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The Week In Real Estate

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Spring Selling Takes Off

The Spring selling season is off to a good start with auction clearance rates above 70%.

The national preliminary auction clearance rate last week was 71.2%, the strongest start to the spring selling season since the start of the pandemic. Adelaide had the highest clearance rate last week of 82.8% followed by Sydney, 73.8%, Melbourne, 69.3%, Brisbane, 66.7% and Canberra, 63.6%.

SQM Research managing director Louis Christopher says the results show confidence is recovering as more properties are listed.

"During 2022, people were quite reluctant to list during the downturn, but the pick-up in buyer demand has meant the spring selling season vendors have come out more confident," he says.

Ray White chief economist Nerida Conisbee says bidding was stronger than they had anticipated during the past weekend.

"We didn't necessarily expect that the level of bidding activity would be as high as it was and that properties would sell so easily, because financing is still really expensive," she says.

Valuation Techniques Change

In-person home valuations may soon become a thing of the past, as further inroads are made into the use of AI.

Banks are becoming more comfortable with accepting valuations done using artificial intelligence models that also use image recognition to value properties.

In the past physical inspections by property valuers were the norm, but the industry is quickly moving towards automated and desktop valuations, which now account for almost half (49%) of all valuations.

Virtual valuations are about 88% cheaper than onsite valuations.

CoreLogic analytics executive, Tim Jenner, says banks and insurers are more readily accepting it. Virtual programs devise a valuation using multiple data points including comparable homes, previous valuations, location and nearby infrastructure including schools.

"With the improvements in machine learning and image recognition (the model is) able to now extract information from photos around the condition of the property, the type of property, how many levels it is, and the construction of the property," Jenner says.

Quote Of The Week

"Short-stay accommodation offers a superior investment option with less regulation and licensing involved, so we obviously need to look to incentivise owners back into long-term accommodation; not disincentive them further."

REIA president Hayden Groves

Millennials Move To The Regions

More than 54,000 millennials have made the move to regional Australia according to Regional Australia Institute (RAI) figures.

The data shows about 37,000 millennials, those born between 1982 and 1996, left the regions between 2011 and 2016 but more than 57,000 moved into those areas in the past five years.

RAI chief executive Liz Ritchie says people are returning to the regions in large numbers and it isn't just a pandemic led change.

"You can-not understate what I describe as a societal transformation," she says.

Victoria dominates the shift, having nine of the top 20 millennial relocation hotspots. These were the Surf Coast, Moorabool, Mitchell, Bass Coast, Golden Plains, Mansfield, Baw Baw, Indigo and the Macedon Ranges.

Although the biggest area for millennials to move to was Bridgetown-Greenbushes in Western Australia.
In New South Wales the leading areas for millennials to relocate were Yass Valley and Maitland while in Tasmania it was Sorrell, Clarence and Glamorgan.

Short Term Rentals Give Big Returns

Short-term rental properties are achieving the same income as many full-time rentals within less than a third of the time.

Analysis shows it takes just 101 days for the owner of a short-stay rental to achieve the same income.

There was a 23% increase in the number of holiday rentals advertised in the year to March, with Real Estate Institute of Australia (REIA) figures showing almost 134,000 rooms or properties are being offered for short-term rental. REIA president Hayden Groves says for owners, the benefits afforded to short-term hosts tend to outweigh regulatory impediments.

"Short-stay accommodation offers a superior investment option with less regulation and licensing involved, so we obviously need to look to incentivise owners back into long-term accommodation; not disincentive them further," Groves says.

Airbnb head of public policy, Michael Crosby, says restricting the number of nights a property can be rented out via a cap doesn't mean it will be returned to the long-term rental market.

Rates Remain On Hold

The RBA has left interest rates on hold for the third straight month.

While interest rates remain at 4.1%, the RBA has flagged potential further increases may be needed to ensure inflation remains under control.

Inflation dropped to 4.9% in July – lower than was initially expected but still higher than the RBA's target range of 2% to 3%.

Outgoing RBA governor, Philip Lowe says although inflation is declining, more may need to be done to curb inflation further.

"Some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable time frame, but that will continue to depend upon the data and the evolving assessment of risks," he says.

He says the RBA decided not to move on rates in September as higher interest rates are having an impact on inflation.

It predicts inflation will return to the target range by late 2025 and unemployment will rise gradually to reach 4.5% by late 2024.