

25th April 2020

The Week In Real Estate



Housing Markets Evade Price Falls

Property experts say the federal government's economic rescue package of \$200 billion and the mortgage repayment holiday offered by the banks will help prevent property price falls over the next six months. AMP Capital chief economist Shane Oliver says the government's stimulus measures and support from the banks will help prevent forced home sales by home-owners who may have lost their incomes or jobs. The fact that most households are ahead on their mortgage repayments is another positive factor in preventing such sales. CoreLogic's research director Tim Lawless says the property market is being insulated by these measures from a downturn over the next six months. It helps that most Australian housing markets were into an upswing phase of the cycle when the virus hit, he says, and that the disruption is only temporary. Robert Mellor, executive chairman of BIS Oxford Economics, says the current record low interest rates would also provide some cushion to home owners, at least in the near term.

"Interest rates are set to stay low for at least the next two years, so loan repayments will stay low," he said.

Quote of the Week

"Interest rates are set to stay low for at least the next two years, so loan repayments will stay low. This, combined with the repayment pause offered by the banks, would help home owners hold on to their homes rather than sell and take a loss."

Robert Mellor, executive chairman of BIS Oxford Economics

Aussies Plan To Celebrate

Australians plan to spend on food, entertainment and holidays when the lockdown restrictions are lifted.

Results from surveys run by CIT Group, formerly Crosby Textor, show Australians plan to direct their money to spending time with family and friends after the pandemic.

Asked what they intended to spend on, other than necessities, once the virus passed, 44% of surveyed Australians said they were going to visit restaurants and cafes.

Forty-two per cent planned to book domestic holidays, 22% were looking at international holidays and 23% were going to spend on out-of-home entertainment such as cinema or theatre tickets.

CIT Group managing director of research and campaigns Catherine Douglas says it suggests that people want to spend more time together and get back to what matters rather than spend money on more extravagant experiences.

People will holiday differently, looking for basics rather than experiences such as white water rafting, she said.





First Home Buyers Eager to Buy

Real estate agents across the nation are reporting a surge in interest from first-home buyers.

Many first-home buyers with secure jobs who have spent months looking for a property and missed out at auctions during the recent market rebound are redoubling their efforts to find quality homes.

“Entry-level buyers and young families have been the most active,” says auctioneer Thomas McGlynn. President of the Real Estate Buyers Agents Association of Australia Cate Bakos says young buyers who are confident in their jobs are taking advantage of the high government assistance for first-time buyers.

FHB enquiries in Canberra rose 56% in March when compared to March 2019, according to realestate.com.au.

The second most active first-timer market is Brisbane, which in March sustained an increase in enquiries of 12% year on year. The Sydney and Adelaide markets increased 4% and 3% respectively. State stamp duty concessions have been an influencing factor, as well as the Federal Government’s support scheme which launched on 1 January.

Contractors Ready to Hire Thousands

Construction companies could hire thousands of people over the next few months if the Commonwealth brought forward its 10-year, \$100 million infrastructure program, says Civil Contractors Federation chief executive Chris Melham.

A new survey of the CCF’s member companies in every state and territory found that 65% of the 228 companies that responded would be “very likely” to hire additional people if the government increased funding for new civil infrastructure projects.

Most companies said they had sufficient capacity to tender for projects up to \$10 million, while 17% had capacity to tender for projects up to \$50 million.

Australia would benefit more from lots of “shovel ready” smaller projects getting under way in rural and regional areas administered by local councils rather than just a few big projects in capital cities because the financial benefits would be spread through jobs and spending, Melham says.

The Urban Development Institute of Australia is pushing governments to fast track multibillion-dollar projects, including a rail line to the new Western Sydney Airport.

Units Still Selling: Triguboff

Harry Triguboff, managing director of high-rise development company Meriton, says apartment sales are still substantial, although the rental income from his portfolio of residential units has fallen.

Triguboff, Australia’s most prolific developer of apartments, says Asian investors in particular are still buying his apartments.

“So far sales are OK,” he says. “The Chinese are buying ... I have sales everywhere. I have no problem. I sell in Parramatta, North Ryde, Rosebery, and in Queensland’s Surfers Paradise. We make sure there are buyers for everything.”

Meanwhile, Meriton is building 2,000 new units. “Construction is going very well,” Triguboff says.

“I am building one apartment tower at Macquarie Park now, and I have another one to build,” he says.

He believes international students will be the first foreigners to return to Australia. “Students are my tenants. These students are good for everybody - good for the university, good for me - and they do a lot of casual work.”

