

The Week In Real Estate



Census Reveals Mortgage Ease

The number of households still paying off a mortgage has increased with just 31% of Australians owning their home outright according to the latest Census data.

The figures show in 1996, 41.6% of Australians owned their home outright. The data also shows 31% of Australians are renting.

While many households still had mortgages, more than three quarters of owners were not overextended as their monthly repayments are less than a third of their income.

University of Sydney professor of urban and regional planning, Nicole Gurran, says that is probably a result of the low interest rate environment during the pandemic, when fixed and variable rates were available for below 2%.

While Australia is in the grip of a rental crisis and rents are rising the Census figures show only 32.2% of households are spending more than a third of their income on rent compared with 36% in 2016.

Gurran says this may be because of more higher income earners entering the private rental market.

Quote of the Week

"The guarantees offer help to those Australians looking to buy their first home, recognising that saving for a deposit is the largest obstacle to achieving home ownership. With the current cost pressures on households, a first-home buyer is facing years to save a deposit and in that time they risk being priced out of the market."

HIA chief executive industry policy Kristin Brookfield



Govt Extends Home Guarantee Scheme

An additional 40,000 places are being offered in the Home Guarantee Scheme which aims to help first-home buyers and single parents get into the housing market.

Of those, 35,000 places will support first-home buyers to buy with a deposit as low as 5% while 5,000 places will help single parents with a deposit as low as 2%.

The Federal Government has also announced it will provide more support in regional areas and more social and affordable housing.

HIA chief executive industry policy Kristin Brookfield says the announcement is great news for Australians who hope to one day buy a home.

"The guarantees offer help to those Australians looking to buy their first home, recognising that saving for a deposit is the largest obstacle to achieving home ownership," Brookfield says.

"With the current cost pressures on households, a first-home buyer is facing years to save a deposit and in that time they risk being priced out of the market."





Builders To Remain Busy Into 2023

Home builders are expected to be kept busy well into 2023, with new figures showing housing approvals continue to rise despite continuing materials and trades shortages.

Australian Bureau of Statistics figures for May show detached housing approvals rose by 1.8% in the three months to May, which is 14.7% higher than the same three months in 2019.

At the end of 2021, there were 75.7% more detached homes under construction than at the end of 2019.

HIA Senior Economist Nicholas Ward says renovation activity also remains high, with the value up 38.9% compared with the same period in 2019.

Ward says that investor activity continues to grow, with the value of loans to investors in the three months to May 36% higher than it was in the same three months in 2021.

"This points to more supply of rental homes in the future, which will help alleviate the severe rental shortage being experienced around Australia," Ward says.

RBA Lifts Cash Rate to 1.35%

The new financial year got off with a bang with the RBA announcing another rise in the official interest rate.

The RBA board increased the cash rate from 0.85% to 1.35%, on the back of a similar increase in June.

PropTrack senior economist Eleanor Creagh says many households are sitting on large savings buffers which will help to ease the impact of the recent rate increases.

"For many homeowners, substantial home equity has been accumulated after the significant rise in home prices over the last two years, and some have taken advantage of falling interest rates to pay down debt quicker," she says.

Mortgage Choice national sales director David Zammit says most lenders have already substantially increased rates on variable and fixed rate home loans.

He says it's important that borrowers make sure they have the best rates on offer. Mortgage Choice data shows an increase in refinancing activity since the first cash rate rise in May.

450 Suburbs Join \$million Club

Strong property price growth has added hundreds more suburbs to the million-dollar property club.

New CoreLogic figures show 450 additional suburbs have a median of \$1million or more while 37 suburbs had a median unit price of more than \$1million.

A record number of homes sold for \$1million or more in the year to March 2022, with 23.8% of all homes that sold trading for more than \$1 million.

CoreLogic research analyst Kaytlin Ezzy says a number of regional areas made it into the million-dollar club in the past 12 months.

She says regional suburbs made up a third of new entries.

"The value growth we have seen over the past couple of years has been quite dramatic," she says.

"It doesn't get you a great deal anymore. We've had pretty rapid price growth. What was selling for \$950,000 to \$1 million 12 months ago, those older style houses, are now selling for \$1.15 million to \$1.2 million."

