

The Week In Real Estate



Pandemic Changes Buying Patterns

The way Australians buy property has changed during the pandemic and two of the big four banks predict the trend will continue.

Commonwealth Bank research says younger Australians have worked out they can get around affordability issues by banding together with their mates to buy their first home.

It found two-thirds of first-home buyers say the high cost of property has led them to consider pooling resources with friends to get into the market.

NAB research found 20% of home buyers now want a property with an area that allows working or studying from home and they are more likely to consider buying in a lifestyle location.

NAB's executive home ownership Andy Kerr says the pandemic has impacted the lives of millions of Australians, particularly with how and where they want to live. "Without the daily commute, people are looking at the suburbs that haven't been available in the past as a viable option to actually own a piece of land and build a house," he says.



1 In 4 Homes Worth Over \$1m

One in four Australian homeowners are now living in a property worth more than \$1 million.

The housing boom throughout Australia means the value of Australia's housing stock has increased substantially, according to CoreLogic research.

Nationally about 5% of homes are now worth more than \$2 million.

The research reveals property owners in greater Sydney are now more likely to live in a \$1million home, with 52% of homes worth more than \$1 million and about 16% of homes now worth \$2 million or more.

More than a third of homeowners in greater Melbourne now have a property valued at more than \$1million.

CoreLogic figures show that house prices have surged throughout Australia in the past year by over 20% in some capital cities and many regional markets.

Buyer's agent Rich Harvey says the past two years have been the "perfect economic storm" for property owners with homes for sale down by 30% but a big rise in demand at the same time.

Quote of the Week

"The pandemic has impacted the lives of millions of Australians, particularly with how and where they want to live. What we have seen as a result is flexible working, providing opportunities for people to live wherever they wish."

NAB's executive home ownership, Andy Kerr.





Prices Growing Twice As Fast As Wages

Property prices have grown at twice the rate of wages in the past 20 years. CoreLogic figures show that wages have increased 82% in the past 20 years while Australian home values have risen, on average, by 193%.

In the past 12 months alone Australian dwelling values have increased by 22%. According to ABS figures the Australian wage price index rose by only 2.2% in the past 12 months.

Reserve Bank of Australia assistant governor Luci Ellis told a parliamentary committee that because of property price increases the most realistic way for many Australians to enter the housing market was now through their parents.

The Standing Committee on Tax and Revenue for an inquiry into housing affordability and supply, is currently examining property taxes, regulation and supply issues which are driving up prices.

The difference in growth rates is most extreme in Tasmania with property values up by almost 300% in the past 20 years compared with an 84% rise in its state wage price index.construction."

Auction Demand Strong In Smaller Cities

Auction clearance rates in Australia's smaller capital cities still remain strong.

CoreLogic auction clearance rates show that 3,725 homes were taken to auction last week, the busiest week for auctions since March. The number of properties being offered under the hammer was up 5.3% on the previous week and more than double the same time last year.

The combined capital city preliminary clearance rate last week was 74.5%, down from 75.5% the previous week.

Across the smaller capital cities, auction clearance rates increased with record numbers of properties taken to auction in Canberra and Adelaide. Canberra had an auction clearance rate last week of 86% while Brisbane was 83%.

Adelaide recorded a preliminary clearance rate of 80%, while in Perth five of the twelve results recorded sold under the hammer. In Melbourne 1,644 homes were taken to auction with a preliminary clearance rate of 73%. There were 1,369 properties taken to auction in Sydney with a clearance rate of 75%.

Home Building Boom To Continue

Australia's residential building boom looks set to continue into 2022, with new figures revealing 191,000 properties will be built next year.

Housing Industry Association senior economist Tim Reardon says 2022 will be one of the best years on record, although not at the same level of 2021 which experienced a huge surge as a result of the HomeBuilder stimulus.

"We will be doing 120,000 next year, so it's still one of the better years on record," Reardon says.

Victoria is expected to have the largest number built with a forecast of 37,879 new homes, followed by New South Wales with 25,052, Queensland with 24,660 and Western Australia with 20,223.

There are 9,027 houses expected to be built in South Australia in 2022, followed by Tasmania with 2,461 houses, the ACT with 1,283 and the Northern Territory with 610.

Reardon says the housing industry is still struggling with shortages of materials and availability of tradies.

