



Where have all the listings gone?

The number of properties listed for sale has been extremely low over the past two years. This comes despite strong population growth and housing stock increasing by around 350,000 dwellings over the period. A lack of listings has been a major contributor to strong property price growth.

In 2016, the total number of properties listed for sale across the country was 8.9% lower than seen in 2015. This reduced the availability and choice for those looking to purchase a property. As such the number of sales transactions in 2016 was 9.2% lower than in 2015. Low listing volumes at a time when interest rates have driven buyer demand higher has fuelled price growth.



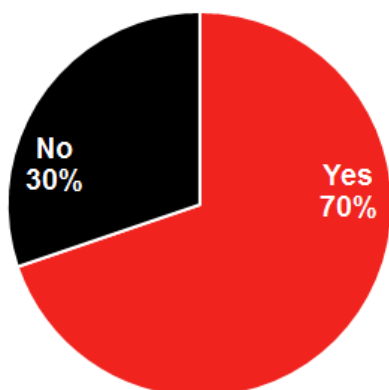
Background

In order to identify why listing numbers have fallen, LJ Hooker recently surveyed home owners to understand their motivations and experiences with the appraisal and listing process. The survey, conducted in Q1 2017, received more than 2,700 responses from Australian property owners.

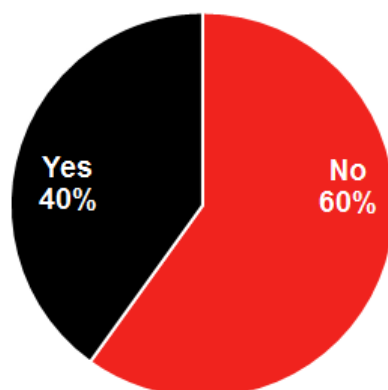
More than 70% of all respondents had their property appraised, by a real estate agent, over the 12 months prior to completing the survey. This is important because home owners, generally, ask an agent to come and appraise their property when they are well advanced in their plans to list and sell their property.

However, 60% of those that received an appraisal did not follow through to list their property for sale. Indicating that there are some major roadblocks stopping people from transacting.

Have you had your property appraised by a real estate agent in the past 12 months?



Did you list your property for sale after you received your appraisal?



Survey results

What are the reason for not listing?

In order to find out what are the roadblocks to listing, we asked the 60% of respondents that said they hadn't listed, what drove their decision.

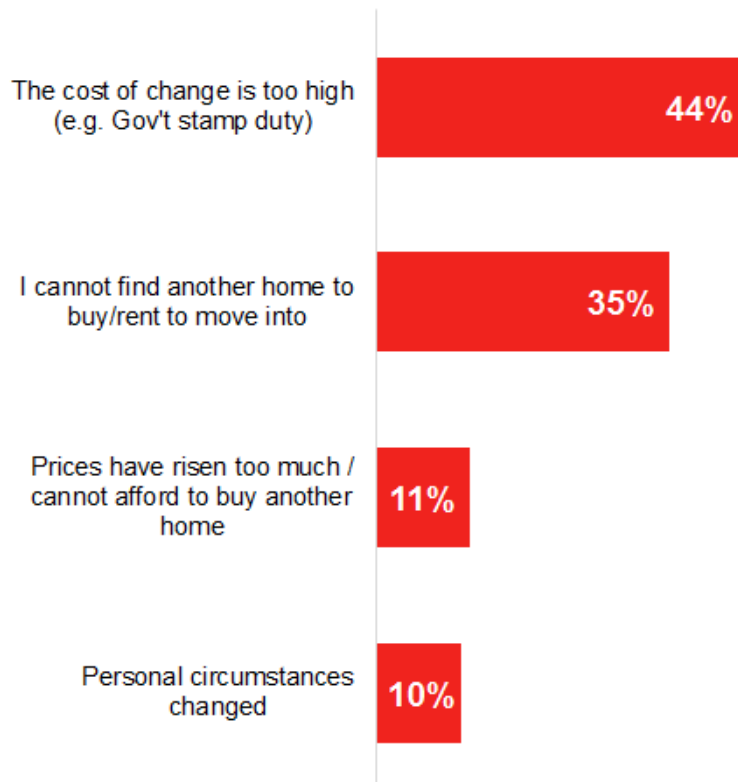
The number one reason for not listing is the cost of change. This means the transactional costs involved in selling and then buying another property are too high. The largest cost incurred here is government stamp duty which adds significant cost to purchasing another property.

- 44% stated that they did not list because the cost of change is too high.

Another major factor holding back property owners from listing is the lack of properties, new and existing, on the market for sale.

- 35% of respondents didn't list their property for sale because they could not find another property to buy or rent to move into.

What was the reason for not listing your property?

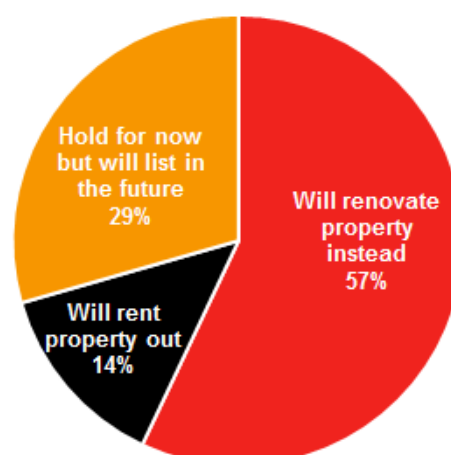


So what next?

For those that decided not to list, we then asked what they planned, or did, with their property.

- 57% said they had decided to renovate their property instead of selling.
- 29% they will hold on to the property for now and list at a later date.
- 14% indicated they would rent their property out.

What do you plan to do with your property?



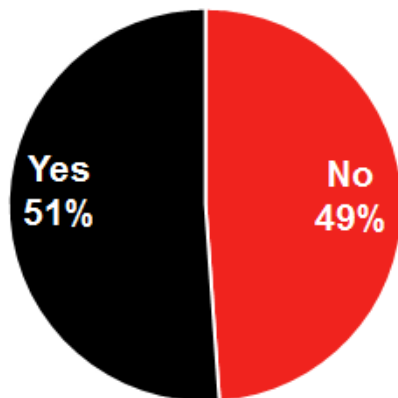
Would changing stamp duty help?

Just under half of respondents stated that transaction costs were holding them back from listing, selling and buying another property. So, we decided to ask if government stamp duty was an inhibitor to listing their property.

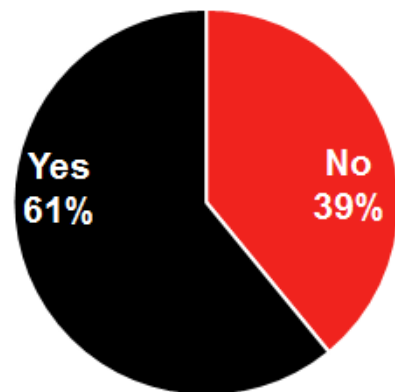
First, we asked if simply lowering stamp duty would change the home-owners mind. We found that 51% of those that didn't list, after receiving an appraisal, would do so if stamp duty was lower.

Secondly, we asked what they would do if stamp duty was abolished altogether and found that 61% of those that didn't list, after receiving an appraisal, would do so if stamp duty was abolished altogether.

Would you list if stamp duty tax was LOWER?



Would you list if stamp duty tax was ABOLISHED?



Conclusion

Existing dwellings make up the majority of homes across Australia's property markets. While increasing the supply of newly built homes is important to grow the total stock base, there needs to be incentives, options and policy in place to ensure that people who want, or need, to sell can do so easily and without costly restrictions.

Governments at all levels need to work together to ensure that tax, superannuation and planning regulations are integrated and accommodative to ensure they don't inhibit or deter the supply of new or existing properties from coming onto the market for sale. Any policy change that helps increase supply will likely have a positive impact on slowing property price growth by satisfying the demand.

If you're looking to sell, buy or rent to achieve your real estate dreams, we can connect you with your local LJ Hooker office.

Please call 1800 621 212 or visit www.ljhooker.com.au today for more information.