



The Week In Real Estate

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Auctions Start With A Bang

The 2024 auction selling season is now officially underway with a solid start during the first big weekend of sales.

CoreLogic reports clearance rates last week were the second-best start to a selling season since it started collecting data in 2008 with the national preliminary clearance rate from 1671 auctions hitting 74%. CoreLogic head of research Tim Lawless says news of low inflation and the possibility of early rate cuts appears to have boosted sentiment.

Adelaide continued its successful run of auctions with the highest clearance rate of 77.6% last week based on 159 auctions. Sydney was 76.3% based on 562 auctions, its best result since July 2023.

Melbourne's clearance rate was 71.9% based on 603 auctions and Brisbane's 68.5% based on 203 auctions.

Lawless says the next few weeks will confirm whether the strong result is some "early year exuberance" or a trend that can persist.

The best sub-region performer was Sydney's Northern Beaches with a clearance rate of 82.4%.

Banks Offering Better Fixed Rates

In a sure sign that they think interest rate cuts are looming, the big banks have started to cut fixed interest rates.

Macquarie, AMP Bank, Bendigo, Adelaide Bank and the Bank of Queensland have all cut their fixed rates in the past three months, according to Mozo.

Research and compliance manager Peter Marshall says fixed rates are finally starting to become more competitive. It comes as the RBA met for the first time in 2024 and decided to keep interest rates on hold.

"Banks are starting to become more confident that the next change in the cash rate will be a cut, and probably more than one cut," he says.

"When setting fixed rates, banks try to look ahead and implement anticipated future changes into their fixed rates. As they become more confident of cuts later this year, fixed rates will start to fall even further."

He says the lowest variable rates are about 6% and now fixed rates are beginning to drop below that, particularly for those willing to lock in for two or three years.



Quote Of The Week

"A more stable interest rate environment, coupled with ongoing population growth and a low level of new building activity, will support home price growth this year."

PropTrack senior economist Angus Moore



We're Borrowing More

Rising property prices mean we are borrowing more than ever to finance our dreams of homeownership according to the latest ABS Figures.

Queensland's new record home loan size is now, \$572,439, South Australia, \$519,478, and Western Australia, \$509,275. The amount being borrowed dropped in Victoria by almost \$25,000 to \$613,018 and it was slightly down in New South Wales to \$785,405 (it peaked at \$803,235 in January 2022).

According to the ABS, there have been 732,385 mortgages refinanced since interest rates began rising. Australians are borrowing more to keep up with rising prices according to PropTrack senior economist Angus Moore. He says prices will continue to rise in 2024, although potentially at a slower pace than in 2023.

"A more stable interest rate environment, coupled with ongoing population growth and a low level of new building activity, will support home price growth this year," Moore says. The median value of all dwellings in capital cities in Australia is more than \$800,000 while nationally the median value of homes and units is \$760,000, according to PropTrack.



Transaction Numbers Rise

The number of properties changing hands is on the rise despite the low level of listings, according to data from property settlement platform PEXA.

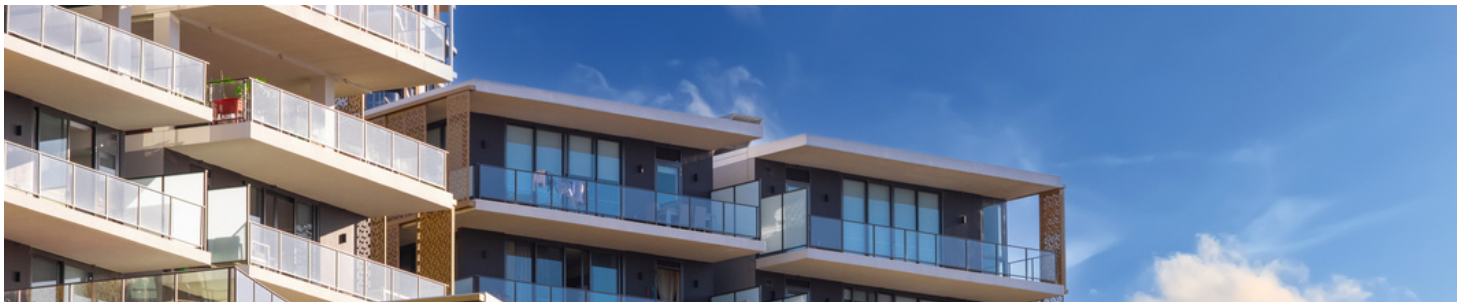
Its latest Property Insight Report, says the December quarter recorded the highest number of property transactions of any quarter during 2023. The report says more than 670,000 properties were bought and sold in Australia last year, worth a combined value of around \$613 billion.

Residential settlement volumes grew across all price levels in the second half of 2023 with nearly \$50 billion of residential property settled in December.

PEXA head of research Mike Gill says the increase in sales at the end of the year, shows that buyer confidence is returning.

"Sales volumes are likely to recover further during 2024," he says.

"Particularly if inflation decelerates, we could expect the RBA to keep interest rates on hold, and eventually cut them." The report shows that settlements are up for properties worth more than \$1 million and for those below \$500,000.



Units Will Outperform Houses

Unit price growth is tipped to outperform house price growth as demand for more affordable housing drives more buyers to the unit market.

CoreLogic research director Tim Lawless says it's logical to expect more demand will start to focus on the unit sector.

Analysis of unit price growth shows values are up by 120% in Melbourne, 115% in Sydney and 81% in Brisbane over the past 20 years.

Lawless says undersupply is likely to push up unit prices further in the coming years. He says previously an oversupply of units meant the asset did not grow substantially in value for some time.

He believes unit price growth in the East Coast capitals will continue and that Sydney's unit markets will be the outperformers over the next decade as housing affordability worsens and the number of new units approved falls further.

"Approved unit supply over the 12 months to November last year was tracking 26.4% below the decade average, suggesting the unit sector is likely to be undersupplied, at least over the medium term," he says.