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JUNE PROPERTY UPDATE FOR AUSTRALIA

Australia's property market continued its slow and steady upward trajectory in May, experiencing 0.8 per cent overall growth.

This is the 16th month of price increases and, according to [CoreLogic](#), the largest gain since October last year. On average, homes have been increasing in value by \$12,000 per month in metropolitan areas.

Capital city property results

Perth, Adelaide and Brisbane experienced the highest growth in May, and [Brisbane's popularity since the pandemic and in the leadup to the Olympics](#) has seen its average home value overtake Melbourne, where prices have been all but stagnant over the last month.

In May, the only two capital cities to experience a decline in values were Hobart and Darwin.

To break down the numbers:

Sydney: 0.6 per cent monthly growth, 7.4 per cent annual growth
Average value: \$1,156,020

Brisbane: 1.4 per cent monthly growth, 16.3 per cent annual growth
Average value: \$843,231

Melbourne: 0.1 per cent monthly growth, 1.8 per cent annual growth
Average value: \$780,437

Adelaide: 1.8 per cent monthly growth, 14.4 per cent annual growth
Average value: \$757,448

Perth: 2.0 per cent monthly growth, 22.0 per cent annual growth
Average value: \$736,649

Hobart: -0.5 per cent monthly growth, -0.1 per cent annual growth
Average value: \$655,170

Darwin: -0.3 per cent monthly growth, 3.5 per cent annual growth
Average value: \$502,120

Canberra: 0.5 per cent monthly growth, 2.0 per cent annual growth
Average value: \$840,100

Meanwhile, auction volumes have been trending higher in comparison to 2023, with 28% more homes going to auction than this time last year. Reports say clearance rates are holding relatively steady in the capital cities.

Regional property values

[Reports say](#) dwelling values across regional Australia increased by 2.1% in the three months to April 2024. This is the fastest quarterly growth rate in almost two years, with regional areas outperforming their metropolitan 'cousins'.

Regional NSW: 0.4 per cent monthly growth, 4.3 per cent annual growth

Regional Qld: 1.1 per cent monthly growth, 11.8 per cent annual growth

Regional Vic: -0.2 per cent monthly growth, -0.6 per cent annual growth

Regional WA: 1.8 per cent monthly growth, 14.8 per cent annual growth

Regional SA: 1.4 per cent monthly growth, 10.6 per cent annual growth

Regional Tas: -0.2 per cent monthly growth, 0.4 per cent annual growth

CoreLogic's recent [Regional Market Update](#) highlights WA areas as experiencing some of the best results, including the southern town of Bunbury, which achieved growth of over 20 per cent and experienced the shortest 'days on market' average of just 14 days. Research found that across the largest 50 non-capital markets, 47 saw rents increase over the three months to April, while 48 recorded an annual increase in rental values.

Property outlook for the remainder of 2024

Predictions for the remainder of the year have largely depended on interest rates coming down but [inflation figures](#) coming in slightly higher than expected for April means the RBA is [not expected to decrease rates](#) as early as hoped.

Higher than average rates and uncertainty over when they will start to drop is helping to keep a lid on property price increases. However, factors such as high migration, low building approvals and existing housing shortages are saving the market from experiencing any major drops.

What's your move?

Strong prices mean now is a good time to sell in Australia, particularly if you are planning to downsize. Reach out to your local [Professionals](#) office to discuss a strategy for your sale.



FIVE DOWNSIZING MYTHS BUSTED

If people have suggested downsizing your home but you are resistant to the idea, it may be because a few beliefs are holding you back from exploring the option of transitioning to a smaller home.

Take a look at some common downsizer myths and why they're not necessarily true:

Myth 1: Downsizing is only for old people

Many believe that downsizing is only something to consider once they reach retirement or pension age. However, this move is an option as soon as you have reached a point where your home has empty bedrooms. Once your kids have 'flown the coop', you're paying to maintain a big place that's not being used. Finding somewhere smaller can free up time and money to enjoy your life.

Some families even decide to downsize while children are still living at home. Moving to a smaller home in a more central location may make life more convenient in terms of travel time and it can free mum and dad from constantly focusing on the house, not the kids.

Myth 2: I'll never be happy anywhere else

The feeling that you'll never be happy outside your current home is understandable, especially if you've lived there for many years. However, happiness isn't tied to the size or location of your home but to how well it fits your current needs and lifestyle. A smaller home can provide a sense of cosiness, less upkeep and a new community.

Happiness comes from within, not from a home. If you're a happy person, you'll find a way to feel content anywhere. As a study published by the [Australian Housing and Urban Research Institute](#) found, overall levels of satisfaction among downsizers and other movers were very high (around 90%) and there was little variation with age.

The main regret expressed by most downsizers is that they wish they had taken action sooner! Life can feel more enjoyable, not less, when you have less stress about maintaining the family home.

Myth 3: Apartment living is restrictive and unappealing

The idea that apartment living is restrictive and unappealing is a common misconception among people who live in larger properties.

The good news is that downsizing often gives you a healthy budget to explore purchasing a relatively modern townhouse or apartment. These homes offer balconies, inbuilt storage, modern kitchens, secure parking and even resort-style facilities like gyms and swimming pools. Contemporary apartments and retirement village units are designed to give you a sense of security and

privacy; you'll usually have the option to interact with others as much or as little as you want.

If you really don't like the idea of an apartment, your other option is to 'rightsize' and explore options such as purchasing a block with two homes on it; live in one and lease out the other, or simply buy a smaller home that is more suitable for your lifestyle needs.

Myth 4: Downsizing won't save me any money

People talk about how selling is an expense and you need to commit funds to stamp duty when you buy, but it's important to take a more long-term view. Add up what you're spending on utilities, maintenance, transport, insurance and things like council rates where you are. A strategic move to downsize can drastically reduce these costs.

What's more, downsizing when you have paid off your mortgage may put you in a position to buy and lease out a rental property, giving you a source of income. There is also the potential to downsize and [contribute a significant amount of funds to your superannuation](#) without being penalised. Speak with your real estate agent, financial planner and accountant to break down the numbers rather than simply looking at the expense of a move.

Myth 5: I won't have room for anything

Yes, a smaller place can mean less room for 'stuff,' but this doesn't have to be a bad thing. When you downsize, you're forced to declutter and figure out which belongings are most important to you. It's an opportunity to get rid of unnecessary items, and you may be surprised by what you can let go of once you start the process.

You will still have room for the things you treasure and you will probably find you are able to use and enjoy them more once you have reduced other clutter.

One more myth: Downsizing is too stressful

Selling a home doesn't have to be an overwhelming experience, especially if you are not on a strict timeline. You could decide to downsize and give yourself six months to prepare so it's not a high-pressure situation. An experienced real estate agent will provide patient guidance, helping you make decisions and take the right next steps so you achieve the maximum possible price.

To start the process of downsizing, take a look at some smaller homes, units and retirement village options in an area where you would like to buy. You'll start to get excited about the possibilities and look forward to your new chapter.

Ready for a valuation? Reach out to your local [Professionals](#) representative today.



WHAT TO LOOK FOR IN A FIXER UPPER

Investing in a fixer-upper is an exciting strategy, especially if you have the 'property bug' and can't get enough of houses, floor plans and interior design. There is so much potential to turn an older place into your dream family home, or 'flip' it for profit so you can build your wealth.

Before you dive in and purchase a home with renovation in mind, there are some key factors to consider. These will help you avoid ending up with a money pit and a lot of disappointment.

Start with a clear plan (and a budget)

Your renovation strategy will differ depending on whether you plan to resell the property or live in it. If you intend to resell, your focus will be on improvements that increase the property's market value and appeal to a broad audience. This might include modernising the kitchen and bathrooms, enhancing curb appeal and adding built-in storage.

Conversely, if you plan to live in the home after your project is complete, you'll tailor the renovations to your personal lifestyle needs. While it's essential to keep future resale value in mind, you have more flexibility to personalise the space. Regardless of your plans, having a clear vision will guide your renovation efforts and budget allocation.

Budgeting accurately for your renovations is crucial. Ensure you have the funds to complete the necessary work without compromising your financial stability. Consider all costs, including building design, council approval, materials, labour, and a contingency for unexpected expenses, and talk to your lender so you know you'll be able to access the cash you need.

Location, location, location

The adage "location is everything" holds true, especially for fixer-uppers. Even the most beautifully renovated home can struggle to sell or appreciate in value if it's in a less desirable area. Look for properties in good suburbs with strong growth potential, access to amenities, good schools, and transport links. Proximity to these factors not only enhances the value of the property but also makes it more appealing to future buyers if you decide to resell.

Cosmetic vs structural improvements

One of the most critical aspects to evaluate is whether the necessary improvements are mainly cosmetic or structural. Cosmetic issues such as outdated fixtures, old paint and worn flooring are relatively inexpensive and easy to sort out and you can even get away with a DIY job. On the other hand, structural problems can be costly and time-consuming to address, and fixing them doesn't really add to the visual appeal of the property.

Never exchange a contract without checking for signs of serious issues, such as cracks in the foundation, sagging roof, rising damp or problems with the plumbing and electrical systems. It's recommended that you invest in a property inspection from a qualified building and pest inspector, so you can have a written list of the scope of the work required. Once you have this report, you can use it to get quotes on improvement costs from a builder and negotiate with the seller.

Even things like a pool fence that's not up to code can add to the cost of your home improvements. When you're new to renovating it's easy to overlook things like this so having an inspection should be a non-negotiable.

Living arrangements

If you're buying a fixer-upper, will it be in liveable condition? If not, are you okay with living without hot water or insulation and sharing your space with tradespeople while the home is renovated? Balancing renovation work with daily living can be challenging, and the last thing you want is to be stuck in an uncomfortable situation, especially if you run out of funds temporarily and have to spend some time in a half-done home.

Learn from an expert

Podcasts and renovation guides will become your go-to, before and during your project. Educate yourself and search the web for inspiration but remember that simple, tested techniques are often the best.

Don't forget about the all-important resource at your fingertips; real estate agents. We are every bit as property-obsessed as you and many agents have several renovation projects behind them. When you're shopping around for a fixer-upper, ask the selling agent a lot of questions. They will have plenty of ideas about how the home can not only be improved in terms of look and feel, but value as well.

Get excited! It's fantastic to see your vision come to life before your eyes.

Looking for a fixer-upper in your area? Reach out to your local [Professionals](#) office today.



WHY AUSTRALIA'S CURRENT PROPERTY MARKET IS GOOD NEWS FOR INVESTORS

Even though interest rates are high, now is a fantastic time to be a property investor in Australia.

Find out why the second half of 2024 is a great time to take action as an investor if you can.

Housing approval slumps

As reported by the [Australian Bureau of Statistics](#), the total number of dwellings approved in Australia fell by 0.3 per cent in April, and approvals for private houses fell by 1.6 per cent. Latest figures showed approvals are down in every state except for WA.

One of the main reasons approvals have dropped for private dwellings and apartment developments is interest rates; it's not so easy to access the finance required for such a project and some developers and buyers are holding off until rates drop.

The high cost of materials and labour is an issue as well. The pandemic caused an upswing in prices and inflation is still rising at a rate higher than 'normal', so new homes are becoming far more expensive to build.

This lack of approvals means more demand for existing homes; if you're currently an investor or you're able to buy this year, you can feel confident your place will increase in value.

Migration is rising

Migration forms part of current policies to fill labour shortages, especially in essential industries like transport, health, and aged care.

However, as explained recently in the [Daily Telegraph](#), in NSW last year there were 170,000 new migrants, but just under 47,000 new homes were built. Authorities are trying to catch up by fast-tracking housing projects and changing rules to zoning, but this takes time. The shortfall can't be filled overnight so investment properties are holding and increasing in value in the meantime.

Rental vacancies are at all-time lows

Landlords and property investors have the advantage at the moment due to [rental vacancy rates](#) being under 2 per cent in Sydney, Melbourne, Darwin, Brisbane, Canberra and Hobart, and under 1 per cent in Adelaide and Perth.

This gives you the opportunity to achieve a healthy yield for your property and to work with an experienced property manager to attract a long-term, reliable tenant.

If you're an experienced investor, you may decide to explore a subdivision or development project. Creating more than one home on a single block gives you additional income opportunities. Loop in your financial planner and a lending specialist to help you figure out the details of this type of project.

Future value growth

Australia has been holding its breath waiting for interest rates to drop for several months now but inflation figures have remained higher than expected, which indicates that a change is not imminent.

However, it's only a matter of time before rates do come down. When this happens, prices, which are currently reasonably level, will rise. If you're able to invest in 2024, not only will your repayments become more manageable (if your loan rate is variable), you will be able to take advantage of this change.

Take a look at historic [figures](#) and you will see that house prices in Australia always grow over time. This is why property investing is such a trusted strategy.

There are plenty of areas in Australia that still have fantastic growth potential for investors. Reach out to your local [Professionals](#) office to discuss investing opportunities and property management.



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