



The Week In Real Estate



HomeBuilder Grants Prompt Frenzy

The number of home buyers looking to build a new home has surged since the announcement of the Federal Government's new HomeBuilder scheme. Residential development specialist Oliver Hume reported 156 reservations for land across their Queensland and Victorian projects, up 70% on the previous week and 130% on the week before that. Stockland chief executive of communities Andrew Whitson also reported high levels of traffic across their many property developments following the HomeBuilder package release, with inquiry levels now three times higher than the 2019 average. Another developer with increased inquiries was Villawood Properties which reported its numbers had dramatically risen to reach their highest level since the 2017 boom. A Villawood spokesperson said first-home buyers were leading the charge, making up about 50% of their 59 lot sales across the country over the past week. Domain figures revealed Queenslanders were leading the charge, followed by Victoria, NSW and South Australia.

Quote of the Week

"Consumer confidence is rising and some of the job advertisement numbers are starting to pick up, which is a sign that the labour market is looking a bit stronger than expected."

Domain economist Trent Wiltshire

\$72bil Projects to Create 66,000 Jobs

Almost \$72 billion in major infrastructure projects across the country will be fast-tracked under an agreement between federal, state and territory governments that will cut approval times in half and create 66,000 jobs.

The 15 priority projects include the Inland Rail from Melbourne to Brisbane, the Marinus interconnector electricity link between Tasmania and Victoria, the Olympic Dam mine extension in South Australia, dams and emergency town water projects in NSW and road, rail and iron ore projects in Western Australia.

"This investment, and most importantly these jobs, will be brought to market earlier by targeting a 50% reduction in Commonwealth assessment and approval times for major projects, from an average of 3.5 years to 21 months," says Prime Minister Scott Morrison.

"We are on track to complete Commonwealth assessment and approval for Snowy 2.0 in under two years, unlocking over 2,000 regional jobs."

Morrison is expected to pledge another \$1.5 billion so the states and territories can immediately start work on small projects and undertake road safety improvements.





Borrowers Restart Payments Early

Mortgage customers who deferred their repayments have resumed repayment on their loans sooner than expected as consumer confidence improves.

About a third of ANZ customers who deferred loan repayments have recommenced paying down their debt, according to Mark Hand, ANZ's group executive of Australia retail and commercial.

"We're seeing some customers call us to unwind the arrangement because they've got some certainty, they've got that confidence going forward," he says. "In rough numbers, about a third of our business and home loan customers who took a deferral are making some payments."

At Westpac, 4,000 home loan customers have cancelled their mortgage support package which included a three-month repayment deferral.

Domain economist Trent Wiltshire says the early return to repayments reflects rising consumer sentiment and is a promising sign for housing markets. "Consumer confidence is rising and some of the job advertisement numbers are starting to pick up, which is a sign that the labour market is looking a bit stronger than expected," he says.

Property Deals Strong Despite Virus

Property transfer numbers for June are looking stronger than a year ago, says Property Exchange Australia (PEXA) chief executive Glenn King.

New property listings are up across the nation and refinancing rose 30% last month, according to new data from PEXA which processes around 70% of all property transfers nationally.

King says that while the coronavirus pandemic triggered some slowdown in property settlements over the past three months, it had been nowhere near the doomsday levels many expected.

"We are not seeing the drop to the degree that was initially predicted," he says. "There has been a slowdown but nowhere near to the extent that had been suggested."

"People are still looking at transacting in property. It is safe and secure. We are seeing some positive signs of recovery in NSW and other jurisdictions. We are also seeing significant increases in refinancing with consumers taking advantage of offers."

Clearance Rates Continue To Rise

CoreLogic's auction data showed a 63% capital city preliminary clearance rate over the past week, up from 60% a week earlier.

The higher clearance rate was against a higher volume of auctions, with 1,165 properties scheduled to go under the hammer - the busiest week for auctions since the week ending 19 April and up from 867 two weeks ago.

Sydney had a 67% strike rate with 532 properties for sale; Melbourne scored 61% on 434 auction listings; Adelaide cleared 58% of 47 auctions and Brisbane achieved 51% of 57 sales.

"Listing, sales and clearances are up from COVID-19 shutdown lows but are still softish, especially in Melbourne which has been slower reopening," says AMP Capital chief economist Shane Oliver, who recently retracted his earlier prediction that house prices would fall by more than 20%.

Domain economist Trent Wiltshire says there was growing buyer confidence due to the improving economic outlook and the easing of restrictions, but transaction numbers remain low.

