



National Housing Market Report

October – November 2020

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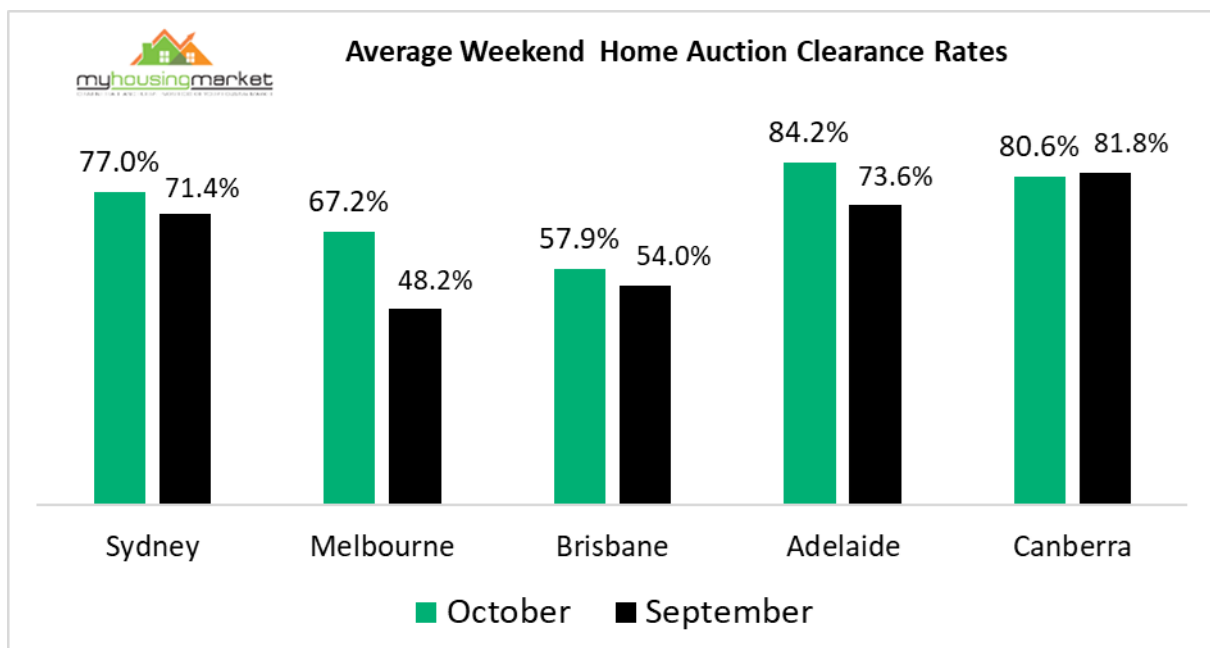
Mid-Spring Housing Markets Steaming Ahead - Prices Now Rising

Current State of the Markets

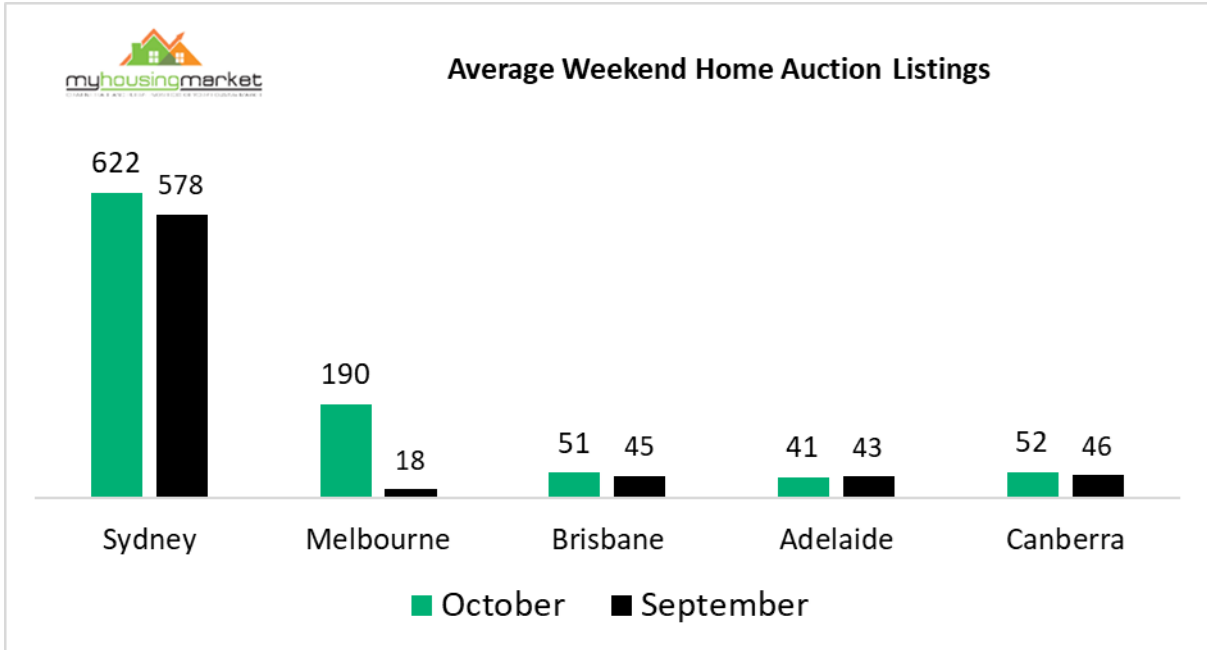
Capital city housing markets have continued their spring revival with surging buyer activity now clearly - and predictably, placing upward pressure on home prices.

The autumn market went into pause mode as a result of severe coronavirus shutdown policies but with the easing of physical constraints to property transactions, housing markets and the economy are both now clearly finding their feet - and faster than many predicted.

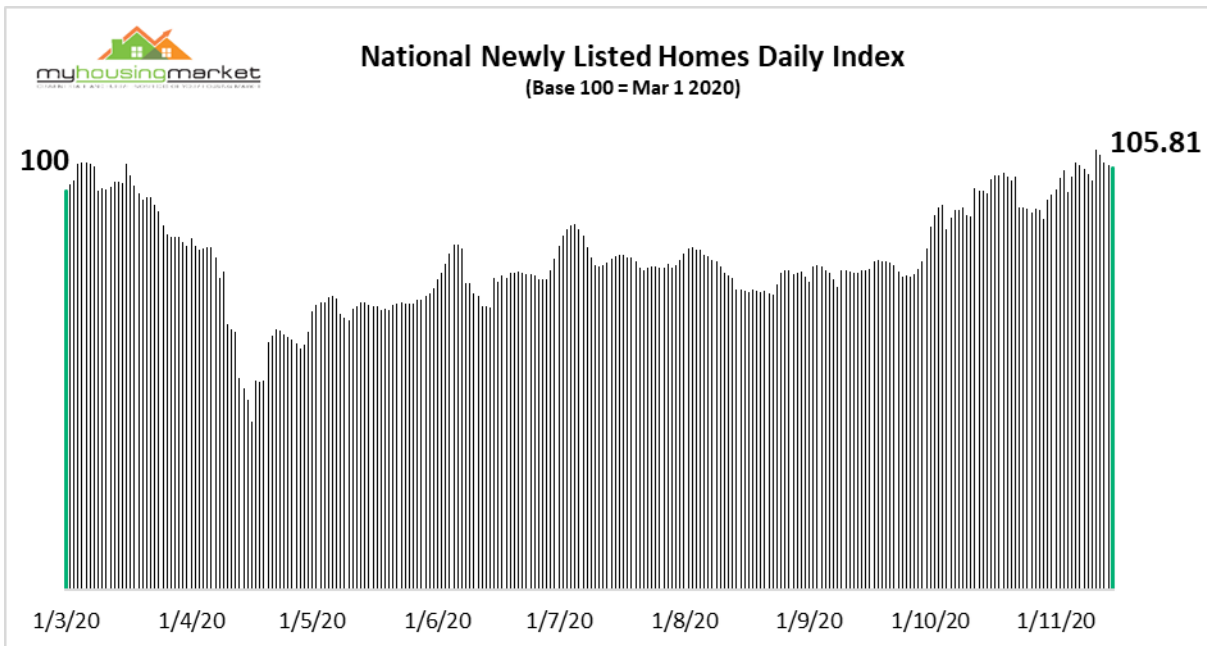
Weekend home auction clearance rates continued to rise over October and into November despite higher listings, with prospective sellers encouraged by increased competition for available properties now driving rates towards boom-time levels.



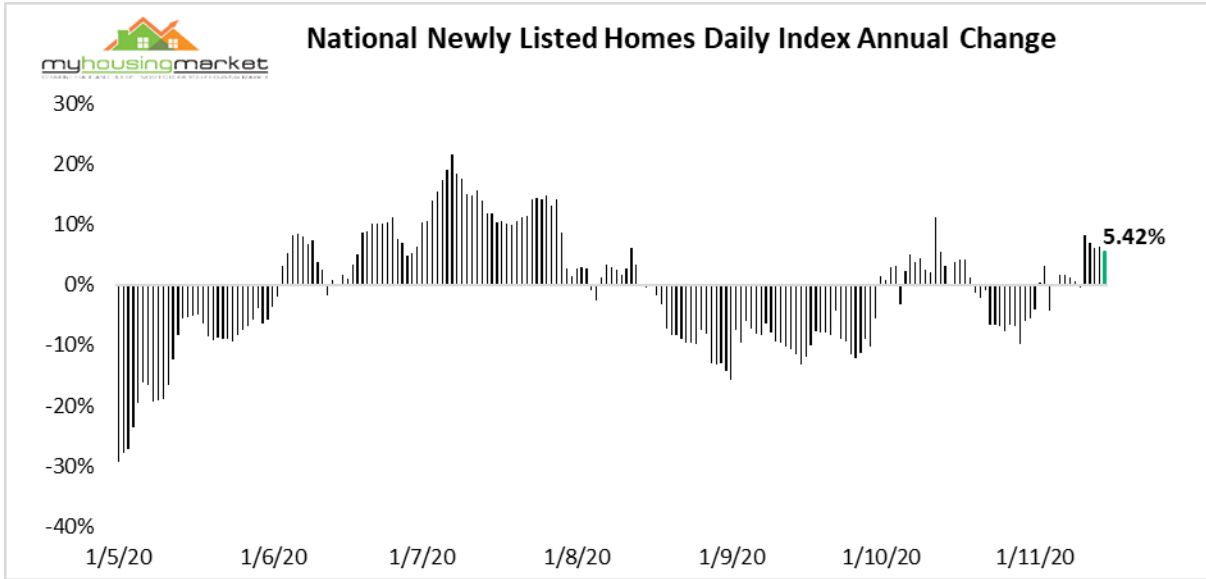
Reflecting the easing of coronavirus restrictions, the Melbourne auction market rebounded strongly over October with clearance rates climbing well over 70% into November. Melbourne auction numbers, also increasing sharply, however remained well below the levels of the same time last year.



Other real-time leading housing market indicators also supported strengthening buyer and seller activity over October and into November.

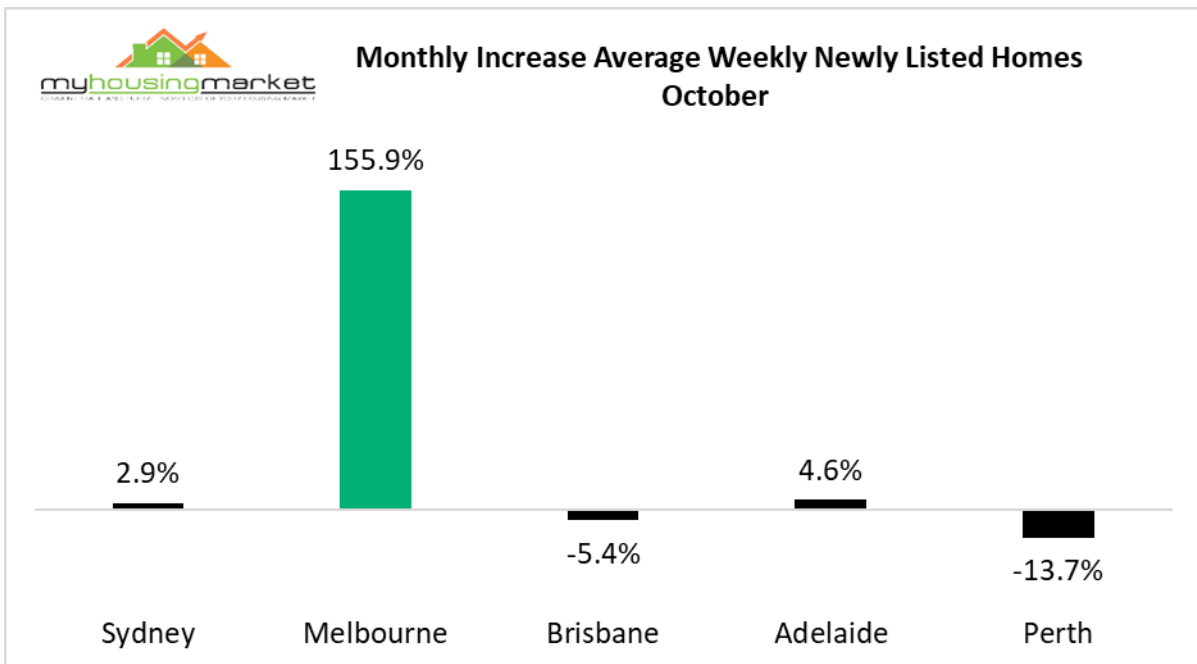


The National Daily New Listings Index increased by 21.4% over October compared to September to exceed this year’s pre-coronavirus shutdown levels with new listing activity now similar to the same time last year.

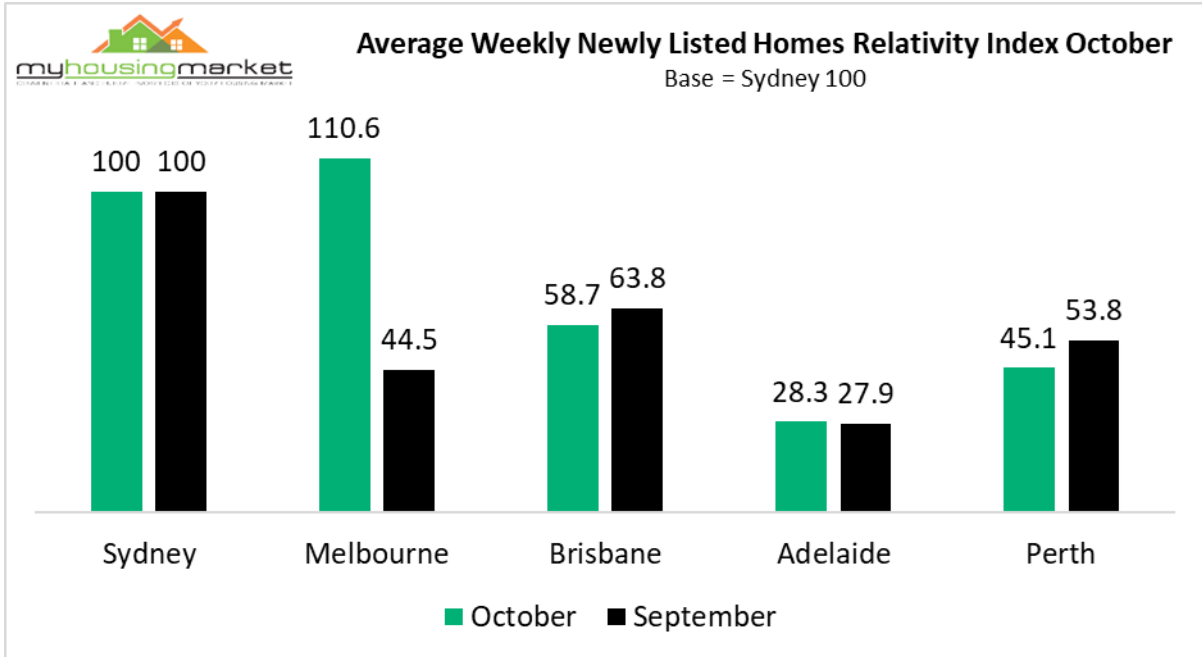


The surge in new listings over the past month reflects in particular a sharp revival in Melbourne new seller activity following the easing of local shutdown restrictions.

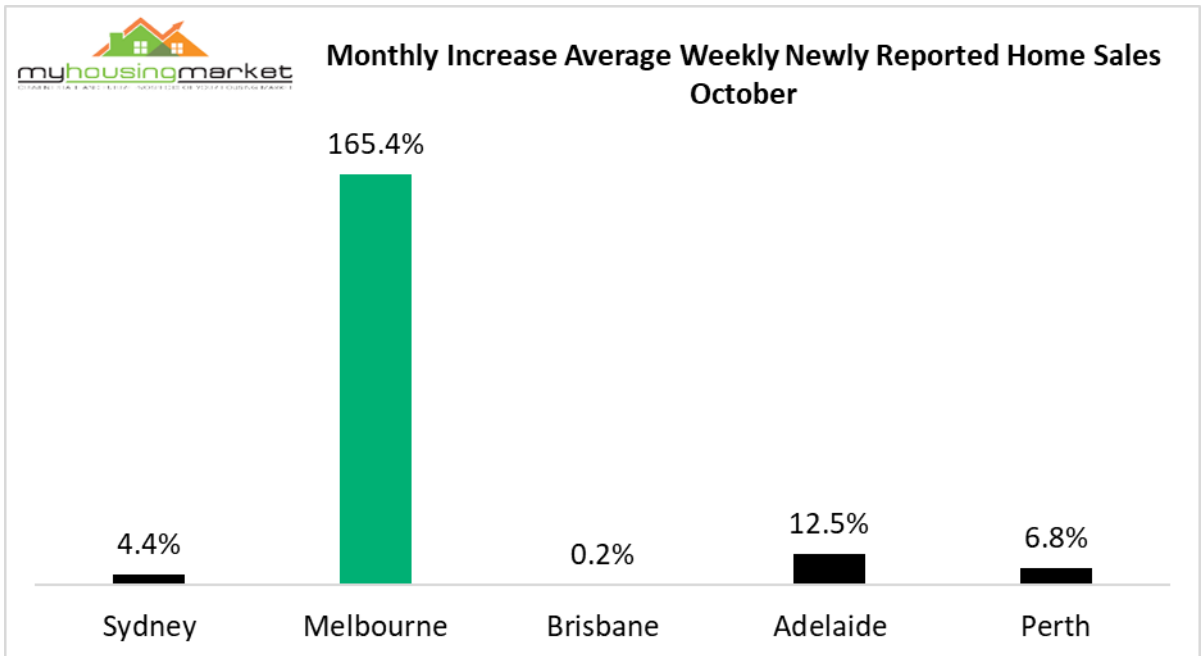
Melbourne reported the highest average weekly new listings growth over October compared to September at 155.9% - albeit from a low base, followed by Adelaide up by 4.6% and Sydney up 2.9%. Brisbane monthly new listings were down by 5.4% over October with Perth falling by 13.7%.



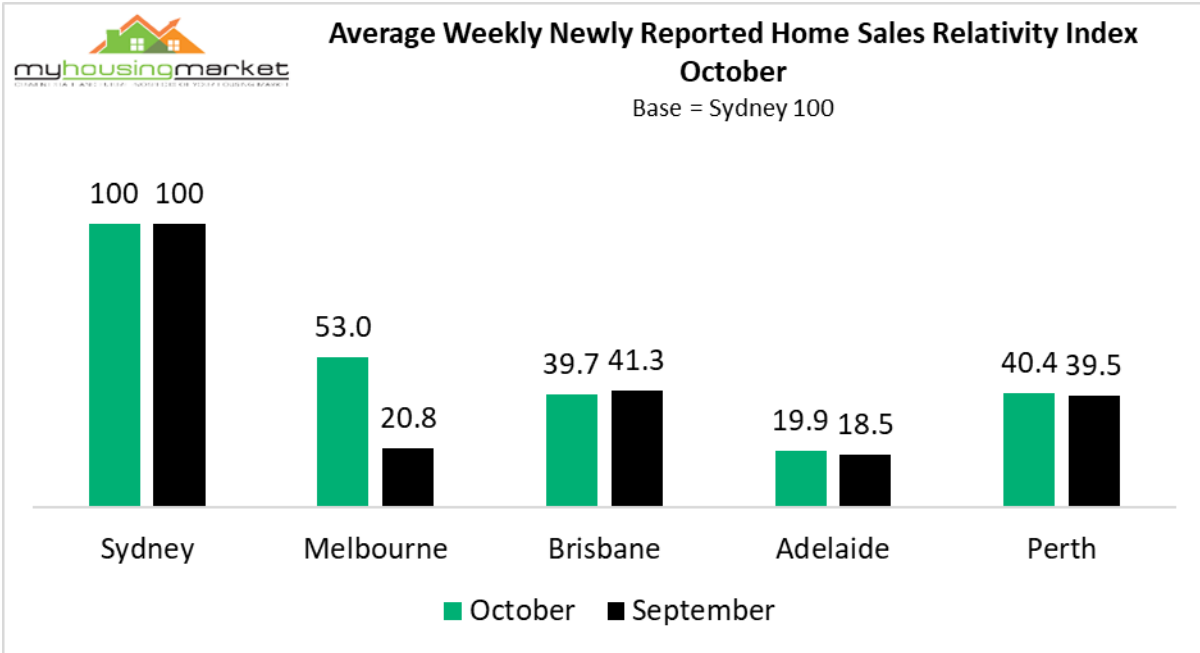
Melbourne reported the highest number of average weekly new listings over October -10.6% higher than Sydney. Sydney new listings were however 42.3% higher than Brisbane, 54.9% higher than Perth and 71.7% higher than Adelaide.



Newly reported home sales increased sharply over October as rising confidence encouraged buying activity. Nationally, average weekly sales volumes increased by 12% compared to September with Melbourne again the strongest performer up by 165.4%, followed by Adelaide up 12.5%, Perth up 6.8%, Sydney up 4.4% and Adelaide higher by just 0.2%.



Sydney reported the highest number of average weekly newly reported sales over October, 47% higher than Melbourne, 59.6% higher than Perth, 61.3% higher than Brisbane and 81.1% higher than Adelaide.



Perth reported the highest Increase In average median daily asking prices for houses over October at 1.4% with Adelaide the highest for units at 1.8%. Sydney maintained its most expensive position with the highest average median asking price over October at \$1,115,491, significantly ahead of the next highest Melbourne at \$838,500.



Capital City Average Median Weekly Asking Prices October 20

Capital	Houses		Units	
	October	Month	October	Month
Sydney	\$1,115,491	0.3%	\$581,779	-1.0%
Melbourne	\$838,500	0.7%	\$459,652	0.0%
Brisbane	\$573,651	-1.4%	\$357,483	0.4%
Adelaide	\$537,930	-0.7%	\$286,055	1.8%
Perth	\$535,833	1.4%	\$331,026	-0.2%

Capital city rental markets continue to report diverging results with significantly lower and falling vacancy rates for houses offset by higher rates for units. This reflects sharply falling demand and increased supply of units - particularly in inner-city Sydney and CBD Melbourne.



Residential Rental Vacancy Rates October 2020

Capital	Houses	Units	Total Homes
Sydney	1.6%	4.7%	3.4%
Melbourne	2.2%	7.1%	4.2%
Brisbane	1.4%	3.1%	2.0%
Adelaide	0.7%	1.9%	1.0%
Perth	1.1%	1.8%	1.3%

Closed borders have resulted in a surge of previous holiday rentals into the permanent market and a significant fall in demand from international students together with fewer prospective first home buyers who are now purchasing in near-record numbers.

Higher demand for house rentals however may indicate a shift in preference for larger homes to cater for increased home-office requirements and a declining priority for residential proximity to CBD offices reflecting the shift to remote workplaces.

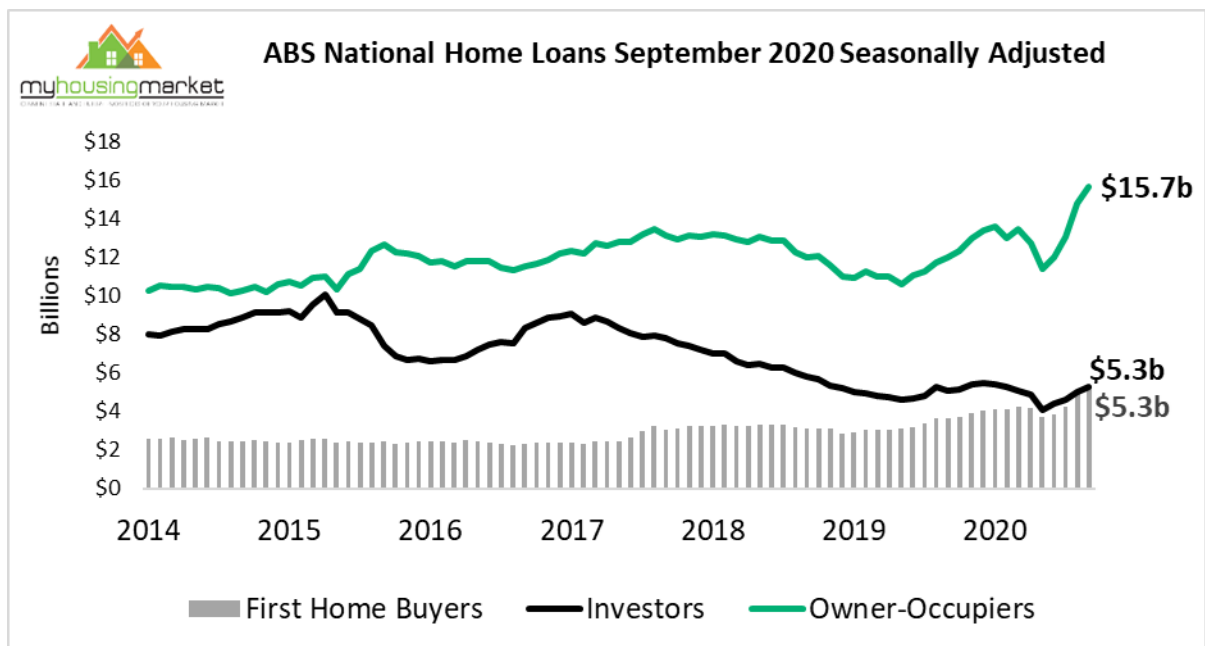
As a consequence, unit rents are now generally falling with Sydney recording the sharpest decrease over the month - down by 2.9%.



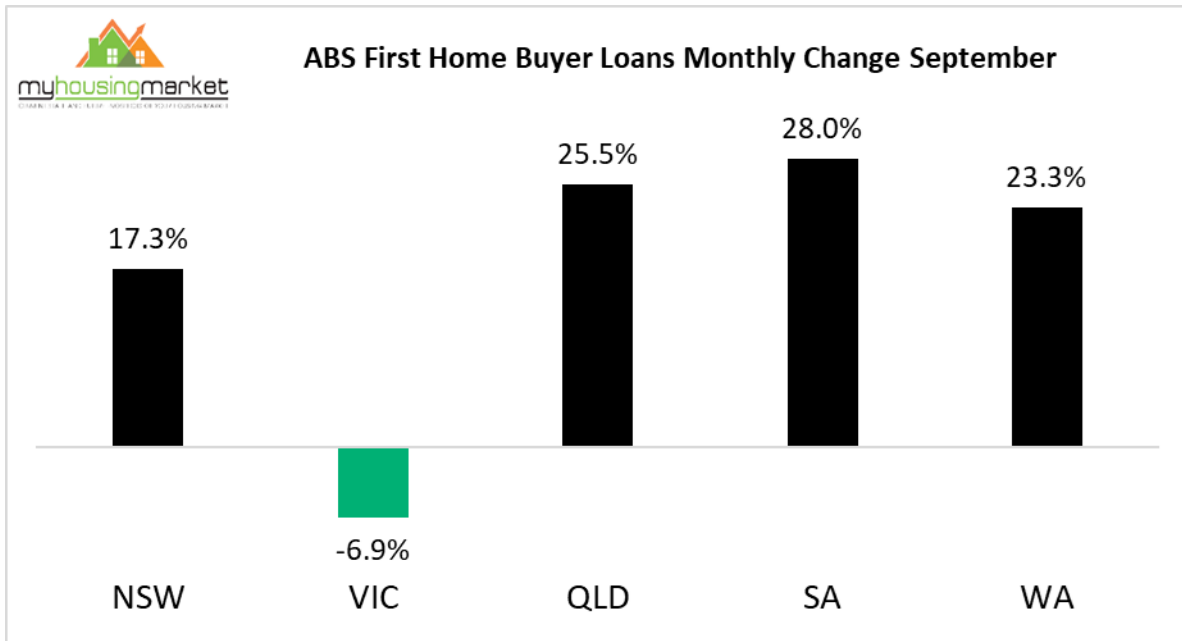
Capital City Average Median Weekly Asking Rents October 20

Capital	Houses		Units	
	October	Month	October	Month
Sydney	\$516	-2.4%	\$476	-2.9%
Melbourne	\$443	-1.6%	\$400	-1.5%
Brisbane	\$402	0.2%	\$412	-1.6%
Adelaide	\$418	-0.5%	\$361	-1.1%
Perth	\$402	0.8%	\$379	-0.3%

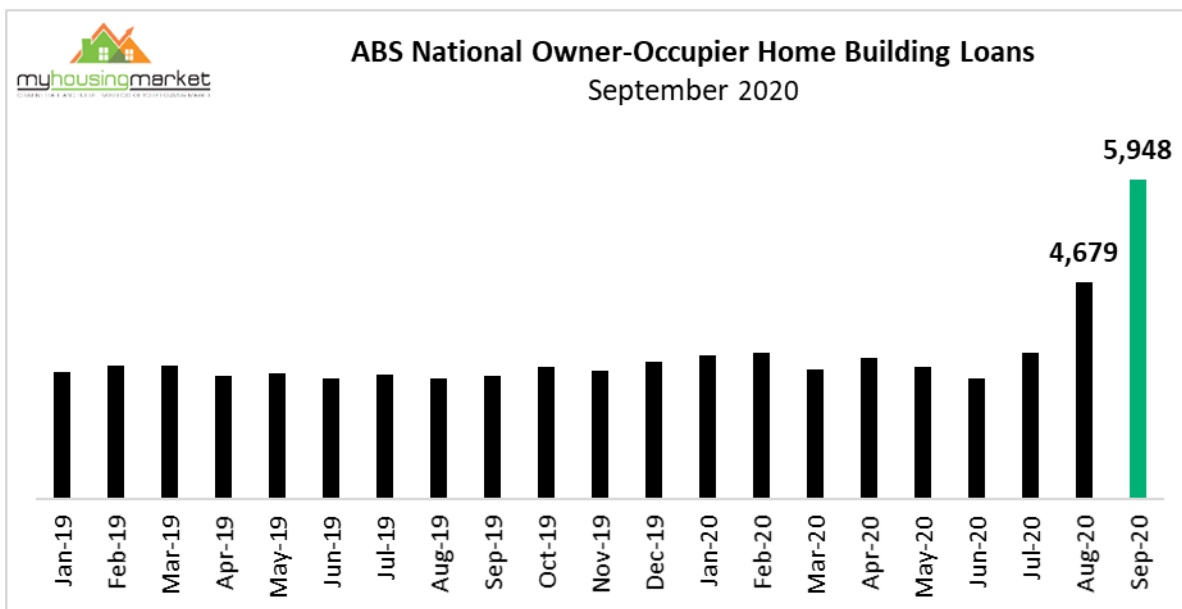
Other housing market indicators also reveal strong recent growth in activity levels particularly home loan approvals. The ABS reports that housing loans seasonally adjusted increased by 5.9% over September following a record rise of 13.2% over August.



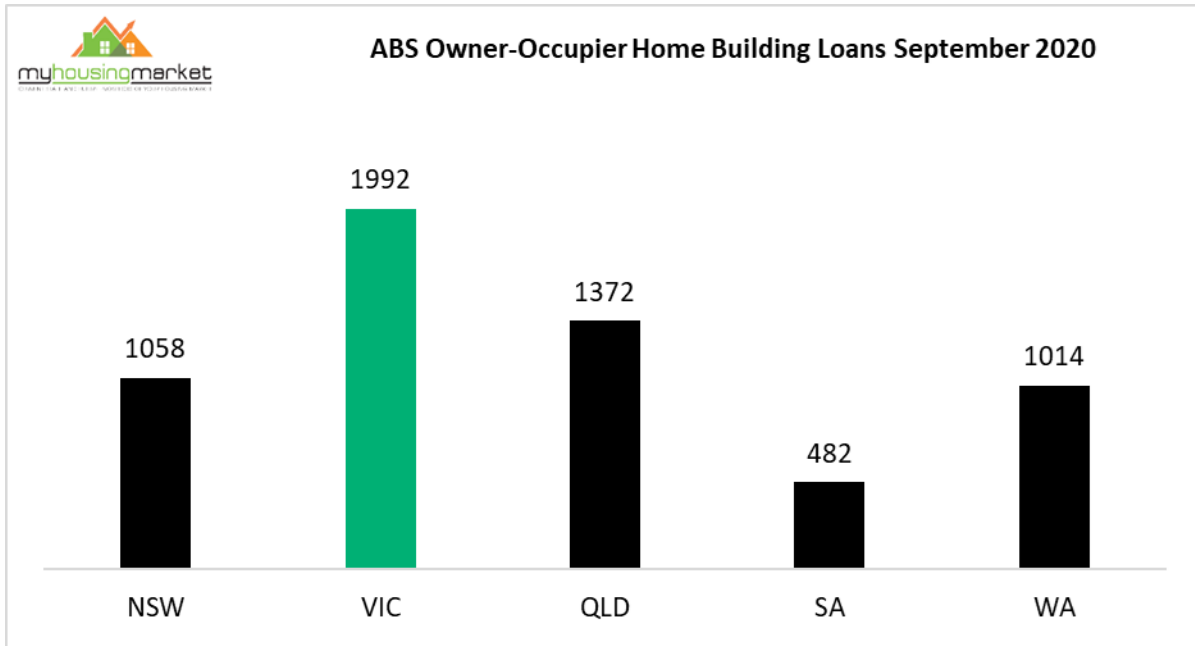
All states, with the exception of shutdown impacted Victoria reported Increases In housing loans over September.



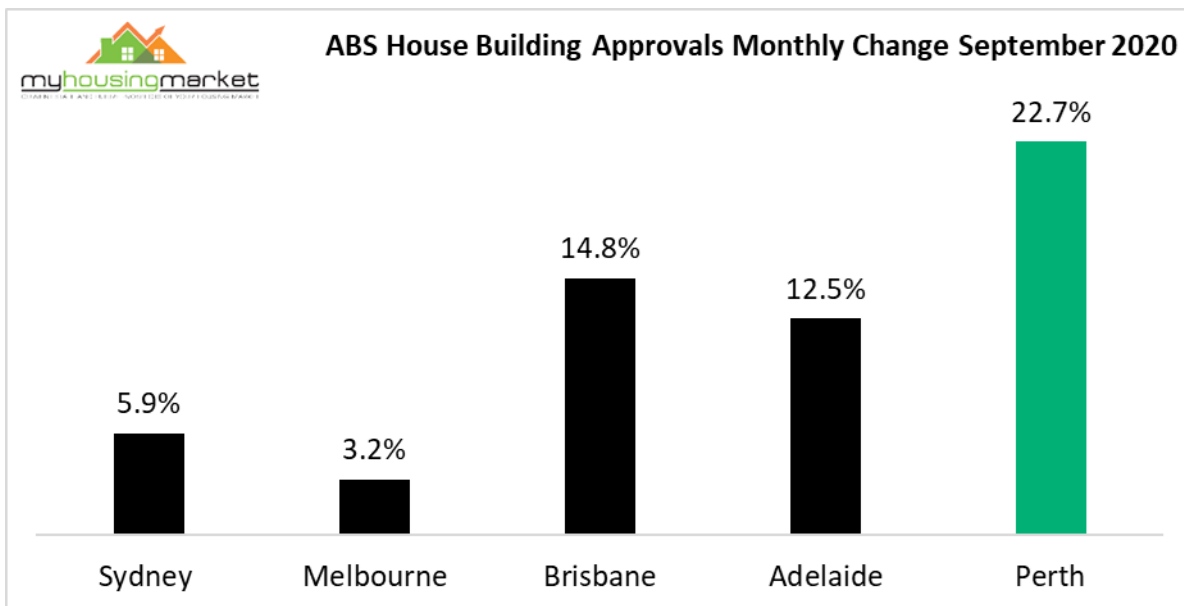
Lending for new home building was a significant contributor to September’s overall new record total, with loans up by a remarkable 27.1% over the month following an increase of 2.3% the previous month. So far this year lending for new home building has risen by 14.1% compared to the same period last year.



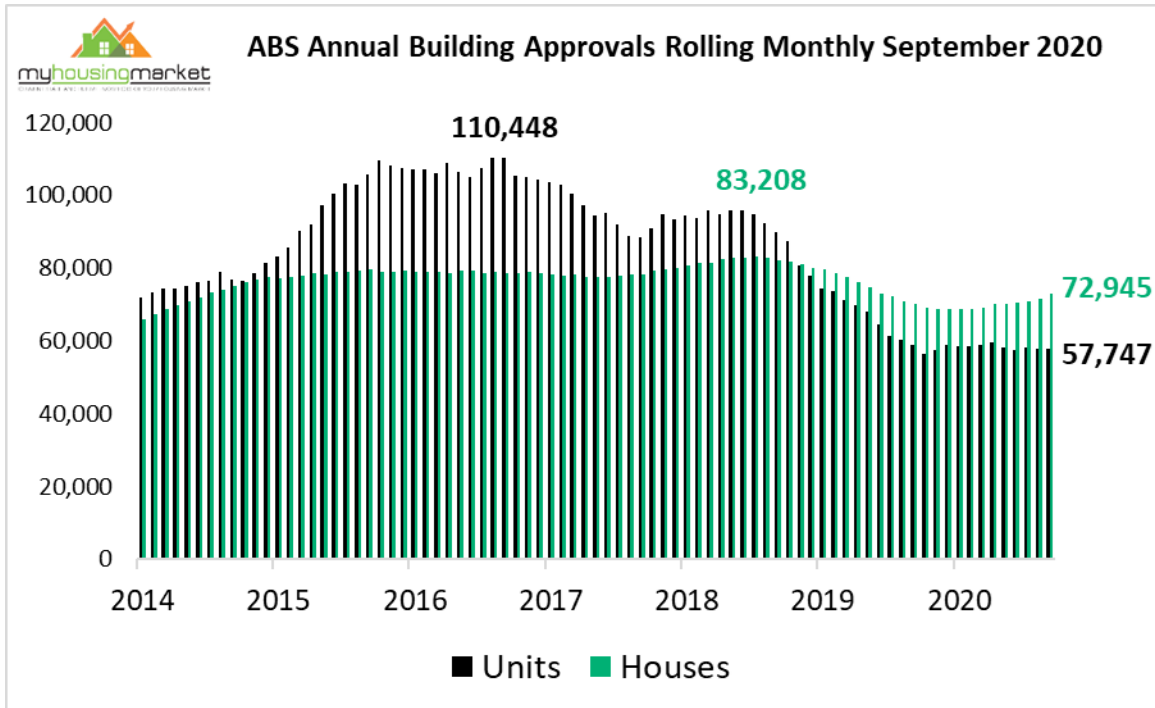
Home building loans accounted for a record 9.8% of total lending for housing reflecting the impact of the federal governments HomeBuilder policy. Victoria again recorded the highest number of loans for home building.



The surge in lending for home building is also being reflected in rising home building activity - particularly for houses. ABS building approvals seasonally adjusted for September increased by 8.8% nationally with private sector houses up by 20.7% over the month. All capitals reported increases in house building approvals over the month with Melbourne the underperformer with a rise of 3.2%.

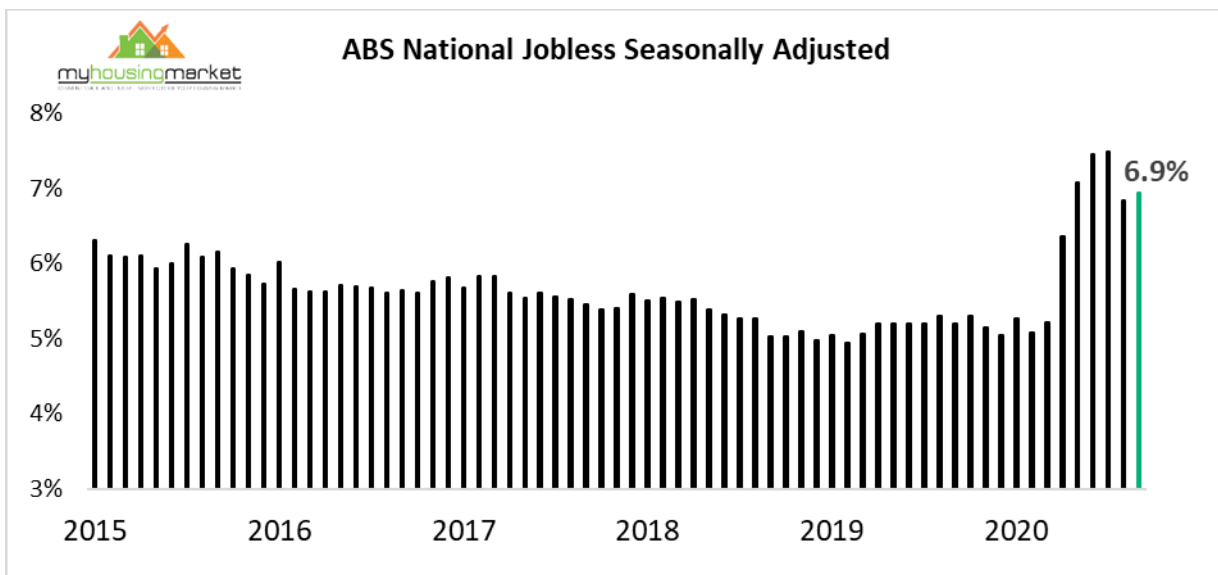


Despite recent rises in home building approvals underlying levels, particularly for units, remain well below previous peaks.

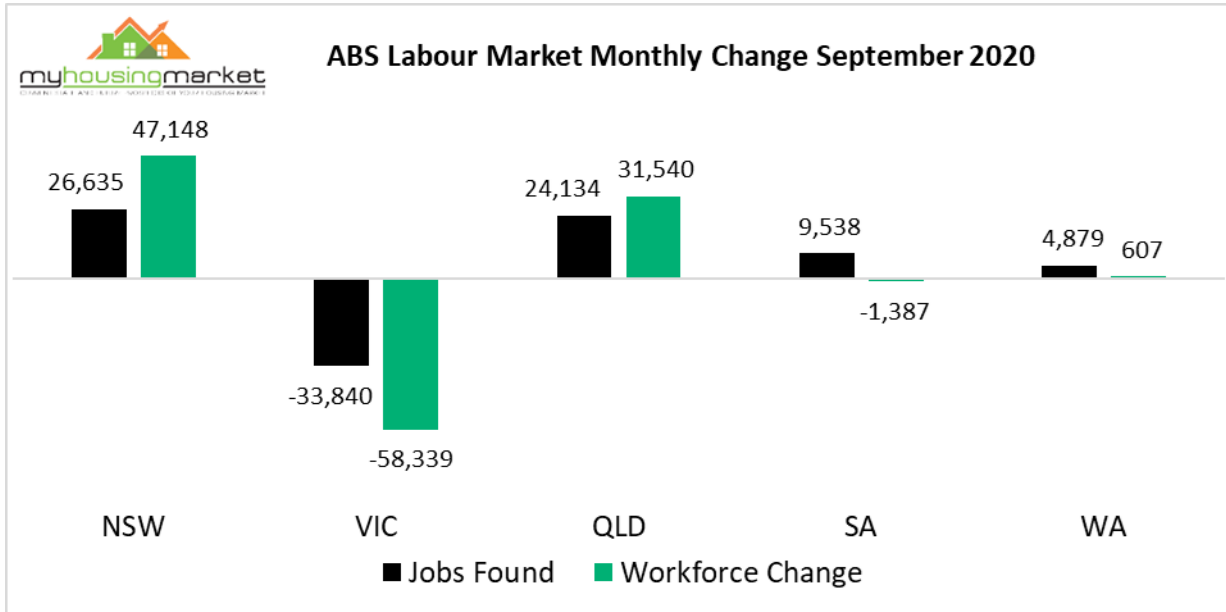


The Economy

The national economy also continues to Improve with labour markets rebounding strongly since the end of the autumn shutdown. Although the ABS seasonally adjusted unemployment rate Increased marginally over September from 6.8% to 6.9% this was clearly a consequence of significant job losses and a shrinking workforce In Victoria



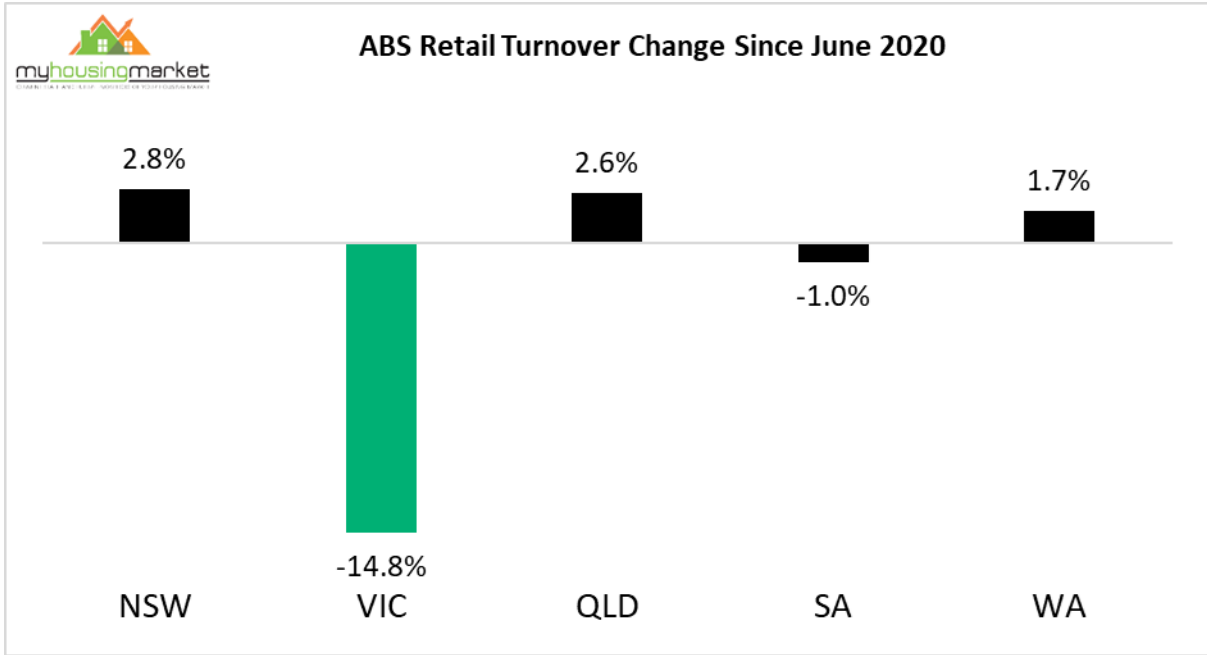
NSW and QLD have recorded strong recoveries In jobs growth and return to the workforce since the easing of coronavirus restrictions.



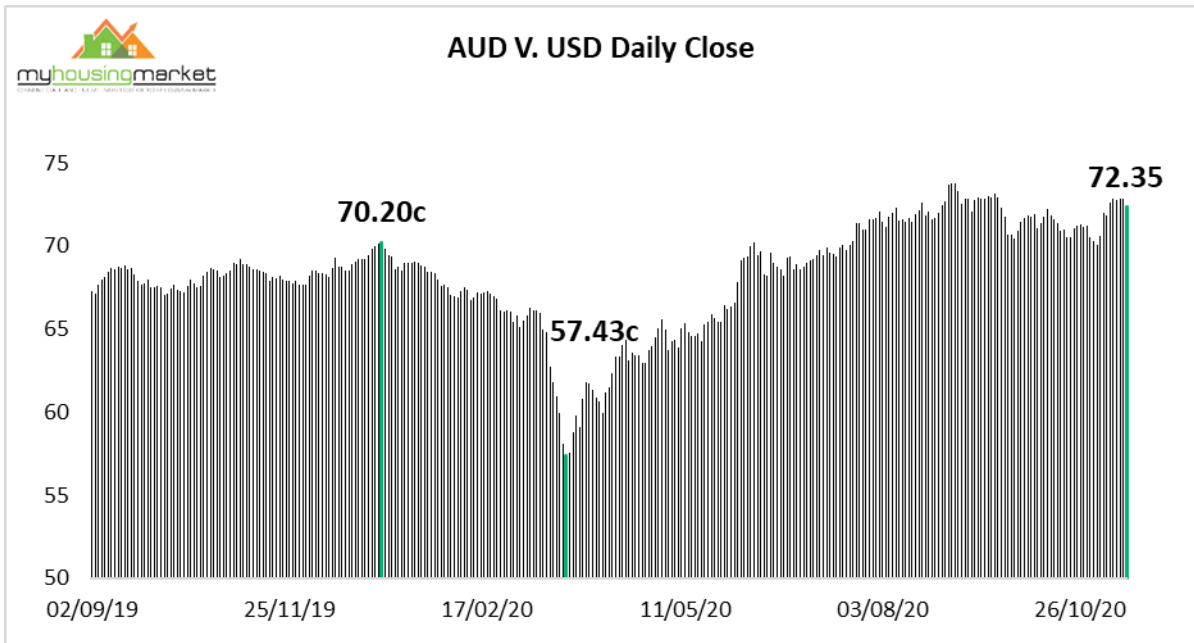
Similarly, a fall In ABS retail sales turnover seasonally adjusted over September reflected clearly a strong decline In Victorian sales constrained by shutdown policies. Retail sales volumes nonetheless remained higher than the levels recorded prior to the autumn shutdown.



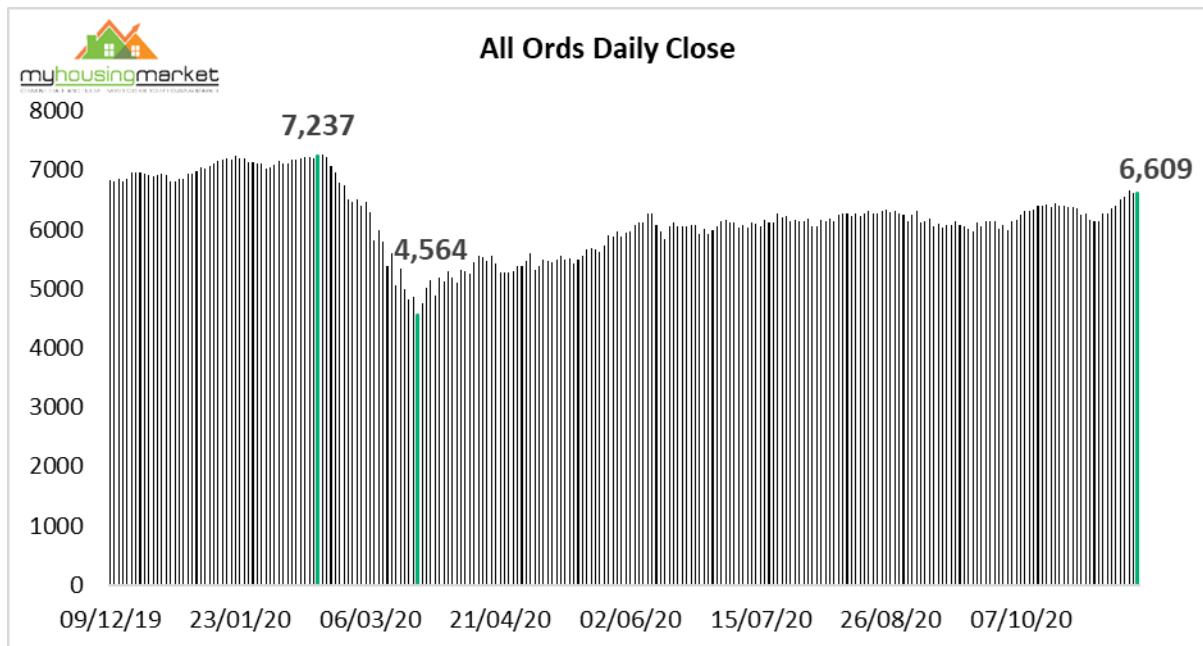
The significant easing of shutdown policies In Victoria will act to reinvigorate the local economy as evidenced by revivals In other states since autumn with higher retail sales and significant increases In jobs and workforce growth.



The decision by the RBA to cut interest rates to a new record low of just 0.1% will also encourage economic revival and provide certainty to consumers and businesses with the assertion that official rates would remain at the current level for at least three years. A broadening of quantitative easing policies also announced by the RBA is designed to put downward pressure on borrowing rates generally and also act to reduce demand for the dollar.



The Australian sharemarket and dollar continue to consolidate their gains since the autumn shutdown which to some degree reflects ongoing local and International investor support for the national economy and current policy settings.



Markets Outlook

Capital city housing markets have now generally consolidated early spring revivals with momentum now clearly building for a strong finish to the year - similar to the end 2019.

All capitals are now set to report higher house and unit prices over 2020 despite the trauma of this year's autumn shutdowns - Including Melbourne which is now predictably bouncing back hard after the recent easing of its coronavirus restrictions.

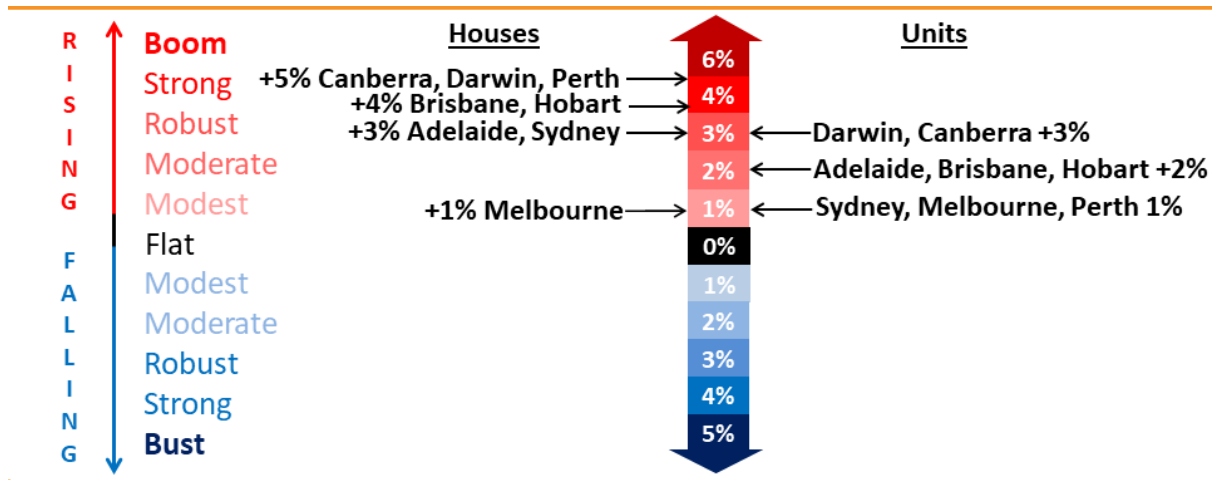
Rapidly Improving economies, lower Interest rates and government stimulus packages will continue to activate buyers and sellers with market confidence now surging.

The outlook for 2021 is for continued steady and solid market activity with underlying drivers again indicating moderately higher home prices although at lower growth levels than previous market rebounds - with Interest rates remaining at near zero levels

Fingers-crossed naturally for Australia's ongoing remarkable management of the coronavirus pandemic.

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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