



# The Week In Real Estate

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## Vacancy Rates Hits New Low

The national vacancy rate has hit a new record low with predictions that the scarcity of rental properties will drive rents up further.

Data from PropTrack shows that in February the national rental vacancy rate fell to 1.07% and was below 1% in Brisbane, Adelaide and Perth.

Its analysis says the number of rental properties available for rent is now 57% lower than it was at the start of the pandemic.

The high demand means rental properties on average are listed for only 18 days before securing a new tenant.

PropTrack senior economist Angus Moore says the only thing that will ease the rental market is more stock.

“That is a slow process,” he says. “The government has a housing target of 1.2 million new homes in five years, but unfortunately we are not building enough to meet that.”

“Until then, we don’t see relief for renters in the near term, and with the market this tight, it will only result in further price hikes.”

## New Home Sales Rise

Sales of new homes nationally increased by 5.3% in February according to new data from the Housing Industry Association (HIA).

The HIA New Home Sales report is a monthly survey of the largest volume home builders, it shows the increase as in most of the large states. HIA Chief Economist, Tim Reardon says given the weakness of January data, it is not too surprising to see an uptick in February. While sales did increase, they still remain at low levels according to Reardon.

“The higher borrowing costs are compounding the elevated cost of land and construction, drying up the pipeline of new home building work despite the significant pent-up demand for housing,” he says.

New home sales increased by 8.4% in Queensland, 6.3% in Victoria and 5% in Western Australia.

Sales dropped by 5.5% in South Australia during the month.

The new figures mean that quarterly sales are up in Western Australia (+39.9%), Queensland (+20.4%) and New South Wales (+16.0%).



## Quote Of The Week

*“While some buyers have paused their housing plans, the intention to buy remains strong and prospective buyers are becoming more ruthless with their goals.”*

Westpac managing director of mortgages Damien MacRae



## Build-To-Rent Rising

The build to rent sector is on the rise according to the JLL Apartment Market Overview Q4, 2023.

It shows that the unit pipeline is increasing with nearly 60% of build to rent projects in Victoria, 24% in Queensland and 11% in NSW. JLL says it is a way for developers to better deal with rising construction costs.

“The BTR project pipeline continues to grow, buoyed by the advantage of no pre-sales period,” the report says.

“But the BTR pipeline is still small and not large enough to offset the decline in Build to Sell supply.”

JLL head of living, capital markets, Jack Bergin, says investors are showing a strong desire to be part of the sector. But he says further regulatory support is needed to support project viability and unlock the full potential of build-to-rent sector and deliver new housing.

The report says while BTR in Australia remains in its infancy it has gained momentum and drivers such as a tight rental market and low build to sell supply levels, support the need for more of it.



## Housing Hits \$10.4 Trillion

The total value of Australia’s residential housing market has hit \$10.4 trillion.

Australian Bureau of Statistics figures show property prices throughout Australia are continuing to rise. Its figures show in the final quarter of 2023, the total value of Australia’s 11.1 million residential properties increased by almost \$200 billion. It was the third consecutive quarter that the total value of residential property has exceeded \$10 trillion.

The ABS says the mean home price in Australia is now \$933,800 with all states and territories recording a rise in dwelling values during the quarter.

The mean price was highest in NSW, \$1,184,500, followed by the ACT (\$948,500), Victoria (\$895,000), Queensland (\$828,300), South Australia (\$731,800), and Western Australia (\$727,900). Tasmania is \$653,800 and the Northern Territory, \$489,200. The report also shows the number of residential buildings rose by 52,500 during the quarter.

CoreLogic’s March 2024 Home Value Index (HVI) recorded a national increase in dwelling values of 0.6% in February.



## Buyer Demand Strong

Supply issues aside, about 44% of Australians say they plan to buy a home in the next five years, according to the latest Westpac Home Ownership Report.

At the same time there has been a 6% increase in the number of investors who plan to buy and 4% increase in owners wanting to renovate.

Westpac managing director of mortgages Damien MacRae says the figures show Australians are still keen on home ownership.

“While some buyers have paused their housing plans, the intention to buy remains strong and prospective buyers are becoming more ruthless with their goals,” he says.

“They understand it’s a big task, but they are determined to break into the market and are willing to compromise to get there.”

The report found 75% of prospective buyers were willing to buy in areas they hadn’t considered before and 50% were going to rent-vest, buy where they want to invest and rent where they want to live, as a means of getting into the market.