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SKY-HIGH RENTS ARE PUSHING TENANTS TOWARDS HOME OWNERSHIP

The gap between the cost of paying rent and a mortgage has reached the point where it makes more financial sense for some south-east Queenslanders to jump out of the rental market and into the property market.

That is the 'open home chatter' prominent Australian builder-developer AVID Property Group (AVID) is increasingly hearing from prospective purchasers inquiring about move-in-ready house and land packages across its south-east Queensland communities.

The desire to transition from tenant to homeowner is being felt more acutely in parts of SEQ where rental vacancy rates are at record lows and rents are at record highs, including Ipswich and Logan-Beaudesert¹.

The April pause on interest rate increases – following 10 consecutive hikes – combined with population growth, which includes some interstate and international migrants bypassing renting and moving straight into purchasing, is already lifting previously sluggish sales volumes.

AVID Queensland General Manager Bruce Harper said sales teams at its more affordable move-in-ready communities – Chambers Ridge in Logan and Brentwood Forest in Ipswich – had reported buyer concerns about the rental crunch and what it meant for their future housing choices.

Mr Harper said first-home buyers generally comprised the largest pool of tenants – followed by permanent interstate or international migrants – looking for property.

“Currently more than 70 per cent of sales inquiries at Chambers Ridge – where completed homes start from \$575,000* – are coming from first-home buyers,” he said.

“At Brentwood Forest – where completed homes start from \$613,000* – 50 per cent of inquiries are from first-home buyers.”

Mr Harper said the difference between what a young couple might be paying in rent each month versus a mortgage had narrowed substantially over the past year, despite interest rates being at a 10-year record high.

“We’ve heard from potential purchasers that their rents have increased by up to \$200 per week in some outer Brisbane suburbs which adds an extra \$10,000 to their annual housing costs,” he said.

“That’s a significant amount of extra money going towards their landlord which could be used to help pay off their own home.”

Mr Harper said first-home buyers were also drawn to the financial savings and security of new residential communities like Chambers Ridge and Brentwood Forest because AVID’s exclusive builder, Villaworld Homes, carried the majority of costs until settlement.

¹ [Housing affordability background paper for summit 201022.docx \(treasury.qld.gov.au\)](#)

“Departing from the typical instalment-based residential building contract, AVID offers a single fixed-price house and land contract with a minimal deposit,” he said.

“Buyers don’t pay another cent until the home – which includes air-conditioning, window blinds, fencing, a driveway, and landscaping – is completed.

“That means owner-occupiers aren’t experiencing the double whammy of paying rent and building costs at a time when household budgets are under pressure from cost-of-living increases and interest rate rises.

“Dealing with a builder-developer like AVID and Villaworld Homes – which has built more than 45,000 homes over 36 years – also gives buyers peace of mind knowing their home will be built.”

Mr Harper said the imbalance in property demand and supply, which was at the root of the current rental crisis, stemmed from a lack of available, well-located greenfield land in Queensland’s SEQ growth corridor.

“It’s good to see the State Government has taken proactive steps through its Growth Areas Team to work towards unlocking more land to create new residential communities in collaboration with local councils, state agencies, utility providers and the development industry,” he said.

“The government’s commitment to review the SEQ Regional Plan – *ShapingSEQ* – is also a welcome chance to ensure the plan is updated and amended to reflect current population and dwelling growth trends to release land for residential developments in locations where people want to live².

“Queensland is Australia’s fastest growing and most popular state. In the 12 months to September 2022 almost 47,000 people from other states and territories moved to Queensland – the highest of any other state – driving our annual population growth rate to a national high of 2.2 per cent. An additional 43,000 international migrants also made Queensland home over the same period³.”

– ENDS –

About AVID Property Group

AVID Property Group (AVID) is an award-winning Australian builder-developer, responsible for a diversified selection of residential masterplanned communities, completed houses and apartments, with 38 developments, located in key growth areas across Australia’s eastern seaboard.

AVID has a proven track record with the delivery of \$5.2 billion worth of projects over the past 16 years. AVID’s current portfolio will see the delivery of 15,000 blocks with a gross revenue pipeline of \$4.9 billion.

With a strong record of delivering connected and vibrant communities, AVID and its subsidiaries have created great homes and places for more than 75,000 Australians to live out their dream lifestyle.

Led by highly experienced senior management, AVID brings people together to deliver exceptional communities, valuable shareholder returns and thriving environments for its customers.

For more information, visit www.avid.com.au

For further information, please contact:

² [South East Queensland regional plan | Planning \(statedevelopment.qld.gov.au\)](https://www.statedevelopment.qld.gov.au)

³ [National, state and territory population, September 2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au)

Media Release



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