



# The Week In Real Estate



## Lots Of Sales But Listings Scarce

The number of Australian properties changing hands continues to surge with new figures revealing 171,100 dwellings sold in the three months to July this year.

While that's good news for sellers, for buyers that means there is plenty of competition for assets, as only 121,200 properties were newly listed for sale during the same period.

Transaction levels are 53.4% higher than is typical at this time of year. The large number of sales and a lack of listings has lifted the "sales to new listing ratio" to a national high rate of 1.4.

The ratio, calculated by dividing the number of sales by the number of new listings, has sat at around 0.9 for the past decade, which reflects a balanced market - for every property sold, another one is listed.

The current ratio confirms Australia is experiencing a boom in demand and it is well and truly a seller's market in most locations. Every capital city recorded a ratio of higher than 1, with Adelaide the tightest market for buyers with a ratio of 2.

## Quote of the Week

***"We'll be looking to do a 10- to 20-minute mortgage, and that will be a huge opportunity for more Australians to take advantage of locking in great rates by refinancing more easily."***

**Angus Sullivan, Commonwealth Bank**

## Lockdowns Won't Stall Boom: CBA

Australia's biggest home loan lender is confident the housing market will continue to strengthen despite an increase in borrowers asking for mortgage relief in recent months.

CBA says it is receiving almost 2000 calls a week from borrowers feeling the financial strain of the pandemic and lockdowns, and are seeking a reprieve from loan repayments.

Group executive retail banking Angus Sullivan says it has deferred almost 7,000 loans during the most recent lockdowns. About 60 % of the calls for help have been from NSW home-owners, particularly during the two weeks that constructions sites were shut down.

Sullivan says the recent short lockdown in Queensland resulted in a daily spike in calls of 200 per day.

Despite the difficulties faced by many homeowners, CBA predicts housing prices will continue to increase this year, buoyed by ongoing strong demand.

It forecasts prices will lift another 3-4% this year and between 7% and 8% in 2022.





## Lenders Offer Incentives To Refinance

With demand for properties continuing to grow, lenders are competing to snare a piece of the action, including the demand for refinancing.

Owner-occupier refinancing has more than doubled compared with two years ago, with the total value of refinancing during June exceeding \$16 billion.

The increased competition has lenders offering interest rates below 2%, as well as cash bonuses and incentives worth up to \$5,000.

ING Bank and ME Bank, which recently merged with the Bank of Queensland, are offering cash incentives of up to \$3,000 for refinancers as well as fixed interest rates from 1.89%.

RateCity research director Sally Tindall says the current interest rates on offer are highly competitive and can save home-owners thousands in just a few years.

"A \$1 million principal and interest borrower on the average rate of 3.07% who refinanced to the lowest two-year fixed rate of 1.79% could save up to \$25,057 in two years," she says.

## Lenders Offer Digital Home Loans

With lockdowns continuing and more people working from home than ever before, it's a natural progression for borrowers to apply for home loans online.

Commonwealth Bank is the latest to launch the option of fully-digital home loans which it says can be approved in as little as 10 minutes, depending on property value and type.

CBA's Angus Sullivan predicts the current low fixed interest rates on offer by most lenders will result in a strong Spring auction season.

There are a number of smaller players already offering digital home loans including Nano, Athena Home Loans and Bendigo and Adelaide Bank-backed Tic:Toc .

Nano chalked up \$100-million worth of approved loans within the first month of its launch earlier this year, with 80% of applications from borrowers who had been with traditional lenders previously. CEO Andrew Walker says people have shifted to technology driven borrowing during the pandemic.

## Sales Strong Despite City Lockdowns

COVID lockdowns in southern markets have done nothing to dampen enthusiasm for property or stem solid price rises. Most capital cities recorded strong auction clearance rates last week, with Adelaide leading the pack with 85% of auction properties selling under the hammer.

Sydney's preliminary auction clearance rate hit 83% last week with almost two-thirds of properties sold before auction day. Although Canberra went into lockdown ahead of the weekend, its auction clearance rate was still 82%, followed by Brisbane with a clearance rate of 75% and Melbourne with a slightly subdued 63%, after a third of planned auctions were withdrawn.

Solid prices were achieved across the weekend including a whole floor penthouse with Sydney Harbour views in Manly which sold for \$6.6 million. In Victoria a five-bedroom home in Brighton sold for \$9.7 million, after just two inspections, achieving a suburb record of \$19,000 per square metre.

Adelaide had a median sale price of \$810,000 for homes which went to auction last weekend, while in Brisbane it was \$915,000.

