

The Week In Real Estate



Mortgage Refinancing Activity Surges

Home-owners in the outer suburbs of capital cities are behind a new wave of mortgage refinancing.

With interest rates rising many owners are seeking better home loan deals, with settlement data from PEXA showing that Tarneit, in Melbourne's west, chalked up the highest number of mortgages refinanced since the start of the year.

Werribee, Craigieburn and Cranbourne East all in suburban Melbourne were next on the list. In NSW, refinancing activity is highest in Kellyville in Sydney's north-west fringe, followed by Box Hill. In WA, refinancing was highest in Piara Waters in the south of Perth.

Head of research at PEXA Mike Gall says the group only records data on when owners switch banks. He says the busiest areas for refinancing this year have been suburban areas with high levels of development.

"These areas are likely more exposed to rising interest rates, with borrowers in these postcodes motivated to look for a better deal on their home loan," Gall says.

Quote of the Week

"Nothing is more important than having a roof over your head, it's a basic need, and the stories of people without secure housing are heartbreaking."

Queensland Premier Annastacia Palaszczuk, apparently unaware of the role her government has played in creating the rental shortage.



Migration Spike To Impact Property

Residential property markets will feel the flow-on effects of a Government decision to increase the permanent migration intake to 195,000 people per year. The increase from 160,000 people a year before the pandemic is expected to put increased pressure on the already-strained housing market.

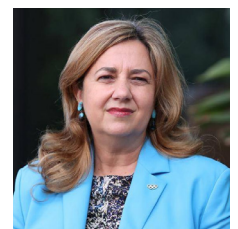
Rents are tipped to increase and some analysts believe there will be another surge of property price growth on the back of increased demand.

According to the Anglicare Rental Affordability Snapshot, the situation is already dire for renters.

It says only five of the 45,000 properties recently available for rent were affordable for a single person on Jobseeker.

Less than 1% of rentals are vacant nationwide, the lowest on record.

Everybody's Home spokesperson Kate Colvin says while migration may be needed to fill jobs it will increase the number of people struggling to find a rental home. "Government needs a plan to rapidly deliver the affordable rentals needed to house any uplift in population," she says.





Prices Rising In Many City Markets

Property prices are not falling as quickly as some economists predicted, with the latest CoreLogic figures showing prices edged back up in some capital cities during the first weeks of spring.

While Adelaide and Perth house prices dropped a little in August they have lifted again, 3.6% and 1.1% respectively, in September and are now near to record highs.

The latest data from SQM Research records price rises in the past month in Sydney, Perth, Adelaide and Canberra, with the capital city averages up 0.2% for houses and 0.4% for units.

Auction clearance rates are no longer declining and started to increase again slightly in recent weeks, while data from SQM Research shows there is a shortage of properties for sale. Some agents report that many properties are selling at or above reserve at auctions.

The figures show the latest interest rate rises didn't have a negative impact on property prices in August, with strong sales results compared with July.

Units Provide A Third Of New Homes

Rising property prices mean that many buyers have given up on the traditional dream of a house and yard and are buying apartments instead.

Newly-published data from the 2021 Census show that, of Australia's 11 million dwellings, 16% or 1.7 million are now apartments while 13% are semi-detached or townhouses.

It shows almost one million new apartments have been built since the previous Census in 2016 and that more than 2.5 million Australians now live in apartments.

While affordability and a desire for a low-maintenance lifestyle plays some part in the increased demand, an undersupply of houses is also behind the trend toward apartment living.

That increase in demand should lead to even more apartment development throughout Australia although developers are warning rising construction costs will result in higher prices.

Construction costs throughout Australia have increased by about 20% since the start of the pandemic and developers are also battling against rising fuel prices and staff shortages to deliver projects.



Housing Markets - No Sign Of Distress

The doomsayers may be predicting home-owners will struggle with rate rises but the data behind the market shows there is little sign of distress.

The number of homes listed for sale in August fell, which SQM Research managing director Louis Christopher says is an indication that owners are not under pressure to sell, despite price growth softening in some markets.

In August, residential listings fell 3.5% to 228,295 and new listings dropped 1.9%.

Christopher says higher borrowing costs may keep potential buyers out of the market but there is no sign rising rates are forcing owners to sell.

"The interest rate rises are deterring some buyers, but sellers are also being deterred from listing," he says.

"Vendors are not really keen to list in this marketplace. There are no signs of any dramatic uplift in distressed sales."

Analysis by comparison website Finder.com says recent rate rises have increased the average cost of a mortgage by \$801 since April.

