



The Week In Real Estate

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Values Rise

Australian property values are continuing to rise, although the rate of growth has slowed in the past month.

CoreLogic's latest Hedonic Index shows that national values are up by 0.3% in October, the 21st month of growth since February 2023.

The smaller capital cities continue to drive market growth, with Perth up 1.4% during October, Adelaide up 1.1%, Hobart up 0.8%, and Brisbane up 0.7%. All other capital cities recorded small declines in dwelling values during the month.

CoreLogic research director, Tim Lawless, says it is the more affordable markets that are performing the best.

"A combination of less borrowing capacity and broader affordability challenges, as well as a higher-than-average share of investors and first home buyers in the market, is the most likely explanation for stronger conditions across the lower value cohorts of the market," he says.

Lawless says slower growth in home values has been accompanied by a rise in advertised stock levels.

Sentiment Switch

Buyers are returning to the property market in force, according to API Magazine's Property Sentiment Report Q3 2024.

The survey of investors and industry professionals shows sentiment has switched and the proportion of respondents opting to sit out or "wait and see" has dropped sharply over three successive quarters.

Those choosing not to transact have dropped to 22%, down from 39% in Q4, 2023.

The report says 29% of respondents are planning to buy in the coming 12 months, although the number planning to build has dropped from more than 10% at the end of 2023 to 6.8% per cent in the latest quarter.

In the past quarter, there has been a marked shift towards the traditional investment vehicles of houses, units and apartments, with a corresponding drop off in the proportion of buyers looking to buy alternative property assets.

Overall, respondents say that they believe property prices will continue to rise well into 2025.



Quote Of The Week

"We need to encourage investors to get into the market more and we need to especially encourage them to stay over the long term. And one way of doing that is stopping these continual changes to legislation."

Property Investment Professionals of Australia (PIPA) chair, Nicola McDougall



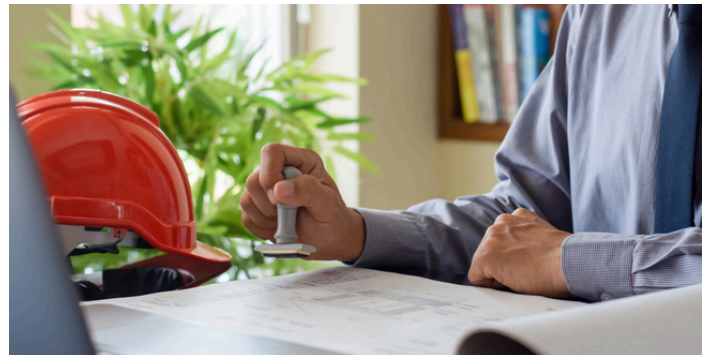
Regional Hotspots

Queensland and Western Australia are leading the country for the best-performing regional hotspots.

Analysis by Buyers Agent, says Mandurah in Western Australia is a top investor hotspot, which is transitioning from a mining town to an affordable alternative to Perth.

PropTrack senior economist, Eleanor Creagh, says regional property markets are continuing to perform well. She says markets in regional Queensland, South Australia and Western Australia are recording strong growth. In October, dwelling values grew the most in regional South Australia (up 0.6%) and regional Queensland (up 0.3%) on the back of “robust annual growth”. In the past 12 months dwelling values are up by 13.6% in regional Western Australia, 12.1% in regional South Australia, 10.5% in regional Queensland and 3.3% in regional New South Wales. Values in regional Victoria are down by 1.5%.

Creagh says that on the whole, home price growth has reaccelerated across Australia after slowing through winter and early spring.



Apartment Approvals Need Boost

While approvals for houses are on the rise, the number of apartments being approved in Australia is still too low, according to the Property Council of Australia. It says that in September, approvals for townhouses and apartments rose 4.7% to 4,653 but remained subdued after a 13.5% fall in August.

In the past 12 months, only 56,186 apartments and townhouses have been approved, at the same time in 2018, 102,323 were approved. The Property Council's Matthew Kandelaars says Australia will not meet its housing targets if approval levels for both houses and units don't increase.

“It is particularly apparent that we are just not building apartments at the levels we used to, and those approvals remain below where they need to be,” he says. “High construction costs, sluggish planning processes and taxes that hinder apartment projects are now limiting supply.” While more than 40% of Australians support high-rise apartment development, the majority still don't want it in their neighbourhood, according to the latest REA Property Seeker Survey.



Investors Could Pull the Pin

Investors struggling with the skyrocketing costs associated with rental reforms, could end up pulling the pin, the Property Investment Professionals of Australia (PIPA) is warning.

This will only make the current housing crisis worse, according to PIPA chair Nicola McDougall. PIPA's latest Investor Sentiment Survey shows the number of respondents who sold at least one investment property in 2024 hit 14%, up from 12% at the same time in 2023.

McDougall says this shows more investors are leaving the market than coming back into it. She says a spate of “anti-investment” rental reforms in Victoria has impacted with 22% of investors selling in Melbourne in the past year.

“(The survey) shows interest rate repayments have increased by tens of thousands of dollars. More than 70% of investors indicated that their annual interest rate bill on their mortgages had increased by up to \$60,000,” McDougall says.

“We need to encourage investors to get into the market more and we need to especially encourage them to stay over the long term. And one way of doing that is stopping these continual changes to legislation,” she says.