



MITCHELLS
REALTY

5th September 2020

The Week In Real Estate



Prices Solid In August: CoreLogic

Price data for August published this week by CoreLogic demonstrates that housing markets remain solid across Australia. The CoreLogic figures for August show that house prices dropped in only two of the eight capital cities. Prices rose in Canberra, Hobart and Darwin, and were unchanged in Brisbane, Adelaide and Perth. House prices also rose during August in the regional areas of New South Wales, Queensland and Tasmania. Sydney and Melbourne were the only capital cities to record decreases in their house prices during the month. Overall, house prices nationally fell 0.4%, dragged down by the negative results in the two biggest cities. But there was a small increase during August in regional areas. In the year to date, house prices remain about 1% higher than at the start of 2020, helped by a 2.3% increase in regional Australia. House prices remain higher than at the start of the year in Sydney, Brisbane, Adelaide, Canberra, Hobart and Darwin, as well as in the regional areas of NSW, Victoria, Queensland, South Australia and Tasmania. Unit prices are up about 1% nationally in the year to date, with a 2.1% rise in regional Australia.

Quote of the Week

“What will likely happen in Melbourne is what happened in New York and New Zealand where they had similar strict lockdowns but straight after they had a big surge in sales activity.”

Nerida Conisbee, chief economist for REA Group



Affordability Sentiment Never Better

Experts have never felt better about housing affordability around the country, according to comparison site Finder.

In this month's Finder RBA Cash Rate survey, 40 analysts and economists weighed in on future cash rate moves and other issues related to the Australian economy.

While all survey participants correctly predicted the cash rate to hold at 0.25%, nearly two-thirds (62%) responded with positive sentiment about housing affordability – a record percentage since Finder first started collecting data on the topic in March 2018.

Graham Cooke, insights manager at Finder, says prices are down in some locations and not rising in others, so those who are ready to buy or who want to negotiate rent are in a good position to do so.

“What is certain here is that the level of prices, rock-bottom interest rates and increased competition for non-investment buyers, combined with government stimulus, will likely get a lot of the next generation on to the housing ladder for the first time,” Cooke says.





Decentralisation To Be More Prevalent

Decentralisation will become more prevalent for future home buyers, according to industry experts.

The traditional town planning model – where CBDs are filled with office towers, retail and high-density apartments surrounded by urban sprawl – is losing its appeal, says Propertyology head of research Simon Pressley.

He says Australians are in the midst of re-evaluating their priorities. More manageable mortgages, low-density locations (that are less susceptible to future lockdowns), regional lifestyle destinations and working from home will become important to buyers.

Pressley predicts a new era of regionalisation is likely to produce about twenty low-density towns and cities that will benefit from significant internal migration.

Social demographer Mark McCrindle says locations with a low risk of future lockdowns with an industry mix conducive to this new world will be the ones to watch. This includes a good quality detached house in a location that offers plentiful open space and a manageable mortgage.

Teachers And Nurses Access FHB Scheme

First-time buyers across a range of age and income spectrums – including key workers like teachers and nurses – accessed the first home loan deposit scheme during the first six months of 2020.

One in eight first-home buyers availed of the scheme with NSW taking the largest share of the guarantees, according to a National Housing Finance and Investment Corporation report.

Out of the 10,000 scheme allocations, 2263 went to NSW residents, 1845 to Queenslanders and 1617 to Victorians. Demand was lower in WA and South Australia due to long-standing FHB support, the report says.

NHFIC chief executive Nathan Dal Bon says demand for the scheme in the six months to June 30 continued despite the onset of the pandemic. Major cities attracted nearly 62% of buyers, while 38% opted for regional areas.

The majority who bought in capital cities purchased in areas up to 30km away from the CBD, with fewer than a quarter buying within 15km.

40 Miller St, Urangan, Hervey Bay QLD 4655
scott@mitchellsrealty.com.au

Expats Return Lifts Sales Inquiries

Expats living abroad are buying up Australian properties, heartened by the nation's low rate of Covid-19 cases and political stability, say real estate agents. International searches for buying property on realestate.com.au in July were up 22% compared to the same time in 2019.

Aussies based in the United Kingdom, Singapore, Hong Kong and the United States are leading the inquiries on beachside and hinterland real estate, mostly across the eastern states.

Gold Coast agent Katrina Walsh says she has been fielding numerous calls from expats looking for “anything ocean or green” on the Gold Coast.

Realestate.com.au chief economist Nerida Conisbee says there is strong anecdotal evidence many expats are re-evaluating their circumstances due to the pandemic - and the low Australian dollar and low interest rates provide an attractive value proposition.

The Gold and Sunshine Coasts are popular targets in Queensland while beachside suburbs of Sydney are also on the hit list. In Melbourne, the CBD and South Yarra are Melbourne's most-searched suburbs by offshore buyers.



Ph: 0428 484 499
www.mitchellsrealty.com.au