary CoreLogic data.

About 10% of properties which were to go to auction last week were withdrawn during the lockdowns.

Melbourne was the most active auction market last week with 710 homes offered under the hammer achieving a preliminary clearance rate of 74%. In Sydney 576 homes went to auction with 80% sold, while in Brisbane 160 properties went to auction recording a preliminary clearance rate of 68%.

Auctions continued to be strong in other capital cities not in lockdown with Canberra recording a clearance rate of 87%, Adelaide 78% and Perth 71%.

