



The Week In Real Estate

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Regional House Prices Gather Steam

The rate of house price growth in some of the country's more popular regions has surged in the past three months.

Data from CoreLogic shows that the pace of growth is faster in many regional locations compared to the previous quarter, following net migration to some regions picking up noticeably. CoreLogic research director, Tim Lawless, says the "re-acceleration" in some regional markets shows that demand persists for properties in areas that have "lifestyle advantages".

"I think we will see buyers taking advantage of the fact that prices in some of those regions are currently below their record highs and showing some affordability benefits for those that couldn't buy in the earlier growth phase," he says.

The data shows the pace of growth between the past two quarters was strongest in the Barossa-Yorke-Mid North region in South Australia.

Growth also picked up pace between the two quarters in the Western Australia, Wheat Belt and Outback regions, Launceston and Northeast in Tasmania and Newcastle and Lake Macquarie in NSW.

Where Overseas Buyers Favour

Changes to migration and international student numbers is likely to result in a reduction of the number of overseas-based buyers and renters searching online for Australian property.

Analysis by PropTrack of online property searches shows that in April, searches from overseas for properties to buy on realestate.com.au were up by just 0.8% compared to the same time last year. Searches for rental properties were down by 2.3% during the same period. The report shows there has been an increase in interested buyers (6.9%) and renters (8.1%) based in the UK and a drop in potential buyers from China, the United States, New Zealand, Hong Kong, Singapore and India. PropTrack senior data analyst Karen Dellow says recent government mandates concerning students and educational institutions have led to a decline in visas granted to overseas students intending to study in Australia.

"Given the correlation between issued student and work visas and the volume of rental searches on realestate.com.au, both are anticipated to decline proportionally due to these policy changes," she says.

The report shows Queensland is the top state overseas property seekers are searching to buy in followed by Victoria, New South Wales and West Australia. Overseas renters are more likely to search in NSW, followed by Victoria, Queensland and Western Australia.



Quote Of The Week

"Supporting population growth will require supplying adequate homes, which will entail providing the necessary infrastructure and land supply to grow our cities."

HIA economist Maurice Tapang



Population Boom Creates Hotspots

Surging population growth is creating housing construction hotspots in the suburban outskirts of Australia's major capital cities. The annual Housing Industry Association Population and Residential Building Hotspots Report says the northwest Sydney suburbs of Box Hill and Nelson are Australia's biggest hotspots for construction, followed by Fraser Rise and Plumpton in Melbourne's west. There are 11 Victorian locations on the Top 20 list, many of them in the growing outer suburbs. New South Wales has four home-building hotspots in the top 20, including Marsden Park and Austral. Queensland has three, Chambers Flat - Logan Reserve, Ripley and Caloundra West and both Western Australia and South Australia have one each. The HIA identified hotspots as areas where population growth eclipses the national rate of 2.4% and building work is worth more than \$200 million. HIA economist Maurice Tapang says the results show that new master-planned housing communities are in high demand.

"The drivers of housing demand are population and economic growth," he says. "Supporting population growth will require supplying adequate homes, which will entail providing the necessary infrastructure and land supply to grow our cities."

Vacant Home Numbers Rise

The number of vacant rental properties available increased during April, although the change was so marginal it is unlikely to help those struggling to find somewhere to rent.

The PropTrack Rental Vacancy Rates report for April 2024, shows the national vacancy rate increased by just 0.09%, to reach 1.21%. PropTrack economist, Anne Flaherty, says despite the change vacancy rates remain at less than half the level that is considered a healthy rate. "With vacant properties scarce, homes that do come up for rent are continuing to see high levels of competition, which is driving rent prices higher," she says. Vacancy rates increased in Perth and Canberra (by 0.18%), Hobart (0.16%) and Sydney (0.14%). Melbourne was up by 0.09%, Brisbane was up by just 0.03%, and Adelaide, by 0.13%. "The situation for renters is similar across both capital city and regional areas, with each seeing vacancy at 1.2% in April," Flaherty says.

"Compared to 12 months ago, regional areas have seen the greatest deterioration in rental conditions, with vacancies down 0.25 percentage points compared to a 0.15-percentage-point drop in the cities."



First-Home Buyers Back

First-home buyers are making a comeback with home loan approvals for that sector on the way up.

Australian Bureau of Statistics figures show the number of new loan commitments to first-home buyers is up 9.9% year-on-year and 4.5% for the month of March. The value of new home loan commitments for first-home buyers is up 17.9% year-on-year and up 4.4% for March to a total value of \$5.19 billion.

This follows first-home buyers' home loan approvals reaching their highest level since the Covid pandemic in the January 2024 quarter.

Tasmania had the biggest increase in loans to first home buyers of 12.9%, followed by Victoria 5.8%, Queensland, 4.2% and Western Australia, 2.8%.

Loans to FHBs increased by 1.6% in the ACT while they fell in South Australia (- 5.9%), New South Wales (-0.5%) and the Northern Territory (-14.5%).

First-home buyers are turning to the market as it becomes harder to find an affordable rental property. New analysis by Ray White shows the number of rental properties available for less than \$500 a week has almost halved (47%) in the past 12 months.