

ME quarterly property sentiment report.

Quarterly insights into how Australians feel about the residential property market. SEVENTH SURVEY, Q4 OCTOBER 2020

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 seventh edition – Q4 of the 2020 calendar year, conducted in October 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
- impact of recent events

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:

583 - Owner occupied property owners

314 – Investment property owners

255 - First home buyers

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

For further information.

Public Relations Manager



Overall property sentiment

Positive property sentiment increased three percentage points in October (Q4) compared to June (Q3) this year. Sentiment varies by age, property status and property intentions.

Figure 1. Overall property sentiment

Overall, how do you feel about the property market?

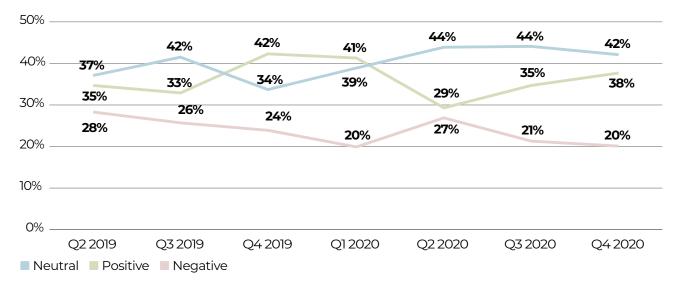


Figure 2. **Property sentiment by age** Overall, how do you feel about the property market?

18-24 years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 25-39 years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 40-54 years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 55-74 years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 75+ years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 40% 60% 80% 0% 20% 100% ■ Positive ■ Neutral ■ Negative

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

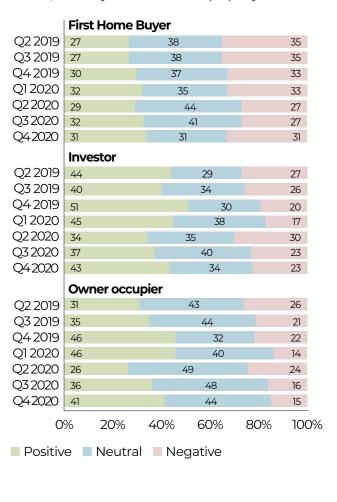


Figure 4. **Property sentiment by property intentions**Overall, how do you feel about the property market?

	Inte	end to d	lo nothir	ng					
Q2 2019	25		4	7				28	
Q3 2019	24	49						27	
Q4 2019	32			41				27	
Q1 2020	33			47				20	
Q2 2020	21		51			28			
Q3 2020	27			52		21			
Q42020	31			50				19	
	Inte	end to s	ell						
Q2 2019	33		26					41	
Q3 2019	44			23				33	
Q4 2019	58				18			24	
Q1 2020	49		27					24	
Q2 2020	35		2	28				37	
Q3 2020	43			24				34	
Q42020	43			27				30	
Intend to buy									
Q2 2019	53		_		23			24	
Q3 2019	51				30			19	
Q4 2019	63					22		15	
Q1 2020	52				30			18	
Q2 2020	48						19		
Q32020	48						19		
Q42020	50				32			19	
0	%	20%	40%	60%	6	80	%	100)%
Positive	/e	Neutr	al 🔳 Ne	gativ	е				

House price expectations

Overall, more people are predicting house prices to stay the same or increase, and less are expecting them to decline 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?

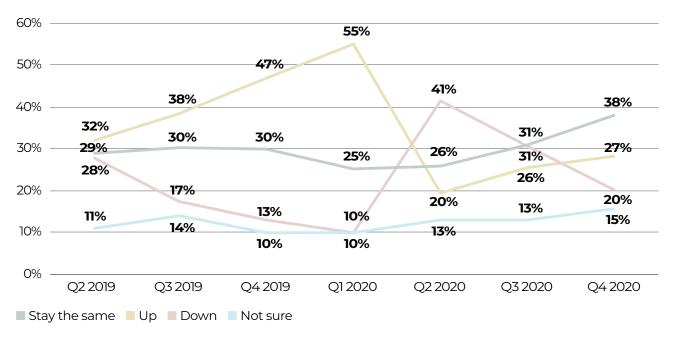


Figure 6. House price expectations by property status

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

First Home Buyer Q2 2019 29% 20% 13% Q3 2019 40% 22% 24% 14% Q4 2019 46% 13% 24% 17% Q1 2020 56% 12% Q2 2020 20% 46% 20% 14% Q3 2020 27% 37% 18% 17% Q42020 31% 29% 24% 16% **Investor** 8% Q2 2019 32% 30% 30% Q3 2019 37% 19% 32% 12% Q4 2019 12% 48% 32% 8% Q1 2020 52% 12% 27% 8% Q2 2020 21% 44% 26% 9% 26% Q3 2020 8% Q42020 38% 19% 12% Owner occupier 11% 27% 36% Q2 2019 14% 14% 38% Q3 2019 Q4 2019 48% 12% 31% 10% 10% Q1 2020 57% Q22020 19% 38% 29% 13% Q3 2020 24% 43% 14% 15% Q42020 20% 40% 60% 80% 100% 0% ■ Up ■ Down ■ Stay the same ■ Not sure

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?

	SA Metro	0				
Q2 2019	36%	21%	31%)	11%	
Q3 2019	45%	5%	36%		14%	
Q4 2019	46%	12%	32%	6	11%	
Q1 2020	56%		4% 319	%	9%	
Q2 2020	17%	45%	29	9%	9%	
Q3 2020	22%	27%	30%		21%	
Q42020	41%	7%	32%		20%	
	NA/A NActi	-				
Q2 2019	WA Meti	26%	39%		14%	
Q3 2019	30%	15%	46%		10%	
Q4 2019	25%	28%	36%		11%	
Q1 2020	43%	14%	30%		14%	
Q2 2020	10%	51%	25%	/-	14%	
Q3 2020	19%	38%	33%		11%	
Q4 2020	31%	21%	29%)	19%	
Q+2020	3170	2170	2370		1370	
	QLD Met	iro				
Q2 2019	36%	24%	319	6	10%	
Q3 2019	44%	15%	22%		19%	
Q4 2019	57%		8% 2	14%	10%	
Q1 2020	57%		9% 2	25%	9%	
Q2 2020	19%	38%	27%		15%	
Q3 2020	29%	34%	2	8%	8%	
Q42020	44%	19%	27	7%	11%	
	VIC Meti	·0				
Q2 2019						
Q3 2019	38%	18%	27%	25/0	7% 17%	
Q4 2019	57%	1070		7%	10%	
Q1 2020	67%		7%	17%	8%	
Q2 2020	20%	40%	27%		13%	
Q2 2020 Q3 2020	25%	35%	30		10%	
Q3 2020 Q4 2020	33%	27%		3%	11%	
Q+2020			20	070	1170	
00 0010	NSW Me					
Q2 2019	24%	41%		25%	9%	
Q3 2019	32%	22%	33%		13%	
Q4 2019	57%		15%	22%	6%	
Q1 2020					10%	
Q2 2020	24%	38%	259	%	13%	
Q3 2020	27%	32%	29%	ó	13%	
Q42020	35%	25%	289	6	13%	
0	1% 20%	6 40% 6	50% 8	80%	100	
■Up ■	Down	Stay the san	ne N	ot sur	е	

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 8. Overall property plans

What are your property plans in the next 12 months?

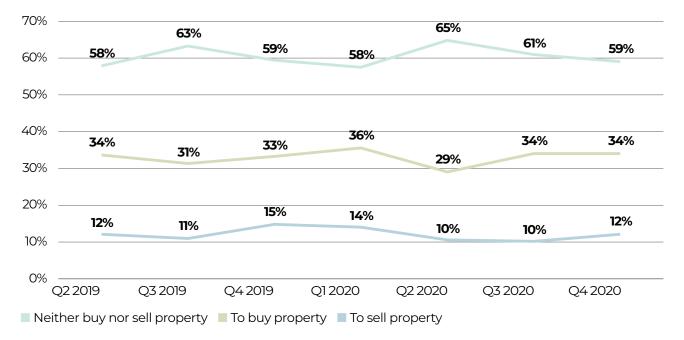


Figure 9. **Property plans by age**What are your property plans in the next 12 months?

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

	18–2	4 years			Ove	r \$125,000					
Q2 2019	41%	6%	53%	Q2 2019	43%	14%			52%		
Q3 2019	45%	13%	50%	Q3 2019	45%	17%			51%		
Q4 2019	34%	12%	57%	Q4 2019	36%	22%			55%		
Q1 2020	51%	13%	42%	Q1 2020	38%	14%			55%		
Q2 2020	37%	12%	56%	Q2 2020	39%	14%			56%		
Q3 2020	40%	17%	50%	Q3 2020	45%	10%			53%		
Q4 2020	40%	15%	47%	Q4 2020	39%	15%			53%		
Q : 2020	25-3	39 years			\$100,001 to \$125,000						
Q2 2019	52%	16%	38%	Q2 2019	39%	11%			54%		
Q3 2019	44%	10%	50%	Q3 2019	38%	13%			57%		
Q4 2019	53%	16%	42%	Q4 2019	45%	18%)		49%		
Q1 2020	45%	15%	48%	Q1 2020	41%	16%			51%		
Q2 2020	45%	11%	49%	Q2 2020	37%	12%			55%		
Q3 2020	50%	9%	46%	Q3 2020	45%	9%			50%		
Q4 2020	50%	14%	44%	Q4 2020	44%	179	6		47%		
Q:-020				· ·							
		54 years	500/	00.0010	\$75,001 to \$100,000						
Q2 2019	29%	12%	62%	Q2 2019	29%	16%			59%		
Q3 2019	29%	11%	66%	Q3 2019	28%	12%			65%		
Q4 2019	39%	18%	54%	Q4 2019	39%	17%			53%		
Q1 2020	38%	15%	56%	Q1 2020	41%	15%			55%		
Q2 2020	28%	10%	67%	Q2 2020	31%	5%			66%		
Q3 2020	37%	11%	59%	Q3 2020	37%	14%			56%		
Q42020	38%	12%	55%	Q4 2020	43%	14%			49%		
	55-7	74 years		\$50,	001 to \$75,000						
Q2 2019	17%	9%	76%	Q2 2019	35%	14%			53%		
Q3 2019	15%	11%	78%	Q3 2019	29%	7%			67%		
Q4 2019	9%	14%	78%	Q4 2019	28%	9%			64%		
Q1 2020	20%	14%	72%	Q1 2020	36%	14%			57%		
Q2 2020	12%	11%	81%	Q2 2020	27%	11%			67%		
Q3 2020	13%	11%	80%	Q3 2020	27%	6%			68%		
Q4 2020	16%	10%	78%	Q42020	30%	10%			64%		
· ·	75+	years			l	4					
Q2 2019	5 7%	ycais	90%	Q2 2019		er \$50,000			700/		
Q2 2019	10% 6	50%	88%	Q3 2019	26% 24%	6%			70%		
Q4 2019			94%	Q4 2019		9%			70%		
Q4 2019 Q1 2020	5 8%		88%	Q1 2020	22%	9%			71%		
Q2 2020	3 5%	0	94%	Q2 2020	21%	10%			71%		
-				Q3 2020	18%	10%			75% 78%		
Q3 2020	22%5 7%		95% 90%	Q4 2020	16%	6%			80%		
Q4 2020	5 /%		90%	Q4 2020	1070	070			00%		
C	0% 20% 40% 60% 80% 100% 0% 20% 40% 60% 80% 100%										
•		erty To sell property			erty ■ To sell p nor sell proper		,				

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

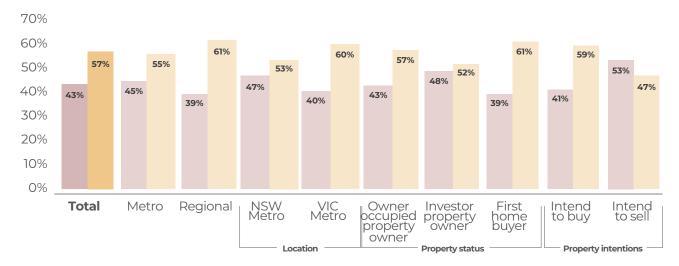
First Home Buyer											
Q2 2019	38%		1%			61%					
Q3 2019	42%		2%			56%					
Q4 2019	46%		2%	2%							
Q1 2020	51%		Ţ	3%		48%					
Q2 2020	42%		1%			57%					
Q3 2020	51%					49%					
Q42020	53%			3%		45%					
	Investor										
Q2 2019	44%			23%		39%					
Q3 2019	44%		2	7%		42%					
Q4 2019	37%		29%			48%					
Q1 2020	51%		5	1%		51%					
Q2 2020	17%		17	7%		17%					
Q3 2020	39%		39	9%		39%					
Q42020	35%		24%			49%					
	Owner occupier										
Q2 2019	22%	11%				71%					
Q3 2019	24%	13%				71%					
Q4 2019	28%	l'	7%			63%					
Q1 2020	27%	159	%			67%					
Q2 2020	18%	8%				78%					
Q3 2020	22%	10%				74%					
Q42020	22%	13%				72%					
■ To buy		20% erty			80% ty	100	0%				
■ Neither buy nor sell property											

Two speed market

ME asked those who are planning to buy or sell how quickly they would like to action their plans. More (57%) said they are 'not in a rush and are delaying their move until COVID-19 situation improves' versus 43% who want to buy or sell as 'soon as possible'.

Figure 12. Timing of property transactions

You said you're planning to buy and/or sell property in the next 12 months. How quickly are you intending to do this?



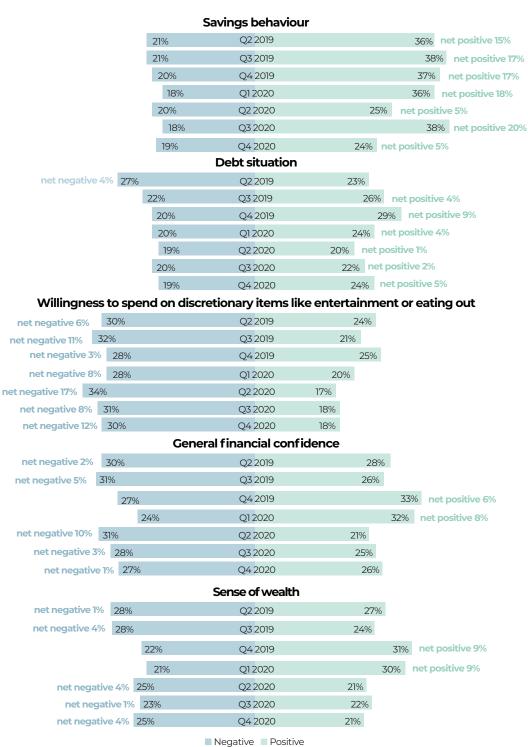
- As soon as possible, pending COVID-19 restrictions
- Not in a rush, I'm delaying until the COVID-19 situation improves

Effect on finances

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

Figure 13. Overall effect on finances*

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



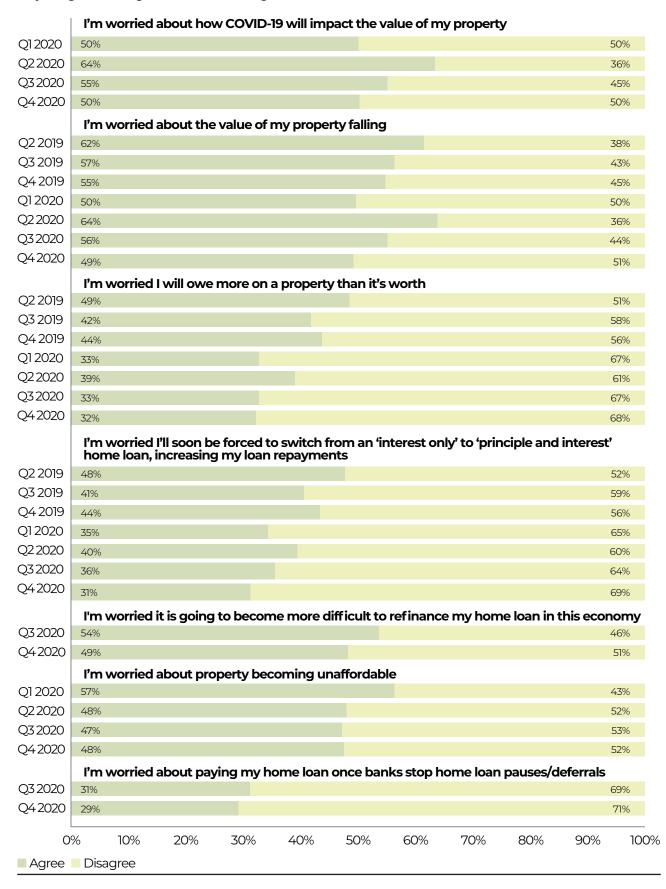
Respondents had the choice of answering positive, negative or neutral. We have removed neutral responses from the chart for the sake of simplicity.

Perceived worries

Overall many worries among homeowners eased this quarter.

Figure 14. Overall worries for property owners

Do you agree or disagree with the following statements?



Impact of recent events

Events such as the COVID-19 pandemic and economic downturn together with reduced rates and government support measures have influenced sentiment in the real estate market.

Figure 15. Influence of low interest rates*

Do you agree or disagree with the following statement: Record low interest rates have made buying or investing in property more attractive to me.



Figure 16. Price fall expectations due to COVID-19*

Do you agree or disagree with the following statement: I expect to see property prices fall as a result of COVID-19.

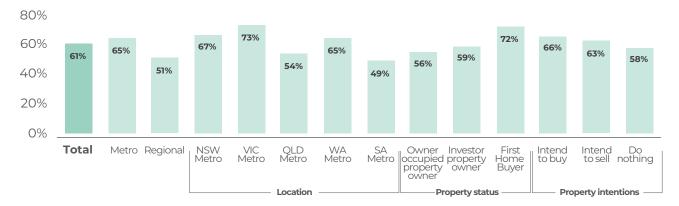


Figure 17. Buying consideration due to COVID-19*

Do you agree or disagree with the following statement: I am spending a lot more time thinking about and looking at properties for sale because of COVID-19.

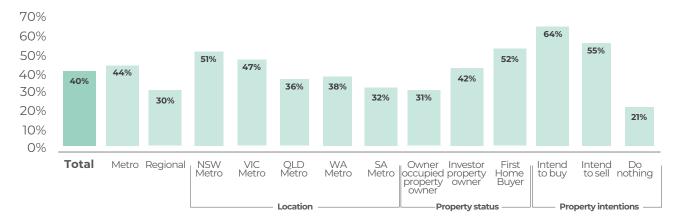


Figure 18. Hopes for bargain buys*

Do you agree or disagree with the following statement: I hope to see lots of bargain properties for sale if the economy worsens.



Figure 19. Influence of new working from home arrangements on regional buys*

Do you agree or disagree with the following statement: I think new working from home arrangements will influence more people to buy in regional areas.

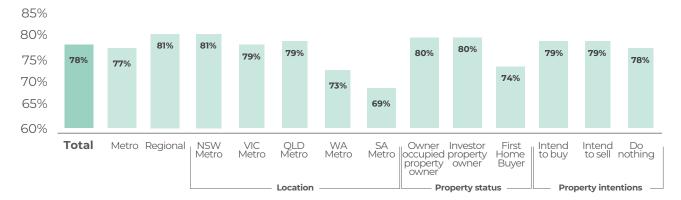


Figure 20. Consideration for regional buys to save money and improve lifestyle*

Do you agree or disagree with the following statement: 'I am more likely to consider buying property in a regional area after COVID-19 to save money and improve my lifestyle.



Figure 21. Confidence since COVID-19 restrictions have eased*

Do you agree or disagree with the following statement: Now that COVID-19 restrictions are easing, I feel more confident about buying or selling property.

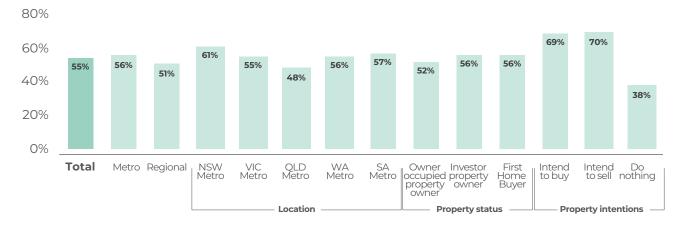


Figure 22. Choice in the property market*

Do you agree or disagree with the following statement: I think these is currently enough choice in the residential property market.

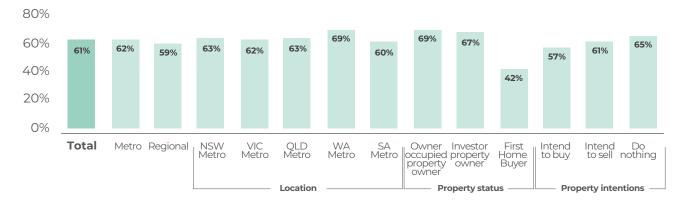


Figure 23. Deterred property investments due to more rental supply and falling rents*

Do you agree or disagree with the following statement: More supply in the rental market together with falling rents has deterred my property investment plans for now.



Figure 24. Support for landlords to reduce rent*

Do you agree or disagree with the following statement: Residential landlords will need to drop rents to attract tenants.

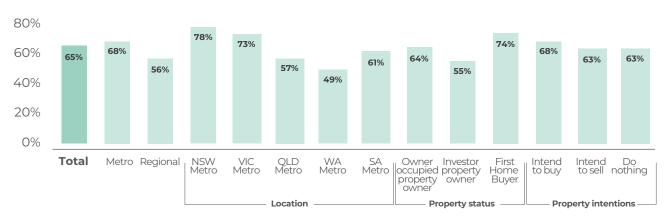
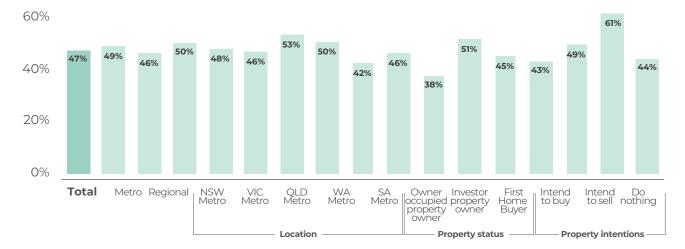


Figure 25. Spending on home furnishings, gardening and/or renovations since COVID-19*

Do you agree or disagree with the following statement: I am spending more on home furnishings, gardening and/or renovations since COVID-19.



Affordability

Housing affordability remains a key concern, with 88% agreeing it is a big issue.

Figure 26. Housing affordability

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

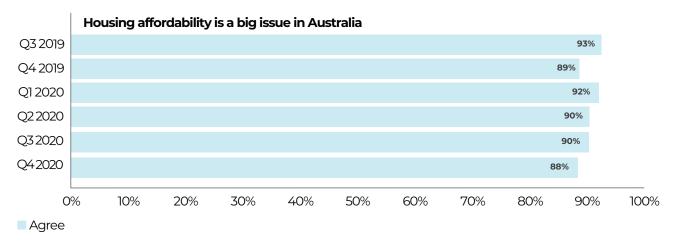


Figure 27. Ability to save for a home deposit due to COVID-19 (first home buyers) Do you agree or disagree with the following statement: It's harder now to save for a home deposit during COVID-19.

