

# The Week In Real Estate



## Prices Rise In Most Cities

House prices in most Australian cities are still on rise, with smaller capitals performing particularly well.

The latest property price report from Domain shows that prices increased in the December Quarter in five of the eight capital cities.

Darwin recorded the biggest median price increase of 3.3% followed by Perth (1.1%), Melbourne (0.7%), Hobart (0.6%) and Adelaide (0.2%).

Of those five capital cities, all but Melbourne also achieved price growth in the past 12 months.

Sydney's median dropped by 2.1% during the quarter, while Brisbane was down 1.8% and Canberra 0.3%.

The Domain analysis says the market downturn lost momentum during the December Quarter with the combined capital city median value dropping just 0.7%.

"This suggests that the peak rate of the quarterly decline has passed, as the September Quarter bore the brunt of the initial shock of rising interest rates and exorbitant inflation levels causing house prices to fall at the fastest quarterly rate on record," it says.

## Quote of the Week

*"The housing market downturn lost momentum in the December Quarter. This suggests that the peak rate of the quarterly decline has passed, as the September Quarter bore the brunt of the initial shock of rising interest rates and exorbitant inflation levels causing house prices to fall."*

Domain chief of research Nicola Powell

## Students To Drive Up Rents

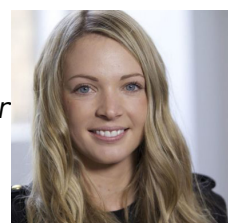
The return of international students to Australia is tipped to increase rents by a further 5% in the coming months.

Up to 50,000 Chinese students are set to return to Australia for the start of the university year, which Suburbtrends founder Kent Lardner says will ramp up demand for rental properties and rents.

"We usually see an increase in vacancy rates in the suburbs around the university campuses over the Christmas break, but in the coming weeks students will be returning, and new students begin their search, which will see vacancies quickly drop to below 1% in most suburbs," he says.

"The return of the Chinese students is likely to make this competition rather fierce, and I expect to see rental increases of at least 5% in the next four weeks or so."

In Sydney and Victoria many student housing providers already have no vacancies with education consultant Tim Winkler saying some students may end up deferring if they cannot find accommodation.





## Women Still Lag On Investment

Property investment is overwhelmingly a man's world with new research showing only 27% of women own investment properties.

The survey was conducted by the Property Investment Professionals of Australia (PIPA).

Chair Nicola McDougall says many women may have been nervous about investing in the past, but she says there is now plenty of advice and guidance available to assist them.

Kate Hill, who co-authored *The Female Investor* with McDougall, says throughout their working lives women have to navigate the gender pay gap, lower superannuation and poorer financial outcomes post-divorce.

She says this means it is harder for women to achieve the same sort of financial outcomes on retirement.

"The fact that women only represent a smidge over a quarter of all property investors is another factor that shows women are just not on the same financial footing as men in this country," Hill says.

She says there are now plenty of opportunities for women to invest as property prices were softer and buyer demand lower.

## Foreign Buyer Interest Rises

Overseas residents are keen on snaring a slice of Australian property with new analysis showing an increase in online searches.

Online searching from overseas is now higher than it was before the pandemic, according to PropTrack, with interest from India and New Zealand in particular on the rise.

There has been a 20% increase in searches on realestate.com.au from overseas based residents compared with 2019, with searches for rental properties in particular rising.

Rental searches have risen by 65% in the past year and searches to buy have increased by 10% during the same period.

PropTrack economist Angus Moore says with migration to Australia quite strong, it is not surprising more people based overseas are looking to secure a home in Australia.

New Zealand accounted for 30% of all international search activity last year. Rental searches from New Zealand rose by 76% and buying by 13%.

Searches from India are also on the rise, up by 79% for rentals and 48% for buyers.

## APRA Monitors Lending Buffers

The Australian Prudential Regulation Authority (APRA) says it will keep a close eye on serviceability buffers during 2023.

The banking regulator currently directs banks to add 3 percentage points to their mortgage rate when assessing whether a borrower can afford a home loan, to take into account interest rate rises.

It last lifted the buffer from 2.5% to 3% in late 2021 following concerns about a high proportion of heavily indebted borrowers.

As Australia goes through a period of interest rate rises APRA says it is keeping a close watch on the market.

Chairman John Lonsdale believes the financial market has started the year in a good, safe and stable position, but concedes some borrowers will experience hardship.

"We are looking at it (the serviceability buffer) very, very closely over the course of 2023, but at this point we are happy with where the prudential settings are," he says. "If the facts change, so might our view."

