



The Week In Real Estate



Investors Back In The Market

Lower interest rates are helping to produce growth in the residential investment property market. Lending to investors grew 5.7% in August, the most substantial month-on-month increase in three years, according to data from the ABS.

Much of the demand is coming from first-time property investors, say market watchers.

"We're seeing a lot of new investors coming in, encouraged by the lower interest rates, and they're getting their loans approved far easier than existing investors," says Your Finance Adviser lending specialist Raj Khatak.

Policy and pricing on investment loans has eased, making the conditions more favourable, and lenders are aggressively competing for customers.

The gap between investment principle & interest and investment interest-only home loan pricing is significant, but has narrowed in recent times.

The ABS data also showed a 4% monthly increase in the total value of home loans written to owner-occupiers on the month prior.

Quote of the Week

"The continued growth in home loan demand is consistent with the turnaround we are seeing in the housing market of late, particularly in the nation's two largest markets, Sydney and Melbourne."

Mortgage Choice CEO Susan Mitchell



Rents Rise In Most Cities

Renters in most capital cities have seen a rise in their weekly rents in the past year, new Domain data shows.

Nationally, both house and unit markets saw a 20 basis point increase in gross rental yields year-on-year.

Domain research analyst Eliza Owen says most cities' rental markets have not kept pace with a growing population, resulting in low vacancies and putting upward pressure on asking rents.

The most noticeable uplifts were recorded in Adelaide and Perth. In the past year, the median weekly rent for Adelaide houses is up 2.7%, with a sharper increase for units at 3.3%.

Perth's rental market had strengthened due to steady population growth and a drop-off in residential construction, Owen says. House rents have increased 5.7% in the past year, yet Perth remains the most affordable capital in which to rent a house.

Rents fell in Sydney, the only capital city with a vacancy rate above 3%.





Suburbs Join Million-dollar Club

Sixty-eight Australian suburbs have moved into the million-dollar price bracket in the past three months, after buyer confidence returned following the Federal Election result and the RBA's reduction to interest rates.

The rise in million-dollar localities represents a 0.80% increase in the number of suburbs selling above the million-dollar price point from a year ago, according to new data from CoreLogic.

Many of the new suburbs that now have median prices above \$1 million are in NSW - Kangaroo Valley, Haymarket, Northbridge, Mount Colah and Redfern – helped by the revival in Sydney prices.

Others include in Beaumaris, Vic; Urrbrae, SA; Ainslie, ACT; Noosaville, Qld; and Myrtle Bank, SA.

Demand for units in Haymarket, Northbridge, Redfern and Beaumaris during the past three months has been driven by tight supply. The story is similar in the Ainslie housing market in Canberra, where the median price is up 11%.

Help for First Home Buyers

A scheme that will see the Federal Government support 10,000 first-home buyers has been approved.

The National Housing Finance and Investment Corporation Amendment Bill 2019 - introduced to the House of Representatives and the Senate in September - was finally passed by both houses this week.

In a joint statement Minister for Housing Michael Sukkar and Treasurer Josh Frydenberg say the passage means "first-home buyers will be able to enter the property market sooner".

The Scheme would see eligible first-home buyers who are on low and middle incomes purchase a house with a deposit as low as 5%.

The Federal Government says: "The Government recognises that saving a deposit has become a more significant barrier to entering the housing market. It can take 10 years for the average first-home buyer to save a 20% deposit. The Scheme will support 10,000 first-home buyers each financial year."

The scheme is open to eligible applicants who have taxable incomes up to \$125,000 a year for singles and up to \$200,000 a year for couples.

Builders have welcomed the initiative, says Denita Wawn, CEO of Master Builders Australia.

40 Miller St, Urangan, Hervey Bay QLD 4655
scott@mitchellsrealty.com.au

Investors Say Now is the Time to Act

Property investors are becoming more active with many planning to act now, according to a new survey.

The 2019 PIPA Property Investor Sentiment Survey indicates that Australians are increasingly keen to get into the property market, with 48% looking to purchase property in the next six to 12 months.

The survey found 98% of property investors are at the planning stage, while 26% have a detailed and modelled strategy to achieve long-term investment goals.

Furthermore, 82% of investors believe that now is a good time to invest in residential property, which is up from 77% in the 2018 survey. Most are seeking to buy established houses, with only 12% interested in apartments and townhouses.

"The rise of the rentvestor is well and truly established in this cohort. Among these first-time investors, just over one-third (34%) identified as renting elsewhere while the remaining 66% owned the home they lived in," says PIPA chairman Peter Koulizos.



Ph: 0428 484 499
www.mitchellsrealty.com.au