

The Week In Real Estate



Greens Move To Increase Homelessness

A push to forbid landlords from increasing rents for two years could cause more problems than it solves for tenants, according to industry experts.

Property Investment Professionals of Australia and the Property Investors Council of Australia say the push by The Greens – in Queensland, South Australia and elsewhere – could increase homelessness because more investors will leave the market.

PIPA Chair Nicola McDougall says the number of investors has been declining for the past five years for a number of reasons, including lending restrictions and continued legislative changes which are prompting many to sell up. "One only needs to look to the severe rental crisis in Ireland at present, which came about because of government intervention including rent controls, sky-high tax, no deductions and eviction rules," McDougall says. "Landlords have left the market in droves and there are only 700 homes available to rent in the entire country."

She says The Greens proposal will see more investors (who provide over 90% of homes rented by tenants) leave the market.

Quote of the Week

"Dwelling price forecasters are always wrong – yes that's right, always!"

Michael Russell, the managing director of Money Quest & Buyers Choice



Spring Market Tipped To Blossom

Buyer demand is tipped to pick up during Spring, with experienced analyst Dr Andrew Wilson reporting the early signs are it may be stronger than expected.

Wilson, the Chief Economist at My Housing Market, says there has been an uptick in buyer and seller activity recently.

"The latest data is telling us that there are some very early signs that the Spring market may be better than expected," he says.

He says the time it takes to sell a property has eased in the past month and auction clearance rates are higher than they were in July.

Domain figures show a surge in auction activity for the third week in a row with auctions up by 13.5% throughout Australia.

In Sydney it is 16.5% and when it comes to auction clearance rates, some suburbs are performing extremely well including North Parramatta, Wentworthville, Alexandria, St Peters and Darlington.

Agent Marco Fabrizio says homes in good locations are selling for well above reserve.





House-Unit Price Gap Narrows

The price difference between houses and units has decreased as demand for units increases on the back of affordability issues.

CoreLogic figures show the premium for Sydney houses compared with units dropped by 2.2% to 67% in July, as growing numbers of buyers opt for apartments.

In Sydney, between May and July, the difference between the median house price and median unit price dropped from \$574,366 to \$539,883.

In Melbourne, the price difference between houses and units dropped to 57.07%, in Brisbane it dropped to 75.3%, in Adelaide 63%, and Canberra 67%.

According to CoreLogic the difference between house and unit prices blew out during the pandemic period as homebuyers sought detached housing.

But CoreLogic economist Kaytlin Ezzy says the rapid increase in house prices since then has priced out many house buyers, who have turned to the more affordable unit option.

She says as a result the unit sector has started to catch up with houses in terms of prices.

Wages Growth Jumps For New Hires

Advertised wages are rising as employers scramble to fill major worker shortages, according to new figures from job advertising website Seek.

It shows wages offers are growing at 4.1%, which is faster than Wage Price Index which is growing at 2.6%.

The sectors recording the biggest pay boost are design & architecture, IT and trades workers.

Pay rates on offer for jobs on the platform rose 0.4% in July, a similar rate to the previous two months, putting annualised wages growth at a rate just below 5%.

Seek senior economist Matt Cowgill says it's not surprising that advertised pay rates are growing faster than those of people staying in the same job.

"I'd expect to see advertised salaries respond more and quicker to changes in economic conditions and broader changes in the labour market," he says.

"As the labour market recovered and as things started to boom through 2021, salary growth picked up much further than overall wages and salaries as measured by the ABS."



Doomsayers Cause Needless Fear

Forecasts of falling dwelling prices are usually highly inaccurate and cause unnecessary fear among consumers, according to analyst Michael Russell.

Russell, the managing director of Money Quest & Buyers Choice, says housing forecasts have been inaccurate for decades.

He says rising interest rates are generally accompanied with an unreasonably negative outlook on dwelling prices – and this causes buyers to lose confidence.

Russell says the 'doomsayers' are creating unnecessary stress and anxiety for borrowers and homebuyers with their pessimistic predictions.

"Dwelling price forecasters are always wrong – yes that's right, always!" he says.

Two years ago, all four major banks predicted an 11% drop in dwelling prices between June 2020 and June 2021 – but, instead, prices rose by 21.5%.

Russell says today's key economic indicators are better than those Australia experienced during the GFC and at the height of the pandemic.

More recently, while commentators were predicting big drops in prices between May and July 2022, Australian dwelling prices fell only 1.3%.

