



ME quarterly property sentiment report.

Quarterly insights into how Australians feel about the residential property market.

FOURTH SURVEY, Q1 2020

-
- More people plan to transact in the property market, especially first home buyers, whose home-buying intentions have soared
 - Overall, more people feel positive about the property market
 - Over half predict property prices to rise over the next 12 months, compared to less than a third 12 months ago
 - Recent property price movements have seen most areas of personal finances improve, except willingness to spend, which dropped further into negative territory
 - Perceived worry about tight credit policies, negative equity, being forced to switch to interest only repayments and the value of property falling has eased significantly to the lowest point since the survey started in Q2 2019
 - Concern about the amount of choice in the property market, and affordability is evident among first home buyers, suggesting the supply of property and increasing prices may be affecting this cohort

Overall property sentiment

Overall, ME's Quarterly Property Sentiment Report shows a net improvement in property market sentiment. Sentiment varies by age, property status and property intentions.

Figure 1. **Overall property sentiment**

Overall, how do you feel about the property market?

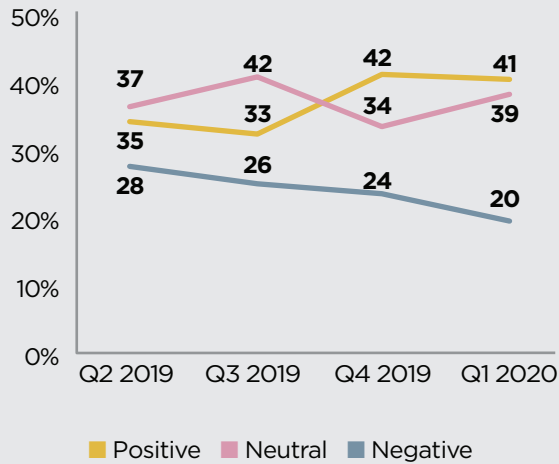


Figure 2. **Property sentiment by age**

Overall, how do you feel about the property market?

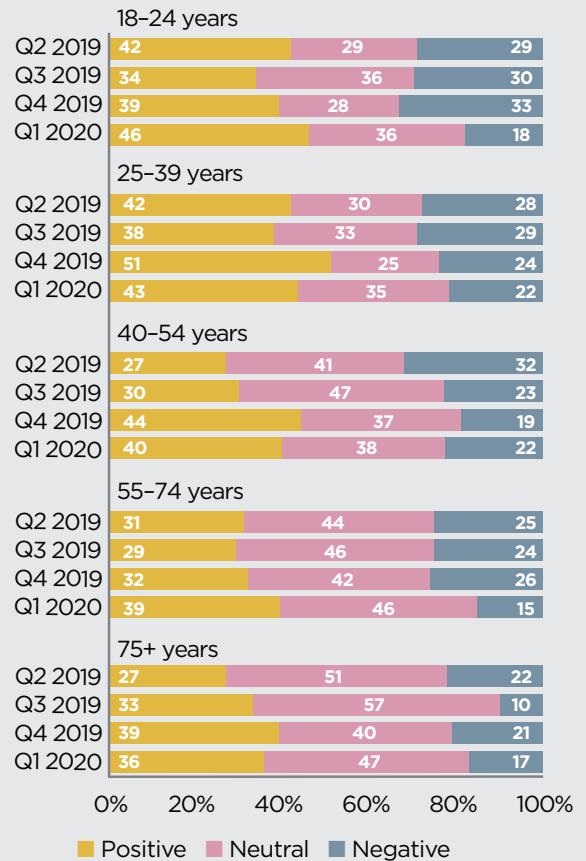


Figure 3. **Property sentiment by property status**
Overall, how do you feel about the property market?

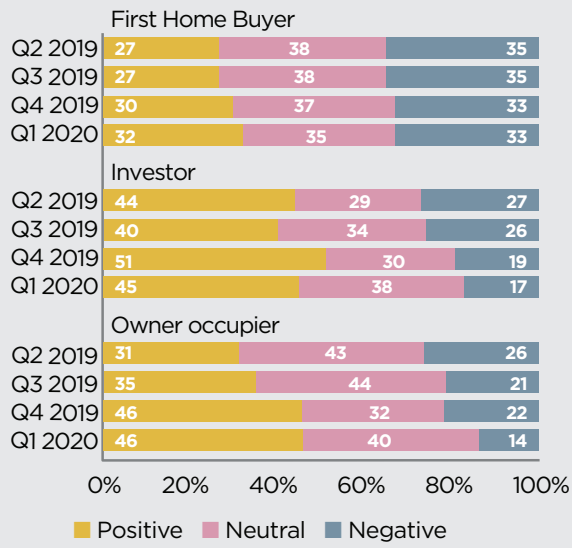
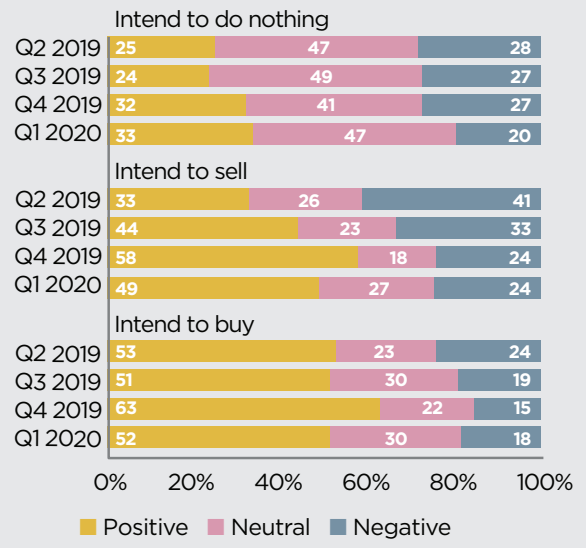


Figure 4. **Property sentiment by property intentions**
Overall, how do you feel about the property market?



House price expectations

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

Figure 5. **Overall house price expectations**
What do you think is likely to happen to the value of your property in the next 12 months?

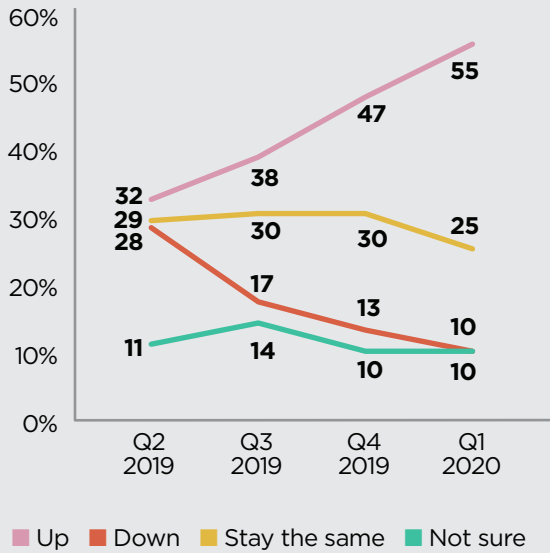


Figure 6. **House price expectations by property status**
What do you think is likely to happen to the value of your property in the next 12 months?

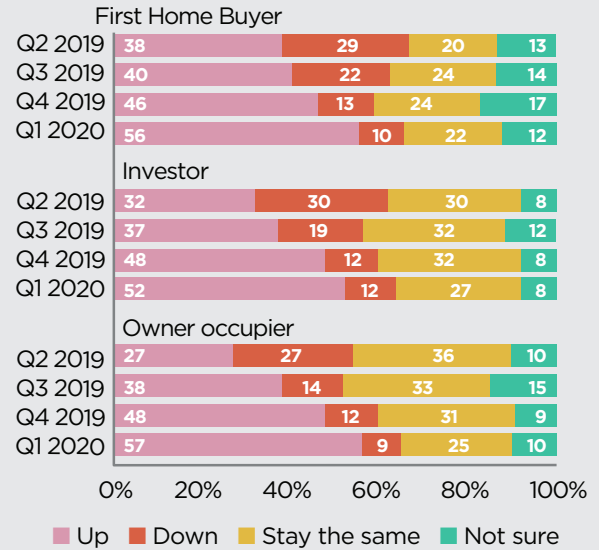
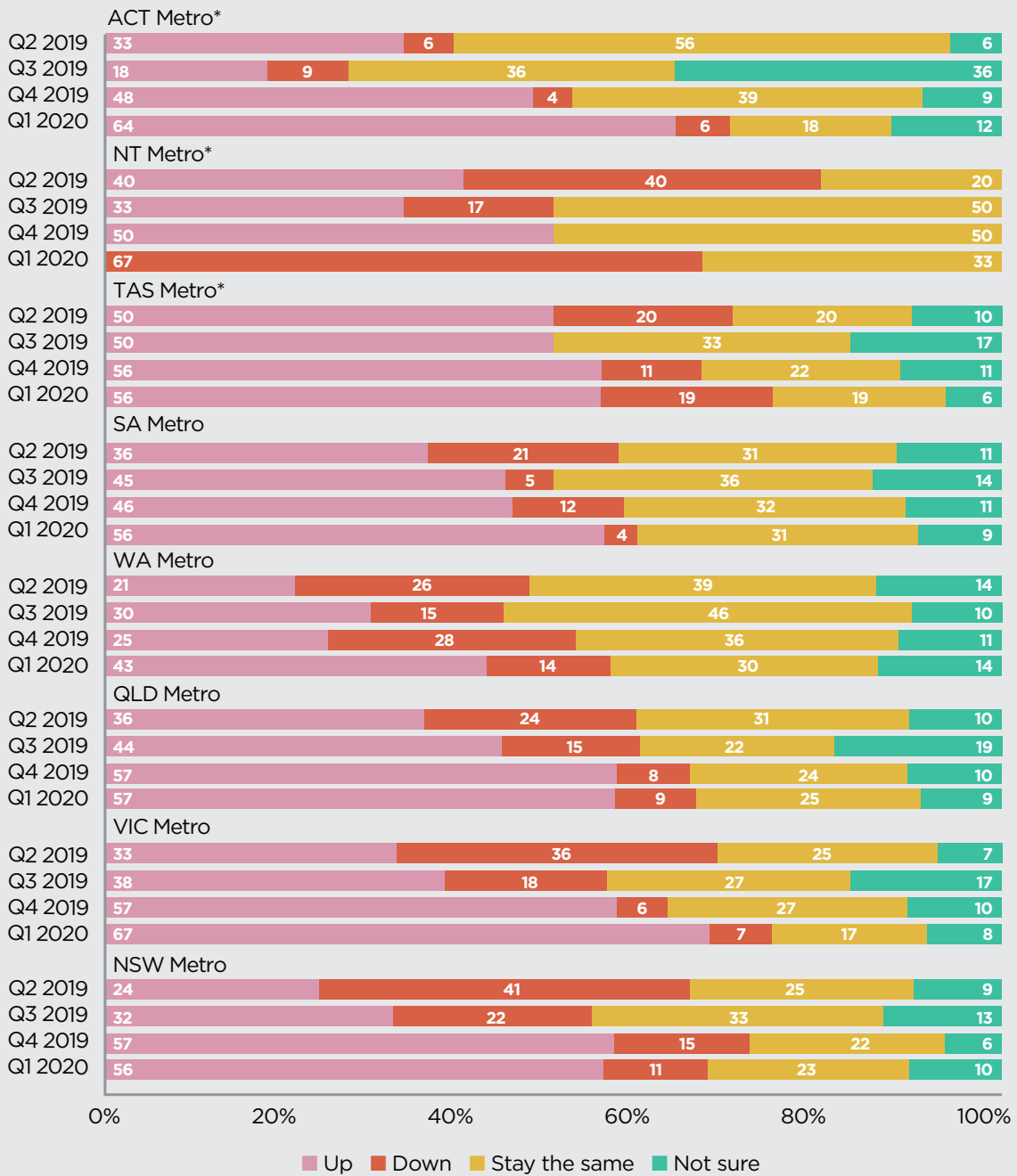


Figure 7. **House price expectations by state**

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



* Please note sample size for this state may impact statistical significance of this specific figure'

Property intentions

ME asked people in the property market what their property plans are over the next 12 months and found more people plan to transact in the market. Intentions vary by age group, income and property status.

Figure 8. **Overall property plans**
What are your property plans in the next 12 months?

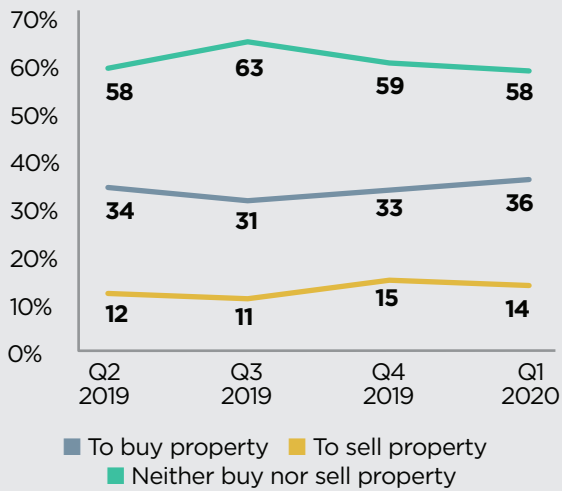
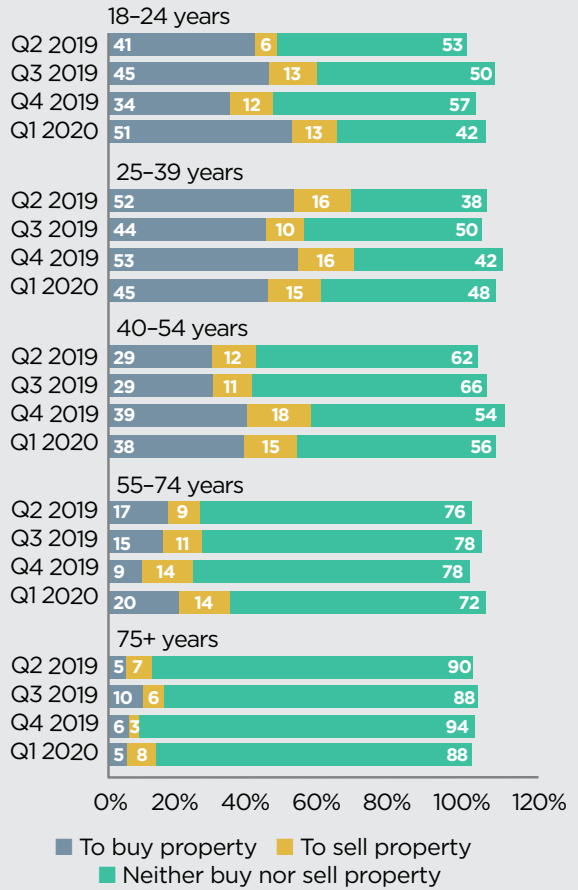


Figure 9. **Property plans by age**
What are your property plans in the next 12 months?



0% 20% 40% 60% 80% 100% 120%

■ To buy property ■ To sell property ■ Neither buy nor sell property

Figure 10. **Property plans by income**
What are your property plans in the next 12 months?

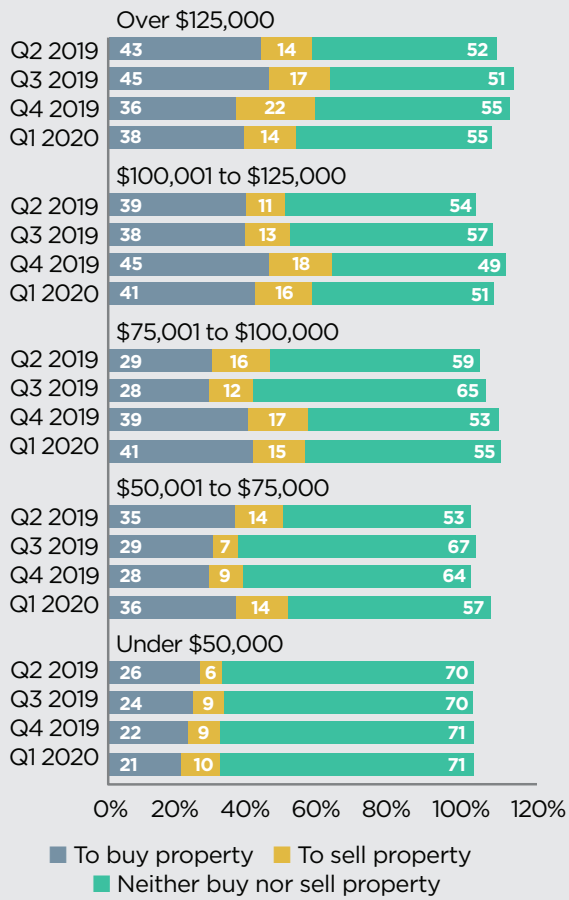
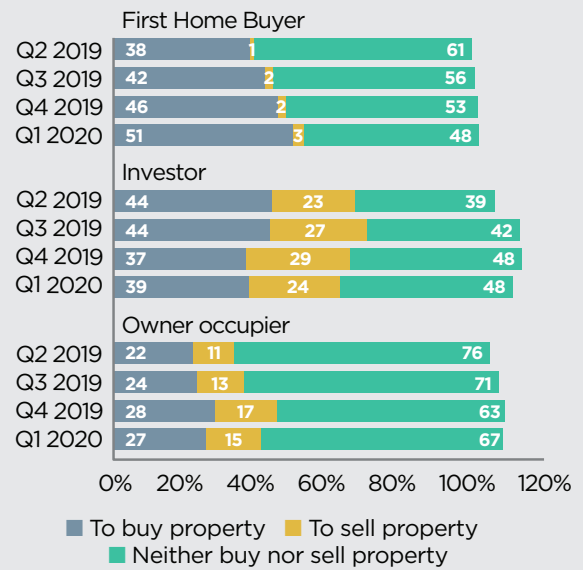


Figure 11. **Property plans by property status**
What are your property plans in the next 12 months?



0% 20% 40% 60% 80% 100% 120%

■ To buy property ■ To sell property ■ Neither buy nor sell property

Effect on finances

Across household finances, changes in house prices have seen most aspects of respondents' financial situation improve, except willingness to spend which dropped further into negative territory.

Figure 12. **Overall effect on finances***

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

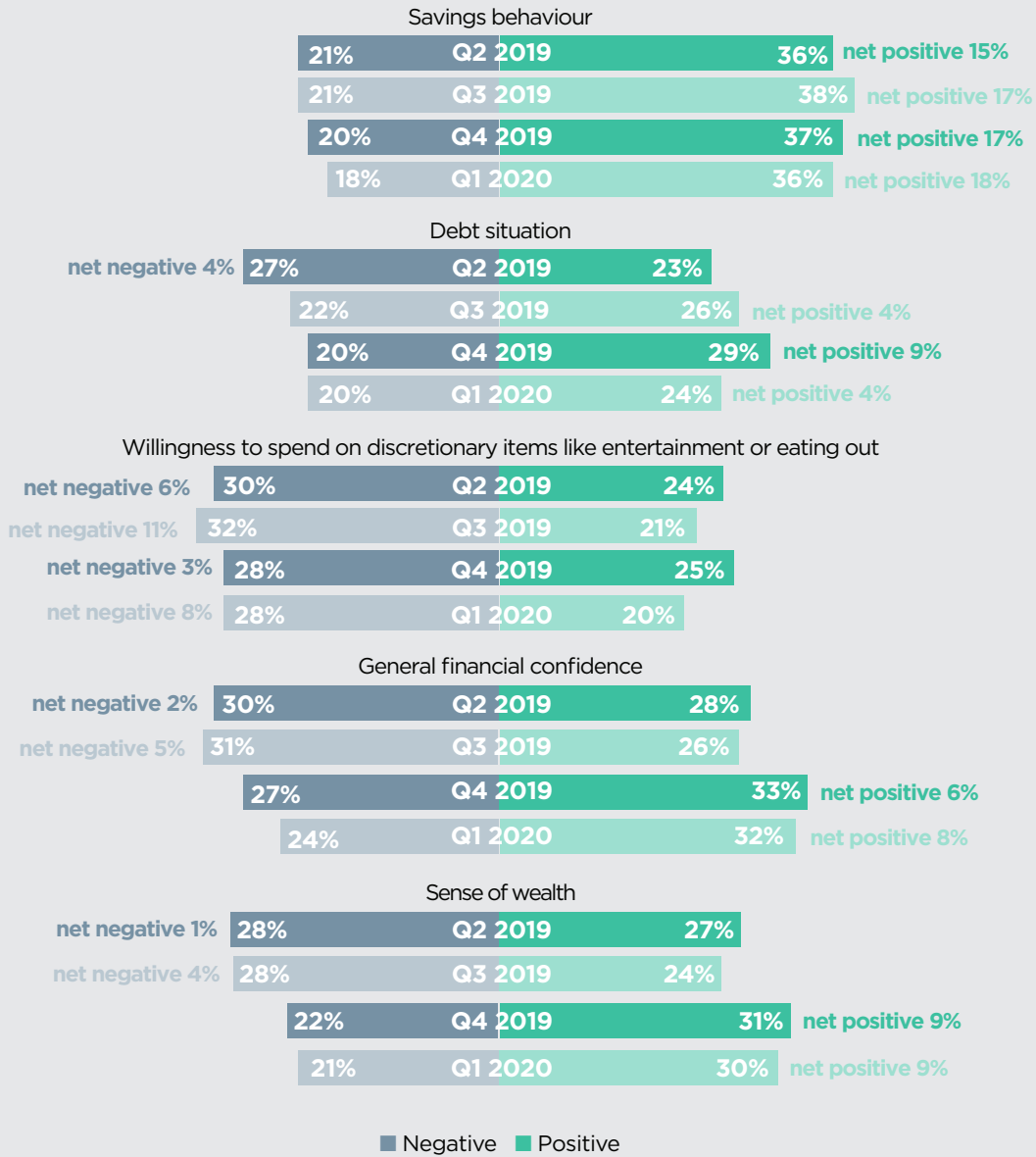


Figure 13. **Sense of wealth by property status***
What impact have recent property price movements in your area had on this aspect of your financial situation?

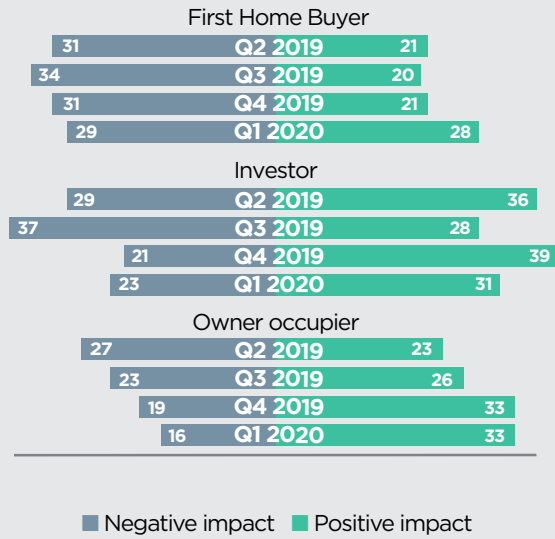


Figure 15. **Willingness to spend on discretionary items by property status***
What impact have recent property price movements in your area had on this aspect of your financial situation?

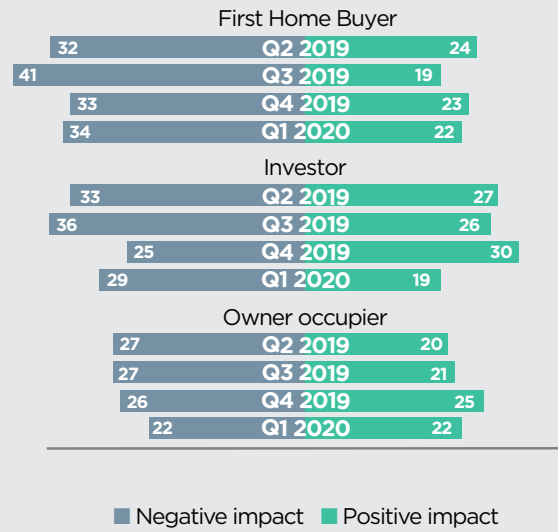


Figure 14. **General financial confidence by property status***
What impact have recent property price movements in your area had on this aspect of your financial situation?

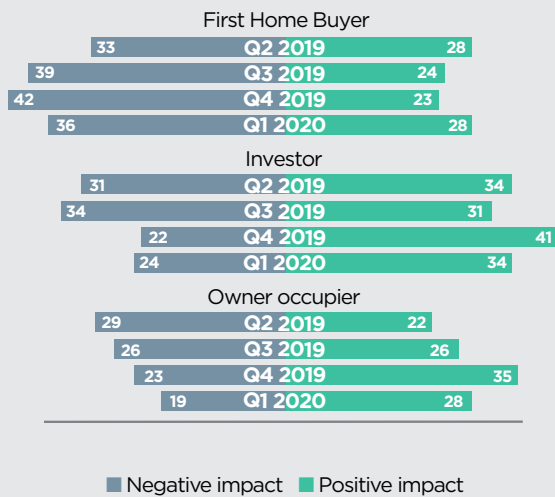
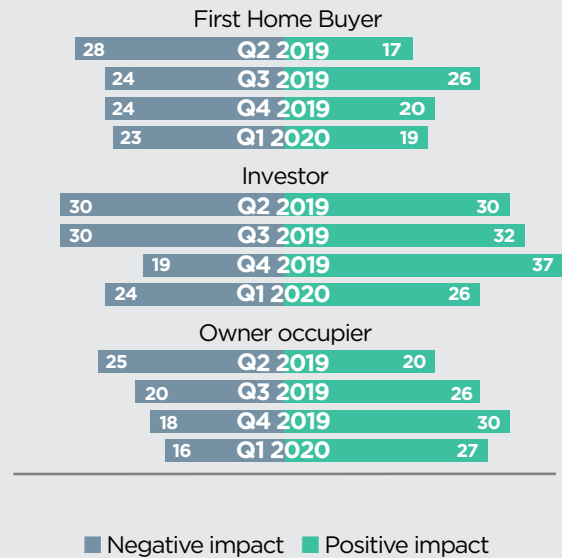
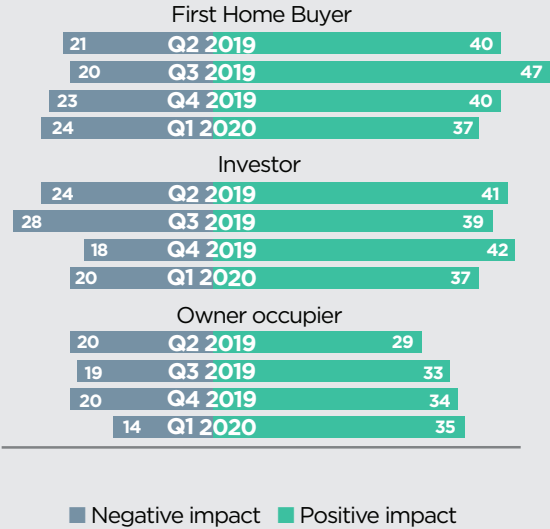


Figure 16. **Debt situation by property status***
What impact have recent property price movements in your area had on this aspect of your financial situation?



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

Figure 17. **Savings behaviour by property status***
What impact have recent property price movements in your area had on this aspect of your financial situation?



Perceived worries and opportunities

Perceived worries have all reduced significantly over the last quarter, hitting the lowest point recorded by this survey.

Figure 18. **Overall worries and opportunities for property owners**
Do you agree or disagree with the following statements?

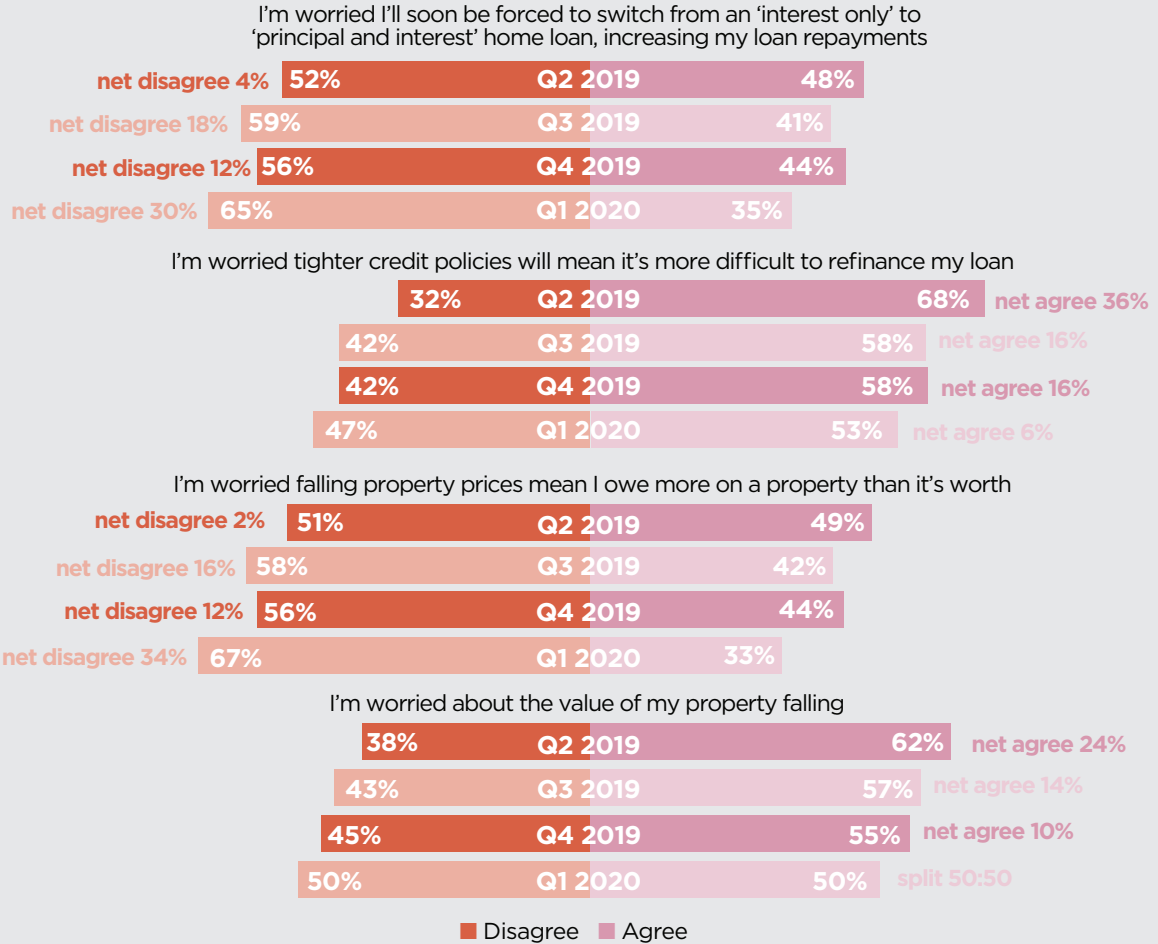


Figure 19. **I'm worried about the value of my property falling by property status**
Do you agree or disagree?

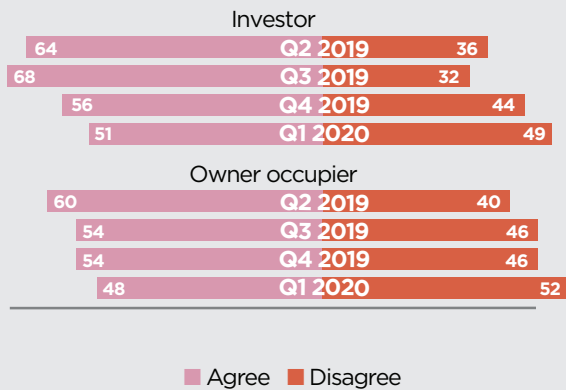


Figure 23. **I'm worried about property becoming unaffordable by property status**
Do you agree or disagree?

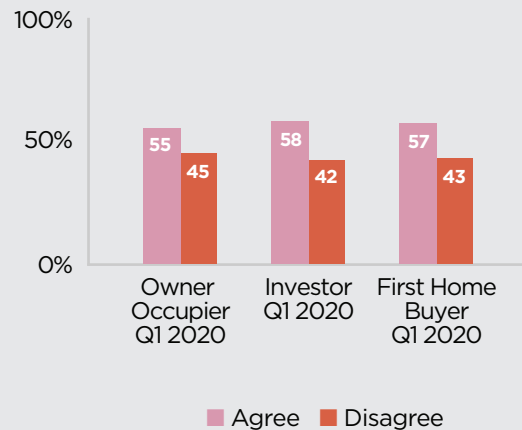


Figure 20. **I'm worried I will owe more on a property than it's worth, by property status**
Do you agree or disagree?

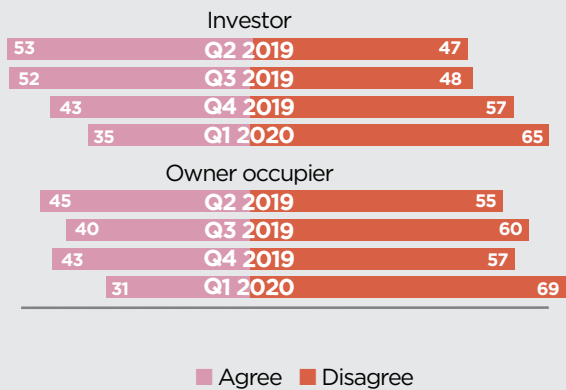


Figure 22. **I'm worried I'll soon be forced to switch from an 'interest only' to 'principle and interest' home loan, increasing my loan repayments, by property status**
Do you agree or disagree?

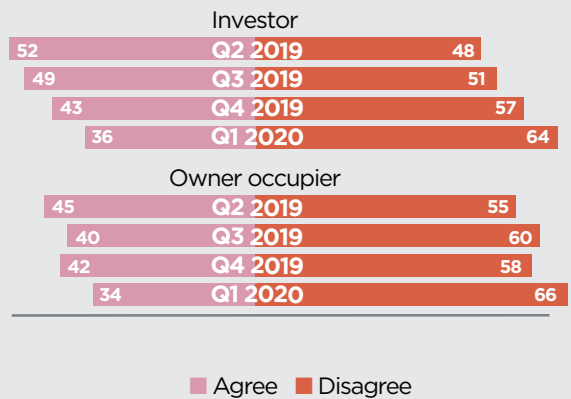
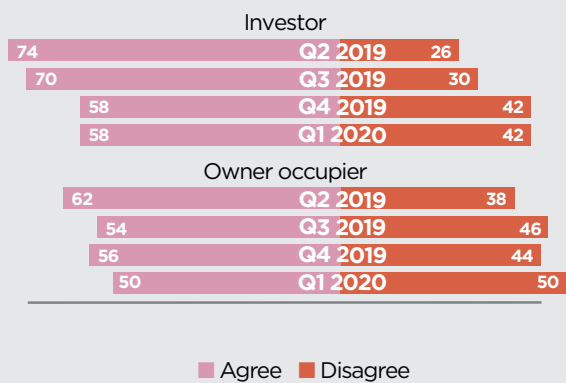


Figure 21. **I'm worried tight credit policies will mean it's more difficult to refinance my loan, by property status**
Do you agree or disagree?



Affordability

Figure 24. **Housing affordability is a big issue in Australia**

Do you agree or disagree?

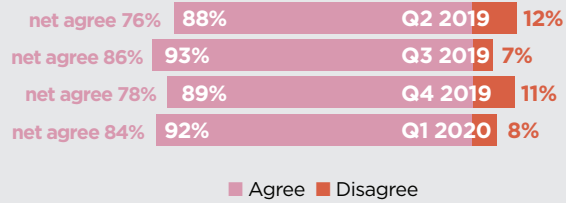
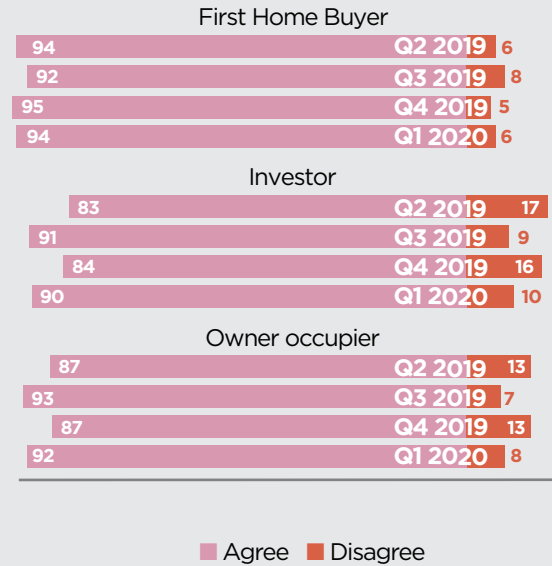


Figure 25. **Housing affordability is a big issue in Australia by property status**

Do you agree or disagree?



Choice in the property market

Figure 26. **There is currently enough choice in the property market**
Do you agree or disagree?

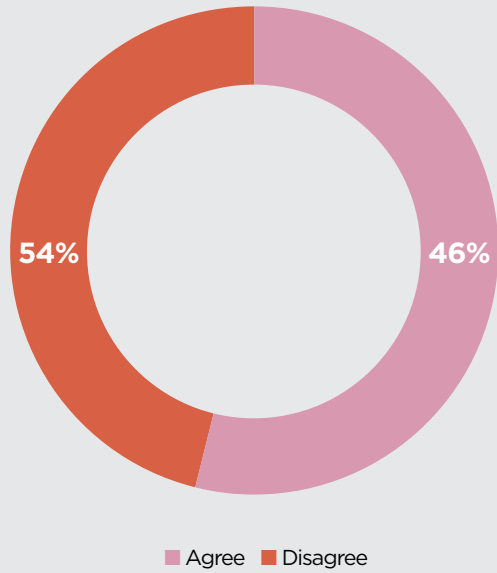


Figure 27. **There is currently enough choice in the property market, by property status**
Do you agree or disagree?

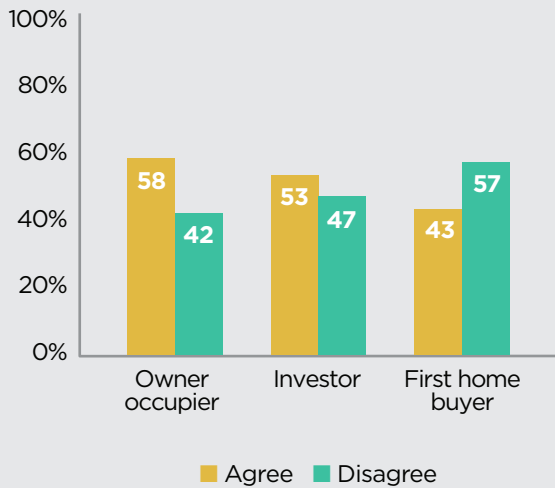
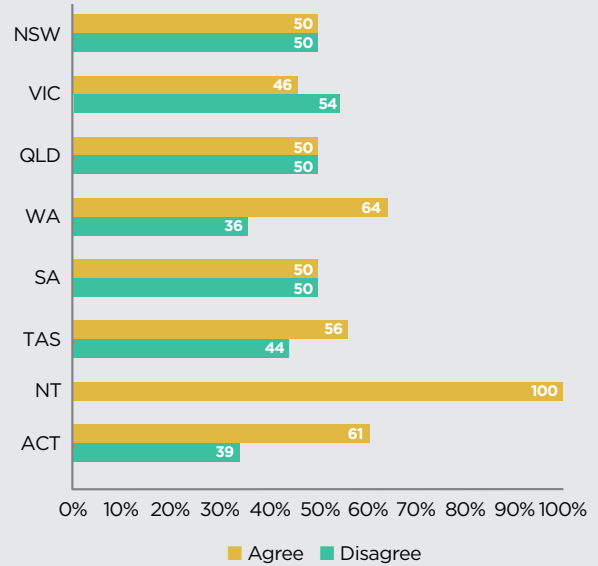


Figure 28. **There is currently enough choice in the property market, by location**
Do you agree or disagree?



* Please note sample size for this state may impact statistical significance of this specific figure

About this report

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 fourth edition – Q1 of the 2020 calendar year, conducted at the start of January 2020.

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:

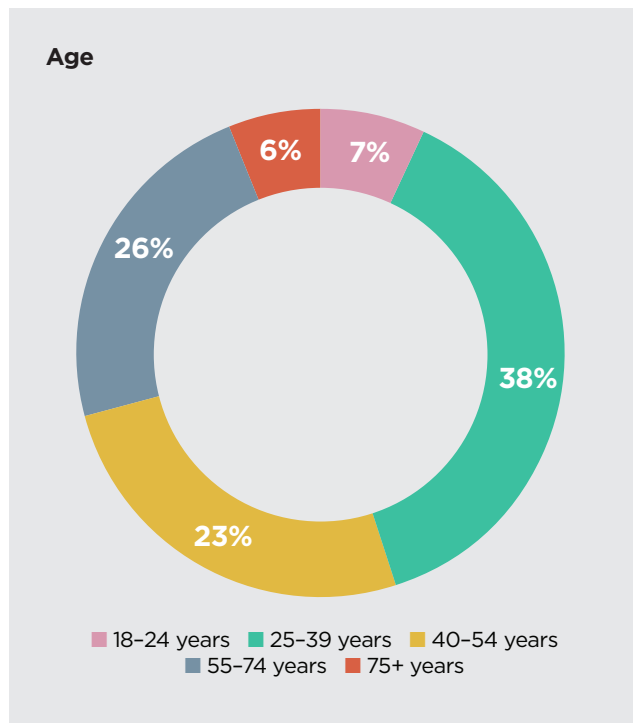
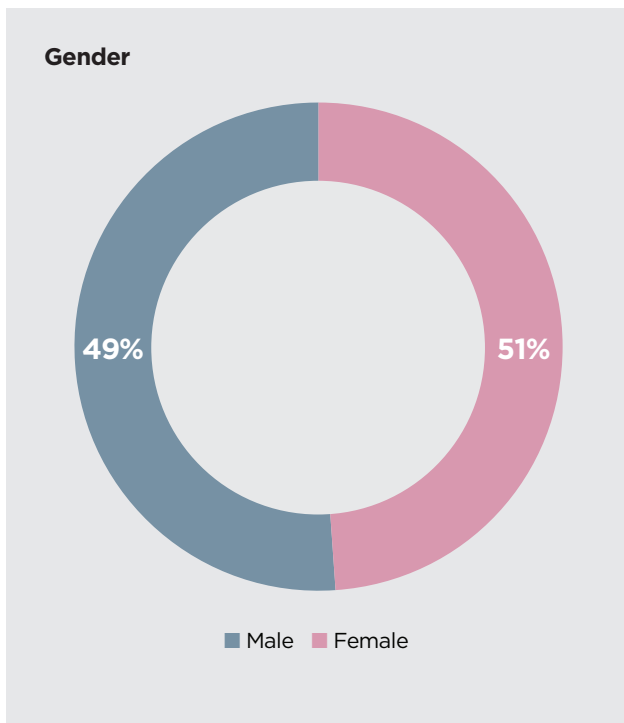
- overall property market sentiment
- price expectations
- impacts on future property plans
- impacts on finances, wealth, and savings behaviour
- perceived worries and opportunities

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:

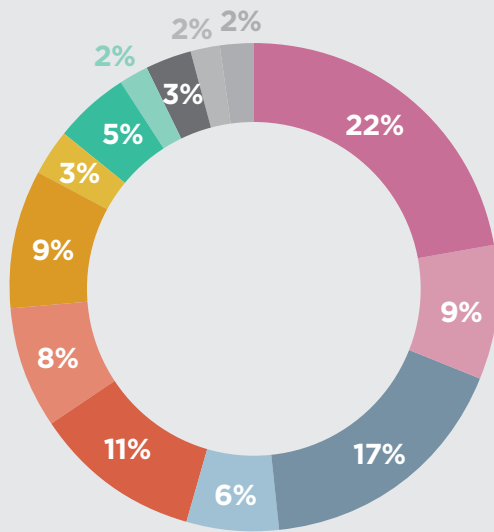
- 450 – Owner occupied property owners
- 350 – Investment property owners
- 200 – First home buyers

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

Breakdown of survey respondents by gender, age, location, and income

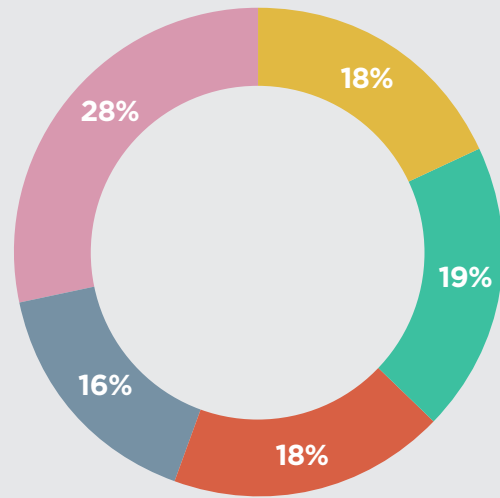


Location



NSW metro NSW regional VIC metro
 VIC regional QLD metro QLD regional
 WA metro WA regional SA metro
 SA regional ACT TAS metro
 TAS regional NT metro

Personal income before tax



Under \$50,000 \$50,001-\$75,000
 \$75,001-\$100,000 \$100,001-\$125,000
 Over \$125,000

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