



MITCHELLS
REALTY

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The Week In Real Estate



Auction Market On Fire

The auction market is on fire with clearance rates continuing to rise hitting the highest levels since November 2021.

The latest CoreLogic figures show a national auction clearance rate last week of 75.9%.

Adelaide once again recorded Australia's highest clearance rate of 81.8%, followed by Sydney, 78.5%.

Melbourne's clearance rate was 77.1%, Canberra was 67.8% and Brisbane, 60.3%.

Rising clearance rates come at a time of rising house prices with CoreLogic showing values have increased 3% for the combined capital cities since the start of February.

SQM Research managing director, Louis Christopher, says both investors and first-home buyers are active in the market, although all buyers are keeping an eye on the RBA and what it will do with interest rates.

"If the RBA were to lift rates again next week that could pause the market, it could create the false dawn in the market that we've been a little cautious about for the year," he says.

Quote Of The Week

"If we care about housing affordability and having a city that better meets the housing needs of its population, we need a planning and approvals system that is easier for home builders to interact with, rather than one that is complex, expensive and corruption-prone."

Tony Richards, Former Reserve Bank of Australia Economist

Westpac Eases Lending Buffer

The big banks are easing back on their "mortgage wars" and calling time on big incentives for new customers.

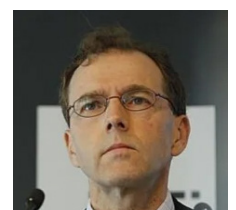
But while cash back will no longer be on offer, one major lender, Westpac, is offering another carrot to those refinancing by easing its serviceability buffer to just 1% for borrowers with good credit histories.

Currently APRA (Australian Prudential Regulation Authority) requires banks to include a 3% buffer when assessing a borrower's capacity to repay.

The buffer is in place to ensure that borrowers can meet increased payments through rate rises, although APRA has said there can be "exceptional cases where borrowers do not fit the standard approval process".

It says in these circumstances its standards don't stop banks from lending to those borrowers.

APRA will continue to closely monitor economic conditions and says: "Should risks to financial stability change, APRA will adjust its macroprudential policy settings accordingly after careful consideration and consultation with other agencies on the Council of Financial Regulators."





Housing Crisis Blamed On Council

Council zoning and red tape coupled with vocal “not in my backyard” agitators have effectively resulted in 1.3 million fewer homes being built in the past 20 years, according to new analysis.

The report, by former Reserve Bank of Australia economist Tony Richards, says housing supply has expanded at just 4.5% ahead of population growth over the 20 years to 2021.

This compared with a rate of 17% above the population growth in the previous 20 years.

He says approval powers may need to be removed from local councils to facilitate the building of more homes.

He suggests medium-density homes which make better use of land that is already zoned residential could be effective.

“If we care about housing affordability and having a city that better meets the housing needs of its population, we need a planning and approvals system that is easier for home builders to interact with, rather than one that is complex, expensive and corruption-prone.”

Rents Tipped To Keep Rising

Tenants are being warned to brace for further rent rises as landlords try to offset their additional costs.

An online survey of landlords has found many say they will “raise the rent” on investment properties to offset costs of “new taxes and possible rent caps” introduced by Governments trying to battle the rental crisis.

Property and consumer expert Rob Klaric says ultimately landlords feel they have no choice but to increase rents to cover their additional costs.

“They’re being slammed on both sides of the fence at the moment,” he says.

“While the interest rates are higher and now there’s additional taxes, they’ll look at trying to pass those increases on to the tenants.”

In response to the online poll many renters say they will be forced out of capital cities if their rent continues to go up.

In Victoria a new \$500 annual tax will be introduced for investment properties with a land value between \$50,000 and \$100,000.

Where Can I Plug This In?

One of the biggest issues facing buyers of electric vehicles in Australia, is convenient access to charging facilities.

Under national construction laws by October, every garage in every new apartment building in Australia must be ready to power an electric vehicle, although they won’t be required to install smart chargers.

The law has been introduced to ensure future demand from electric vehicle owners will be met, although some worry it could devalue older properties without it.

Nicky Lonergan, of Strata Management Group, Archers, says while it is a positive move for new buildings it will present challenges in older buildings. She says owners will be reticent to pay for the upgrade, particularly if they don’t own an electric vehicle.

“There are mixed views on who wants an electric vehicle charger, but the value of their existing dwelling is likely to be impacted if they don’t do something,” she says.

“It will impact people who are living in apartment buildings and who want to sell.”

