REA Insights

Housing Market Indicators Report

September 2021

Author: Cameron Kusher, Director Economic Research

About

REA Insights Housing Market Indicators Report is a monthly report combining eight key metrics to provide an up-to-date view of the property market and emerging trends.

The report analyses consumer behaviour in real time by extracting property market insights from the millions of Australians who visit realestate.com.au each month.

Key metrics include search activity, email enquiry, views per listing, weekly sales of properties listed for sale on realestate.com.au, days on site of properties sold, filtered searches by price and by bedroom, and developer enquiry.

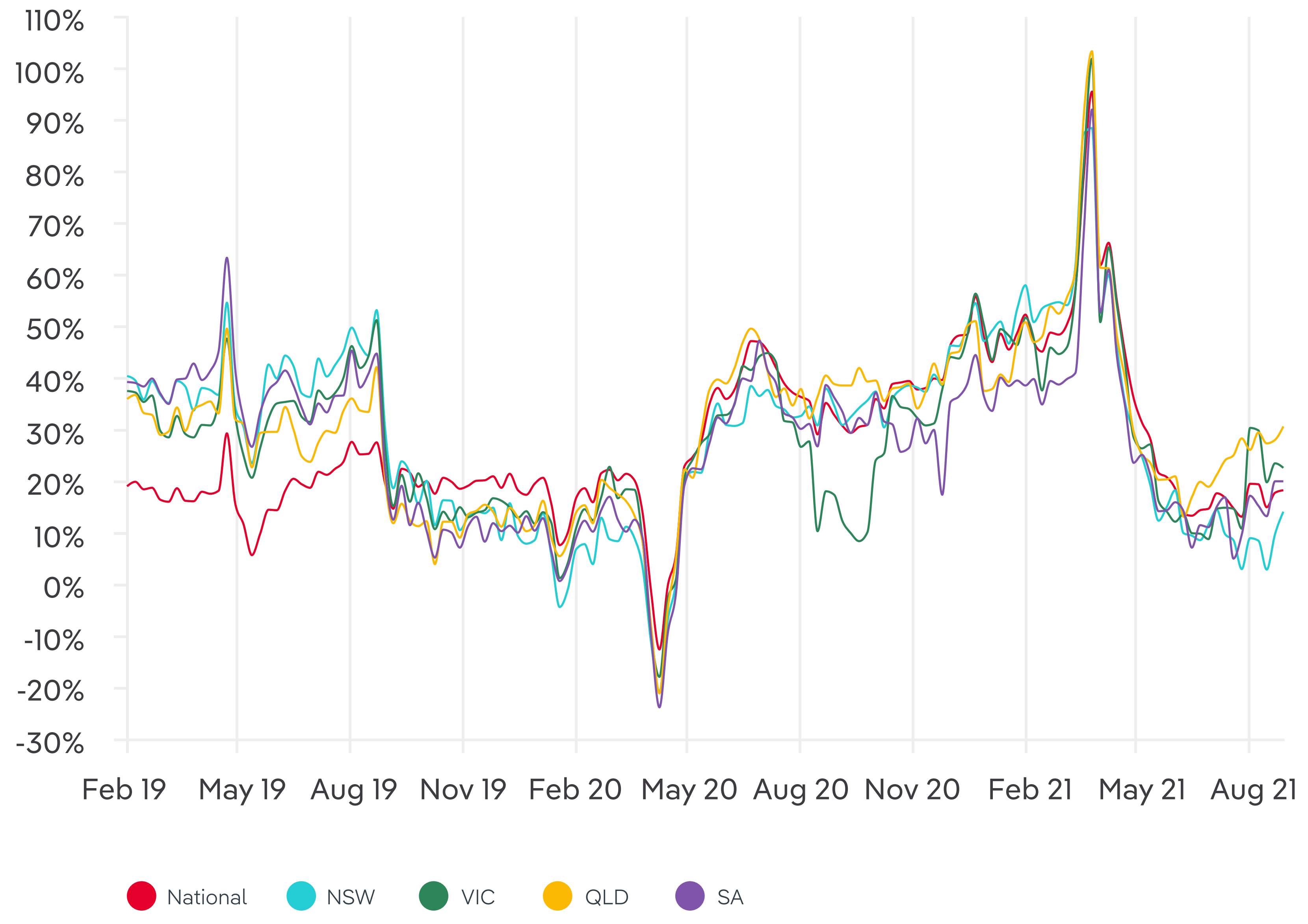
Executive Summary

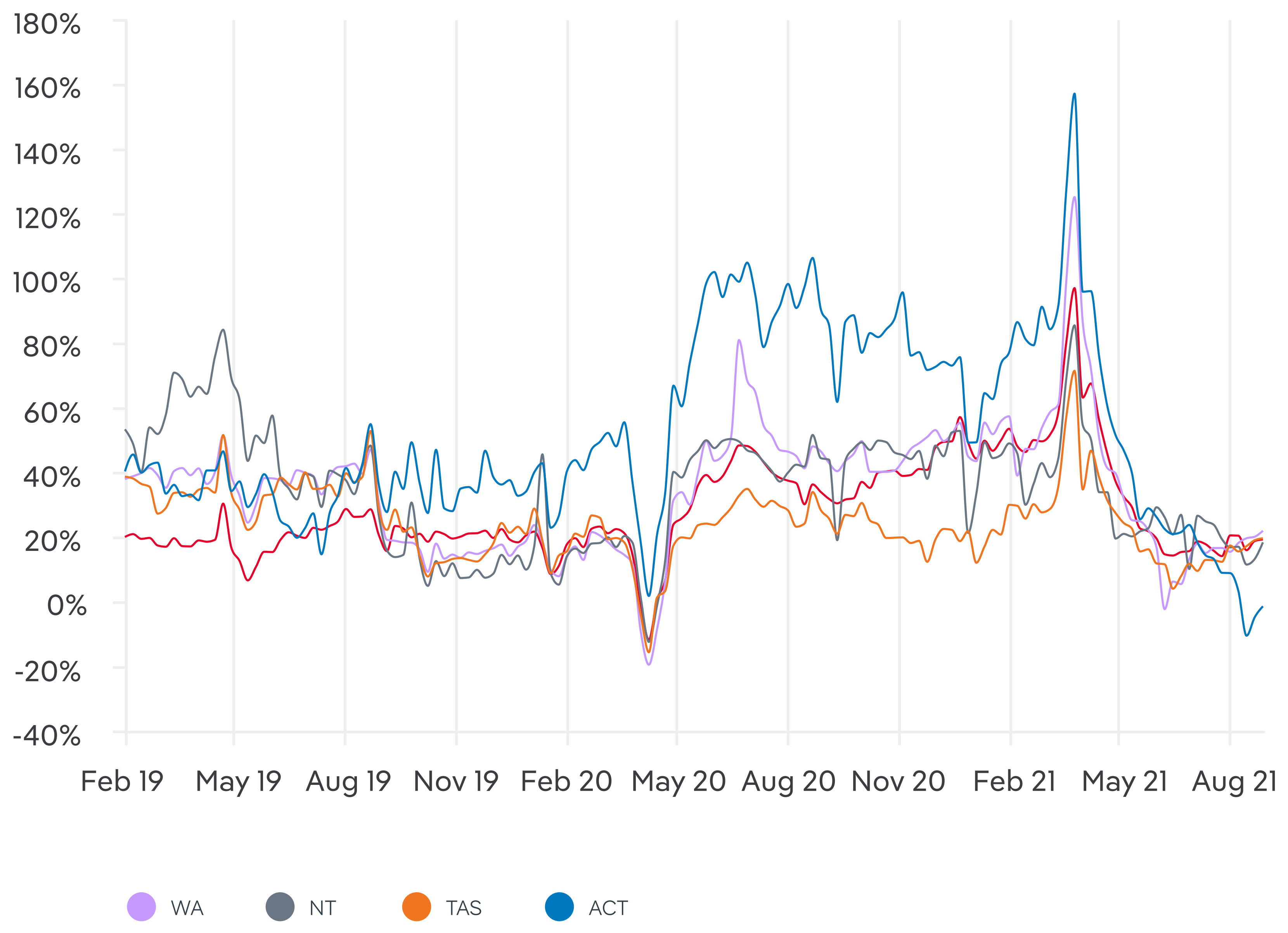
The national housing market continued to see strong demand for residential properties throughout August. Limited housing stock available for sale combined with prolonged lockdowns in a number of states and territories has created difficult conditions for buyers.

With high demand and low supply at play, we are seeing the days on site metric increase. While intuitively one may expect this metric to fall under these market conditions, older stock that may have been for sale for an extended period of time is now being bought, resulting in the overall days on site metric increasing.

It is likely pent-up supply and demand will be released once lockdowns ease and the typical increase in new listings that comes with spring could help provide buyers with more choice and reduce some of the competition for individual properties.

Weekly ‘for sale’ searches (YoY)





Property seekers actively searching in lockdown

Despite several states being in lockdown, interest hasn’t been dampened with search volumes rising last week across all states and territories.

Weekly search volumes for properties for sale increased by 1.8% nationally last week to be 17.6% higher year-on-year. Search volumes have now increased consecutively over four of the past five weeks.

At the end of last week, search volumes reached new historic highs in Queensland, South Australia, and Northern Territory.

While lockdowns remain in key states, we would expect a heightened volume of search over the coming month, particularly if we see a rise in new listings.

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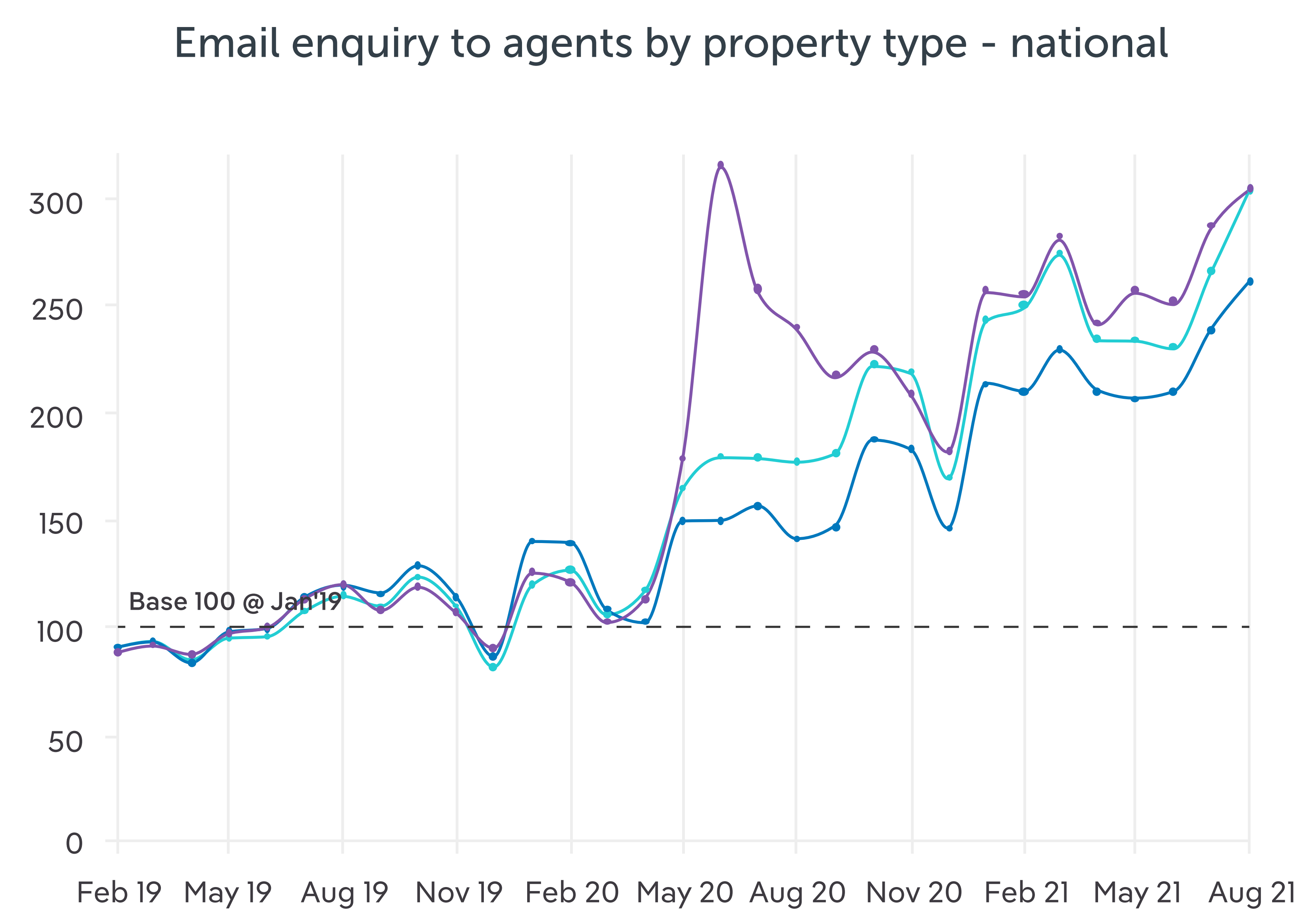
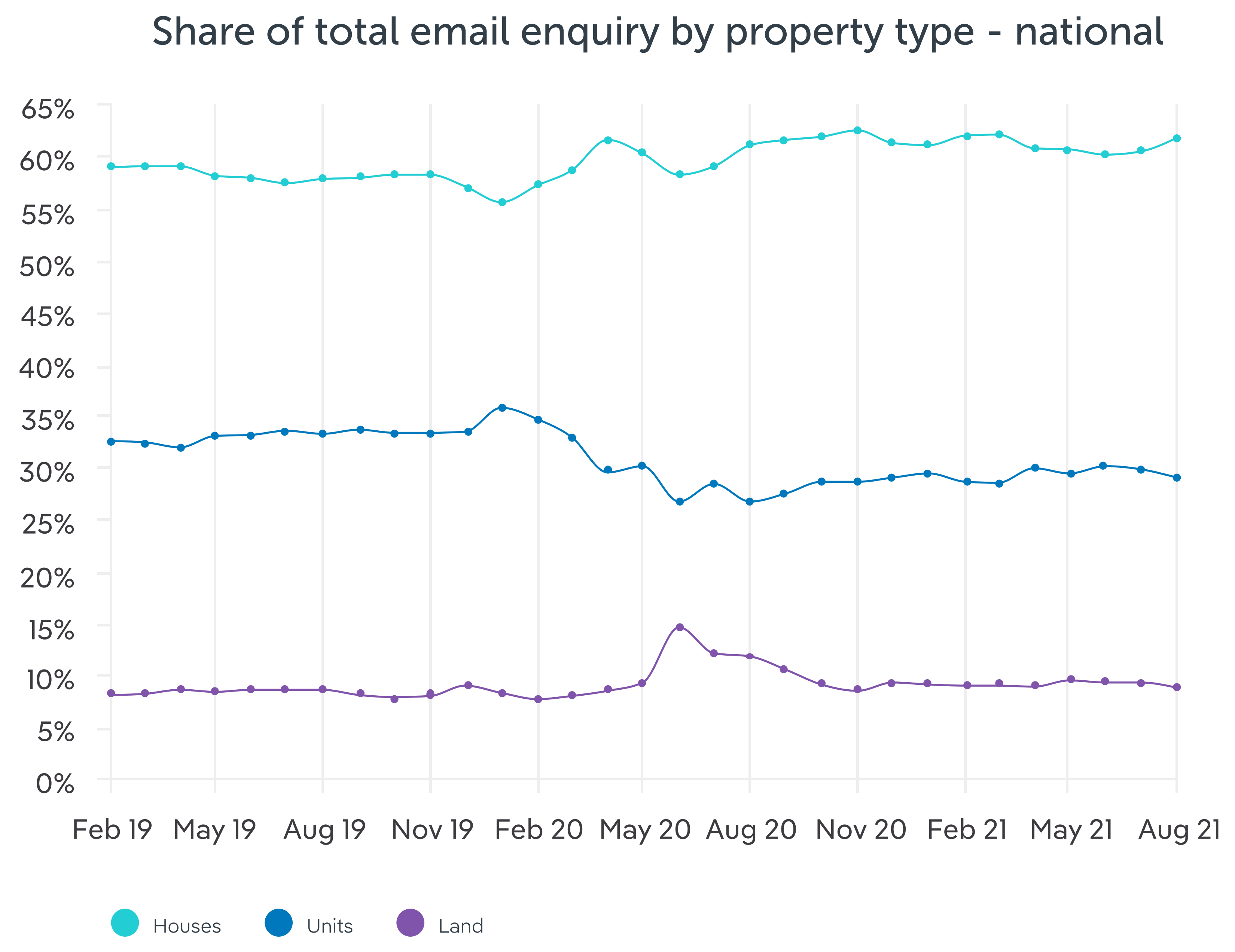
Lockdowns lead to jump in email enquiry

The volume of email enquiries to real estate agents on realestate.com.au reached a new historic-high in August with a 12.2% increase over the month. With people in a number of states unable to attend open homes, it's unsurprising to see a jump in email enquiries.

Each property type recorded a monthly increase in enquiry across houses (+14.5%), units (+9.3%) and land (+6.4%). Enquiry on realestate.com.au for properties for sale hit a new record for houses and units in August.

In terms of the share of enquiry, houses remain the dominant type of property enquired about (61.9%), followed by units (29.1%) and then land (9.0%), with land share the lowest it has been since November 2020.





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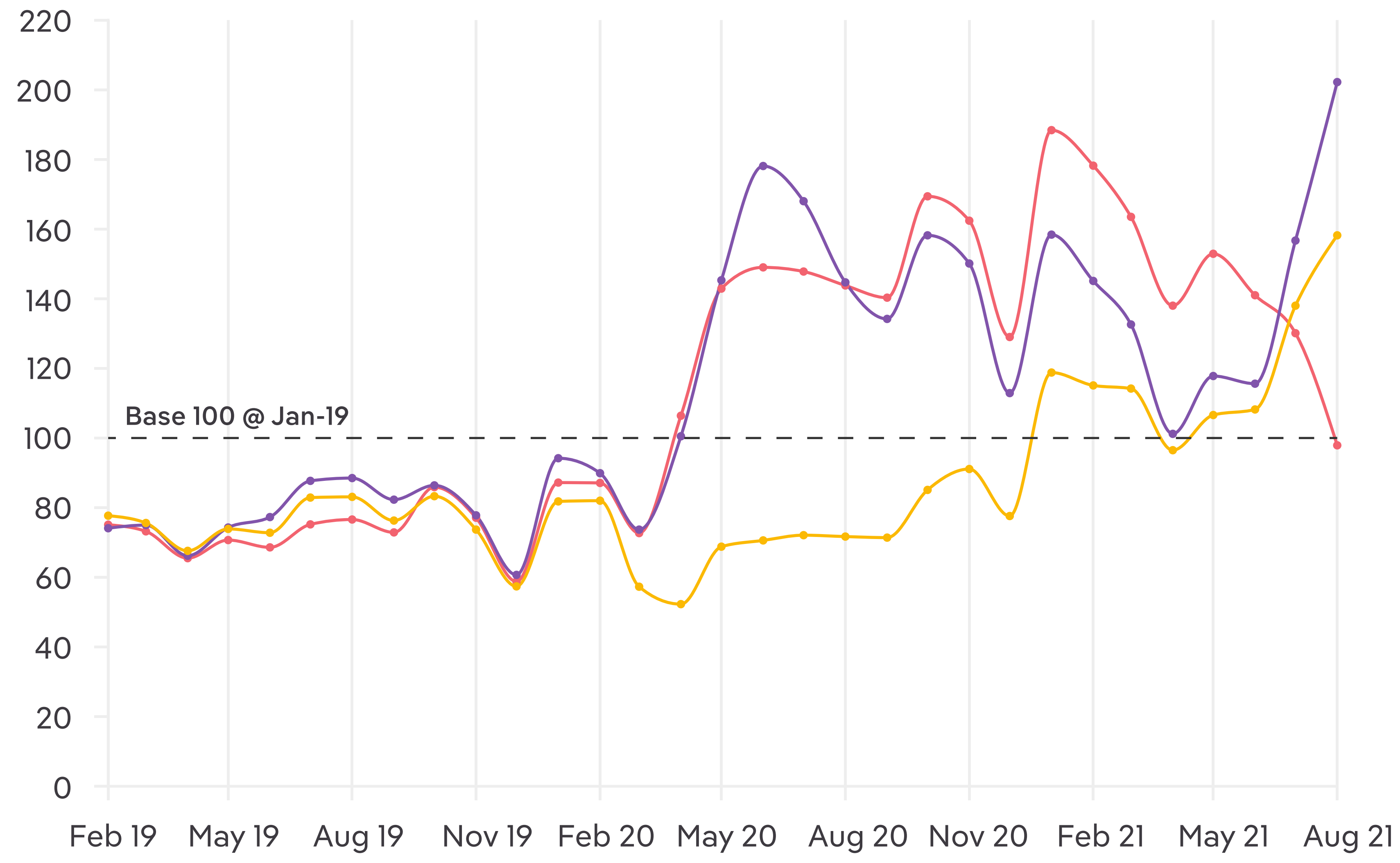
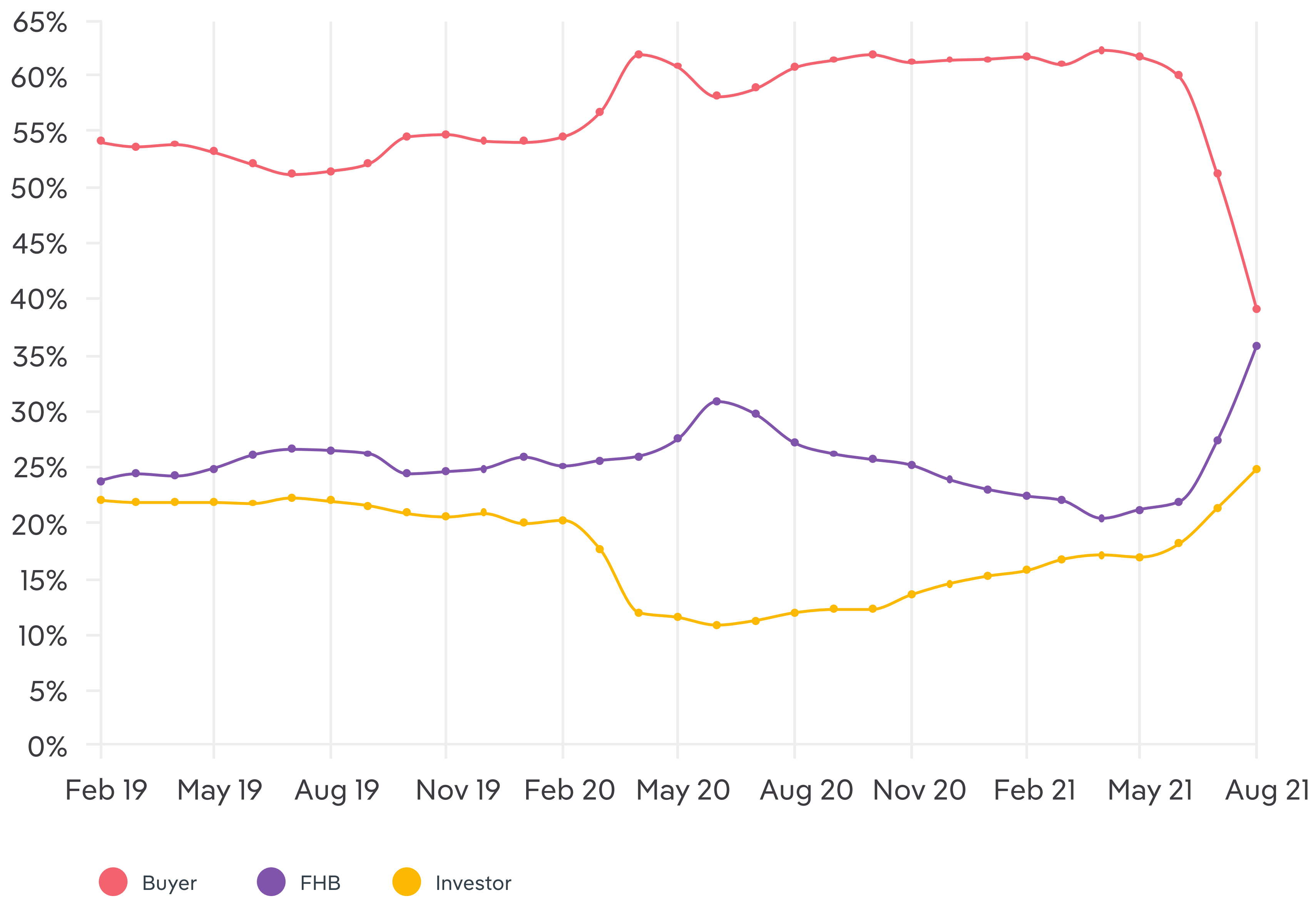
Email enquiry to agents by enquirer type - national



Share of total email enquiry by enquirer type - national



NB: some product changes were made in July 2021

First home buyer and investor interest rises amid drop from buyers

The volume of enquiry from buyers, typically owner-occupiers, fell by 21.6% in August 2021, the largest monthly fall since December 2019. Despite this, interest from first home buyers (+31.5%) and investors (+17.1%) peaked with large monthly increases in enquiry.

Buyer enquiry in August 2021 reached a historic low with 39.2% share of all enquiries compared to 35.9% from first home buyers and 24.9% from investors, both of which were historic highs.

While the realestate.com.au experience was changed during July, offering more ways in which an enquirer could define themselves with the potential to impact these results, there is a clear picture of first home buyer and investor interest.

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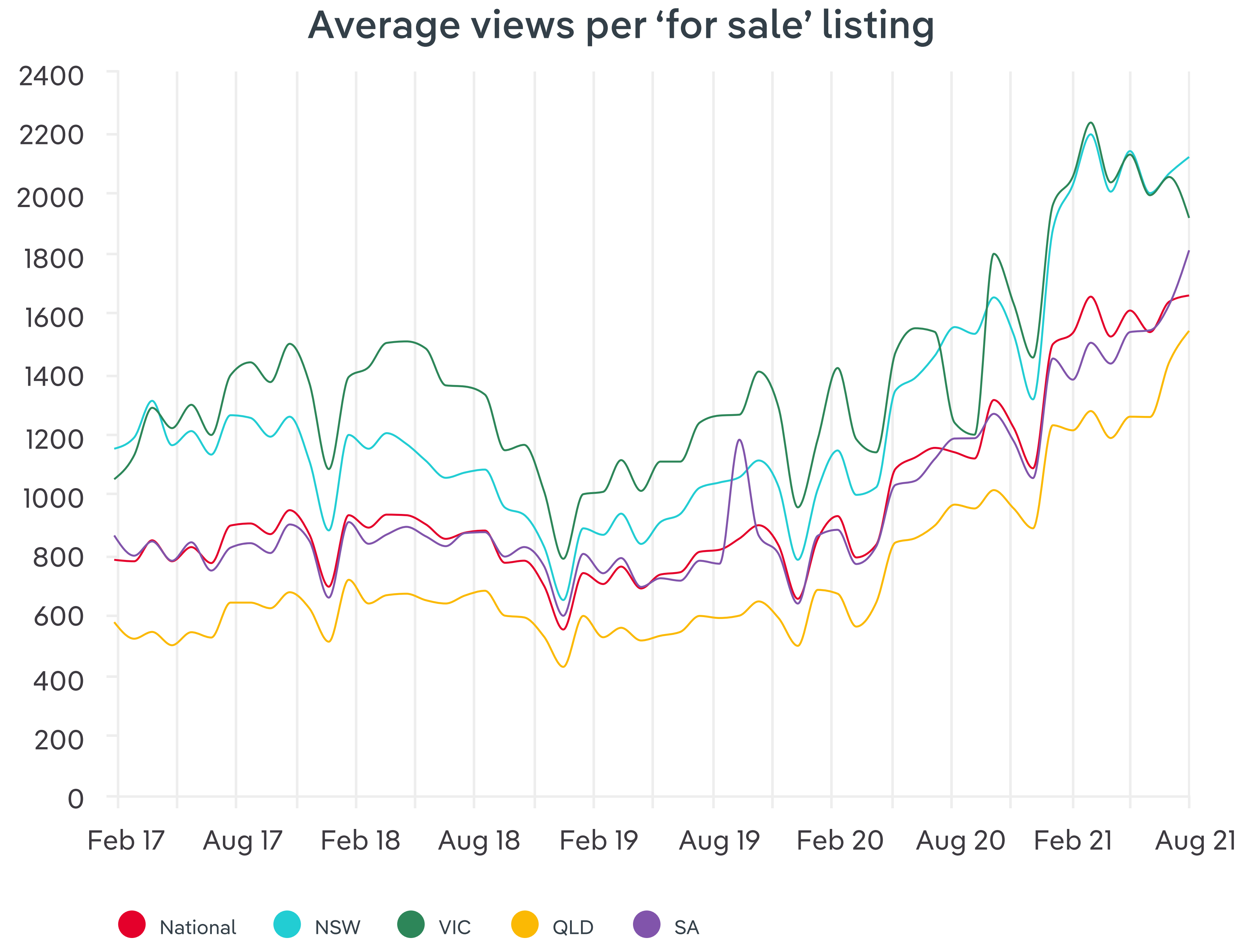
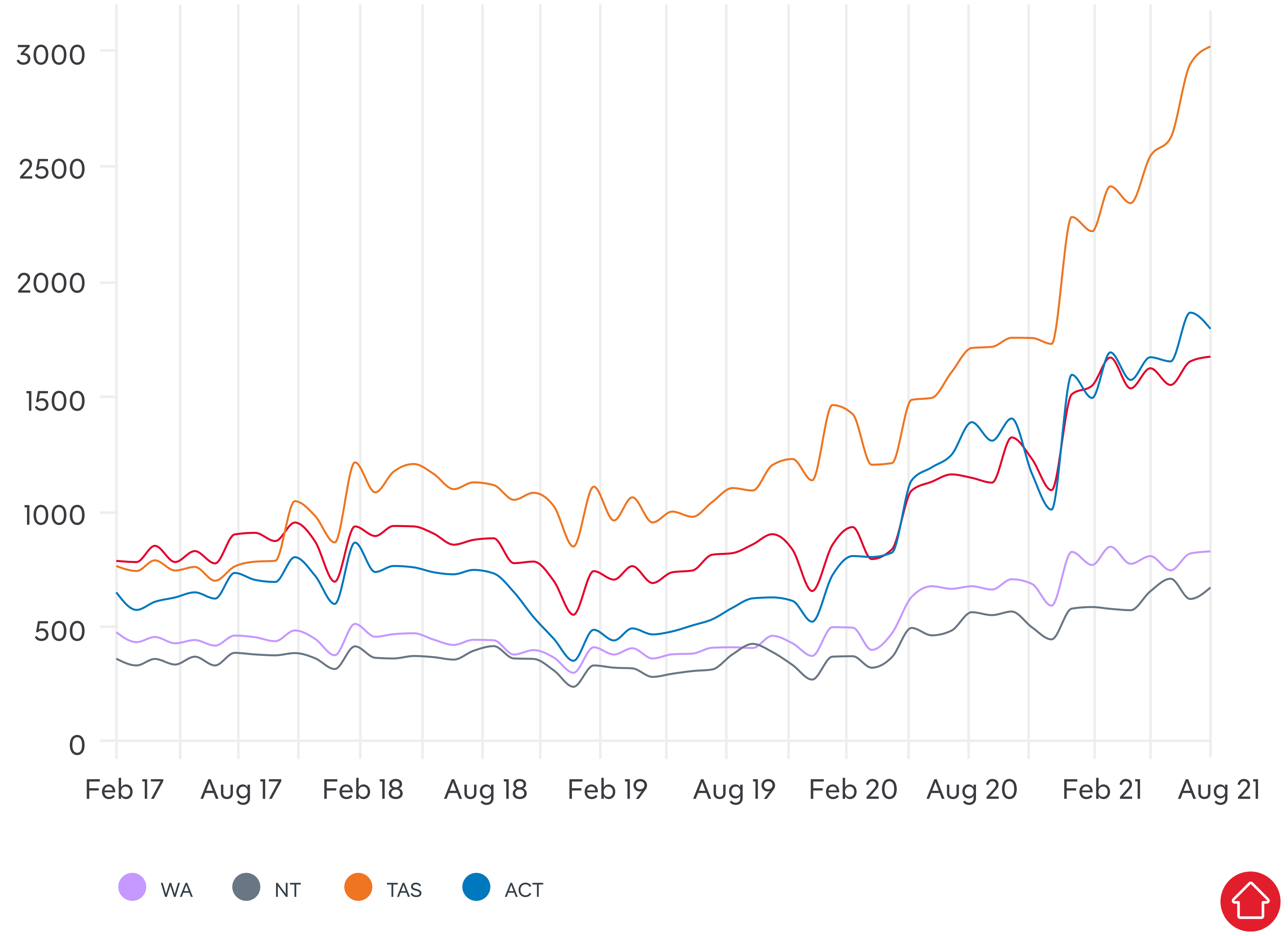
With fewer homes on the market, views per listing reached a new historic high

A new historic high number of views per listing was reached in August 2021 following a 1.2% month-on-month increase, taking views 46.7% higher year-on-year.

Demand based on the number of views per listing on realestate.com.au increased over the month in all states and territories except for Victoria (-6.7%) and ACT (-3.7%). South Australia (+11.2%) and Northern Territory (+8.3%) saw particularly large monthly increases.

The ongoing reduction in the volume of stock available for sale coupled with elevated search volumes resulted in record high interest from buyers in August. This indicates a continuing disconnect between the supply of stock for sale and buyer demand, which could continue to create upwards price pressures.





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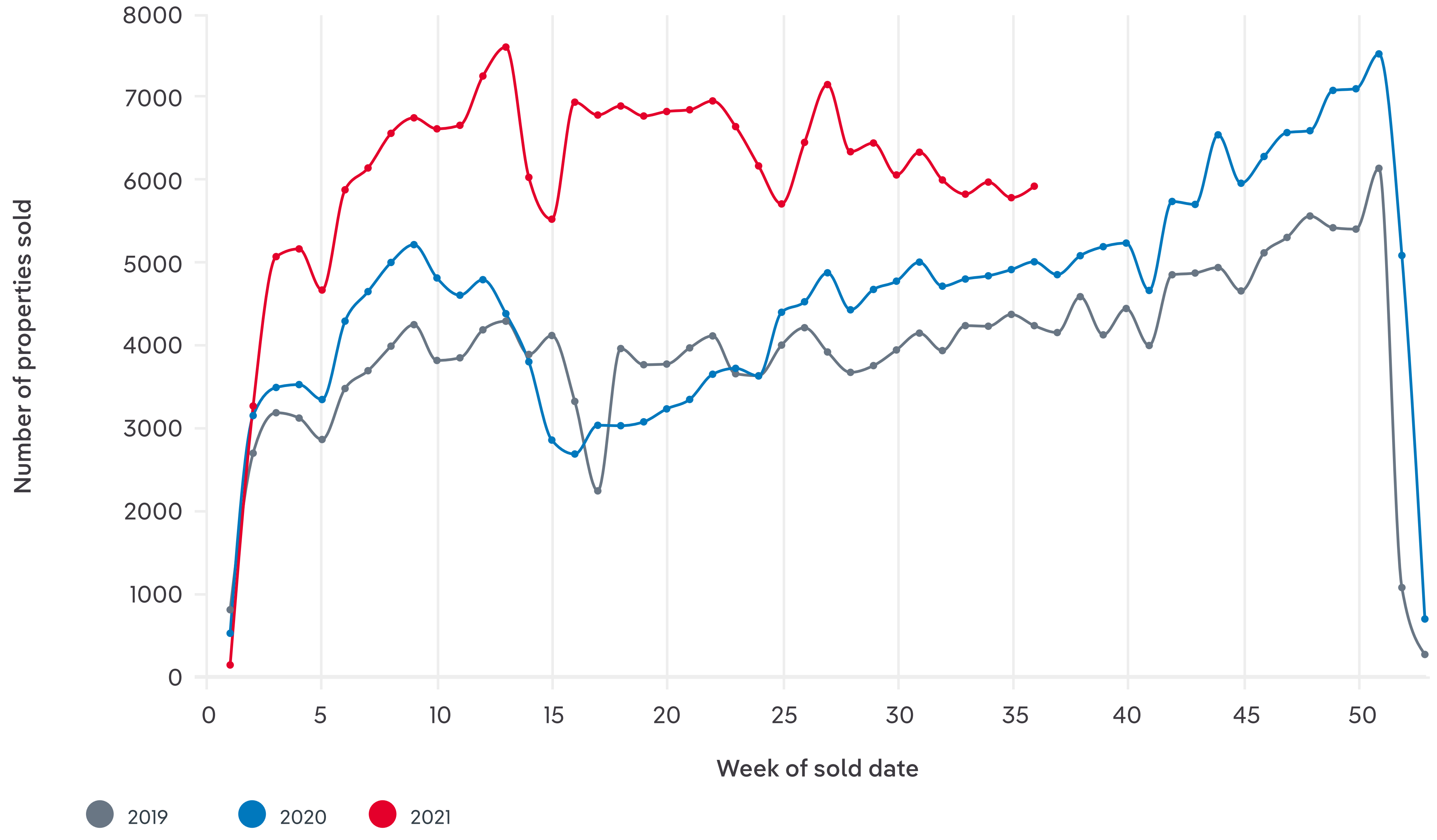
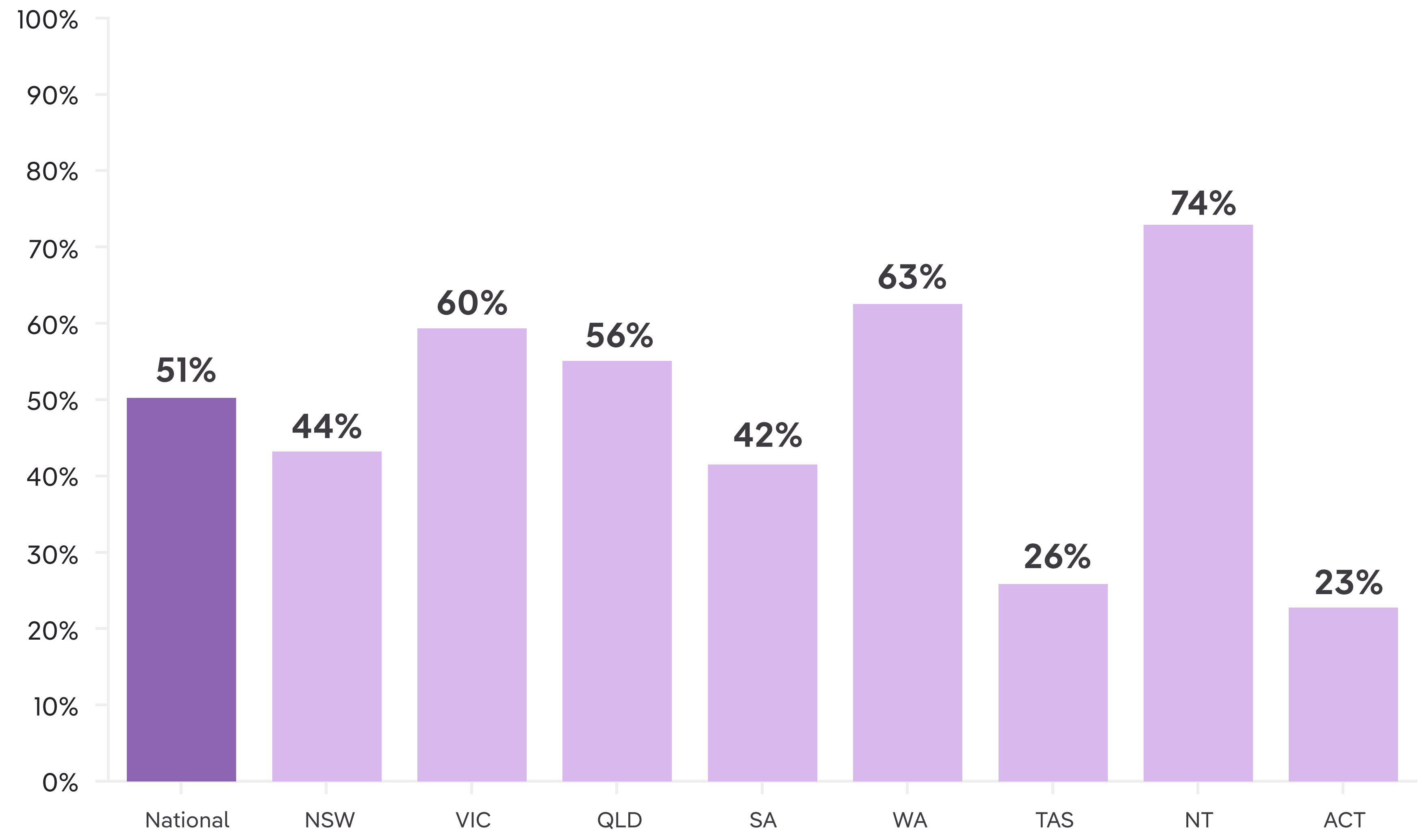
Preliminary weekly count of properties listed for sale on realestate.com.au that sold



Cumulative change in properties listed for sale on realestate.com.au that sold (First 36 weeks of 2020 vs first 36 weeks of 2021)



Lengthy lockdowns result in fewer sales; remain higher than a year ago

Preliminary weekly sales volumes to-date this year are 50.7% higher than over the same period last year and 63.6% higher than the same period in 2019. Although, they are still well below their peak in April of this year.

Despite more states currently in lockdown than there was a year ago, sales volumes last week were 18.2% higher than over the same week last year.

While sales volumes have lifted in some states and territories, they are trending lower in areas that are in lockdown and facing restrictions. This is a trend we expect to continue. Victoria is likely to see a steeper fall in sales given that one-on-one inspections are currently banned in the state. If new listings continue to rise elsewhere, and those states and territories remain out of lockdown, it's reasonable to expect a lift in sales in those areas over the coming weeks.

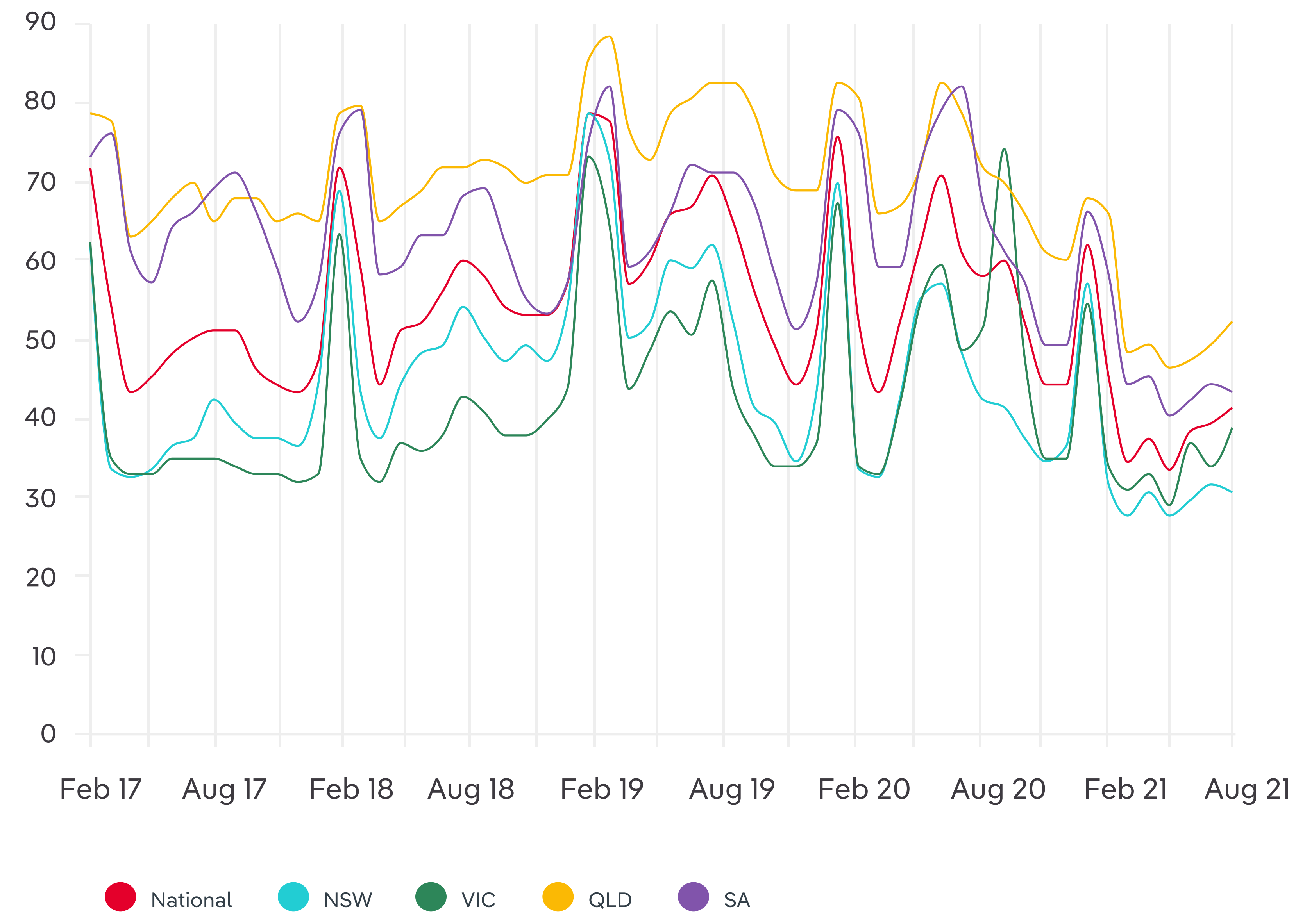
Days on site climbed in August for third consecutive month

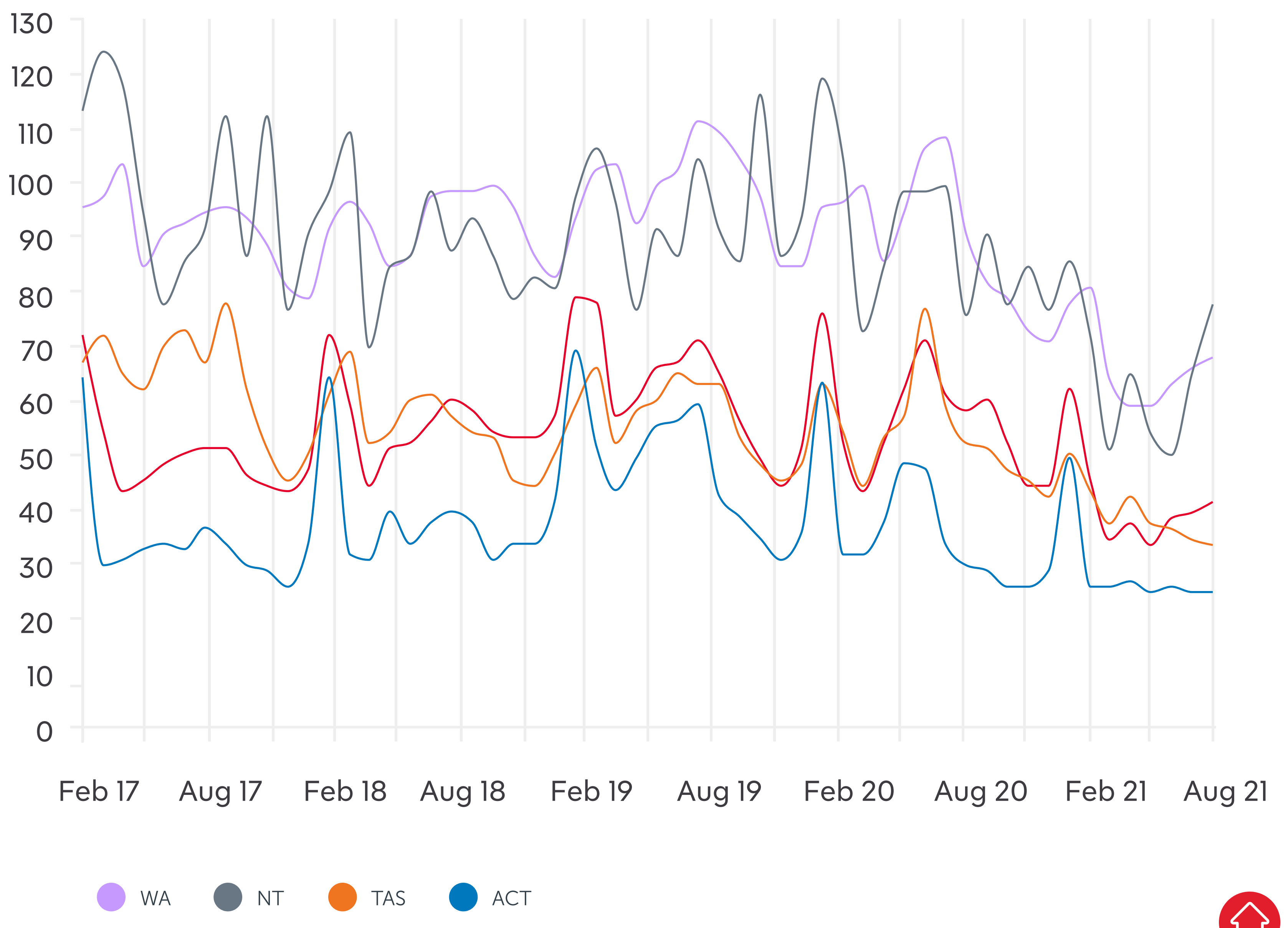
The median number of days a property was listed on realestate.com.au in August 2021 was 41 days, up from 39 days in July. It was the third consecutive monthly increase and the longest time on site since February 2021. The rise in days on site in August was still lower than the 58 days recorded a year ago.

The lack of new stock coming to market could be encouraging buyers to purchase older stock, which may be contributing to the rise on days on site. If lockdowns result in new listing volumes remaining low in September, we'd expect that there might be a further increase in days on site.

Despite a continued lockdown, days on site fell in Sydney over the month. Falls were also recorded in South Australia and Tasmania.

Median days on site, properties listed for sale





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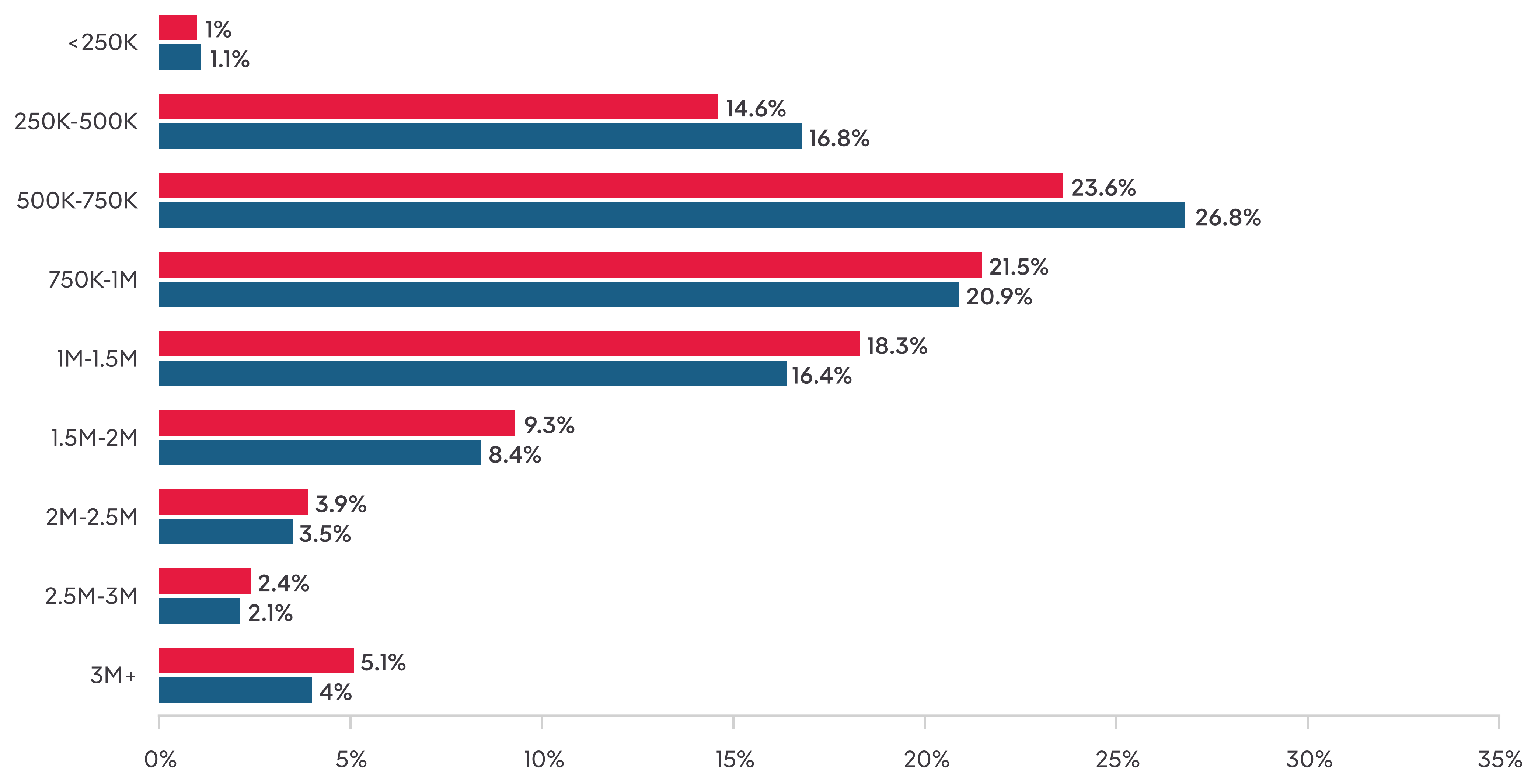
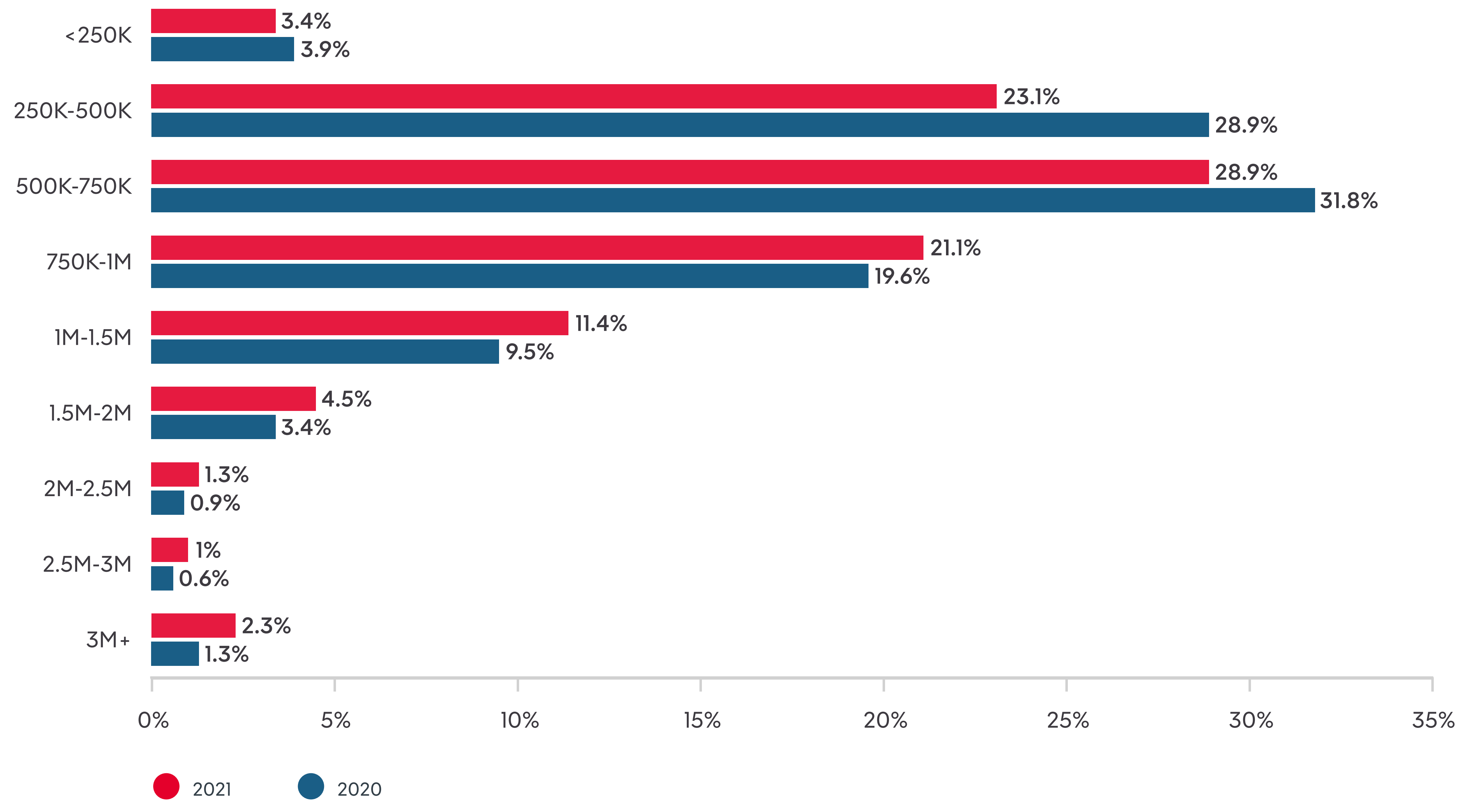
Share of total filtered searches by maximum search price, capital cities (August 2020 vs August 2021)



Share of total filtered searches by maximum search price, regional areas (August 2020 vs August 2021)



The share of searches for properties listed above $1 million fell in August 2021

There was a decline in the share of searches for properties listed at or above $1 million in August 2021, yet the search volumes for this price point continue to outweigh searches for properties priced below $500,000.

Throughout the combined capital cities in August 2021, 45.1% of searches were for properties listed at a price between $500,000 and $1 million compared to 47.7% a year earlier. Searches for properties at or above $1 million were at 39.0% compared to 34.4% a year earlier, while 15.6% of searches were for properties listed below $500,000 compared to 17.9% a year earlier.

Regional data shows half (50%) of all searches in August 2021 were for properties listed for between $500,000 and $1 million, 26.5% were for properties listed below $500,000 and 20.5% for properties listed above $1 million. In comparison, a year earlier 32.9% of searches were for less than $500,000 and 15.7% were for $1 million plus properties.

Property seekers continue to scope out homes with three or more bedrooms

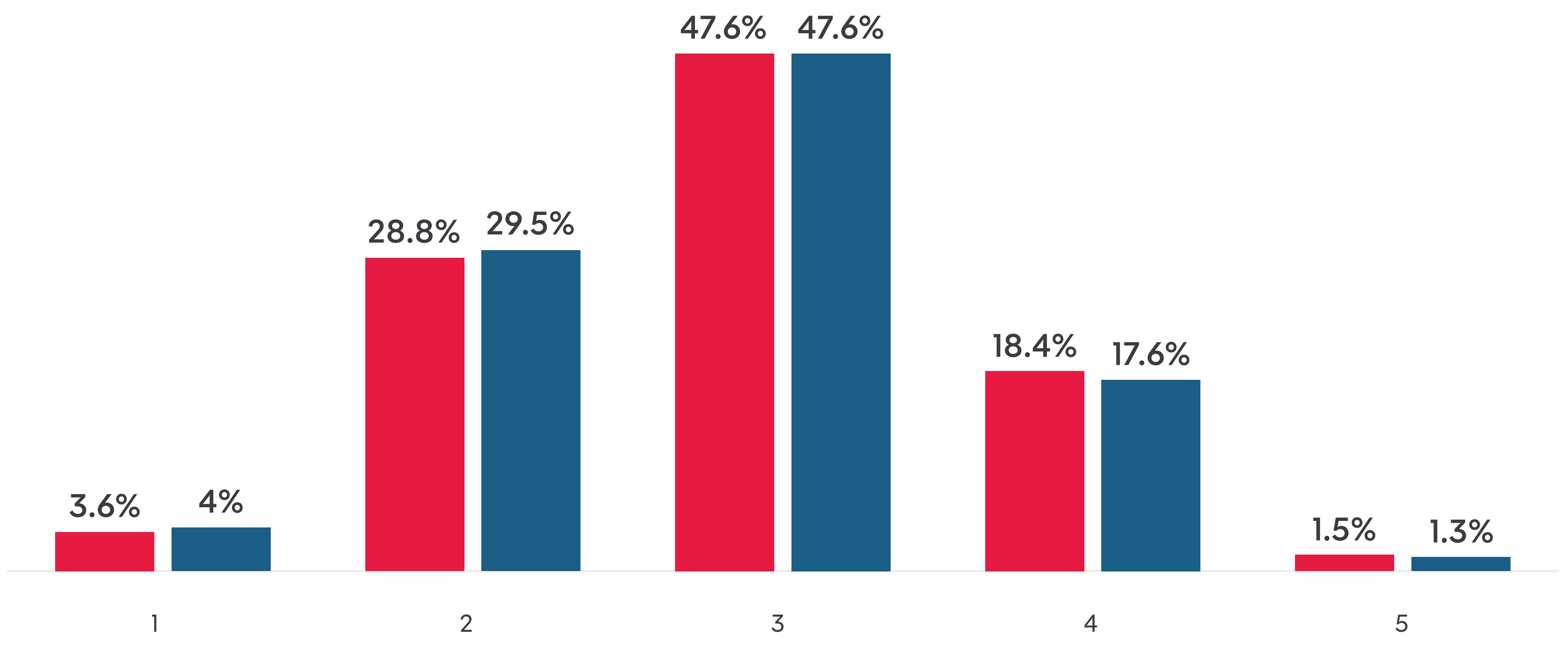
Nationally, there has been a rise in the number of searches for properties with at least three bedrooms over the past year, highlighting the growing desire for more space.

In August 2021, 68.2% of filtered searches on realestate.com.au for properties for sale nationally were seeking a minimum of three bedrooms. This is being seen across capital cities (67.6%) and regional areas (71.1%).

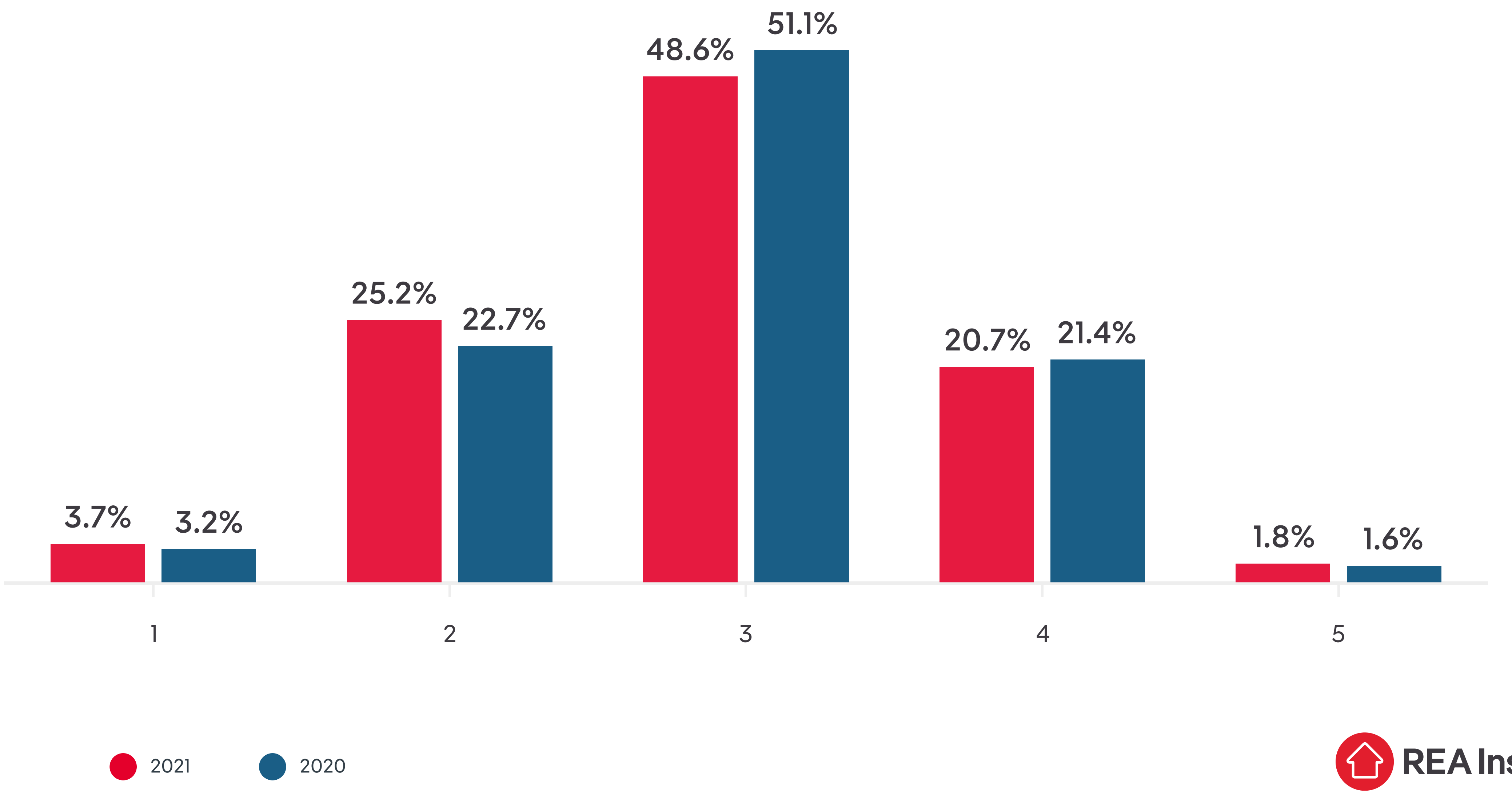
Over the year, the number of people looking for at least three bedrooms has increased in capital cities (+1.2% YoY) and declined in regional areas (-3% YoY). This has been driven by changes in demand for one and two bedroom properties.

Fewer buyers are seeking inner-city units, many of which are one and two bedrooms, while in regional areas where downsizers may be seeking to move or people are seeking investment or holiday properties, demand for smaller properties has increased.

Share of total dwelling searches by minimum number of bedrooms, capital cities (August 2020 vs August 2021)



Share of total dwelling searches by minimum number of bedrooms, regional markets (August 2020 vs August 2021)



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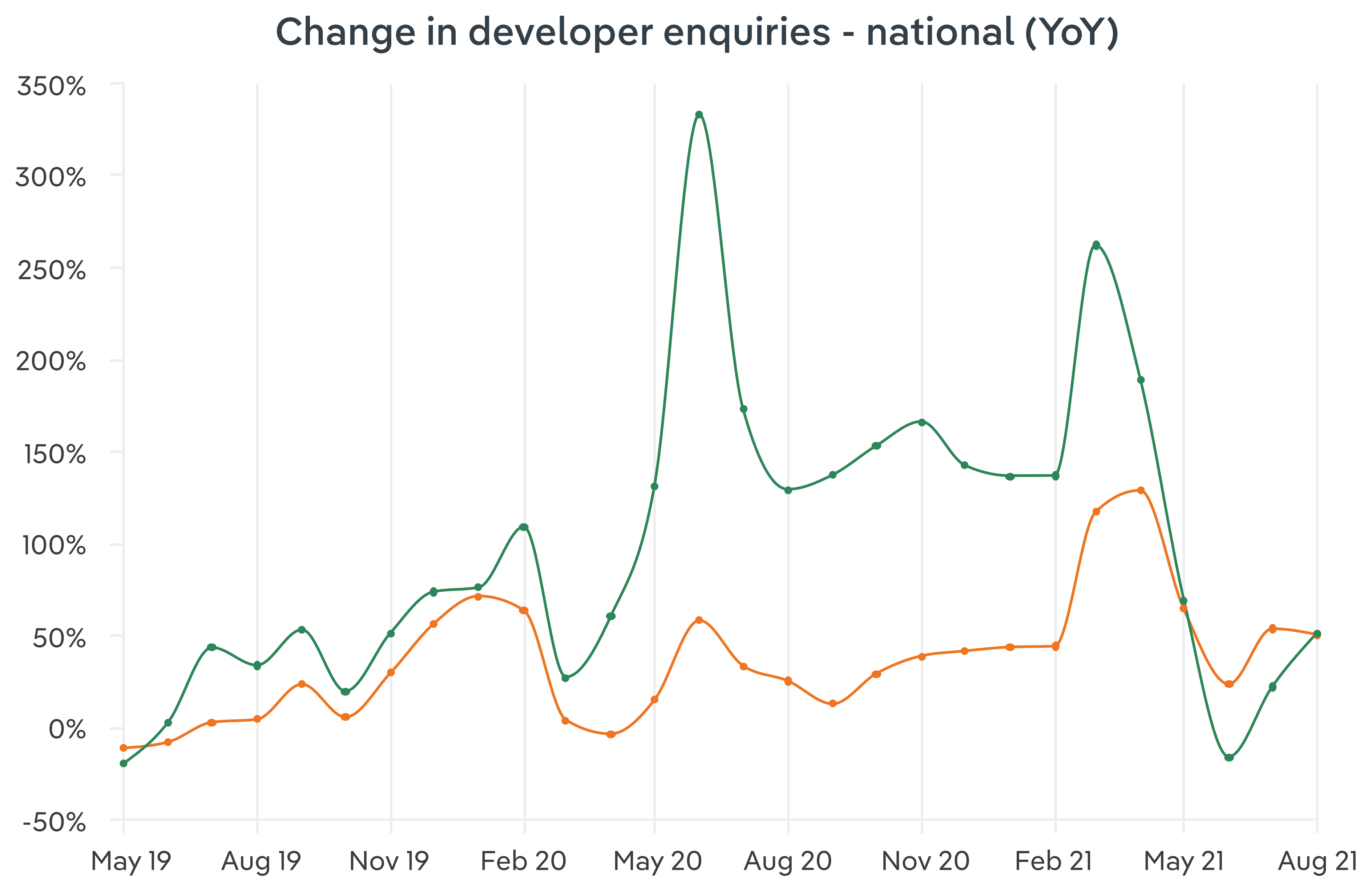

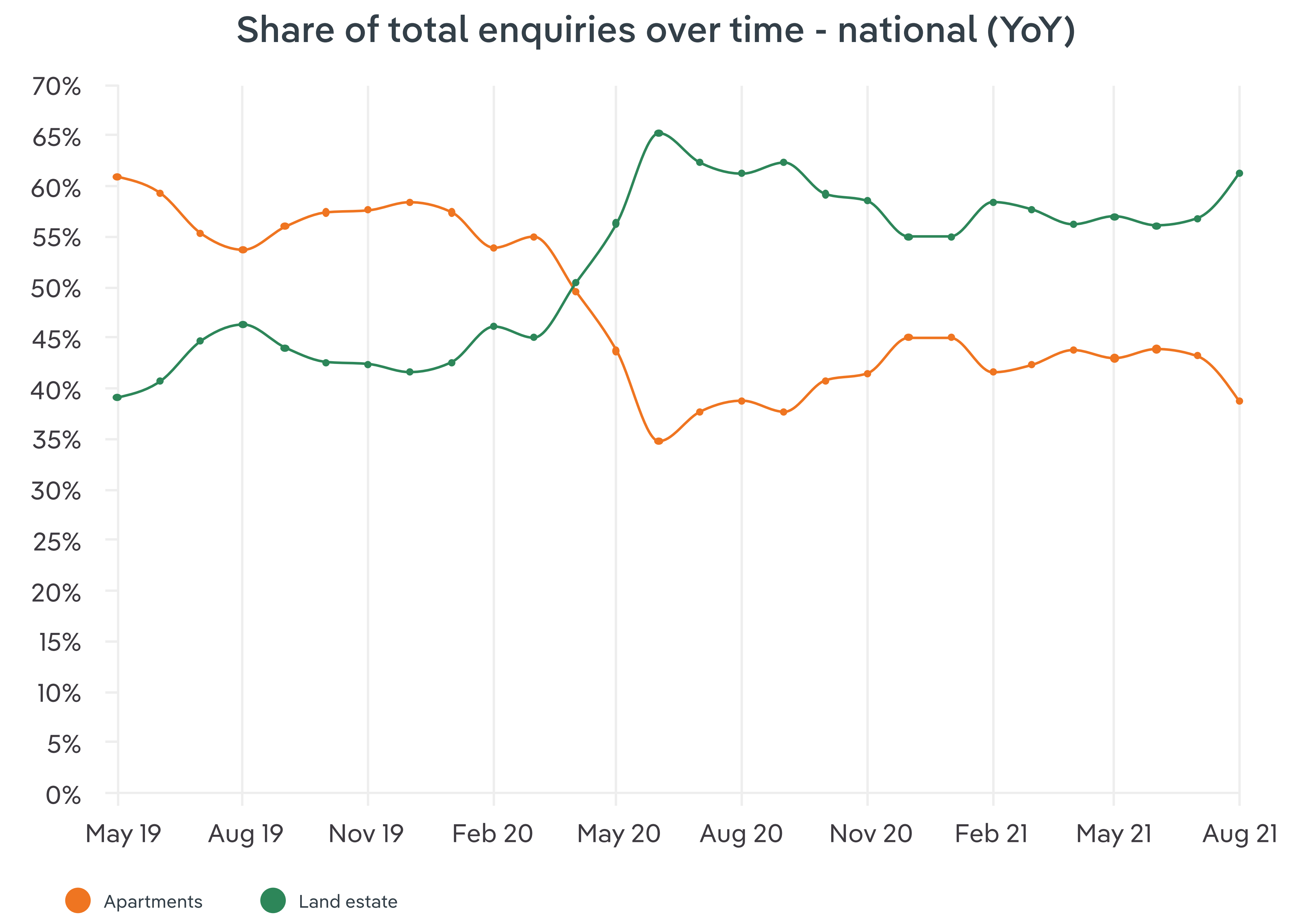

Developer enquiry at historic high

A 6% monthly rise in the number of enquiries to developers on realestate.com.au in August 2021 has seen enquiries reach an historic high. Enquiries have now increased by 50.4% year-on-year.

While enquiry has continued to rise, the number of project profiles on realestate.com.au has continued to fall, dropping by 2.6% month-on-month and reaching its lowest volumes since September 2020.

Enquiries for apartments (-4.9%) and retirement (-4.6%) fell over the month, however, this was offset by the 14.9% monthly increase in land estate enquiries. Year-on-year enquiries have risen 50.6% for apartments, 51.5% for land estates and 29.7% for retirement.

Despite concerns that the end of HomeBuilder would lead to a dramatic fall in demand for new homes, this has not yet occurred. The strength in the new homes market is likely being assisted by the limited supply in the established housing market and low volumes of new listings being added each month.

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