



**Hilton Parkes**  
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## The Week in Real Estate



### ANZ Tips RBA Will Cut to 1.5%

The Reserve Bank will cut the official interest rate next year, say ANZ economists, because of a worsening global economy and high unemployment.

ANZ economists Warren Hogan and Justin Fabo expect the RBA to cut the cash rate to 1.50%, but say pinpointing the timing of the cuts is tricky; there could be a cut of 25 basis points in February and May.

"Risks to growth in Australia's major trading partners in Asia, and Australia's terms of trade, are skewed to the downside, with China in particular facing several significant challenges," the economists said.

At the same time, they argued that next year, the domestic economy would receive less support from the housing market and the lower Aussie dollar.



### Resale Profit Strong in Cities

The majority (90.9%) of properties resold over the June quarter made a profit while 9.1% of re-sales experienced a loss, says CoreLogic RP Data research analyst Cameron Kusher.

The proportion of loss-making resales was generally higher in regional areas than in capital cities.

"Housing markets linked to the resources sector are generally seeing an increase in loss-making resales after housing market conditions in many of these locations have posted a sharp correction," said Kusher.

Of the properties that resold at a profit, 30.8% resold for double their previous purchase price.



## Approvals Both Up and Down

Dwelling approvals fell in August, compared to July, but remained higher than a year ago.

This week's data from the ABS shows a 6.9% monthly decrease, mostly coming from an 11.4% drop in approvals for units and townhouses. In annual terms the August approvals were up 5.1%.

This month's decline was driven by a dive in the approval of 'other dwellings', which includes apartment blocks and townhouses. The figure fell 11.4% to 8,760 dwellings.

Meanwhile, the number of detached homes approved was stronger, increasing 4.9% to 9,765 in August.

## Reforms to Protect Unit Buyers

The NSW Government is considering reforms which will allow the purchaser to rescind off-the-plan contracts.

The changes will also see a vendor who terminates a contract under a sunset clause and resells the same unit at a higher price, pay damages to the purchaser – equal to the difference on the sale price between the two contracts.

REINSW President Malcolm Gunning said public consultation was essential to understand the issues consumers face.

"The current legislation is allowing developers to take advantage of a fast moving property market that has exceeded expectations in recent times," Gunning said.

Purchasing a property is a huge commitment and sunset clauses in their current form can see consumers exploited, he said.

## Loan Data Shows Differing Rates

RateCity data shows that half of all lenders now offer different rates for investors and owner-occupiers, with a difference of up to 0.85%. Over time, it is expected the majority of lenders will use differential pricing.

RBA figures showed that the 12-month growth figures in investor housing credit had slowed to 10.7%, down from 11% in June.

This result follows on from the introduction of different home loan rates for investors and owner-occupiers by some lenders after APRA called for growth in investment lending to be capped at 10%.

The RBA also noted that a large number of loans have reportedly changed from investment to owner-occupier in August.

While some lenders have increased their investor rates, some have dropped their owner occupier rates.

## Quote of the Week

*"For some reason, vendors think spring time is a great time to sell. Perhaps they think their garden is looking fabulous right now. Perhaps they wish to tie up affairs prior to Christmas. Whatever the reasons given, many vendors think this way and therefore it's not such a great time to sell as everyone else is selling! Certainly, there is little evidence there are more buyers in spring."*

Louis Christopher of SQM Research.

