



The Week In Real Estate

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Top Regions For Investment

Regional Australia still has plenty to give investors despite significant price gains during the pandemic years, according to a new analysis by PRD Real Estate.

Its latest Roaring Regions report shows regional towns are some of the best places to invest. It analysed regional LGAs in Queensland, NSW, Victoria and Tasmania, assessing affordability, rental yields and vacancy rates, infrastructure development and unemployment rates. PRD Real Estate chief economist Dr Diaswati Mardiasmo says the regional areas generally had higher rental yields than their capital city counterparts and either equal or stronger capital growth. Local Government Areas (LGAs) which made the top ten had a median house price of less than \$600,000.

In no particular order, the top LGAs are:
QUEENSLAND: Mackay, Toowoomba, Townsville
NEW SOUTH WALES: Dubbo, Tamworth, Griffith
VICTORIA: Ballarat, Shepparton, Wodonga
TASMANIA: Burnie

“People always ask, ‘if you had a lazy \$1 million, where would you invest?’ and I always say regional areas,” Mardiasmo says.

Unit Values Rising Faster

Unit values are increasing at a faster pace than house values throughout Australia.

Data from CoreLogic shows the growing demand for units is driving prices higher than houses in more than half of all Australian suburbs. CoreLogic research director, Tim Lawless, says with houses proving to be unaffordable for many buyers and supply drying up, demand is becoming even stronger for units, particularly from first-home buyers and investors.

“I wouldn’t be surprised if we see more suburbs where units outperform house price growth from here onwards because of affordability and supply constraints,” he says.

CoreLogic figures show units outperformed houses in 633 of 1168 suburbs analysed in the past quarter. Brisbane unit values increased more than houses in 77% of the suburbs, and 60% in Perth. In Sydney, Melbourne and Adelaide more than half of the suburbs recorded higher unit value increases.

The data shows Brisbane’s units had the strongest growth of 4.1% in the past quarter while houses rose by 2.8%.



Quote Of The Week

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CoreLogic research director, Tim Lawless



Supply Support Starts

A new scheme aimed at boosting housing supply has now opened.

The Federal Government's \$500 million Housing Support Program is open for applications from state, territory and local governments for projects that will boost the planning required to increase housing supply. The first stage is focused on projects that will build the location's planning workforce and therefore improve the efficiency of the planning process so construction can start sooner. Property Council of Australia, Chief Executive Mike Zorbas says everything that can possibly be done to meet the Federal Government's housing goal needs to be done.

"We need to disrupt decades of undersupply by providing incentives that no state or local political leader can walk past," he says.

"We know unresponsive planning systems across the country are the biggest barrier to housing supply and affordability, so any initiative to streamline these processes is welcome."

He says only supply will improve affordability for low-income households.



Buyers Getting Ready

Buyer behaviour shows they are ready to get into the market with figures from Loan Market showing a spike in pre-approval applications.

In the past month it has recorded 1117 pre-approvals compared with 650 at the same time last year. Buyers are already returning to the auction market after the Easter break with a national clearance rate of 76% last weekend – the highest since early February 2024.

CoreLogic figures show Sydney had the highest clearance rate of 82%, followed by Adelaide 77%, Brisbane, 75% and Melbourne 71%. Clearance rates were lowest in Canberra, 62%.

Almost 2000 properties were taken to auction last weekend, although that is well below the 3500 in the weekend before Easter.

Across regional centres, Ryde in New South Wales was the best performer last week, with 94% of properties taken to auction selling. Sydney's inner west was the only other region in Australia to achieve a clearance rate above 90% with 92% of properties selling under the hammer.



Property Increases Our Wealth

Rising property prices have substantially lifted the value of Australia's household wealth.

Australian Bureau of Statistics figure for the December 2023 quarter, shows that household wealth is up for the fifth consecutive quarter. It rose 2.8% (\$419 billion) during the quarter, stronger than the June 2023 quarter when it rose by just 2.3%. The ABS says residential land and dwellings are the largest contributors to the rise of total household wealth (1.2%), which rose to \$15.7 trillion - 7.8% higher than at the same time in the previous year.

ABS head of finance statistics Mish Tan says domestic and overseas share markets also grew substantially and added to household wealth.

The figures also show that demand for credit was \$105.1 billion in the December quarter, the strongest demand in more than a year.

"Household borrowing reflected continuing demand for housing amid strong population growth. A seasonal boost from spring housing market sales also drove household borrowing in the December quarter," Tan says.