

ME quarterly property sentiment report.

Quarterly insights into how Australians feel about the residential property market. NINTH SURVEY, Q2 APRIL 2021

About this snapshot.

The *ME Quarterly Property Sentiment Report* provides timely insights into the sentiment of Australians towards the residential property market based on a survey of 1,000 Australian adults in the property market who do not work in the market research or public relations industries.

The survey is designed, developed and produced quarterly by industry super fund-owned bank ME with fieldwork conducted by Pure Profile.

This edition presents the findings from the ninth edition – Q2 of the 2021 calendar year, conducted in April 2021.

The report tracks changes overtime in property sentiment and in doing so, highlights the ongoing – and potentially shifting – differences between ages, locations, property status, intentions and experiences in terms of:

- overall property market sentiment
- price expectations
- impacts on future property plans
- impacts on finances, wealth, and savings behaviour
- opinion on current property trends
- affordability concerns.

For analysis, the sample is broken down into investors, owner occupiers and first home buyers in the following proportions to provide accurate results within each cohort:

570 - Owner occupied property owners

251 – Investment property owners

268 – First home buyers

The data has been weighted to be nationally representative across age, gender, and location.

For further information.

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Overall property sentiment.

Positive sentiment has fallen since last quarter, while negative sentiment has increased.

Sentiment varies by property status and property intentions.

Figure 1. Overall property sentiment

Overall, how do you feel about the property market?

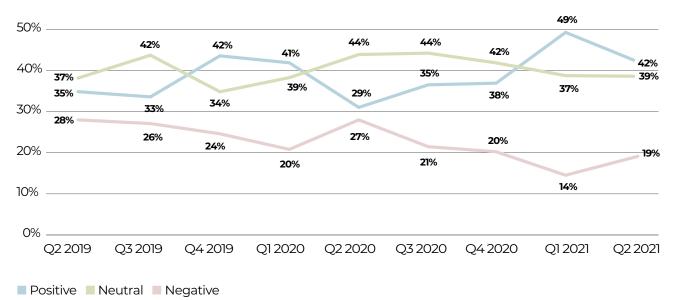


Figure 2. **Property sentiment by property status** Overall, how do you feel about the property market?

	First	Home	Buyer					
Q2 2019	27		38				35	Q2
Q3 2019	27		38				35	Q3
Q4 2019	30		37	7			33	Q4
Q1 2020	32		3	35			33	Ql2
Q22020	29			44			27	Q22
Q32020	32			41			27	Q32
Q42020	31			42			27	Q42
Q12021	27		44	4			29	Ql
Q22021	24		42	2			34	Q2
	Inve	stor						
Q2 2019	44			29			27	Q2
Q3 2019	40			34			26	Q3
Q4 2019	51				30		20	Q4
Q1 2020	45			3	17	Q12		
Q22020	34			35	30	Q22		
Q32020	37		40				23	Q32
Q42020	43			34			23	Q42
Q12021	58				1.1	33	10	QI
Q22021	52				33		16	Q2
	Owr	ner occu	pier					
Q2 2019	31		-	43			26	Q2
Q4 2019	35			44			21	Q3
Q2 2020	46			32	2		22	Q4
Q42020	46				40		14	Q12
Q2 2021	26			49			24	Q22
Q32020	36			48			16	Q3
Q42020	41			4	4		15	Q42
Q12021	58					36	6	QÌ
Q22021	49				40		11	
0	%	20%	40%	60%	6	80%	100%	6

Figure 3. **Property sentiment by property intentions** Overall, how do you feel about the property market?

	Inte	end to d	o nothii	ng				
Q2 2019	25		4	.7			28	
Q3 2019	24		Z	i9			27	
Q4 2019	32			41			27	
Q1 2020	33			47			20	
Q2 2020	21		51				28	
Q32020	27			52			21	
Q42020	31			50			19	
Q12021	42			4	46		13	
Q2 2021	37			46			17	
	Inte	end to se	ell					
Q2 2019	33		26				41	
Q3 2019	44			23			33	
Q4 2019	58				18		24	
Q1 2020	49			2	7		24	
Q2 2020	35			28			37	
Q32020	43			24			34	
Q42020	43			27			30	
Q1 2021	56				25		19	
Q2 2021	60				30		10	
	Inte	end to b	uy					
Q2 2019	53			2	23		24	
Q3 2019	51				30		19	
Q4 2019	63				22		15	
Q1 2020	52				30		18	
Q2 2020	48				32		19	
Q32020	48				33		19	
Q42020	50				32		19	
Q12021	61				25		14	
	50			2	9		22	
0	%	20%	40%	60%	6 8	0%	100)%

Positive Neutral Negative

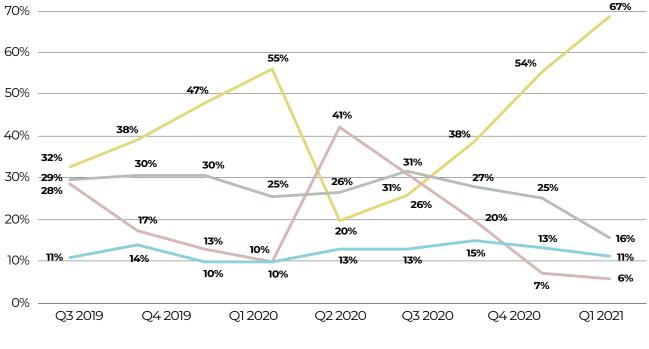
Positive Neutral Negative

House price expectations.

Overall, more people are predicting house prices to increase and less are expecting them to decline over the next 12 months; however, expectations vary based on property status and location.

Figure 4. Overall house price expectations

What do you think is likely to happen to the value of your property in the next 12 months?



Up Stay the same Not sure Down

Figure 5. House price expectations by property status What do you think is likely to happen to the value of your property in the next 12 months?

First Home Buyer

Q2 2019	38%		2	9%	4	20%	13%
Q3 2019	40%		22	2%	24	; %	14%
Q4 2019	46%		13	3%	24%	, D	17%
Q1 2020	56%			10	%	22%	12%
Q2 2020	20%		46%		2	.0%	14%
Q32020	27%		37%		18	%	17%
Q42020	31%		29%		24%)	16%
Q1 2021	51%			7%	22%		20%
Q2 2021	68%				7%	12%	13%
	Inve	estor					
Q2 2019	32%	.5001	30%		-	30%	8%
Q3 2019	37%		19%		329	6	12%
Q4 2019	48%		-	2%	3	2%	8%
Q12020	52%			12%		27%	8%
Q2 2020	21%		44%	.270		26%	9%
Q32020	26%		33%			2%	8%
Q42020	38%		19%		319		12%
Q12021	54%			8%	25	5%	12%
Q2 2021	69%				10	<mark>)%</mark> 14	-% 7%
C			•				
Q2 2019	27%	ner occu	27%		36%	4	11%
Q3 2019			14%			D	
Q4 2019	38%			20/	33%	07	14%
Q12020	48%		L	2%		%	10%
Q12020 Q22020	57%			99		25%	10%
Q2 2020 Q3 2020	19%		38%		299	%	13%
-	24%		26%		37%		13%
Q42020 012021	43%		14%		28%		15%
0	57% 67%			6%	25% 4%	17%	12%
Q2 2021							12%
0	%	20%	40%	60%	6	80%	100

Up Down Stay the same Not sure

Figure 6. House price expectations by state* What do you think is likely to happen to the

What do you think is likely to happen to the value of your property in the next 12 months?

SA Metro

	SA Metr	0					
Q2 2019	36%	21%		31%		11%	
Q3 2019	45%	5%)	36%		14%	
Q4 2019	46%	1	2%	32%		11%	
Q12020	56%		4%			9%	
Q2 2020	17%	45%	47	29		9%	
Q2 2020 Q3 2020					1%0		
-	22%	27%		30%		21%	
Q42020	41%	7%		32%		20%	
Q1 2021	53%		3%	24%		20%	
Q2 2021	58%		5	<mark>%</mark> 22%)	15%	
	WA Met	-					
Q2 2019	21%	26%		39%		14%	
Q3 2019	30%	15%		39% 46%		14%	
-							
Q4 2019	25%	28%		36%		11%	
Q1 2020	43%	14	%	30%		14%	
Q2 2020	10%	51%		25%)	14%	
Q3 2020	19%	38%		33%		11%	
Q42020	31%	21%		29%		19%	
Q1 2021	54%		119	6 23	%	12%	
Q2 2021	63%			4% 2	23%	10%	
J.							
	QLD Me	tro					
Q2 2019	36%	249	%	31%	,)	10%	
Q3 2019	44%	1	5%	22%		19%	
Q4 2019	57%		8	3% 24	4%	10%	
Q1 2020	57%		c	2	5%	9%	
Q2 2020	19%	38%		27%		15%	
Q3 2020	29%	34%			3%	8%	
Q42020	44%		, 19%	27		11%	
Q12021	54%		7%			15%	
Q12021 Q22021	63%		770		1%	13%	
QZ 2021	0570			J/0 Z	.170	1370	
	VIC Met	ro					
Q2 2019	33%	30	5%		25%	7%	
Q3 2019	38%	18%		27%		17%	
Q4 2019	57%		6	% 27	%	10%	
012020	67%			7%	17%	8%	
Q2 2020	20%	40%		27%		13%	
Q3 2020	25%						
		35%	/	309		10%	
Q42020	33%	27%		28		11%	
Q1 2021	53%		8%	24%		14%	
Q2 2021	72%			6%	11%	11%	
	NSW M	etro					
Q2 2019	24%	41%		2	5%	9%	
Q3 2019	32%	22%		33%		13%	
Q4 2019		2270		15%	220/		
-	57%				22%	6%	
Q1 2020	56%		1		3%	10%	
Q2 2020	24%	38%		25%	6	13%	
Q3 2020	27%	32%		29%		13%	
Q4 2020	35%	25%		28%	,)	13%	
Q1 2021	47%		9%	30%		13%	
Q2 2021	72%			6%	14%	8%	
-		/ / 00/	60)/ O	<u>0</u> 0/	100	~
C	0% 20%	% 40%	60	70 8	0%	100	Ľ
	D =	Charles					
Up	Down	Stay the sa	me	INOT :	sure		

Property intentions.

ME asked people in the property market what their property plans are over the next 12 months and found overall most people are planning to hold. Intentions vary by age, income and property status.

Figure 7. Overall property plans

What are your property plans in the next 12 months?

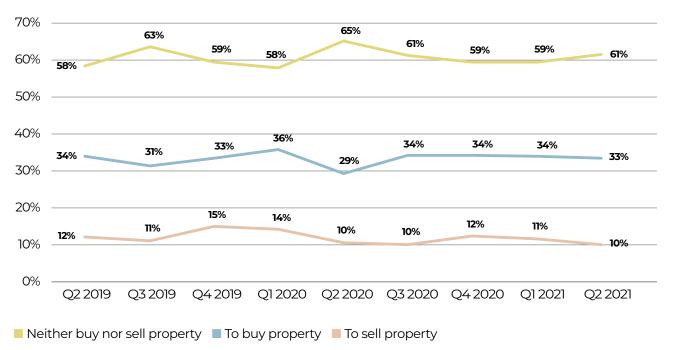


Figure 8. **Property plans by property status** What are your property plans in the next 12 months?

	First	t Home	Buyer				
Q2 2019	38%		1%			61%	
Q3 2019	42%		2%			56%	
Q4 2019	46%		2%			53%	
Q1 2020	51%			3%		48%	
Q2 2020	42%		1%			57%	
Q3 2020	51%					49%	
Q42020	53%			3%		45%	
Q1 2021	43%		4%			55%	
Q2 2021	52%		19	%		47%	
	Inve	stor					
Q2 2019	44%			23%		39%	
Q3 2019	44%		2	7%		42%	
Q4 2019	37%		29%			48%	
Q1 2020	51%		5	%		51%	
Q2 2020	17%		17	%		17%	
Q3 2020	39%		39	9%		39%	
Q42020	35%		24%			49%	
Q1 2021	37%		20%			50%	
Q2 2021	40%		23%			46%	
	•		•				
02 2010		ner occu	ipier				
Q2 2019	22%	11%				71%	
Q3 2019	24%	13%				71%	
Q4 2019	28%		7%			63%	
Q12020	27%	159	6			67%	
Q2 2020	18%	8%				78%	
Q3 2020	22%	10%				74%	
Q42020	22%	13%				72%	
Q12021	26%	12%				68%	
Q2 2021	21%	11%				74%	
C	0%	20%	40%	60%	80%	100	1%

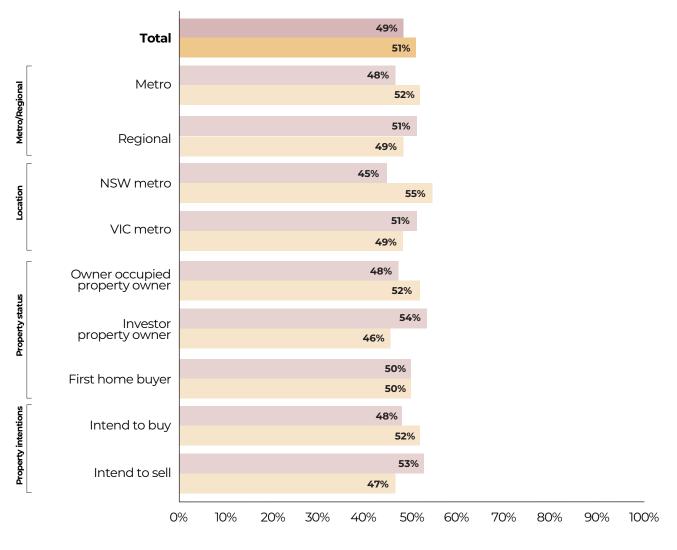
To buy property
To sell property
Neither buy or sell property

Two speed market.

ME asked those who are planning to buy or sell how quickly they would like to action their plans. Slightly more (51%) said they are 'not in a rush' versus 49% who want to buy or sell as 'soon as possible'.

Figure 9. Timing of property transactions*

Timing of property transactions



As soon as possible

Not in a rush

Effect on finances.

Changes in house prices influenced respondents' financial situation in a variety of ways, both positive and negative.

Figure 10. Overall effect on finances*

What impact have recent property price movements in your area had on these aspects of your financial situation?

Sav	ings behaviour		
21%	Q3 2019	38%	net positive 17%
20%	Q4 2019	37%	net positive 17%
18%	Q1 2020	36% net p	positive 18%
20%	02 2020	25% pet posit	ivo 5%

20%	Q2 2020	25% net positive 5%
18%	Q3 2020	38% net positive 20%
19%	Q4 2020	24% net positive 5%
15%	Q1 2021	41% net positive 26%
15%	Q2 2021	39% net positive 24%

Debt situation

22%	Q3 2019	26% net positive 4%
20%	Q4 2019	29% net positive 9%
20%	Q1 2020	24% net positive 4%
19%	Q2 2020	20% net positive 1%
20%	Q3 2020	22% net positive 2%
19%	Q4 2020	24% net positive 5%
16%	Q1 2021	28% net positive 12%
16%	Q2 2021	26% net positive 10%

Willingness to spend on discretionary items like entertainment or eating out

net negative 11%	32%	Q3 2019	21%
net negative 3	28%	Q4 2019	25%
net negative 8	% 28%	Q1 2020	20%
net negative 17%	34%	Q2 2020	17%
net negative 13%	31%	Q3 2020	18%
net negative 12%	30%	Q4 2020	18%
net negative	4% 26%	Q1 2021	22%
net negative	5% 26%	Q2 2021	21%

General financial confidence

		2	3%	Q2 2021			35%	6 net	t positi	ve 12	%
			20%	Q1 2021			34%	net	positiv	/e 14 %	6
net negative	1%	27%	ć	Q4 2020	26	%					
net negative 3	%	28%)	Q3 2020	25%	ò					
net negative 10%	319	6		Q2 2020	21%						
		2	4%	Q1 2020			32%	net p	ositive	8%	
		27%	ó	Q4 2019			33%	net	positiv	e 6%	
net negative 5%	319	6		Q3 2019	26	%					

net negative 4% 28	28% Q3 2019 24%			
	22%	Q4 2019		31% net positive 9%
	21%	Q1 2020		30% net positive 9%
net negative 4%	25%	Q2 2020	21%	
net negative 1%	23%	Q3 2020	22%	
net negative 4%	25%	Q4 2020	21%	
	18%	Q1 2021		31% net positive 13%
	20%	Q2 2021		34% net positive 14%

Negative Positive

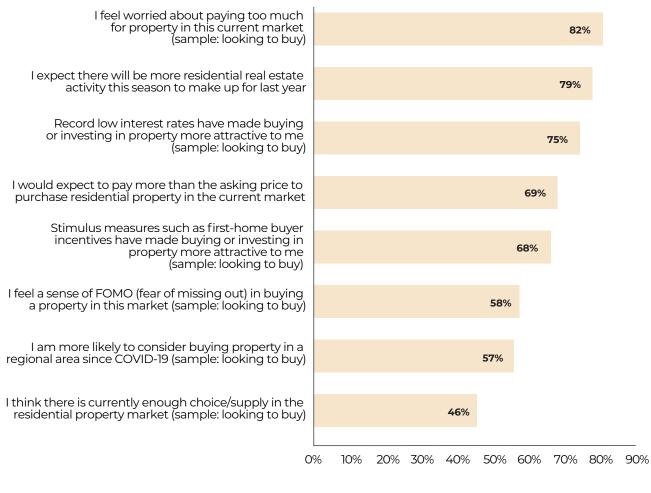
^{*} Respondents had the choice of answering positive, negative or neutral. We have removed neutral responses from the chart for the sake of simplicity.

Opinion on current property market trends.

Events such as the COVID-19 pandemic and economic downturn together with reduced rates, and higher prices have influenced sentiment in the real estate market.

Figure 11. Views on market trends

Do you agree or disagree with the following statements:



Agree

Affordability.

Housing affordability remains a key concern, likely heightened by recent property prices rises.

Figure 12. Housing affordability

Do you agree or disagree with the following statement: Housing affordability is a big issue in Australia.

