



The Week In Real Estate

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

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Prices Hit A Record High

Australian home prices hit a new record in May and are now 2.73% higher than at the same time last year.

The latest PropTrack Home Price Index report shows that almost every capital city, with the exception of Hobart (down by 0.13%) and Canberra (down by 0.21%), recorded price growth in May. The strongest growth was in the “smaller capital cities” of Perth, Brisbane and Adelaide. The report says this is a trend that has been evident for much of the past two years.

“These markets remain the strongest for annual growth, with Perth prices up 20.58% over the past year, while Adelaide and Brisbane have grown 14.49% and 13.69% respectively,” it says.

Brisbane’s growth means it is now the second most expensive capital city in Australia, surpassing Melbourne.

“Brisbane remains one of the strongest performing markets over the past year,” the report says. Capital city price growth outpaced the regions during the month, with many of the regions recording minor declines during May. The only regional markets to record price growth in the month were New South Wales and Tasmania.

Surge In Listings

The number of properties listed for sale is on the rise, according to new data from SQM Research.

It has recorded a 5.5% increase in the past month in total listings throughout Australia with 252,757 properties now being offered for sale.

Sydney had the biggest increase of 8.4%, followed by Melbourne which was up 7.6%, Brisbane 7.1% and Canberra, 7%. While all capital cities had an increase in listings in May, the report shows that the results are mixed over the past 12 months. Listings are higher in Sydney, Melbourne, Canberra and Hobart than they were at the same time last year but are down in all other capital cities.

Listings in Perth in particular are down 23.4% from what they were in May 2023. SQM Research managing director, Louis Christopher, says the market is simply starting to return to more normal, historical listing levels.

While listings are rising, asking prices for properties are not declining according to Christopher.

“Asking prices also continue to rise, albeit at a moderate pace for our larger capital cities,” he says.



Quote Of The Week

“We can probably expect further upward pressure on housing values alongside a further erosion in housing affordability, even as interest rates stay higher for longer.”

CoreLogic research director, Tim Lawless



Quick Profit On Rise

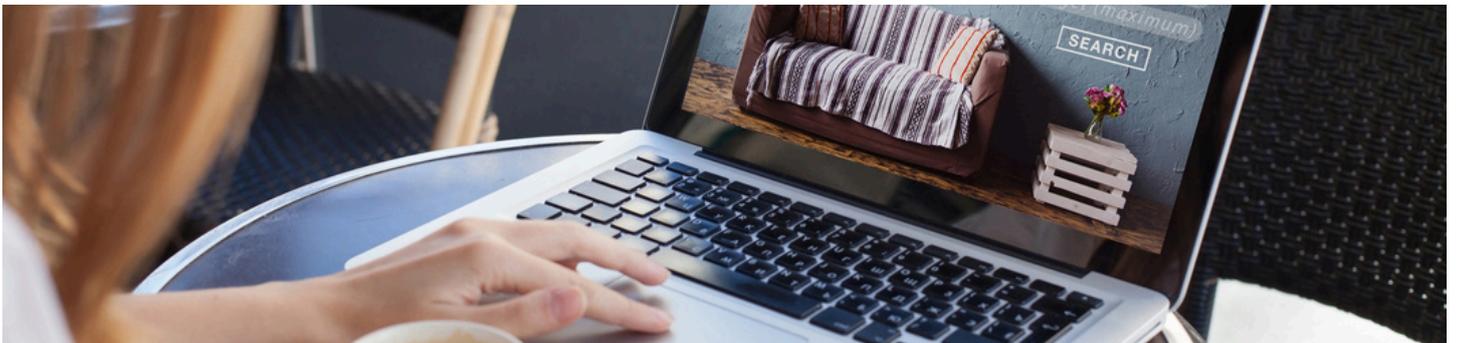
The number of homes being resold within two years of purchase has soared in parts of regional Queensland, Brisbane and Perth. Analysis by CoreLogic shows that buyers may be taking advantage of recent capital gain windfalls. Regional Queensland had the highest proportion of short-term resales, with about 13% of properties sold within two years of purchase. In regional South Australia, Western Australia and Tasmania, more than 10% of sales were within two years of purchase. CoreLogic head of research, Eliza Owen says the biggest contributor to the increase in short-term resales is owners who are seeking to take advantage of substantial price rises, especially in relatively cheap markets. "This could infer that owners are cashing in on value gains to buy somewhere more expensive or desirable," she says. Of the top 50 suburbs with the biggest increase in two-year resales, half were in regional Queensland. Of those seven were in Wide Bay, and five in Mackay Isaac Whitsunday. In the Adelaide suburb of Evanston, more than 30% of properties sold had only been owned for two years, during the same period home values rose by nearly 30%. In Perth suburbs Bedfordale, Hilbert and Singleton two-year resales increased to 25%.

Growth Tipped To Pick Up Pace

Property prices are tipped to continue to accelerate in the second half of 2024 and into 2025. The probability of price increases for both houses and units is high in Melbourne, Sydney and Brisbane according to an analysis done by Performance Property for Capspace.

It says with the housing shortage likely to worsen in the next two years there will be further gains in prices and rents.

It comes as the latest NAB Residential Survey for Q1, 2024 says the bank's outlook for property prices is that they will grow by around 5% this year and 4% next year. The survey says property professionals are becoming more confident of continuing price increases, with confidence highest in Western Australia, followed by Queensland. CoreLogic research director, Tim Lawless, says eventually housing demand and supply will converge, driven by slowing population growth and, eventually, a ramp-up in residential construction activity. "In the meantime, we can probably expect further upward pressure on housing values alongside a further erosion in housing affordability, even as interest rates stay higher for longer," he says.



Renters Shrink Expectations

Would-be renters are most likely to search for houses with four bedrooms and two bathrooms, according to analysis of listings throughout Australia.

But what they end up renting is basically just what they can get, with a survey by realestate.com.au showing that almost three-quarters (72%) of renters feel they have to compromise on price, location and features to find a rental property.

More than half of renters (52%) say they are experiencing financial difficulty due to high rent payments, while 39% will have to move into a smaller rental property or share house due to financial difficulties.

The analysis shows the top 10 suburbs for renters searching for smaller properties is in Richmond in Victoria, followed by Newtown in New South Wales.

When it comes to searches for smaller units, Melbourne CBD tops the list followed by Richmond and then Sydney CBD. Brisbane CBD also makes the top ten unit list, as does Surfers Paradise.