



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

May 18, 2024



Foreign Investment Surge

Overseas-based investors have spent \$5.3 billion on Australian property in less than a year according to new data from the Federal Treasury.

The data shows that there were 4700 residential purchases made by international buyers in the first three financial quarters of 2023. Of those 1955 homes were bought by China-based investors, 400 by Hong Kong-based investors and 259 by Vietnam-based investors.

PropTrack director of economic research Cameron Kusher, says while the value may appear high, foreign investment only accounts for a very small portion of Australia's property market. He says these types of buyers are generally buying higher-end properties, which are out of reach of first homebuyers.

"International investors are not impacting the lower end of the market," Kusher says.

"Australia is a popular destination for international investors, but these overseas buyers are not impacting the market."

The data shows that many overseas-based investors are securing properties in Sydney.

Listings Remain Tight

The number of residential property listings remains tight with SQM Research data's latest report showing a 6.4% fall in the past month.

There were 256,000 properties listed nationally in March and 239,660 in April, although SQM Research Managing Director, Louis Christopher, says the April drop was largely a result of school holidays and Easter.

"We are seeing a continued year-on-year rise at the national level," he says.

The number of properties listed for sale is now 5.6% higher than it was at this time last year. The increase was driven by Melbourne with the largest increase in listings in the past 12 months of 17.7% and Sydney, up 12.8%.

New property listings, properties that have been listed within the past 30 days, also increased by 10.6% over the past 12 months.

"As the realisation sets in for all market participants that an interest rate cut is not imminently coming, we expect market caution to build over the winter months and so do not at this time rule out some housing price falls in our largest capital cities for the 2nd half of 2024", Christopher says.



Quote Of The Week

"I see opportunities in unique, well-located units, whether CBD, city fringe or even a little further out, which offer an attractive space to live."

HTW Brisbane Managing Director, Gavin Hulcombe



Where Rents Are Rising Fastest

Australia's median rent has now hit \$627 per week, although many tenants are paying more than that according to a new analysis by CoreLogic.

It says the lowest median rent in Australia is \$547 per week in Hobart, while the highest is \$770 per week in Sydney. Rents are also rising in the regions with a median of \$540 per week.

CoreLogic, head of research, Eliza Owen, says renters are being forced into more affordable, peripheral housing markets as they become priced out of more desirable and central metropolitan locations.

In the capital cities, Perth had the strongest rental growth, up 13.6% to \$669 per week in the past 12 months, Melbourne was up 9.6% (\$589), Sydney, 9% (\$770) and Adelaide, 9.1% (\$589).

Brisbane rents increased by 8.5% to \$649 per week, Darwin is up 3.5% to \$617 and Hobart was the only market where rents dropped in the past 12 months, it was down 0.2% to \$547.



Future Tradies Funded

The Federal Government has committed \$91 million to boost the number of skilled construction workers in an effort to help speed up construction.

The plan will add almost 22,000 new workers to the sector. Master Builders Australia, Denita Wawn says only about half of those who leave the industry every year are being replaced. The upcoming budget will commit \$62.4 million to create 15,000 fee-free training places in TAFE and VET vocational colleges; \$26.4 million to create 5000 pre-apprenticeship programs; and \$1.8 million to speed up the skills assessment of 1900 potential migrants. Wawn says making it easier for skilled migrants to have their qualifications recognised is crucial for the industry.

She says a review found skills assessments or qualification recognition can take up to 18 months and cost nearly \$10,000 which is time and money people simply don't have.

Housing Industry Association managing director Jocelyn Martin says the Government also needs to continue subsidising companies who take on apprentices.



Unit Development Must Double

The number of apartments that are being built in Australia needs to double to help meet the Government's target of 1.2 million homes in the next five years, according to the Housing Industry Association.

The HIA Economic and Industry Outlook report which forecasts new home building and renovations activity, says the development of apartments has fallen to almost half of what was being built in 2016.

HIA chief economist Tim Reardon says 95,380 detached homes will start construction in FY2024. The HIA then expects the start of a slow recovery the following year with 97,770 commencements in FY2025, before exceeding 110,000 by FY2027.

It predicts there will be 64,350 units built in FY2024, 78,280 in FY2025 and 93,480 in FY2026.

Much of this growth will be as a result of the positive impact of the upcoming 2032 Olympic Games in Brisbane, according to the HIA, as well as growth in the build-to-rent sector.