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The Week In Real Estate



Price Rises Extend Nationally

Improvements in the national property market indicate summer will be a busy season. Fresh data from CoreLogic RPData shows that house prices are rising in most markets, contributing to a national average increase of 1.7% in November.

CoreLogic's RP Data Daily Home Value Index for all dwellings in November confirms increases in every capital city except Darwin – and also increases in regional markets.

Year-on-year, Hobart, Canberra, Melbourne and Sydney have all recorded an uplift in prices while Brisbane/Gold Coast is now close to entering positive territory.

Strong performances in popular lifestyle locations such as Avoca Beach, Batemans Bay, Forster, Tweed Heads, Ocean Grove, Noosa Heads and Sunshine Beach, where there has been double-digit growth in median unit prices in the last 12 months, are encouraging for the coming months.

This follows findings by the Housing Industry of Australia that affordability improved in the September Quarter in every capital city and region, due mainly to interest rate reductions.

Quote of the Week

“New loan commitments for housing showed further strength in October, with the series up by 15.2% on the most recent trough in May 2019.”

ABS Chief Economist Bruce Hockman



Launch Looms For FHB Scheme

The Federal Government's First Home Loan Deposit Scheme starts on 1 January, but it is limited to 10,000 borrowers and not all lenders have been endorsed to participate, so applicants need to be aware of all the terms and conditions.

The scheme enables borrowers with deposits of just 5% to be given a special government guarantee which allows them to avoid expensive lenders' mortgage insurance.

To be eligible you must be an Australian citizen, a first-home buyer and be earning no more than \$125,000 a year (\$200,000 for a couple).

The scheme is open to a range of property types, including apartments, townhouses, house & land packages and existing houses.

Couples must be married or in a de facto relationship. Applicants who buy a property with a friend or sibling do not qualify under this scheme.

Each city and regional area has a different cap on the purchase price. A full list of these together with the list of endorsed lenders can be found on Finder.com.au.



Investors Plan To Cross State Borders

Serious investors recognise that buying interstate investment properties enables them to make the most of markets about to rise, says Property Investment Professionals of Australia (PIPA) chairman Peter Koulizos.

New research from PIPA shows that 45% of investors intend to buy interstate next year. The 2019 PIPA Investor Sentiment Survey also indicates that 63% of investors would consider rentvesting, i.e. renting their home while buying an investment property, as a property investment strategy.

“More and more investors are recognising that there are myriad investment opportunities around the country, rather than being blindsided by what’s happening in their own backyards,” says Koulizos.

“Australia has eight capital cities and dozens of major regional areas, which have property markets at different stages of the market cycle at the same time.” However, Koulizos warns novice investors against trying this strategy without expert advice.

He says investing interstate requires a strong understanding of local markets and cycles as well as state-specific legislation that can impact rental returns.

Sustainable Homes of the Future

With drought and water supply a core issue in many parts of Australia, it’s noteworthy that a residential estate with water-saving technology has taken out an Urban Development Institute of Australia’s Award for Excellence. The design saw the homes’ water use cut by 70%.

UDIA Victoria chief executive Danni Hunter says innovations around environmental excellence are making a big impact on the building sector.

“We’re in the business of creating the homes and communities that people need, and it’s clear to industry that home-buyers want and need urban development that considers social, environmental and economic impacts,” Hunter says.

Head judge Peter Seamer says “sustainability is no longer considered a bonus in developments, it’s a given and developments with poor sustainability outcomes cannot compete in the marketplace”.

Sustainable housing issues include **environmental sustainability** (water, energy, emissions, waste, vegetation, pollutants and contamination) and **social sustainability** (aesthetics, safety, security, accessibility, functionality and liveability for future generations).

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Home Lending Surged In October

Mortgage lending expanded in October, according to ABS numbers which showed that activity by owner-occupiers continues to outpace that of investors.

The total number of new lending commitments for property increased 2.0% to \$18.21 billion in October.

The value of new commitments for owner-occupier dwellings rose by \$13.11 billion (or 2.2%) during the month and have grown 5.7% over the past 12 months.

The value of investor lending commitments rose by 1.4% or \$5.1 billion during the month but remains almost 10% lower than the levels at the same time last year.

ABS Chief Economist Bruce Hockman says October was the fifth consecutive monthly increase in loans to owner-occupiers.

Meanwhile, the number of owner-occupier first-home buyer loan commitments increased 1.4% over October in seasonally adjusted terms. And, for the first time, the October figures included data about first-time buyers who bought an investment property rather than a home - they accounted for 5.7% of home loans to first-time buyers.



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