



National Housing Market Report

September – October 2020

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Spring Housing Market Revivals Set to Strengthen - Everywhere

Current State of the Markets

The spring selling season has commenced in earnest with confirmation over September and into October that capital city housing markets are now on the road to recovery.

The autumn coronavirus shutdown placed property markets on hold, however buyer and seller activity bounced back over winter and is now set to build upward momentum through to the end of the year.

The national economy has also improved over recent months despite its official recession status with unemployment rates falling, job numbers rising and a sharp return to the workforce from previously discouraged workers.

Recent home lending data also reveals a housing market revival with lending now rising sharply over consecutive months with all buyer groups active - particularly owner-occupiers and first home buyers. Home building loans have soared to 11-year highs.

Federal government initiatives designed to ease the questionable home lending restrictions of recent years by banks will fuel rising confidence and activity in housing markets.

The Federal Budget announced more stimulus to the economy to offset the winding back of Jobkeeper allowances, with business tax concessions and the immediate implementation of broad-based tax cuts for most PAYE taxpayers

First Home Buyers, the building industry and the economy in general will be clear winners from the Federal Governments Budget decision to extend the popular First Home Buyers Deposit Scheme which will continue to tap into pent-up demand from that group, reflecting Australian's strong underlying aspiration for home ownership.

Although housing markets and economies have an improving late spring outlook, the Victorian economy and the Melbourne housing market each remain in the doldrums as a result of the continued severe local shutdown policies in force. The experience of other states and capital cities however remains a beacon of optimism for the state that

growth and activity can resume as soon as local lockdown conditions are eased. The recent surge in Melbourne listings and sales, albeit from a low base, following an easing of restrictions, is a positive sign for the revival prospects of the local market.

Naturally, the outlook for housing markets and the economy generally is dependent on the continued control of coronavirus, with maintaining open local communities and state border re-openings a key determinant of growth.

Home building activity has increased sharply in recent months - particularly for houses, indicating the ongoing impact of the governments popular HomeBuilder Grant. Apartment development however remains subdued and well behind the levels of previous years reflecting policies restricting investor and developer finance, and barriers to international developers and investors.

Rental markets continue to produce mixed results with vacancy rates for apartments generally easing although tightening for houses and perhaps indicating rising demand for larger dwellings in the expanding work-from-home environment.

Record level unit vacancies in inner-city Sydney and CBD Melbourne reflect a surge in the supply of apartments previously directed to holiday-accommodation but transferred to the permanent tenant market as tourist and foreign student demand has collapsed due to closed state and international borders.

Reflecting high vacancy rates, unit rents in inner-city Sydney and CBD Melbourne are now falling, although house rents generally remain steady in most capitals.

Housing markets are set to build on a generally positive start to the spring selling season with buyer and seller activity likely to increase over coming months until the holiday shutdown.

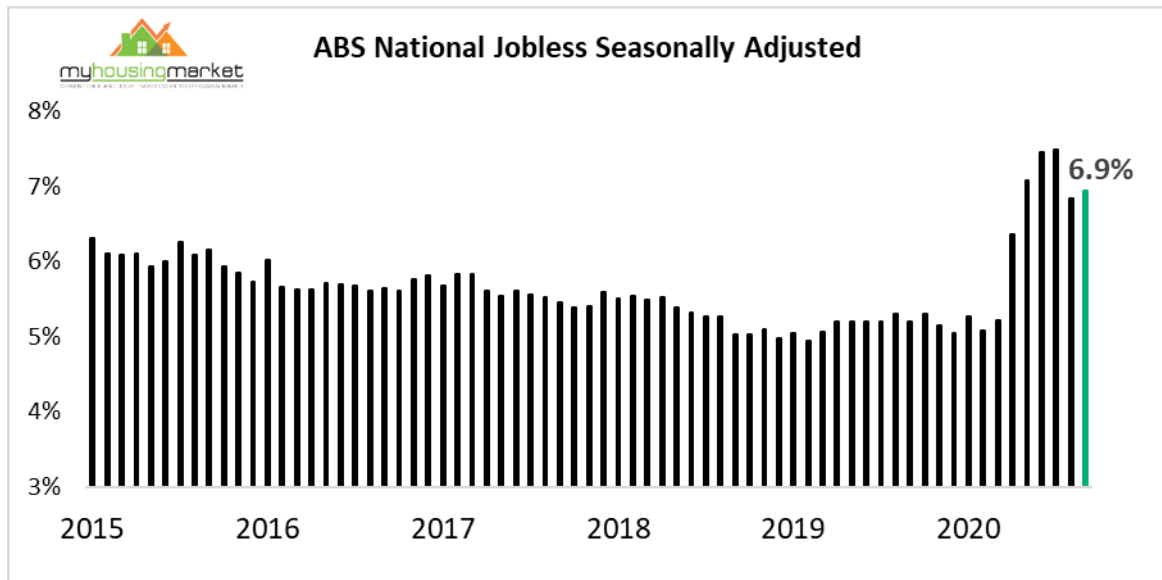
Most capital cities are on track to record a rise in house and unit prices over 2020, and although Melbourne is the clear exception, the prospect of sharp price declines in that city are now diminishing with recent positive signs of re-emerging activity.

Record low interest rates are a key ongoing driver of housing markets with rising speculation of a near-term cut in the official rate which, if eventuates, and passed on by banks, will increase housing affordability and provide financial relief to mortgage holders.

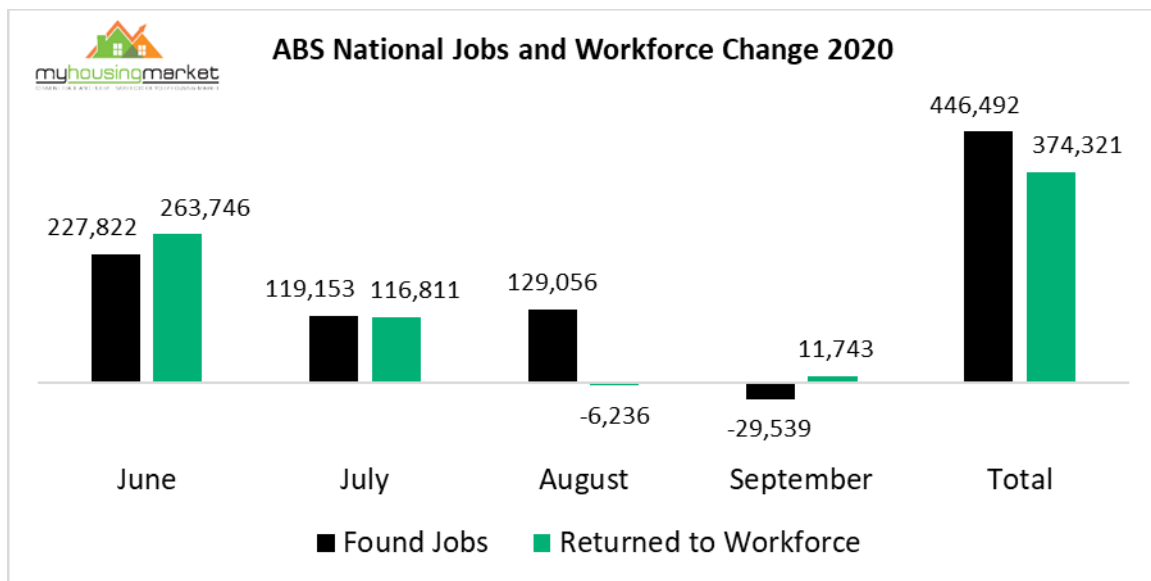
Although the economic outlook remains fragile, consumer and business confidence are rising as shutdown restrictions ease, with the Australian economy increasingly better positioned than most to ride out the coronavirus storm.

Australian housing markets are also once again proving their resilience.

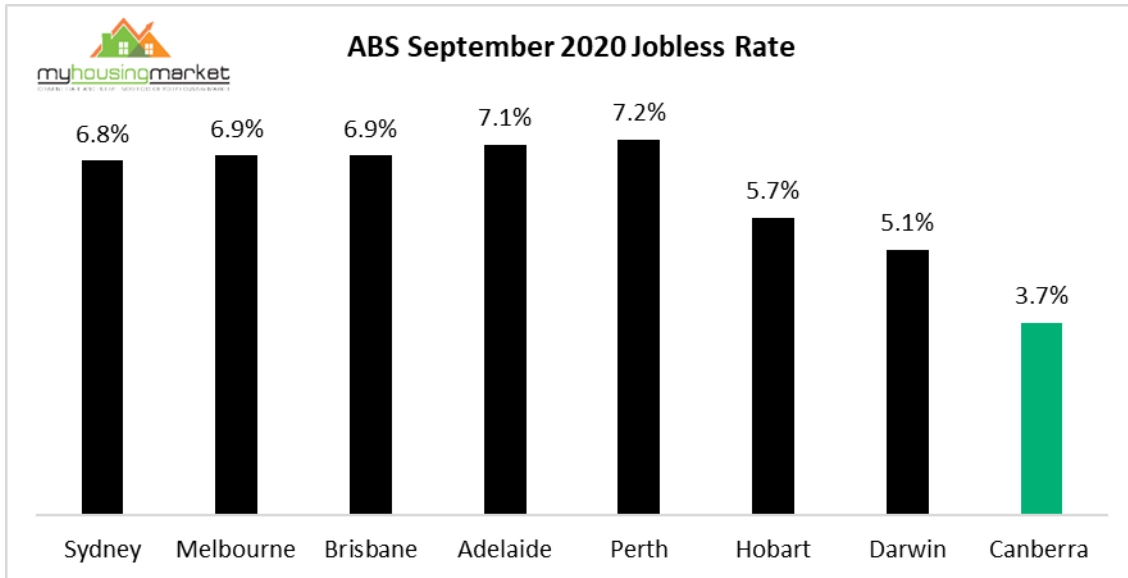
The Economy



The national unemployment rate increased marginally over September from 6.8% to 6.9% impacted by significant job losses in VIC



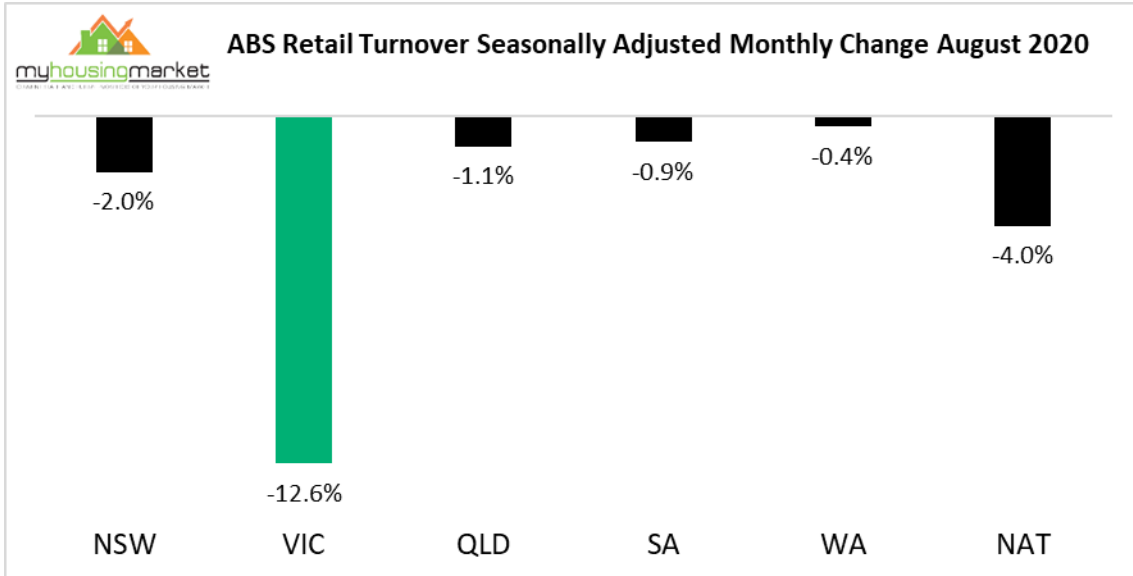
Strong national jobs growth and returns to the workforce since the end of the autumn shutdown, eased over September reflecting substantial declines in VIC – NSW, QLD and WA however remain the best performers with continuing strong results



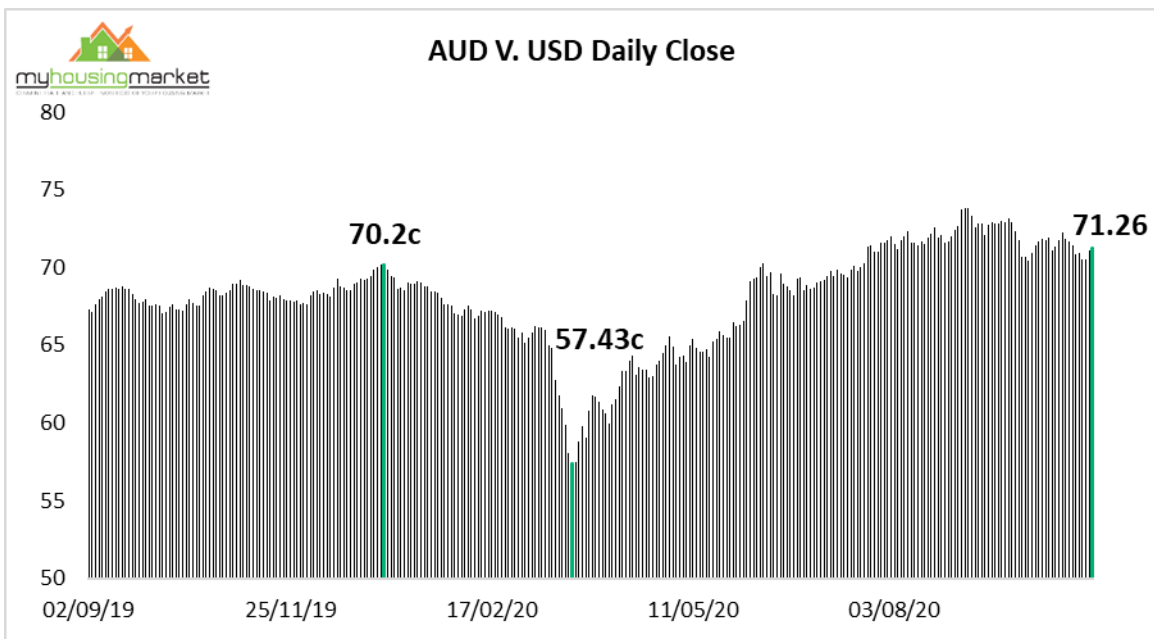
Smaller capitals best performers with lowest unemployment rates – Melbourne’s lower jobless rate reflects sharp September decline in local workforce participation



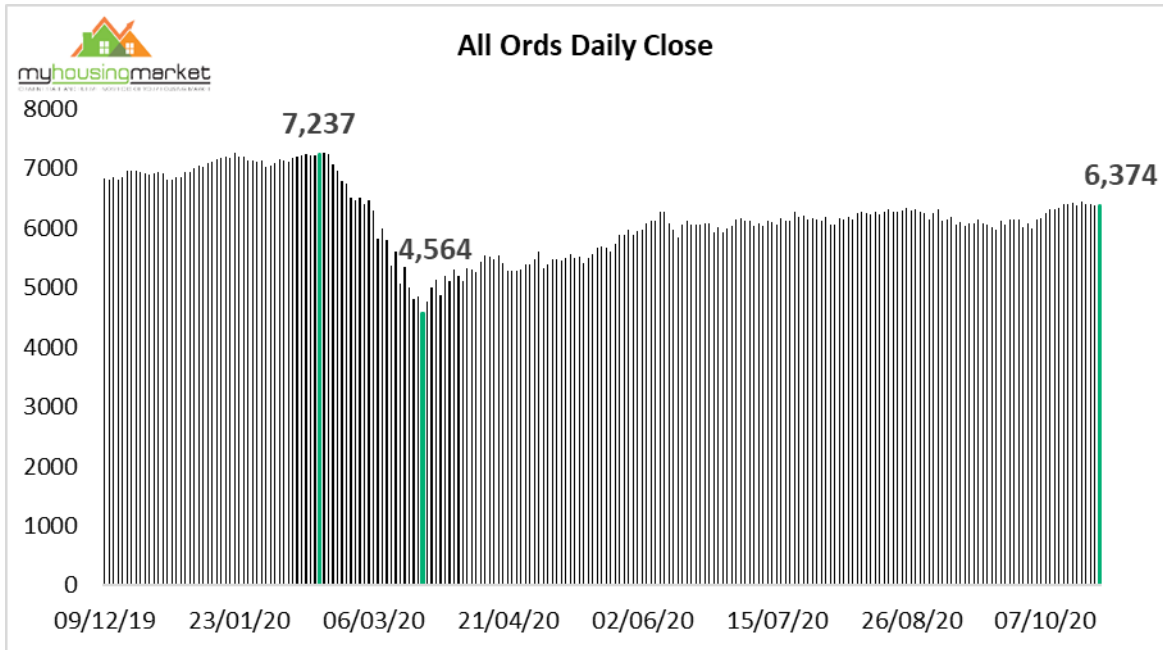
Retail sales still strong despite latest monthly easing and remain higher than pre-coronavirus levels



Sharp monthly decline in Victorian retail turnover a significant contributor to national monthly decline



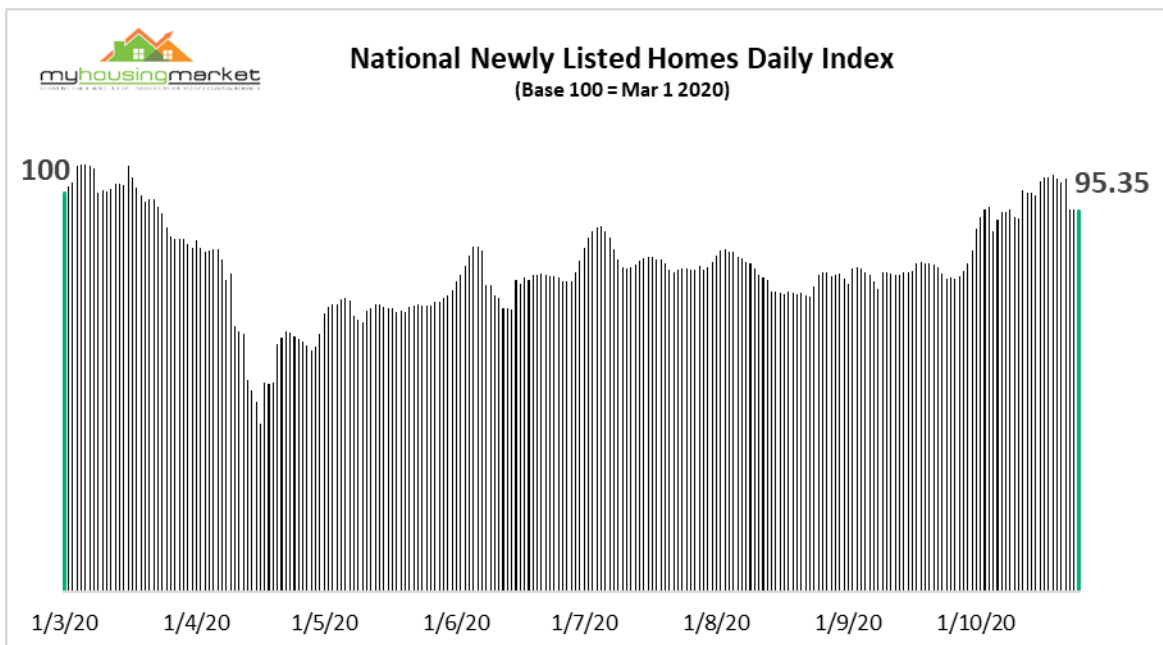
Recent AUD volatility reflects interest rate cut speculation and positive response to Federal Budget



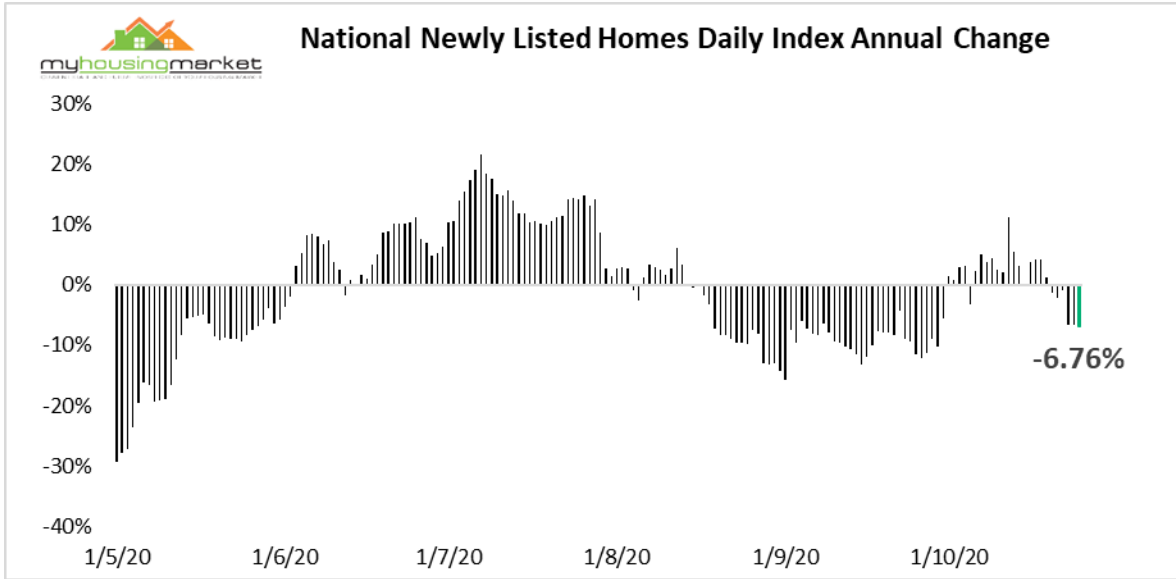
Positive investor response from a steady sharemarket to Federal Budget

Housing Markets

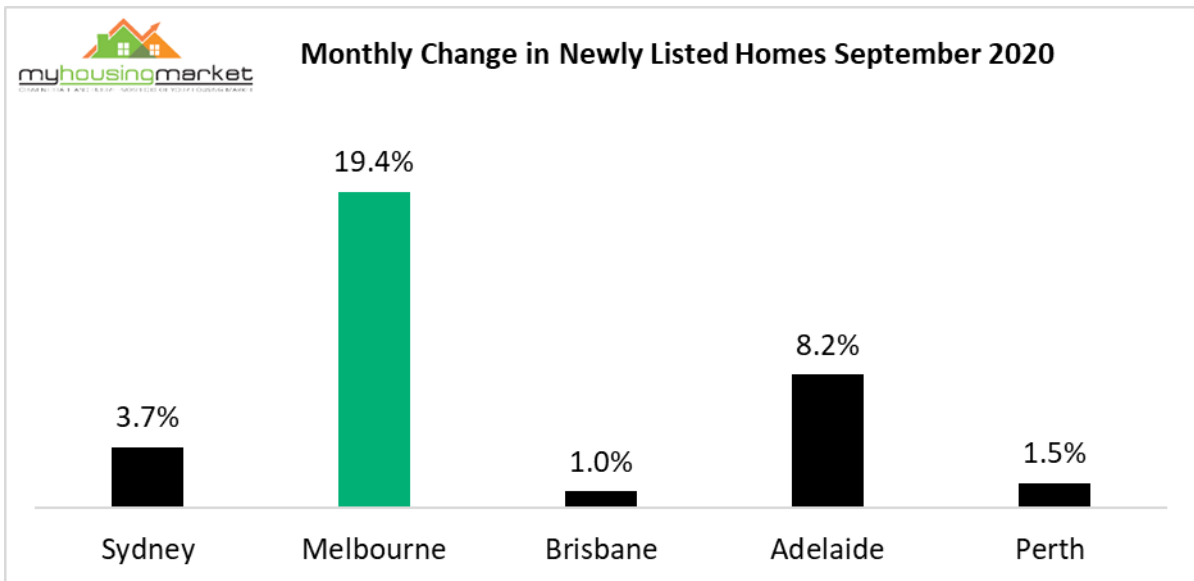
New Listings



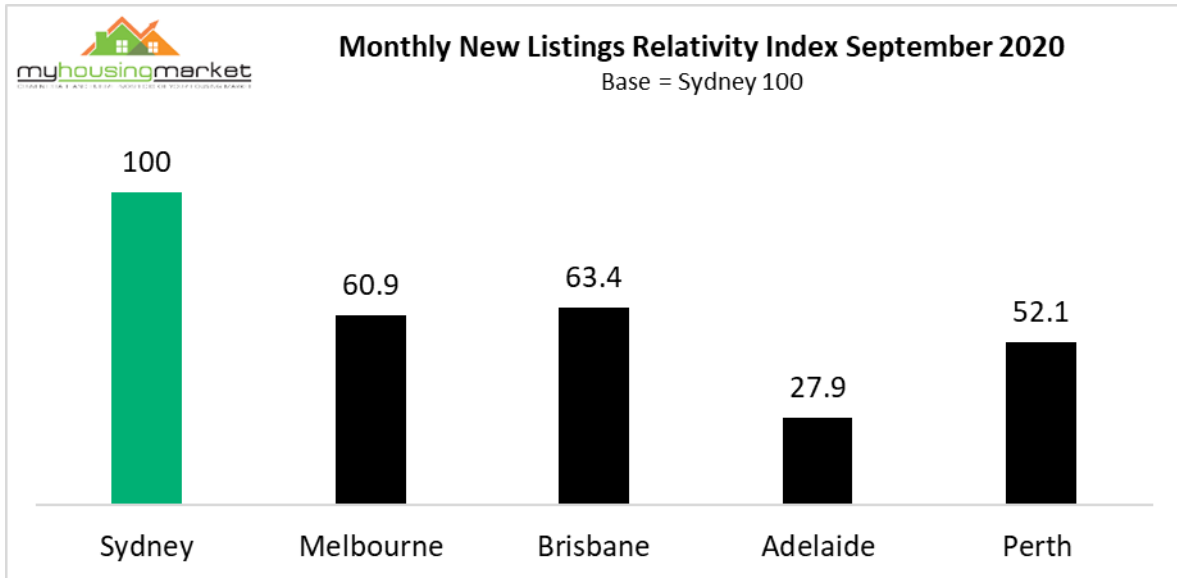
Newly listed houses for sale on the rise from September reflects increased seller confidence in market conditions and the recent revival of Melbourne listings



National newly listed homes for sale now tracking at levels similar to those recorded at the same time last year

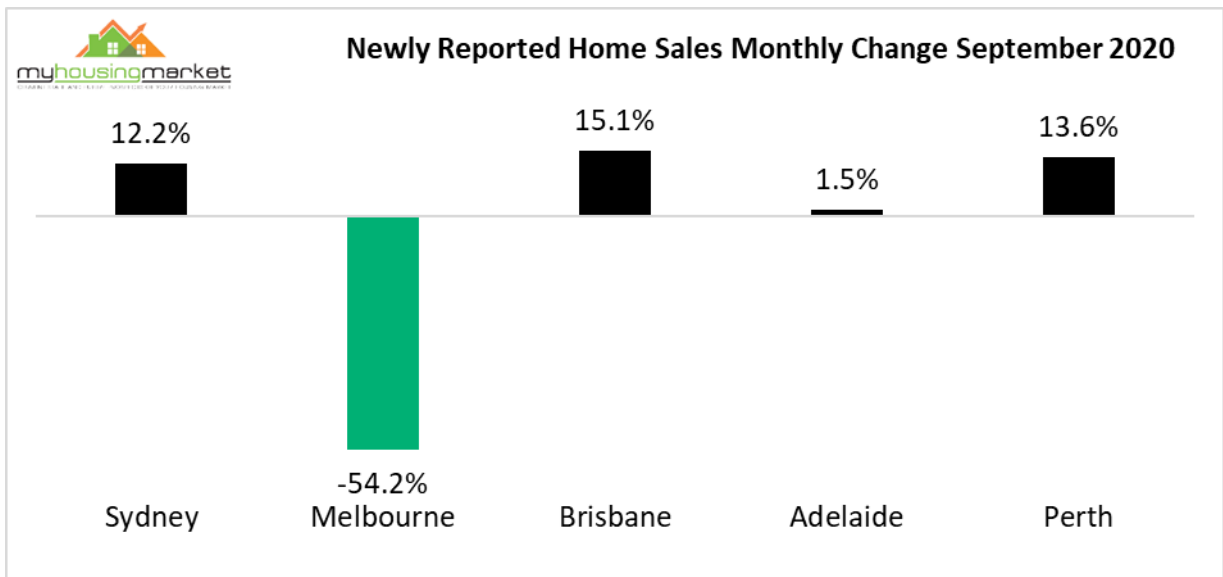


New listings continue to generally rise with a recent surge in Melbourne numbers as shutdown restrictions to housing market activity ease likely to continue.

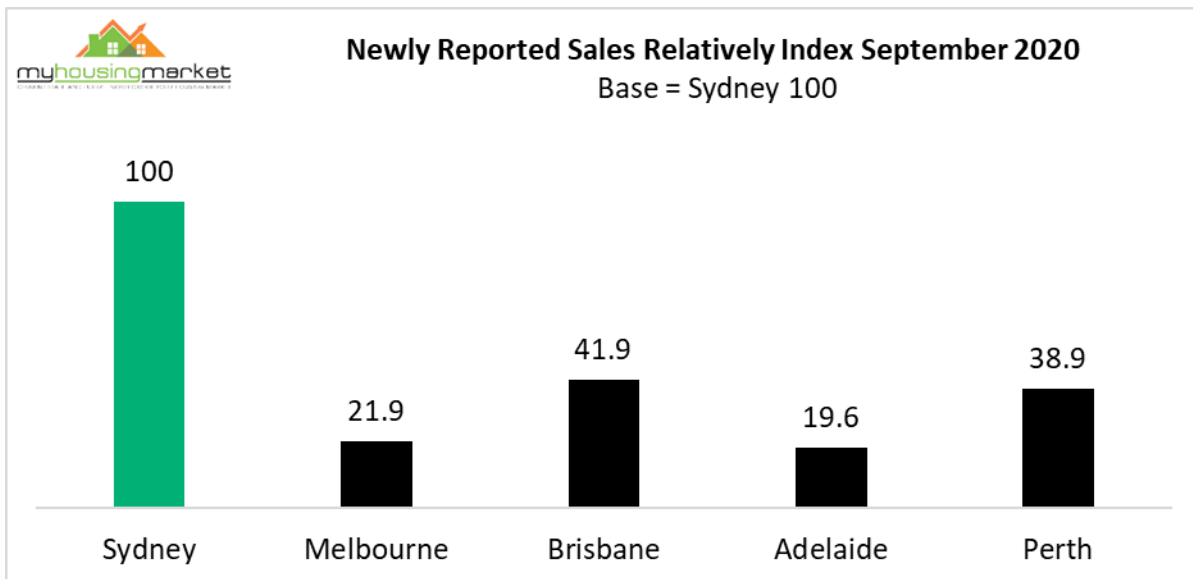


Sydney clearly with highest new monthly listing volumes over the month compared to other capitals

New Sales



Newly reported home sales rising in most capitals over the month with Brisbane still the leading performer - Melbourne however down sharply although recovering modestly towards months end



Sydney clearly top performer in newly reported sales volumes over September

Asking Prices and Rents

Capital City Daily Median Asking Prices and Rents

Capital	House		Unit	
	Price	Rent	Price	Rent
Sydney	\$1,104,234	\$530	\$584,599	\$480
Melbourne	\$835,335	\$450	\$461,008	\$400
Brisbane	\$579,034	\$400	\$358,270	\$415
Adelaide	\$541,309	\$420	\$285,438	\$365
Perth	\$530,465	\$400	\$334,966	\$375
Hobart	\$568,748	\$490	\$433,739	\$420
Darwin	\$584,722	\$520	\$311,770	\$375
Canberra	\$728,517	\$570	\$391,184	\$495

End-of-month daily asking prices and rents - September 2020



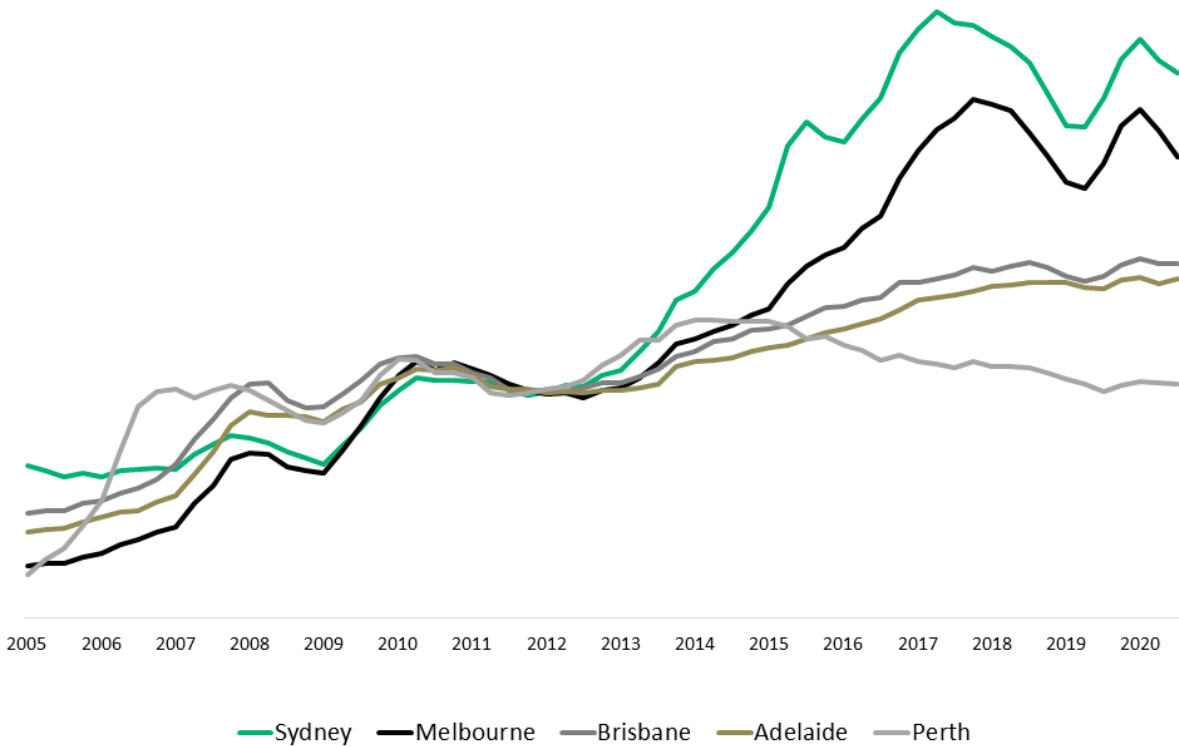
Residential Rental Vacancy Rates September 2020

Capital	Houses	Units	Total Homes
Sydney	1.9%	5.3%	3.8%
Melbourne	2.2%	6.9%	4.1%
Brisbane	1.4%	3.3%	2.2%
Adelaide	0.7%	1.9%	1.0%
Perth	1.0%	1.8%	1.2%
Hobart	0.3%	1.4%	0.5%
Canberra	0.8%	1.1%	1.0%
Darwin	0.5%	2.0%	1.2%

Rental vacancy rates for houses significantly lower than for units in all capitals with inner-city Sydney and CBD Melbourne at record levels.

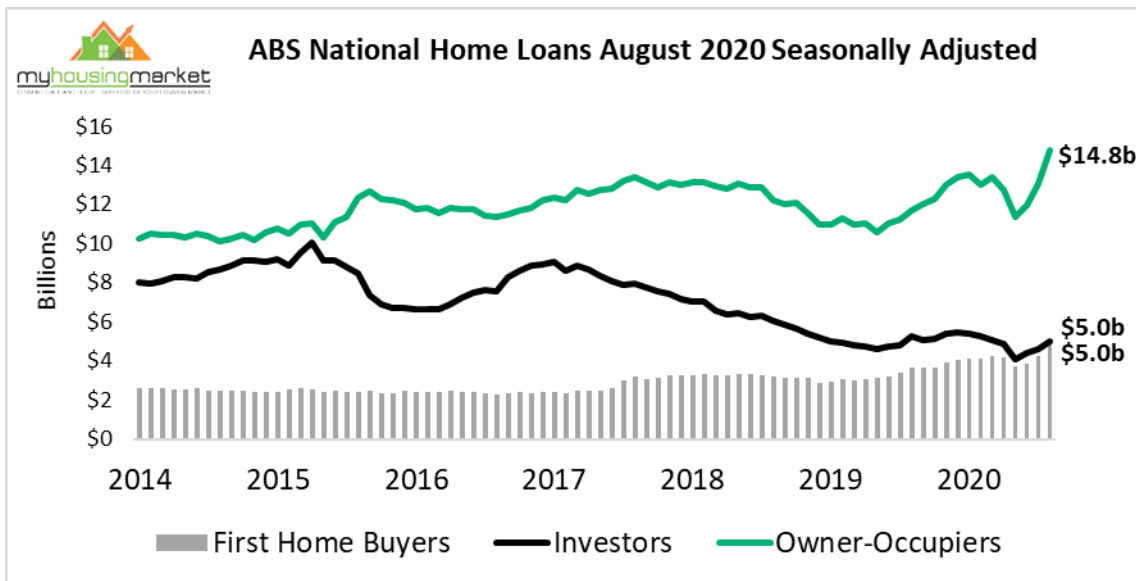


Capital City Quarterly Median Price Index (September qtr)

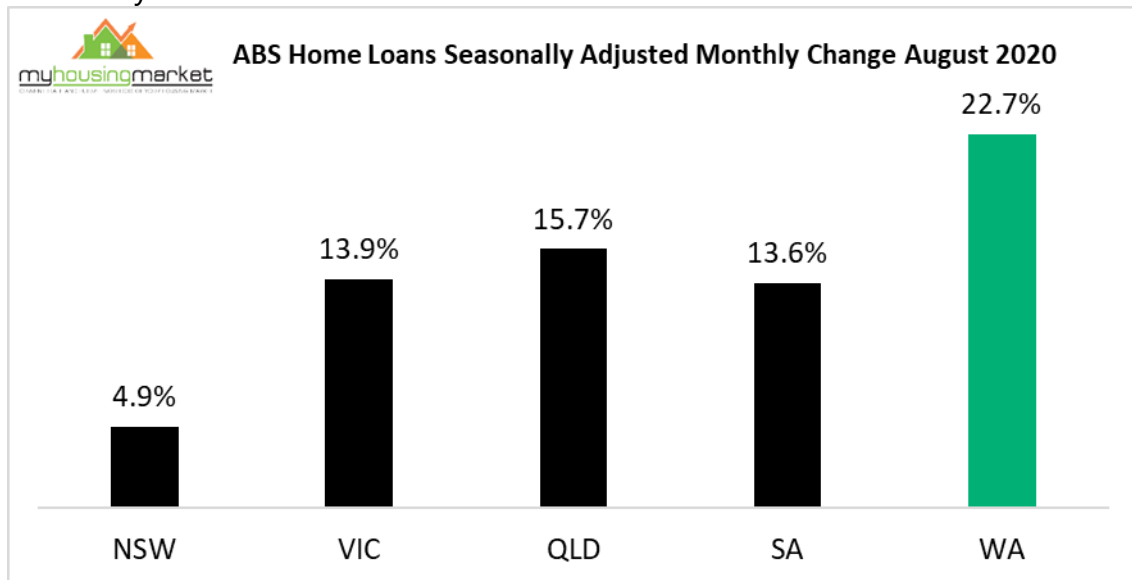


Melbourne and Sydney quarterly house prices most significantly impacted by coronavirus shutdown policies

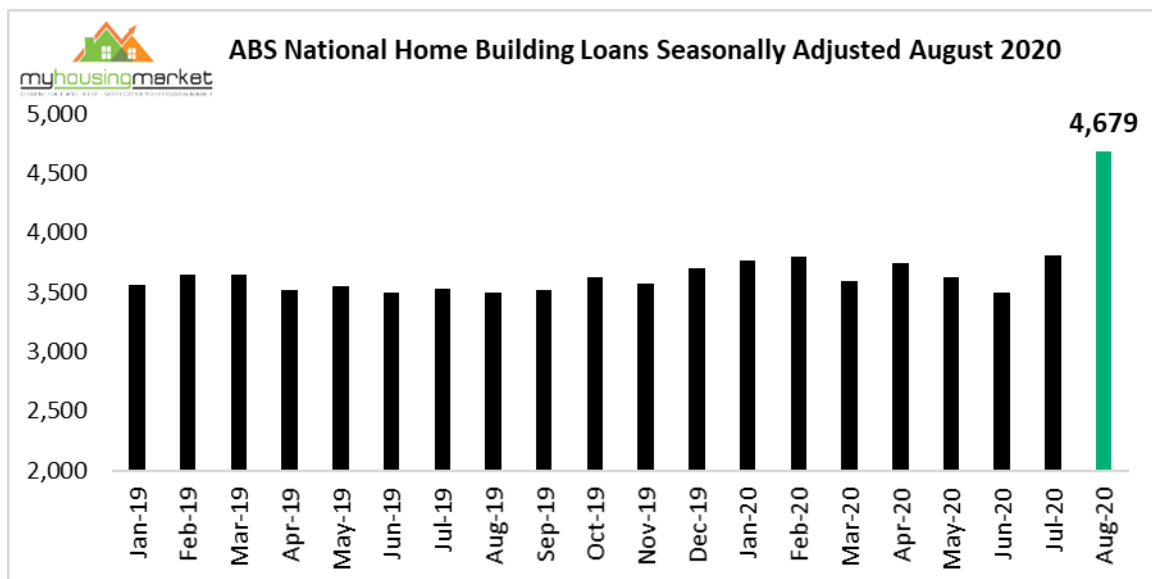
Home Loans



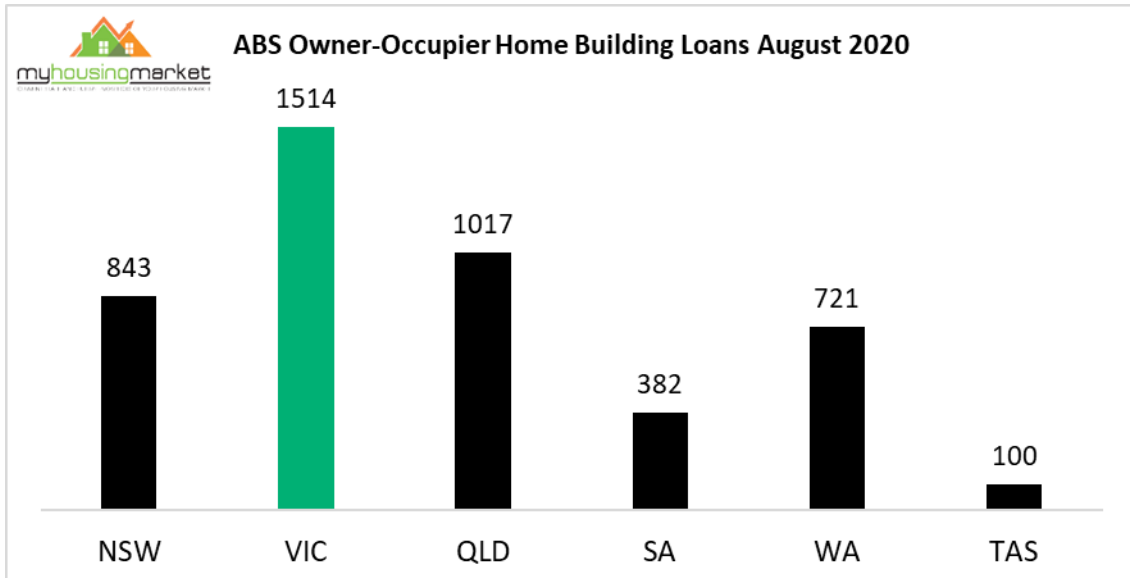
Home loans continue to rebound sharply – particularly owner-occupiers and first home buyers



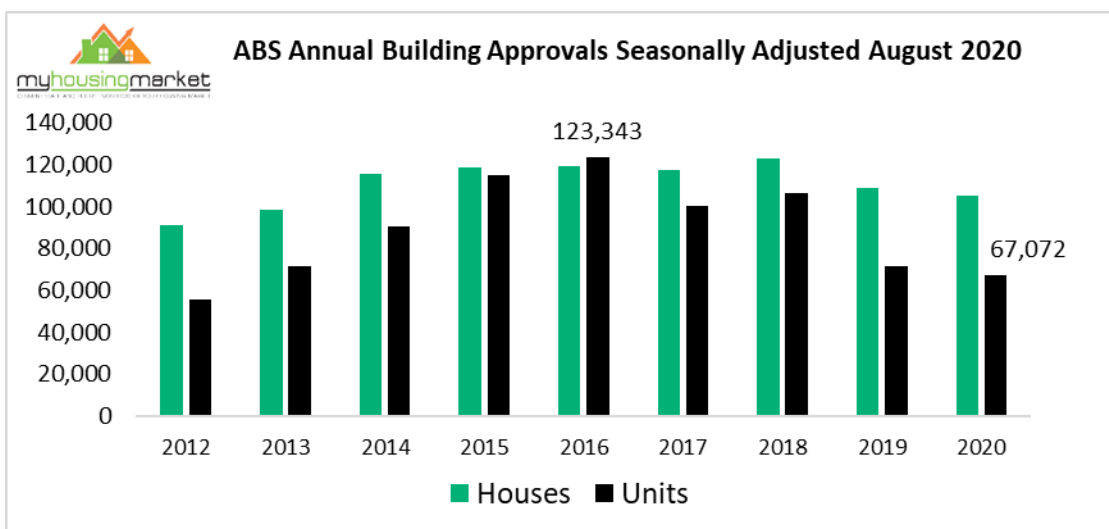
All states report strong increase in home lending over August



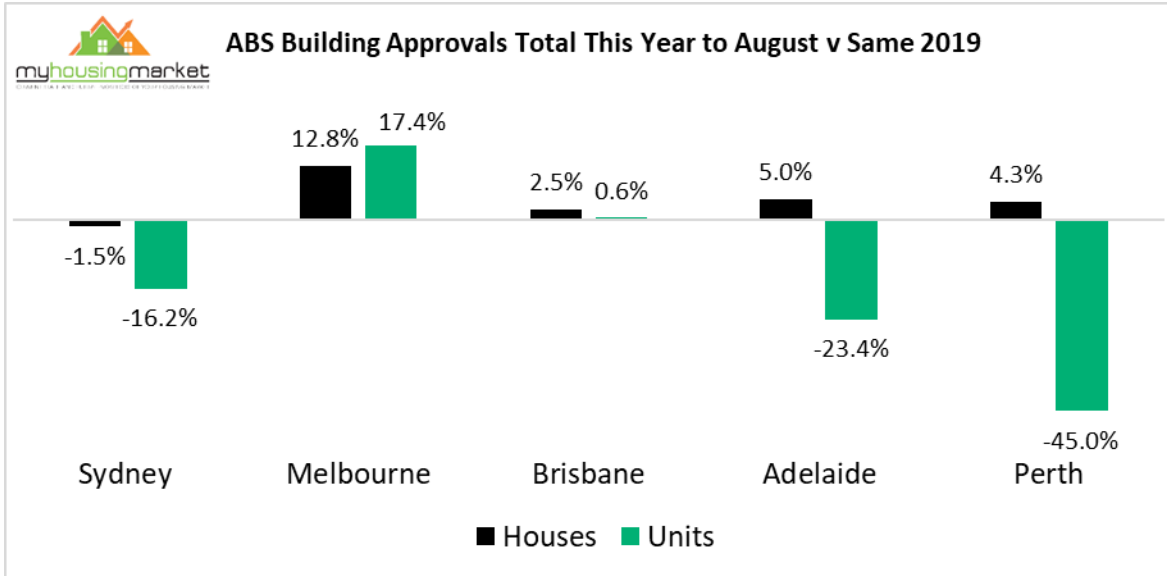
Home building loans surge over August to 11 year monthly high



Victoria records highest home building loans over August



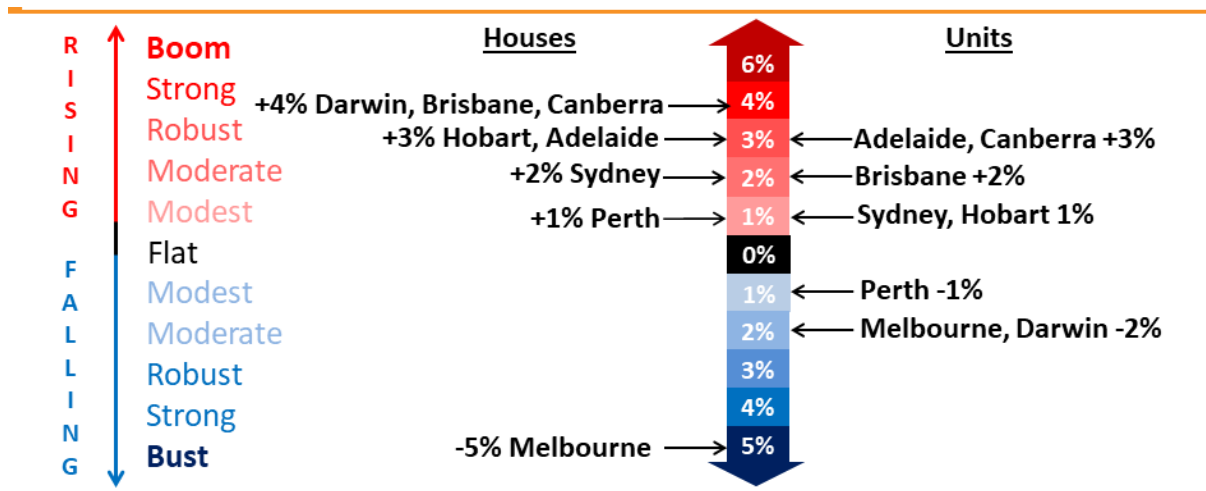
Apartment boom collapse reflects credit restrictions to local investors and developers and increased levies on international investors and developers.



Sydney, Adelaide and Perth unit approvals sharply lower this year, with Melbourne higher but from a low base.

Market Barometer

Forecast Annual Mid-Range Median Prices Growth 2020





Dr. Andrew Wilson

Dr Andrew Wilson is Chief Economist for My Housing Market. My Housing Market provides expert insights for home buyers, home sellers, tenants, landlords, investors, developers, builders, real estate agents, governments, media and all those seeking to find out what's really happening in their property markets.

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