



# The Week In Real Estate

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## Property Worth Trillions

The total value of Australia's property market continues to grow, breaching \$11 trillion for the first time.

Property values increased by \$900 billion in the past 12 months, according to CoreLogic.

It says home values nationwide grew by 1% in the September 2024 quarter, with growth for the year to September now at 6.7%.

The smaller capital cities continue to drive the market, with CoreLogic economist Kaytlin Ezzy saying property values in Perth, Sydney, Brisbane and Adelaide are at record highs.

Perth's annual growth is 24.1%, Adelaide 14.8% and Brisbane 14.5%. Sydney is up 4.5% in the 12 months to September while Melbourne and Hobart are 5.1% and 12.5% respectively below record highs recorded in March 2022. Ezzy says the pace of growth has slowed, partly influenced by an increase in listings, which are up 2.1% year-on-year in October.

"As we move through spring, we're likely to see further moderation in value growth as new listings continue to rise, providing some relief for buyers who have faced intense competition over the past year," she says.

## Home Building Approvals

Building approvals for homes have increased slightly, although not at the level required to help fix Australia's housing crisis.

The latest Australian Bureau of Statistics figures show building approvals for houses rose by 0.5% in August. At the same time approvals for apartments and townhouses fell by 16.5%. Master Builders Australia (MBA) chief economist Shane Garrett says the drop in detached and high-density dwelling approvals is concerning and means Australia will struggle to meet its housing targets.

MBA CEO Denita Wawn says a major issue in providing housing is the lack of availability of tradespeople. She says the National Centre for Vocational Education Research shows an "alarming shortfall" in apprentices entering the industry and completing their qualifications.

"To bring Australia out of the housing crisis we need to drastically increase the supply of housing and we can't do that while we're simultaneously suffering through a labour shortage," she says.

"Until we're able to address the challenges facing the future of the workforce, we won't be able to increase building activity."



## Quote Of The Week

***"While the increase in unit sales may seem incremental, it shows home buyers are increasingly opting for more affordable housing solutions given current economic conditions."***

InfoTrack head of property, Lee Bailie



## Cranes Dot Skyline

Approvals for new apartment developments may be down, but according to the latest Rider Levett Bucknall Crane Index, plenty of projects are under construction. The index counts the number of cranes installed or removed from building sites around Australia as a measure of ongoing construction activity. The Q3 index says there are 493 cranes nationally in use on residential projects, with 134 added and 176 removed during the quarter. Adelaide has 10 cranes working on residential projects, up from nine at the start of the year, while Brisbane has 33 compared to 35 in the first quarter of the year. The report says the residential sector continues to account for the largest sector of construction in Brisbane, accounting for 50% of all cranes. In Canberra, there are 17 cranes on residential projects, up from 14 at the start of the year while on the Gold Coast, there are 57 cranes on residential projects up from 53 at the start of the year. Melbourne has 80 cranes working on residential projects, down from 107 at the start of the year. Perth has 29 cranes, compared with 27 at the start of the year. Sydney has 232 cranes, down from 251 at the start of the year.

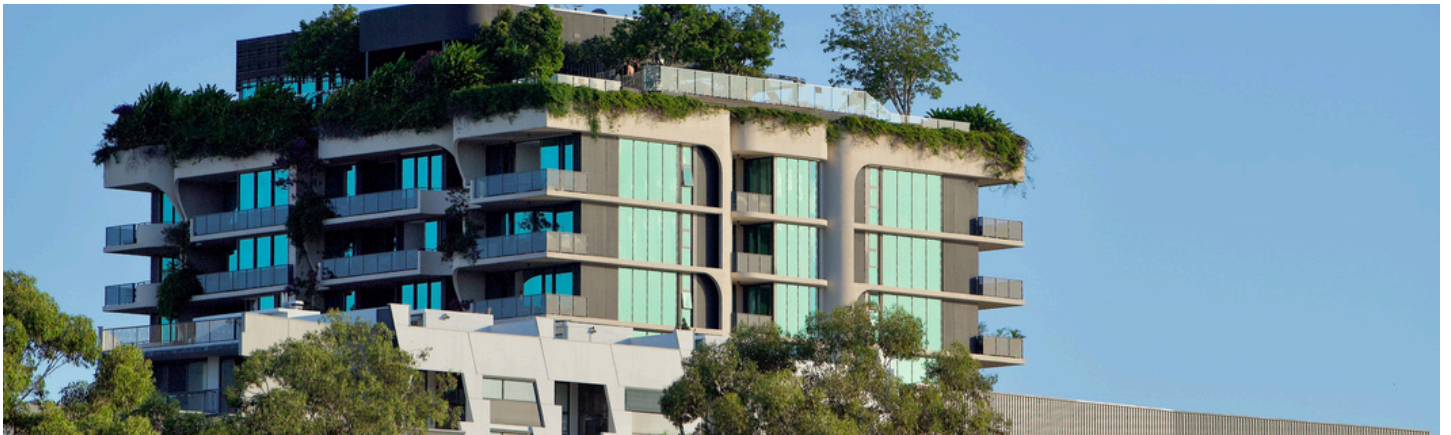


## Time To Buy

The latest Westpac survey on whether it is the right time to buy a dwelling has increased to its highest level since the start of the year. It comes as brokers report some prospective buyers are keen to purchase before a potential rate cut increases the competition in the market next year.

The Westpac-Melbourne Institute Consumer Sentiment survey reveals buyers expect interest rates to start falling early next year and, at the very least, not increase further. They also expect house prices to continue increasing. Westpac senior economist Matthew Hassan says consumers are coming around to the idea that rates are likely to move lower than higher. He says some confidence has returned to the market due to new incentives for buyers, with both Queensland and South Australia rolling out first-home buyer assistance.

Hassan is predicting a cash rate cut in February. He says there is no expectation of getting better prices by delaying a purchasing decision at this stage.



## Unit Demand Grows

More buyers are opting for affordable properties and in many capital cities that means buying a strata unit.

Analysis by InfoTrack shows strata property purchases increased from 31.43% in the first quarter of 2024 to 33.01% in Q3 in New South Wales. In Queensland strata purchases increased from 26.47% in the second quarter of 2024 to 27.43% in the third quarter. InfoTrack head of property, Lee Bailie, says the changes are evidence of the wider issue with housing affordability across the country.

"While the increase in unit sales may seem incremental, it shows home buyers are increasingly opting for more affordable housing solutions given current economic conditions," he says. "These developments, of which we've seen a boom along Sydney's metro lines, have led to the decrease in single dwelling house purchases and an increase in apartment-style living." He says there has been an increase in the number of sales of medium—and high-density units bought off the plan throughout the year as house transaction numbers are dropping, particularly among first-home buyers.

"House transactions have had an almost 5% drop among this buying cohort this year, decreasing from 47.14% in Q1 to 43.1% in Q2, now only maintaining 42.91% share in Q3."