



The Week In Real Estate



National Vacancy Rates Decline

The national vacancy rate declined to 2.2% in January, from 2.5% in December, a SQM Research report says. Four of the eight capital cities have vacancies below 2%.

The total number of vacancies Australia-wide dropped to 72,574 in January – 9,984 fewer properties are now available for rent compared to December.

All capital cities except Hobart experienced a decline in their vacancy rates in January. Although Hobart's rate rose marginally, it still remains the lowest of all capital cities at 0.5%.

Canberra (0.9%), Adelaide (1.1%) and Melbourne (1.9%) also have low vacancies. Brisbane's rate has dropped from 3.6% to 2.7% in the past year, while Perth's has reduced from 4.4% a year ago to 3%. Sydney's vacancy rate, although down in January, remains higher than a year ago and is still the second highest at 3.2%.

A decline in vacancies is expected in January, as December usually has higher seasonal listings. We expect another seasonal decline in vacancies in February," says SQM's Louis Christopher.

Quote of the Week

"Back in August 2018, about half of Australians expected interest rates to rise over the next 12 months. That proportion fell to just below 43% in this month's survey, the lowest reading since August 2016, the last time the RBA cut official interest rates."

Westpac senior economist Matthew Hassan



Consumer Confidence Rises

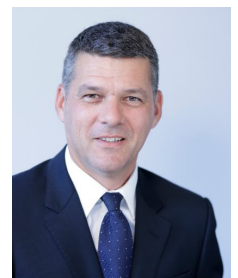
Consumer sentiment has improved, with economists attributing the rebound to a change in views on interest rates, with most people now expecting rates to remain on hold or fall.

The widely watched monthly Westpac-Melbourne Institute survey showed a 4.3% rise in confidence back to 103.8 in February, after it had dipped in January.

Westpac senior economist Matthew Hassan says the improved mood is largely due to a shift in stance on interest rates by the Reserve Bank. Less than 43% of Australians now believe that interest rates will rise over the next year, down from about half in August.

Hassan says there's no sign so far in Westpac's survey that price declines in the Sydney and Melbourne housing markets are were causing alarm.

"Confidence continues to bear up well," he says. "The continued house-price correction, concentrated in Sydney and Melbourne, is impacting consumer expectations for prices but so far appears to be having only limited spill-over effects on wider confidence."





Auction Markets Pick Up

Capital city auction markets are strengthening, with week-on-week increases in auction volumes and Sydney recording its first clearance rate above 60% since last July. There were 521 auctions in Sydney last weekend, with results showing a 61% preliminary clearance rate — a big improvement on the 54% rate from 322 auctions the previous week.

“We are starting to see more positive signs in Sydney,” says REA Group chief economist Nerida Conisbee. “The market is holding up much better than we thought. Typically, markets are much slower to gain momentum at the start of the year. This time last year Sydney’s market was a lot weaker. So this result is highly unusual, particularly given the negativity we’re hearing about the market in commentary.”

Melbourne continued to be the busiest city market, with 657 auctions last week and a clearance rate of 54% - up from 350 auctions the previous week when a rate of 52% was posted.

Adelaide was the best performing capital city market last week with a clearance rate of 67% across 83 auctions. Canberra held 52 auctions with a clearance rate of 48%.

Expats Buying Big Back Home

Buyers’ advocates and real estate agents report an uptick in inquiries from expats, who are now able to afford a bigger property in a better suburb as prices and the exchange rate turn in their favour.

Many expats are searching for properties to buy and rent out, then to move into when they return home.

Directors Nicholas Morrison and Mark Brilliant from Aspire Advocates are seeing a high demand from buyers looking for homes near good schools and train lines.

Both are heading to Singapore this month to run a property buyers’ forum there for the first time. They expect between 80 and 100 expats to attend.

“There’s been a steady growth of Australians who are successful and living overseas who want to secure their future [in Melbourne] for when they come back,” Morrison says.

Sales manager with Ray White Southbank Michael Pastrokos has likewise seen an increase in interest from expatriate buyers, particularly over the past six weeks. He says buyers living in Asia, Europe, the US and the Middle East are getting in touch.

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Bank Aims To Destroy Brokers: Claim

One of the largest mortgage broking groups says Commonwealth Bank has a concerted strategy “to destroy” the broking industry. Finsure, which has a network of 1,500 loan writers, is among mortgage brokers who oppose the Hayne Royal Commission’s call for commission payments to be scrapped.

Finsure managing director John Kolenda claims CBA and its chief executive, Matt Comyn, had an agenda at the Royal Commission. “He was really out to destroy the mortgage broker market,” Kolenda says. “It showed a well-thought-out strategic attempt to eradicate brokers.”

Bendigo and Adelaide Bank are other lenders that have been vocal in their support of banning broker commissions, while ANZ and Macquarie have cautioned that a flat fee model might have unintended consequences.

The industry is lobbying the Federal Government and The Opposition to open consultations on commissioner Kenneth Hayne’s recommendations. Treasurer Josh Frydenberg has accused Labor of not understanding the issues and says the Government is opting for a cautious approach to the recommendations on broker pay.



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