



The Week In Real Estate

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Australia Leading The World

House price growth has slowed globally in the past five years, but new analysis shows Australia's real estate market defied that trend.

Research from the independent property research collective PAR Group shows that between 2019 and 2023, Australia's house price growth outperformed comparable global markets by 14.1%. This study examined the performance of housing markets in Australia, the US, Canada, the UK and New Zealand since 2019. It shows Australian house prices rose by 45.8%, while the global average was 31.7%.

Australia was the only country to record positive annual house price growth in 2023, with demand skyrocketing, causing massive supply shortages. The report says Australia had a shortfall of 89,000 homes in 2023.

PAR Group says there is an ongoing disparity between population growth and housing completions and it predicts a continuing rise in demand in Australia, particularly in seachange locations, as buyers continue to look for lifestyle locations that allow the opportunity for remote work. Although house price growth in Australia has eased in 2024, PAR Group noted that "actual and expected cuts to mortgage interest rates" could trigger another surge in housing demand and further intensify the already significant supply-demand imbalance.

Markets Show Resilience

Property markets throughout Australia continue to show remarkable resilience, despite high interest rates and cost of living pressures, according to the latest Property Investment Professionals of Australia (PIPA) update.

The update says that despite the hurdles, Perth, Adelaide, and Brisbane are finishing the year with double-digit dwelling price growth, and that strength is likely to continue in 2025.

It says Sydney prices have reached record highs although PIPA Chair Nicola McDougall says Melbourne's market remains sluggish, as a result of anti-investor rental reforms.

Hotspotting Managing Director, Terry Ryder, says Queensland has been one of the best market performers over recent years and now leads the nation in overall real estate transactions, including purchases by both homebuyers and investors.

While Rise High Investor, Director, Bryan Ong, says Adelaide's market is continuing its upward trajectory.

Focus Property wealth Mortgage broker, Glenn Biggins, says Perth's property market continues its impressive run, outperforming the rest of Australia in September, although there are emerging indicators that the Perth market may have peaked.



Quote Of The Week

"The property market has a lot of momentum going into 2025, so the big question is what happens when rates start to fall and my expectation is that it will bring even more buyers into the market."

REA Group senior economist Paul Ryan



New Homes Top Pick

Despite post-Covid issues with rising construction costs and timeframes, new data shows buyers are turning toward new-build homes.

REA Group's 2024 Property Seeker Report shows in the past 12 months, 48% of homebuyers surveyed in South Australia are considering buying or have already bought a new home. In New South Wales and Victoria, it is 42% of buyers, 40% in Western Australia and 36% in Queensland. And first home buyers are even more attracted to new builds with more than half (51%) either buying or considering buying a new property. Government incentives are targeted towards new builds giving first-time buyers a financial incentive to purchase.

The analysis says the drop in home prices, especially in Melbourne, is making that market more attractive, particularly with first-home buyers. For first-home buyers, 63% chose a new build in South Australia, 52% in Western Australia, 51% in NSW and Victoria, and 48% in Queensland.

The leading suburb for first-home buyers searching for houses is Tarneit in Victoria.



Buyers Keen To Buy

Property buyers have given up waiting for interest rates to change and plan to re-enter the market, according to the APIM Q3 Property Sentiment Report. It shows the proportion of buyers taking a "wait and see" approach peaked at 39% at the end of 2023 and is now just 22%. The survey says residential property is still the overwhelmingly dominant force, accounting for 34% of transactions, although commercial property is becoming a more significant player, with more than one-fifth of respondents active in this space. Investors now account for 63% of those intending to buy in the next 12 months, which is up 10% from the previous quarter. The latest Mortgage Insights report from Money.com.au shows that the number of new investor loans rose by 19% over the past year. Money.com.au's home loans expert, Mansour Soltani, says Western Australia has been the standout market of 2024, but Victoria is now "hot on its heels".

"My prediction for 2025 is that as interest rates drop, buyer activity will ramp up again in the Eastern seaboard states – NSW, VIC, and QLD. Meanwhile, Western Australia and South Australia, which are becoming saturated markets, may start to stabilise."



Where Buyer Demand Is Surging

Australia's most in-demand suburbs aren't your usual suspects, according to analysis by PropTrack.

It says homebuyers are shifting their searches to emerging locations that offer a more affordable lifestyle.

REA Group senior economist Paul Ryan analysed views per online listing to find the locations where buyers were increasingly looking compared to last year. The most in-demand suburb for houses was Viveash - about 16 kilometres east of the Perth CBD – where demand is up 163% on the same time last year. Lochinvar in New South Wales (up 101%) is next, while in Western Australia, the top location is Cardup (up 92%), and in Queensland, searches in Shoal Point are up 86%. Searches are up 55% in Crafers in South Australia, while in East Bairnsdale in Victoria, searches are up 43%. Ryan says the increase in searches comes as new listings have surged throughout the spring selling season.

"New listings were 20.9% higher nationally in October month-on-month and 14% higher year-on-year," he says.

"The property market has a lot of momentum going into 2025, so the big question is what happens when rates start to fall, and my expectation is that it will bring even more buyers into the market."