

The Week in Real Estate



Home Building Hits New High

New home building starts across Australia have reached a new high. Data from the Australian Bureau of Statistics (ABS) shows that they hit a quarterly record of 55,432 in the September Quarter. The high of 215,329 for the 12 months to September 2015 is 15% up on the previous peak in 1994.

“This is a stellar result not only for the residential construction industry, but for the wider economy,” said Harley Dale, chief economist of the Housing Industry Association (HIA). “New home construction has posted one of its longest up-cycles in history, providing substantial support to Australia’s economic output and levels of employment.

“New home construction has propped up the Australian economy at a time when no other sector has come to the party.”

But there are considerable regional variations. A breakdown of the figures shows that new starts increased 17.4% in the Northern Territory but only 2.4% in New South Wales, 1.7% in Western Australia, 1.2% in South Australia and 0.4% in ACT.

At the other end of the scale new building starts fell 21% in Tasmania, 3.8% in Victoria and 1% in Queensland, the ABS data also shows.

[National Top 10 Best Buys](#)



Salt Slams Negative Media

One of the nation’s leading demographers has slammed negative media reports about the Australian property market. KPMG partner Bernard Salt says negative views of the property market are rife, but have little truth behind them.

“When do you ever pick up the paper and read a positive view of the Australian economy or property market? There is never a positive view,” he says. “In fact, if you acted on the advice, you would never buy property, you would never invest in property. And yet, in fact, you would have missed the greatest boom for the last 25 years.”

Salt says Australians need to take a “bigger-picture view”, and argues that we are a young, vibrant country with strong levels of population growth, very aspirational, and we’re rich in terms of income per capita.

“We are as rich as the Americans, some say even more so depending on how you measure it. We are more egalitarian. Our cities are more attractive places to live. We are an overnight flight away from China,” he said. “There is no reason why we wouldn’t be prosperous people in 10 or 15 years’ time. There is no reason why people wouldn’t be spending more on property in the future.”

[Top 5 Cheapies With Prospects: City Edition](#)



More People Move To Regions

People moving to live and work in Australia naturally gravitate to the big cities such as Sydney and Melbourne, but research suggests regional parts of the country are becoming more popular.

One of the issues is that house prices in some capital cities are becoming expensive, so a growing number of people are deciding to ditch the city lifestyle for more laidback regional centres around the country.

According to an analysis of ABS figures, several factors have contributed to the gaining rise in city dwellers moving to regional areas, but affordability that is the main concern.

Over the five years to June 2014, the latest available data, an average of almost 15,000 people net per year left Australia's capital cities for regional areas. Over this period, the largest outbound movement came from Sydney with average of 19,257 net per year leaving.

Regional New South Wales experienced the largest inflow, gaining an average of 6,824 persons net per year, most notably to coastal locations such as [Port Macquarie](#) and Shoalhaven.

[Top 5 Cheapies With Prospects: Regional Edition](#)



Most Believe Values Have Risen

Most Australians think their home is worth more off the back of last year's property "boom", despite price gains in 2015 largely being concentrated to the Sydney and Melbourne markets and clear signs that growth cooled in 2015.

A survey of 2,000 home-owners by law firm Slater and Gordon found 78% of Australians believe the value of their property has increased over the past 12 months.

Of those, almost a third said they would consider selling up to cash in on the price growth. Almost every respondent from Sydney (94%) believed the price of their property had been given a boost, while 89% of Melburnians thought the same.

The response comes off the back of strong year of price growth in both cities, which ultimately cooled in the second half of the year.

Office Market Reflects Economy

Strong absorption of city office space is being seen as evidence of a solid economy and labour market.

JLL Research figures shows positive net absorption of 26,700m² in the December Quarter across CBD office markets and 296,900m² over the past 12 months. The net absorption result for 2015 was approximately 100,000m² higher than the 20-year average for CBD office markets (197,000m²).

JLL's Head of Strategic Research, Australia, Andrew Ballantyne said: "Activity in the office sector is intrinsically linked to the health of the labour market. While the rate of hiring varied by state and industry sector, overall headcount growth was firm in 2015.

"Employment growth was strongest in NSW and VIC and this was reflected in above trend net absorption results for the Sydney and Melbourne CBDs in 2015. However, the Brisbane CBD surprised on the upside with a sharp reduction in sub-lease availability over 2015."

JLL's Head of Office Leasing, Australia, Tim O'Connor said: "The recovery in the Sydney CBD office market continues to be led by the technology sector. Expedia and Dropbox committed to new space and expanded their occupational footprint in the Sydney CBD in Q4."

Report of the Week:

Top 10 Best Buys

This is the report that tells you the best places to buy in 2016. It highlights the 10 locations revealed by Hotspotting research to have the strongest growth drivers for long-term capital growth and the best opportunities to buy well before prices rise strongly.

[Top 10 Best Buys](#)

Quote of the Week

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- Leading demographer Bernard Salt of KPMG.

