



The Week In Real Estate

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Markets Favouring FHBs

A new report reveals the locations where softening market conditions mean properties may be more affordable.

The Property Pendulum report by Property Credit shows where there have been “tangible shifts” in favour of first-home buyers. It analysed more than 300 markets for the availability and affordability of homes under \$750,000 and looked at listing levels.

Locations in Victoria it identified include Latrobe Valley, which has 667 houses available for less than \$750,000 and listings which are 26% higher than the 12-month average.

In Tasmania, Launceston has 319 houses for under \$750,000 and listings are up by 17%, while in New South Wales, the Lower Hunter has 302 houses and listings are up 71%.

Maryborough in Queensland has 295 houses for sale under \$750,000 and listings are 24% higher than the 12-month average.

Property Credit chief executive Giordano Stephancic says the overall market may seem challenging to first-home buyers, but the report shows there are still plenty of locations they can afford to buy in, particularly outside capital cities.

Record Breakers

Just under half of all Australian suburbs achieved record-high median house prices by the end of April 2024.

CoreLogic data shows 43.6% of suburbs hit record highs despite two years of interest rate rises. The analysis shows that on average house prices increased by 2.8% since April 2022, when interest rates started to rise. CoreLogic research director, Tim Lawless, says the level of increase has been affected by the “short, sharp downturn” experienced when rates first started to increase.

Perth had the most significant increase in average house values of 25.7% in the past two years, while Hobart had the biggest decrease of 11.2%. Lawless says Western Australia had nine of the top ten performing suburbs for growth, while in Hobart 98% of suburbs had a drop in dwelling value in the past two years.

“Buyers, including investors, have turned to Perth and Adelaide for their relative affordability, strong rental conditions and higher gross rental yields,” he says.

“The demand has outweighed supply, which has contributed to pushing values significantly higher over the past year.”



Quote Of The Week

“The fact that land prices are re-accelerating alongside such a modest recovery in sales volumes, suggests it will not be long before the number one constraint on new home building is, once again, the availability of land.”

HIA Senior Economist Tom Devitt



Land Prices Rise

Land sales are on the increase with many choosing to build despite constraints in the construction industry.

The latest HIA-CoreLogic Residential Land Report analysed sales activity in 51 housing markets across Australia. It identified a “modest recovery” in residential lot sales which it says has pushed up prices. HIA Senior Economist Tom Devitt, says activity is stronger in Brisbane, Adelaide and Perth.

“Residential lot sales picked up across Australia, increasing by 0.9% in the December Quarter to 10,666, to be up by 24.6% over the course of the 2023 calendar year,” Devitt says.

“The fact that land prices are re-accelerating alongside such a modest recovery in sales volumes, suggests it will not be long before the number one constraint on new home building is, once again, the availability of land.”

“State and local governments that do not help bring sufficient shovel-ready land to market – both greenfield and infill – will struggle to do their share of the Australian government’s national target of 1.2 million new homes over the next five years.”

Super Borrowers Better Off

First-home buyers using some of their superannuation to help them buy a property could actually be financially better off in retirement, according to new modelling.

Modelling done by actuaries Michael Rice and Jonathan Ng, which was presented to the parliamentary committee looking at superannuation policies relating to home ownership, predicts homebuyers could be financially better off if they access their superannuation for deposits. Their data shows that a 35-year-old who withdraws a 20% deposit (about \$160,000) to buy an \$800,000 apartment would be \$1.2 million better off over 30 years in today’s dollars. Left in superannuation that same amount of money would only increase by \$319,000 during the same period. The committee is considering the effect of withdrawing some superannuation savings for a home deposit.

The Superannuation Funds of Australia does not believe allowing buyers to access their funds for a deposit will help those struggling to save for one.

It says it will largely only help those who can already afford property and may drive up property prices.



Suburbs Cracking \$2 million

Property prices are rising so quickly that more housing markets are cracking the \$2 million and \$3 million barrier.

Domain data shows median prices in four suburbs across three cities have now joined the \$2 million club, while another, Haberfield in Sydney has breached \$3 million. Suburbs which surpassed \$2 million in the first quarter of 2024 were:

In NSW: Pennant Hills \$2.076 million (up 9.3% from \$1.9 million in December 2023) and West Ryde \$2.055 million (up 7% from \$1,920,000).

In QLD: Hawthorne, \$2.075 million, up 6.7% from \$1.945 million.

In Vic: Sandringham \$2 million, up 2.4% from \$1.9525 million.

At the same time, four suburbs dropped out of the \$2 million club - Byron Bay, Noosa Heads, Hamilton in Brisbane and South Yarra in Melbourne. All four locations have experienced significant price growth in the past three years.

Their prices dropped by between 8.8% (South Yarra) and 24.7% in Hamilton in the first quarter of the year.