

The Week In Real Estate



Govt Urged To Solve Rental Crisis

The Property Investment Professionals of Australia (PIPA) is calling on the new Labor Government to make Australia's rental crisis a priority.

PIPA chair Nicola McDougall says with the number of rental properties at record lows, the situation is likely to worsen in coming months.

"Investors have been mostly missing from the property market since well before the last Federal Election, predominantly due to nationwide investment lending restrictions, but also because of the political posturing on negative gearing during the previous election campaign," she says.

McDougall says while investor activity returned to historical averages in March this year, not enough time had elapsed to make up for the shortfall of the past five years.

New data from Proptrack shows vacancy rates and rents are at record highs, with no sign of easing in the short term. The data on vacancies is confirmed by other sources, including Domain and SQM Research, with most capital cities recording vacancy rates below 1%.

Quote of the Week

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Housing Schemes To Drive Up Prices

Affordable housing schemes set to be introduced by the new Labor Government may result in prices rising in some areas, according to CoreLogic.

Research director Tim Lawless says demand for houses in the outer suburbs and in cheaper regional areas, as well as apartments, could increase as buyers start to use the newly announced schemes.

He says the price caps on the shared equity scheme are well and truly within the range that first-home buyers are looking at.

In Sydney and regional NSW, it is \$950,000; in Melbourne and regional Victoria, \$850,000; in Brisbane and regional Queensland, \$650,000. In Perth, Adelaide, Hobart and Darwin, \$550,000, and \$600,000 in Canberra.

"This implies detached housing markets across the outer suburbs of the capitals could see stronger demand," Lawless says.

"In regional markets, the price caps are likely to support housing demand away from the most popular coastal or 'tree change' markets, where prices have risen sharply over the past few years."





Supply Needed To Aid Affordability

Government schemes which allow more buyers to get into the market when there is not adequate supply will just lead to price increases, according to national developer Mirvac.

Chief executive Susan Lloyd-Hurwitz warns against schemes which boost demand only.

"We're in a genuine national crisis on affordability," she says. "It will have an effect on the next generation unless we solve it quickly.

"Solving it through demand side measures only fuels the fire. Demand policies aren't bad in and of themselves, but they are poor if they are not matched by supply side measures."

Lloyd-Hurwitz says not enough homes are being built to cope with population growth even though migration virtually came to a standstill in the past two years.

She says apartment supply along the east coast of Australia next year is still going to be about 45% down on what it was in 2018.

The result is, she says, that young first-time buyers will find that prices continue to increase.

Foreign Buyers Unfazed By Taxes

Foreign investors are still keen to spend their property dollars in Australia despite our tax regime, according to analysis by HLB Mann Judd.

Melbourne partner Josh Chye says investor demand from Singapore, Hong Kong and Malaysia is increasing while inquiries from mainland China have dropped.

"Australia remains an attractive jurisdiction despite the relatively high taxation rates," he says.

"We have higher than average tax costs for foreign buyers of real estate than our global neighbours, including on land tax.

"This has increased consistently over the past seven to ten years at both the state and federal level, and the additional impost is a burden for foreign investors in real estate."

Chye says while the tax rate is an issue that investors need to consider, their concerns are offset by Australia's status as a stable market for real estate investors.

He says strong property price growth of late made it even more appealing, particularly Sydney and Melbourne markets.

Loans Approved In 10min: CommBank

Home lenders are trying to make it as easy as possible for buyers to secure a mortgage, with the Commonwealth Bank aiming to approve its loans within just ten minutes.

The bank will offer a new digital loan, called Unloan, which allows customers to apply faster than ever online.

Unloan chief executive Daniel Oertli says applications are assessed by a team with the aim of a same-day decision but by the end of the year the bank wants a good proportion of approvals made within ten minutes.

Using the system, customers give the bank permission to check their transaction data in different banking, mortgage and personal loan accounts. The system can then quickly assess whether a potential borrower meets the lending criteria.

To apply for a Unloan, customers select a property, nominate borrowers, add in their income details, expenses, loans, credit cards and other expenses and verify their identity with face recognition. They also need to upload their income documents.

