



MITCHELLS
REALTY

25th September 2021

The Week In Real Estate



Home Sales Highest Since 2004

The number of properties selling throughout Australia has hit its highest level in 17 years. CoreLogic data shows 598,000 houses and units sold in the 12 months to August, a 42% annual increase and the highest number of sales since 2004.

Western Australia recorded the biggest jump, up 62% to 63,804 sales. The Northern Territory and Queensland were also strong performers with transactions up by 58% (to 3242 sales) and 54% (to 146,687 sales) respectively.

NSW transactions are up 38.9% to 191,090 sales, South Australia is up by 39% to 39,774 sales and Victoria is up 34% to 129,933 sales. Transactions in the ACT increased by 27% resulting in 11,085 sales and Tasmania's transaction levels lifted 11% to 12,223 sales.

CoreLogic's head of research Tim Lawless says: "Such a significant surge in housing demand may seem surprising at a time when overseas migration has stalled, however the substantial rise can be explained by a lift in domestic demand from previously low levels."

Quote of the Week

"When we think back to last year, which was a time of much fear and uncertainty, it's clear that property investors and the market in general has weathered that turbulent period better than anyone dared to hope."

PIPA Chairman Peter Koulizos

Housing Inquiry Targets Stamp Duty

Multiple submissions have been made to a Federal Government inquiry into housing affordability calling for the scrapping of stamp duty.

While stamp duty is a state fee, submissions to the inquiry suggest national cabinet meetings could be used to co-ordinate reform. The Housing Industry Association, Urban Development Institute of Australia, University of Canberra, Domain and the Urban Taskforce all want stamp duty put on the agenda.

Stamp duty can add tens of thousands to the cost of buying a home. Only the ACT has committed to phase it out, while NSW is considering a switch to a smaller annual land tax.

The HIA labels stamp duty as inequitable and inefficient, while the UDIA says tax reform is achievable through a whole-of-federation endeavour. The Urban Taskforce is recommending the Federal Government take the lead in discussions with the states to abolish stamp duty and replace it with a broad-based tax.





Growth The Fastest In 18yrs

Australian house prices have hit a record quarterly increase as transaction levels continue to rise across Australia. The latest ABS figures suggest house prices increased 6.7% in the June Quarter, which was the fastest pace of quarterly growth in 18 years.

ABS head of price statistics Michelle Marquardt says persistently low levels of stock on the market and strong demand is driving prices up.

The total value of Australia's 10.7 million residential dwellings increased by \$596.4 billion to \$8.9 trillion in the June Quarter - the largest quarterly rise since ABS began the series in 2003.

CoreLogic figures reveal house prices nationally increased 18.4% in the 12 months to August.

RBA assistant governor for economics Luci Ellis told the Federal Government Inquiry into housing affordability that a lack of supply was driving up prices. "You don't increase affordability by giving people more money to spend on housing," Ellis says. "All that does is bid up prices."

New Home Sales Continue To Rise

New home sales have increased in the past month, despite the completion of the Federal Government's HomeBuilder scheme and a nationwide shortage of timber.

The latest Housing Industry Association figures show new home sales rose 5.8% in August to 4,917, up from 4,646 in July.

HIA economist Tom Devitt says the strength of recent new home sale shows means that the current construction boom should continue throughout the second half of 2022 and continue to provide jobs in the industry.

He says home-owners armed with increased savings during COVID lockdowns are now looking to use those funds to either renovate or build.

South Australia new homes sales increased 64% in August, followed by Queensland (44%), and New South Wales (18%). But levels dropped in Victoria by 11% and by 12% in Western Australia.

The outlook for the unit market was not as rosy with JLL's quarterly review revealing completions will drop by as much as 40% next year.

Govt Acts On Timber Shortage

The Federal Government has stepped in to try to alleviate the price pressure on builders from an Australia-wide shortage of timber. It has announced \$15 million to help supply enough timber to build 10,000 new homes.

The funds will be used to subsidise the transport of salvaged timber from plantations on fire ravaged Kangaroo Island to timber mills in South Australia and other states.

Master Builders Australia CEO Denita Wawn says the move will be a big relief for builders, tradies and customers, who have been hamstrung by the shortage. She says thousands of builders and tradies feared for their jobs as a result of the surge in timber prices and delays of up to three months.

"This move is a 'no-brainer' that will underpin the continued success of the HomeBuilder scheme that is fulfilling the dreams of first home-ownership for thousands of people and playing a major role in accelerating economic recovery as we begin to look to the future beyond Covid lockdowns," she says.

