

The Week In Real Estate



Regions Outperforming Capitals

Regional suburbs are outperforming capital city suburbs when it comes to property price growth.

The latest analysis from CoreLogic shows that stronger demand and limited supply is leading to price growth.

It found the increase in prices is happening in about 35% of the Australian suburbs it analysed in the March quarter and of the top performing 25 suburbs, 20 are within regional areas.

The best performer was Robe in regional South Australia, which experienced an 8.3% increase in its median value in the March quarter.

It was followed by Dinner Plain in regional Victoria which was up by 8%, Trangie and Werris Creek in regional NSW, up 7.4% and 7.1% respectively.

CoreLogic head of research Eliza Owen says it was common for regional Australia to dominate price growth charts throughout the pandemic.

"But as the cycle has matured, it seems to be more rural regional markets with particularly low-price points that have seen the strongest rates of growth," she says.

Quote Of The Week

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Eliza Owen – Head of Residential Research CoreLogic

What RBA Shake Up Means

Recommendations to revamp the Reserve Bank of Australia board will be implemented as part of reforms designed to improve decisions around interest rates.

Following the first major review of the RBA in 40 years, a report recommends 51 changes which the Federal Government has already agreed to "in principle", with plans to implement changes by July 2024.

The recommendations include the establishment of a new monetary policy board within the RBA to be chaired by the RBA Governor and include the deputy governor, the Treasury secretary and six external members.

The external members are to have "deeper economic and financial expertise, and more information, time and staff support to fully engage in the policy process".

Another separate board will be established to manage the bank's operations itself, including currency issuance.

The number of meetings to decide interest rates will be reduced from 11 to eight per year and the power of the government to override interest rate decisions will also be removed.





ATO Crackdown On Investment

The ATO is set to crackdown on investment property owners, with claims 90% of landlords are filling in their tax returns incorrectly.

About 1.7 million Australians own investment properties and the ATO says because of the errors it is missing out on about \$1.3 billion in tax revenue.

It is working with lenders and financial institutions to access personal financial data to help corroborate property use, income and expenses.

Banks are being asked by the ATO to provide bank account details, information about investment properties, how much rent is received and expenses. It is also monitoring property managers to correct figures are being provided.

An ATO spokesperson says the aim is to help taxpayers get their tax return right in the first place as well as target people who are under reporting income or overclaiming expenses.

The ATO is concerned that some owners are using investment loans for private purposes, such as buying a car or paying school fees.

Population Growth To Drive Market

With more than 300,000 people expected to migrate to Australia this year, demand is set to continue driving up property prices, according to analyst Michael Matusik.

He says essentially real estate is about supply and demand and population growth is a key driver of demand.

Matusik says Australia's population growth is breaking recent growth records and that the annual population growth over the next ten years is likely to be higher than the previous decade.

There is also likely to be a rapid increase in the number of children and the size of the upgrader market in the next ten years, according to Matusik.

"If this comes true, a lot more urban infrastructure will be required and the type of housing most needed will change from recent supply trends," he says.

"Most of the population growth over the next decade is likely to continue to take place in our capital cities, with most of this growth settling in Sydney, Melbourne, Brisbane and Perth."

Super For Retiring Not Housing

Australians do not agree with call from the Federal Government to use Superannuation funds to invest in social housing and clean energy.

A survey commissioned by Industry Super Australia says Millennials, Generation Xers and Baby Boomers are all wary of the proposals.

The overriding concern is about the return on investment.

"These soft voters intuitively felt that the returns on investment for social and community housing in particular, were well below the returns of more common investments," it says.

"In their minds, it's a nice idea in-principle, but it means inherently lower returns and higher risk."

Treasurer Jim Chalmers has been meeting with influential investors from the major banks, venture capital and the superannuation sector to discuss how they can facilitate greater investment in affordable housing and build-to-rent models.

Respondents are also concerned about the Opposition's Super Home Buyer Scheme in which first home buyers could use up to \$50,000 from their superannuation account to buy property.

