



National Housing Market Report

February – March 2021



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All Capital Housing Markets Now Experiencing Remarkable Boom-Time Conditions

Current State of the Markets

2021 has commenced with an acceleration of home buyer and seller activity as housing markets generally report record-level conditions.

Markets regenerated through the latter part of 2021 as coronavirus lockdown conditions eased, offsetting the physical restrictions to property transactions that had impeded activity through autumn.

Auction markets revived through spring and finished 2020 with strong buyer competition for listings pushing up clearance rates with home prices clearly on the rise.

Although the Melbourne housing market had closed down again over spring 2020 as a consequence of severe lockdown, It bounced back vigorously over the final months of the year as shutdown constraints were lifted.

The buyer and seller momentum of the final months of 2020 has predictably continued into 2021 with the clear prospect of strong home price growth to be sustained for most of the year.

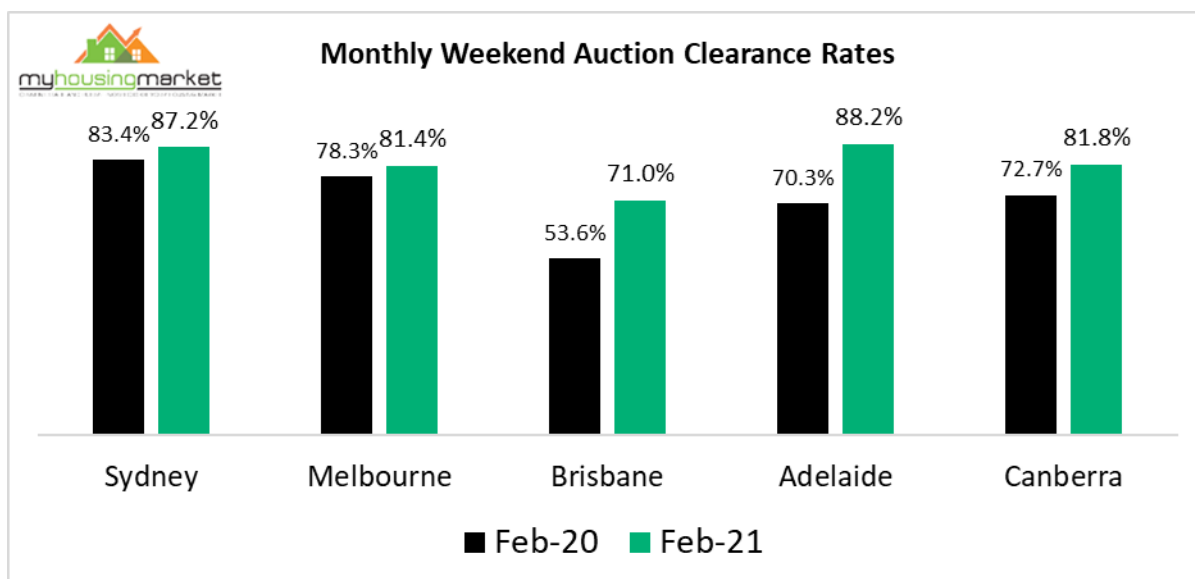
AUCTION MARKETS

Auction markets have produced stunning 2021 results through February and into March with clearance rates at record levels in all capitals, and well above the results reported over the same period last year.

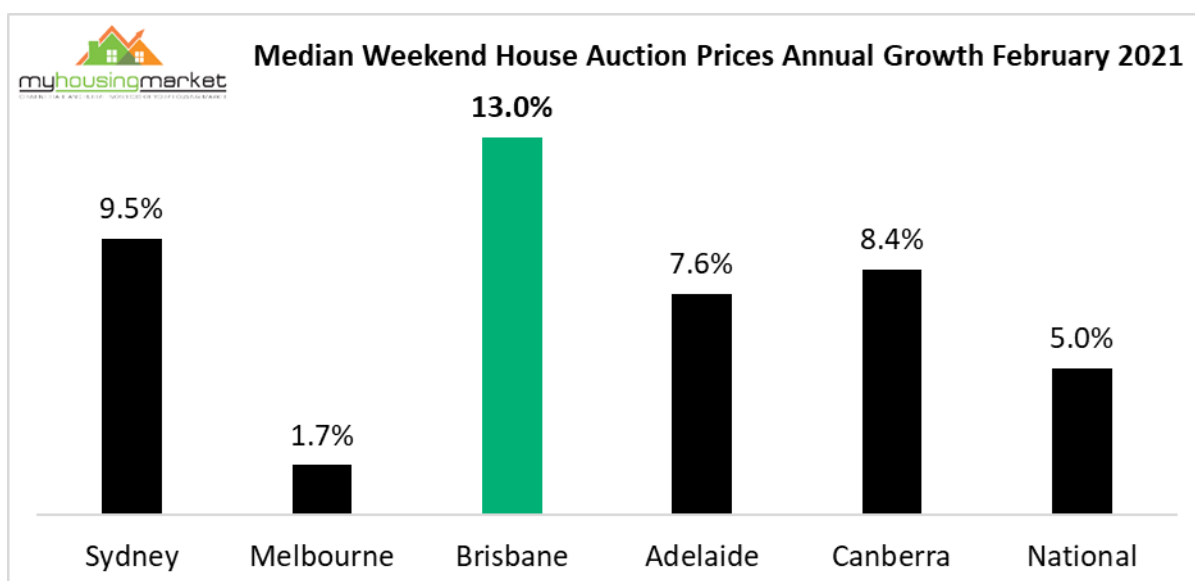
Weekend clearance rates continued to increase over February with record capital city results reported across-the-board by month's end.

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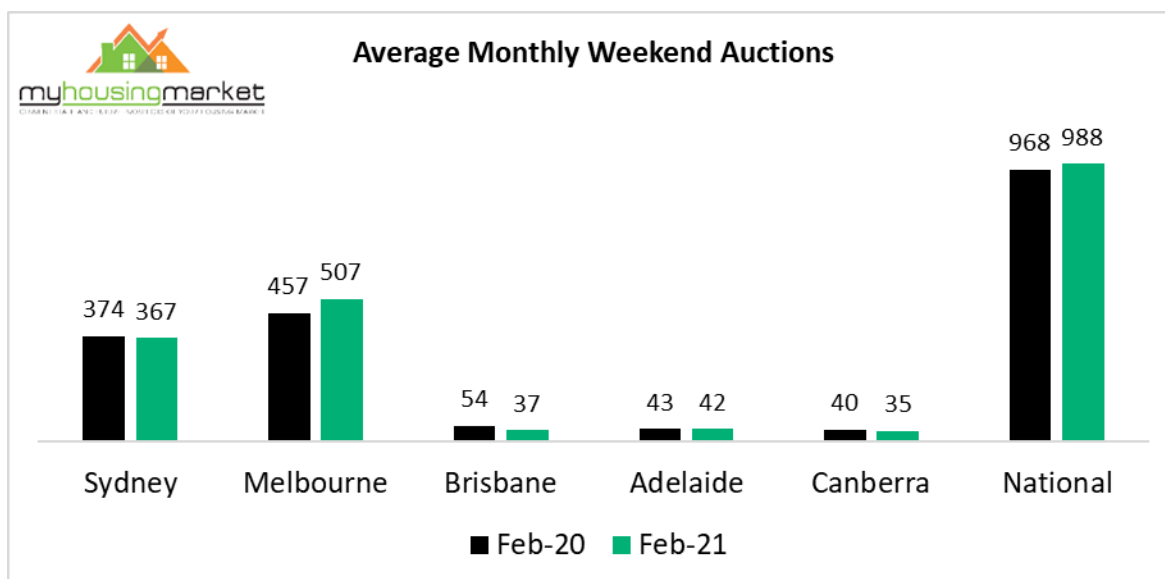




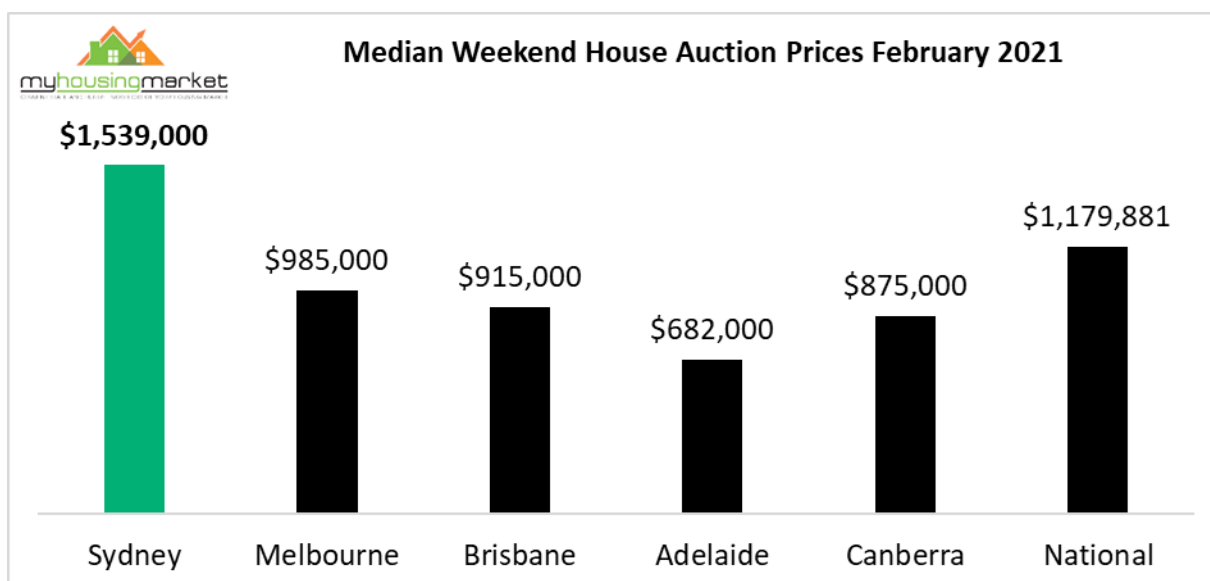
With high clearance rates, annual median auction prices for houses have predictably soared in most capitals with Brisbane the top performer increasing by 13.0% over the past year.



Weekend auction numbers have remained at similar levels to those recorded over the same period in 2020 despite the reintroduction in February of some shorter-term coronavirus restrictions - notably in Melbourne.

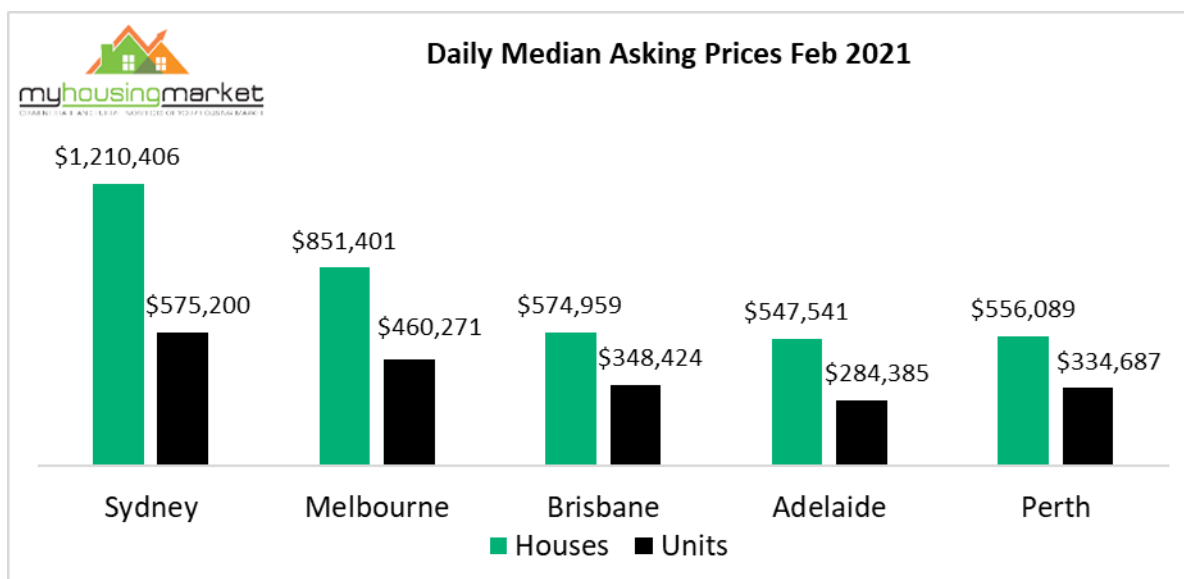


Sydney remains the leader for median house auction sale prices over February at \$1,539,000.

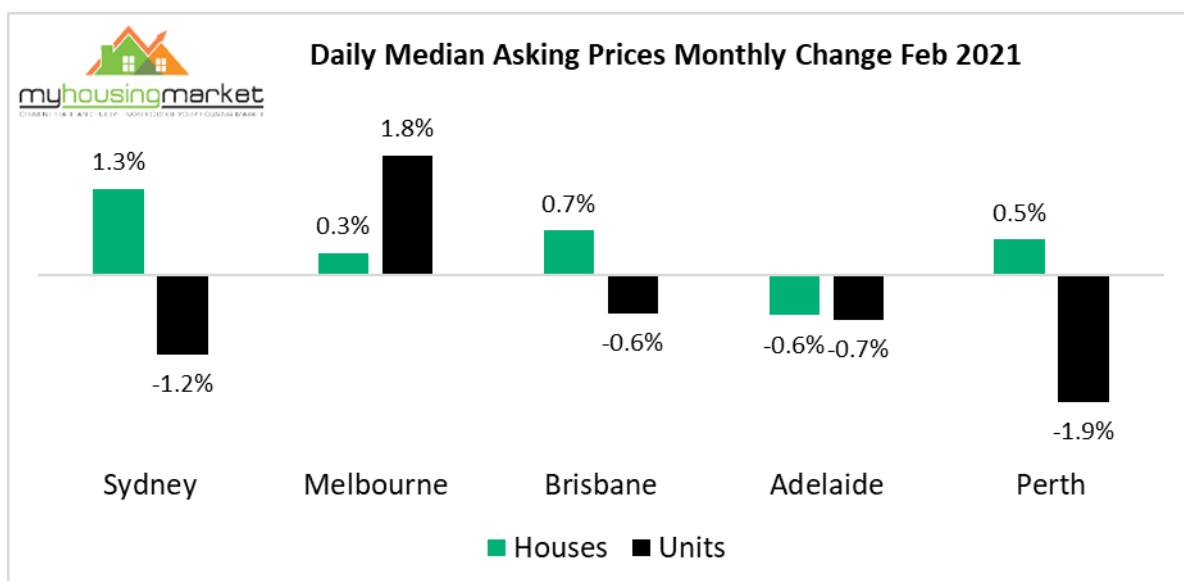


HOME PRICES

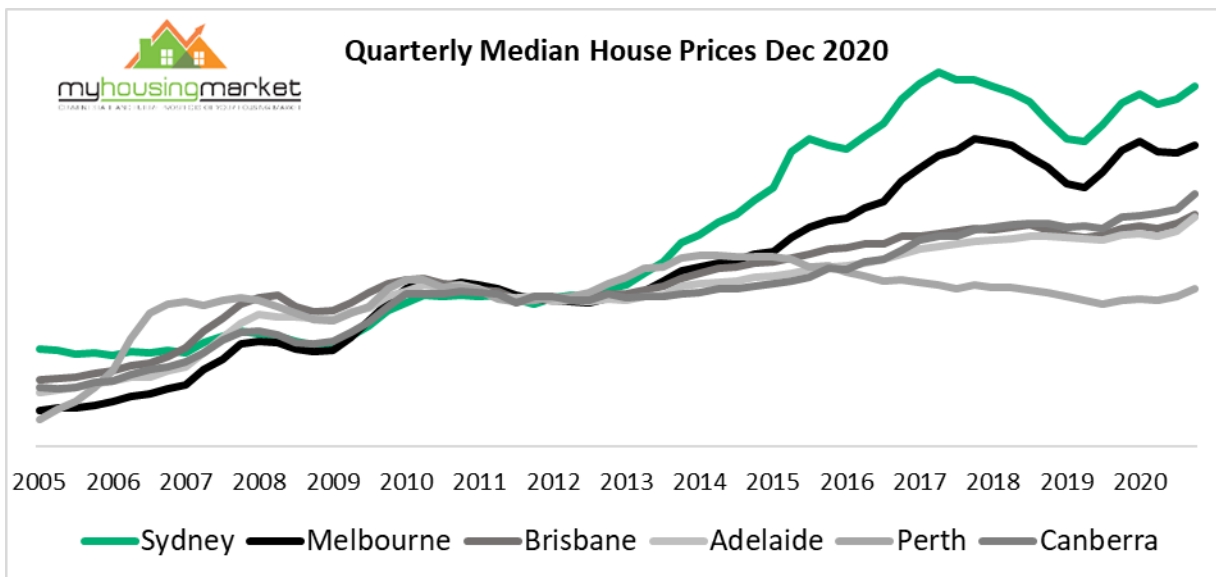
Strong buyer activity is being reported through most capital city regions, price ranges, property categories and buyer types. Sydney remains clearly the highest for asking price medians for both houses and units.



Asking prices for houses however continue to outperform the price growth of units generally over the past month.

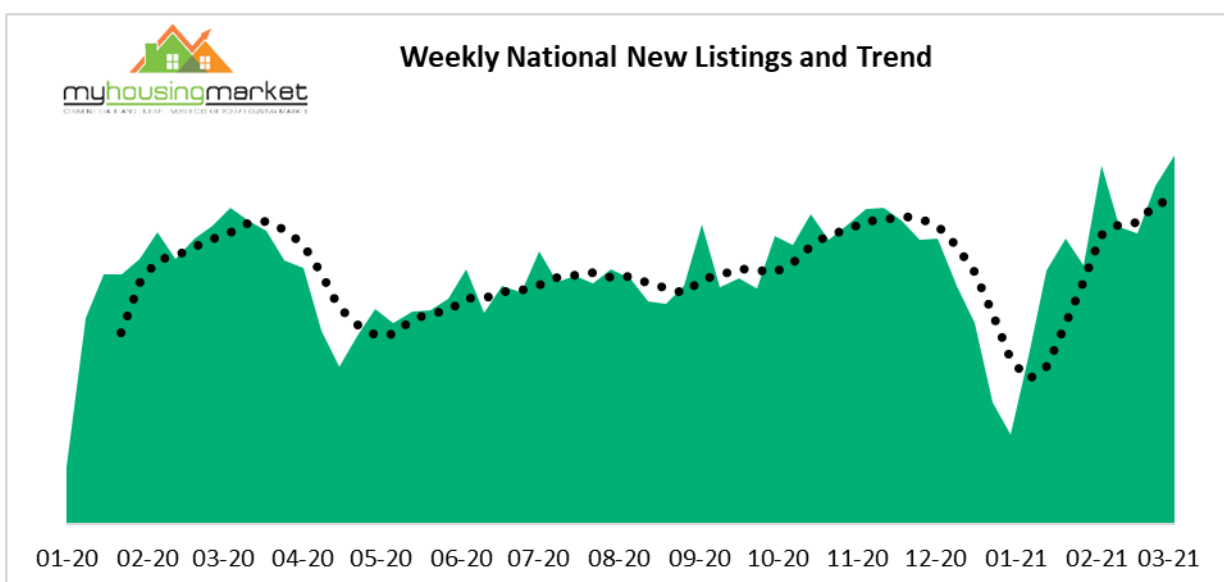


The Melbourne and Sydney markets are being fuelled by positive affordability with - despite recent strong growth - house prices still below the levels recorded three years ago.

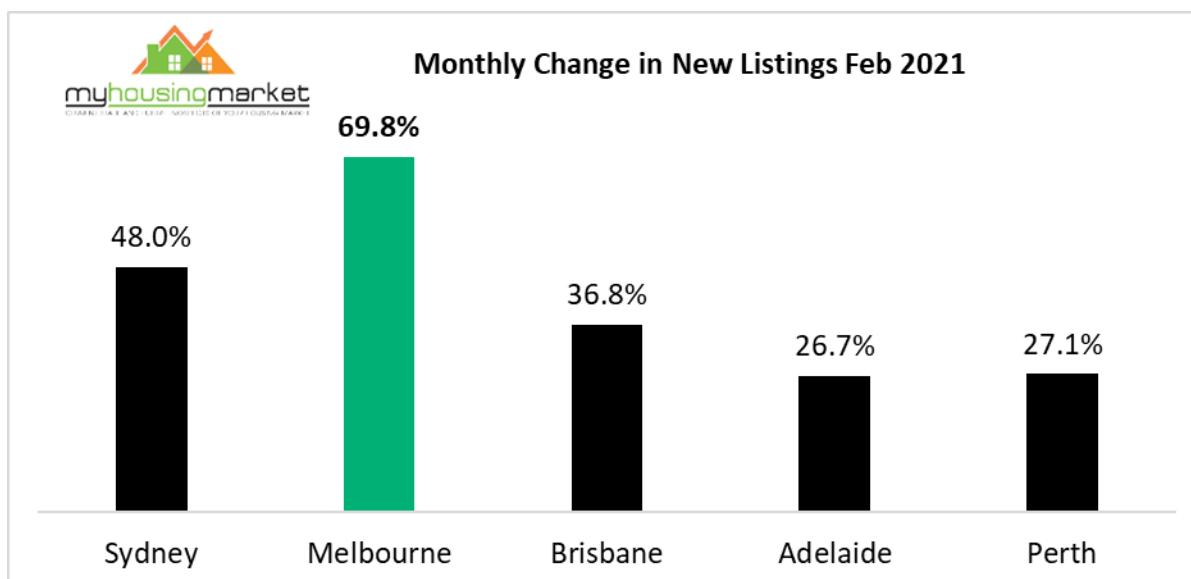


HOME LISTINGS

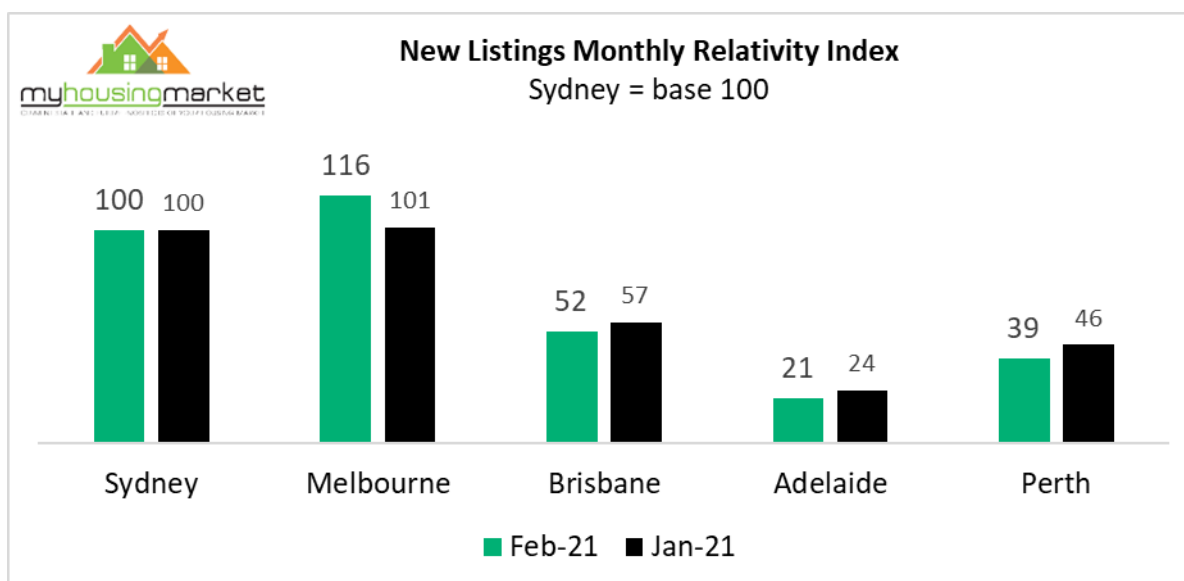
Newly advertised listing numbers have risen over February and into March as sellers scramble to take advantage of robust buyer activity and rising prices. New listings are now tracking 16% higher compared to the same period last year.



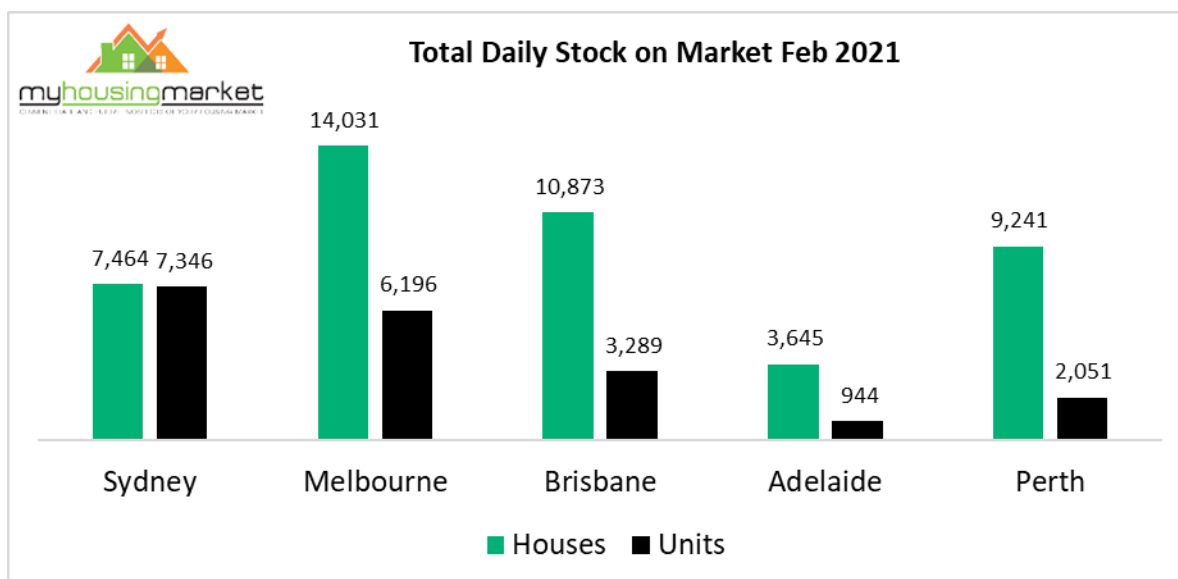
Melbourne has reported the highest monthly increase in newly advertised home listings of all the capitals over February at 69.8% followed by Sydney up by 48.0%



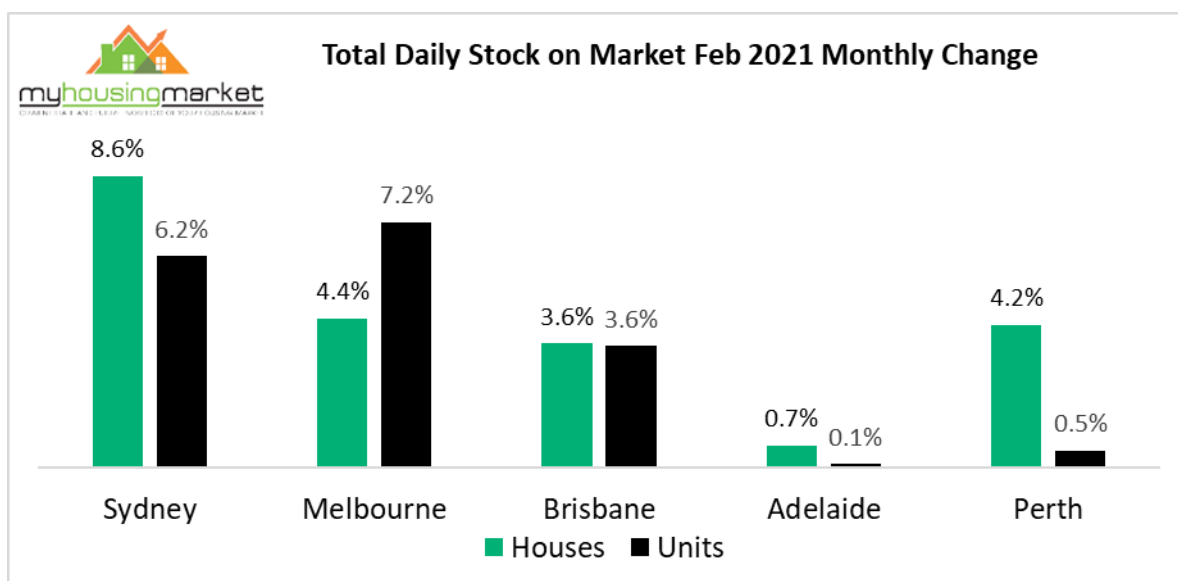
Recent strong growth in Melbourne has newly advertised listings now tracking 16% higher than Sydney.



Melbourne also has the highest number of total homes advertised for sale although that advantage clearly reflects high numbers of houses for sale. Sydney has the highest number of units advertised for sale.

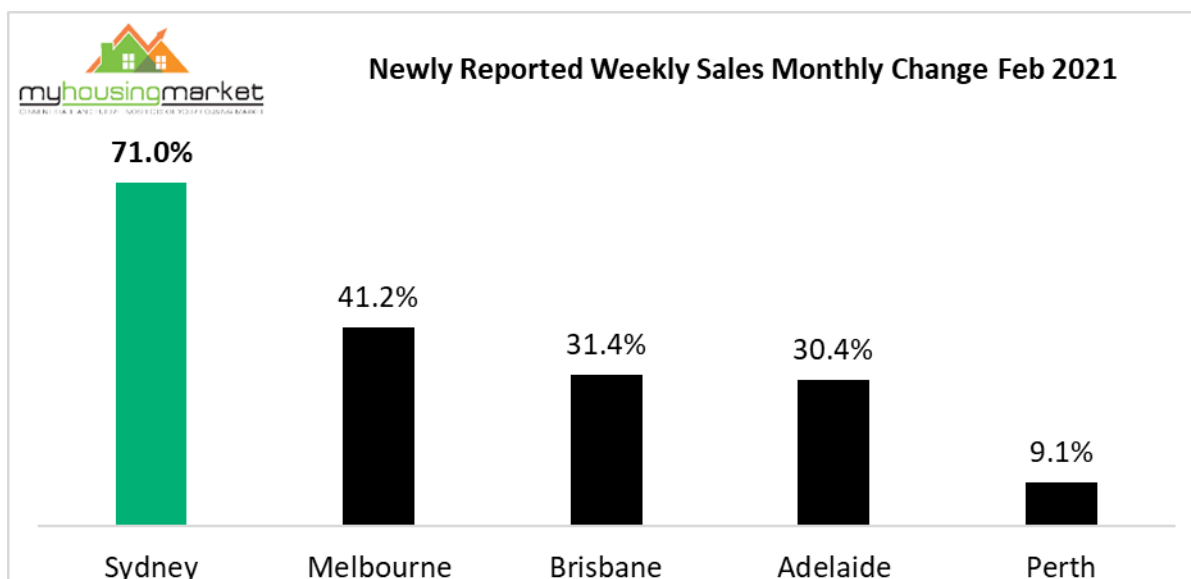


Sydney has reported the highest Increase In the number of houses advertised for sale at 8.6% with Melbourne tops for unit listings Increases over February at 7.2%

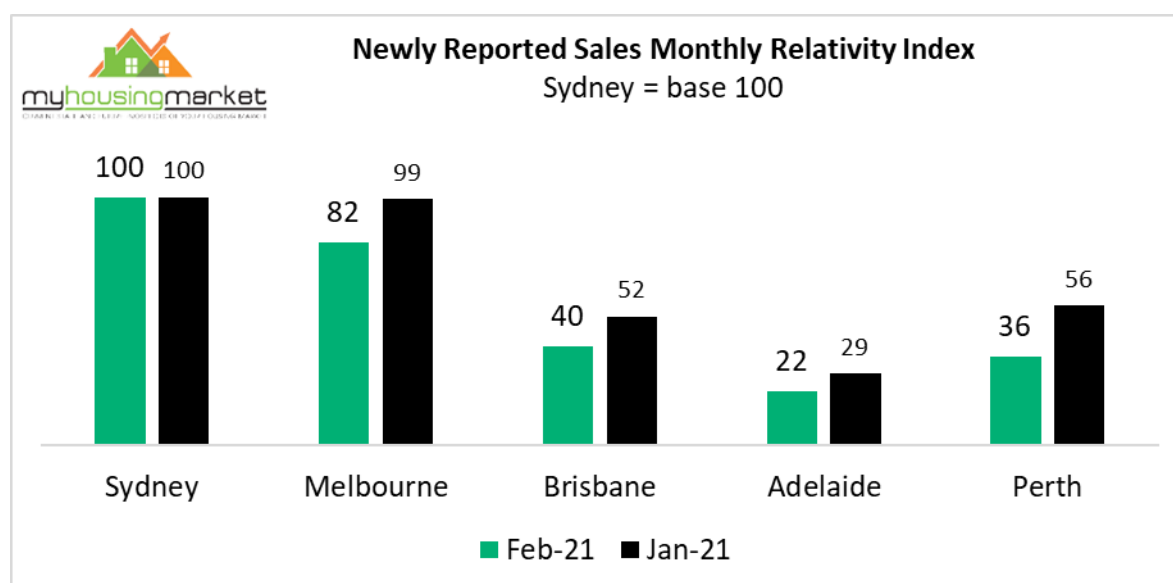


SALES

Sydney reported the highest Increase In newly reported home sales over February at 71.0% followed by Melbourne up 41.2%.

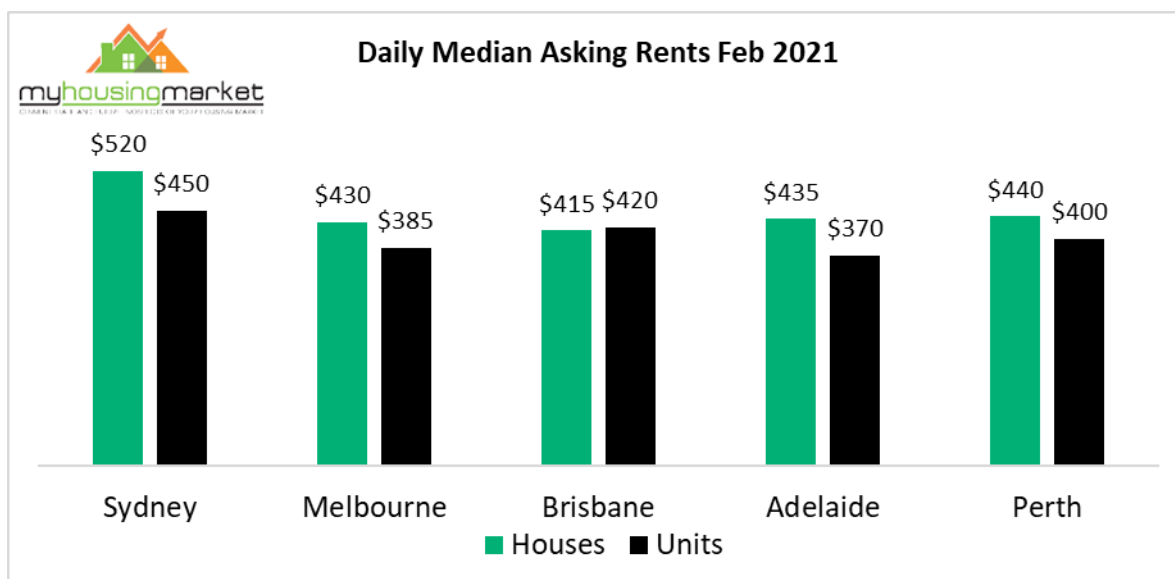


Sydney has clearly the highest number of newly reported sales over February and now 18% higher compared to the Melbourne total.

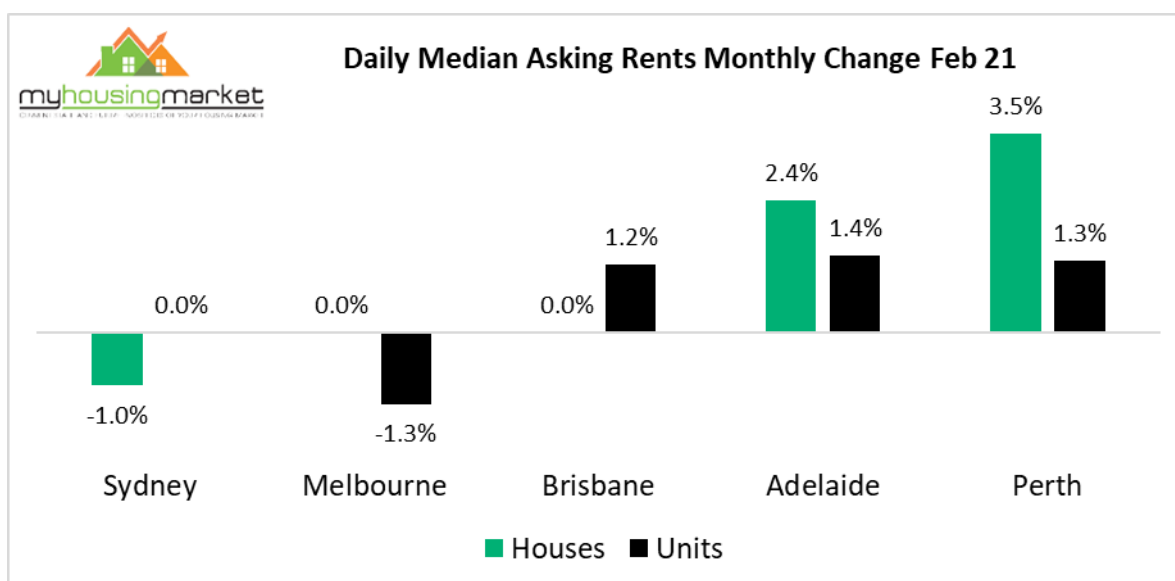


RENTS

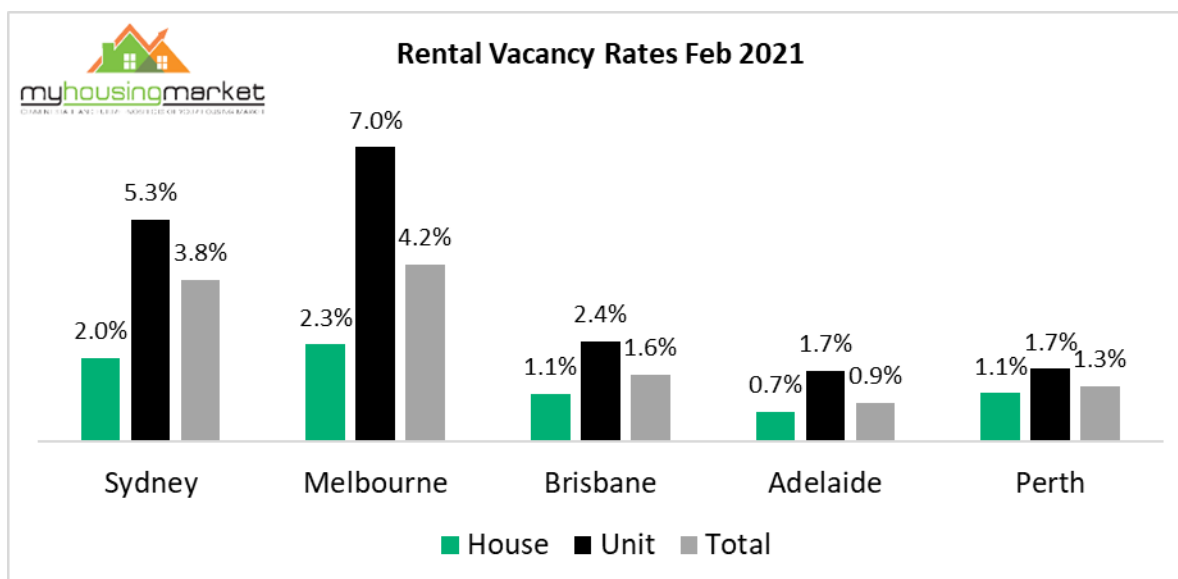
Sydney reported the highest median weekly asking rents for houses and units over February at \$520 and \$450 respectively.



Sydney asking house rents fell by 1.0% over February with Melbourne unit rents down by 1.3%. Other capitals continue to report upward pressure on rents for both houses and units.

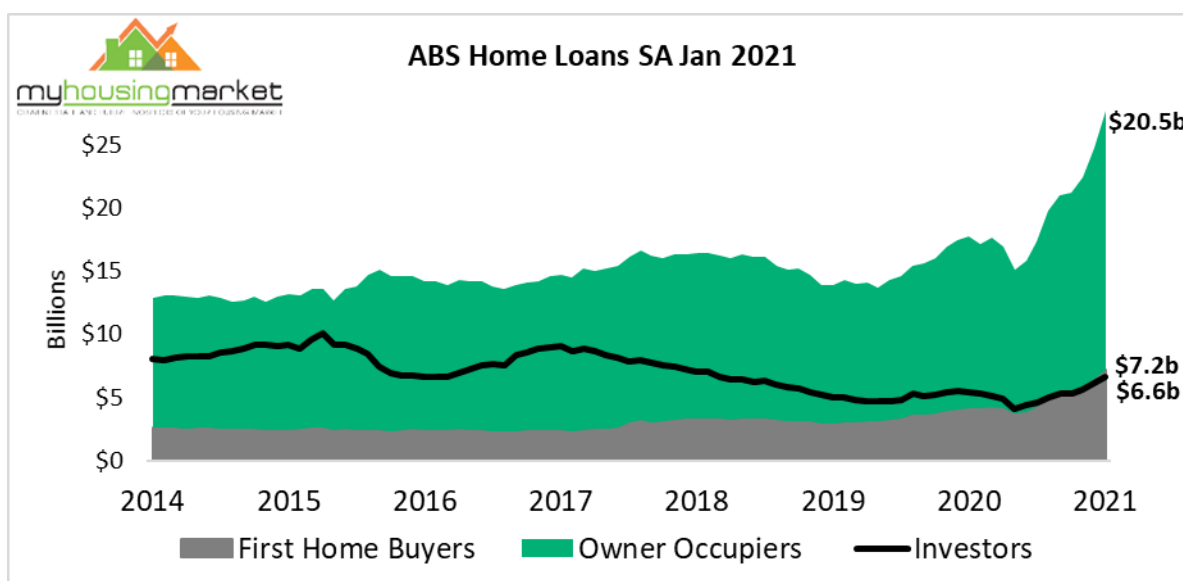


Home rental vacancy rates remained at near record levels for units in Melbourne and Sydney despite some marginal tightening due to seasonal factors over February. Vacancy rates for houses continue to be well below units generally.

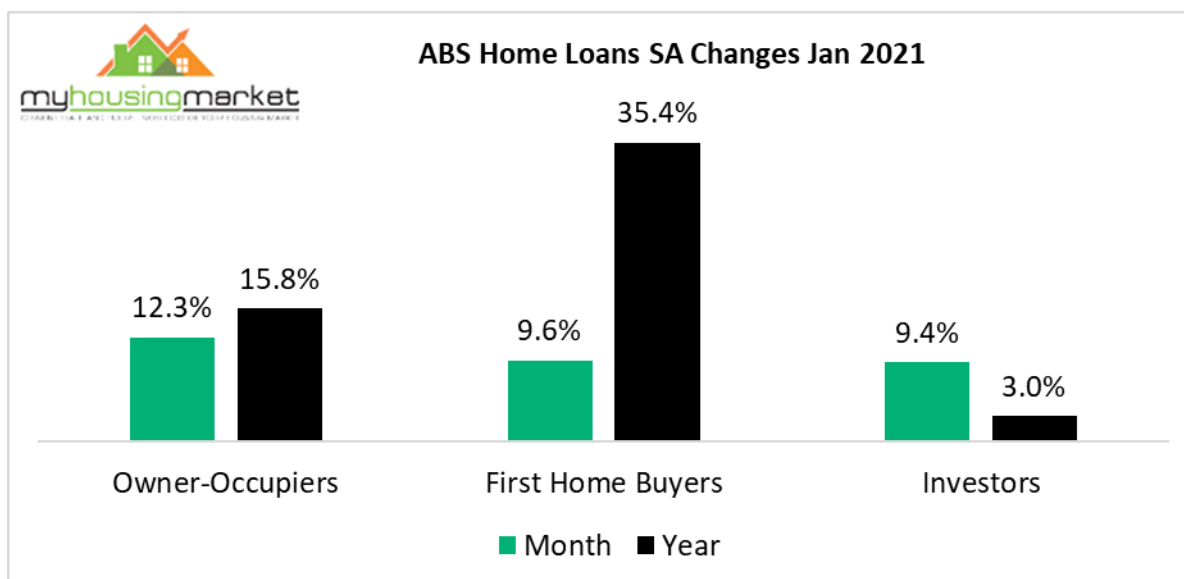


HOME LOANS

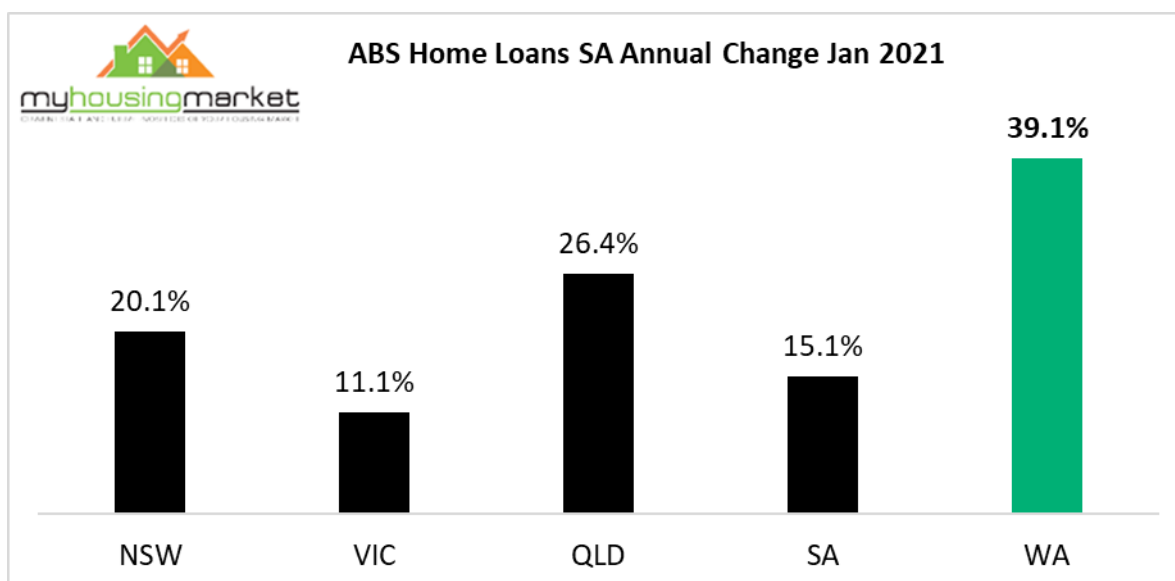
Home lending continues at record levels for owner-occupiers with first home buyers and Investor activity also continuing to rise.



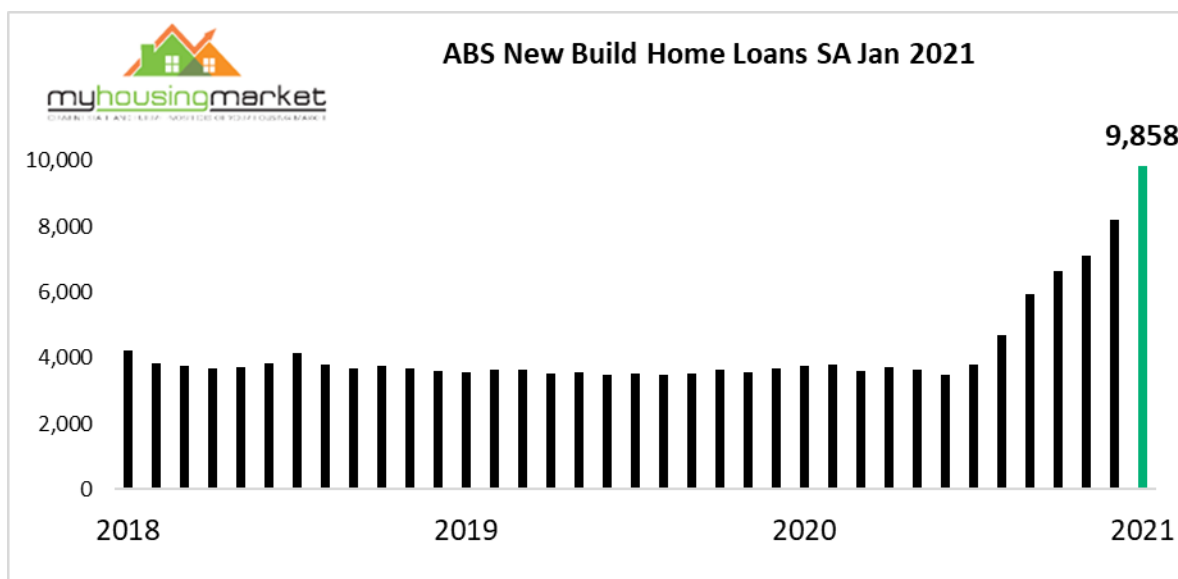
Although Investor activity has increased over recent months with other buyer types, the total home loans market share for this group remains at record low levels.



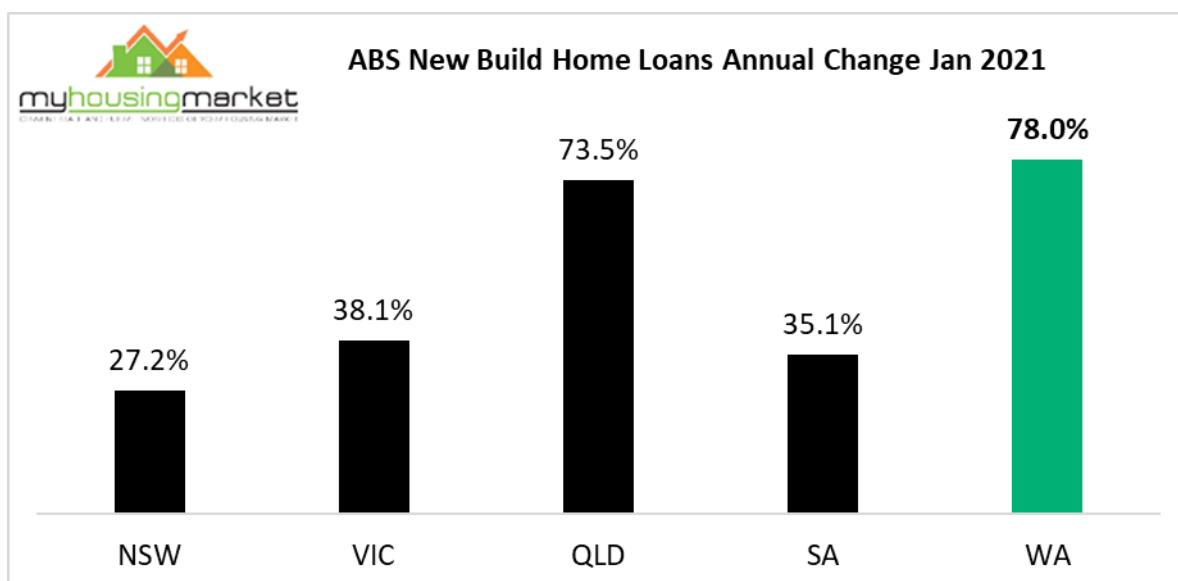
WA has recorded the highest Increase In home lending over the year to January 2021, rising by a remarkable 39.1%



Loans for newly built homes continue to surge reflecting the stimulus of the HomeBuilder federal government Initiative.

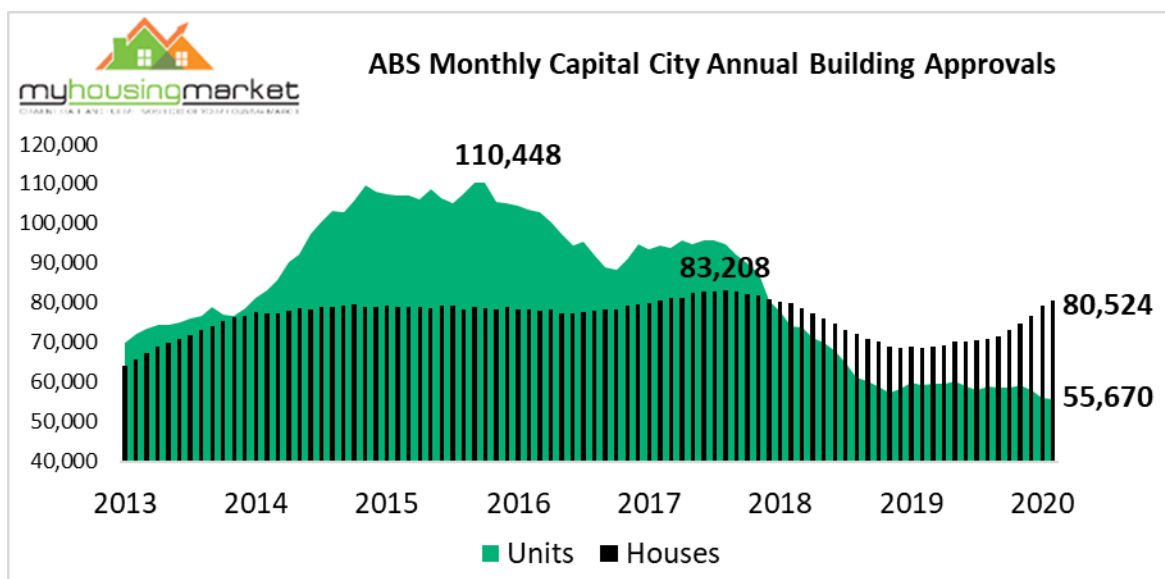


WA and QLD clearly recorded the strongest growth of all the states in new build home loans over the year to January 2021.

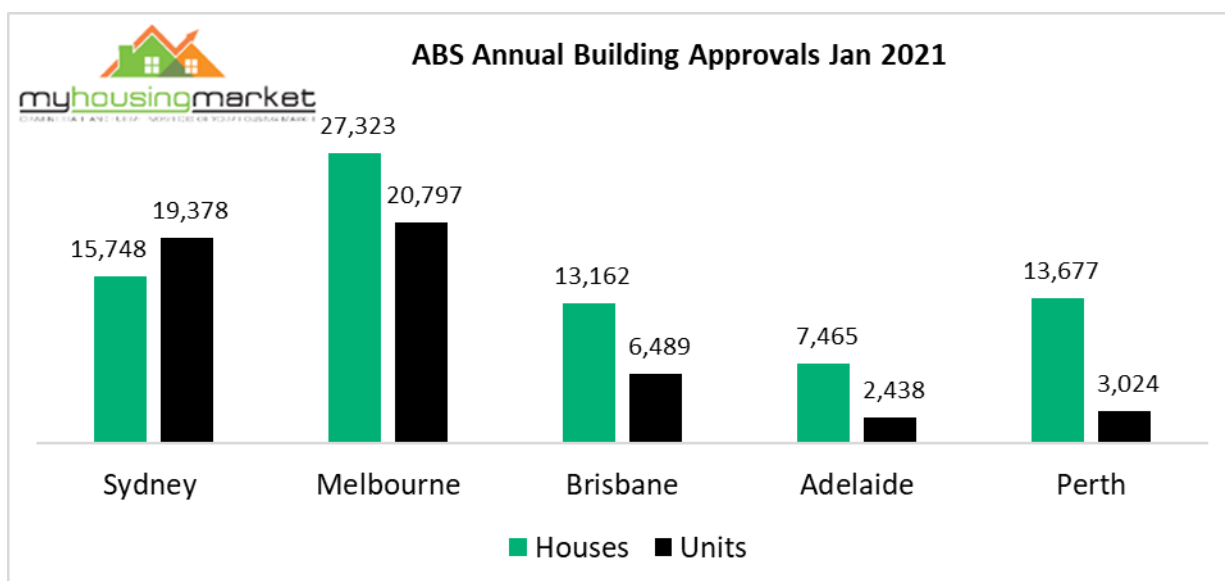


NEW BUILDING

Building approvals for houses continues to surge as a result of the HomeBuilder policy however approvals for units keep falling and remain well below the levels of 5 years ago.

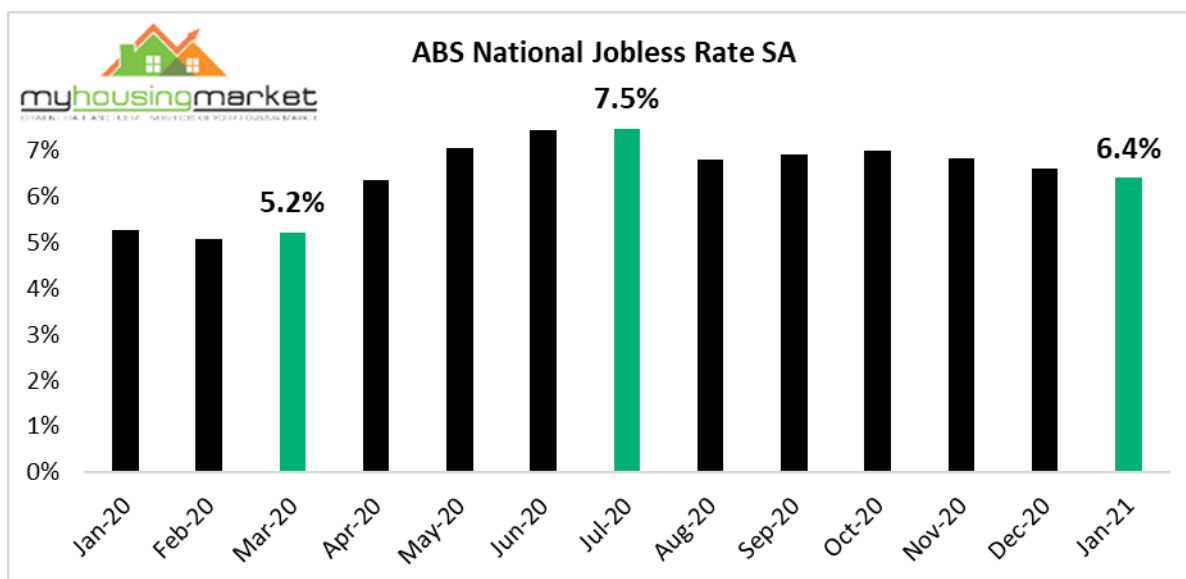


Melbourne remains clearly the strongest capital for building approvals for both houses and units.

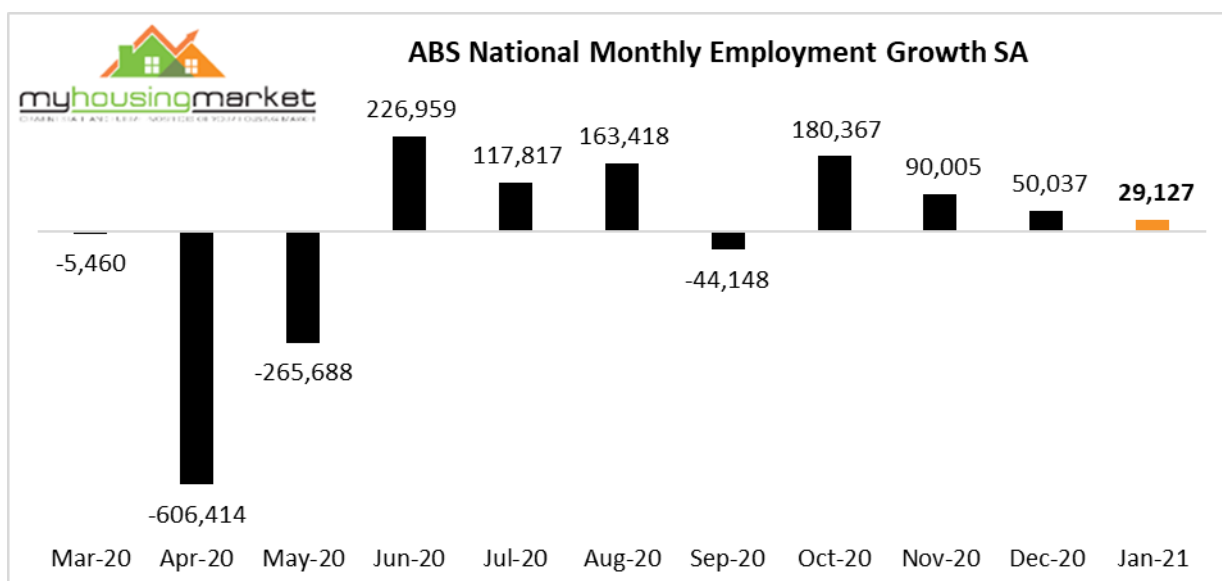


THE ECONOMY

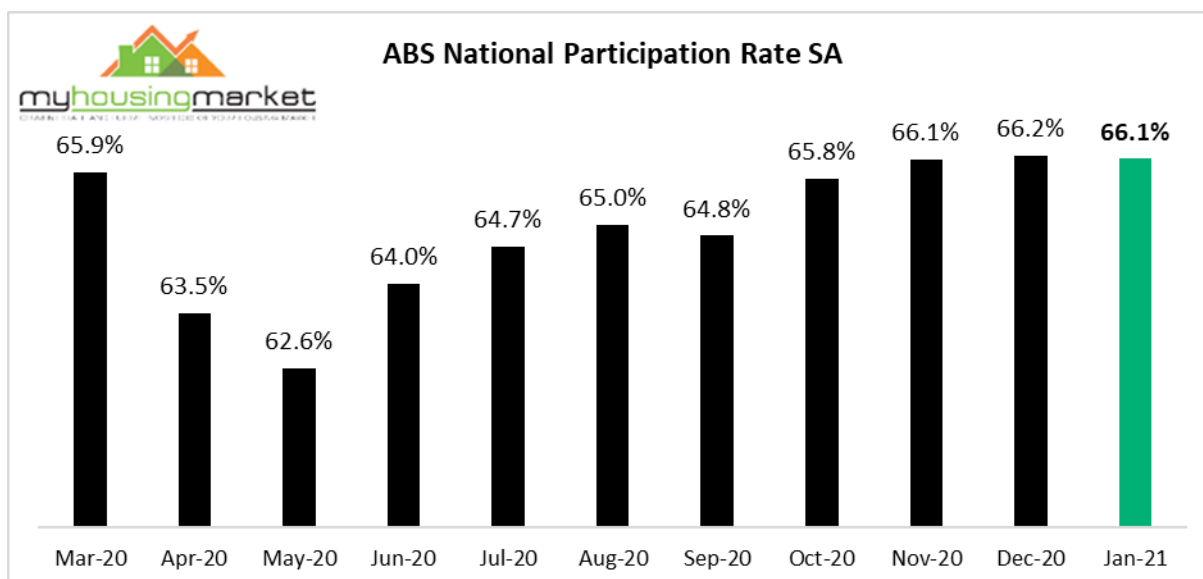
The national economy continues to improve following the constraints of the coronavirus shutdowns of autumn and spring 2020. The unemployment rate had fallen to 6.4% however challenges remain with the end of the JobKeeper Initiative In March.



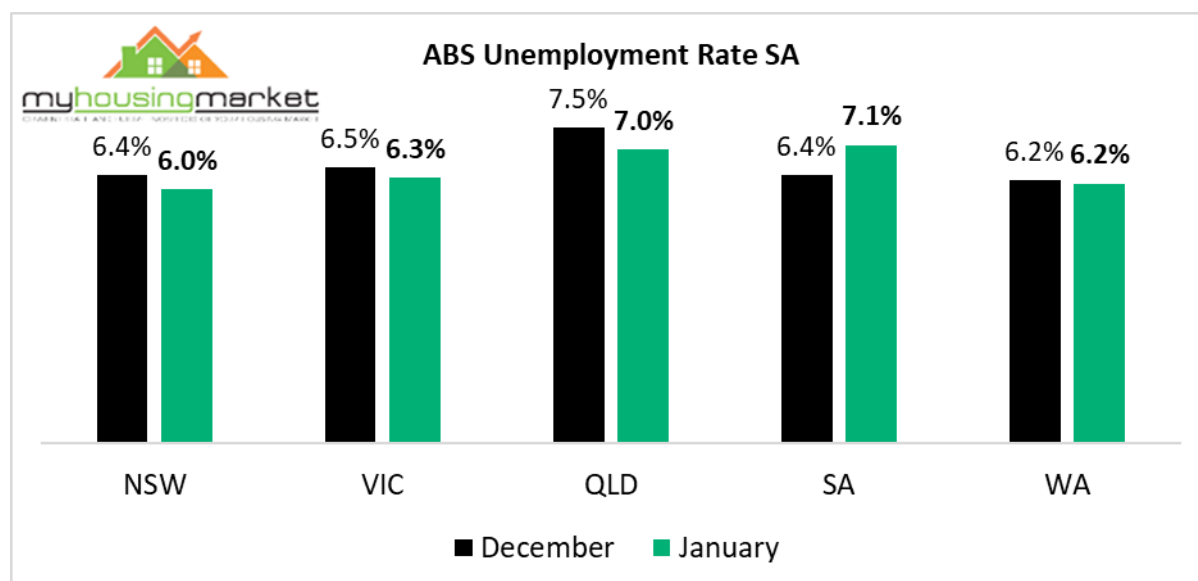
Employment numbers has recovered strongly since June 2020 with employment now just behind the pre-coronavirus levels



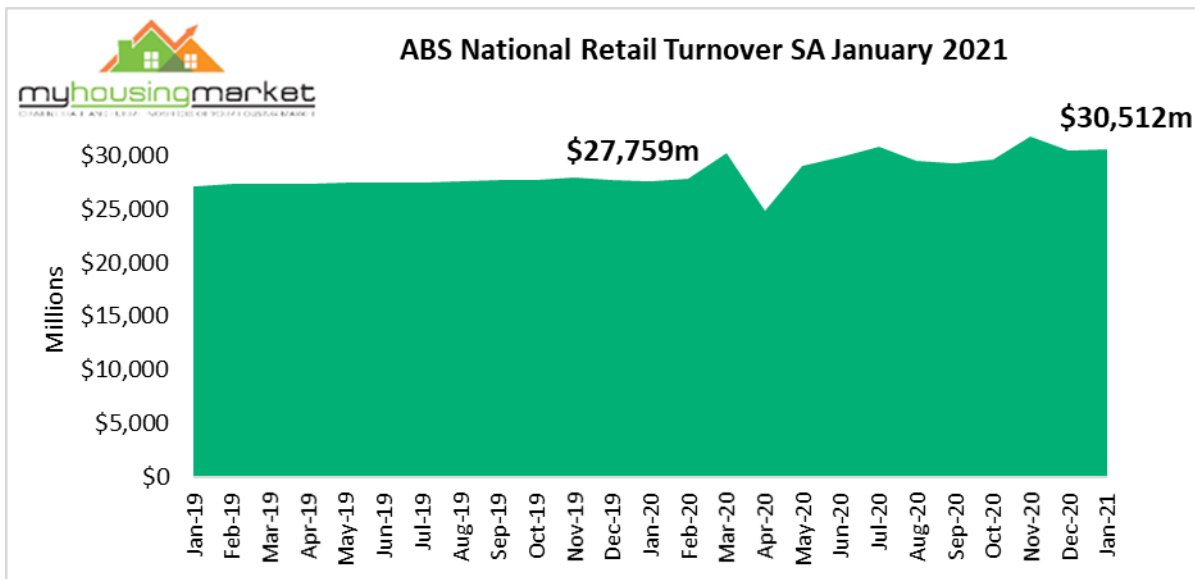
Participation levels are now back to pre-coronavirus levels with the workforce now fully engaged again.



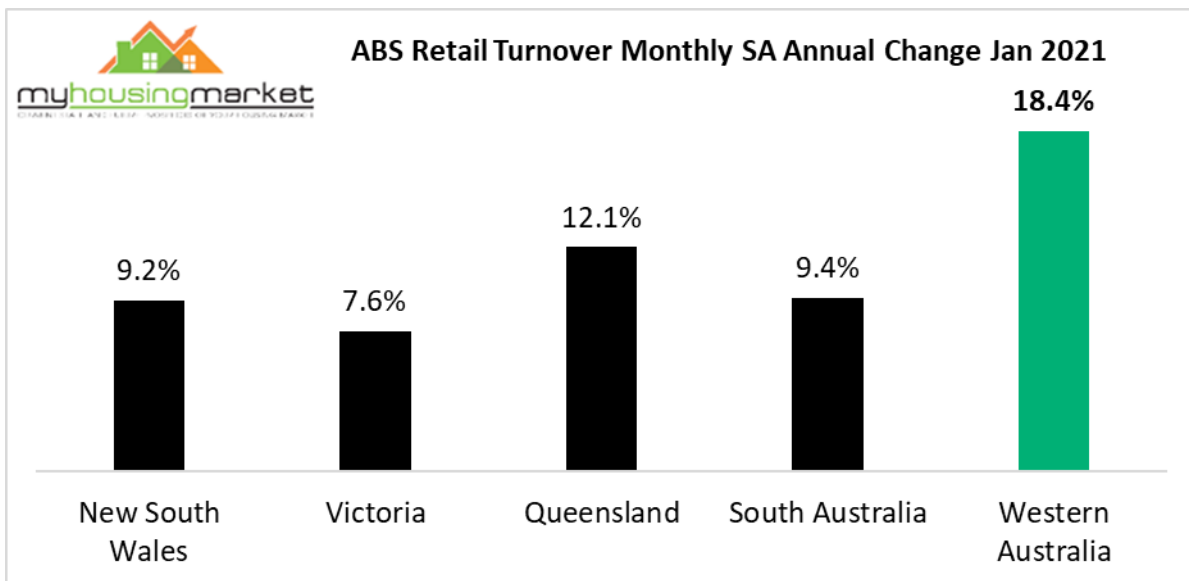
NSW reported the lowest jobless rate over January falling to 6.0% with WA the next lowest steady at 6.2%.



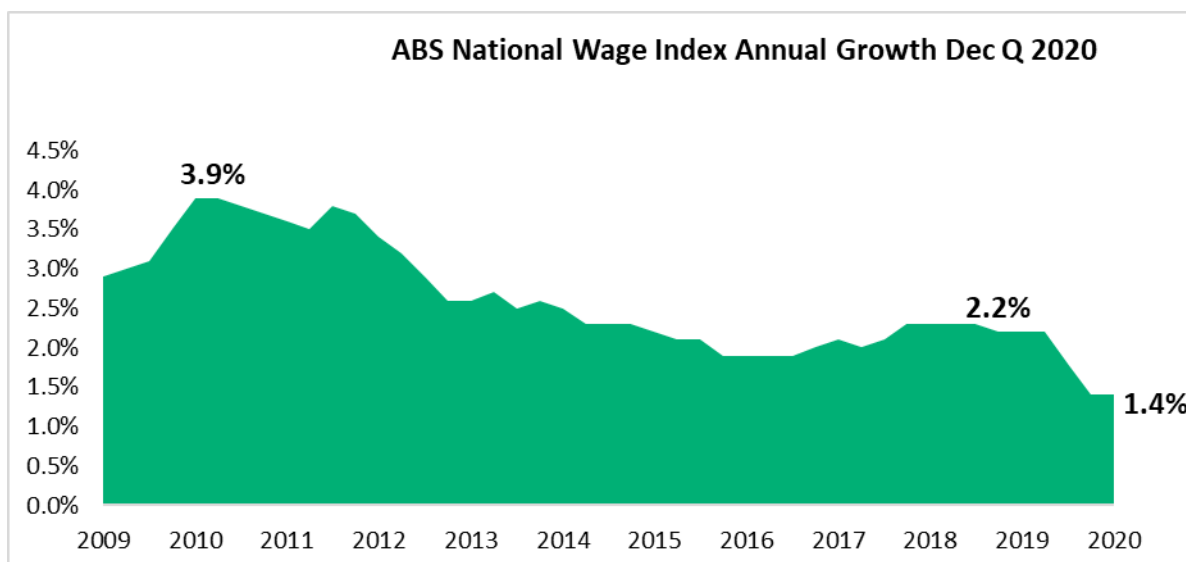
Retail sales remain a positive force for the national economy with monthly levels still well above those recorded pre-coronavirus.



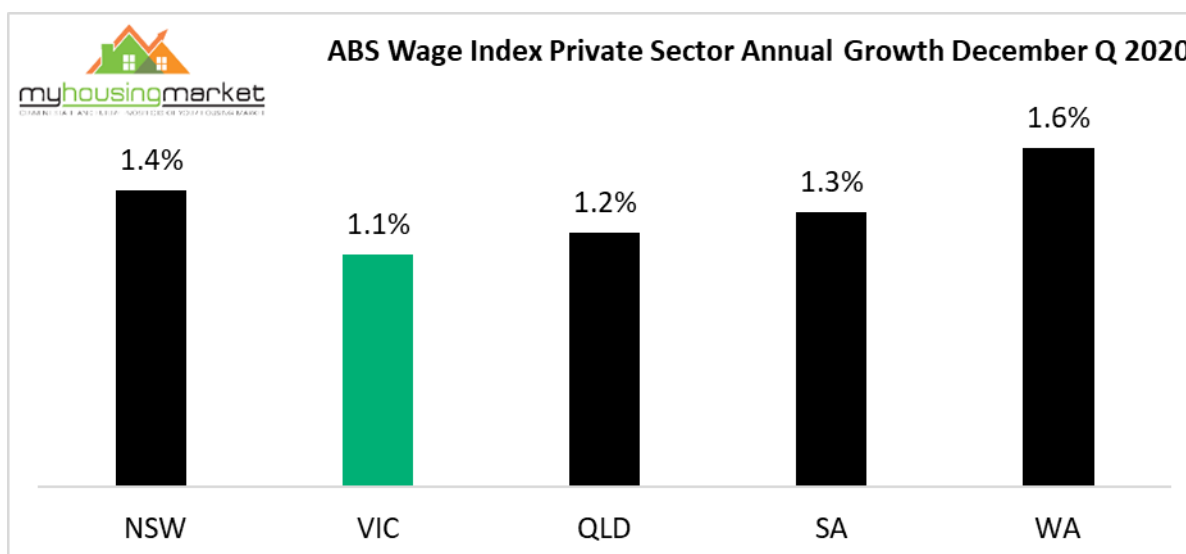
WA was clearly the top state performer for retail sales over the year to January 2021, rising by 18.4%.



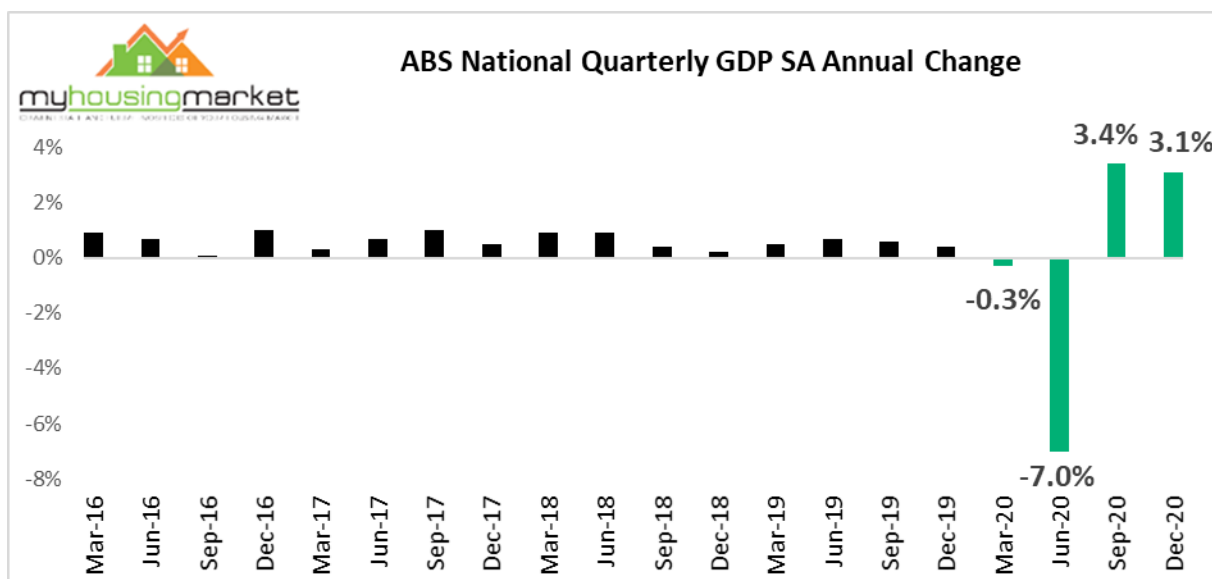
Wage Increases however remain at record low levels with annual national growth up by just 1.4% over the year ending the December quarter 2020



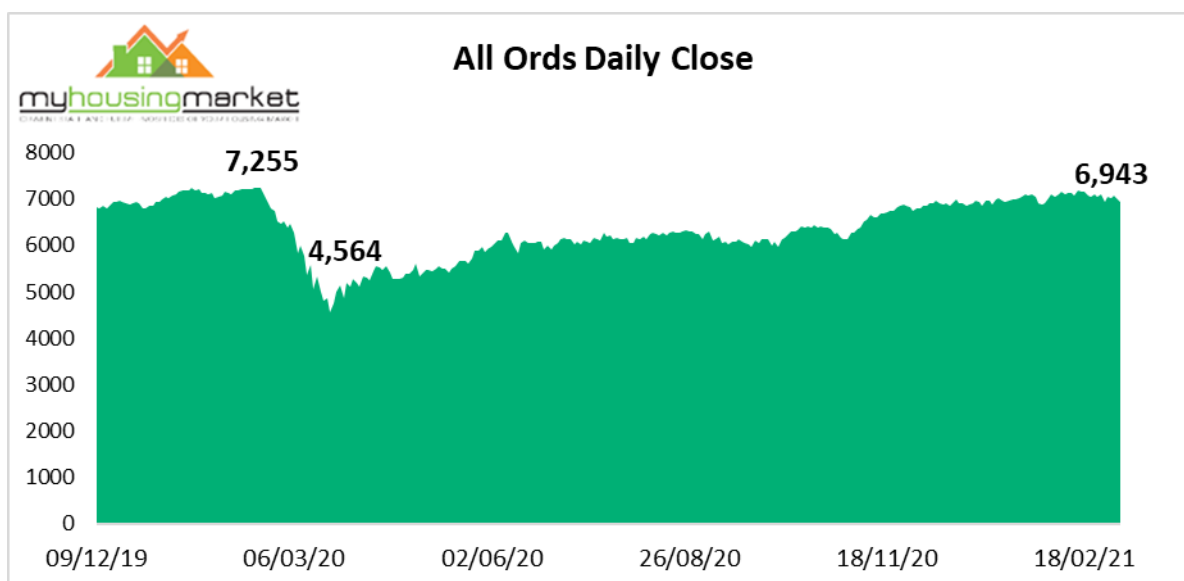
WA reported the highest increase in private sector wages over the year ending the December quarter 2020 up by 1.6%. with VIC the lowest at just 1.1%.



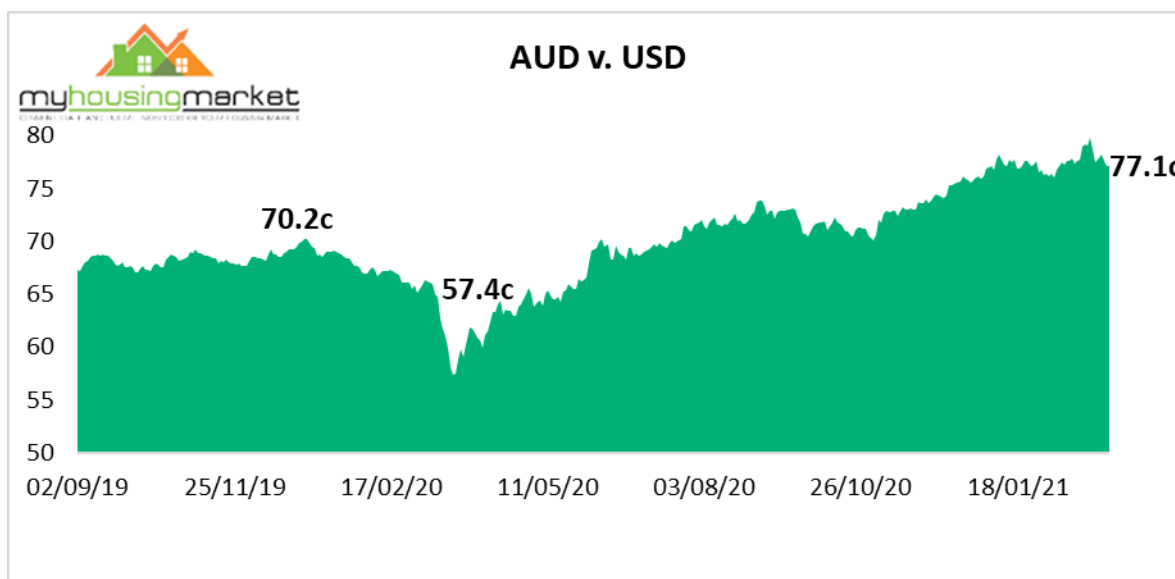
The Australian economy has bounced back strongly following the sharp downturn over the June quarter 2020 with overall GDP now close to recovering the losses recorded over the first half of last year.



Local Investor confidence continues to rise with the All Ords now close to pre-coronavirus levels.



The Australian dollar has surged over recent months to the highest levels in three years indicating positive International sentiment for the prospects of the national economy.



Markets Outlook

Capital city housing markets have sprinted out of the blocks in 2021 with strong buyer and seller and activity over February and into March.

Positive affordability is driving markets in Sydney and Melbourne where, although prices have increased over recent months, prices remain at similar levels to 2017 - three years ago.

With mortgage rates having fallen by over 1% and incomes have increased by over 6% since 2017, there is significant capacity for buyers to push up home prices.

A strongly recovering national economy is also a positive force for strengthening housing market activity with the prospects of continued improvement over 2021.

All capitals are set to record strong price growth through 2021, although growth rates are likely to decline through the second half of the year as affordability declines.

The clear outlook for low and steady interest rates and low income growth will also act to subdue price growth over time.

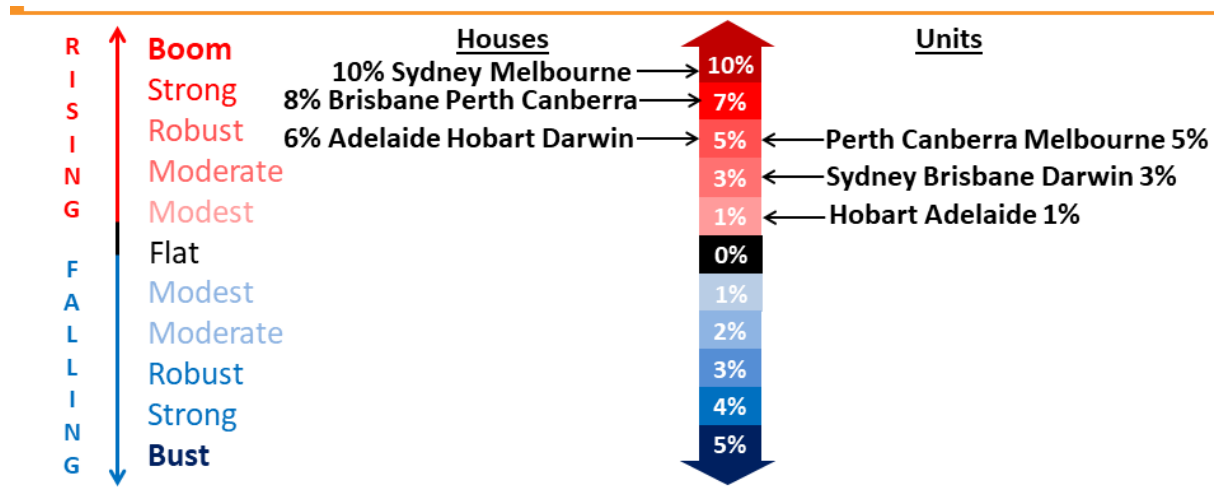
In the meantime, house price growth will likely reach record levels with the Melbourne and Sydney markets likely to exceed 10% over the year.

With the spectre of further coronavirus shutdowns now receding with the rollout of the vaccination program - buyer and seller confidence is set to remain sky high.



Market Barometer

Forecast Annual Mid-Range Median Prices Growth 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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