

The Week In Real Estate



Auction Market Strong Again

The auction market is continuing to perform well, with clearance rates surpassing 70% for the second week in a row.

CoreLogic figures show the national clearance rate hit 74.4% last week across the combined capital cities.

Adelaide had the highest clearance rate of 80.8%, followed by Sydney, 76.2% and Melbourne, 75.7%.

Canberra's clearance rate was 77.2%, followed by Brisbane, 56.5%.

CoreLogic says auction volumes were low with 1673 homes going under the hammer last week, which was 42% lower than the same time last year.

It says the lack of stock coupled with unprecedented population growth and the rental crisis is creating a sense of Fear Of Missing Out in the market, which is helping to drive prices higher.

As a result, CoreLogic's daily dwelling values index has rebounded 2.2% from its February low across all major capital cities.

Sydney had the highest value increase of 3.8%, followed by Perth, 1.7%, Brisbane, 1.3%, Melbourne, 0.9% and Adelaide, 0.3%.



Negative Gearing Safe

Investors can breathe a sigh of relief, with the Prime Minister shutting down discussions over changes to negative gearing.

He says the government's position on housing tax concessions has not changed from before the election, and that means that negative gearing will not be changed.

The comments come after rumours emerged that some Labor party members were looking for a change to cap negative gearing to one property, to prevent distortion of the property market.

Negative gearing rules allow people who make a loss on an unlimited number of investment properties to claim that as a tax deduction.

But Prime Minister Anthony Albanese says he will be honouring the pre-election commitment to leave negative gearing alone.

He says they are working on other measures to increase housing affordability and supply, including the \$10bn Housing Australia Future Fund, although legislation to create the fund has been held up in the Senate following calls to include better protection for renters.

Quote Of The Week

"The reason (stamp duty) is such a problem for older women in particular is because when you are 45 or 50 you may only have 15 years left in the workforce – you will find it very hard to purchase a home and pay off the loan including the stamp duty by the time you retire."

Brendan Coates, Grattan Institute





Push Toward Smaller Homes

Australians have been steadily moving toward smaller households, according to a new report by the Reserve Bank of Australia.

The report analysed monthly ABS labour force survey data and says the decline in average household size contributed to a sizeable increase in demand for the number of homes in Australia.

“(this) helped offset the relatively slow growth in the population during the pandemic,” it says.

Part of the increase in small household size includes an ageing population. With people living longer, there are larger numbers of older single people, according to Colleen Peterson of planning consultancy Ratio.

“Australia’s average household size has been shrinking dramatically,” she says.

“We were having fewer children and were delaying the age at which we have those children and we’re living longer. So, all those things add up to fewer larger families and older families of one to two are living much longer. We’ve been on that trend for 20, maybe 30 years.”

Cheap Loans For Power Switch

Homeowners are being offered cheap loans to entice them to make their homes more energy efficient.

The Federal Government will lend money to those who want to improve their energy efficiency by doing things such as installing solar panels or upgrading their water heaters.

It has allocated \$1.3 billion towards the Household Energy Upgrades Fund which it hopes will help 110,000 households lower their energy bills.

The fund will also improve energy efficiency in social housing. With about 60,000 social housing properties expected to save up to one-third of their energy costs annually.

The Property Council of Australia says the move will help slash energy bills and help move Australia closer to its net zero goal.

Treasurer Jim Chalmers says the aim is to make sure energy bills are more affordable in the future.

The loans will help fund double glazing, solar panels and other improvements which will make it cheaper to cool or heat homes and reduce emissions.



Hidden Cost In Divorce

Stamp duty has a huge impact on divorced women, a parliamentary inquiry has been told.

The Grattan Institute’s Brendan Coats told the inquiry only 34% of separated women manage to own a home again within five years and 44% within 10 years.

“The reason that it’s such a problem for older women in particular is because when you are 45 or 50 you may only have 15 years left in the workforce – you will find it very hard to purchase a home and pay off the loan including the stamp duty by the time you retire,” he says.

REA Group CEO Owen Wilson says stamp duty costs lead to traffic congestion, stops labour mobility and shuts first home buyers out of the market.

“The significant cost of stamp duty deters downsizers and locks people into homes that don’t suit their needs,” Wilson says.

People won’t move closer to a new job and instead accept a long commute as opposed to the cost of moving.

