



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.

Jennifer Timm

Public Relations Manager

T 0403 369 707

E jennifer.timm@mebank.com.au

Level 28, 360 Elizabeth Street
Melbourne, VIC 3000 Australia

mebank.com.au



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?

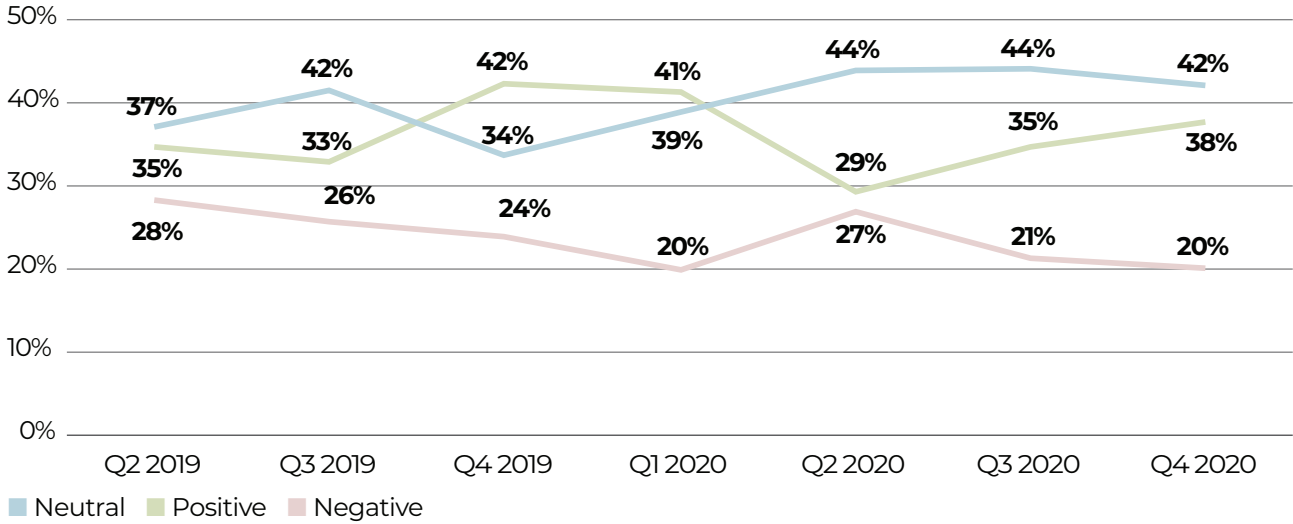


Figure 2. **Property sentiment by age**
Overall, how do you feel about the property market?

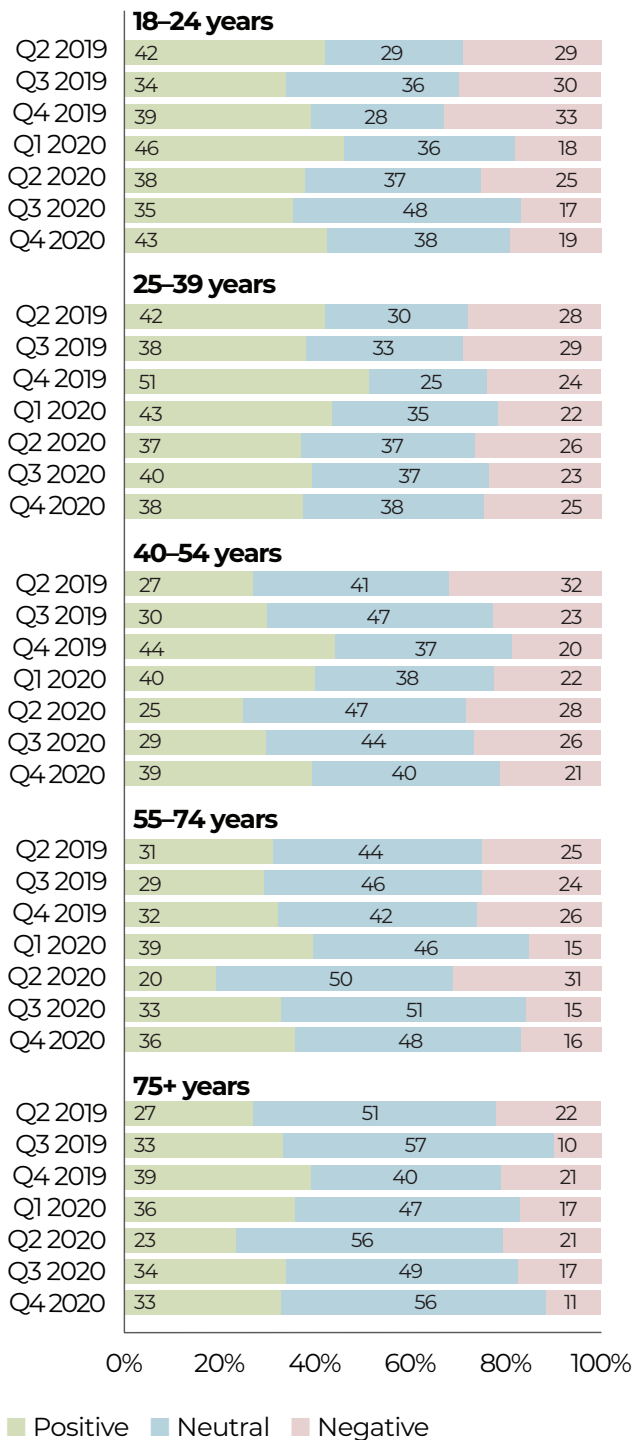


Figure 3. **Property sentiment by property status**
Overall, how do you feel about the property market?

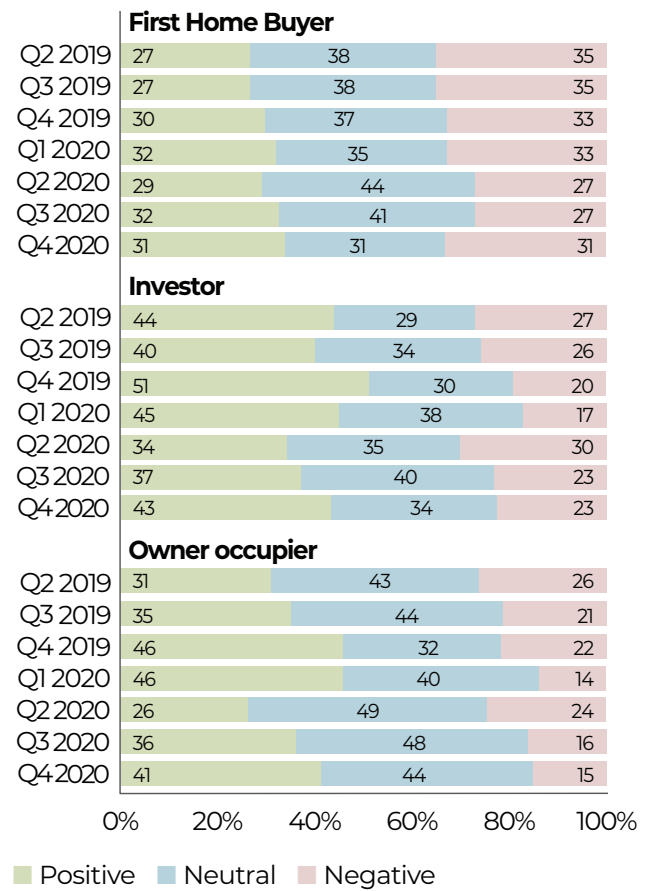
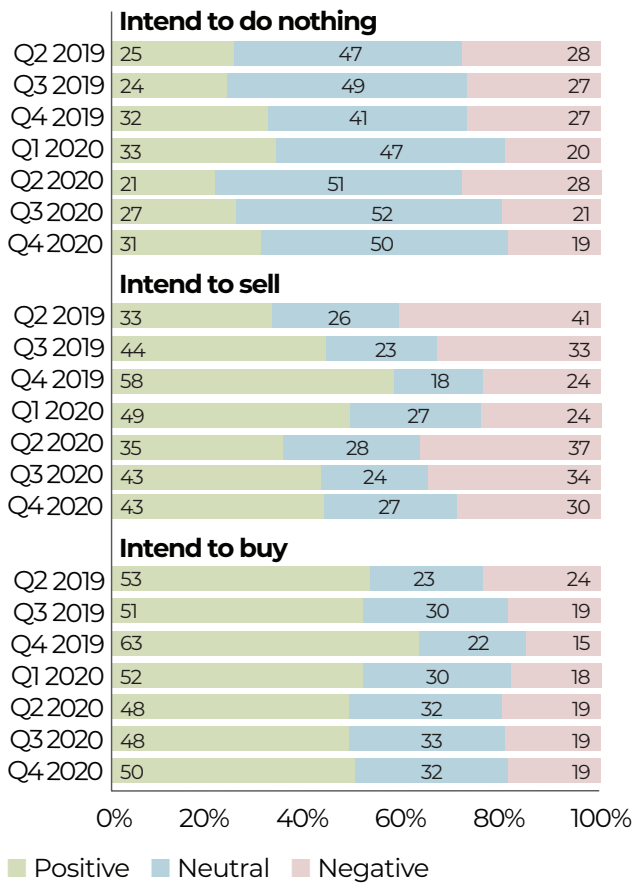


Figure 4. **Property sentiment by property intentions**
 Overall, how do you feel about the property market?



House price expectations

Overall, more people are predicting house prices to 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?

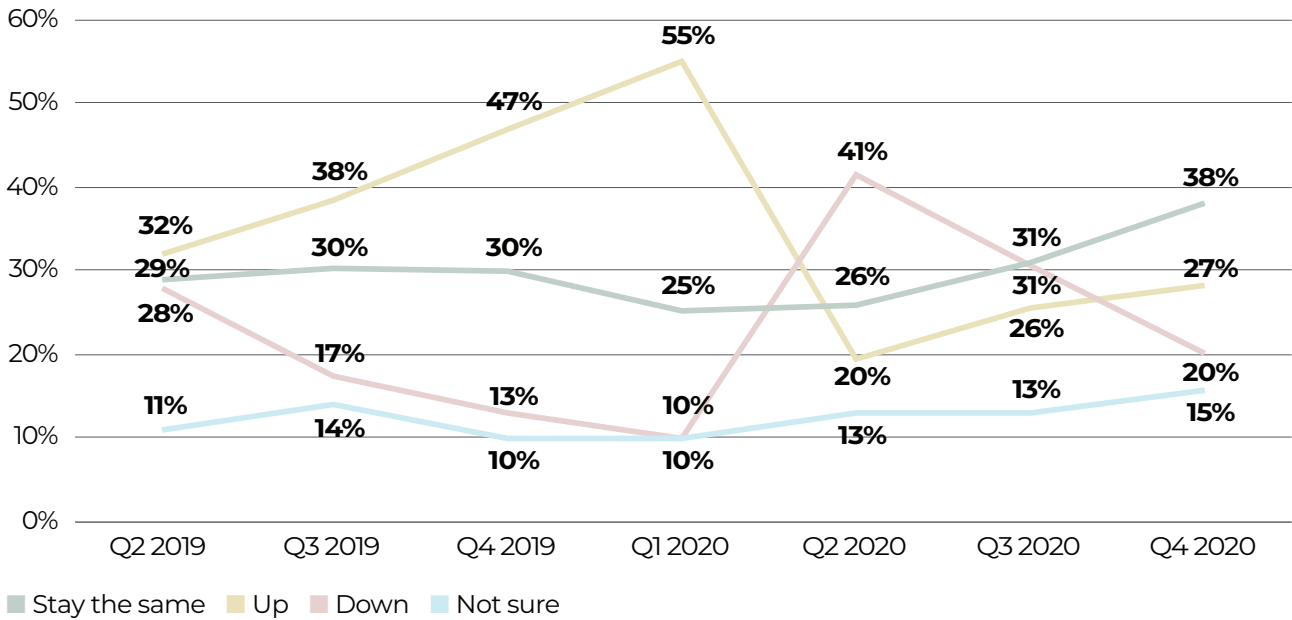


Figure 6. **House price expectations by property status**
 What do you think is likely to happen to the value of your property in the next 12 months?

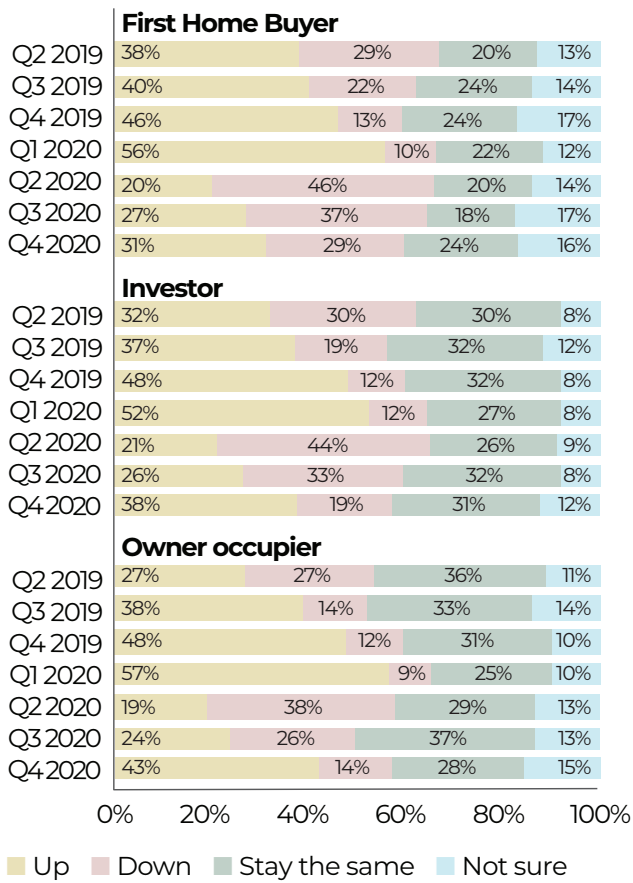
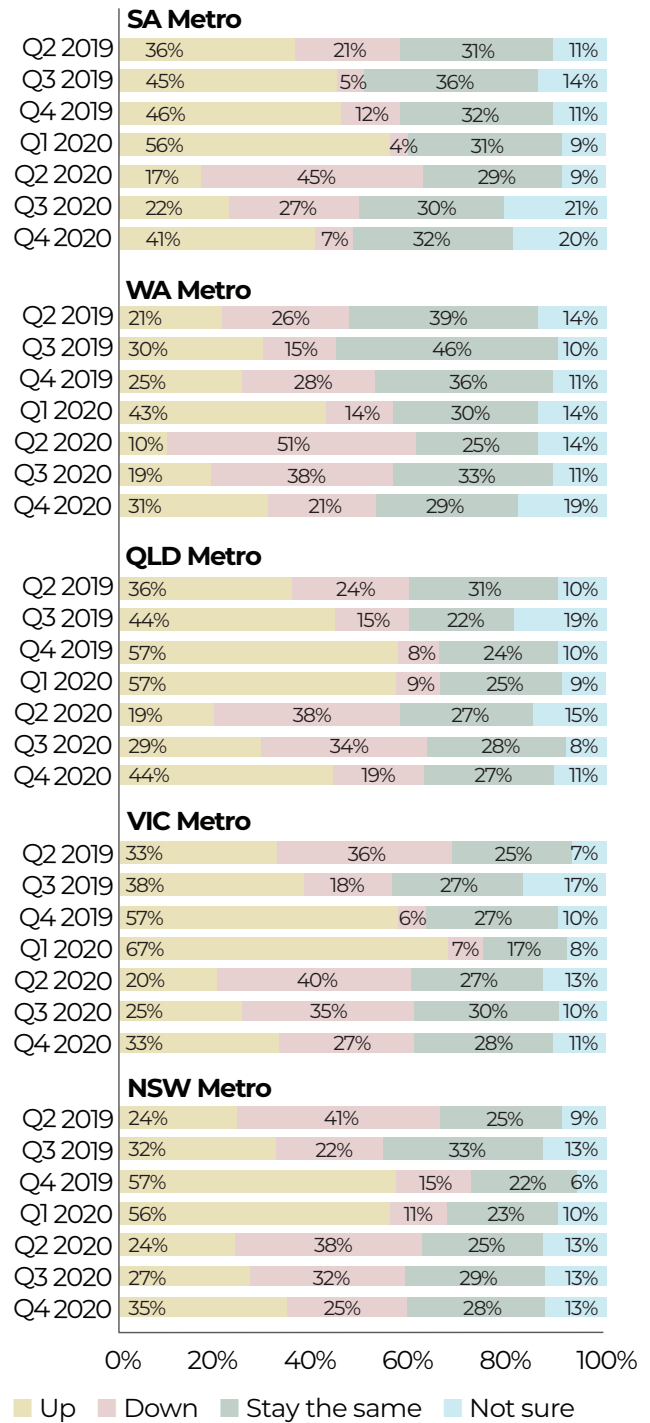


Figure 7. **House price expectations by state***
 What do you think is likely to happen to the value of your property in the next 12 months?



* Please note, survey sample sizes for other metro areas are smaller and are therefore not included.

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?

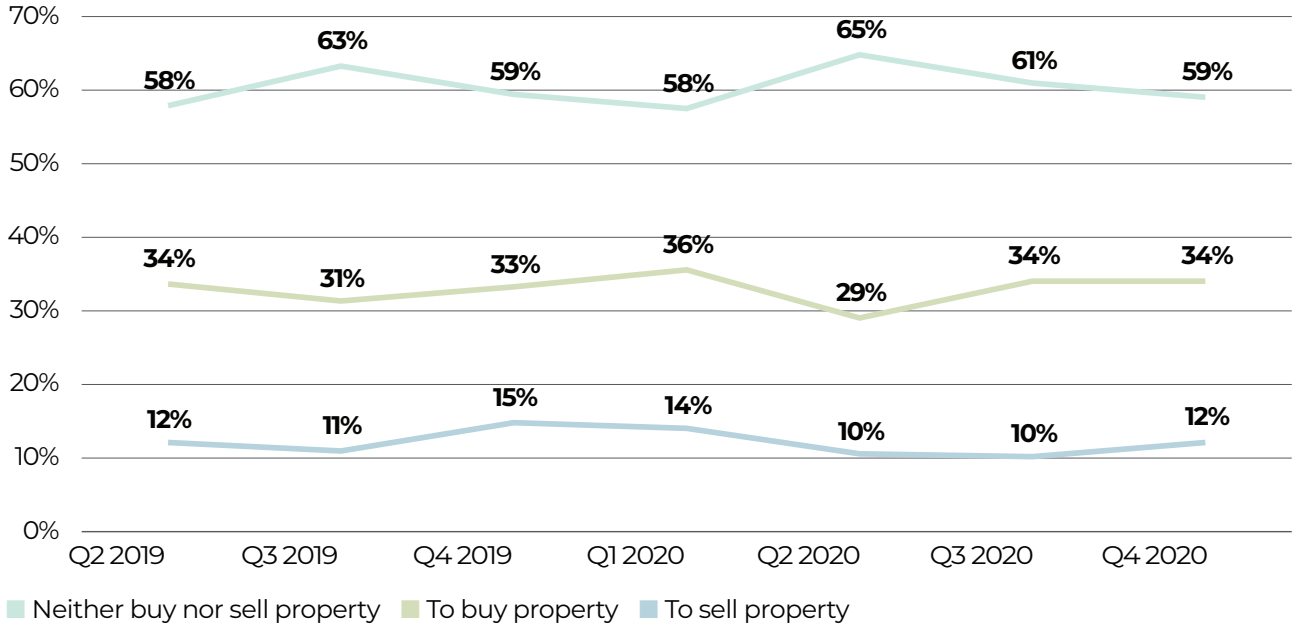


Figure 9. **Property plans by age**
 What are your property plans in the next 12 months?

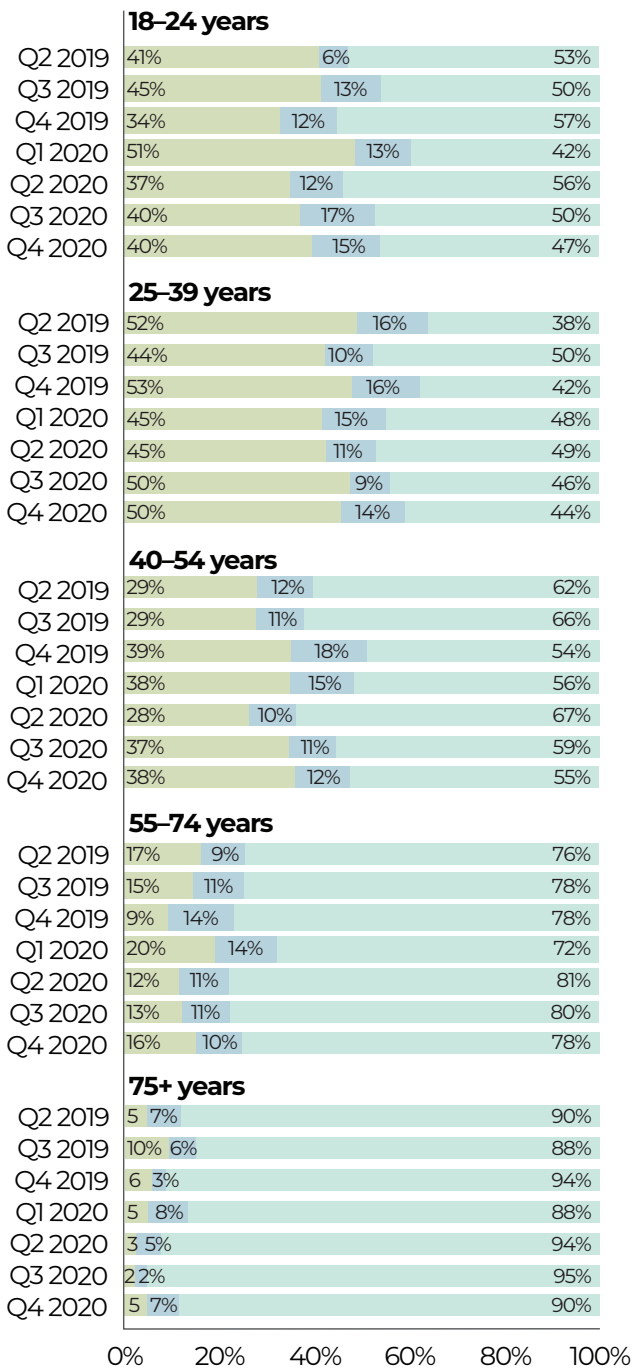
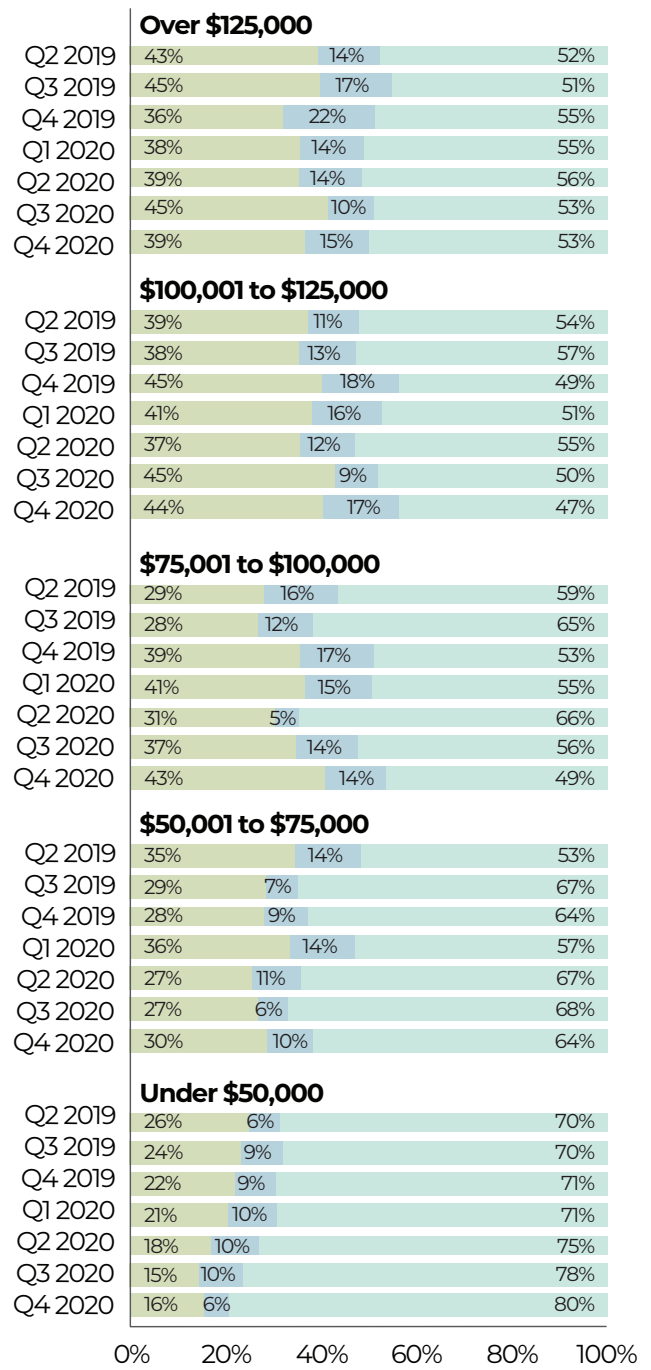


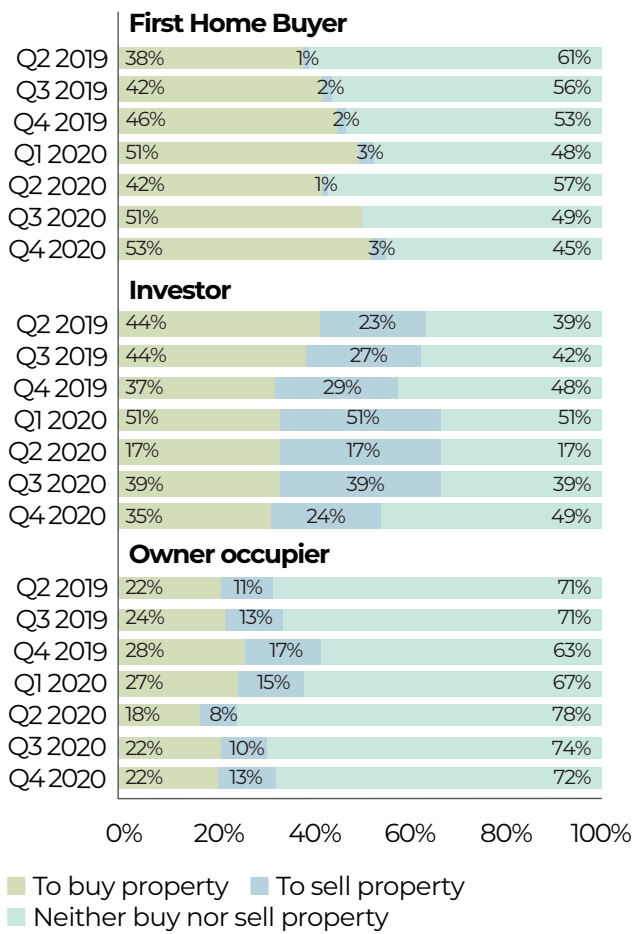
Figure 10. **Property plans by income**
 What are your property plans in the next 12 months?



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

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

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

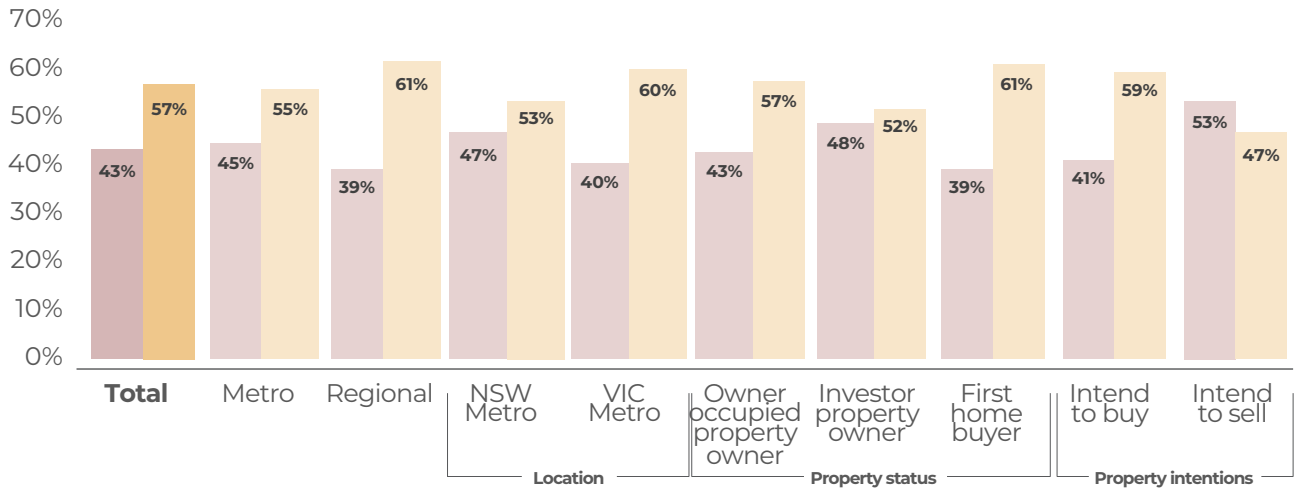


Two speed market

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

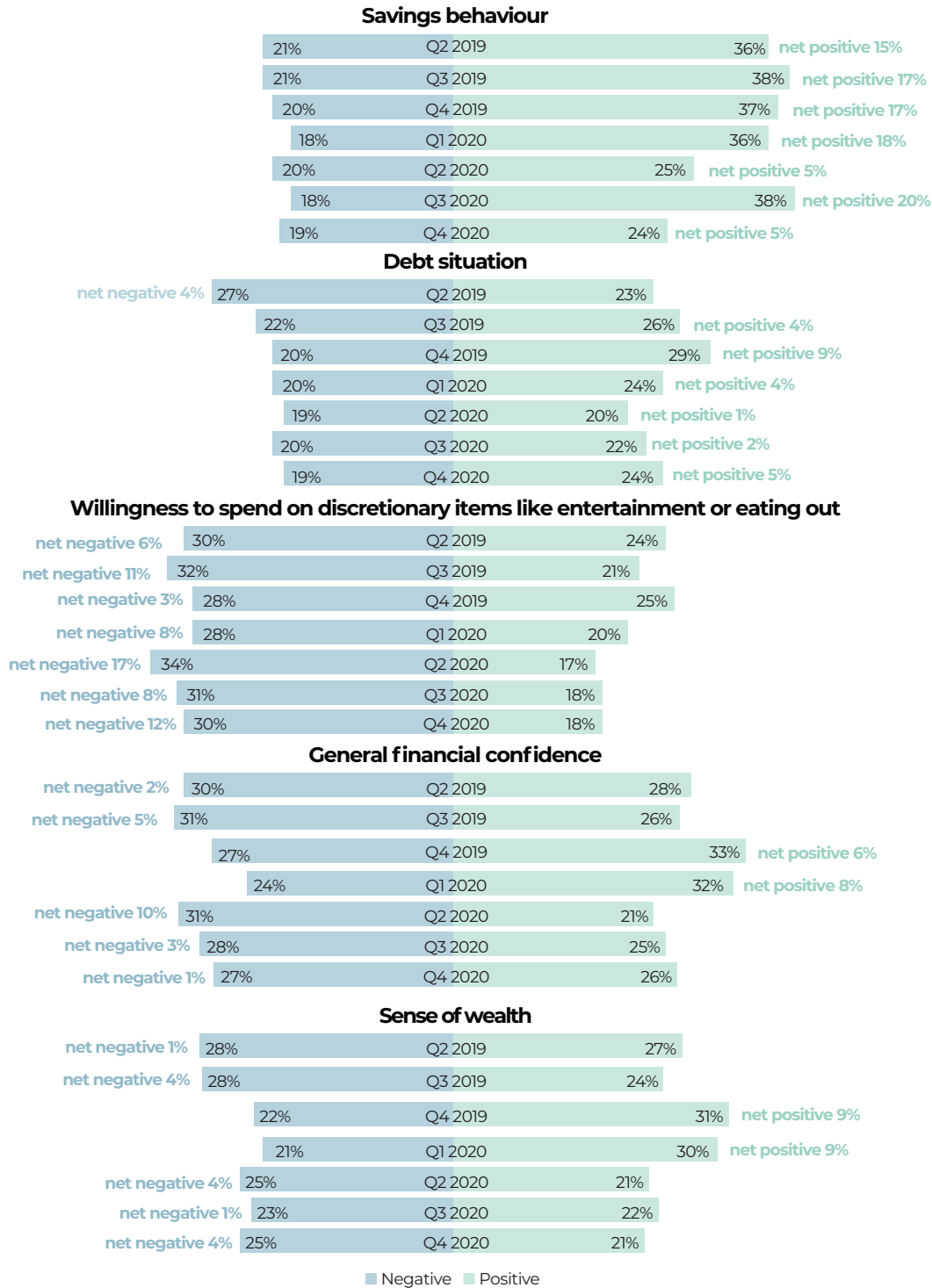
■ Not in a rush, I'm delaying until the COVID-19 situation improves

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?

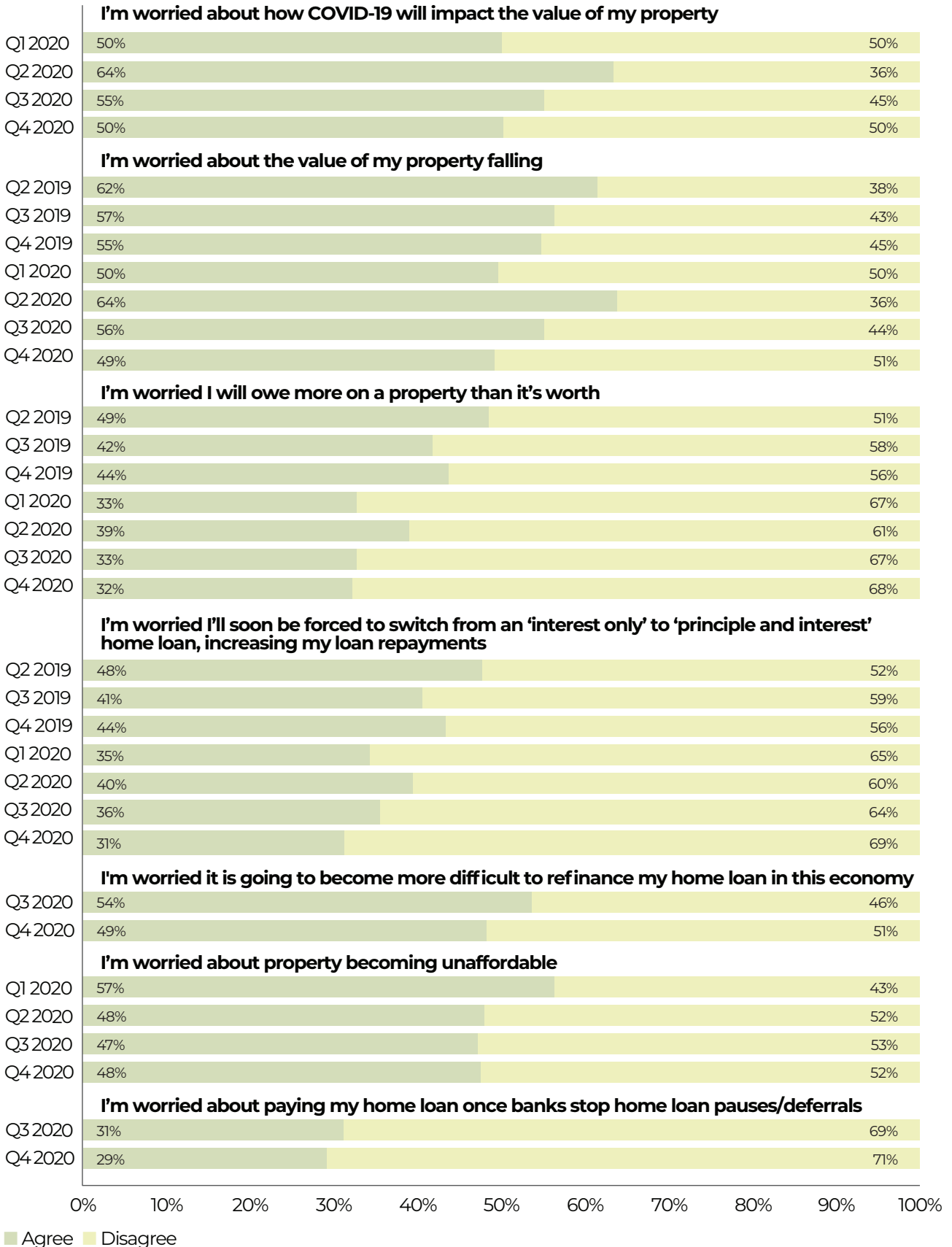


* Respondents had the choice of answering positive, negative or neutral. We have removed neutral responses from the chart for the sake of simplicity.

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.

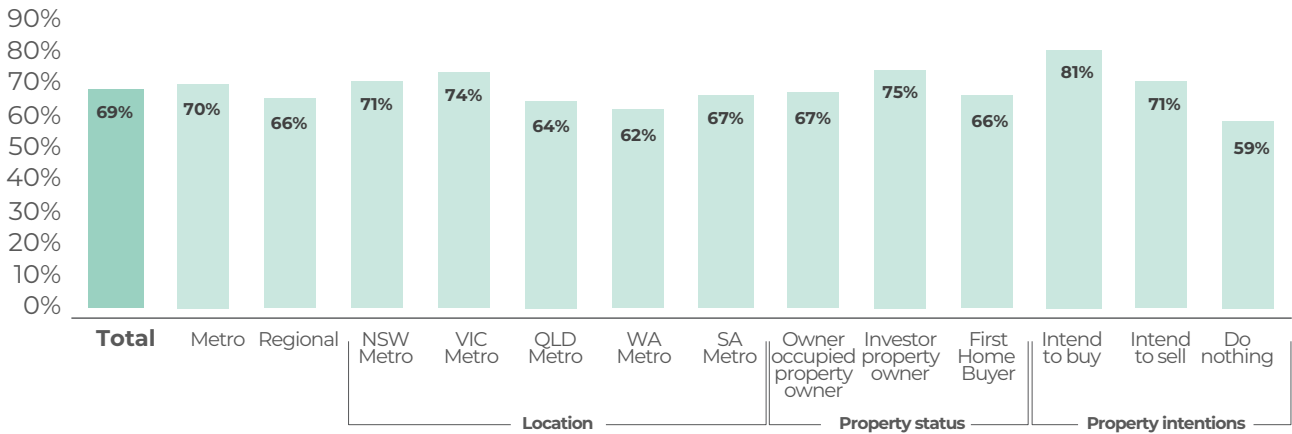
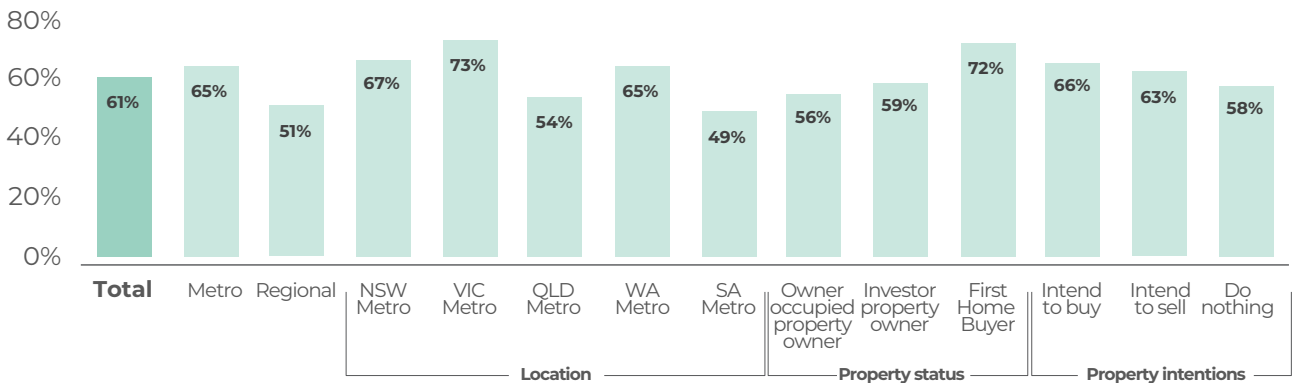


Figure 16. **Price fall expectations due to COVID-19***

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



* Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

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.

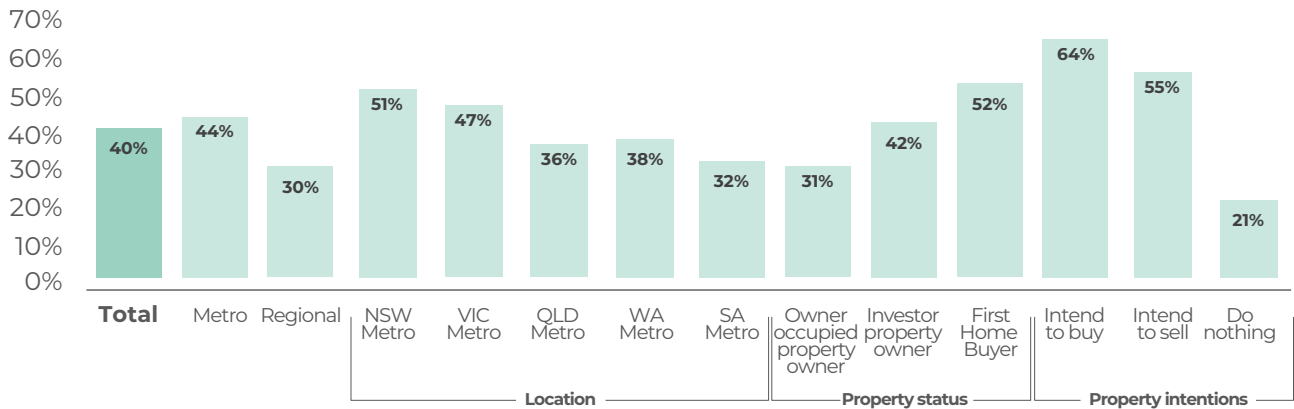


Figure 18. **Hopes for bargain buys***

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

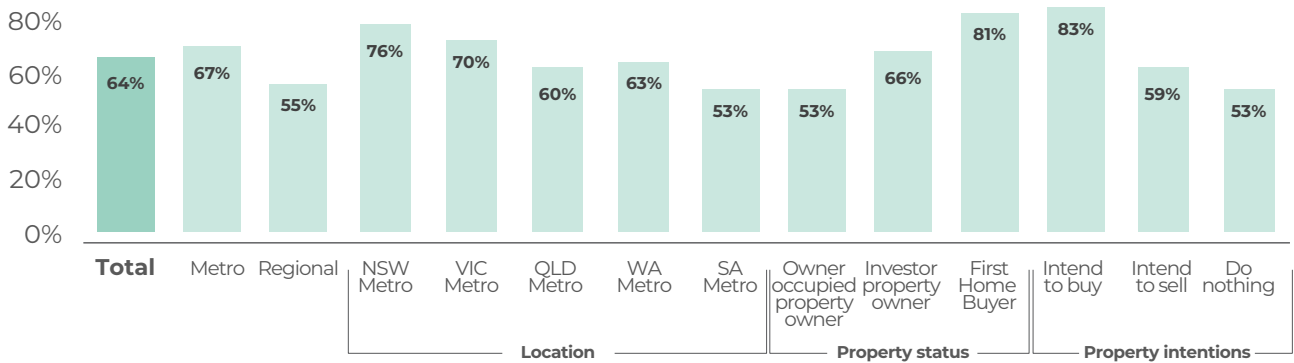
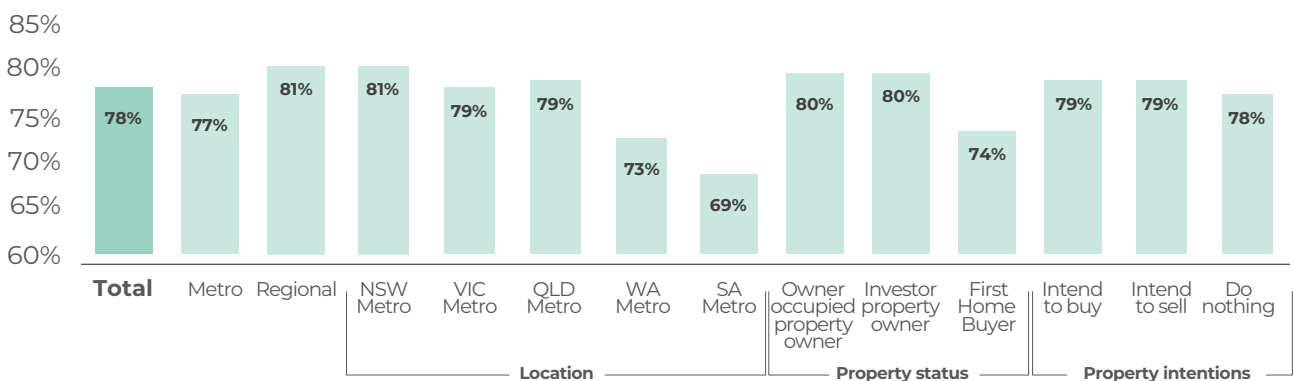


Figure 19. **Influence of new working from home arrangements on regional buys***

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.



* Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

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.'

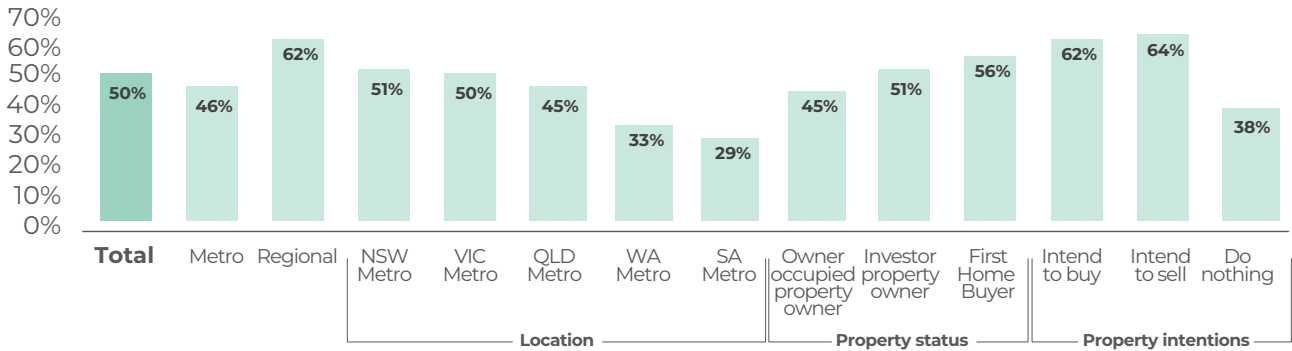


Figure 21. **Confidence since COVID-19 restrictions have eased***

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.

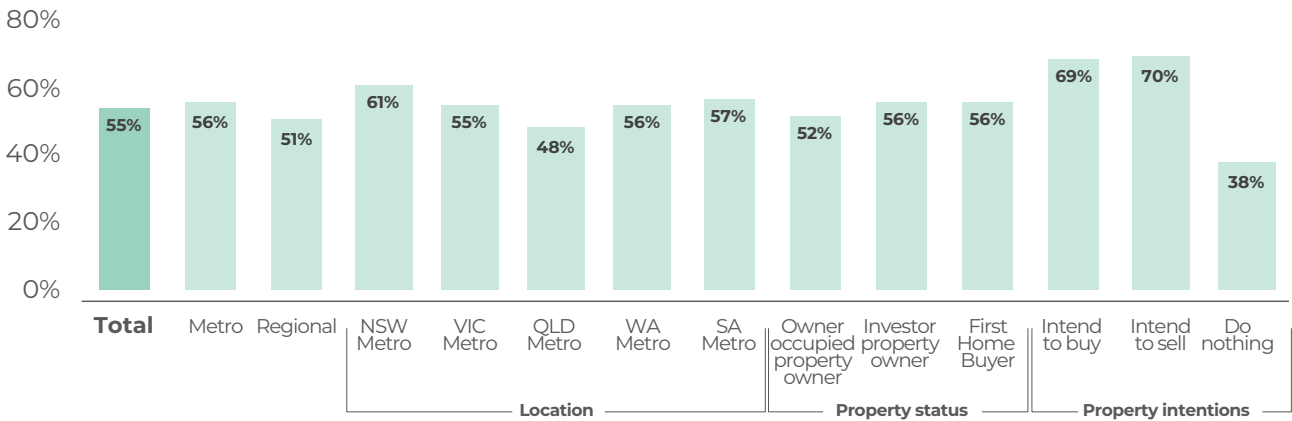
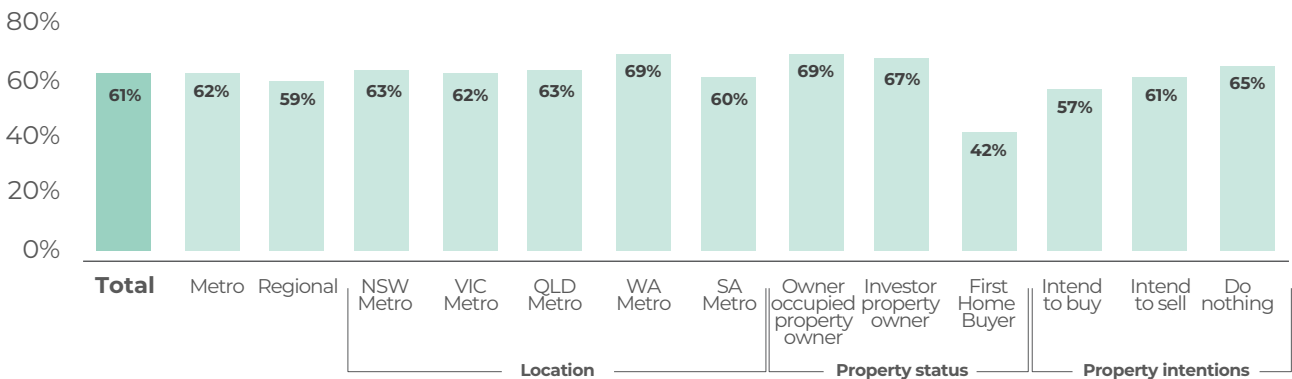


Figure 22. **Choice in the property market***

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



* Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

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.

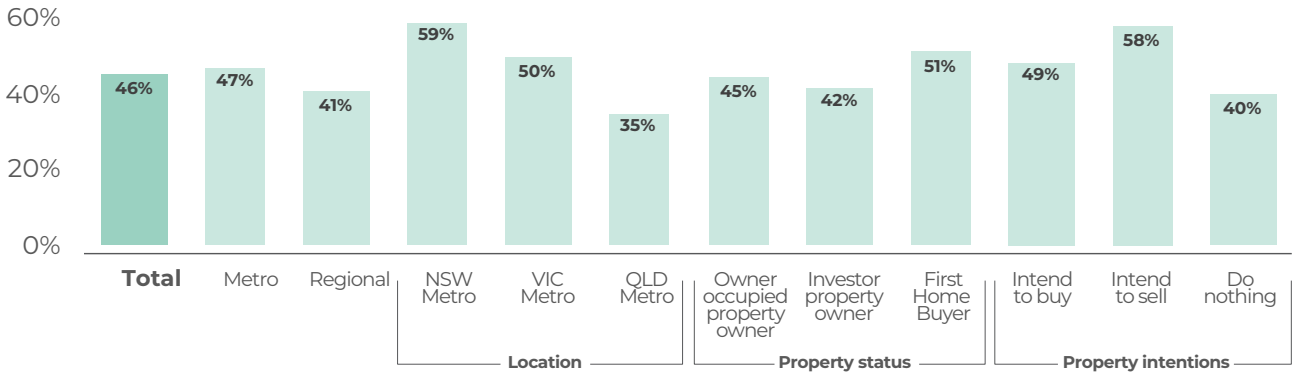


Figure 24. **Support for landlords to reduce rent***

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

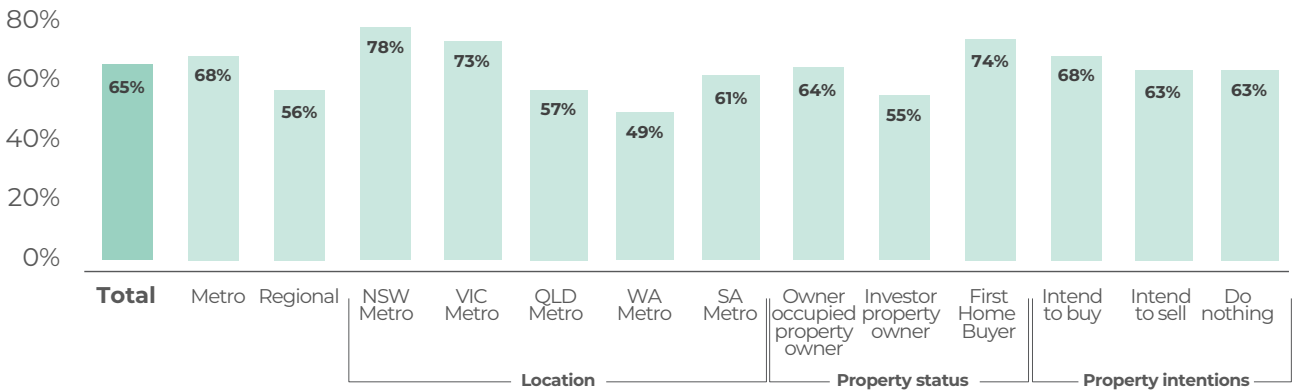
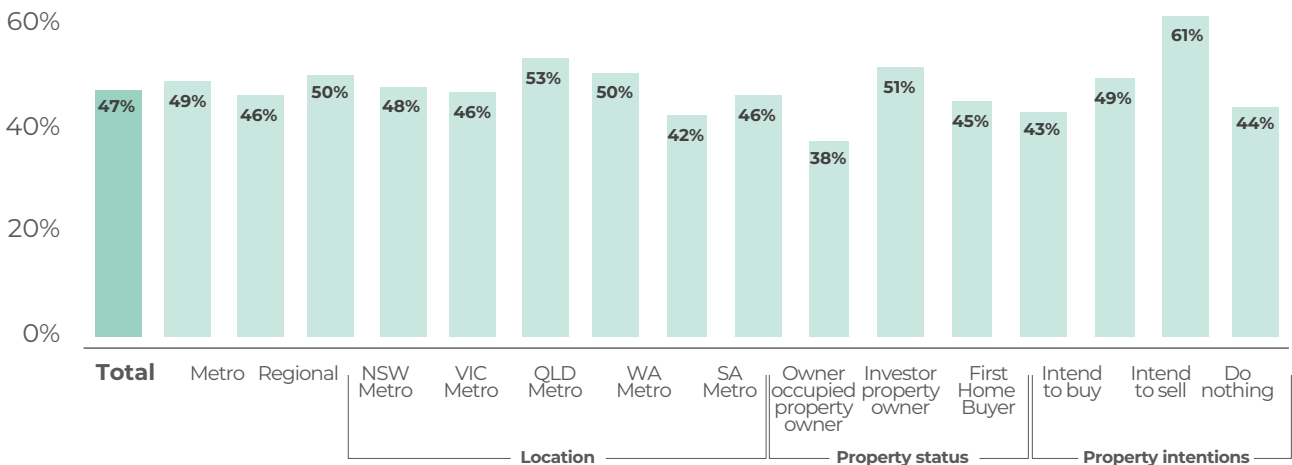


Figure 25. **Spending on home furnishings, gardening and/or renovations since COVID-19***

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



* Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

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.*

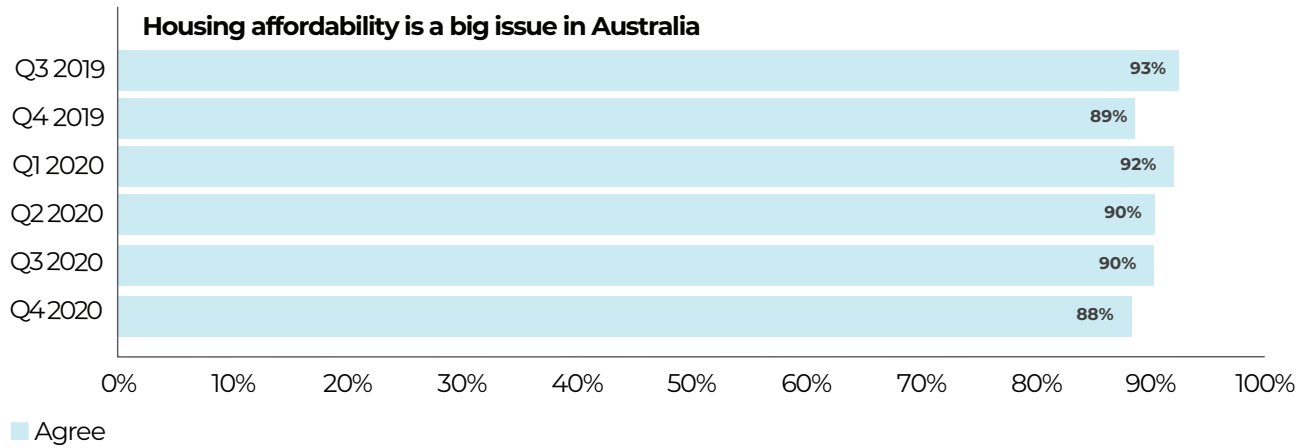


Figure 27. **Ability to save for a home deposit due to COVID-19 (first home buyers)**

Do you agree or disagree with the following statement: *It's harder now to save for a home deposit during COVID-19.*

