



The Week In Real Estate

Mitchells Realty
07 4125 2950
40 Miller St Urangan Qld 4655
www.mitchellsrealty.com.au/

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Where Rentals Are In Demand

In a sign the housing crisis is nowhere near easing, new data shows the number of enquiries per online rental listing has skyrocketed in some locations.

Analysis of online rental listings by PropTrack shows in September the number of enquiries per listing was greatest in Perth (50.3), Adelaide (40) and Melbourne (31.4).

Brisbane listing received an average of 29.1 enquiries, Canberra, 9.1, regional Tasmania, 9 and regional NT, 8.9.

But some suburbs achieved much higher than the capital city average with the top location, Bently in Perth receiving an average of 160 inquiries on rentals listed online. In Adelaide, Para Hills West was also extremely popular, attracting about 136 prospective tenants for each listing.

PropTrack, Director of Economic Research, Cameron Kusher says the rental market remains extremely challenged and renters face significant competition for the limited stock available.

“While the national trend is showing strong demand and little supply, it is largely being driven by the major capital cities,” he says.

Affordable Homes Are Still Out There

There are still locations in every state in Australia where it is possible to buy property for less than \$500,000.

Analysis by Ray White shows Broken Hill in NSW has the highest (55.5%) of properties that have sold for less than \$500,000 in the past 12 months. Darwin was next with 45.6% of sales under \$500,000.

Ray White Group chief economist Nerida Conisbee says, that while the number of affordable properties has been steadily reducing in the past 20 years, there are still options.

In Perth, 41.3% of all sales were under \$500,000, Adelaide 24.9%, Brisbane, 24.1%, and Hobart 20.1%. The pricier capital cities still had some options with 14.7% of sales in Canberra for less than \$500,000, 13.2% in Melbourne and 9.4% in Sydney. Conisbee says many of these sales were apartments.

“Places where we have seen extremely high levels of apartment development have the most availability of low-priced apartments,” she says.

Conisbee says affordability is better in regional Australia.



Quote Of The Week

“With vacancy rates at historic lows, investors are unlikely to be struggling for a tenant – a far cry from just two years ago when many investors were offering tenants reduced rents to help them get through lockdown.”

RateCity research director Sally Tindall



Lower Deposits For Investors

The big banks are starting to improve lending terms for investors, in an effort to entice them back into the market.

The Commonwealth Bank has announced it will allow investors to take out loans with deposits as low as 5%, as long as they take out a principal and interest loan. Previously it required a 10% deposit.

RateCity research director Sally Tindall says the move shows the bank is confident investors can meet higher interest rates because rents have increased so substantially.

“(CBA) have determined the risk and considered it’s appropriate to lend to investors with such small deposits,” she says.

“With vacancy rates at historic lows, investors are unlikely to be struggling for a tenant – a far cry from just two years ago when many investors were offering tenants reduced rents to help them get through lockdown.”

ANZ also offers a 5% deposit loan with both principal-and-interest or interest-only terms and Westpac has a low-deposit loan for some investors.



Low Deposits Scheme A Big Help

Almost one in three first-home buyers were helped into the market by the Federal Government’s low deposit guarantee scheme in the past year.

That’s a significant increase on the previous year when one in seven used the First Home Buyers Guarantee Scheme to buy.

The Guarantee provides a government guarantee of up to 15% for eligible buyers, so they can purchase with a deposit as low as 5%.

The take-up is tipped to increase further with the scheme extended on July 1 to make it also available to permanent residents. It has also been opened up to buyers who have previously owned property, as long as it was more than ten years ago.

Housing Australia data shows about 65% of applicants are buying houses and the remainder are units. The top location for recipients of the guarantee was Mackay Harbour in Queensland. In Western Australia, Armadale was the top location, in Victoria it was Craigieburn and in Sydney it was Liverpool.



Foreign Buyers Double

Overseas demand for Australian properties has surpassed pre-pandemic levels with new figures revealing searches have doubled since 2019.

PropTrack’s overseas search report shows there has been a big increase in potential buyers searching from New Zealand and China, including those wanting to rent.

A large proportion of China-based searchers are believed to be students looking to study in Australia.

Searching from potential overseas buyers increased by 11.5% in the past three months and rental searches increased by 7.8%. The largest annual increase in rental searches was from New Zealand, which is up 38%, followed by the UK, which is up 15%. Melbourne was the top destination for overseas property searchers, followed by Sydney and the Gold Coast.

PropTrack economist, Paul Ryan says the increase in overseas interest started in early 2022 when international borders reopened.

“We’d expect more arrivals early next year as, seasonally, that’s the time of the year when we get a lot more student arrivals,” he says.