



The Week In Real Estate

Mitchells Realty
07 4125 2950
40 Miller St Urangan Qld 4655
www.mitchellsrealty.com.au/

January 20, 2024



Investors Are Back

Investors are making a return to the property market with new figures from the Australian Bureau of Statistics showing the value of new investor loans has increased by 18% in the year to November.

The figures show in November there was a 1.9% increase in investment loans, while at the same time, the number of new owner-occupier loans grew by 1%.

ABS head of finance and statistics Dr Mish Tan says the increase in lending was driven by the three most populated states, NSW, Victoria and Queensland.

She says NSW had the biggest increase in loans to owner-occupiers and investors.

The data shows investors accounted for \$9.72 billion of lending in November.

The figures also show that first home buyers loans grew by 3.5% in November and 20.% over the year, with the largest number of first home buyer loans written in Victoria (3516), followed by New South Wales (2730), Queensland (2173), Western Australia (1512), South Australia (720), ACT (317) Tasmania (152) and the Northern Territory (85).

Apartment Approvals Jump

In a sign the apartment market will continue to fire in 2024, the latest Australian Bureau of Statistics figures show apartment approvals are up.

The November 2023 figures, released this week, show the total number of dwellings approved rose by 1.6% to 14,529 for the month. This followed a 7.2% increase in October. While house approvals fell by 1.7%, apartment approvals rose by 6.7%.

The increase in apartment approvals comes on the back of a 17.4% increase in October.

Master Builders Australia chief economist, Shane Garrett, says more higher density buildings will help alleviate some of the pressure in the rental market.

HIA chief economist, Tim Reardon, says the apartment approval figures are a positive sign, but more development is needed to meet demand.

During the month of November the total number of dwellings approved rose in ACT (22.5%), Northern Territory (2.6%), Western Australia (2.1%), and Victoria (1.4%).

They declined in New South Wales (-3.9%) Tasmania (-3.9%), Queensland (-1.7%), and South Australia (-0.2%).



Quote Of The Week

“Since the pandemic, people spend more time at home, so in the course of the decade, renovations will continue to be high.”

HIA chief economist Tim Reardon





Renovation Boom For 2024

Stabilising building costs mean many homeowners will renovate in 2024 according to the Housing Industry Association (HIA).

It says materials costs have not changed in the past quarter, but shipping costs have lowered, meaning overall it is not as expensive to buy materials to build or renovate. HIA chief economist Tim Reardon says with interest rates potentially being cut this year and the economy improving he thinks there may be an increase in renovation work.

“The ongoing growth in house prices is slowing, but prices have increased dramatically in the last four years,” Reardon says. “As a result, people will still continue renovating as the cost won’t be significant compared to the rising value of their homes.” Reardon says with the average price of a new approved house in the September quarter, up by 11.5%, he believes people will be keener to renovate than move.

“Since the pandemic, people spend more time at home, so in the course of the decade, renovations will continue to be high,” he says.



Rents Still Growing

In good news for landlords, while rental growth is starting to moderate new analysis shows they are still increasing.

Data from PropTrack shows dwelling rentals were up 1.8% over the December quarter nationally, with the median asking rent now \$580 per week.

Rental growth in the combined capital cities was 0.8% in the quarter with the median asking rent now \$600 per week. PropTrack economist, Angus, Moore says while rental growth is slowing, there is no sign that rents are decreasing.

He says record low vacancy rates mean rents will continue to rise for at least the next six months with a growing number of investors likely to bring more supply onto the market in the later stages of 2024.

According to SQM Research data, Sydney has the highest combined (houses and units) median asking rent of \$825 per week, followed by Perth, \$680 per week, Canberra and Brisbane, both \$640 per week, Melbourne, \$605, Darwin, \$590, Adelaide, \$570 and Hobart, \$520.



Market Will Be Stronger in 2024

Australia’s property market is tipped to be even stronger in 2024 than it was last year.

Propertyology managing director, Simon Pressley, says the regional markets still have plenty to offer and he predicts growth of 15% to 20% in some locations. He predicts the highest rates of capital growth this year will include Rockhampton QLD, Hahndorf SA, Bunbury WA, central Queensland, Port Lincoln SA, and Albany WA.

In capital city terms Pressley is forecasting Perth to chalk up growth between 13% and 18%, although he warns its lack of adequate economic diversity leaves its property market vulnerable to weak periods when China’s demand for commodities deteriorates. He says Brisbane growth will be between 9% and 13%, Adelaide between 8% and 12% and Sydney between 3% and 7%.

Darwin will start to improve this year according to Pressley, who predicts growth between 3% and 6%, while Hobart is forecast to grow between 2% and 4% and Melbourne between 0% and 3%.

Canberra is the only market he is predicting may experience a decline of up to -2%.