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REALTY

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# The Week In Real Estate



## Crane Index Hits Record Levels

Building materials and tradies may be hard to come by, but the latest Rider Levett Bucknall Crane Index reveals there's still plenty of construction under way.

It says a record 813 cranes were operating throughout Australia in the past six months which is 13% higher than the previous record.

Domenic Schiafone of RLB says the number of cranes shows the remarkable resilience of the construction industry.

He says it has coped with supply chain disruptions, increased shipping and freight costs, material price increases and reduced workforces as a result of Covid.

The majority of the cranes counted are operating within capital cities, with Sydney the busiest with 348 in use.

It is followed by Melbourne with 192, Brisbane 79 and Perth 55. There were 40 on the Gold Coast, 31 in Canberra and 16 in both Adelaide and the Sunshine Coast.

Wollongong and Newcastle both had 12 cranes in operation and Darwin has two.

Construction work increased by 1.8% last year.

## Quote of the Week

*"The challenges have been numerous since Covid-19 – supply chain disruptions, increased shipping and freight costs, material price rises, workers home sick or in isolation, pressure on labour resources and then there's been the rain. Yet, the industry is still able to produce record crane numbers."*

RLB Oceania director of research and development Domenic Schiafone

## Renovation Spending Tops \$12bil

Australians have pumped record amounts of money into renovating their homes during the pandemic period.

New Australian Bureau of Statistics figures show Australians spent more on renovations in 2021 than in any other year since records started 50 years ago.

In 2021 homeowners spent \$12.3 billion on their homes, up 33% on 2020 and almost double what they were spending just ten years ago.

The big renovation spend was helped in part by the record levels of savings households accumulated during Covid lockdowns. According to national accounts figures from the ABS, total savings deposits reached more than \$1.4 trillion by the end of 2021.

At the same time home-owners are on average two years ahead of their mortgage repayments, a buffer that will help if interest rates rise.

The Federal Government's HomeBuilder scheme helped encourage renovation with home-owners offered \$15,000 to \$25,000 for undertaking a major renovation. Since the scheme began, 25,000 homeowners applied for renovation funding.





## Many Markets Still Raging: CoreLogic

Australia's housing market has started to move from one speed – flat out – to a two-speed market, according to CoreLogic head of research Tim Lawless. Lawless says house price growth in Sydney and Melbourne has flattened in recent months, although other capital cities and major regions are still showing very strong results.

Property prices are still rising at boom levels in smaller capital cities such as Brisbane and Adelaide with prices increasing about 20% a year.

Perth price growth is also starting to pick up speed, which Lawless says is partially as a result of Western Australia reopening its border in recent months.

Regional markets are also performing well as population growth results in high demand and low supply.

Lawless says some markets will feel the effects of a variety of factors including worsening affordability, rising costs of living and more stock coming onto the market. But he says open borders and the gradual return of overseas migration is another positive factor which will lift housing demand.

## City Clearance Rate Lifts To 73%

While the auction market slowed down over Easter, there were still solid sales results in many regions.

Once again it was the smaller capital cities which recorded the highest preliminary auction clearance rates last week, even if it was off lower volumes.

Across the combined capital cities 937 properties were offered for auction compared with 3,983 properties the previous week.

Over the Easter weekend the national preliminary auction clearance rate hit 73%.

CoreLogic figures show Canberra recorded the highest preliminary clearance rate of 94%, although that was based on the results of just 69 properties going under the hammer.

Adelaide was next with a clearance rate of 78% based on 72 properties, while Melbourne was 74% based on 193 properties.

Brisbane's clearance rate based on 100 auctions was 71%, while Sydney with 483 auctions had a clearance rate of 71%. Tasmania had eight auctions and Perth 12 with not enough results gathered over the weekend to provide an accurate clearance rate.

## Price Cap Lifted For FHB Scheme

A lift in the price caps within the Federal Government's Home Loan Deposit Scheme means home buyers will have a broader range of properties they can now buy.

The scheme helps first-home buyers purchase a property with a 5% deposit without needing to pay costly lenders' mortgage insurance.

The cap will rise by \$100,000 across capital cities and major regional centres, except in the ACT where it will increase by \$250,000.

This will bring the cap to \$900,000 in Sydney, \$800,000 in Melbourne, \$700,000 in Brisbane and \$750,000 in the ACT. In Perth, Adelaide and Darwin it will be \$600,000.

It's expected the lifting of the caps will increase demand for apartments and entry-level houses.

Prime Minister Scott Morrison says increasing the caps means even more Australians will have the opportunity to buy their own home.

"Saving to buy a house has always been hard work and we know as prices have increased it's been getting harder," he says.

