

## NEWSLINK

December 2019

### Terry's View

Forecasts for property markets in 2020 are overwhelmingly optimistic. This is the time of year when property research companies, bank economists and other analysts are publishing their predictions for the New Year – and they are increasingly positive in terms of prospects for price growth in the capital cities. Those who had earlier published forecasts for only moderate increases are now revising them with more bullish predictions. The latest price growth data, as well as auction clearance rates and figures on vacancies and rentals, indicate revival in many of our major cities. Buyers are becoming increasingly busy but vendors remain generally reticent, so the imbalance between strong demand and limited supply (exacerbated by a decline in new dwelling construction) is giving strong impetus to prices. This is happening against a background of easier and cheaper finance, with consumer sentiment towards real estate rising. The Commonwealth Bank, HSBC, SQM Research and others are forecasting a year in which there will be solid-to-strong growth in property prices in most of Australia's major markets.



**Terry Ryder**

**Australia's Leading Independent  
Property Researcher**



### Property Appetite Nears Record High

Australians are becoming increasingly enthusiastic about buying property. The Commonwealth Bank's latest Household Spending Intentions report has provided further evidence of a strong uptrend in home-buying. The upcycle started in the middle of the year, continued into October and is closer to the record highs witnessed during the first half of 2017.

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# 2020

### Forecasters Tip Strong Growth In 2020

Multiple sources are forecasting strong performance in property markets across Australia in 2020. HSBC economists are forecasting national house prices to rise 5–9% in 2020 – an increase on their previous forecasts of 0–4%. Increased confidence led to an improved market from June onwards and that is tipped to continue.

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## Building Decline Adds Pressure To Prices

The ongoing decline in the level of construction of new dwellings across the nation is likely to put further pressure on property prices.

Figures released by the ABS show that, nationally, residential construction work has fallen by 11% compared to last year.

The Housing Industry Association says the contraction in home-building shown by the ABS data was expected, given the decline in other data such as building approvals and housing finance.

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## Aussies Delay Buying & Other Big Moves

Australians are leaving major life milestones, including buying a home, until later in life. Since the early 1980s the median age of first-home purchase has climbed from 24 years to 33 years.

Analysis by the ARC Centre of Excellence in Population Ageing Research shows a host of other major life events are being deferred.

Retirement is also coming later. The median age at which workers leave the labour force has increased age 64 and is expected to rise further.

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## Financial Apathy Is Costing \$1000s

Financial apathy is costing Australians in higher fees and interest rates, according to comparison website RateCity. It says the reluctance of people to switch banks to get better deals is costing them thousands. RateCity says the Big Four banks continue to capture the lion's share of home loans, despite the reality that not one of these lenders have passed on the full reductions to the official interest rate by the Reserve Bank. "Smaller lenders like Athena and Reduce were the ones to pass on rate cuts in full," it says. "So why aren't home-owners making the switch?"

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## Industry Bodies Issue Alert On Spruikers

As real estate markets rise in many locations across Australia, consumers need to be wary of spruikers masquerading as qualified real estate professionals. Hotspotting is aware of numerous instances in 2019 of prospective investors being duped by marketers who claim to be buyers' agents acting in their best interests.

Shonky operators often receive a fee from the investor client as well as kickbacks from developers if the unsuspecting investor buys an off-the-plan apartment.

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