Edwards Windsor
(03) 6234 5500
Level 2, 89 Brisbane Street,
Hobart TAS 7000
reception@ewre.com.au
www.ewre.com.au

The Week In Real Estate

September 02, 2023

Housing Market Resilient

The housing market remains resilient in the face of rising interest rates, as it enters one of its busiest times of the year.

CoreLogic head of research, Eliza Owen, says the market performed well over winter and she expects that to continue throughout spring.

“This time last year, we were seeing the shock of rate rises starting to settle in across the housing market,” Owen says.

“If you look at the same period last year, the combined capital cities clearance rate was averaging around 55%, as opposed to the average 65% where it’s been the past few weeks.”

She says listing volumes are now starting to rise after falling at this time last year.

“Compared to last year, the housing market and selling conditions are looking a little bit better,” she says.

Her outlook for spring is “optimistic, yet cautious” with expectations of a modest uplift in prices and further increases in new listings.

Investors Needed To Fix Crisis

Mum and dad investors are the ones who can help improve the current national rental crisis, an industry forum has been told.

The forum of developers, property owners and managers, tenant representatives and policymakers, was convened by the REA Group to discuss the housing and rental crisis.

It has called for reforms to drive better outcomes for renters through encouraging investment.

The Federal Government has already committed to increase supply by 1.2 million houses in the next five years.

The number of new homes being built fell substantially during COVID and has not picked up again, with some builders collapsing due to rising costs and difficulties finding workers.

Mirvac chief executive of development, Stuart Penklis, says all levels of government need to work together, alongside industry and the community, on a coordinated plan and approach to help unlock a diverse range of housing across the country.

“We need all types of housing to solve this crisis,” he says.

Quote Of The Week

“If you look at the same period last year, the combined capital cities clearance rate was averaging around 55%, as opposed to the average 65% where it’s been the past few weeks.”

CoreLogic head of research, Eliza Owen

Builders More Confident

Home builders are finally regaining some confidence in the market according to one leading building group.

Simonds Group says it is excited about the future with sales picking up, despite higher costs for materials and labour.

Chief executive Rhett Simonds says consumer confidence has definitely returned in the last three to four months.

“Our sales haven’t slowed. They’re trending to be more positive over the course of the last three to four months than they have been for the last 12 months.”

“We are in the affordable part of the market. We’re selling more single-storey homes than double-storey ones.”

The company has taken over 300 contracts from failed home builder Porter Davis.

According to Australian Bureau of Statistics figures approvals of detached houses fell in the year to June a near-four-year low.

Housing Industry Association (HIA) figures show new home sales fell in July for the second month in a row.
It predicts home-building activity will drop to decade lows next year.

Refinancing Peaks

The recent flurry of mortgage refinancing most likely peaked last year, according to electronic conveyancing group PEXA.

At its highest point last year, refinancing reached 24.2% of all transactions. The total number of properties changing hands fell to 2.06 million in the six months to June, according to PEXA chief executive Glenn King.

King believes the market has bottomed out.

“What we can also say is while refinancing will still be strong, if we’re seeing any improvement in the market, the proportion may not be to the same degree.”

King says a lot of the refinancing activity was from homeowners who were coming out of fixed rate loans which were locked in during the pandemic.

He says fears that a so-called mortgage cliff would cause widespread financial pain as owners come out of low fixed rates on to higher variable rates, had not yet materialised.

The big banks agree with the biggest lender, Commonwealth Bank, saying the change was not noticeably pushing up arrears.

Labour Shortages To Affect Housing Targets

The latest Intergenerational Report forecasts average GDP growth will be lower than predicted in the next 40 years.

The report is a Federal Government long-term planning document.

It predicts growth will be 2.2% per year in the next four decades, lower than the 2.6% it previously forecast.

HIA Senior Economist Tom Devitt says the downward revision is driven by a projected decline in population growth to just 1.1% per year for the next 40 years.

Population growth was 1.4% per year in the previous 40 years.

“Slowing population growth, combined with the added pressures of an ageing population, will make it harder to find the skills we need,” he says.

“Shortages of skilled labour have constrained the home building industry for much of the past 20 years. We need to look at ways to boost the housing sector’s capacity to ensure we are able to meet the Australian Government’s recently announced housing targets.”