

The Week In Real Estate



Price Predictions Change

NAB has joined the ranks of organisations revising their property price predictions for 2023.

While initially it had not been as bullish, its latest outlook now predicts prices will rise by 4.7% this year and a further 5% in 2024.

It predicts the biggest increases will be in Sydney, up 6.9% this year and 4.9% next year, while it says Melbourne is likely to rise by 2% this year and 7.4% in 2024.

Brisbane prices are tipped to rise by 5.4% this year and 2.9% next year, while Adelaide values are tipped to rise 3% this year and 3.7% in 2024.

Perth prices are expected to rise 6% this year and 6.2% next year, while Hobart prices are expected to rise 6.4% this year and remain steady in 2024.

The bank is also predicting that interest rate rises will soon stop.

"We see the RBA lifting rates to 4.6 per cent by September, then staying on hold until 2024," the outlook says.

Quote Of The Week

"It's important to know that rents have moved no more than inflation if we take into account the rent drops during Covid. For those two years the renters had a ball because many foreigners left and there was an immediate oversupply of rental accommodation."

Harry Triguboff on the constant attacking of investors

Property Prices Rise

Capital city house prices are continuing to recover with dwelling values up in Sydney, Brisbane, Adelaide and Perth in the June quarter.

Real Estate Institute of New South Wales president Pete Matthews says all population centres showed increases in average dwelling values by more than 2%.

He says both the renter and sales market are "savagely affected" by a lack of stock.

"I've never seen (anything like) it in 33 years," Matthews says.

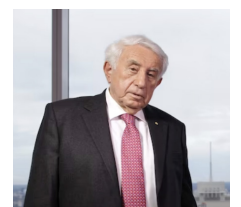
He says Sydney, in particular, enjoyed "hefty" increases in dwelling values in the June quarter.

CoreLogic figures show Sydney's median dwelling value rose, 4.9% in the June quarter, Brisbane rose by 3% and Melbourne rose 1.8%.

Adelaide's median dwelling value rose by 2.1% in the June quarter, Perth, 2.8% and Hobart 0.1%.

Darwin's median dwelling value dropped by 0.3% in the June quarter, although it rose again by 0.5% in June.

CoreLogic research director Tim Lawless says while housing values are continuing to increase, the pace of growth has eased a bit.





Unemployment Remains Low

Australia's unemployment rate remains low with the latest ABS data showing it stayed steady at 3.5% in June.

ABS head of Labour Statistics, Bjorn Jarvis, says about 33,000 people found jobs in June, while the number of unemployed people dropped by 11,000.

At the same time the employment-to-population ratio hit a record high 64.5%, which he says indicates a tight labour market and that employment growth aligned with population growth. The number of people aged under 15 who are employed increased during the month to 64.5%.

In addition to more people finding work, the data shows an increase in the hours worked. Over the past year, total hours worked increased by 4.7%.

Business analyst Anneke Thompson says despite the unemployment rate remaining steady she believes it may change later in 2023, with major companies including Telstra, Lend Lease, and Westpac, announcing they may make redundancies through restructuring.

The June Business Risk Index data, indicates that businesses are displaying caution in their operations.

Stop Threatening Investors

Attacking investors and threatening their ability to charge what rent they want, will not help fix the rental crisis, according to developer, Harry Triguboff.

Triguboff, the managing director of Meriton Group, says the "hysterical" reaction to current rent rates has to stop.

"Our famous politicians now think that if they attack the people who lease property, they will gain votes," Triguboff says.

"It's important to know that rents have moved no more than inflation if we take into account the rent drops during Covid. For those two years, the renters had a ball because many foreigners left and there was an immediate oversupply of rental accommodation."

He says now the market is returning to normal supply and demand.

"But if the government threatens investors daily that they will charge too much, what investor will ever come here?"

Triguboff says the lack of investors means many of the sales in his projects are to owner occupiers.

"So, the pressure is on for rents to rise."

Market Confidence Returns

Market sentiment has improved in most states according to the latest NAB Housing Market Update.

The June 2023 update for the second quarter of the year shows sentiment is highest in Western Australia, followed by solid increases in South Australia, Victoria, New South Wales and Queensland.

It still remains weak in the ACT and Tasmania.

The update, surveys leading property professionals about their perspective of how the market is performing.

The update says with Australia still experiencing very low rental vacancies and strong demand for rental properties, and property professionals expect rents to remain elevated.

It predicts rental growth will outpace home value growth.

Survey expectations for rents are positive in most states for the next one to two years with expectations rents will rise highest in Victoria, although new proposed rental caps are currently under debate.

The report shows sales to residential investors fell by 15.2% in the second quarter of the year to levels which are below those at the start of 2022.

