

AUSTRALIAN PROPERTY MARKET OVERVIEW



How is the rental market looking on return and vacancies?

The best way to gauge rents for specific property markets is to talk to local agents working in the area you're looking to invest in.

How are property sales looking as an indicator of supply and demand? Are they up from the year before or down?

The supply and demand of the property sales market of a specific area can be subjective. The Australian Bureau of Statistics (ABS) population figures can lag the number of properties listed on real estate websites. However, putting the two figures side by side can give you a general feel of the current sales market as a ratio of the population.

The lag between the ABS population statistics and dwelling starts could be due to the time it takes for building supply to start hitting the market. Planning, design, approvals and construction time frames all need to happen in the lead up to a property being listed. You are best to enlist the guidance of an expert in exploring these criteria.

Are government and private projects prioritising infrastructure spending?

Infrastructure funded by government and private investing is largely driven by population shifts.

An emerging area with funded projects due to be delivered in the medium term of 5 to 10 years; or an area where demographics are shifting, referred as gentrification or urban renewal, both indicate positive property market criteria worthy of exploring further.

Check out the state government and local government websites to research infrastructure projects in the pipeline. The prioritisation of short, medium and longer term investment projects will generally align with population growth of the area.

Based on current median house prices, which cities are affordable?

Understanding how much you can afford, will help you narrow down your property market.

By looking at the median house price of each capital city, you'll be able to determine which of these markets is in your reach. This will give you a solid idea of where to start, and on what price represents a good entry point.

What does the historical capital growth data tell you?

Potential for capital growth – that means you will be able to unlock equity down the track to grow your portfolio – is a key factor to consider.

Track the median house prices of the specific market you are looking to enter. Look at property market data that shows signs of growth right now.

Is the population growing, and why?

Population is a key indicator of demand for a particular property market. Population growth will be impacted by overseas and interstate migration, and natural birth and attrition rates – births and deaths.

Population shifts in a property market are a strong indicator of longer term, sustained demand, and in turn capital growth driven by demand.

The big question is what makes it attractive for people to live in a particular suburb in a major capital city or regional centre?

Affordability is a driving factor of demand in the current property market. Right now, most major capital cities are pushing beyond the half a million median price threshold.

Well-planned government and private infrastructure projects can also attract new residents and grow families, particularly if a location is in high demand and infrastructure is keeping up with, or staying ahead of, population growth.