



The Week In Real Estate

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

April 20, 2024



Rising Star Property Hotspots

The capital cities are tipped to outperform regional markets this year according to the annual Canstar's Rising Stars Report.

The report, powered by Hotspotting, analysed Australia's key 14 property markets - eight capital cities and six regional areas - to identify the markets primed for property price growth in 2024. Canstar ambassador Effie Zahos says while the regions have certainly experienced strong price growth in recent years it is now time for capital cities to shine.

"The allure of urban living is piquing our interest again," she says.

She says that's not to say there aren't regional markets worth investing in, but our attention is turning back to the capital cities where pockets of affordability remain with all the benefits that come with urban living. The report highlights 110 'Rising Star' locations with impressive sales volumes, solid price growth, low vacancy rates and high rental growth, plus infrastructure spending and planned amenities. This year there is a higher number of unit markets reflecting the growing shift toward more affordable units.

Brisbane tops the list of suburbs in 2024 as having the best prospects for future capital growth, followed by Adelaide and Sydney. Queensland is the top regional market.

The New Age Investors

Millennials and Gen X were behind more than half of property investment purchases in the past year, according to a new analysis by the Commonwealth Bank.

It says 46% of new property investors in 2023 were millennials (born between 1981 and 1996) followed by Gen X (born between 1965 and 1980) who accounted for 37% of all new investment property purchases. It says the typical property investor is now 43 years old with an average loan size of just over \$500,000.

Commonwealth Bank executive general manager of Home Buying, Michael Baumann says about one-third of millennial property investors bought on their own.

Baumann believes a percentage of these buyers are "rentvestors" investing where they can afford and renting where they actually want to live.

Nationally, the top postcodes for new property investment purchases in 2023 were 2000 (Sydney CBD, including Haymarket); 3029 (West Melbourne, including Hoppers Crossing); 2765 (North West Sydney, including Marsden Park), 3064 (North Melbourne, including Craigieburn), and 2155 (North West Sydney, including Kellyville).



Quote Of The Week

"The allure of urban living is piquing our interest again."

Canstar ambassador, Effie Zahos





Regional Price Growth

Regional house prices are experiencing the highest growth since March 2020, according to new PropTrack data. PropTrack Senior Economist Eleanor Creagh says coastal and regional areas benefited most from affordability advantages and a pandemic-induced preference shift in recent years. She says four years since the start of the pandemic regional home prices have outperformed their capital city counterparts in every state except Western Australia and the Northern Territory. The best-performing regional market in the past four years was Regional Queensland with prices up 66.5% since March 2020, while Brisbane was up 63.15 during the same period.

- Regional South Australia was up 66.2% and Adelaide was up 64%
- Regional Western Australia was up 55.5% and Perth was up 57.3%
- Regional Tasmania was up 53.6% and Hobart was up 36.1%
- Regional NSW was up 51.6% and Sydney was up 34.7%
- Regional Victoria was up 40.6% and Melbourne was up 17.2%
- Regional NT was up 9.4% and Darwin was up 25.1%
- The ACT was up 37.4%

Investors and FHBs Back

Loans to investors and first-home buyers picked up in February according to new data from the Australian Bureau of Statistics.

The figures show a 1.5% increase in mortgage commitments across the board during the month to the value of \$26.4 billion.

Investor loans rose by 1.2% in February and first-home buyer loans increased by 4.8% in the month. Both are 21% higher than at the same time last year. There were 9,377 loans to first-home buyers during February.

ABS head of finance statistics, Mish Tan, says investor loans made up more than half of the growth in total new loan commitments in the past year.

The value of new loans written in February was \$26.4bn, with \$9.53 billion of that investments.

NAB senior economist Taylor Nugent says the increase in loans to first-home buyers shows that the market remains resilient and that higher mortgage rates are not a hurdle when compared to the alternative of renting.



Rents Continue to Rise

Rental growth picked up pace again in the first quarter of 2024 with combined capital house rents up by 5% (\$30).

The latest Domain Rental Report shows the increase was the largest quarterly rise in 17 years and the second highest on record. It says the supply-demand imbalance is still clearly placing pressure on rents.

Despite the increases the pace of growth is slowing – rising three times slower than in the March quarter of 2023 and annual gains are the slowest since June 2022.

The report says there are record asking rents in most capital cities with the exception of Canberra houses and Hobart units.

House rents increased the most in Adelaide (5.4%) during the quarter, followed by Perth (4.8%), Melbourne (3.6%), Brisbane (3.3%) and Sydney (2.7%). House rents were up by 0.7% in Canberra and there is no change in Darwin or Hobart. Rents were up for units in most capital cities with the exception of Canberra and Darwin.