



# The Week In Real Estate

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## New Home Sales Increase

Property buyers are targeting new properties with the latest figures showing a lift in new home sales in the June quarter.

According to the Housing Industry Association new home sales during the quarter are 20.4% higher than at the same time in 2023.

HIA economist, Maurice Tapang, says sales of new homes nationally increased by 15.7% in the June quarter of 2024 compared to the March quarter. He says this will result in a lift in construction later in the year. The increase in demand started in Western Australia in the second half of 2023 according to Tapang. It was followed by an increase in new home sales in Queensland and South Australia in the first half of 2024.

"These three markets have seen demand for new homes increase due to strong employment opportunities and relatively affordable land, driving local population growth," Tapang says.

"Market confidence is returning as the impact of rate increases dissipates and the shortage of housing stock makes new home building increasingly attractive."

## Where Affordable Houses Are

There are still opportunities to buy affordable houses in Australia's capital cities despite recent price growth.

Analysis from CoreLogic shows that 28.2% of Melbourne's housing markets can still be considered affordable. It considers a suburb affordable if the median house price does not exceed \$900,000 in Sydney and Melbourne and \$600,000 in the other capital cities.

In Adelaide, 10.2% of housing markets meet that criteria, in Perth, 9.4% were affordable and in Brisbane 8.8% were. The proportion of Sydney homes in the affordable category is 5.5%.

Nationally, the portion of affordable house markets has fallen to 46%, down from 50.2% a year ago.

CoreLogic Research director Tim Lawless says the pool of affordable suburbs will continue to shrink as prices continue to rise in the coming months.

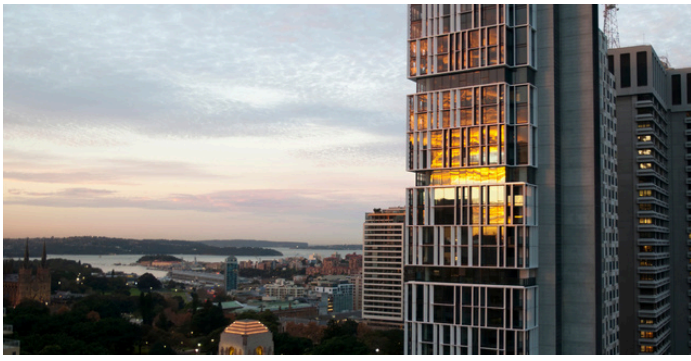
"I think we'll see a further erosion of affordability, and for those people looking to get into the marketplace, that probably means it's going to become harder," he says.



## Quote Of The Week

*"Market confidence is returning as the impact of rate increases dissipates and the shortage of housing stock makes new home building increasingly attractive."*

HIA economist, Maurice Tapang



## More Price Growth Ahead

The Australian property market still has plenty of growth ahead of it according to KPMG.

It is forecasting that house prices will increase nationally by 5.3% in the next six months, and by another 5.6% over 2025.

It says apartment prices will rise by 4.5% by the end of 2024 and in 2025 will increase by 5.6%.

KMPG chief economist Dr Brendan Rynne says the market has withstood a period of high interest rates, inflation and subdued consumer sentiment and still provided strong price growth.

“Many barriers remain to developers building new homes while continuing high rental costs are pushing renters to look to buy instead which is pushing up demand,” he says.

“Foreign investment activity has also yet to regain its levels of two years ago. But overall, we will still see solid price gains over the next 18 months, especially in 2025, as the RBA starts to introduce rate cuts, as we anticipate.”



## Top Performing Locations

New PropTrack data shows where the big winners in Australia's property market are. It has analysed the suburbs with higher demand, faster selling times and strong price growth, with many affordable locations making the list. PropTrack senior economist Anne Flaherty says locations where prices are lower and homes offer more value are in high demand. “Those affordable pockets are now attracting a greater pool of buyers because that same pool of buyers is being priced out of a lot more regions. This is intensifying buyer demand in Australia's more affordable pockets, leading to faster selling times and higher prices.” Western Australia suburbs had the highest house price growth in the first six months of 2024, with three Medina, Parmelia and Orelia, all with growth of around 25%. Most of the top suburbs for house price growth had a median value below \$600,000, while only one had a median above \$800,000. In Queensland, Brisbane suburb Stafford and Townsville suburbs, Rasmussen and Cranbrook had growth of more than 15%. In NSW, Merrylands West, Guildford West and Guildford were up by about 11%, while South Australia's best performers were New Port, Norwood and Glenside, up about 17%. Victoria's top performers were Rutherglen, Merbin and Eagle Point up about 7%.



## Listings Lifting

It may seem like there has been little on offer for the past four years, but listings are finally on the way up.

According to realestate.com.au new listings in June are up nationally by 1.3% compared to the same time last year, and in the combined capital cities, there are 5% more listings to choose from.

It says new listing volumes have surpassed expectations, with monthly new advertised properties higher than the five-year average.

Data from Ray White shows listing authorities jumped 19% nationally over the past 28 days compared to the same time last year, Listing authorities are an indication that properties are being prepared for the market.

Year on year new listings are up 9.1% in Melbourne, 7.8% in Sydney, 6.5% in Hobart and 5% in Brisbane. In regional centres, new listings are down in all markets except regional South Australia which is up 8.2% year on year.