

The Week In Real Estate



Auction Prices Break Records

Huge demand is continuing to drive up auction clearance rates and break price records. Although Melbourne and Sydney remain in lockdown, auctions are continuing online and prices are hitting new highs.

Sydney's median auction sale price has hit \$1.92 million while Melbourne's is now \$1.19 million, according to Domain figures. While not at record levels yet, median auction prices are nudging closer in Brisbane (\$990,000), Canberra (\$1 million) and Adelaide (\$729,000).

Sydney, Brisbane, and Canberra all recorded their highest auction clearance rates for the month of August since Domain began collecting data. Domain chief of research and economics Nicola Powell says the auction market results are "phenomenal", with lockdowns deterring very few keen buyers.

"The fact is, lockdowns or not, some people still need to buy," she says. "They could be in between houses, they could have missed out earlier in the year, and now they're ploughing ahead and making a strong offer."

Quote of the Week

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Domain chief of research and economics Nicola Powell



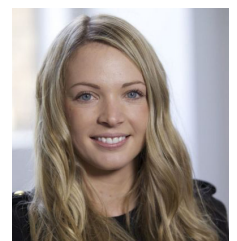
Growth Predicted Next 12 Months

House values are tipped to continue rising, with experts backing the market to continue its solid run for the next 12 months.

Finder's RBA Cash Rate Survey of 40 experts and economists, reveals they are most bullish about Melbourne with forecasts of a 9% rise in prices in the next 12 months, bringing the average home price to \$817,000. They predicted Sydney prices would increase another 8%, up by \$76,600 on average to hit \$1,070,900 by this time next year.

The report found the average Sydney home-owner earned more in property equity than the median family wage over the past 12 months.

Brisbane and Perth prices are predicted to rise by 8% to \$633,500 and \$568,600 respectively, while Canberra and Adelaide are predicted to increase by 7% to \$826,600 and \$542,800. Hobart and Darwin are tipped to record increases of 6% by this time next year to achieve average home prices of \$644,900 and \$503,900.





Refinancing Hits Record Levels

Home loan refinancing has hit a record high and the Reserve Bank of Australia once again holds steady on the official cash rate.

Australian Bureau of Statistics figures show the value of home loan refinancing increased by 6% in July to hit \$17.2 billion. Investors are taking advantage of good finance packages on offer, with the number of investors refinancing in July up by 8.3%.

This week the RBA has held the official cash rate at 0.10% and flagged that it will continue to buy government bonds at the rate of \$4 billion a week until mid-February 2022.

With interest rates sitting so low and lenders offering enticing deals to homeowners, the number of borrowers fixing in rates is on the rise. According to Mortgage Choice, in August the proportion of borrowers opting to fix at least a portion of their loan was 41%.

About 42% of loans since March this year went to borrowers who were refinancing which is slightly higher than 12 months ago when it was 41%.

Prices Grow \$103,000 In 12 Months

The average Australian price is now \$103,000 higher than this time last year. CoreLogic figures show the median dwelling value increased 1.5% in August to \$666,514, up 18.4% in 12 months.

Hobart recorded the biggest annual increase with the median value up 25% to \$639,219. Darwin is up 22% to \$486,248, while Canberra's median value increased 22.5% to \$816,644.

Brisbane values increased 18% to \$612,377 and Adelaide is up 18% to \$522,180. Melbourne recorded the smallest increase in the past year, recording a still sizeable 13% lift to bring its median dwelling value to \$769,968.

The CoreLogic figures show that regional centres, with values up 22%, continue to outperform capital cities where values increased 18% during the same period.

Figures were not included for Perth and Regional WA which, according to CoreLogic, are "pending the resolution of a divergence from other housing market measures in WA".



\$60b Savings Going To Real Estate

Australians are cashed up with unused holiday funds totalling \$60 billion and looking to spend it on property.

Finder analysis of Tourism and Transport Forum figures show in the year to June 2019, Australians spent \$62.3 billion on international travel.

With that money no longer flying out of the country as a result of the closed international borders, much of it is now being pumped into housing whether it be upsizing, a lifestyle change or renovation.

The lack of travel opportunities, concerts cancelled and closed restaurants means even first home buyers are now saving more than ever.

Real estate agents are reporting that those who can't travel are also using that money to buy holiday properties in Australia, so they have somewhere to travel to when state borders reopen.

Finance is very cheap and homeowners are accumulating a lot of equity as their properties go up in value, so they are now looking to invest, using their savings.

