

# The property market is on a consistent upward path: Terry Ryder

By Terry Ryder

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Most signs point north for real estate markets around Australia. Indicators consistently describe rising markets.

The best thing about this generally positive outlook is that few of the indicators suggest we're charging into a boom. The national figures for home loans, sales volumes, price movements, building approvals and affordability, among others, suggest a steady and sustainable recovery (with the exception of exceptional locations like Darwin, where the numbers of extraordinary).

This week's ABS data on housing finance reveals plenty that's significant about real estate markets.

The value of housing loans rose 4.5% in March, seasonally adjusted, continuing a generally upward trend since the middle of last year. But the trend graph shows a steady – rather than spectacular – improvement.

The ABS figures also reveal the steady increase in the number of investors active in property markets across Australia. A year ago investors were about 30% of buyers; in March 2013 they were 36%, following gradual increments over the past 12 months.

The figures also confirm that buyers of all sorts overwhelmingly prefer second-hand homes over new. In March, 83% of loans were for established dwellings, with only 17% opting for new housing. Similar ratios apply to first-home buyers.

This explains the general failure of government grants in the residential property market. The current trend by state politicians is to reward people who build or buy new homes, but they're boosting a tiny minority of buyers only. Grants will never have the desired impact when they not only single out first-time buyers but also only those who build new homes.

Nevertheless, the March figures do show a rise in loans for building or buying new homes. Loans for the construction of new homes rose 4.6% and those for the purchase of new dwellings increased 21%.

It's always a mistake to make too much of month-to-month figures. Monthly data can jump about. It's the longer-term trends that are important.

But the 21% rise, seasonally-adjusted, in the number of loans for buying new homes in March tends to make nonsense of claims this month by the Housing Industry Association that building and construction has fallen every month for the past 34 months.

What these figures show, taken in conjunction with other data, is that real estate is on a consistent upward path. But, thankfully, it's a measured progression.

