



National Housing Market Report

March – April 2021



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Extraordinary Capital City House Price Boom Set to Peak

Current State of the Markets

Home buyer activity in all capital cities has surged over March and into April with prices growth generally pushing towards record levels.

The strong start to the year for housing markets through February has accelerated as demand for property continued to rise off the back of still positive affordability and sky-high confidence.

Sellers have predictably engaged housing markets in increasing numbers, keen to take advantage of strong buyer competition and sharply rising home prices.

Weekend auction markets have reported unprecedented results over March and into April with most capitals reporting record clearance rates over 90% despite higher listing numbers.

Higher prices however will act to dampen affordability and put a brake on growth sooner rather than later this year - particularly without the prospect of continued stimulus from lower interest rates or higher incomes. Bank lending conditions are as usual likely to remain rigid under the watchful eye of regulators, placing a ceiling on borrowing capacity.

The reduction or expiration of government support policies directed to housing markets will also act to dampen home buyer activity.

Home price growth however will certainly remain strong to solid through the remainder of 2021, with an easing of activity rather than a sharp correction as experienced in other similar strong cyclical upturns with no prospect of a significant increase in interest rates to quell demand.

Recent extraordinary activity and prices growth in capital city housing markets has reflected the impact of low interest rates and the release of the demand impediments of recent years that had acted to keep markets and house prices subdued.



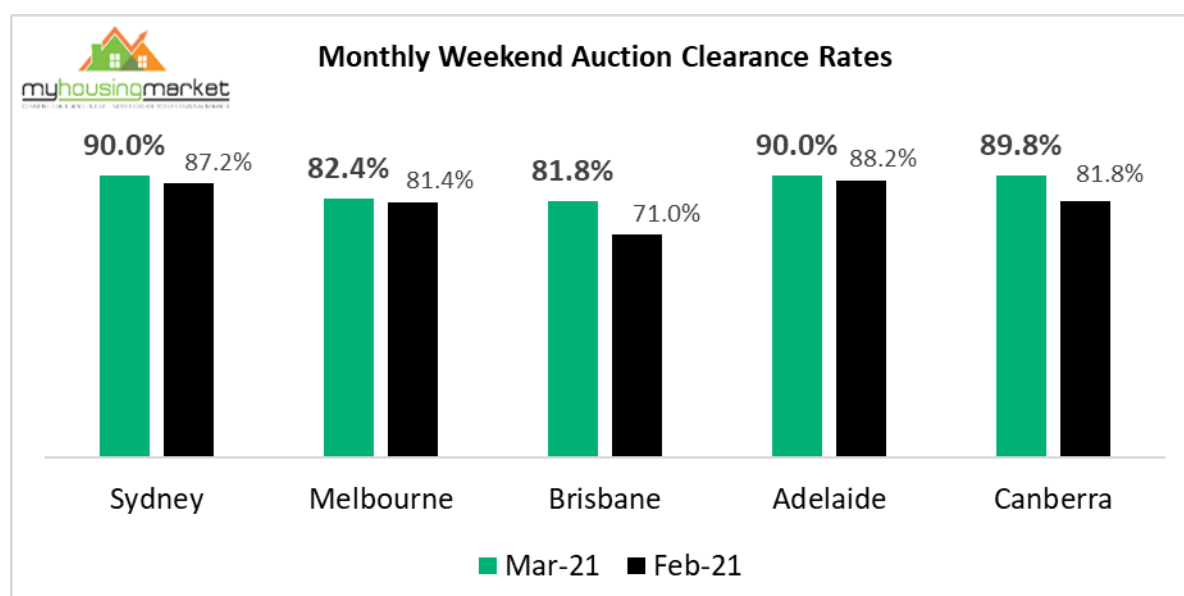
The outlook for a continued post-covid economic revival remains a positive factor for moderating but sustained house prices growth through the remainder of 2021.

AUCTION MARKETS

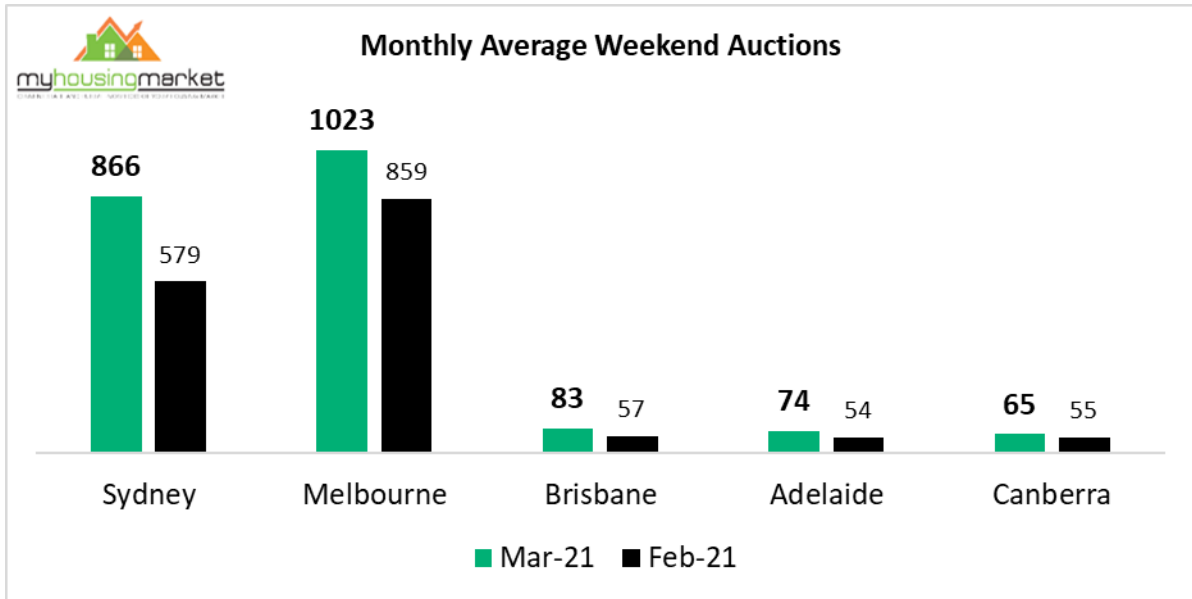
Home auction markets have produced record results through March and into April with soaring clearance rates reported in all capitals, and continuing well above last year's results at the same time.

The pre-Easter April Super Saturday of auctions produced record activity for the value and number of homes sold under the hammer.

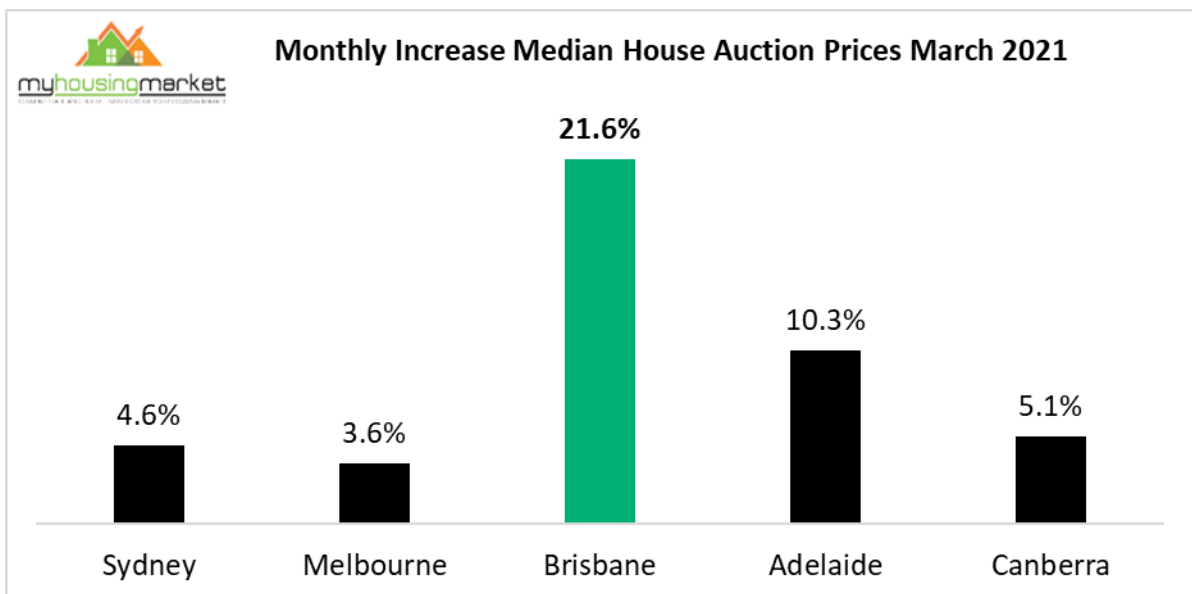
A post-Easter easing of auction activity however reflects the usual distractions of the school holiday period with lower clearance rates from lower auction volumes.



Weekend auction numbers increased sharply over March compared to the previous month with fully-engaged markets recording record-level sales volumes and values.

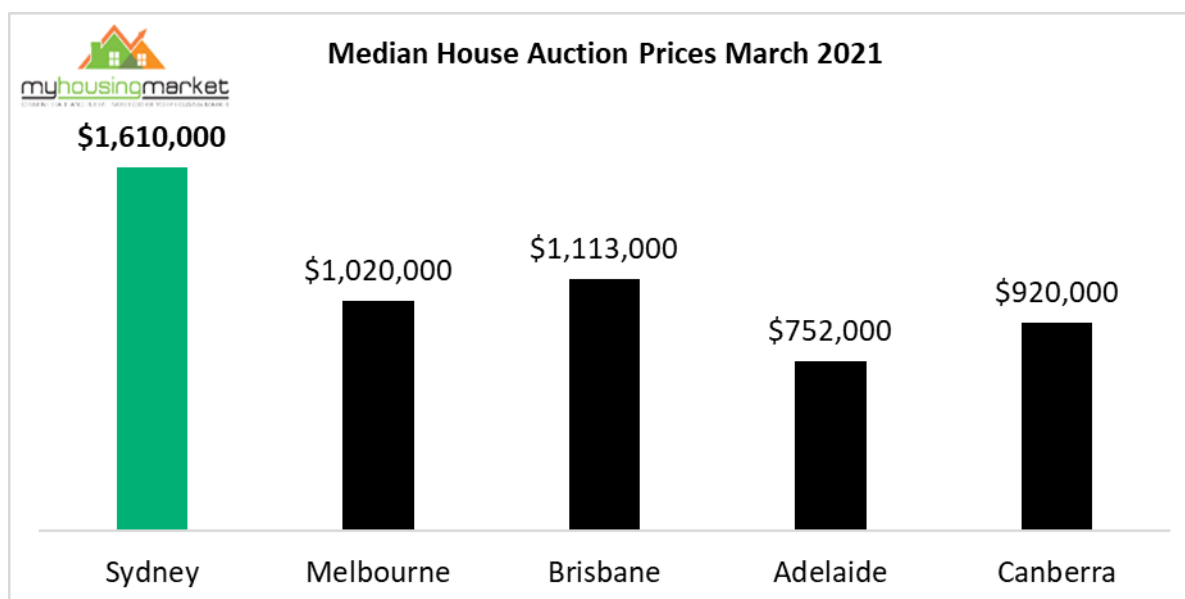


Median auction prices have increased sharply over March compared to the previous month reflecting strong buyer competition for property and an increased proportion of higher-priced homes offered for sale.



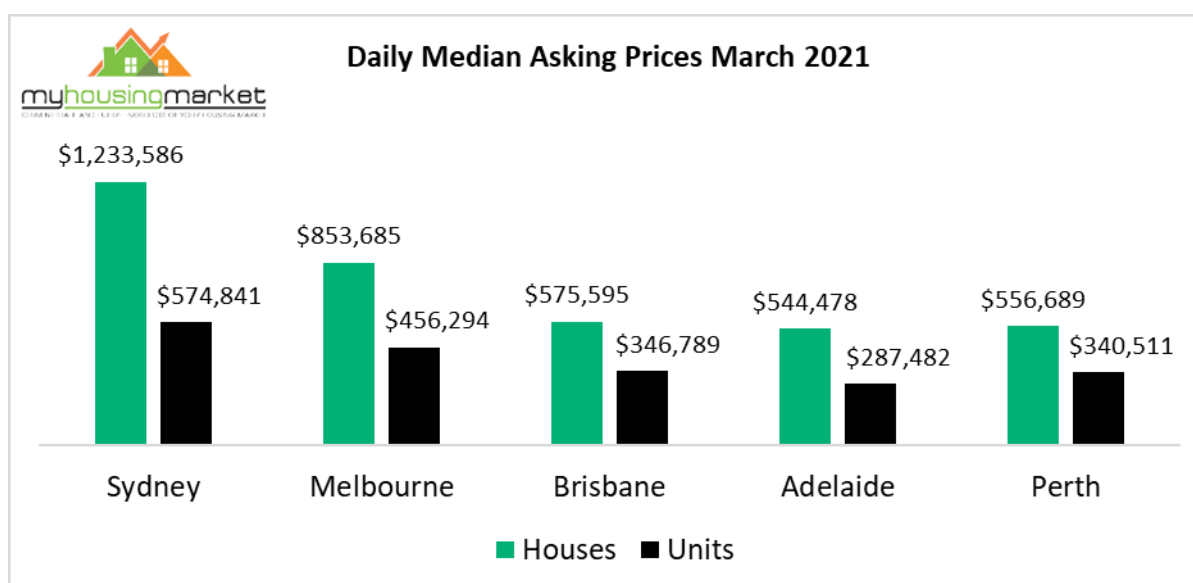


Sydney remained the leader for median house auction sale prices over March at \$1,610,000.



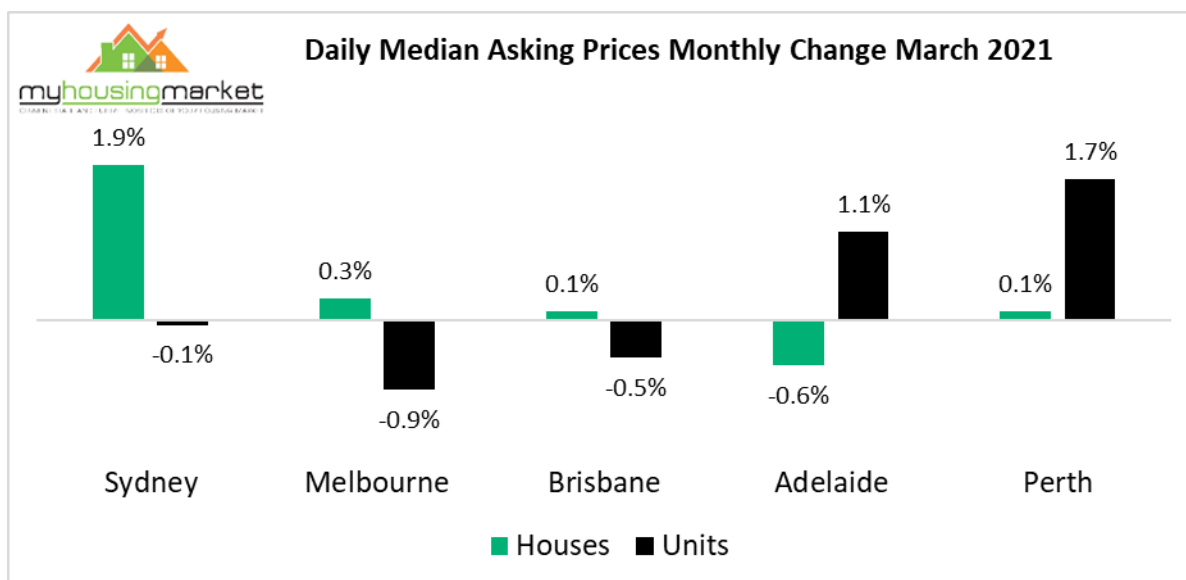
HOME PRICES

Strong buyer activity continues 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.

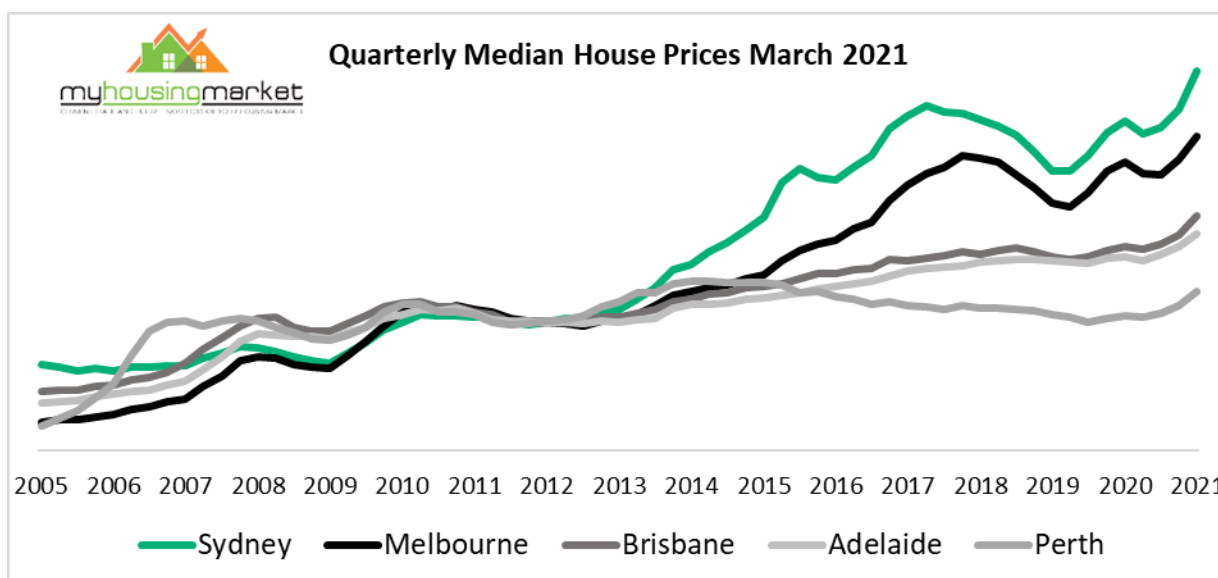




Sydney reported another sharp increase in house asking prices over March with all capitals rising with the exception of Adelaide.



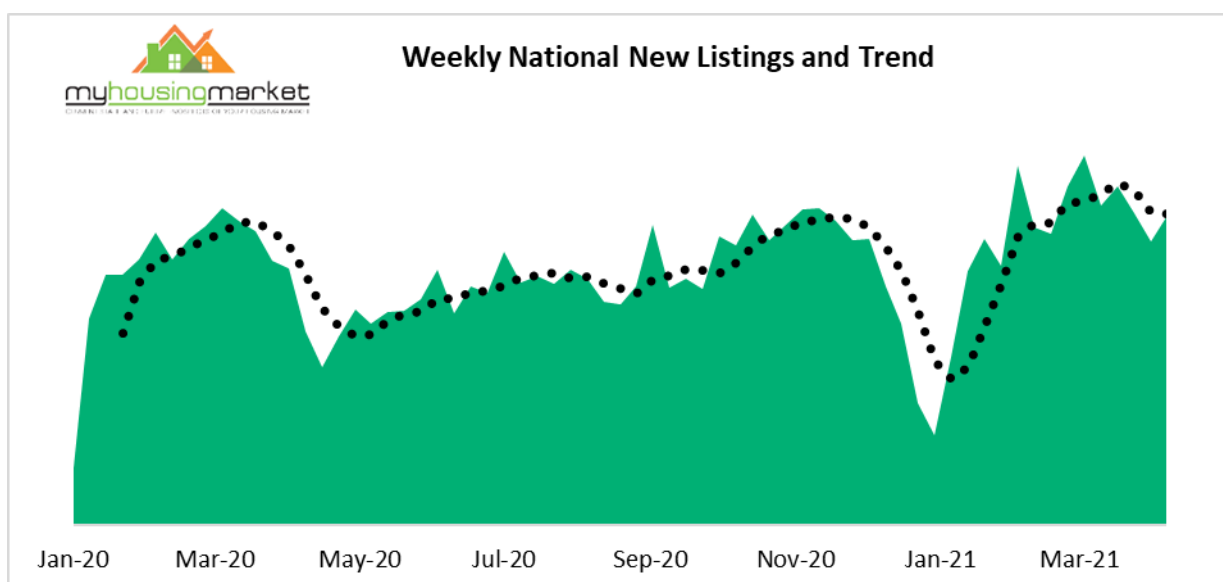
Strong house prices growth has been reported by all capitals over the March quarter with Sydney and Melbourne now finally above the previous peak levels recorded in 2017.



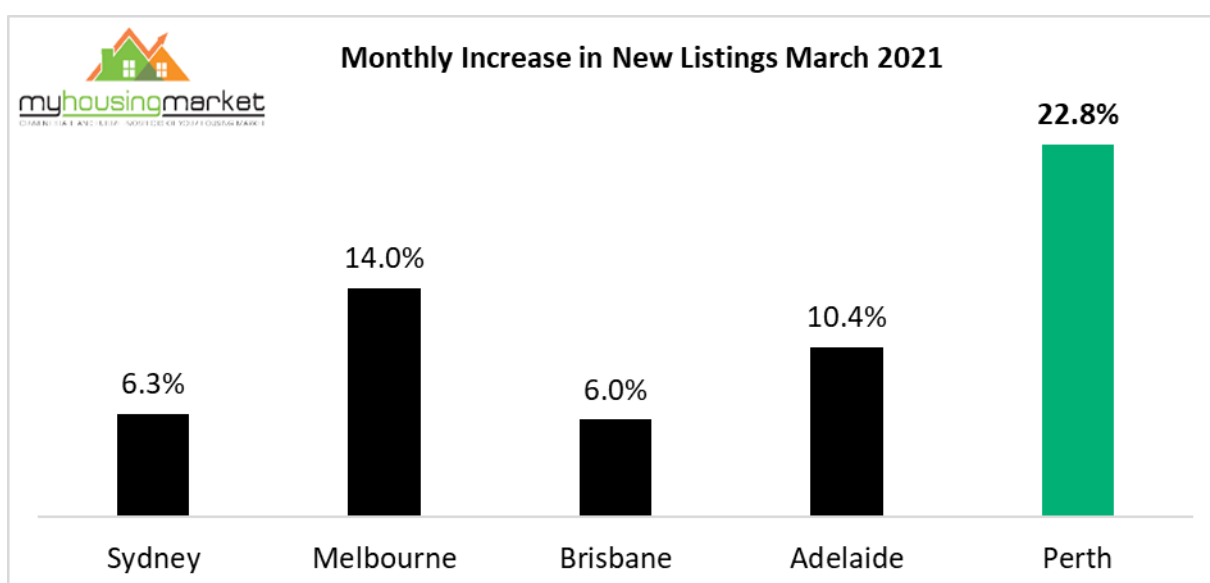


HOME LISTINGS

Newly advertised listing numbers have continued to increase into March before easing due to seasonal impacts, however levels remain well above those recorded at the same time last year.

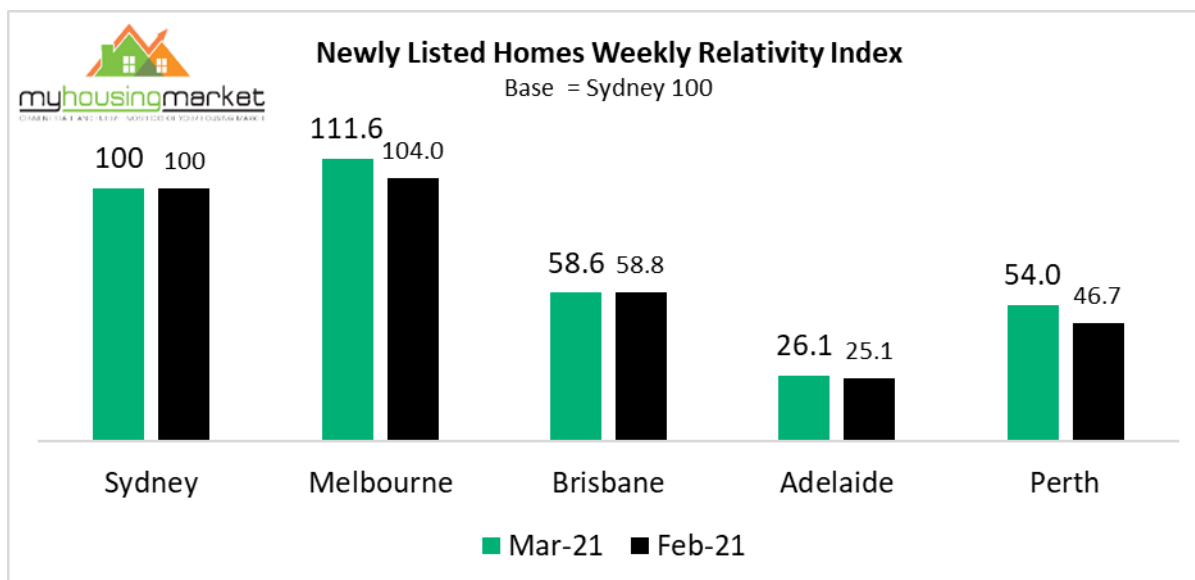


All capitals reported increases in newly advertised home listings over March with Perth the top performer up by 22.8%

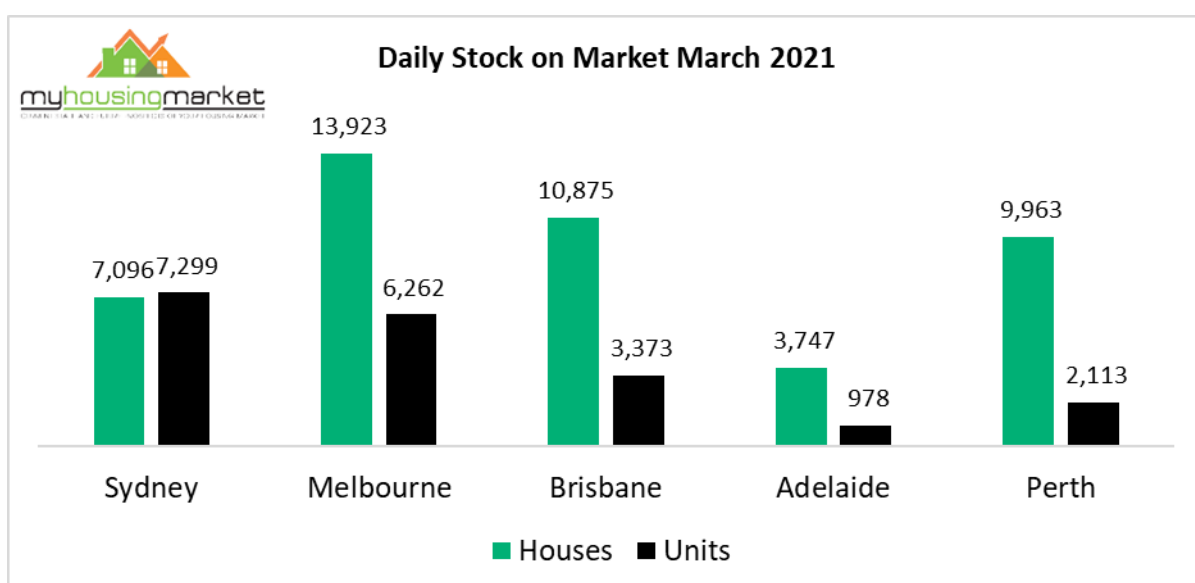




Melbourne remains the top capital for new listings over March now 11.6% higher than Sydney.

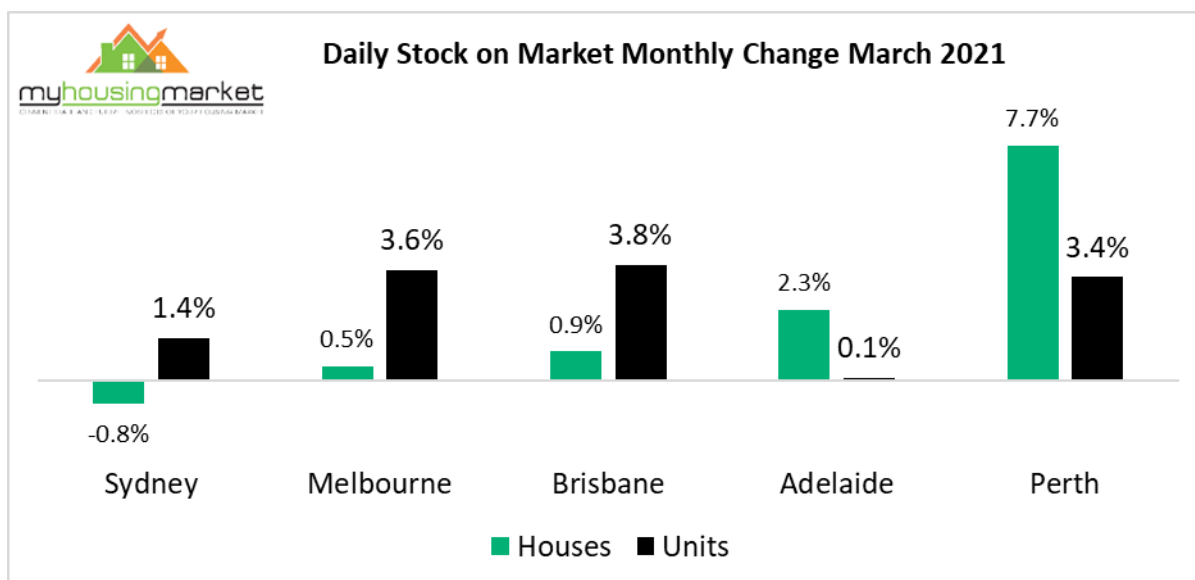


Melbourne has the highest number of total homes advertised for sale daily although that advantage clearly reflects high numbers of houses for sale. Sydney continues with the highest number of units advertised for sale.



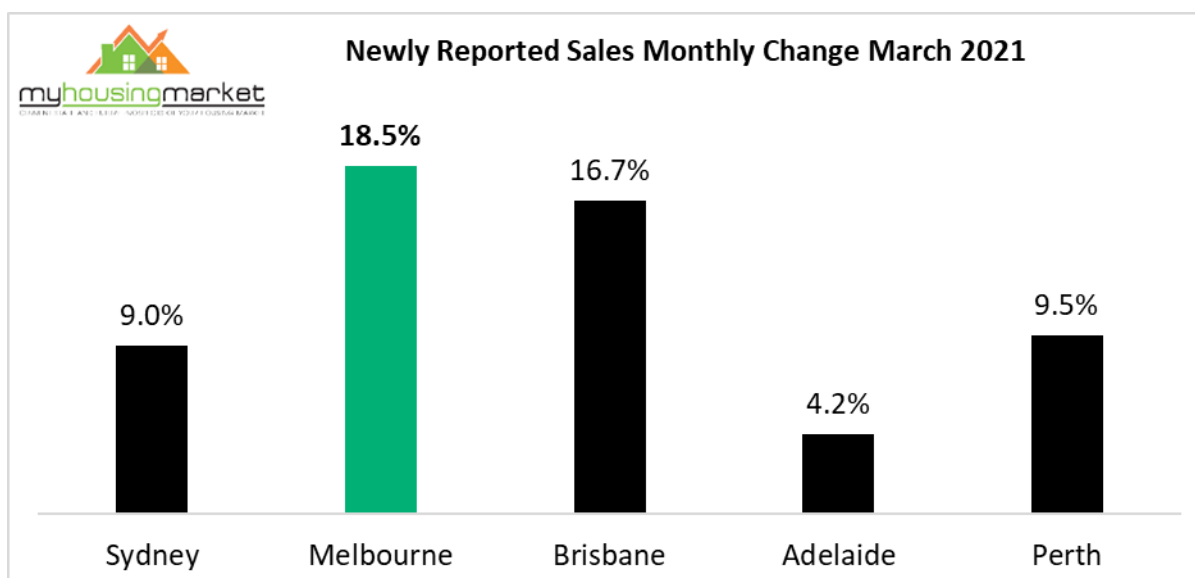


Perth reported the highest Increase In the number of houses advertised daily for sale over March at 7.7% with all capitals recording increases in units for sale.



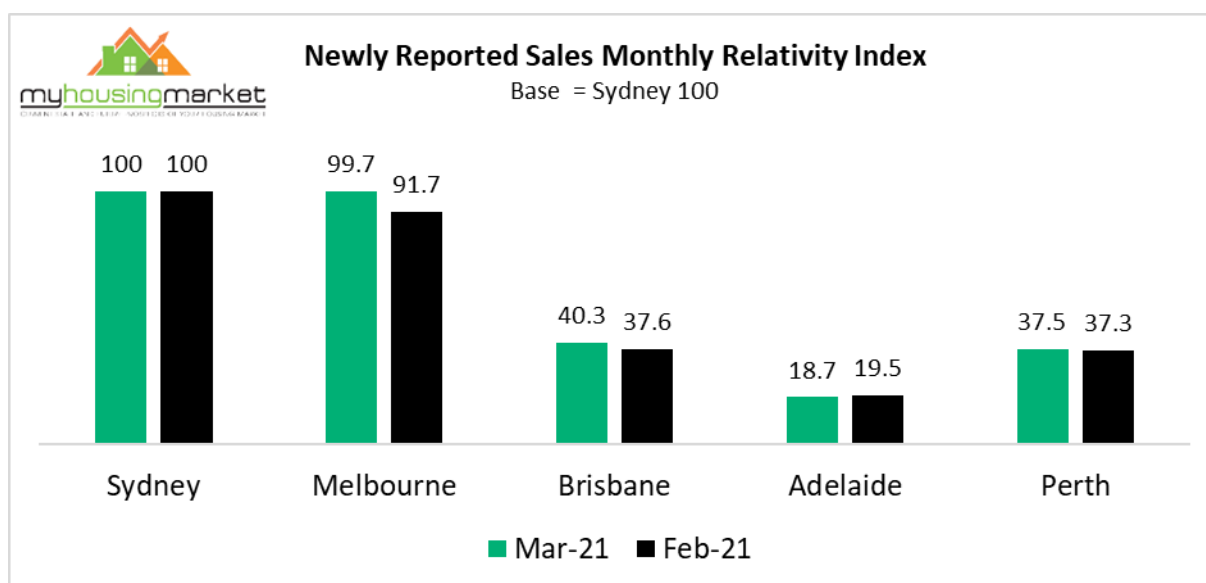
SALES

All capitals reported increases in newly reported home sales over March compared to February with Melbourne the top performer up by 18.5%.



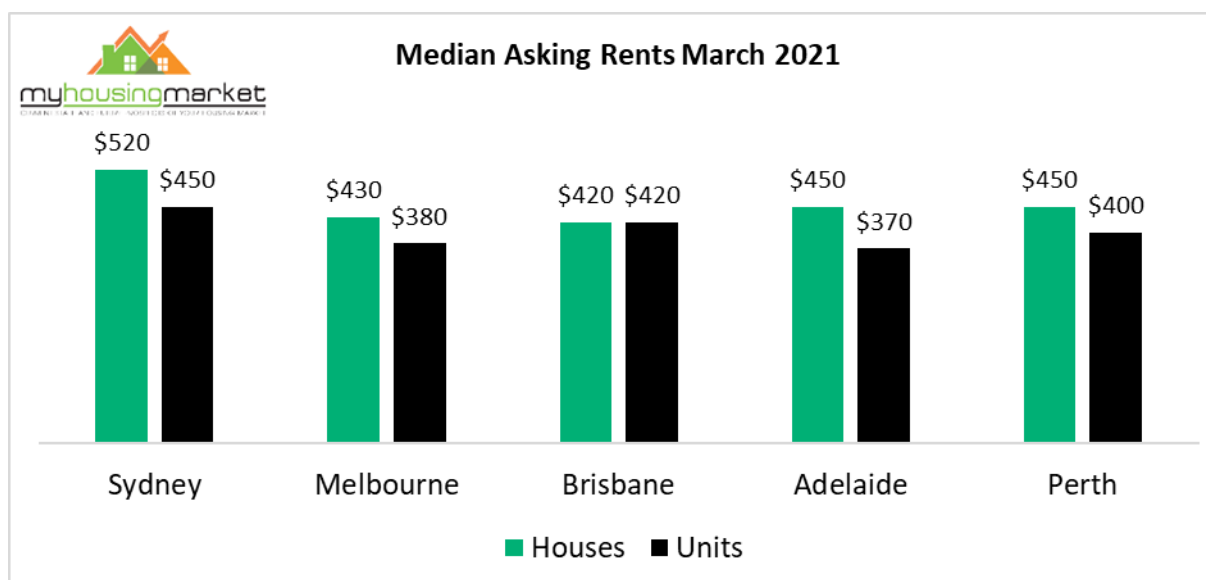


Although Sydney again reported the highest number of newly reported sales over March It is now just 0.3% ahead of Melbourne.



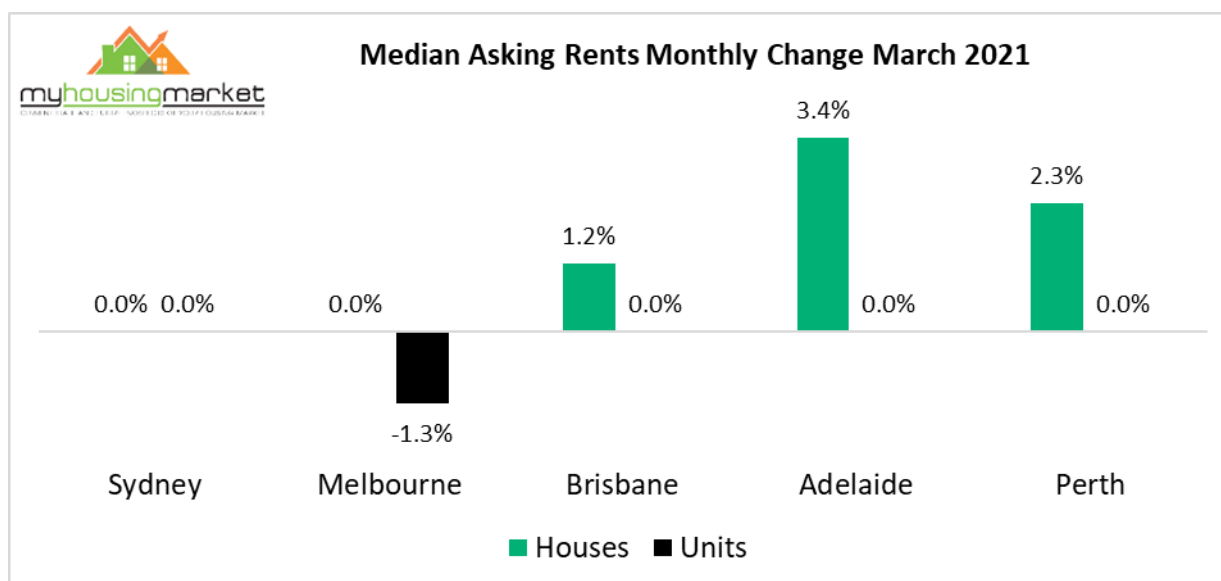
RENTS

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

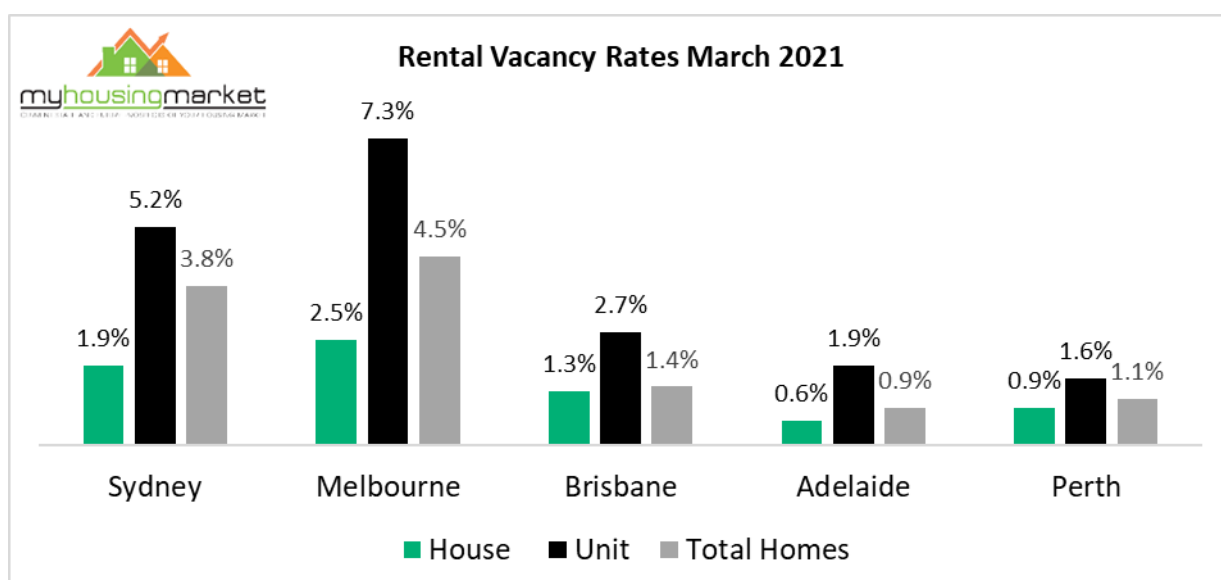




Median asking house rents Increased for Brisbane, Adelaide and Perth over the month, with unit rents falling again In Melbourne - down by 1.3%.



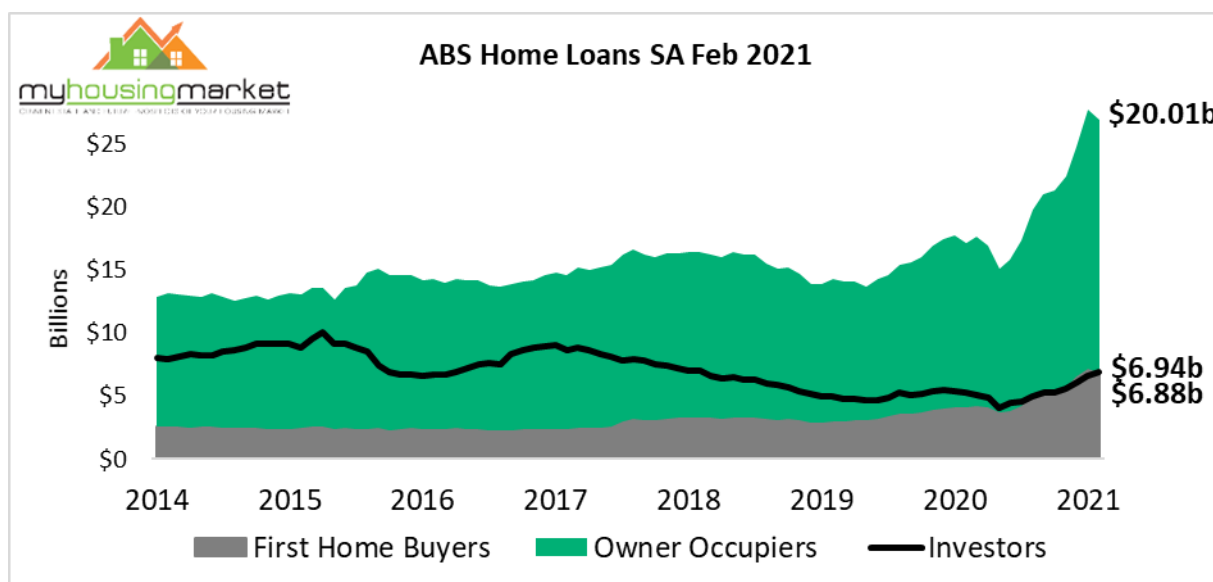
Home rental vacancy rates remain higher for units than houses in all capitals with Melbourne and Sydney continuing to report near record levels for units - although early signs are emerging of a reduction in high unit vacancies in those capitals.



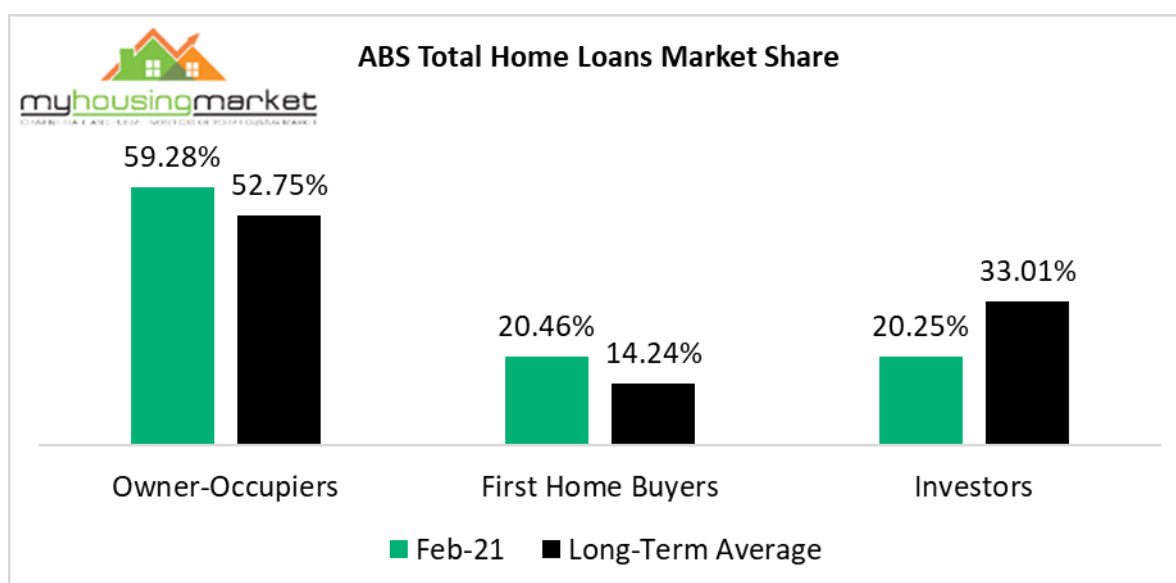


HOME LOANS

Home buyer lending eased over February with declines for owner-occupiers and first home buyers, although investor activity continues to increase - albeit from record low market share levels.

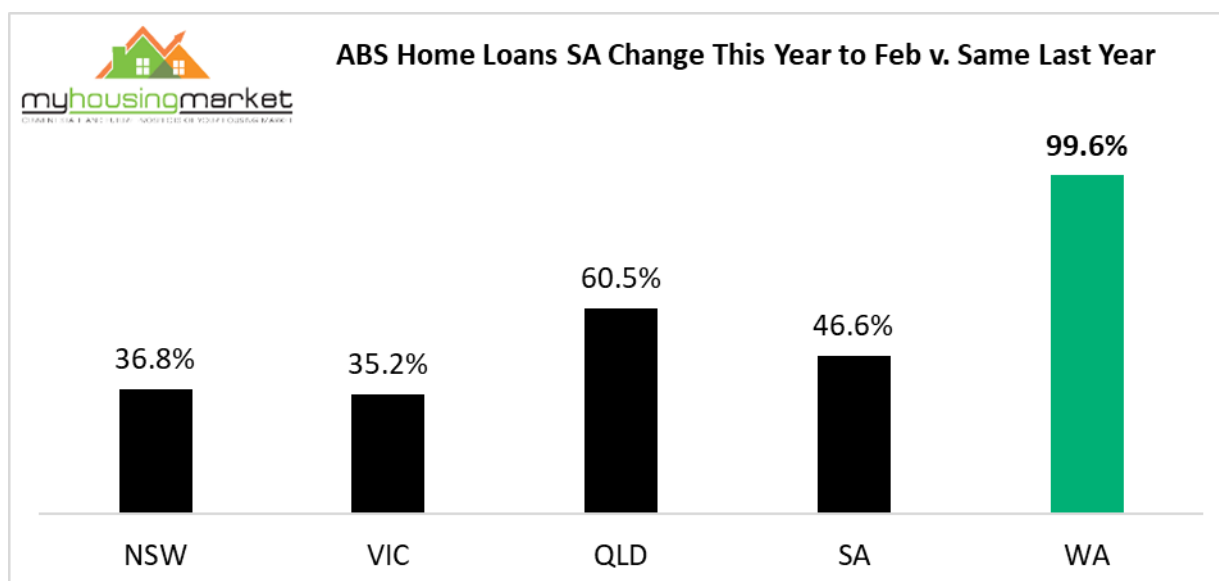


Although Investor activity has increased over recent months with other buyer types, the total home loans market share for this group remains at record low levels.

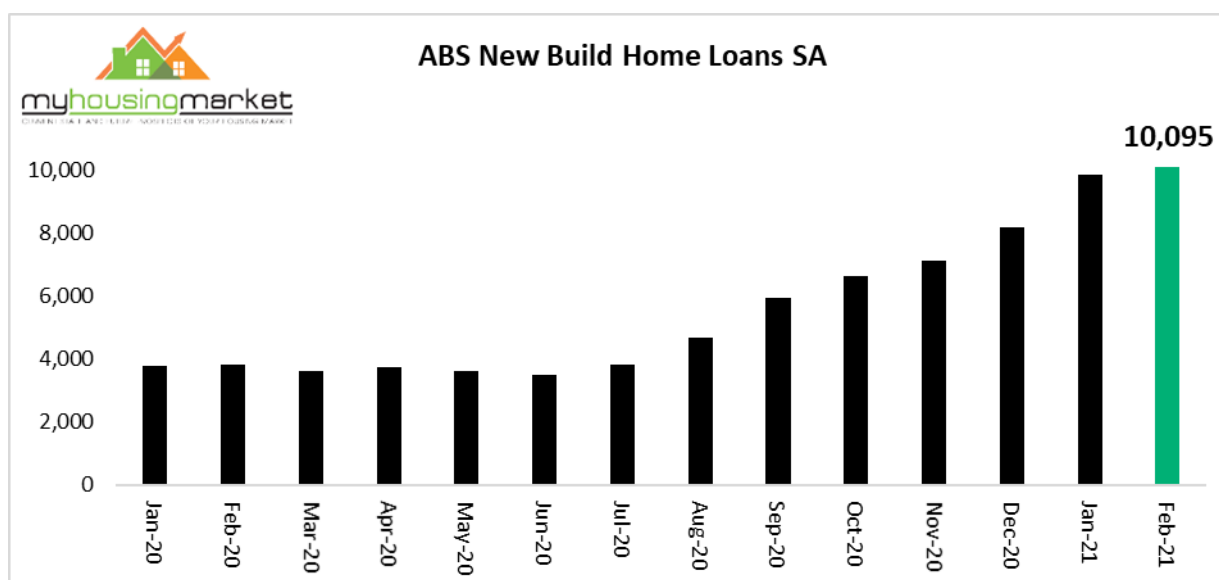




WA has recorded the highest Increase In home lending over this year to February compared to the same period last year - rising by a remarkable 99.6%

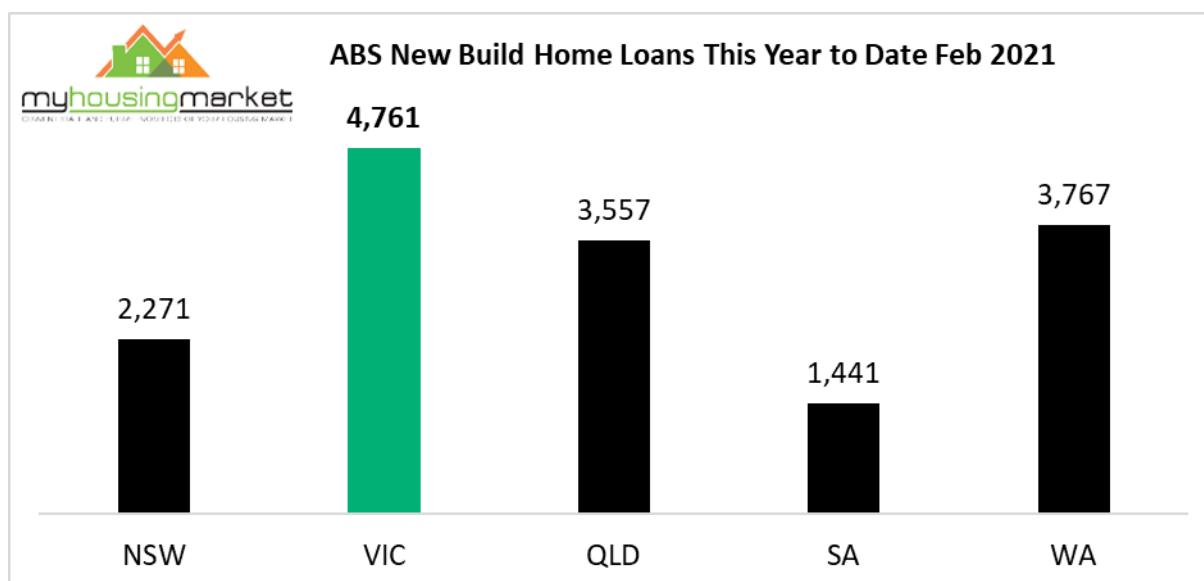


Loans for newly built homes continue to rise to new record levels driven by the HomeBuilder federal government Initiative.

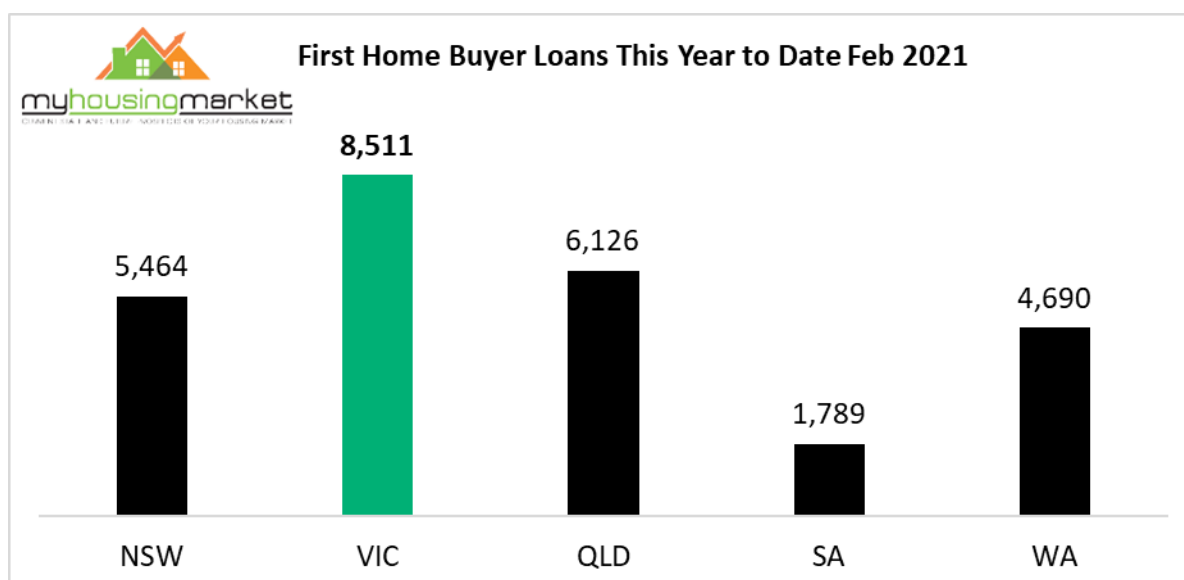




VIC remains the clear leader for new build home loans over the first two months of this year followed by WA and QLD.

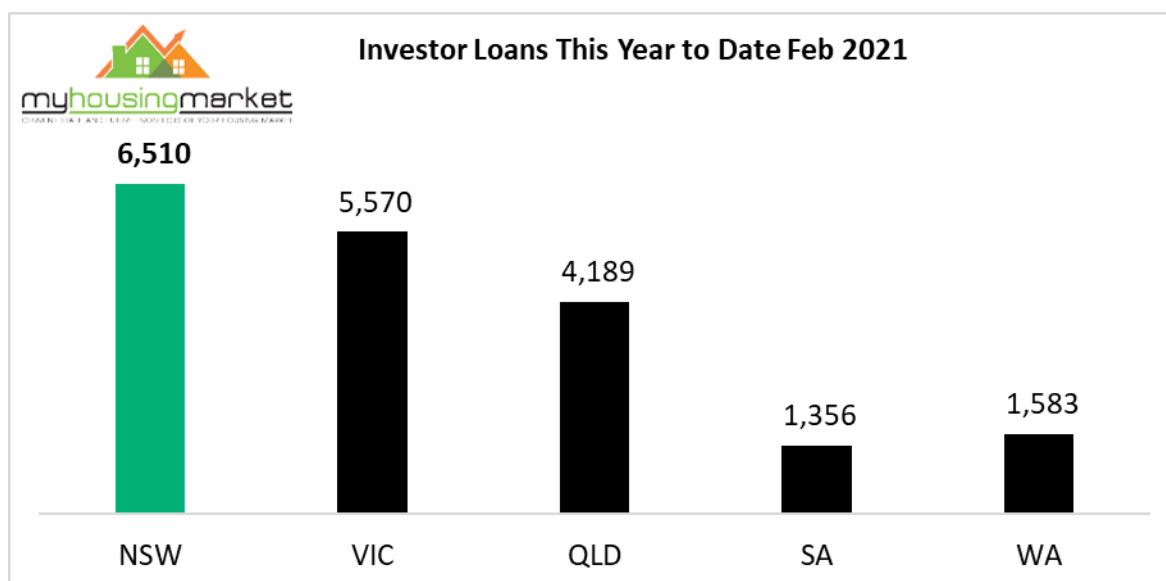


VIC also remains the clear leader for first home buyer loans over the first two months of this year followed by NSW and QLD.



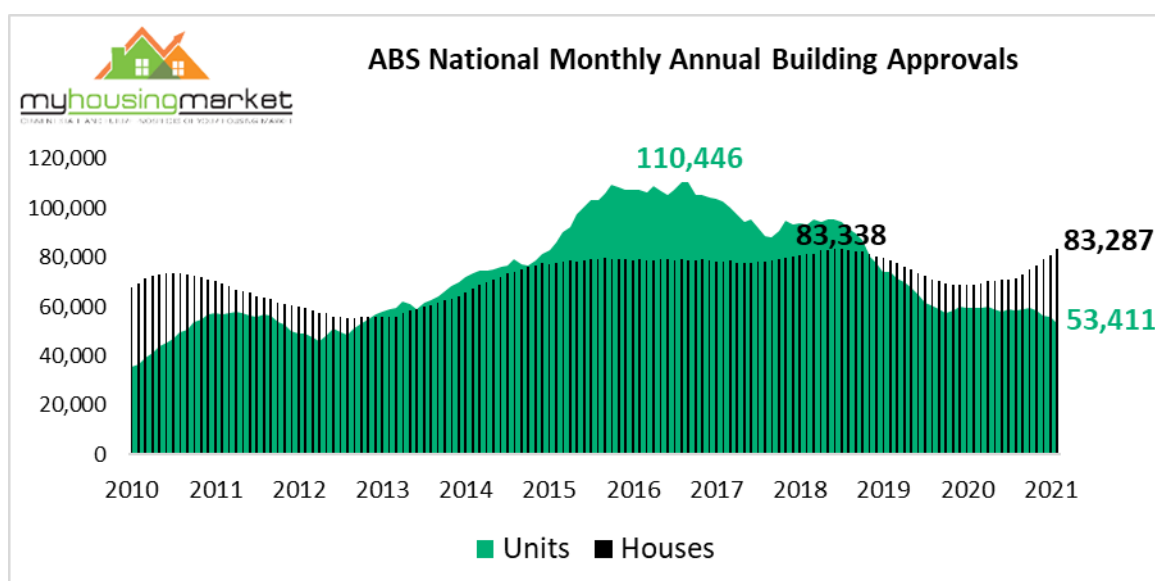


NSW Is the leader for Investor loans over the first two months of this year followed by VIC and QLD.



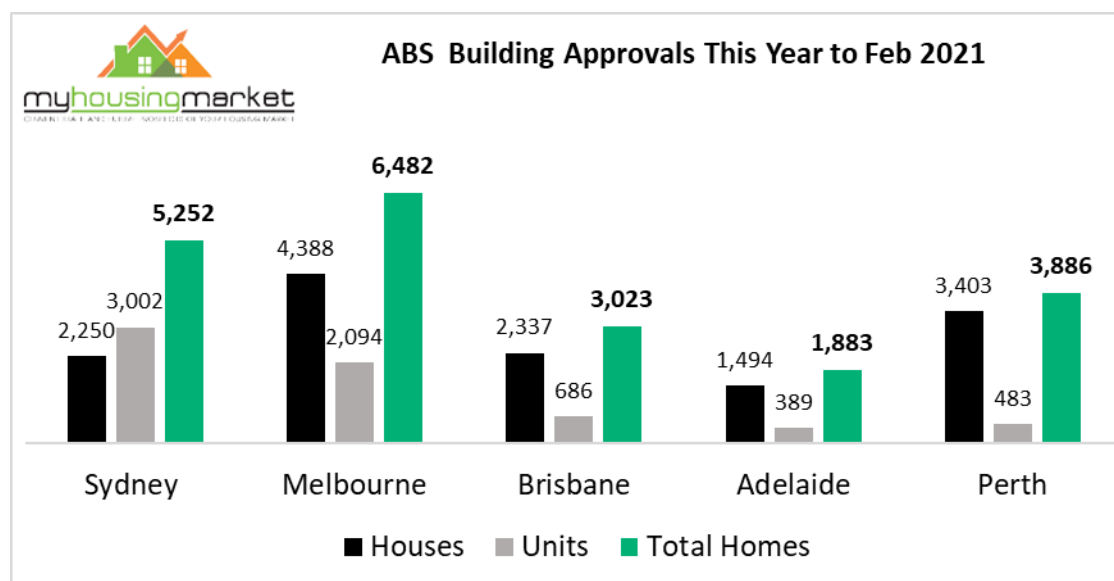
NEW BUILDING

Building approvals for houses have increased again over February reflecting the ongoing impact of the 2020 HomeBuilder policy, however approvals for units keep falling and remain well below the levels of 5 years ago.



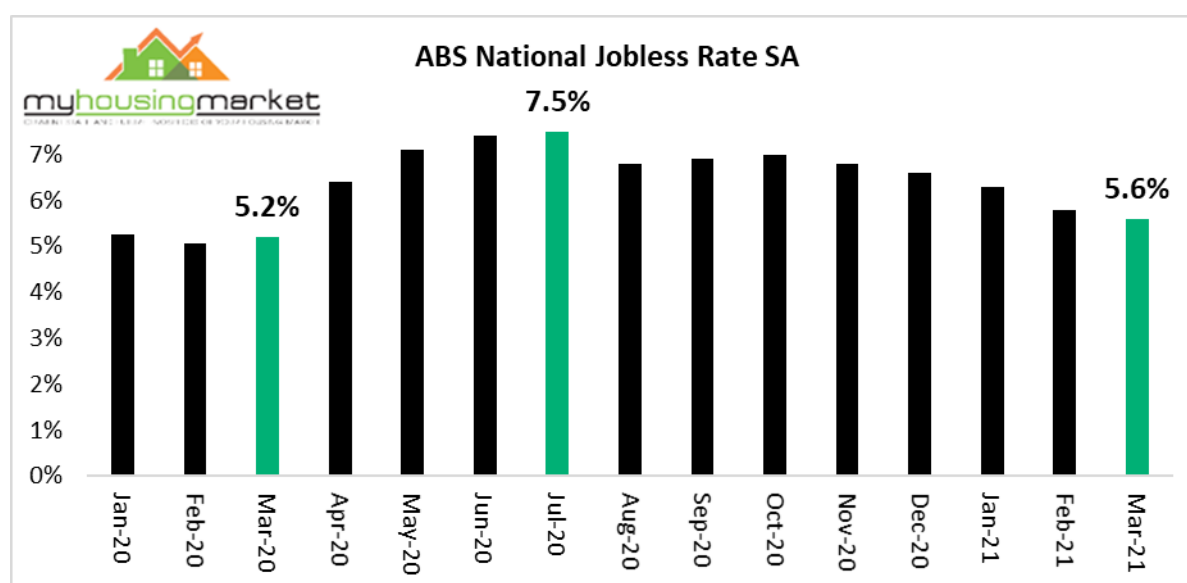


Melbourne remains the strongest capital for house and total building approvals with Perth the second highest over this year so far for house approvals.



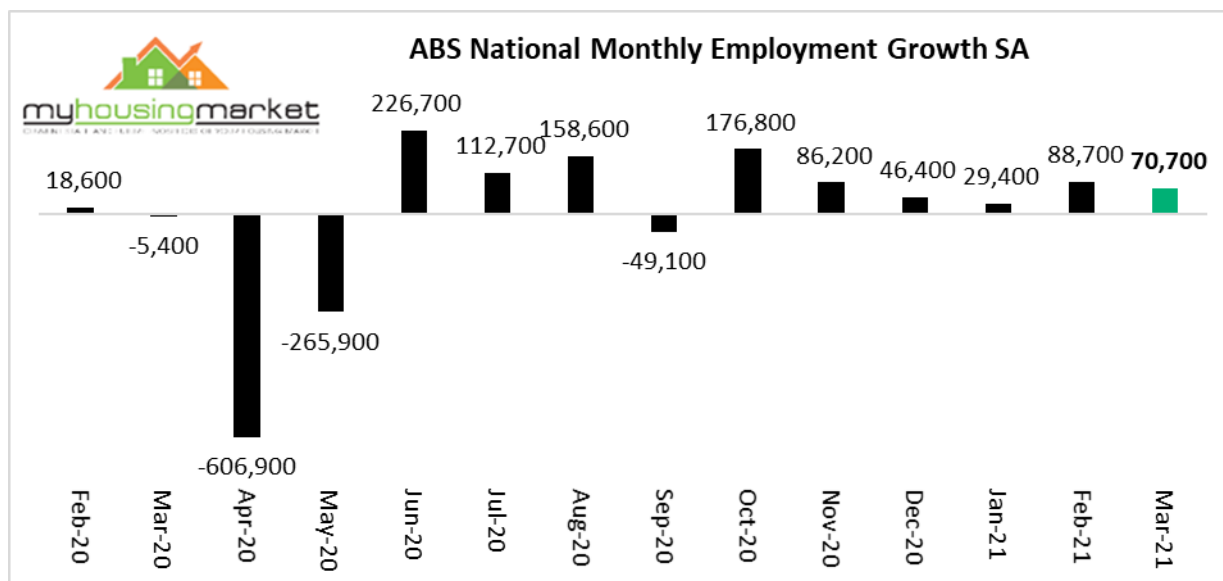
THE ECONOMY

The national economy continues to improve following the constraints of the coronavirus shutdowns of autumn and spring 2020. The unemployment rate has fallen yet again over March - down to 5.6% and now clearly within reach of the pre-covid results.

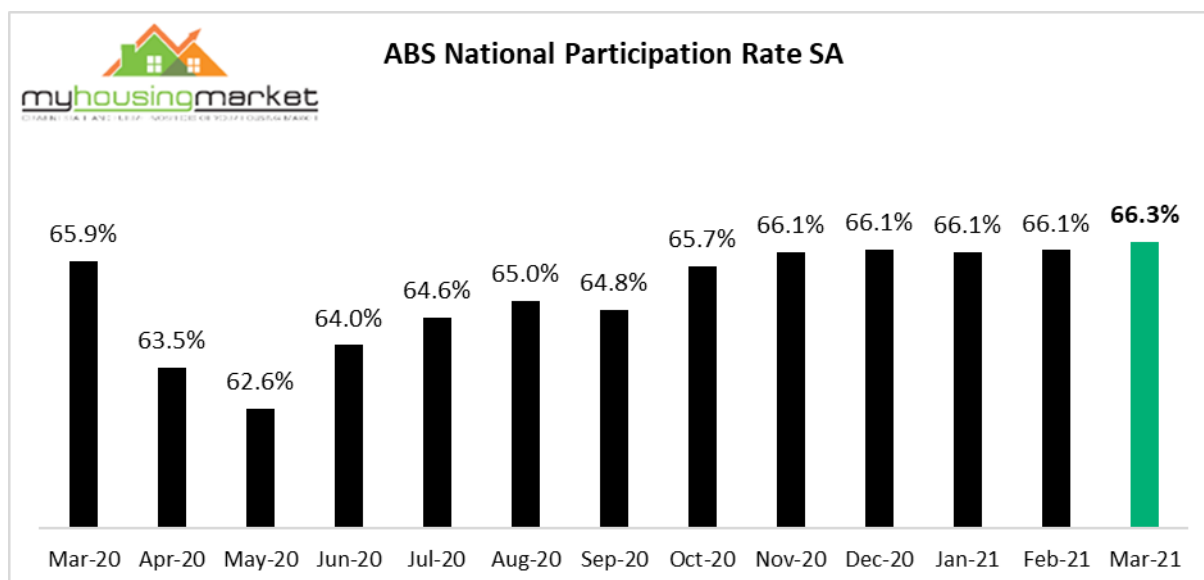




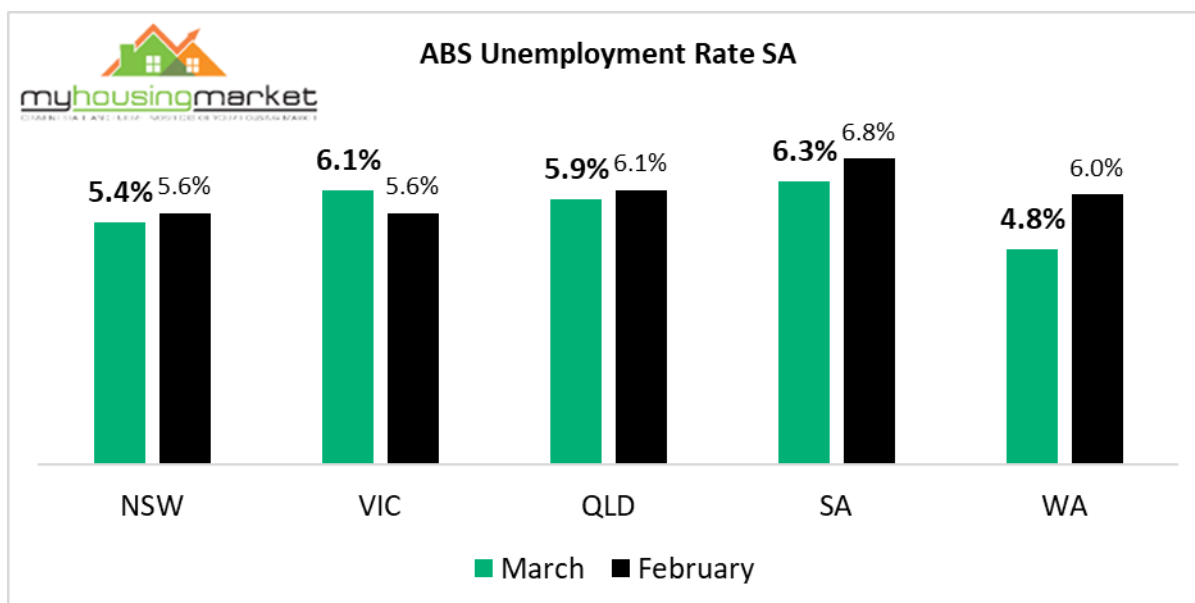
Employment numbers have recovered strongly since June 2020 with employment now exceeding pre-coronavirus levels with another strong rise over March.



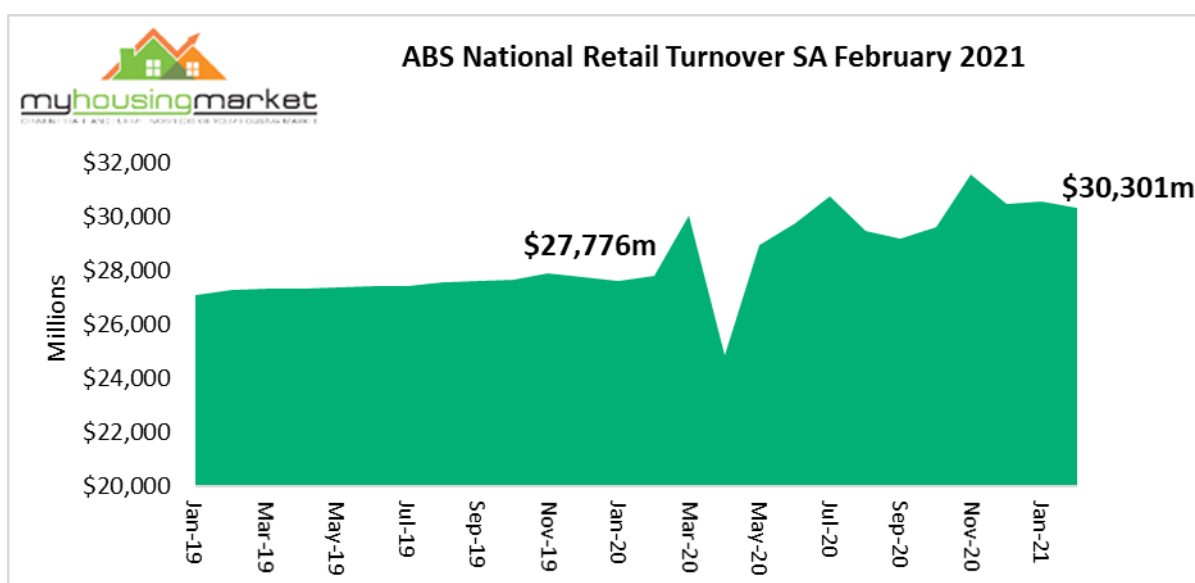
Workforce participation levels increased over March and are now remarkably well above pre-coronavirus levels reflecting increased job opportunities.



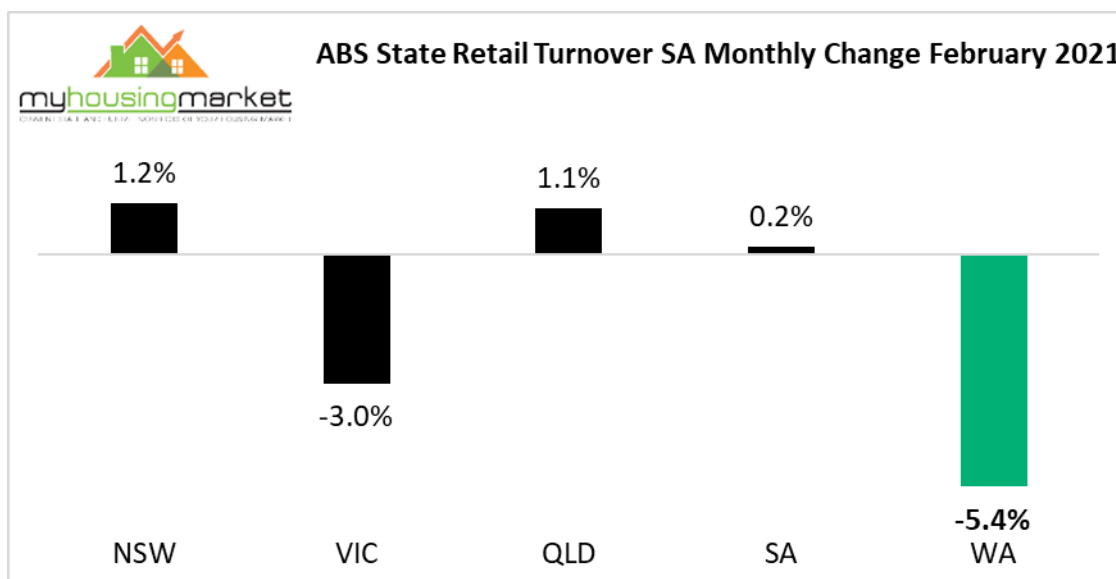
Unemployment rates fell in all states over March with the exception of VIC - WA recording the lowest rate at 4.8%.



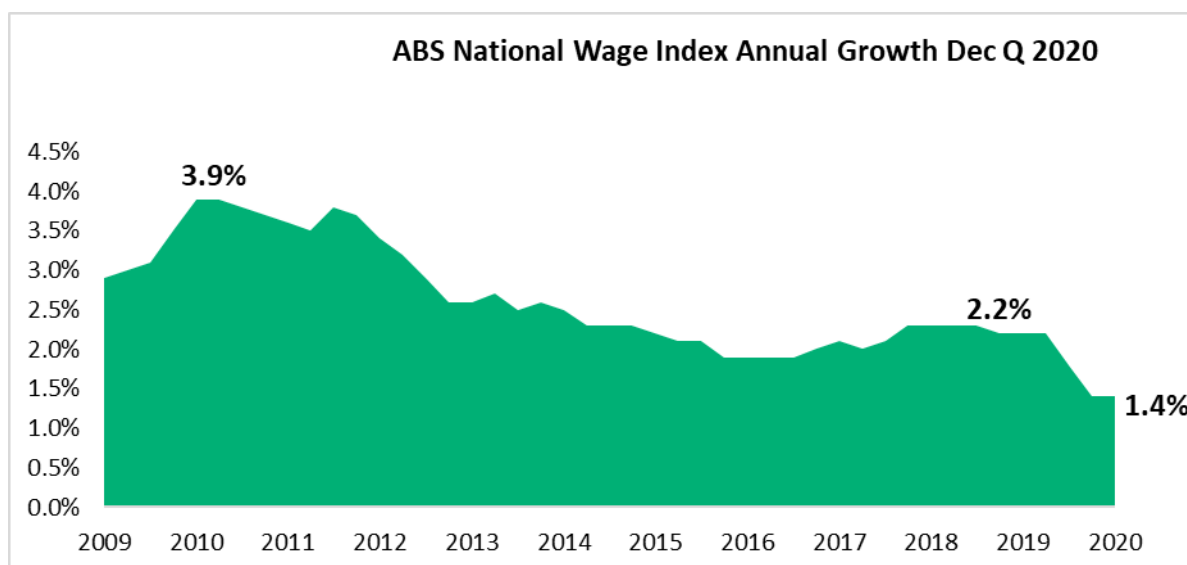
Although monthly retail sales eased over February, levels continue to track well above pre-covid levels providing strong support to the economy.



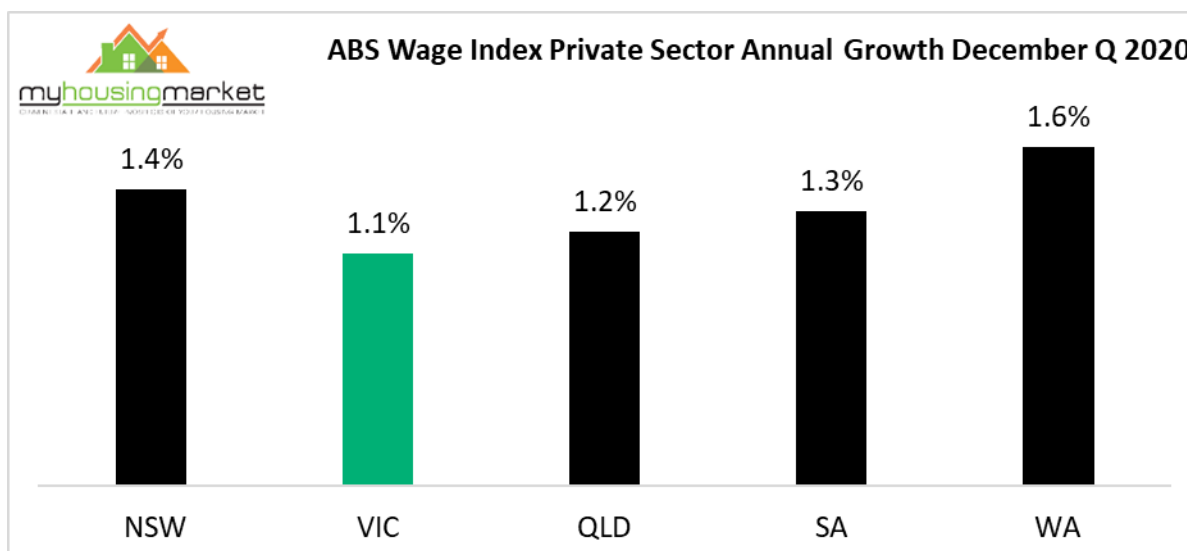
WA and VIC reported falls in retail turnover over February with all other states recording increases.



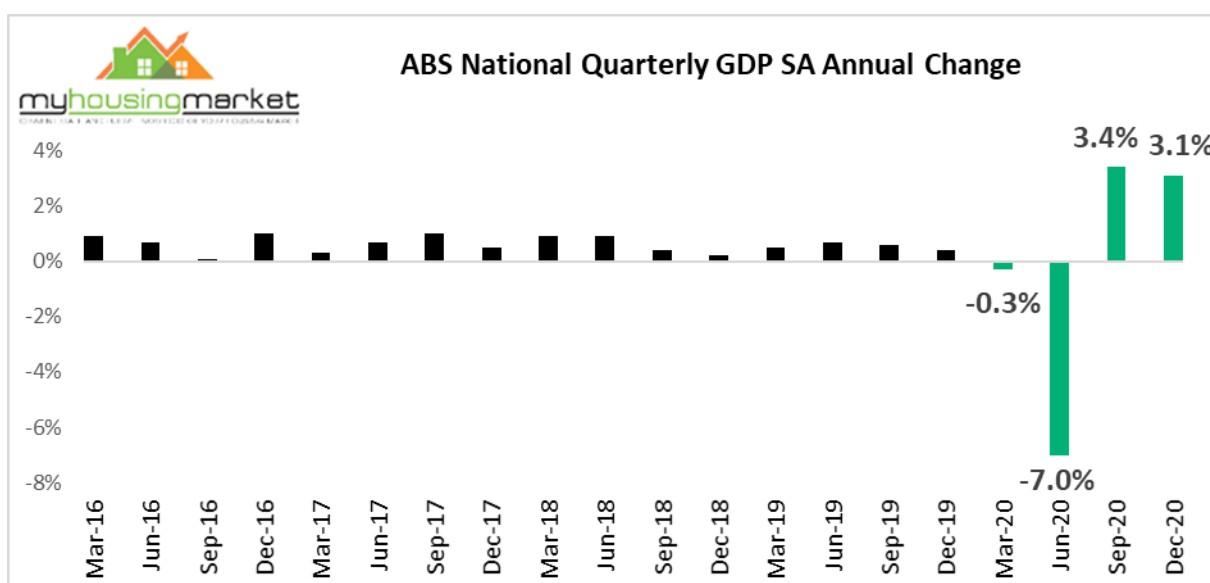
Wage Increases however remain at record low levels with annual national growth up by just 1.4% over the year ending the December quarter 2020



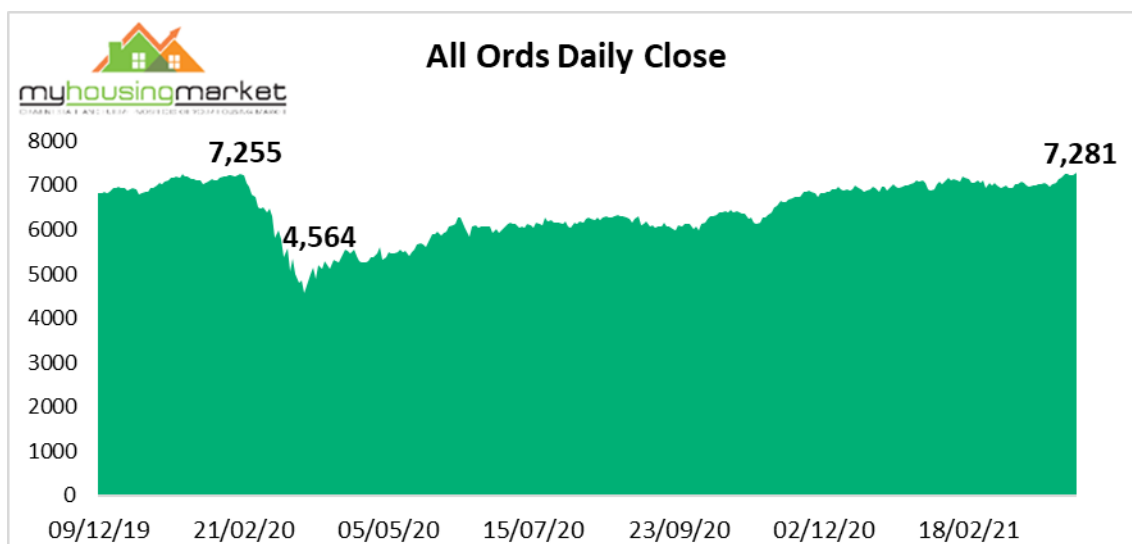
WA reported the highest Increase In private sector wages over the year ending the December quarter 2020 up by 1.6%. with VIC the lowest at just 1.1%.



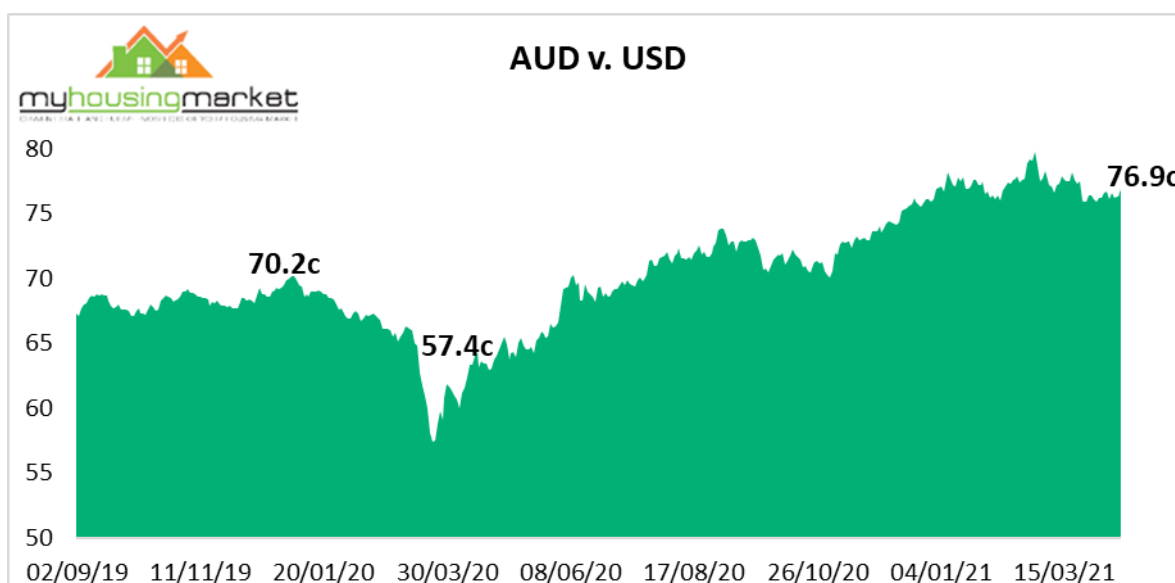
The Australian economy has bounced back strongly following the sharp downturn over the June quarter 2020 with overall GDP now close to recovering the losses recorded over the first half of last year.



Local Investor confidence in the Australian economy generally is reflected in the continued rise of the sharemarket with the All Ords now exceeding pre-coronavirus levels.



The Australian dollar has surged over recent months to the highest levels in three years and well above pre-covid levels Indicating positive International sentiment for the prospects of the national economy.



Markets Outlook

Capital city housing markets have clearly built on February's strong start to the year with booming house price growth across-the-board through March and Into April.



Positive affordability continues to activate markets, particularly In Sydney and Melbourne where, despite strong growth over the past 6 months prices remain just 5% above the previous peak levels recorded in 2017 - nearly four years ago.

Lower interest rates and higher incomes over recent years ensures continued growth for house prices over the remainder of 2021.

The ongoing recovery In the national economy with rising consumer and business confidence are also positive drivers of housing market activity.

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

And the spectre of higher interest rates – the usual cooling mechanism for house price booms - couldn't be more remote. The RBA has stated that official rates will not rise until inflation – currently at record low levels – consistently rises, which would likely require an unemployment rate of 4% or lower and a significant reduction from the current 5.8% which according to the RBA is at least 4 years away.

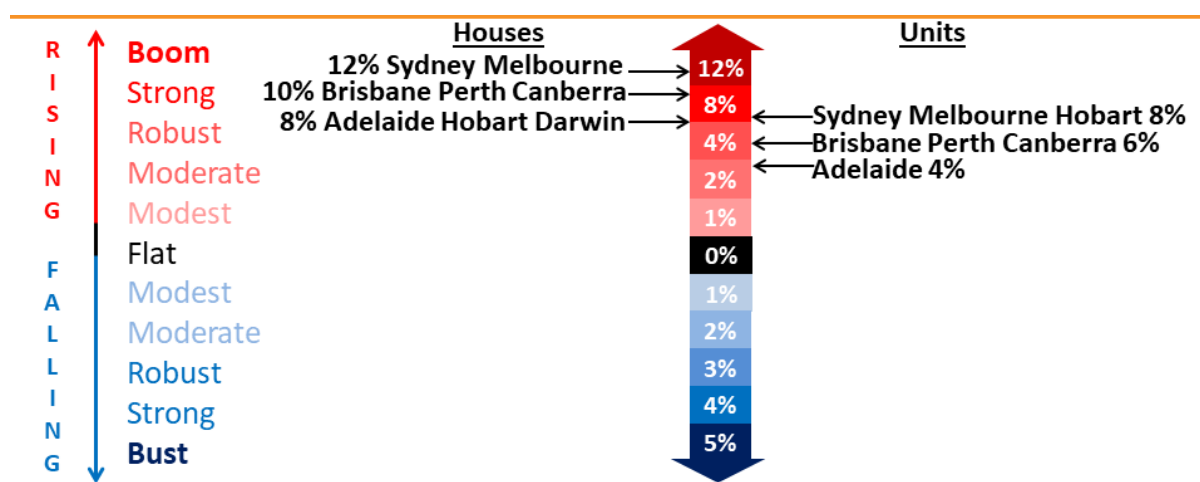
The last increase in official interest rates was 10 years ago and given current economic circumstances the prospect for another rise couldn't be more remote.

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

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

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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