

# ME quarterly property sentiment report.

Quarterly insights into how Australians feel about the residential property market. EIGHTH SURVEY, Q1 JANUARY 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 eighth edition – Q1 of the 2021 calendar year, conducted in January 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
- 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:

555 - Owner occupied property owners

357 - 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 11 percentage points in January (Q1 2021) compared to December (Q4 2020). Sentiment varies by age, property status and property intentions.

Figure 1. Overall property sentiment

Overall, how do you feel about the property market?

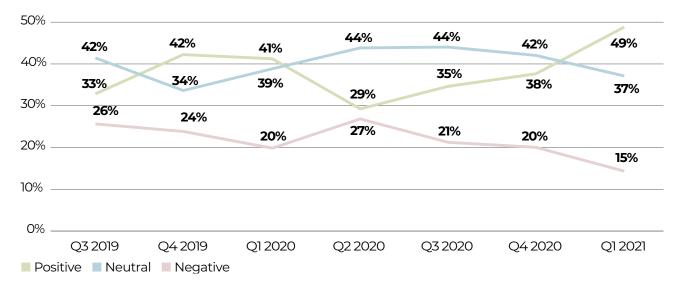


Figure 2. Property sentiment by age Overall, how do you feel about the property market?

18-24 years Q2 2019 Q3 2019 Q4 2019 Q12020 Q2 2020 Q3 2020 Q42020 Q12021 25-39 years Q2 2019 Q3 2019 Q4 2019 Q12020 Q2 2020 Q3 2020 Q42020 Q12021 40-54 years Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020 Q42020 Q12021 55-74 years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 Q12021 75+ years Q2 2019 Q3 2019 Q42019 Q12020 Q2 2020 Q3 2020 Q42020 Q12021 0% 20% 40% 60% 80% 100% ■ Positive ■ Neutral ■ Negative

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

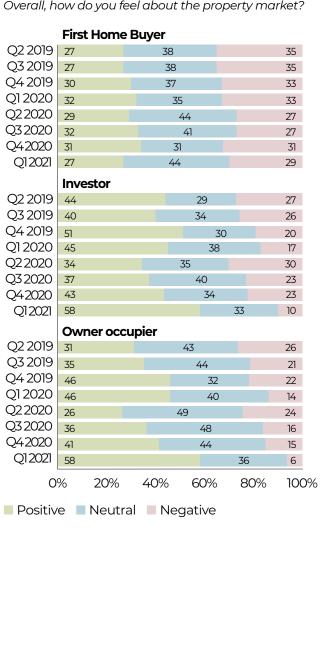
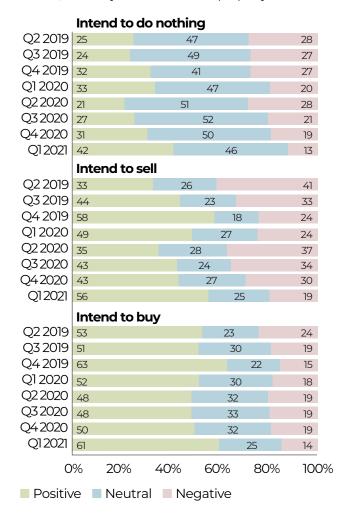


Figure 4. Property sentiment by property intentions

Overall, how do you feel about the property market?



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

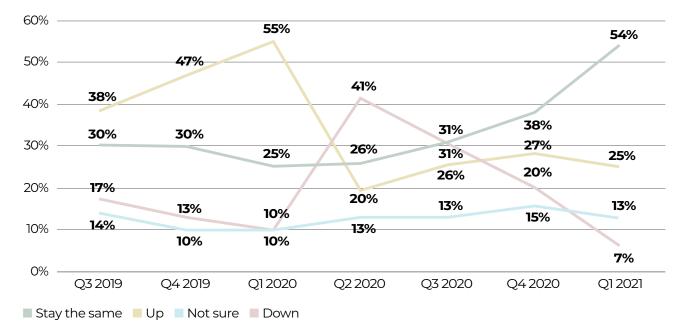


Figure 6. House price expectations by property status

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

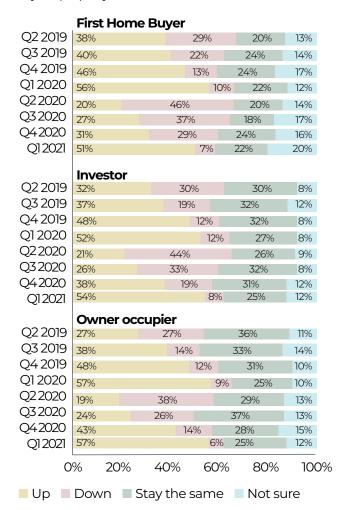


Figure 7. House price expectations by state\* What do you think is likely to happen to the value of your property in the next 12 months?

	SA Metro					
Q2 2019	36%	21%	31	31%		
Q3 2019	45%	5%	36%			
Q4 2019	46%	129	6 32	2%	11%	
Q1 2020	56%			51%	9%	
Q2 2020	17%	45%	:	29%	9%	
Q3 2020	22%	27%	30%		21%	
Q42020	41%	7%	32%		20%	
Q1 2021	53%	39				
Q. 2021					20%	
	WA Metro					
Q2 2019	21%	26%	39%		14%	
Q3 2019	30%	15%	46%		10%	
Q4 2019	25%	28%	36%	11%		
Q1 2020	43%	14%	309	30%		
Q2 2020	10%	51%	25	5%	14%	
Q3 2020	19%	38%	33	%	11%	
Q42020	31%	21%	29%		19%	
Q1 2021	54%		11%	23%	12%	
02.2010	QLD Metro				10%	
Q2 2019	36%	24%	3	31%		
Q3 2019	44%	15%	6 22%	22%		
Q4 2019	57%		8%	24%	10%	
Q1 2020	57%	9% 25%		9%		
Q2 2020	19%	38%	279	27%		
Q3 2020	29%	34%		28%		
Q42020	44%	19		27% % 23%		
Q1 2021	54%		15%			
	VIC Metro					
Q2 2019	33%	36%		25%	7%	
Q3 2019	38%	18%	27%		17%	
Q4 2019	57%			27%	10%	
Q1 2020	67%		7%		8%	
Q2 2020	20%	40%	27		13%	
Q3 2020	25%	35%		30%		
Q4 2020	33%	27%		28%		
Q1 2021	53%		27% 28% 8% 24%		11%	
Q12021			070 24	F/0	14/0	
	NSW Metro					
Q2 2019	24%	41%		25%	9%	
Q3 2019	32%	22%	33%	6	13%	
	57%		15%	22%	6%	
Q1 2020	56%		11%	23%	10%	
Q2 2020	24%	38%	2	5%	13%	
Q3 2020	27%	32%	29	1%	13%	
Q42020	35%	25%	28	3%	13%	
Q1 2021	47%	99	% 309	%	13%	
O	% 20%	40%	60%	80%	100	
Up	Down ■ St	tay the sa	me 🔳 N	Not su	re	

<sup>\*</sup> 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?

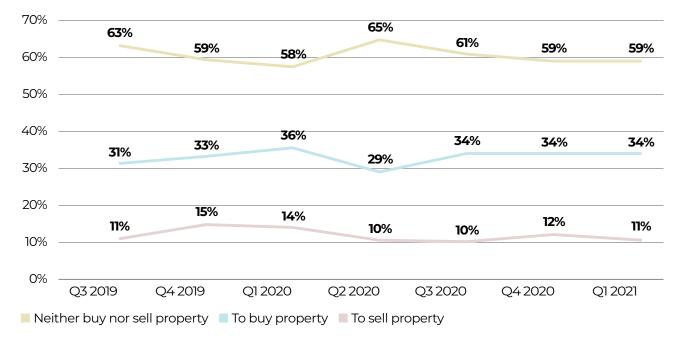


Figure 9. **Property plans by age**What are your property plans in the next 12 months?

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

	18–2	4 years						Ove	r \$125,0	00			
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%	1570		56%	Q2 2020	39%		14%			56%
Q3 2020	40%		17%			50%	Q3 2020	45%		10%			53%
Q4 2020	40%		15%			47%	Q42020	39%		15%			53%
Q1 2021	31%	90				64%	Q1 2021	42%		14%			52%
Q12021	5170	J.	70			0470	Q. 2021						
	25-3	39 years						\$100	,001 to	\$125,00	0		
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%			4%		44%	Q4 2020	44%		179	6		47%
Q4 2020 Q1 2021	42%		12%	4%		50%	Q1 2021	38%		10%			55%
Q12021						3070	Ç						
	40-	54 years	i							100,000	)		
Q2 2019	29%	1	12%			62%	Q2 2019	29%		16%			59%
Q3 2019	29%	Ţ	1%			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	1%			67%	Q2 2020	31%	5'	%			66%
Q3 2020	37%		11%			59%	Q3 2020	37%		14%			56%
Q42020	38%		12%			55%	Q42020	43%		14%			49%
Q1 2021	43%		12%			51%	Q1 2021	40%		12%			53%
· ·													
02.2010		74 years					02.0010		001 to \$	-			
Q2 2019	17%	9%				76%	Q2 2019	35%		14%			53%
Q3 2019	15%	11%				78%	Q3 2019	29%	<b>7</b> 9				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%
Q42020	16%	10%				78%	Q42020	30%	70	0%			64%
Q1 2021	19%	12%				72%	Q1 2021	30%	1	14%			59%
	75+	years						Lind	er \$50,0	200			
Q2 2019	5 7%	-				90%	Q2 2019	26%	6%	<b>,</b>			70%
Q3 2019	10% 6	5%				88%	Q3 2019	24%	9%				70%
Q4 2019	6 3%	)				94%	Q4 2019	22%	9%				71%
Q1 2020	5 8%					88%	Q1 2020	21%	10%				71%
Q2 2020	3 5%					94%	Q2 2020	18%	10%				75%
Q3 2020	2 2%					95%	Q3 2020	15%	10%				78%
Q4 2020	5 7%					90%		16%	6%				80%
Q1 2021	10% 7					86%	Q4 2020 Q1 2021	16%	5%				81%
			4004	600/	000/					4004	600/	000/	
	0%	20%	40%	60%	80%	100%		%	20%	40%	60%	80%	100%
■ To buy					,		■ To buy					,	
Neithe	r buy	nor sell	proper	ty			Neither	r buy	nor sell	proper	ty		

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

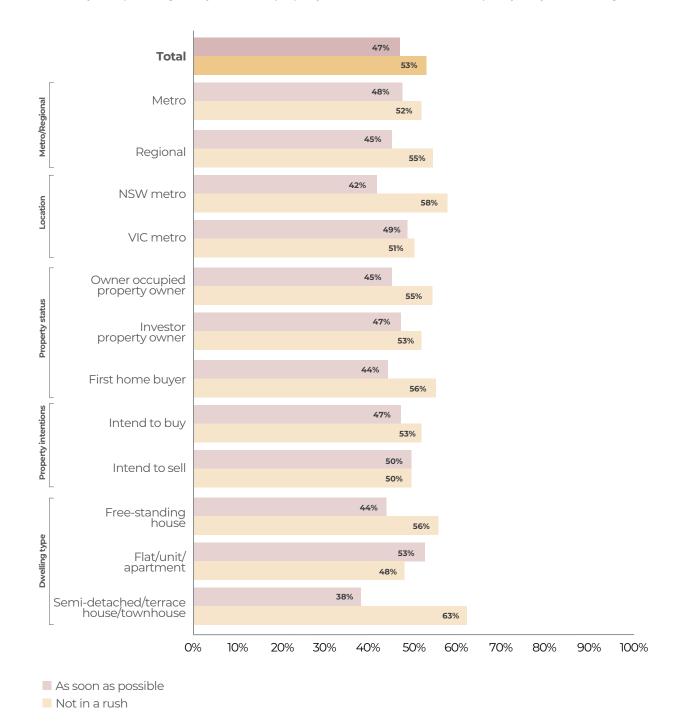
First Home Buyer											
Q2 2019	38%		1%			61%					
Q3 2019	42%		2%			56%					
Q4 2019	46%		2%			53% 48%					
Q1 2020	51%		39	6							
Q2 2020	42%	% 1 <mark>%</mark>									
Q3 2020	51%	6									
Q42020	53%	53% 3 <mark>%</mark>									
Q1 2021	43%	43% 4%									
	Investor										
Q2 2019	44%		23	3%		39%					
Q3 2019	44%		279	%		42%					
Q4 2019	37%		48%								
Q1 2020	51%		51%								
Q2 2020	17%		17%								
Q3 2020	39%	39%									
Q42020	35%		24%			49%					
Q1 2021	37%		20%			50%					
Owner occupier											
Q2 2019	22%	11%	•			71%					
Q3 2019	24%	13%				71%					
Q4 2019	28%	17	7%			63%					
Q1 2020	27%	15%	6			67%					
Q2 2020	18%	8%				78%					
Q3 2020	22%	10%				74%					
Q42020	22%	13%				72%					
Q1 2021	26%	12%				68%					
C	)%	20%	40%	60%	80%	100	<b>)</b> %				
<ul><li>■ To buy property</li><li>■ To sell property</li><li>■ Neither buy nor sell property</li></ul>											

## 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', 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?

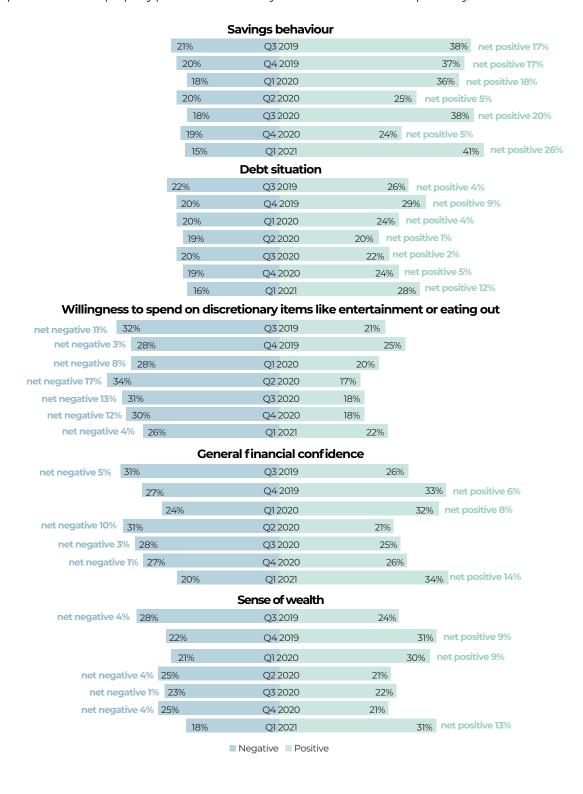


#### Effect on finances

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?



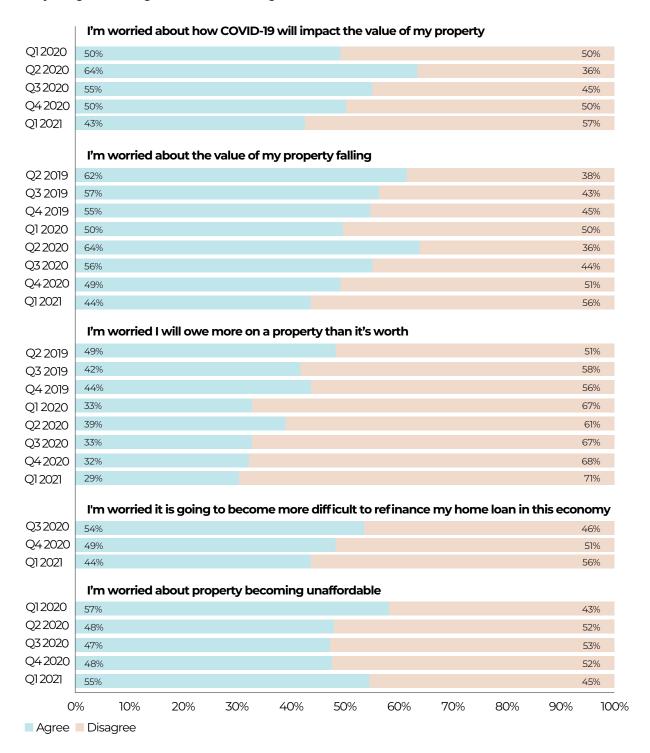
Respondents had the choice of answering positive, negative or neutral. We have removed neutral responses from the chart for the sake of simplicity.

#### **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?

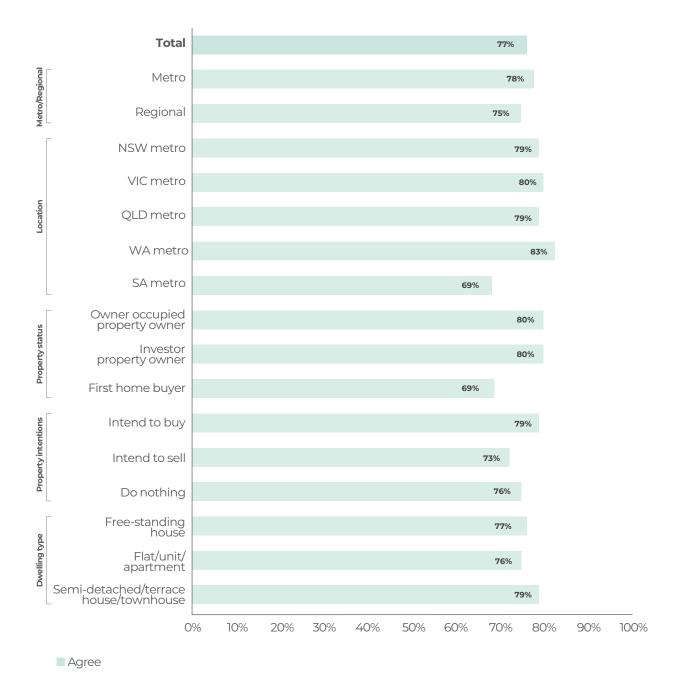


# Impact of recent events

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. Expectations of price rises\*

Do you agree or disagree with the following statement: I expect to see property prices bounce back this year.



<sup>\*</sup> Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

Figure 16. 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.

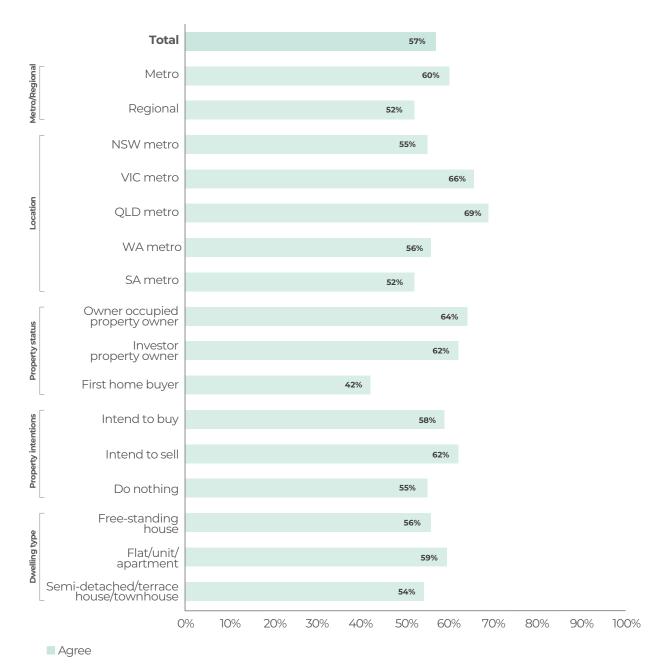
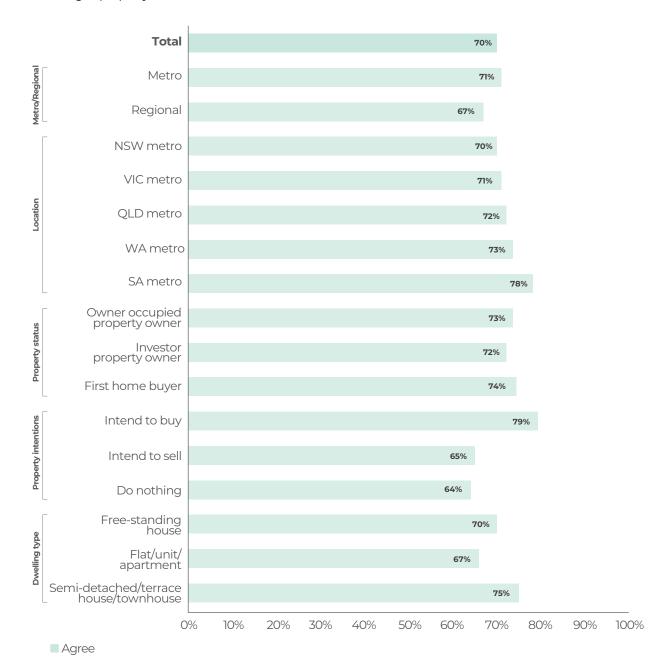


Figure 17. Influence of low interest rates\*

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



<sup>\*</sup> Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

Figure 18. Influence of government support\*

Do you agree or disagree with the following statement: Stimulus measures such as HomeBuilder, first-home buyer incentives and stamp duty relief in some states have made buying or investing in property more attractive to me.

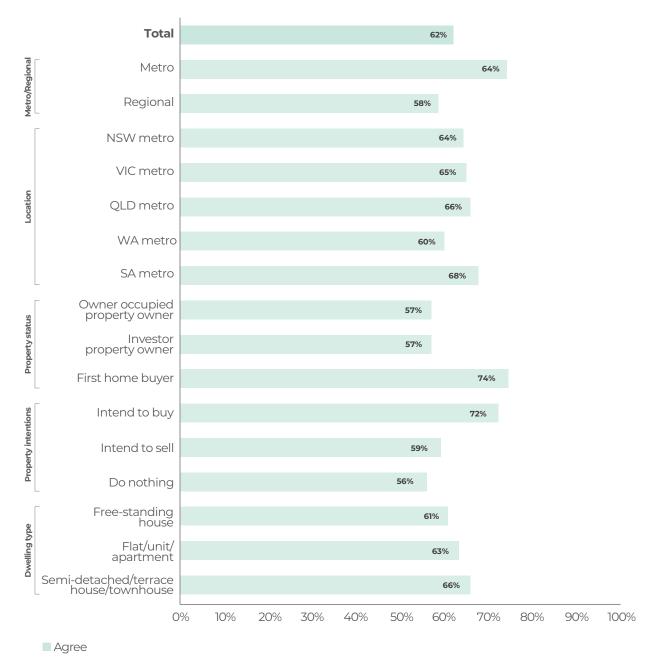


Figure 19. Influence of new working from home arrangements on regional buys\* Do you agree or disagree with the following statement: I think new working from home arrangements will influence more people to buy in regional areas.

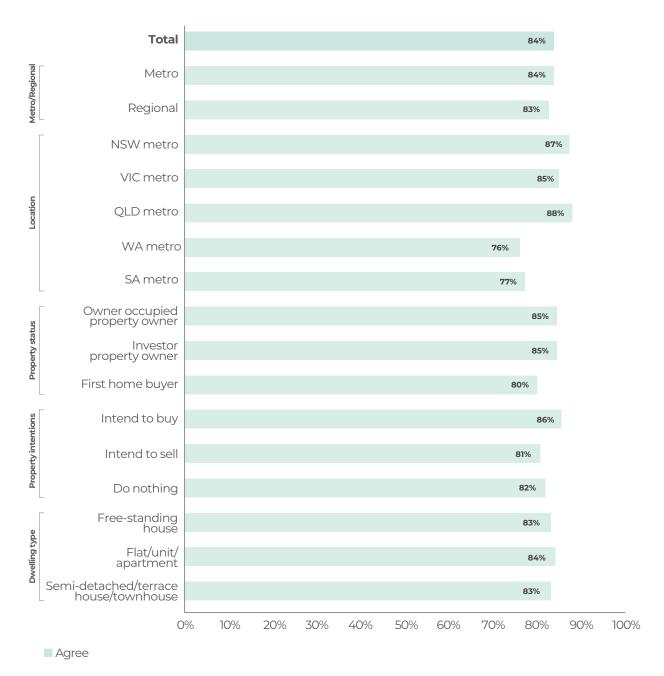


Figure 20. Consideration for regional buys to save money and improve lifestyle\* Do you agree or disagree with the following statement: 'I am more likely to consider buying property in a regional area after COVID-19 to save money and improve my lifestyle.

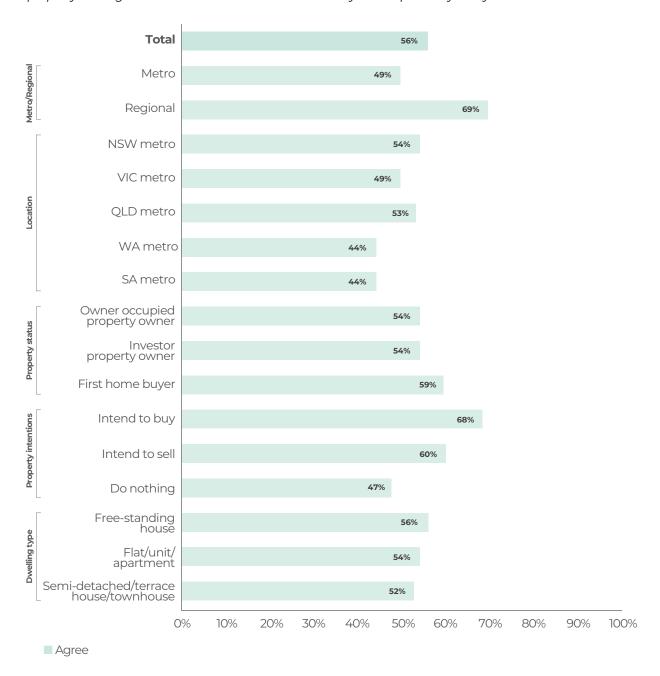
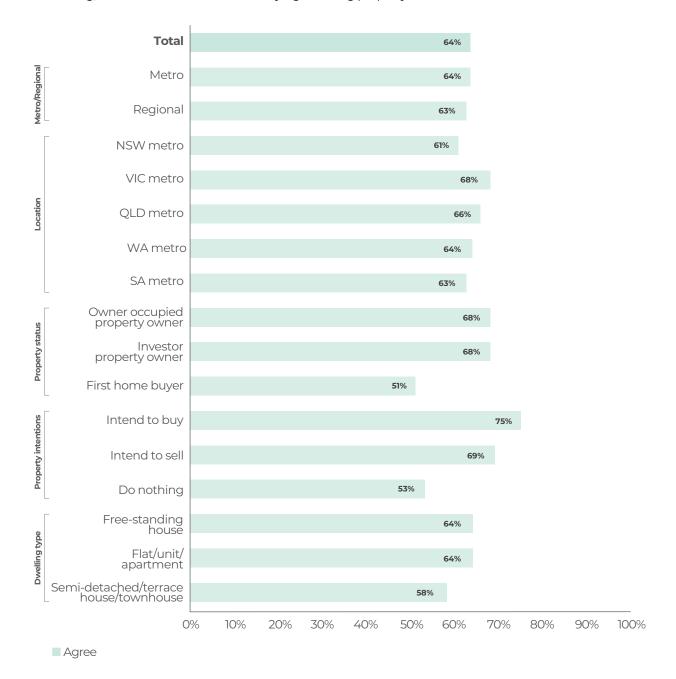


Figure 21. Confidence since COVID-19 restrictions have eased\*

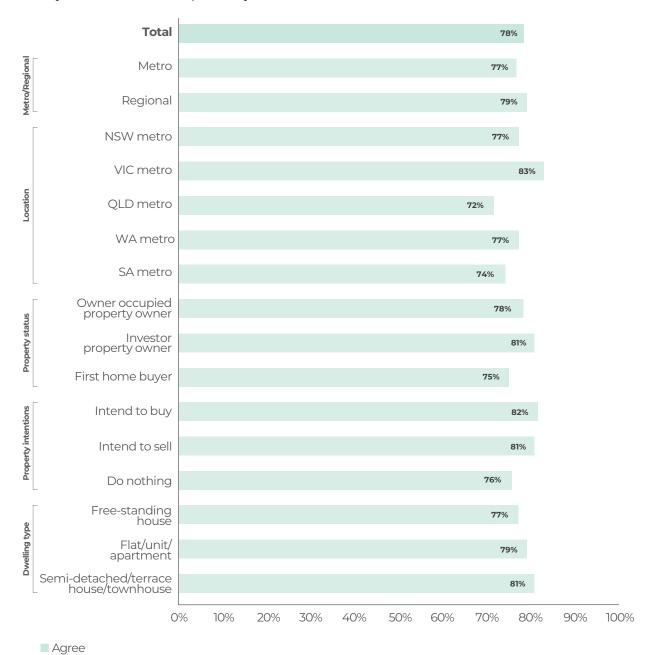
Do you agree or disagree with the following statement: Now that COVID-19 restrictions are easing, I feel more confident about buying or selling property.



<sup>\*</sup> Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

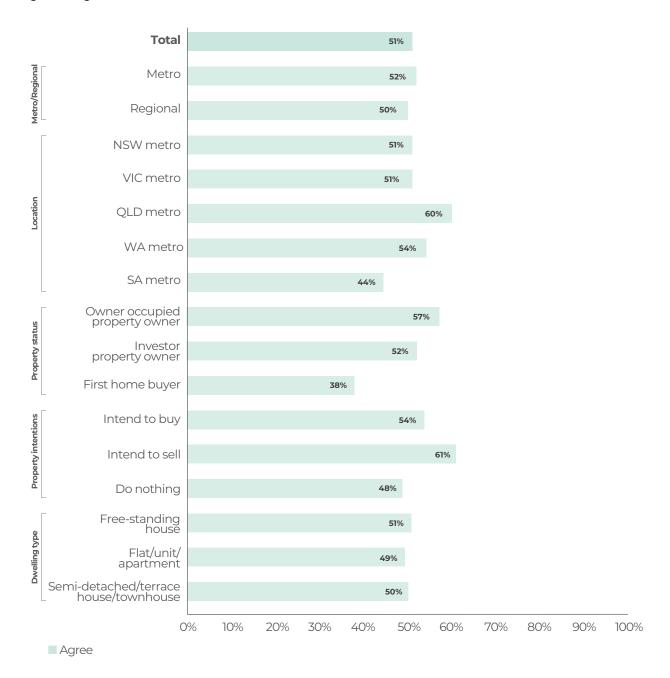
Figure 22. Expectations on residential real estate activity

Do you agree or disagree with the following statement: I expect there will be more residential real estate activity this season to make up for last year



<sup>\*</sup> Please note, survey sample sizes for other metro and regional areas are smaller and are therefore not included

Figure 23. 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 89% agreeing it is a big issue.

## Figure 24. **Housing affordability**

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

