



The Week In Real Estate

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Where Prices Have Doubled

Australian property prices remain higher in almost all locations than they were four years ago with new analysis showing some areas have more than doubled.

The data shows the pace of price growth in the past four years is substantially higher than it was in the preceding four years. PropTrack Economist, Anne Flaherty says that is because market conditions during the pandemic triggered a “once-in-a-generation boom”, driven primarily by very low borrowing costs and lifestyle changes.

“The level at which property prices rose in 2021 in particular was the fastest episode of price growth seen in over 30 years,” she says.

Adelaide suburbs dominate the list of top price growth locations with prices in Elizabeth North up by 151%, Davoren Park, up 142% and Smithfield Plains up 132%.

In Western Australia, Camillo prices rose by 114% and Armadale by 105%, while in Queensland house prices in Mount Coolool on the Sunshine Coast are up by 113% and on the Gold Coast, Hope Island is up by 103%.

Warracknabeal in regional Victoria is up by 105%, while in regional NSW, Ashmont is up 116%.

Build Costs Normalising

The increase in construction costs is easing, with new figures showing growth in the past year is the lowest since 2007.

CoreLogic's Cordell Construction Cost Index (CCCI) says costs only increased by 0.8% for the first quarter of 2024 and 2.8% in 2023.

CoreLogic Economist Kaytlin Ezzy says while growth in national construction costs are easing from the highs experienced throughout the pandemic, price levels remain elevated. “The strong fluctuations seen in building material costs over the past few years have levelled out and are now within normal margins,” Ezzy says.

Despite the slowdown costs are still 27.6% higher than at the start of the pandemic. Ezzy expects cost growth to remain subdued in the coming year.

“National dwelling approvals have held well below average in 2023 and are continuing to do so into 2024, helping to dampen the growth in construction costs,” she says.

Costs rose by 0.7% in the quarter in Queensland and South Australia, while New South Wales and Victoria were both up 0.9% and Western Australia was up 0.7%.



Quote Of The Week

“The level at which property prices rose in 2021 in particular was the fastest episode of price growth seen in over 30 years.”

PropTrack Economist, Anne Flaherty



Property Confidence Rises

Property industry confidence is on the rise according to the latest Procore/Property Council Survey.

Property Council of Australia Group Executive Policy and Advocacy Matthew Kandelaars, says the stable interest rate environment and easier access to finance is helping calm the industry, despite it having to deal with “broken state planning systems and government inefficiencies”. He says all levels of government need to work together to meet national housing targets and encourage investment in the property sector.

The survey shows that expectations of further house price growth continue to increase reaching their highest level since the December 2021 survey.

“This comes off the back of an undersupply of housing, with 40% of participants noting housing supply and affordability as the major issue facing the federal government and 41% for state governments,” the report says.

The survey canvassed the views of more than 500 respondents including, owners, developers, agents, managers, consultants and government across all major industry sectors and regions.



Australia Ranks Top Four

Australia is in the top four in the world for house price growth in the past five years according to new data from the International Monetary Fund.

The data shows that after inflation Australian house prices have increased by more than 10% since 2019. Only the United States, the United Arab Emirates and Japan had higher real house price growth during the same period. It comes as the Australian Financial Review’s quarterly property survey, tips that prices will keep rising.

Its panel of ten experts are predicting growth of 5% nationally with Perth expected to have the strongest growth of 16% in 2024.

The survey shows that demand is the highest in affordable cities and Brisbane and Adelaide should increase by about 10% this year. Sydney’s growth is forecast to be between 4.5% and 9 % and Melbourne by up to 4%.

Knight Frank chief economist, Ben Burston says despite recent growth prices in Perth and Adelaide, remain well below that of other capital cities and still have “further upside in the near term”.



Where First-Time Investors Buy

First-time investors are sticking close to capital cities, according to a new report.

The Active Property Investors Report from the Commonwealth Bank also shows the average age of property investors in Australia is 43 and the average loan size is a little more than \$500,000.

CBA’s Executive General Manager of Home Buying, Dr Michael Baumann, says nationally the top location for new property investment purchases in 2023 was in the 2000 postcode of the Sydney CBD including Haymarket.

In Melbourne the top postcode, was 3029 which covered West Melbourne, including Hoppers Crossing.

Another top performer is the 2765 postcode of North West Sydney, including Marsden Park.

The top Brisbane location for new investment purchases was the 4000 postcode which includes the Brisbane CBD.

Dr Baumann says the majority of the top-performing postcodes have been consistently popular with investors for many years. The data shows since 2019 three of the top-performing investment postcodes are still at the top of the list.