

The Week In Real Estate



Most Expect Prices To Rise

Despite economists' forecasts that house prices could fall as much as 20%, most Australians expect dwelling values to rise or stay steady in the next two years, according to Canstar.

In its Consumer Pulse Report, 60% of respondents said they expected house prices to remain stable, grow or possibly even skyrocket in the next two years. Almost 30% expect prices to grow at a steady pace and 16% expect prices to "skyrocket at some point", while 15% think prices will remain stable. Only 9% tip prices to crash.

Canstar's Steve Mickenbecker says the confidence Australians have in property prices is "surprising", given that media has reported many forecasts of prices dropping. But buyers' advocate Cate Bakos isn't surprised by respondents' stance compared to economists' negative forecasts, as she believes consumers are less likely to buy into the media hype. "I don't believe those negative predictions because they consistently get it wrong," she says. "We saw predictions about an impending crash after Covid, and we had the opposite."

Quote of the Week

"It's been a year of two halves in the housing market. The first half was pretty good and the second part not so much. This looks set to be repeated in 2023, just in reverse. A housing speed bump if you ask me, not a cliff. If we have learnt anything over recent years, it is to ignore the talking heads. Things, housing wise, aren't anywhere near as bad as most gasbags say they are."

Veteran real estate analyst Michael Matusik, Matusik Property Insights



Aussies Don't Trust The RBA

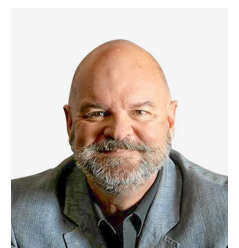
Burnt by a Reserve Bank promise that it wouldn't increase the official cash rate, Australians have lost trust in the RBA and are now forecasting their own property trends, a study by comparison site Canstar reveals.

During 2020 and 2021, RBA governor Philip Lowe strongly suggested Australia's cash rate would not be lifted in 2022 or 2023. As recently as January 2022, Lowe said the official interest rate was unlikely to rise before 2024.

But in May the RBA, which failed to foresee the spike in inflation, began a campaign of rises which moved the figure from 0.10% to 3.10%.

"The cash rate could reach 3.85%, pushing the average variable rate for existing borrowers to 6.73% and adding (since April) \$1,130 to monthly repayments on a \$500,000 loan over 30 years," Canstar's Steve Mickenbecker says.

When asked how prepared they were for higher rates, 39% of homeowners and 27% of investors were not prepared and indicated they would need to cut living costs.





23% Of Renters Make Changes

New research shows a large portion of renters are taking matters into their own hands and making changes to their rental properties without approval from their landlord.

A study by Finder shows 23% have made changes to their rental homes, including repair work, without permission from a landlord or managing agent.

Most tenancy agreements require tenants to seek written approval before making changes to a property.

In NSW, a landlord cannot unreasonably withhold consent if the change is minor. In Queensland, if a tenant makes a change to the property without the landlord's consent they may be asked to pay for the property to be reinstated to its original condition.

Victoria is the only state where, in most cases, prior landlord approval is not required for the installation of furniture anchors or picture frames so long as the property can be restored to its original condition when the tenancy ends.

Finder's Sarah Megginson says making changes without approval is a risky strategy.

Unit Popularity Rising With FHBs

Apartment living is becoming more desirable as buyers make trade-offs to get into the market.

More than half of wannabe first-home buyers hope to own a house in their desired location in the next five years, despite affordability constraints, new research shows.

The Great Southern Bank survey of 1,500 people revealed 72% of respondents would consider buying a unit as an alternative form of housing. But just 24% would be willing to move to a less desirable suburb to buy their ideal home.

Great Southern Bank chief customer officer Megan Keleher said trade-offs such as buying a townhouse or apartment, or moving "slightly further afield" could help buyers break in.

She said first-timers could also consider the Federal Government's Home Guarantee Scheme and Regional First Home Buyer Guarantee, where they can buy with as little as a 5% deposit.

LongView head of advisory Warwick Brookes said it was important to discuss options with experts, which could include home loan specialists and buyers' advocates.



Population Growth Returns In 2022

Australia's population returned to strong growth in FY2022, following pandemic-affected 2021 when the population barely grew at all, thanks to border closures.

ABS data shows the re-opening of international borders in early 2022 led to an increase in Australia's population to 25,978,935 people in June, up 1.1% (291,000) on the previous year.

"Glenn the Census Expert" of profile.id says this is still below the growth rates of between 1.5% and 1.8% recorded in the years prior to Covid, but it includes almost six months of the financial year when the overseas borders were still closed.

"72% of that annual population growth occurred in the second half of the financial year (the first six months of 2022), once the borders were fully open," he says.

"Net overseas migration was 170,900. While it's lower than in pre-pandemic years, it's gone back to making up the majority (59%) of our population growth. The remainder is due to natural increase: more births than deaths."

