

The Week In Real Estate



Big Rent Increases Tipped

Upcoming rent rises are predicted to have a flow-on affect on Australia's birth rate in the coming years, as people put off expanding their families due to the increasing costs of living.

SQM Research says rents will rise further in 2022 after they increased 12% in the past year and a University of Sydney report warns that could cause some to delay having children.

Associate Professor Stephen Whelan says having children in Australia has become more expensive and because renters are generally less financially secure than home-owners, they may choose to delay having children in the face of rapidly-increasing prices.

He says the trend has already played out in the US and Britain.

According to SQM Research nationally the vacancy rate sits at just 1.5%. Louis Christopher of SQM says there has not been a time previously when five of the eight capital cities simultaneously recorded rental vacancy rates under 1%.

Quote of the Week

"There are plenty of areas of Australia represented among the new entrants to the million-dollar club ... and that just goes to show how dramatically demand preferences have shifted through the Covid period."

CoreLogic head of residential research Eliza Owen



392 Suburbs Join \$Million Club

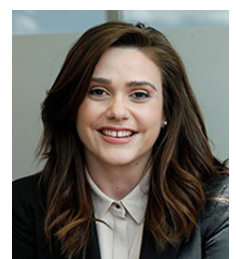
Thousands more home-owners are "on paper" millionaires with new data showing an additional 392 suburbs now have median prices above \$1 million.

CoreLogic figures show the number of suburbs tipping into the million-dollar median club more than doubled this year on the back of more than 20% house price growth in 2021.

CoreLogic's Eliza Owen says the high number of new additions to the club shows just how well the property market performed in 2021.

"It's really interesting to see areas that you wouldn't think of as being million-dollar markets tipping over into that price point," Owens says. "This isn't the blue-chip areas. It's areas that have traditionally been more working class or affordable."

NSW had the most new entries with 176 suburbs joining the list, many of them in south-west Sydney and the Central Coast. In Queensland 76 suburbs joined the list particularly in the south-east. Victoria gained 67 suburbs, Canberra 20, Perth 15 and Hobart 5.





Household Wealth Hits Record High

Household wealth in Australia increased 4.4% in the September Quarter to hit a record \$13,918.5 billion, according to ABS data.

Wealth per capita also rose to a record high of \$540,179, with residential property assets contributing 3.5% to the growth in the quarter. Increases in superannuation balances and in currency and deposits also helped improve household wealth.

ABS Head of Finance and Wealth Katherine Keenan says residential property prices increased by 5% during the quarter.

“Lockdown restrictions in NSW, Victoria and the ACT reduced auction volumes and property listings in those markets,” she says. “However, property prices continued to grow strongly.”

Keenan says Government support during the pandemic has also helped increase household disposable income. At the time household spending dropped, particularly in NSW, Victoria and the ACT as those cities experienced prolonged periods of lockdown restrictions.

Auction Records Set to Fall

The year may be starting to wind down but not the auction market - with last week the second busiest weekend for auctions on record. While the last few weeks of December are usually quiet, pandemic restrictions mean many have stayed at home and are hitting the market this festive season.

Last week 4,756 homes were taken to auction - more than double the 2,331 at the same time last year. The preliminary clearance rate was 64%, although some capital cities recorded higher levels.

Louis Christopher of SQM Research says numbers are usually not this strong a week before Christmas. “It is definitely abnormal,” he says. “Many sellers who could not or would not sell during the lockdown periods are still wanting to sell in 2021 and want to tie up their affairs ahead of Christmas.”

Canberra recorded the highest auction clearance rate of 73% followed by Adelaide 71%, Brisbane 70%, Melbourne 62%, Sydney 61% and Perth 52%. Tim Lawless of CoreLogic says demand is keeping the auction markets in smaller capital cities buoyant.



NAB Targets 1hr Approvals

The big banks are competing strongly for a larger share of the mortgage market, with National Australia Bank revealing it aims to approve home loans within one hour in an effort to attract to new customers.

NAB chief executive Ross McEwan told NAB’s AGM that two-thirds of applications for home loans were now approved within one day, but the bank was keen to reduce that even further.

ANZ admitted this week that its slow approval times had caused it to lose a number of customers. It takes ANZ about ten days to approve simple home loans with lenders mortgage insurance and 32 days for complex loans.

ANZ Bank chairman Paul O’Sullivan has committed to further investment in automation to fix the issue.

Banks are working hard to attract new customers as they field more competition from other financiers. McEwan says NAB has sped up unconditional approval times on home loans, to give close to two-thirds of retail network customers an answer within a day but the aim is to make one hour the standard.

