



The Week In Real Estate



House Prices To Rise 15%: Westpac

Nationally, house prices are expected to rise by 15% by 2023, say Westpac economists.

In a new report Westpac says any deterioration in Australia's housing market has been milder than the bank expected back in March. The bank predicts that in the next two years Brisbane house prices will rise 20%, Perth 18%, Sydney 14%, Melbourne 12% and Adelaide 10%. The improvements will be fuelled by record low interest rates, easier access to credit and the milder-than-expected recession.

"Of most importance is that we are much more optimistic about the pace of price appreciation over the following two years," say Westpac economists Bill Evans and Matthew Hassan.

Westpac's forecast is consistent with predictions by the Commonwealth Bank which expects prices to rebound from mid-2021 – a view which is also better than CBA's previous expectations.

In the short term, prices are expected to stabilise around the December and March quarters, possibly with some modest increases, although Melbourne will be at least one quarter behind the other states.

Quote of the Week

"This recovery in prices will be supported by sustained low rates, which are likely to be even lower than current levels; ongoing support from regulators; substantially improved affordability; sustained fiscal support from both federal and state governments; and a strengthening economic recovery."

Westpac economists Bill Evans and Matthew Hassan

Clearance Rates Highest Since March

Capital city auction clearance rates have rebounded strongly, registering a preliminary strike rate of 72% last weekend, according to CoreLogic.

The result is the highest clearance rate recorded since early March and compares to 71% for the same time last year.

There were 918 homes taken to auction over the week, up from 816 over the previous week.

Against 74 auctions, Canberra recorded the strongest results at 89%. Sydney held 679 auctions with 72% going under the hammer successfully, while Adelaide had 73 auctions with 64% being cleared. The numbers in Brisbane were similar with 62% of the 65 auctions proceeding to sale.

Around the nation, good results were noted at the Sunshine Coast where 91% of auctions were successful; followed by Baulkham Hills, Hawkesbury and South West Sydney at 86%, and Newcastle and Lake Macquarie at 82%.

Auction activity remained extremely low across Melbourne, with just 11 homes taken to auction last week and 13 the week before.





Houses Outperform Units On Growth

Houses have gained an average of 5.5% each year compared with 3.1% for units since the time of purchase, shows a new survey by consultancy firm Suburbtrends.

An analysis of 4,500 residential properties listed for sale across the country as of August 31 shows that houses are outperforming units.

“The result shows the benefits of buying houses over units,” says Suburbtrends director Kent Lardner.

“I expect the profit gap between units and houses to widen over the coming months due to rising demand for houses and buyers continuing to avoid units.”

In NSW, house prices rose by an average of 8% each year compared with 5% for units.

Queensland house prices increased by an average of 5% each year compared with 2% for units. In South Australia, the figures were 4% and 2%, respectively.

In Western Australia, houses outperformed units by five to one. Houses had three times the growth of units in the ACT and twice the growth in Victoria.

New Home Sales Surge On HomeBuilder

There has been a surge in sales of new homes across the nation since the introduction of the Federal Government’s HomeBuilder grant in June, according to the Housing Industry Association.

The trend has been most noticeable in Western Australia and Queensland where sales have been higher than they were at the same time in 2019, says HIA.

In the six months to August 2020, new home sales in Western Australia were 91% higher than at the same time in the previous year when the state was at the bottom of the mining investment cycle.

Queensland new home sales rose 48% over the August quarter, while South Australia was up 105% through the same period.

HIA chief economist Tim Reardon says the Federal Government’s stimulus had helped bolster sales and would support the building industry for the rest of the year.

The monthly survey of Australia’s largest home builders in the five largest states showed the rise in sales was fairly widespread across the nation.



Buyer Demand Rises In Cities: Domain

Houses and apartments in the outer suburban areas of Sydney, Melbourne, Brisbane and Perth were in the highest demand in those cities for the month up to September 6, according to Domain’s Buyer Demand Indicator. Using the Buyer Demand Indicator, those “likely to buy” are classified by the actions they take on Domain, like shortlisting a home, sending an inquiry, completing a property inspection and frequently viewing photos and the property listing.

The indicator shows that since the pandemic began, demand has increased everywhere but Melbourne and Hobart, with serious buyers showing the biggest increase in activity in Darwin where there has been a 72% increase in buyer demand. “The current health crisis has changed the way we use our homes, and for some, altered our purchasing decisions and property wish lists,” says Domain senior research Analyst Dr Nicola Powell. Demand from serious buyers, or those acting with “high intent”, have increased in most capital cities around Australia as pent-up demand from the coronavirus-related lockdown dissipates through property markets.