



# **National Housing Market Report**

December 2020

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Housing Markets Strengthen to Years End - General Recovery Now Confirmed

## Current State of the Markets

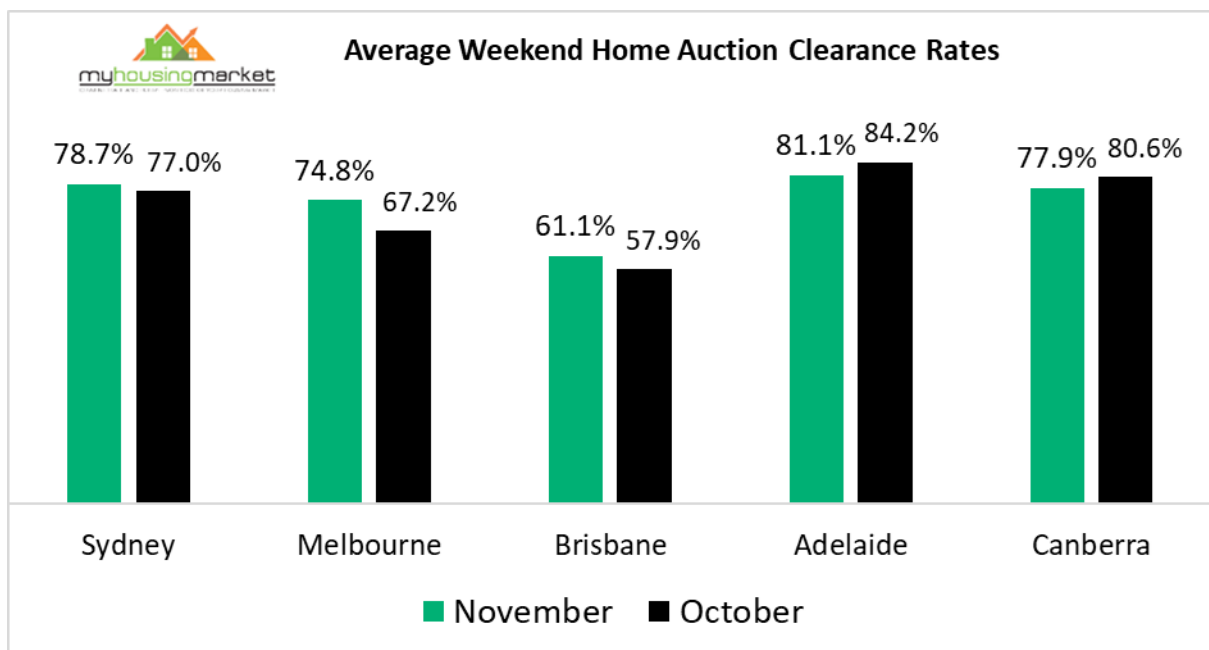
Capital city housing markets have surged towards years-end with robust buyer and seller activity clearing any doubts of a sustained post coronavirus shutdown recovery.

Housing markets have rebounded quickly following the easing of local coronavirus restrictions with the clear prospect of the current generally strong market conditions continuing through 2021.

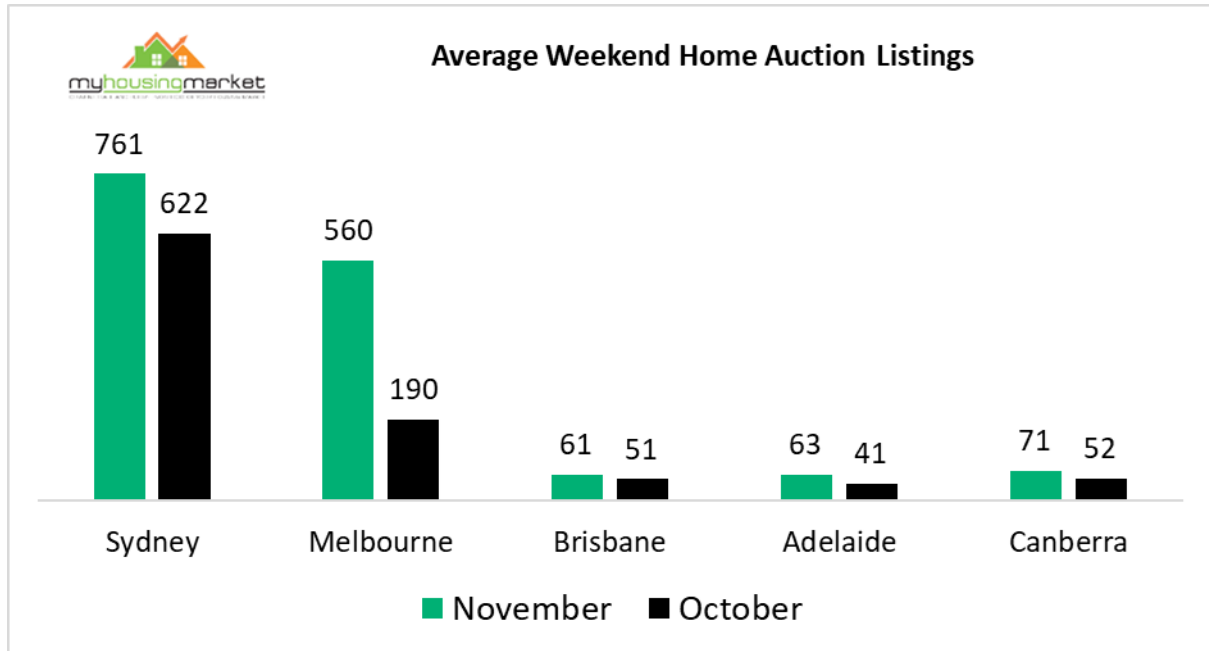
## AUCTION MARKETS

Average weekend home auction clearance rates continued to rise over November In Sydney, Melbourne and Brisbane with boom-time results maintained in Adelaide and Canberra

The Melbourne auction market clearly reported the sharpest monthly increase in clearance rates and auction listings over the month, reflecting the impact of the easing of local coronavirus restrictions.

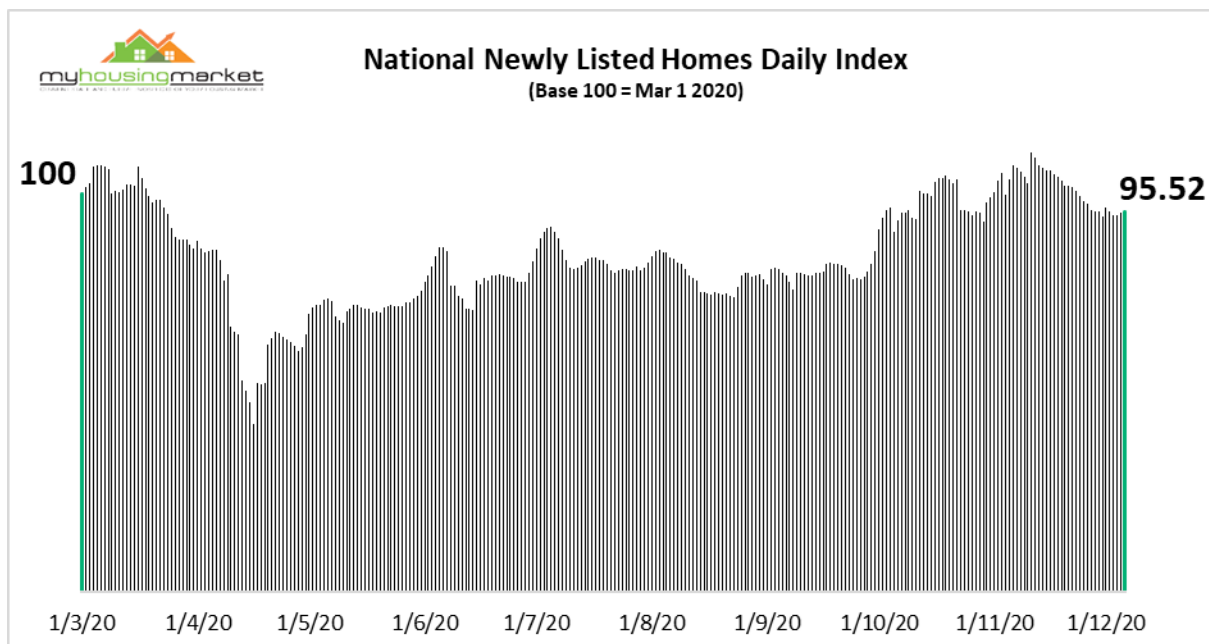


Auction numbers also Increased significantly in each capital over the month. Clearance rates and auction numbers over November were generally similar to those recorded over the same period in 2019, although Melbourne listings remained significantly lower.

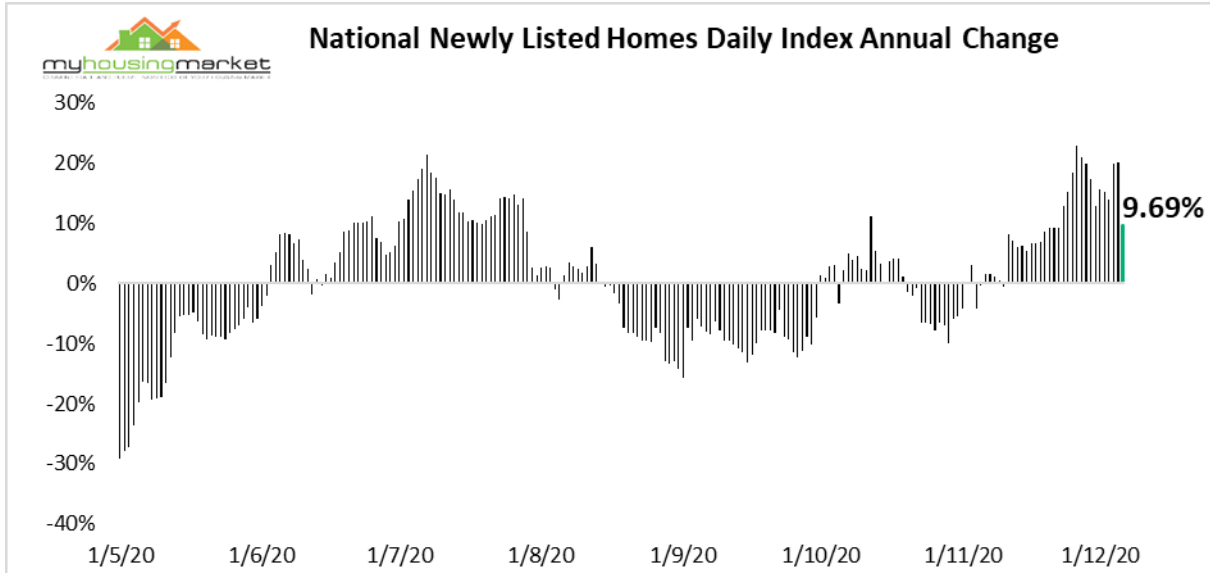


### NEWLY REPORTED LISTINGS

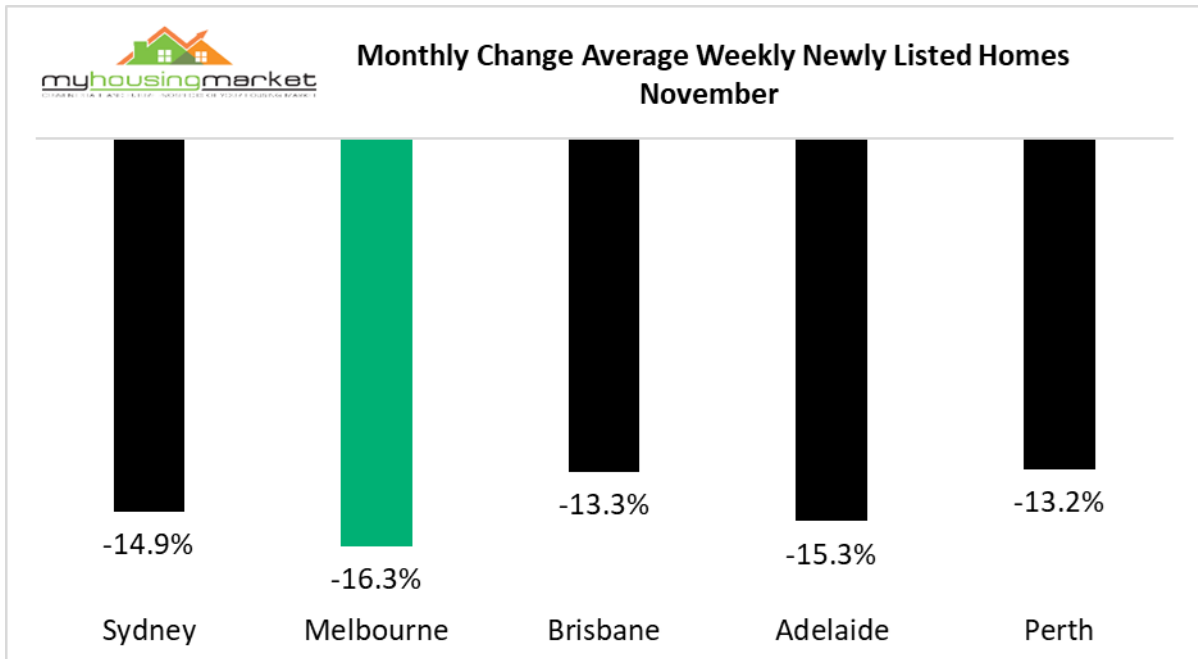
Real-time Indicators of housing market activity supported November’s generally strong auction market performances



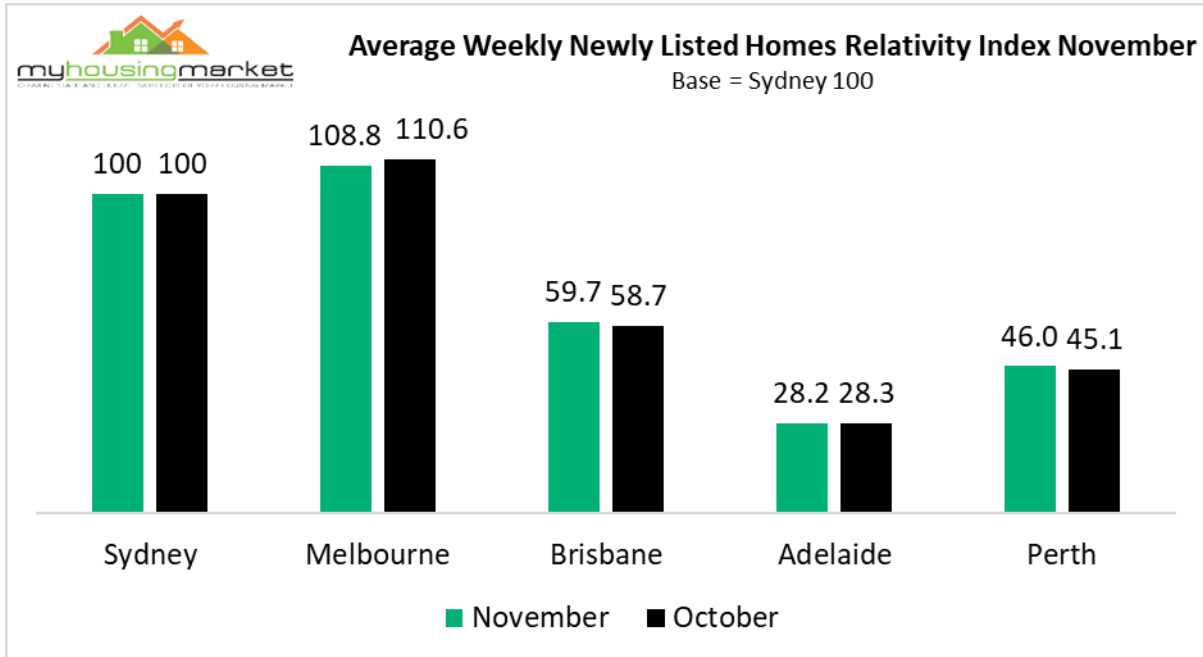
The National Daily New Listings Index peaked at 110.35 over November before the seasonal constraints and distractions of the upcoming summer holiday period produced the unusual end-of-year decline in activity - particularly in auction listings. New listings however remained higher than reported over the same period last year.



New listings fell in all capitals over the month reflecting the usual seasonal impact of the approaching end of year market shut down. Decline levels were reasonably consistent amongst the capitals.

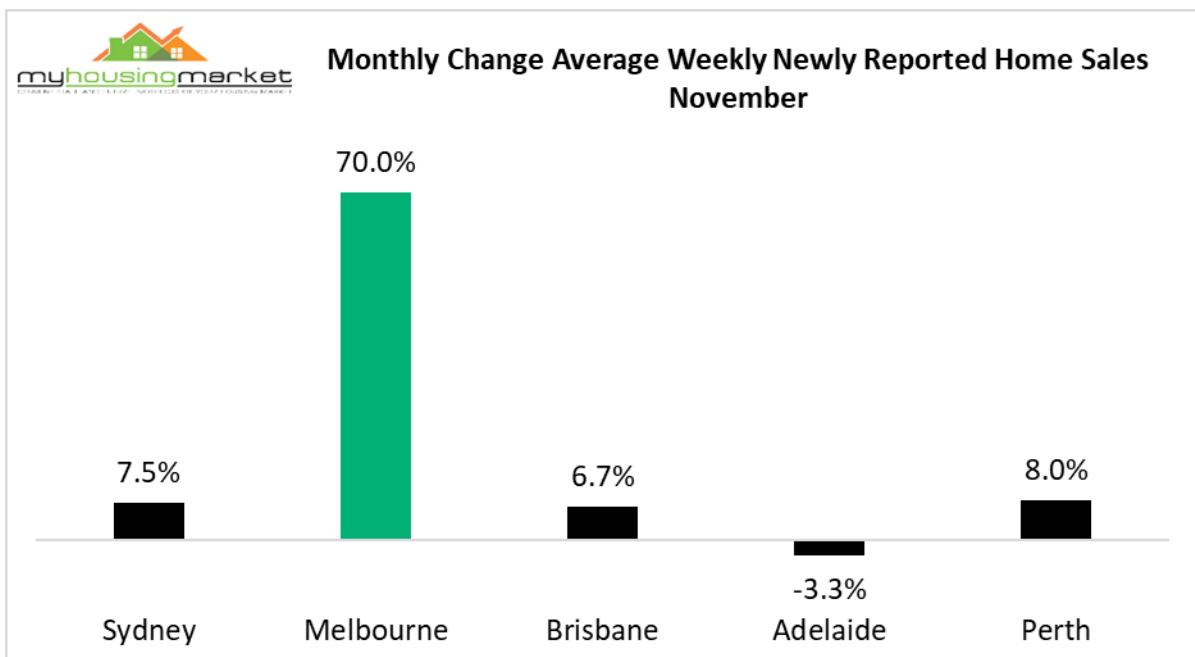


Melbourne again reported the highest number of new listings over the month - 8.8% higher than the Sydney total.

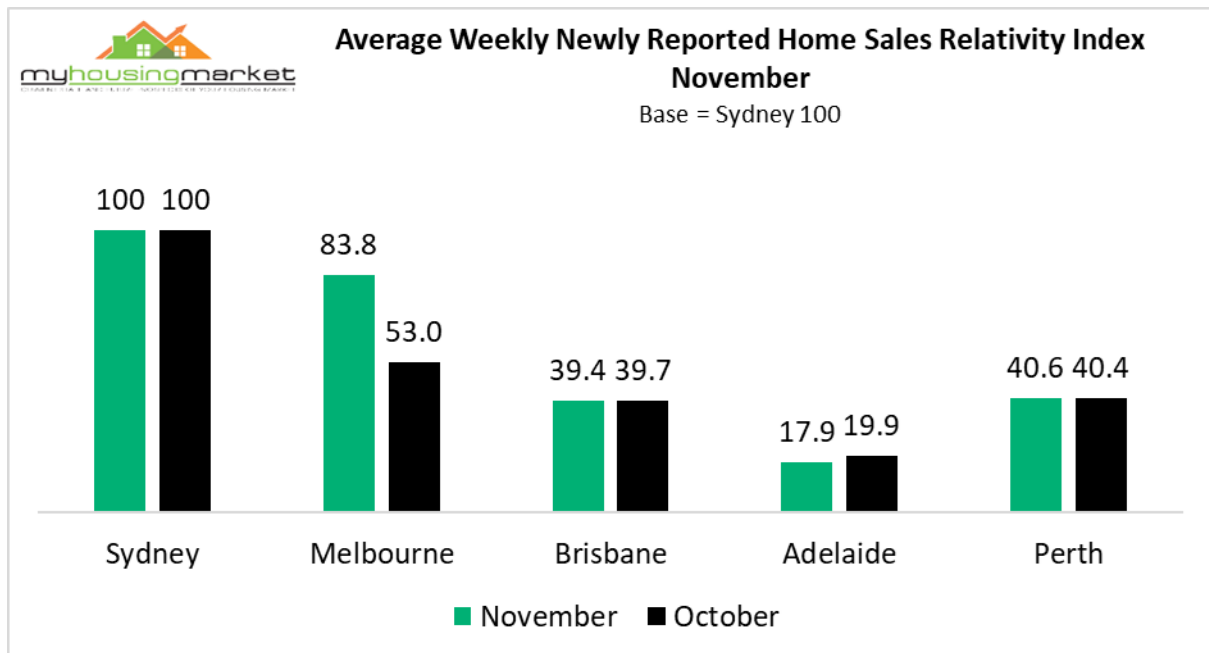


#### NEWLY REPORTED SALES

Newly reported home sales continued to rise over November in all capitals except Adelaide, with rebounding Melbourne market again the standout - Increasing sharply by 70% over the month.



Although Sydney again reported the highest number of average weekly newly reported sales over the month, Melbourne has closed the gap significantly compared to the previous month and now lower over November by just 16.2%.



#### HOUSE AND UNIT ASKING PRICES

Sydney reported the highest Increase In average median daily asking prices for houses over November - up sharply by 3.5%. Sydney maintained Its most expensive position with the highest average median asking price over November at \$1,154,216 and significantly ahead of the next highest Melbourne at \$847,569.

Capital	Houses		Units	
	November	Month	November	Month
Sydney	\$1,154,216	3.5%	\$577,247	-0.8%
Melbourne	\$847,569	1.1%	\$459,609	0.0%
Brisbane	\$563,301	-1.8%	\$347,708	-2.7%
Adelaide	\$542,756	0.9%	\$282,454	-1.3%
Perth	\$547,204	2.1%	\$329,632	-0.4%

## HOUSE AND UNIT ASKING RENTS

Unit rents in Sydney and Melbourne continue to fall reflecting continued high vacancy rates notably in inner city and CBD markets that are under pressure from sharply reduced demand and surging supply particularly from previous holiday accommodation now converting to the permanent market.

Conversely house rents are on the rise indicating perhaps increased demand for larger, outer suburban homes.

Sydney average asking rents for units fell by 2.3% over November but rents for houses increased sharply by 2.5%. Perth rents continue to rise for both houses and units.

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.

## Capital City Average Median Weekly Asking Rents November 20

Capital	Houses		Units	
	November	Month	November	Month
Sydney	\$529	2.5%	\$465	-2.3%
Melbourne	\$440	-0.7%	\$397	-0.7%
Brisbane	\$405	0.7%	\$406	-1.4%
Adelaide	\$420	0.5%	\$351	-2.7%
Perth	\$415	3.2%	\$380	0.3%

### HOUSE AND UNIT RENTAL VACANCY RATES

Reflecting rent declines in the unit market, vacancy rates continue to increase in Melbourne and Sydney - remaining at record levels. Vacancy rates for houses are significantly lower in all capitals by comparison with units and likely to continue to place upward pressure on rents.



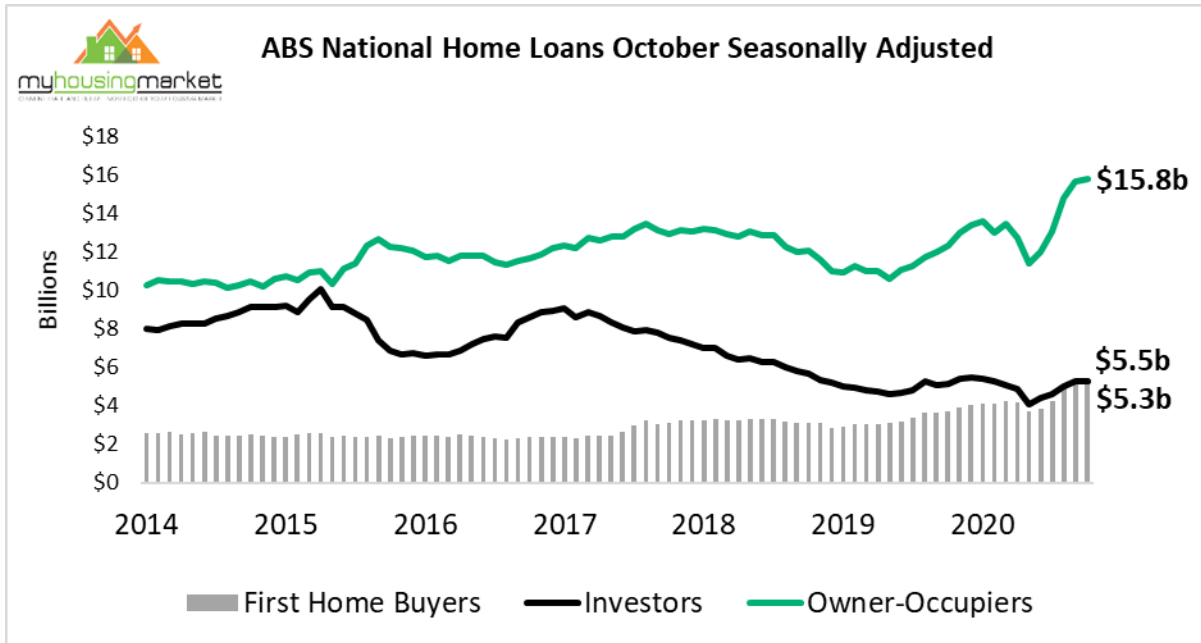
## Residential Rental Vacancy Rates November 2020

Capital	Houses	Units	Total Homes
<b>Sydney</b>	<b>1.7%</b>	<b>4.8%</b>	<b>3.4%</b>
<b>Melbourne</b>	<b>2.4%</b>	<b>7.4%</b>	<b>4.4%</b>
<b>Brisbane</b>	<b>1.4%</b>	<b>3.0%</b>	<b>1.9%</b>
<b>Adelaide</b>	<b>0.7%</b>	<b>1.9%</b>	<b>1.0%</b>
<b>Perth</b>	<b>1.3%</b>	<b>1.8%</b>	<b>1.4%</b>

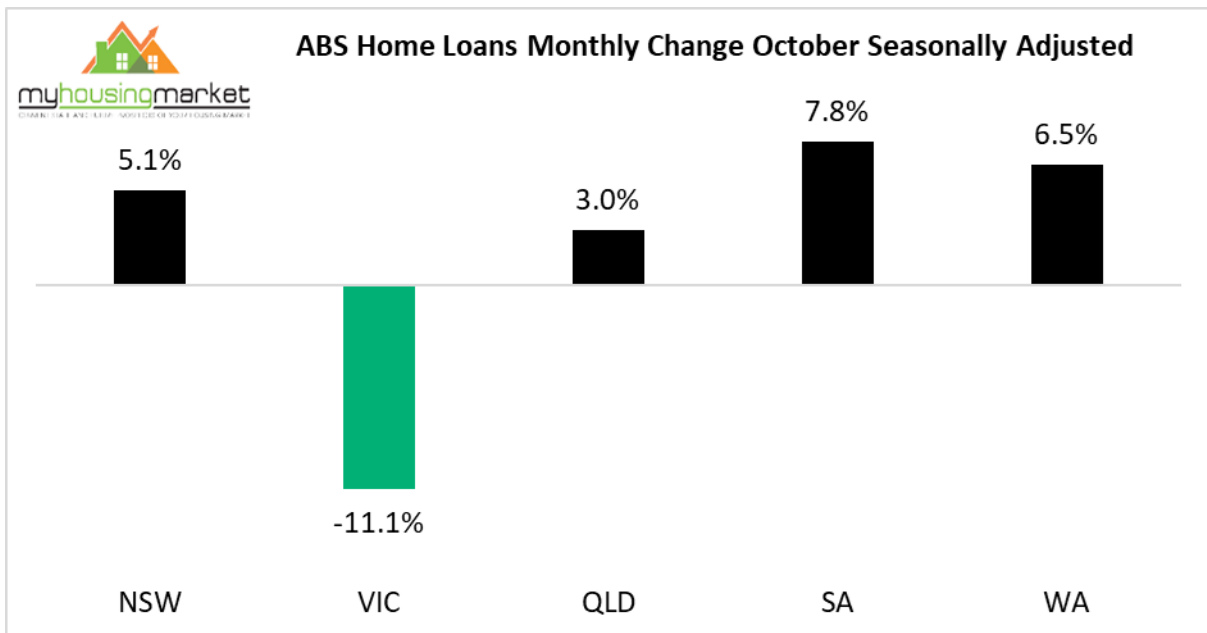
### HOME LOANS

ABS home lending data reported another Increase over October with owner-occupier loans continuing at unprecedented levels. Total residential lending increased by 1.1% over October and has risen by 16.8% over the first 10 months of this year compared to the same period in 2019.

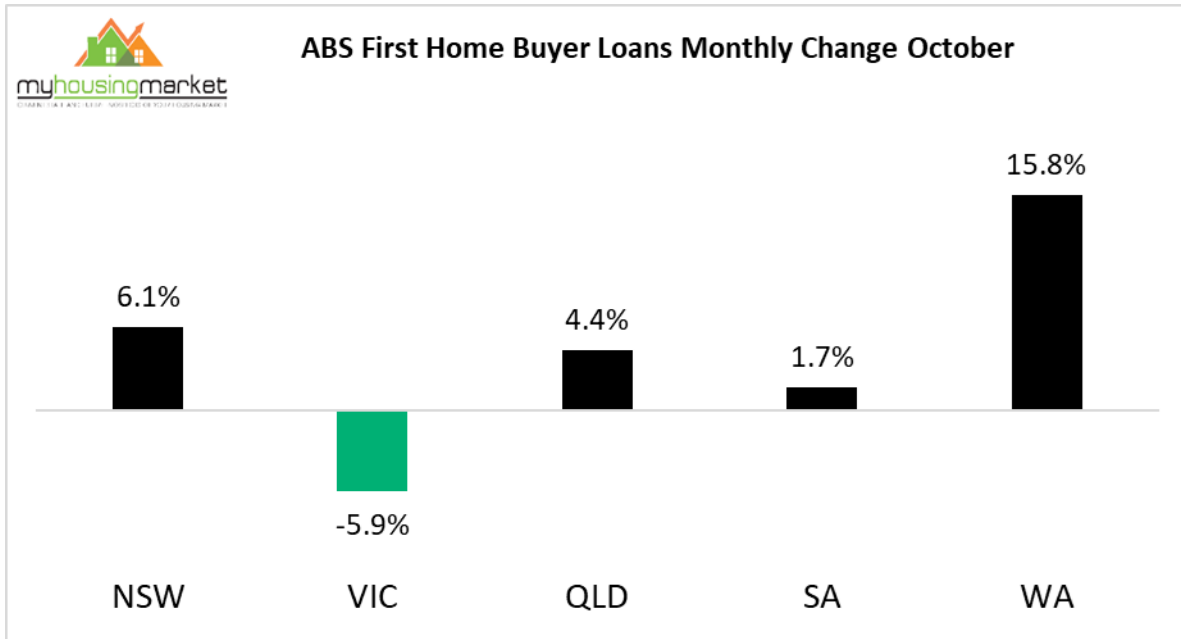
All buyer types reported increases over October however, remarkably, lending for first home buyers now exceeds that reported for Investors



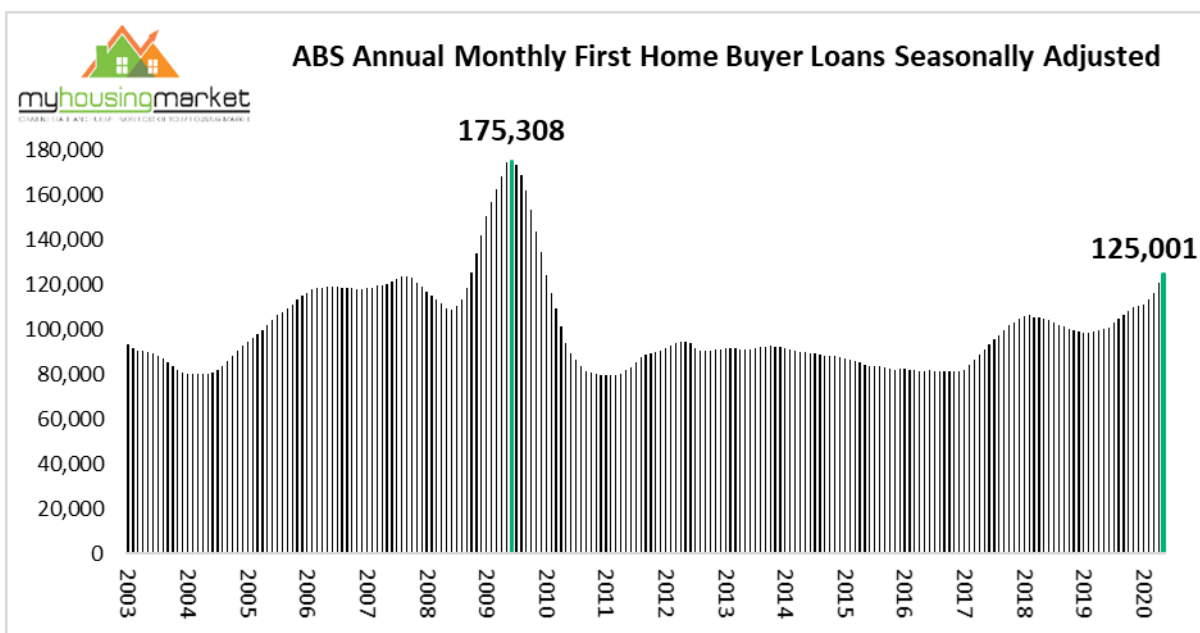
All states, with the exception of Victoria reported Increases In the total value of housing loans approved over October.



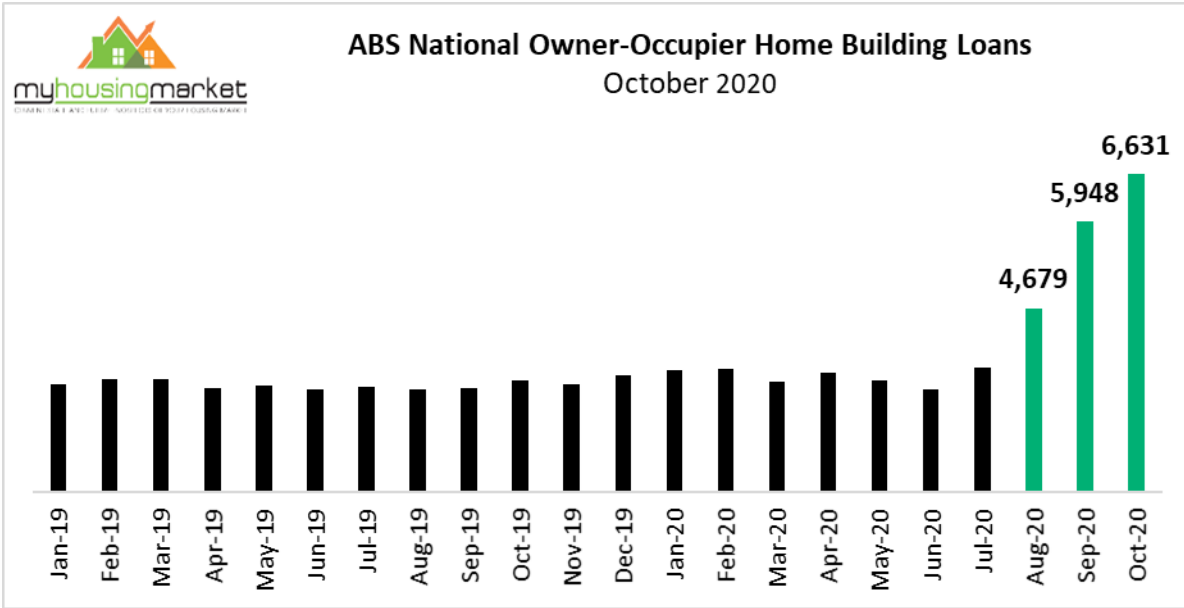
Similarly, only Victoria failed to record an increase in first home buyer lending over October, falling by 5.9%.



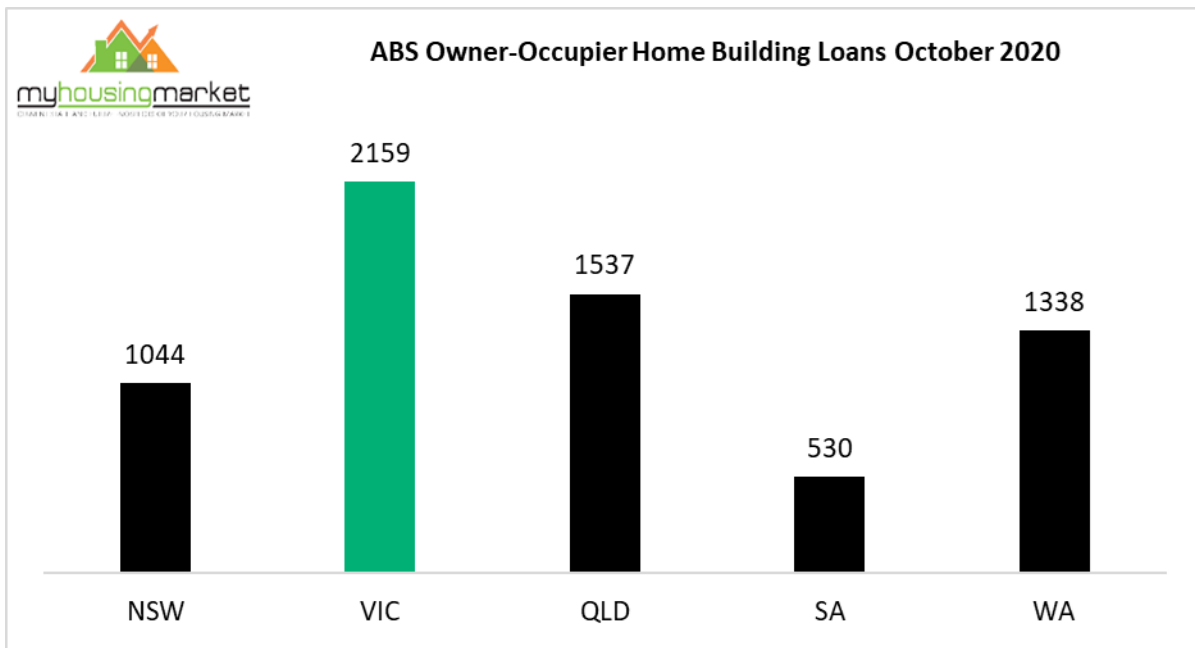
Although lending for first home buyers has surged this year driven by numerous state and federal government Incentive policies, levels remain well below those recorded during the post GFC revival period in 2009-10.



Lending for new home building continues to be a significant contributor to the recent surge in home lending reflecting In particular the Impact of the recently extended federal government HomeBuilder policy.

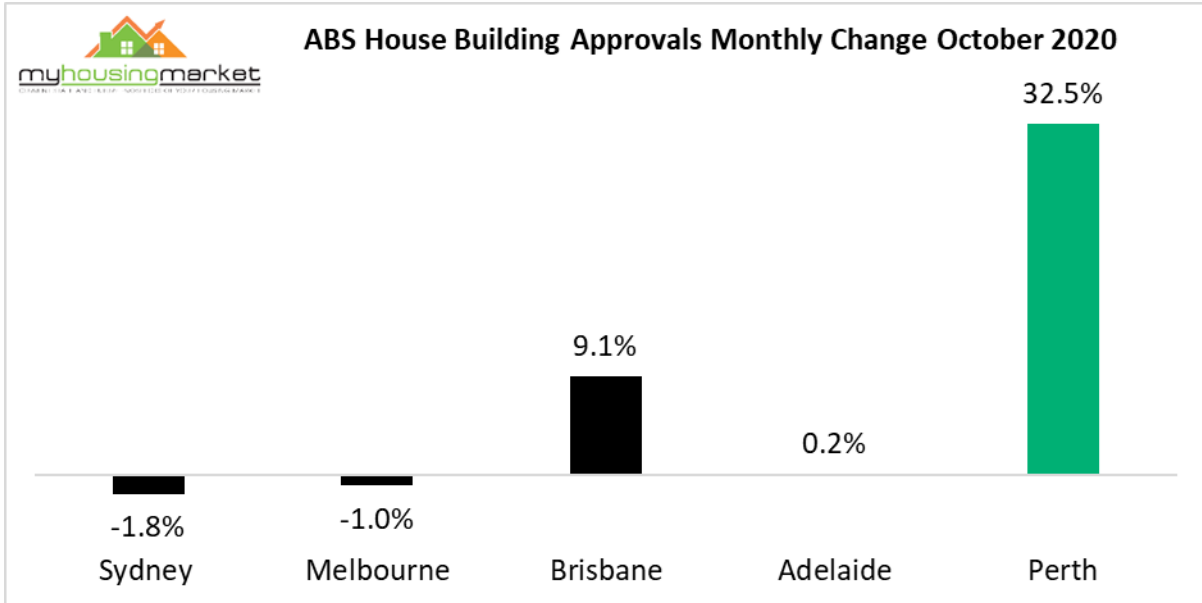


Victoria continues to clearly record the highest number of loans for home building followed by QLD and WA.

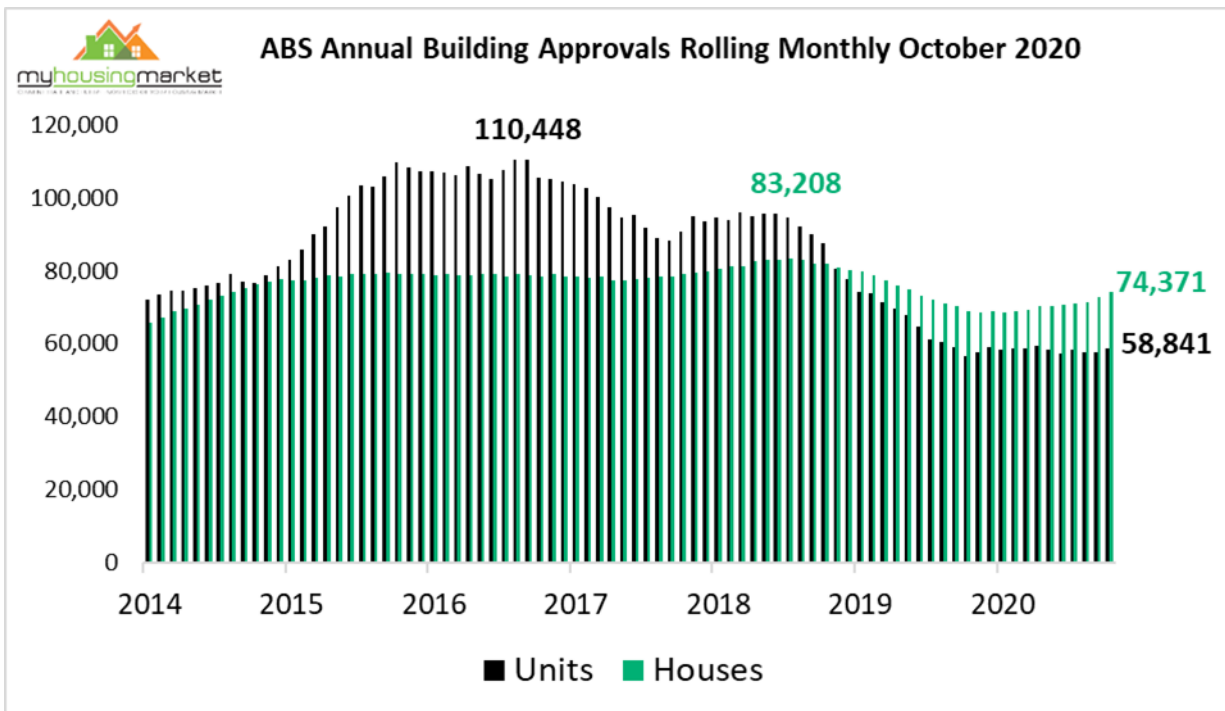


## HOME BUILDING

The surge in lending for home building is also been reflected in rising house building activity over recent months. Latest ABS building approvals for October were however lower in Sydney and Melbourne over the month but significantly higher in Brisbane and sharply higher in Perth.



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



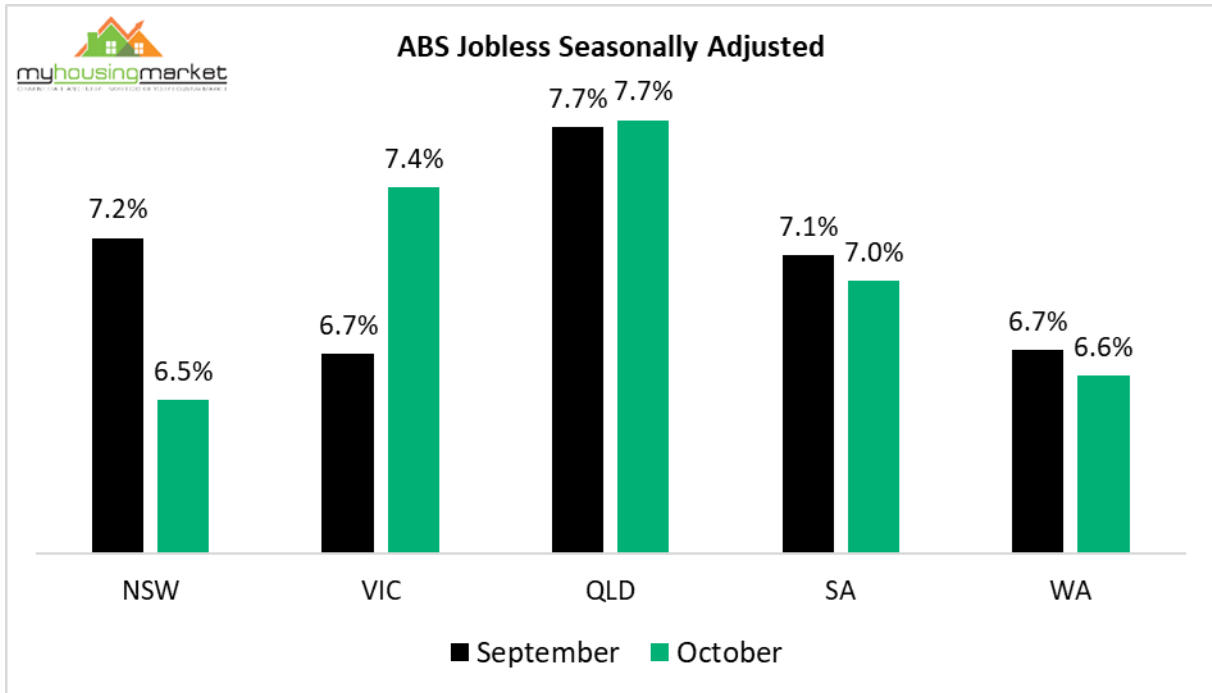
## The Economy

### LABOUR MARKETS

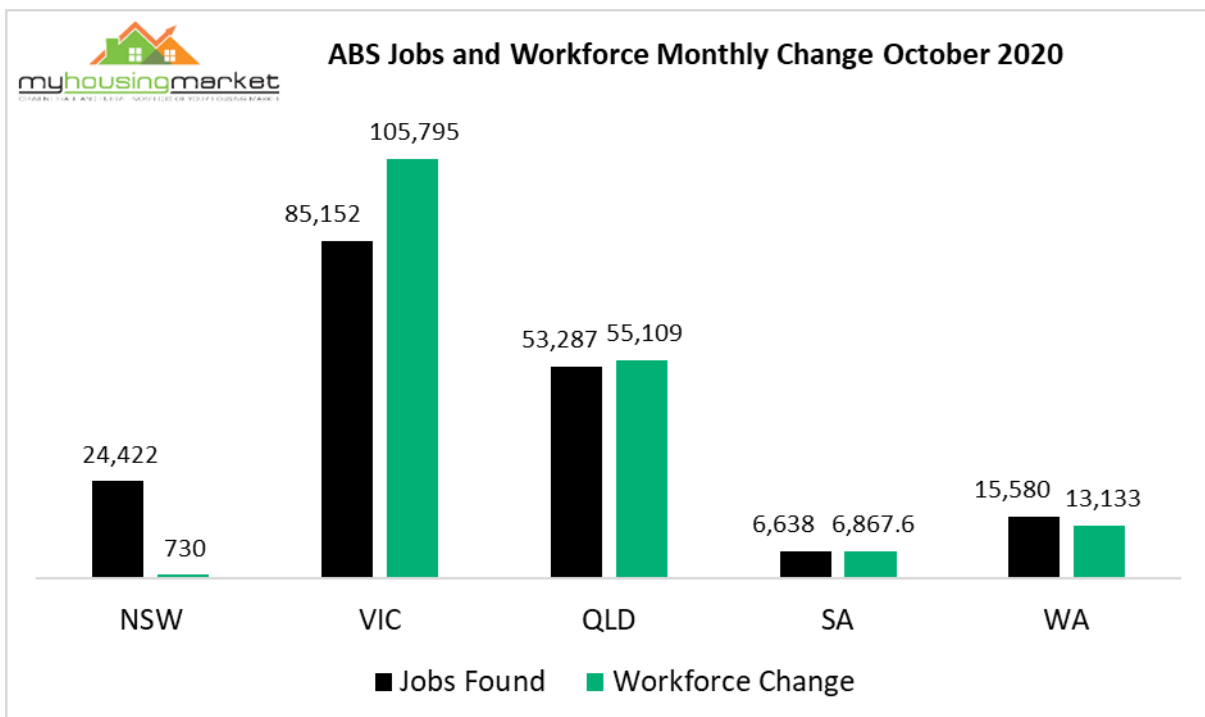
The national economy continues to improve with labour markets rebounding strongly since shutdown restrictions eased. Although the ABS seasonally adjusted unemployment rate again increased marginally over September from 6.9% to 7.0%, this was clearly a consequence of ongoing strong jobs growth offset by a surge of encouraged workers returning to the workforce - particularly in Victoria.



The NSW jobless rate fell sharply over October with QLD remaining the state with the highest unemployment rate.



All states reported strong increases in jobs over October and, with the exception of NSW, sharp rises in workforce numbers. Workforce participation rates - with the predictable exception of Victoria, are now close to pre-Covid lockdown levels.

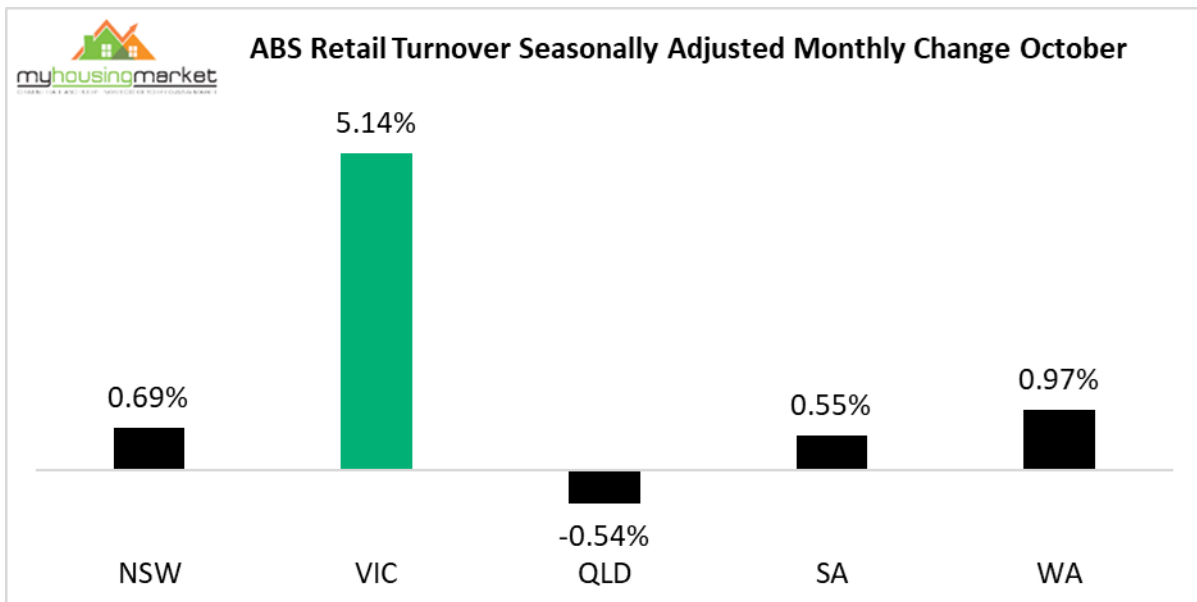


## RETAIL SALES

Retail sales continue to track higher than per-Covid shutdown levels.

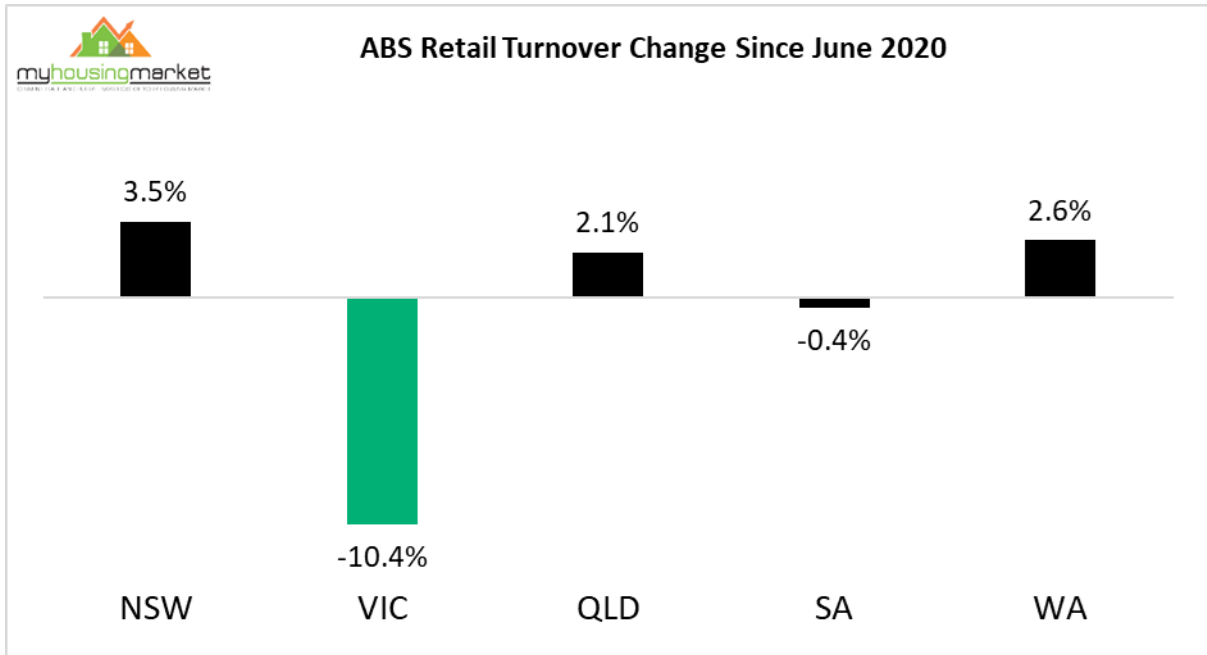


The easing of shutdown restrictions in Victoria has been the catalyst for a surge in local retail sales over October.



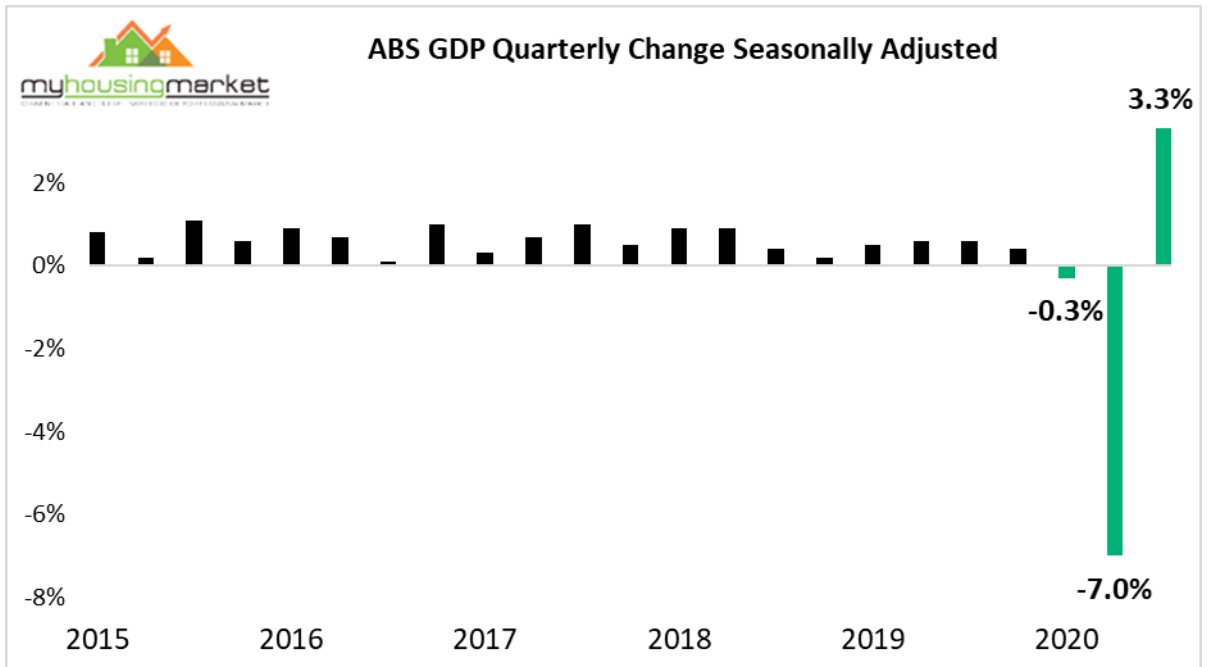
Victoria however remains well behind the other states in retail turnover since June but with the clear prospect of strong revival growth over coming months.





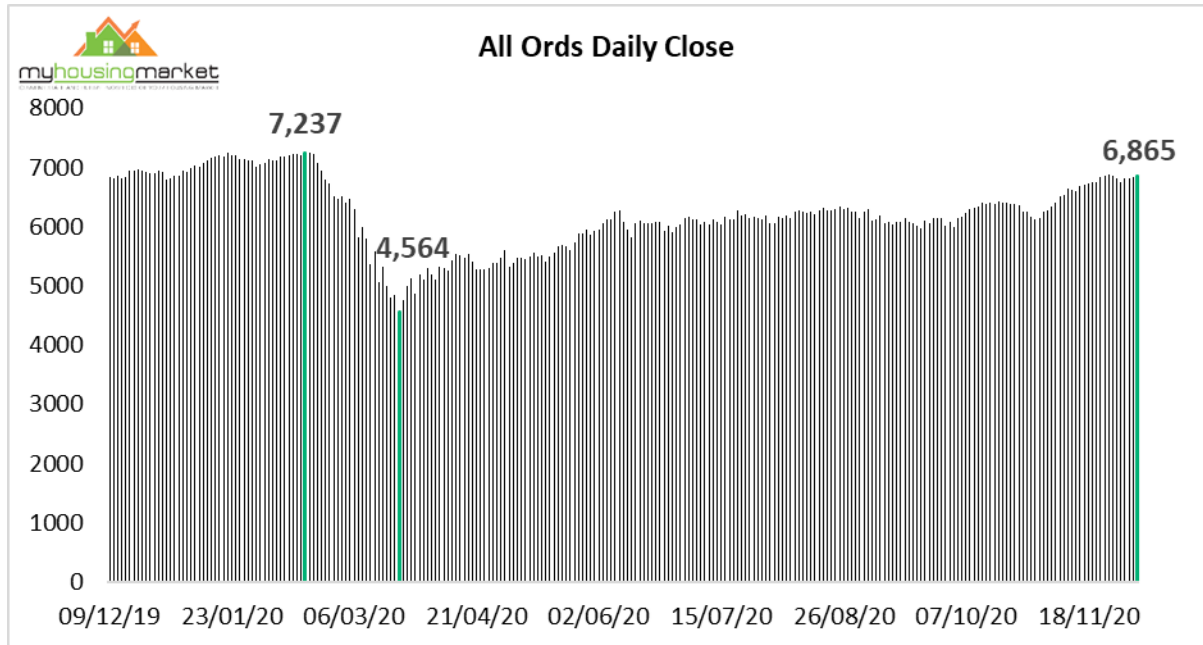
### ECONOMIC GROWTH

The official end to the sharp and short-lived Covid recession as announced by the ABS with September quarter GDP Increasing by 3.3%, clearly reflects a reviving economy and will add to consumer and business confidence.



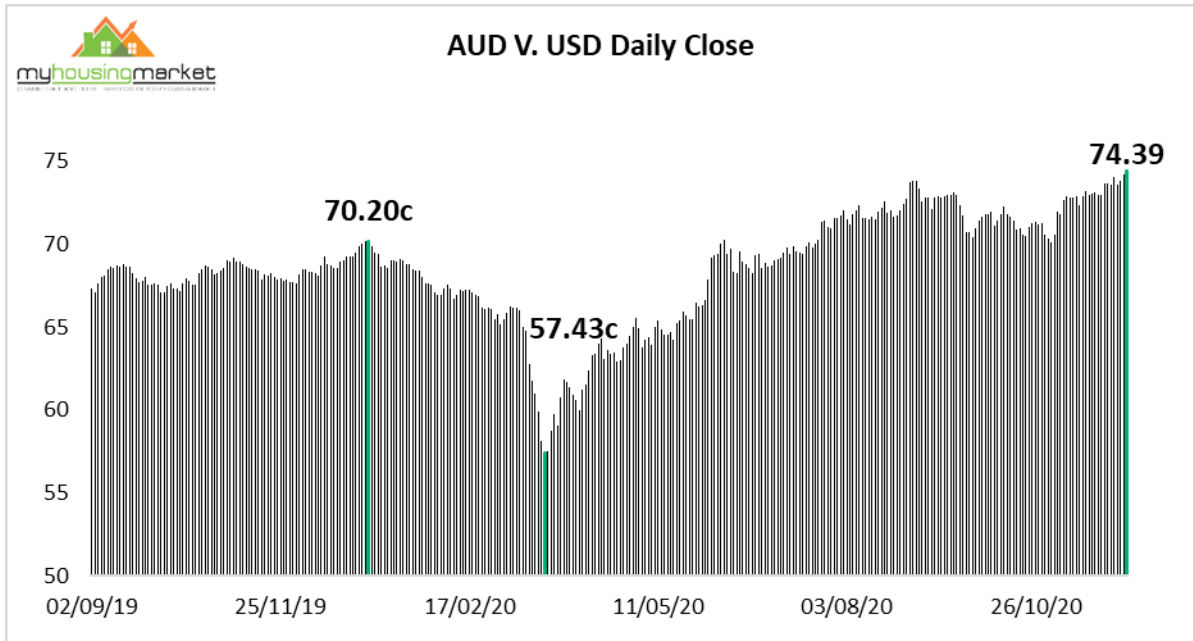
## SHAREMARKET

The Australian sharemarket has continued to rise since the recent federal budget and cut to official interest rates and indicates ongoing investor confidence in the outlook for the Australian economy. The prospects are increasing that the All Ords will recover to pre-Covid levels by years end.



## AUSTRALIAN DOLLAR

The Australian dollar has also surged over recent months indicating confidence from International Investors in the outlook for the Australian economy and also some ongoing weakness in the US currency due to local Covid and political issues.



## Housing Markets Outlook

Australian housing markets and the national economy continue to revive following the easing of coronavirus shutdowns with the Melbourne market and economy now also clearly in revival mode.

Current robust buying activity in all capitals is set to continue to year end, with rising house prices likely to accelerate into and through 2021.



## 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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