



The Week In Real Estate

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Home Prices Soar In September

The Australian property market is shaping up to have an “historically strong year” in many markets.

PropTrack senior economist Eleanor Creagh says nationally home prices rose by another 0.35% in September which means prices are up 4.31% for the year to date.

The biggest driver of the 2023 recovery has been the “subdued listings environment” which resulted in buyers completing for too few properties and record levels of migration.

“Home price growth has not only turned around quicker than many expected, but 2023 is shaping up to be a historically strong year in many markets,” Creagh says.

“Looking ahead, population growth is rebounding strongly and given the shortage of new homes, prices are expected to rise with more markets reclaiming peak levels after recouping last year’s fast falls.”

Creagh says many are now expecting interest rate cuts in 2024, which means buyers will be able to borrow more and mortgage services costs will drop, which will likely fuel continued price rises.

Owner Occupier Loans Lift

The number of owner-occupiers taking out new loans has started to turn around with the latest figures from the Australian Bureau of Statistics showing increasing activity.

New loan commitments rose 2.5% in August, although they remain 12.3% lower than at the same time last year.

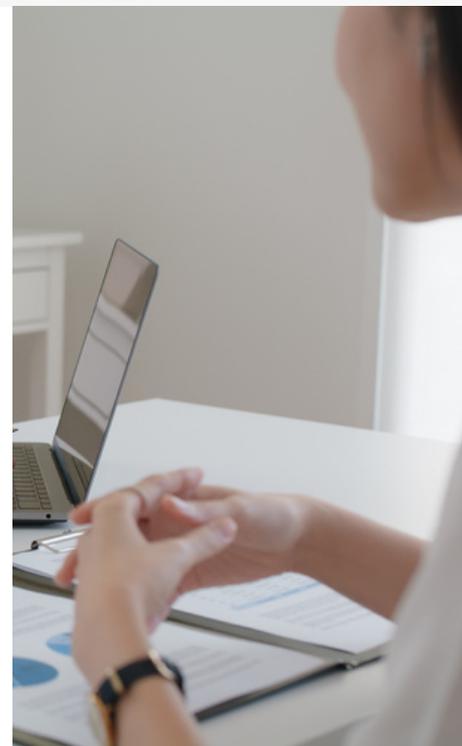
They hit a peak of 40,000 in January 2021, on the back of historically low interest rates and the Covid pandemic.

In August 2023, 25,404 new owner-occupier loans were issued by lenders. At the same time the number of homeowners looking to refinance dropped by 5.4%.

Real Estate Institute of Australia (REIA) president Hayden Groves says the figures signal a “renewed confidence that interest rates are stable”.

But he says the number of loans is still too low and says more needs to be done.

“To help generate more investment and provide the support needed, government needs to carefully consider the needs of those affected as they have done in the same way for renters,” he says.



Quote Of The Week

“National rents have risen for 38 consecutive months, taking rental values 30.4% higher since July 2020 and adding the equivalent of \$137 to the median weekly rent.”

CoreLogic Economist, Kaytlin Ezzy



Massive Auction Surge

More sellers are choosing to take their properties to auction, with September recording the highest number of auctions in more than a year.

Domain's September Auction report shows across the combined capital cities 9518 properties were offered for auction during the month, while 1340 were offered in regional locations. It was the highest number of capital city auctions since May 2022 and the highest number of regional auctions since December 2022.

Domain chief of research and economics, Dr Nicola Powell, says the increase in listings for auction is a result of recent strong clearance rates.

During September Adelaide had the highest clearance rate of 74.5%, followed by Sydney, 67.4%, Melbourne 64%, Canberra, 52.4% and Brisbane, 46.2%.

"The September auction performance shows Australia's housing market is in the continued recovery," Powell says.

The report also shows a lower proportion of properties sold before auction, which Powell says indicates sellers are less likely to accept offers before auction day due to increasing competition between buyers.



FHB Take Govt Help

The number of first home buyers (FHB) accessing the Federal Government's Home Guarantee Scheme hit 45,000 in the 2023 financial year.

The National Housing Finance Investment Corporation (NHFIC) which oversees the scheme, reveals one in three FHB in Australia has been assisted by it.

About 10,860, or more than one-third of all guarantees, were given to buyers in regional areas, up from 7390 in the previous financial year.

The scheme, allows first-home buyers to purchase a home with a minimum deposit of 5% to avoid paying mortgage lenders' insurance. The remaining amount of a 20% deposit is guaranteed by the Federal Government.

NHFIC research head Hugh Hartigan says FHB have had to rely more heavily on the scheme as a result of cost-of-living pressures and rising interest rates.

The NHFIC estimates that buyers would need to delay their home purchase by an average of five years if they needed to save the entire 20% deposit on their own.



Rentals Hit Decade Low

The number of properties within the national rental pool hit a decade low, with just 90,153, rental properties throughout Australia in October.

The latest CoreLogic Quarterly Rental Review shows there is a rental shortfall of about 47,500 properties.

CoreLogic Economist, Kaytlin Ezzy, says the number of rental properties is at the lowest levels recorded since 2012.

Although the number of properties in the rental pool has reduced, and vacancy rates hit record lows in September, the pace of weekly rental growth dropped in the September quarter.

Nationally rental values rose 1.6%, compared with 2.2% the previous quarter.

Ezzy says worsening affordability continues to be a significant factor placing downward pressure on the pace of rental growth.

"After recording a small dip over the first few months of COVID, national rents have risen for 38 consecutive months, taking rental values 30.4% higher since July 2020 and adding the equivalent of \$137 to the median weekly rent," she says.