



The Week In Real Estate

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Rents To Keep Rising

Rents are tipped to keep rising, as vacancy rates keep dropping.

PropTrack data shows nationally, vacancy rates hit a record low in August of 1.1%. The number of vacant rental properties is now 54% lower than it was at the start of the pandemic.

PropTrack, senior economist Anne Flaherty, says vacancy rates continue to drop because investors are leaving the market and fewer new homes are entering the market, at a time when the population is rising.

The result is rising rents with PropTrack predicting further increases to come.

Australian Bureau of Statistics figures show rents grew 7.6% in the 12 months to July, compared to CPI growth of 4.9%.

“We anticipate that rents will keep climbing in the months ahead and there is a real possibility that vacancy rates fall even further,” Flaherty says.

Vacancy rates in Sydney fell to 1.26%, Melbourne is 1.19% and Brisbane, 0.84%. Adelaide and Perth are Australia’s tightest markets with vacancies below 0.7%.

Code Changes Push Up Prices

New national home building codes are tipped to drive up the price of an average home by \$30,000.

Master Builders Queensland chief executive Paul Bidwell says the changes will be introduced from October 1 in Queensland, although other states have delayed their introduction.

The changes are designed to ensure more livable housing and energy efficiency.

Bidwell says the increases come on the back of a 42% increase in the cost to build a new home in the past three years.

About 1,000 builders have signed a petition opposing the reforms.

Bidwell says Queensland needs 48,000 homes a year over the next five years to meet the national housing target but there are only 36,000 dwellings forecast to be built in FY2024.

“We have supported inclusive, sustainable and affordable housing and been in discussions with government and stakeholders for years – however, in the face of a housing crisis and rising costs, do not believe now is the right time to introduce these changes.”



Quote Of The Week

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PropTrack, senior economist Anne Flaherty



Politicians Blamed For Crisis

Former Reserve Bank (RBA) governor Philip Lowe has placed responsibility for the housing crisis at the feet of politicians.

In his final speech, Lowe admits he had to make unpopular decisions and says politicians cannot escape some responsibility for the current state of affairs.

“Raising interest rates and tightening policy can make you very unpopular, as I know all too well,” Lowe says.

“Monetary policy is a powerful instrument, but it has its limitations and its effects are felt unevenly across the community. In principle, fiscal policy could provide a stronger helping hand.”

He says interest rates influenced housing prices, but that is not why Australia has some of the highest house prices in the world.

“It is the outcome of the choices we have made as a society: choices about where we live, how we design our cities, and zone and regulate urban land, how we invest in and design transport systems, and how we tax land and housing investment.”



Housing Breakthrough

The Federal Government’s \$10 billion housing policy appears set to pass through parliament after it reached agreement with The Greens.

Under the agreement funding will be given to the National Housing and Investment Finance Corporation this financial year. Homes built from the fund will include 4000 properties for women and children facing family and domestic violence, as well as older women at risk of homelessness.

While the money may be available this financial year, economists warn it could actually exacerbate the supply issues and capacity difficulties in the home building market. AMP chief economist Shane Oliver says there is already a huge pipeline of works the industry is struggling to manage.

“The main problem is shortfalls of materials and particular shortages of workers,” he says.

“We’re having trouble trying to build something like 165,000 dwellings a year. We need at least 220,000 to keep up with underlying demand. It’s all pie in the sky if we don’t have the means to build them.”



Surge In Listings

Property listings are on the way up, increasing by 9.4% at the start of the Spring selling season, according to the latest Ray White listings report.

CoreLogic data shows despite the rise, advertised supply levels are still well below last year. All major capital cities have recorded listing increases.

Sydney’s new listings rose by 11.6% in August with big spikes in Tallawong and Colebee. Melbourne’s listing rose by 17.2% during the same period, with big increases in Travancore and Diggers Rest.

In Brisbane listings are up 2.2%, Waterford listings rose by 80%. In Adelaide listings rose by 4.2% with the largest increase in Banksia Park. Perth’s listing rose by 6.8% with Forrestdale recording the highest growth. In Hobart listings rose 14.8%, with Battery Point achieving the highest increase in listings. Darwin’s new listings grew by 26.5% with Parap experiencing the biggest increase.

The Agency CEO, Geoff Lucas, says listings across the East Coast of are up 22% on last year.