# REVENTON

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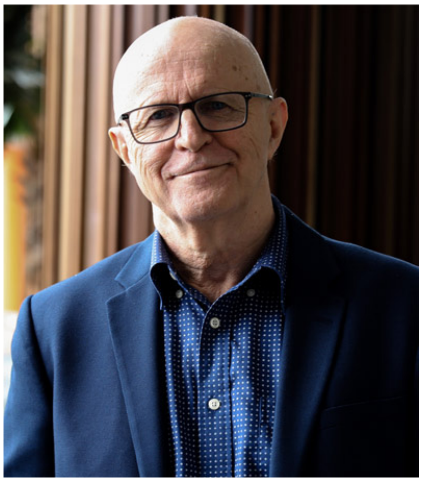
# AUSTRALIAN PROPERTY UPDATE

## Terry's View

**You can take any set of statistics and tell the story that suits you, whether it be positive or negative. With price data at the moment, journalists are going out of their way to find the negatives in the figures from research firms like SQM Research and CoreLogic. But a realistic analysis shows that the positives outweigh the negatives. The latest figures from CoreLogic, published on 1 July, show that 12 of the 15 market jurisdictions (eight capital cities and seven state regional areas) have recorded rises in their house prides the past 12 months and also in 2020 to date. Given that markets have been negatively impacted by the pandemic since mid-February, it's remarkable that 12 of the 15 jurisdictions have prices higher today than they were in January, notwithstanding decline in some markets during June. But the June data is surprisingly positive also: according to SQM, six of the eight capital cities recorded increases in house prices in June, with Sydney and Melbourne the exceptions.**



**Terry Ryder**
**Australia's Leading Independent Property Researcher**

## Home Building Key To Economic Recovery

The importance of Federal Government's $25,000 grant to people building new homes has been emphasised by research which shows the dramatic multiplier impact of the housing construction industry.

Residential estates across Australia have been reporting big increases in inquiry and sales levels since the announcement of the HomeBuilder package in early June.

The new grant, coupled with existing federal and state incentives, means first-home buyers in particular can receive a massive boost in getting into a new home, helped also by ultra low interest rates.

Research by the National Housing Finance and Investment Corporation has found that residential construction has the second highest economic multiplier effect on the Australian economy.

The research shows that nine jobs are supported across the economy for every $1 million spent on residential construction.

NHFIC chief executive Nathan Dal Bon says this means that every new home built generates an average of three jobs throughout a range of industries, based on the average dwelling construction cost.

"Understanding how residential construction activity may affect jobs and flow through to the broader economy is increasingly important and timely, given the impact of COVID-19," he says.

The Building Jobs report found that $1 million of output in residential construction supports around $2.9 million of industry output and consumption across the broader economy.

The employment impact on construction services such as plumbing, electrical, bricklaying and carpentry is almost four times that of any other industry connected to the residential construction industry, the report found.

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## Covid-19 Changes Attitudes To Location

A new survey has found that COVID-19 has caused a swing in attitude among Australians that could have long-term effects on the property market.

The survey, conducted by RSL Art Union in December and again in May, looked at what makes a "dream home" for Australians.

The original survey found that more people valued proximity to work or places they regularly visited (14 %), compared with those who wanted to be closer to their family and friends (10%).

When the same survey was held in May, 77% valued proximity to family rather than work.

RSL Art Union General Manager Tracey Bishop says she is not surprised by the finding that Australians had changed their perspective when it came to their dream homes post lockdown.

"I think these unusual times have changed our perspective," she says. "The results showed a shift away from the preference among our customers to have their dream house near work."

The Covid-19 lockdown phase has forced many Australians to work from home and some will seek to make this a permanent arrangement.

This is likely to enhance a trend already under way, with more people relocating to lifestyle locations with the intention of working remotely and telecommuting.

## Vacancy Rates Solid In Most Cities

Vacancy rate changes have proven to be a prime indicator of the health or otherwise of property markets during the pandemic period – and the latest data from SQM Research shows the resilience of most markets across Australia.

The national residential rental vacancy rate recorded a small decrease over the month from 2.6% in April to 2.5%, a remarkably strong figure in the current circumstances.

The vacancy rate reduced in four the eight capital cities – and six capital cities have vacancies between 1.2% and 2.5%. The strongest cities are Adelaide and Hobart, both at just 1.2%, while Canberra is close behind with a vacancy rate of 1.3%.

Sydney and Melbourne are the only cities to record a significant increase in their overall vacancy rates. Melbourne's vacancy rate is only slightly above 3%, but Sydney has increased to 4% and its CBD now has a vacancy rate of 16%, according to SQM.

It says Sydney and Melbourne are recording declines in rents for both houses and units over the month, but rents have risen in Adelaide, Brisbane, Perth, Hobart and Darwin in the past month. Many of the nation's key regional cities continue to have low vacancy rates, including Ballarat, Bendigo, Albury-Wodonga, Orange, Wagga Wagga, the Sunshine Coast and Mackay. Most of these regional centres have vacancies below 2%.

## FHBs "Overwhelmed" By Support

First-home buyers have the kind of problem we'd all like to have – they're overwhelmed by the range of government support measures that are currently available, according to a new survey.

The survey found that prospective first-home buyers are confused and overwhelmed by the housing market and the number of grants and incentives available to them, - and it's stopping some from actually following through.

Most were unclear or did not know about first-home buyer grants and schemes – 85% said they did not know what the First Home Loan Deposit Scheme was and had never heard of it.

A further 32% did not understand the grants offered by state governments across the country to help first-home buyers get on to the property ladder.

The survey commissioned by mortgage brokers Aussie quizzed 1,024 Australians looking to get into the property market in the next five years.

Aussie chief customer officer David Smith says the results are surprising, adding that the coronavirus pandemic has increased confusion about the market, as had new initiatives such as the First Home Loan Deposit Scheme.

The scheme enables first-home buyers who qualify to get a mortgage with a 5% deposit without needing to pay for lenders' mortgage insurance. The second round of applications opened on 1 July.

"With seven out of 10 people saying they are confused straight off the bat, it's a significant proportion of first-home buyers," Smith says.