



## **ME quarterly property sentiment report.**

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

SECOND SURVEY Q3 2019

- 
- Overall, people feel increasingly neutral about the property market
  - House price expectations become more positive
  - Affordability and tighter credit policies still top the list of worries, while other perceived worries ease in severity
  - More people sit on the fence, and don't intend to buy or sell over the next 12 months

## Overall, property sentiment remains stable

Overall, ME's Quarterly Property Sentiment Report shows property market sentiment has remained stable, with respondents still feeling net positive about the market. Sentiment varies by age, property status and property intent.

Figure 1. **Overall property sentiment**

Overall, how do you feel about the property market?

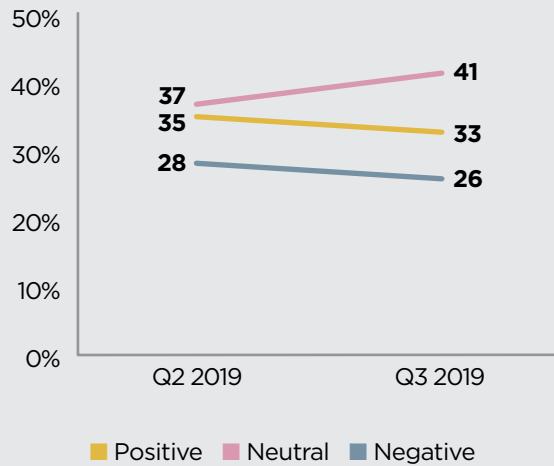
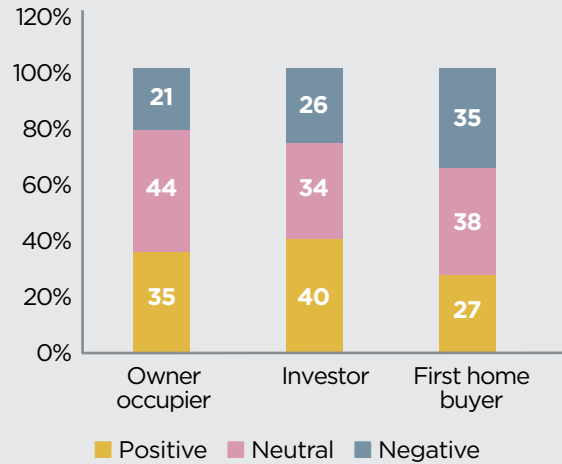


Figure 3. **Property sentiment by property status**

Overall, how do you feel about the property market?

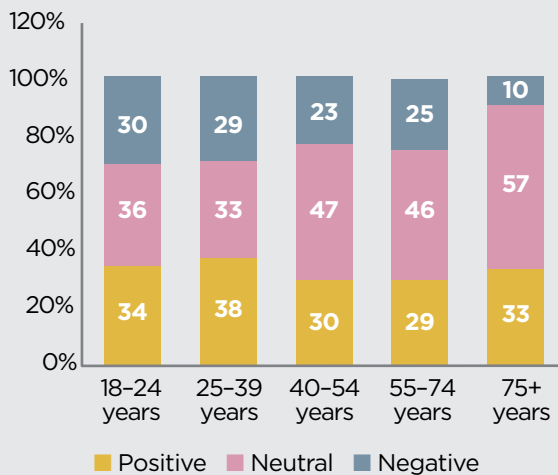


**Compared to Q2:**

OO - more feeling positive (31% positive in Q2)  
 Inv. - less feeling positive (44% positive in Q2)  
 FHB - largely unchanged

Figure 2. **Property sentiment by age**

Overall, how do you feel about the property market?

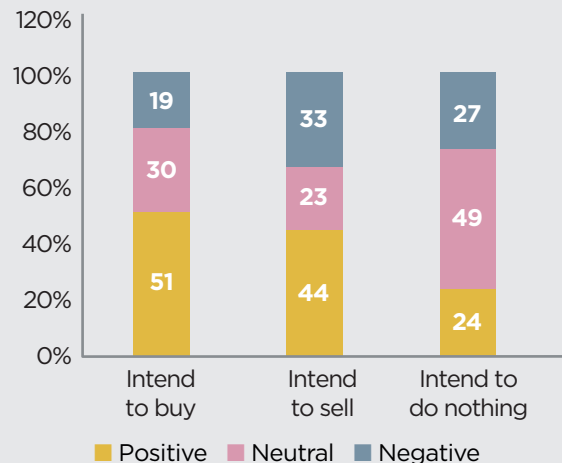


**Compared to Q2:**

18 to 24 years - less feeling positive (42% positive in Q2)  
 25 to 39 years - less feeling positive (42% positive in Q2)  
 40 to 54 years - less feeling negative (32% negative in Q2)  
 55 to 74 years - largely unchanged  
 75 + years - less feeling negative (22% negative in Q2)

Figure 4. **Property sentiment by property intentions**

Overall, how do you feel about the property market?



**Compared to Q2:**

Intend to buy - more feeling neutral (23% neutral in Q2)  
 Intend to sell - more feeling positive (33% positive in Q2)  
 Intend to do nothing - largely unchanged

## House price expectations become more positive

Overall, fewer respondents are predicting house price drops 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?

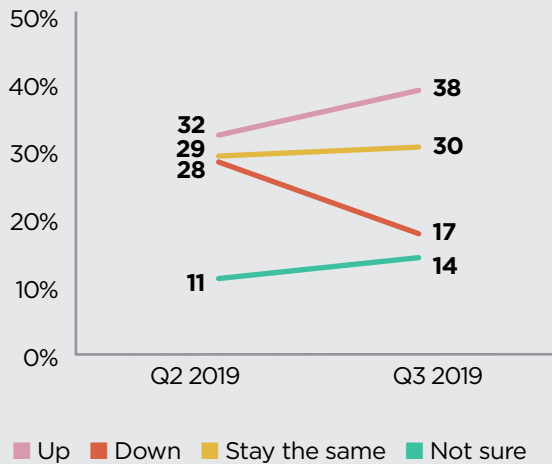
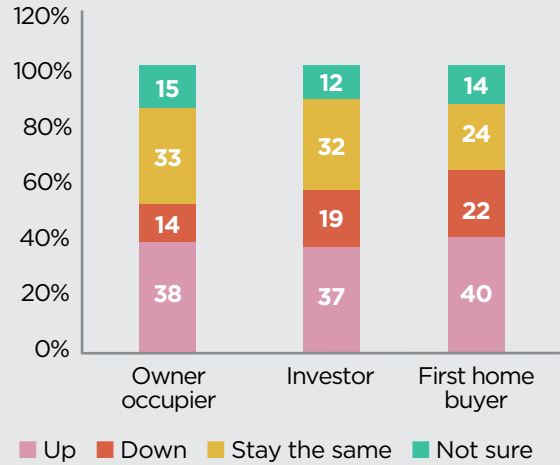


Figure 6. **House price expectations by property status**  
What do you think is likely to happen to the value of your property in the next 12 months?



**Compared to Q2:**

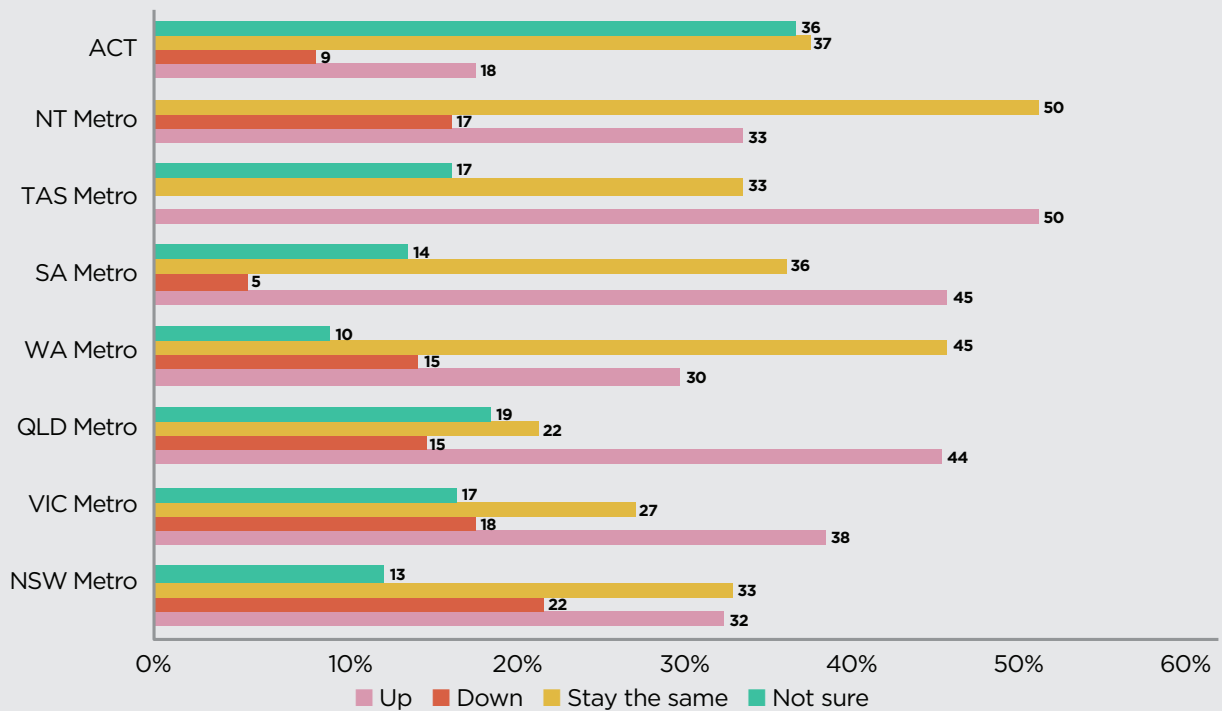
OO - biggest positive shift in predictions (27% 'up' in Q2 and 27% 'down' in Q2)

Inv. - second biggest positive shift in predictions (32% 'up' in Q2 and 30% 'down' in Q2)

FHB - fewer are predicting price drops (29% 'down' in Q2) but relatively same amount predicting up (38% 'up' in Q2)

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?



Across all states and territories except ACT, fewer people are predicting price falls, and in some locations, more are predicting price rises. Q2 figures below:

ACT - 32% predicted prices would go up,  
6% predicted prices would go down

NT - 40% predicted prices would go up,  
40% predicted prices would go down

TAS - 50% predicted prices would go up,  
20% predicted prices would go down

SA - 36% predicted prices would go up,  
21% predicted prices would go down

WA - 21% predicted prices would go up,  
26% predicted prices would go down

QLD - 36% predicted prices would go up,  
24% predicted prices would go down

VIC - 33% predicted prices would go up,  
36% predicted prices would go down

NSW - 24% predicted prices would go up,  
41% predicted prices would go down

## Property intentions

ME asked respondents in the property market what their property plans are over the next 12 months; compared to April 2019, more respondents now plan to do nothing.

Figure 8. **Overall property plans**

What are your property plans in the next 12 months?

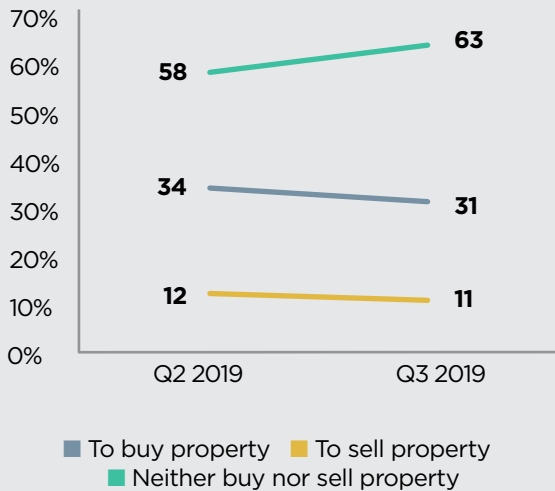
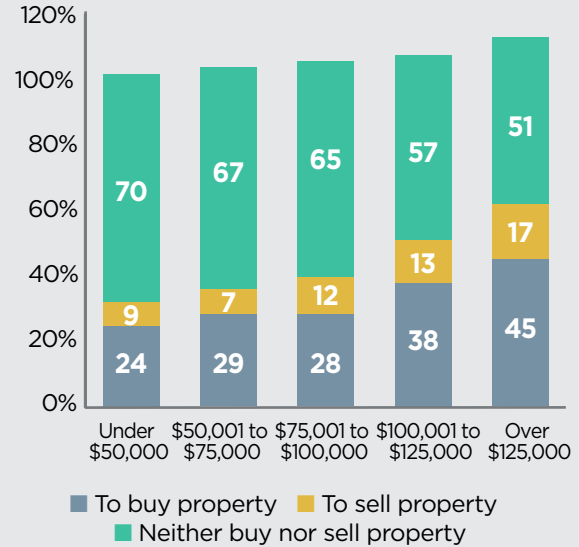


Figure 10. **Property plans by income**

What are your property plans in the next 12 months?



### Compared to Q2:

Under 50K - less intend to buy and more intend to sell (26% intended to buy property and 6% intended to sell property in Q2)

50K to 75K - more intend to do nothing (53% intended to do nothing in Q2)

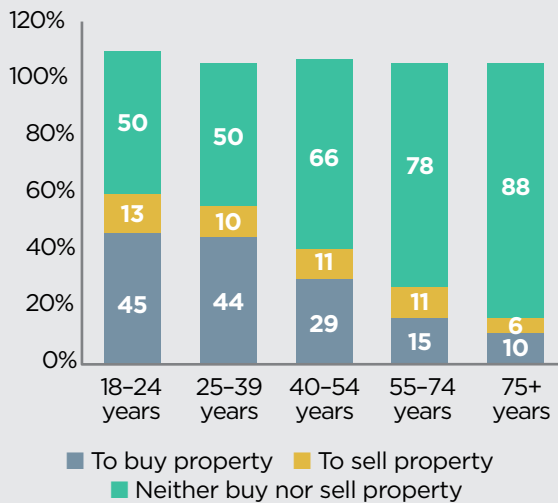
75K to 100K - more intend to do nothing (59% intended to do nothing in Q2)

100K to 125K - more intend to do nothing (54% intended to do nothing in Q2)

Over 125K - more intend to buy and more intend to sell (43% intended to buy property and 14% intended to sell property in Q2)

Figure 9. **Property plans by age**

What are your property plans in the next 12 months?



### Compared to Q2:

18 to 24 years - more intend to sell (6% intended to sell property in Q2)

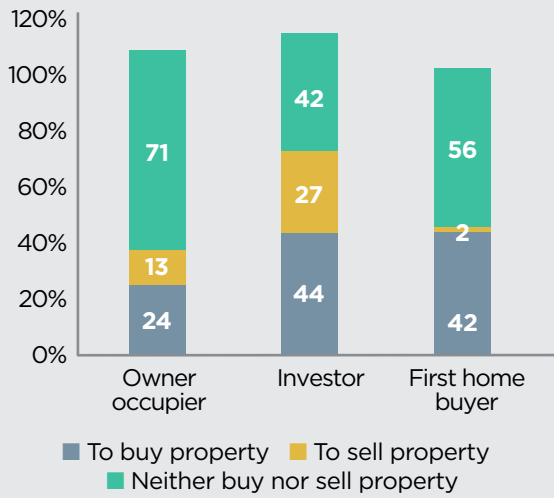
25 to 39 years - more intend to do nothing (38% intended to do nothing in Q2)

40 to 54 years - more intend to do nothing (62% intended to do nothing in Q2)

55 to 74 years - largely unchanged

75 + years - more intend to buy (5% intended to buy property in Q2)

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



**Compared to Q2:**

OO - a few more intend to buy and sell (22% intended to buy property and 11% intended to sell in Q2)

Inv. - more intend to sell or do nothing (23% intended to sell and 39% intended to do nothing in Q2)

FHB - more intend to buy (38% intended to buy property in Q2)

## Effect on finances

Across household finances, changes in house prices are having negative and positive effects.

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

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

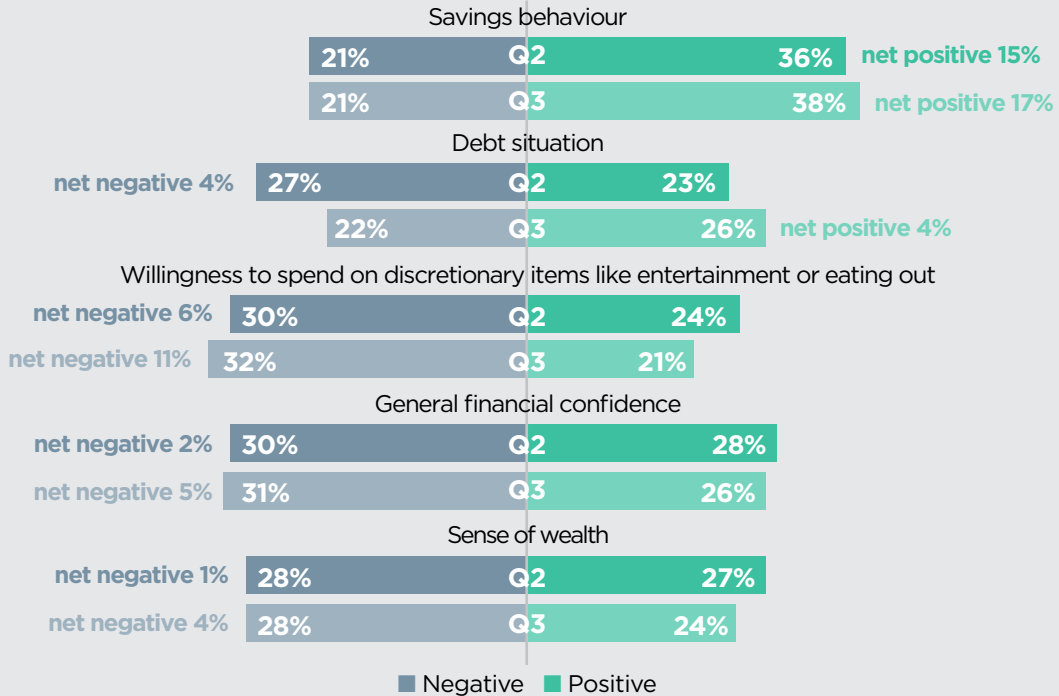
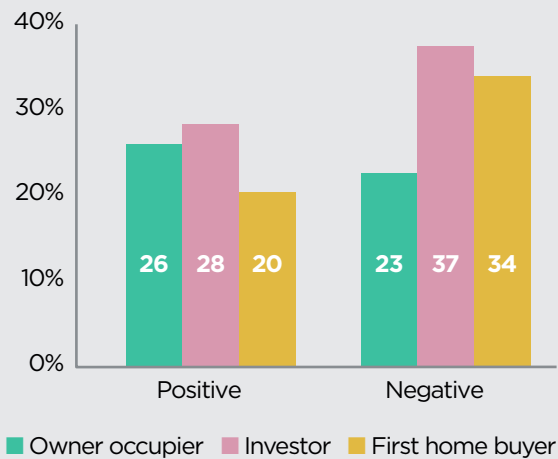


Figure 13. **Sense of wealth by property status\***

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

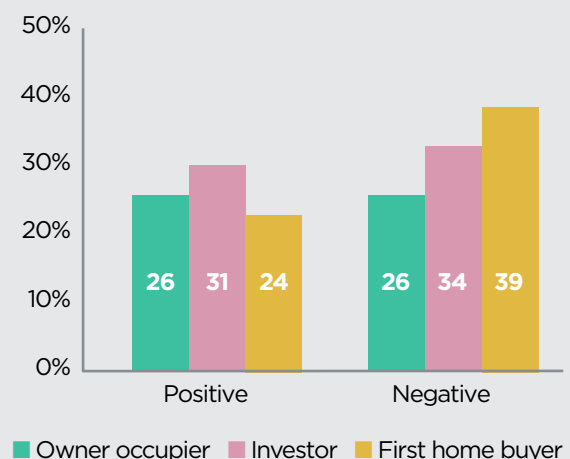


**Compared to Q2:**

OO - more positive (23% positive in Q2)  
 Inv. - more negative (29% negative in Q2)  
 FHB - more negative (31% negative in Q2)

Figure 14. **General financial confidence by property status\***

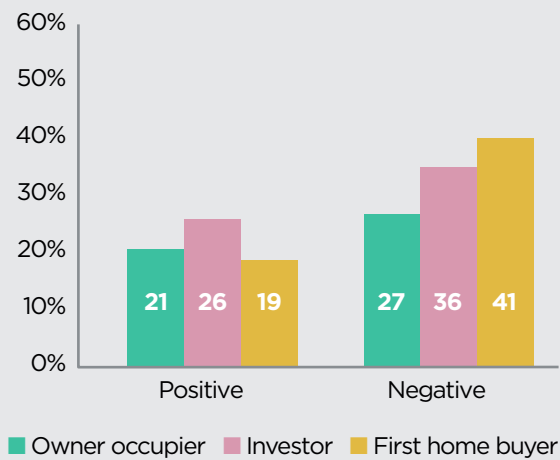
What impact have recent property price movements in your area had on this aspect of your financial situation?



**Compared to Q2:**

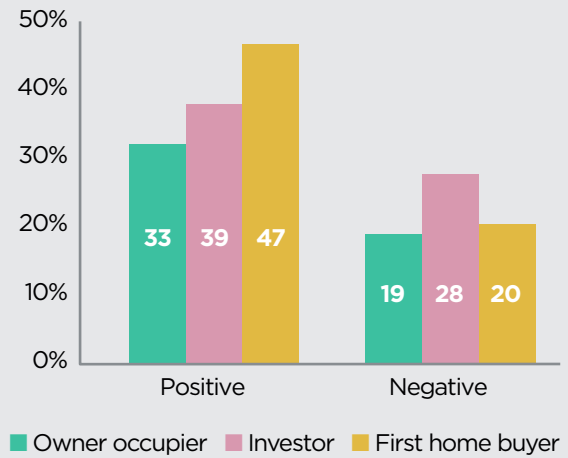
OO - more positive (22% positive in Q2)  
 Inv. - more negative (31% negative in Q2)  
 FHB - more negative (33% negative in Q2)

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?



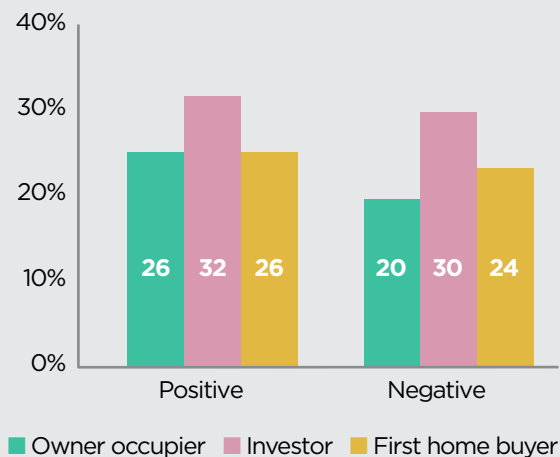
**Compared to Q2:**  
 OO - largely unchanged  
 Inv. - more negative (33% negative in Q2)  
 FHB - more negative (32% negative in Q2)

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?



**Compared to Q2:**  
 OO - more positive (29% positive in Q2)  
 Inv. - more negative (24% negative in Q2)  
 FHB - more positive (40% positive in Q2)

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?



**Compared to Q2:**  
 OO - more positive (20% positive in Q2)  
 Inv. - more positive (30% positive in Q2)  
 FHB - more positive (17% positive in Q2)

\*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.



## Perceived worries and opportunities

There are still perceived worries among people in the property market, however, most worries have eased in severity over the last quarter.

Figure 18. **Overall worries and opportunities for property owners**

*Do you agree or disagree with the following statements?*

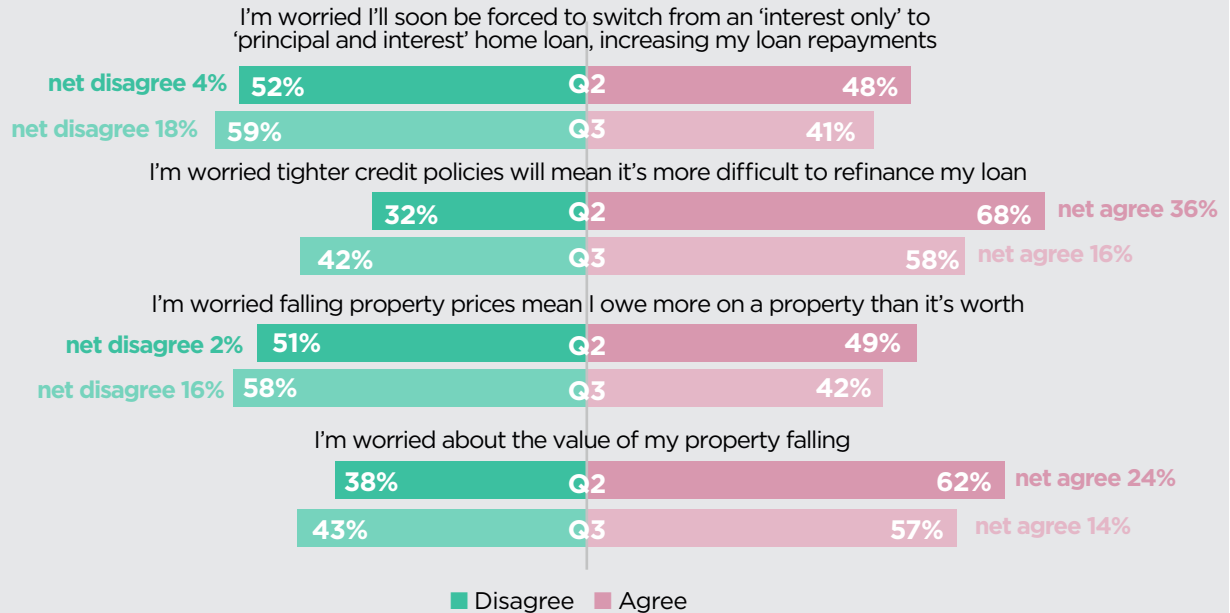
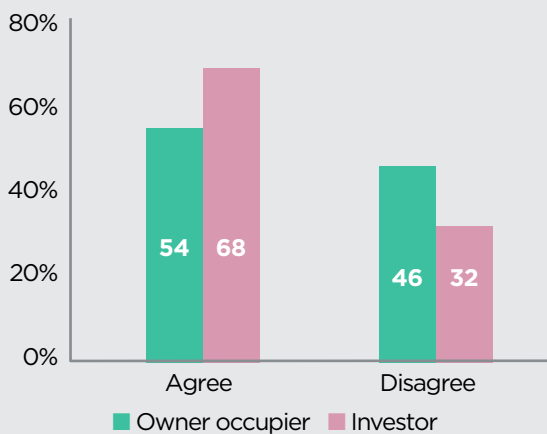


Figure 19. **'I'm worried about the value of my property falling' by property status**

*Do you agree or disagree?*



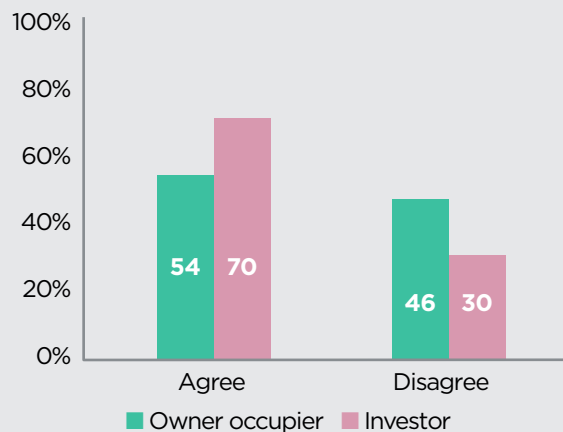
**Compared to Q2:**

OO - less worried (60% agreed in Q2)

Inv. - more worried (64% agreed in Q2)

Figure 20. **'I'm worried tighter credit policies will mean it's more difficult to refinance my loan' by property status**

*Do you agree or disagree?*



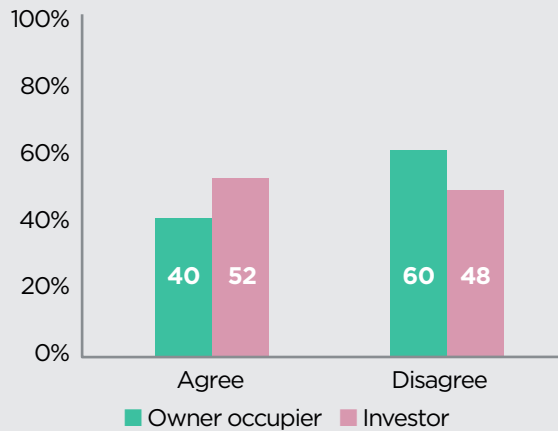
**Compared to Q2:**

OO - less worried (62% agreed in Q2)

Inv. - less worried (74% agreed in Q2)

Figure 21. **'I'm worried falling property prices mean I owe more on a property than it's worth' by property status**

Do you agree or disagree?

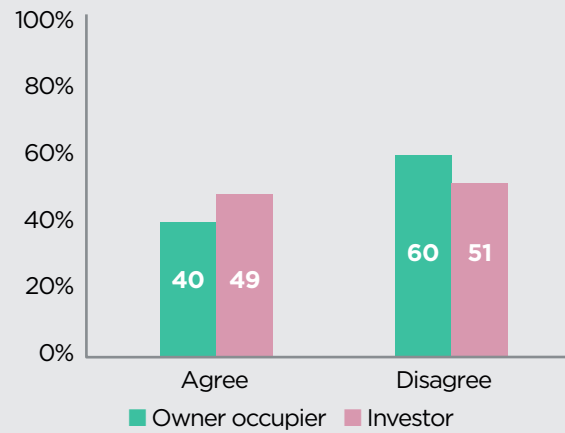


**Compared to Q2:**

OO - less worried (45% agreed in Q2)  
 Inv. - less worried (53% agreed in Q2)

Figure 22. **'I'm worried I'll soon be forced to switch from an 'interest only' to 'principal and interest' home loan, increasing my loan repayments' by property status**

Do you agree or disagree?



**Compared to Q2:**

OO - less worried (52% agreed in Q2)  
 Inv. - less worried (74% agreed in Q2)

Figure 23. **Overall property market worries and opportunities**

Do you agree or disagree with the following statements?

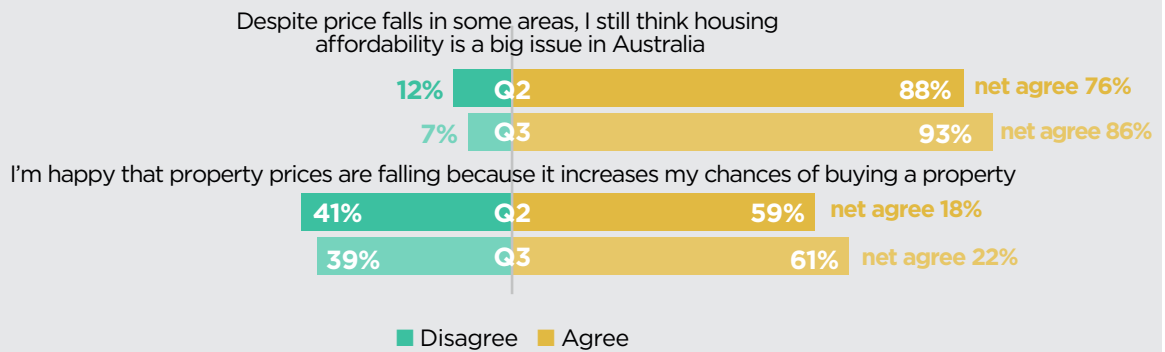
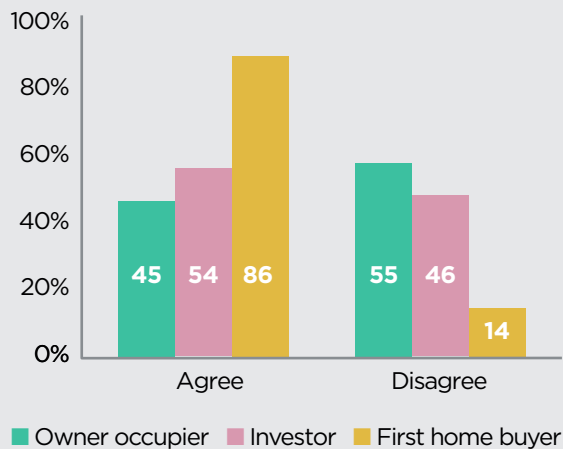


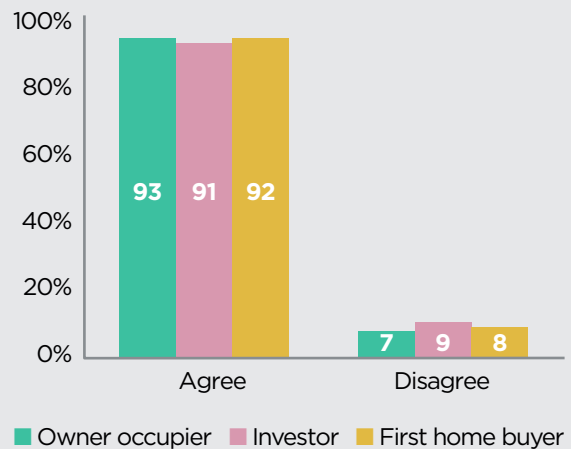
Figure 24. 'I'm happy that property prices are falling because it increases my chances of buying a property' by property status  
Do you agree or disagree?



**Compared to Q2:**

OO - more happy (42% agreed in Q2)  
Inv. - less happy (59% agreed in Q2)  
FHB - no change

Figure 25. 'Despite price falls in some areas, I still think housing affordability is a big issue in Australia' by property status  
Do you agree or disagree?



**Compared to Q2:**

OO - more agreed (87% agreed in Q2)  
Inv. - more agreed (83% agreed in Q2)  
FHB - less agreed (94% agreed in Q2)

## 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 second edition - Q3 of the 2019 calendar year, conducted at the start of July 2019. It also compares findings from the first edition - Q2 of the calendar year, conducted at the end of April 2019.

Over time, the report will track changes 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:

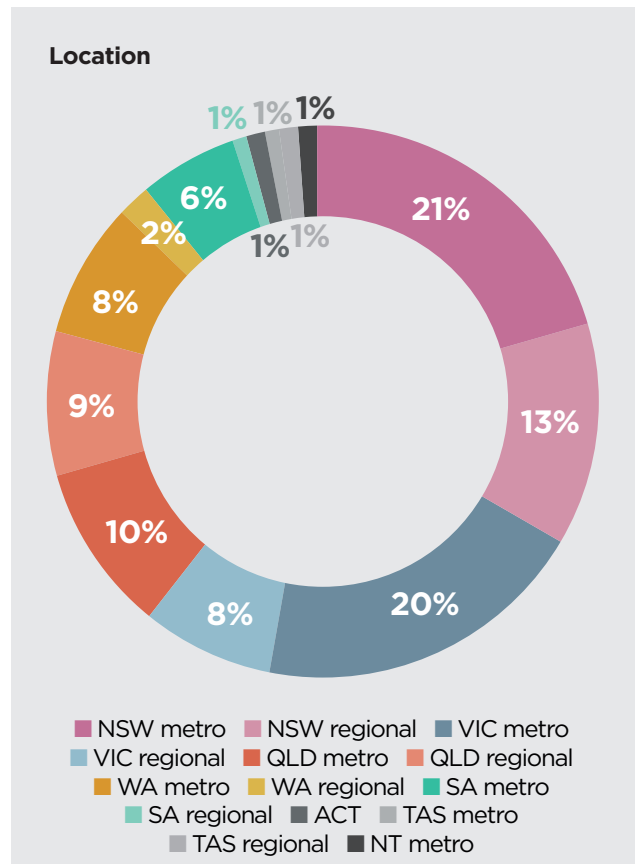
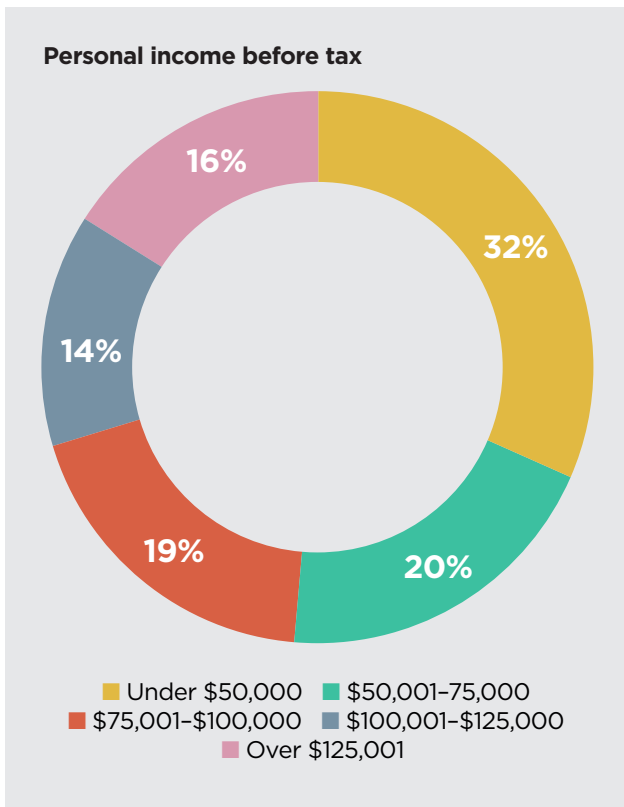
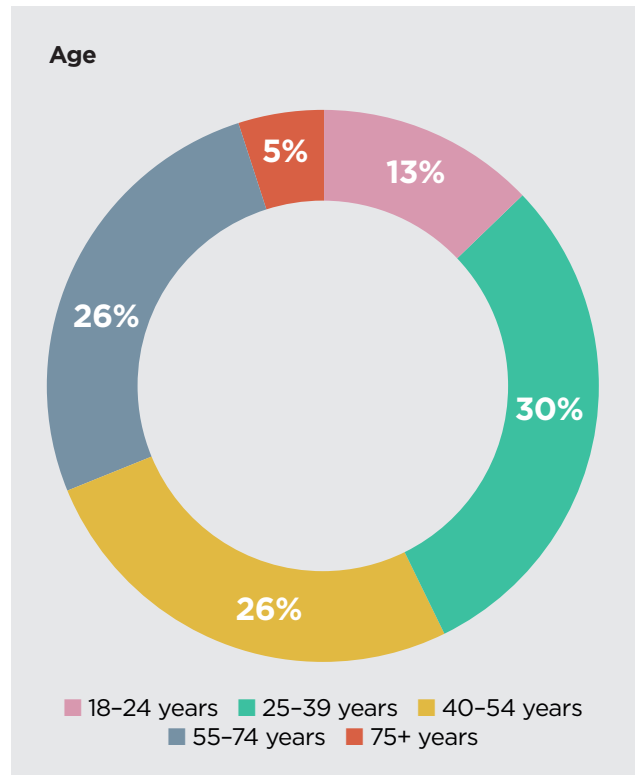
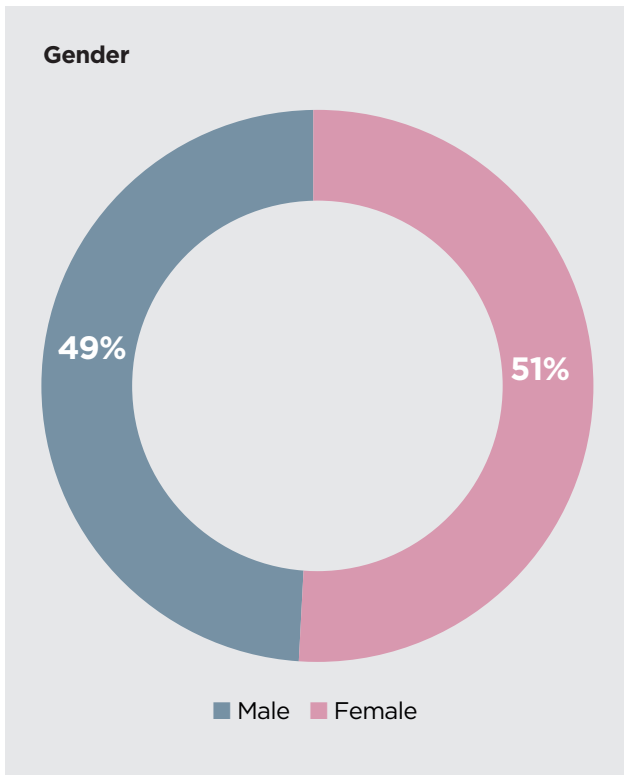
- overall property market sentiment
- price expectations
- impacts on future property plans
- impacts on finances, wealth, and savings behaviour
- perceived worries and opportunities

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:

- 500 - Owner occupied property owners
- 300 - 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.**



**For further information.**

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