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## The Week in Real Estate



### Loan Demand Continues to Rise

The APRA measures to quell investor lending are failing to have a significant impact on home loan demand – yet, new data has revealed.

According to the July Housing Finance Data from the Australian Bureau of Statistics, 53,095 home loans were approved over the course of the month – up 0.3% on the month prior.

In recent months, Australia's lenders have made changes to their policies and pricing in a bid to reduce their level of investment lending.

As most of the changes were made in June and July, it is still early days, and we are unlikely to see the true impact of these changes for some months yet.

### Property Booms are Overseas

Recent price gains in Australia's two largest capitals may have triggered speculation regarding a potential bubble but, according to a new report, the real property booms are happening overseas.

Australia was placed 10th in a global ranking of house price growth, as per the table below.

Country	Ranking	Growth rate	Country	Ranking	Growth rate
Hong Kong	1	20.7%	Colombia	9	7.2%
Turkey	2	18.5%	Australia	10	6.9%
Estonia	3	13.4%	USA	21	4.5%
Luxembourg	4	13.2%	UK	22	4.2%
New Zealand	5	10.9%	Japan	45	-0.7%
Ireland	6	10.7%	Singapore	49	-3.2%
Sweden	7	8.8%	China	52	-5.7%
Iceland	8	7.8%			

Knight Frank's head of research for Asia-Pacific Nicholas Holt said that economic concerns in China would continue to cause jitters throughout the region, but the impact on housing markets would be complicated.

"On the one hand, economic growth is a key indicator for future house price performance; while on the other, property in times of economic turbulence has been seen as a safe haven and a postponement of an interest rate rise hike in the US will continue to provide many markets with a low cost of debt," he said.



## Sydney to Out-Build Melbourne

Victoria is forecast to reach its peak for dwelling commencements by December, before NSW overtakes in late 2016, says BIS Shrapnel.

BIS Shrapnel managing director Robert Mellor said: "NSW is going to enjoy strong growth in both residential and non-residential building as it is experiencing healthy population growth, has a state government that is making good decisions and they are building the necessary infrastructure, particularly transport to encourage property development."

By the end of 2016, Victoria is expected to move into oversupply (largely caused by high-rise unit construction in inner-city Melbourne), which will cause building activity to drop.

HSBC Australia chief economist Paul Bloxham says: "Slowing population growth has begun to raise questions about whether supply could eventually exceed demand, leaving Australia with too many houses."

### PM Told Property is Key

Incoming Prime Minister Malcolm Turnbull has the support of the Property Council of Australia.

PCA chief executive Ken Morrison said: "The incoming Prime Minister has said economic leadership is central to the needs of the nation, and the Property Council wholeheartedly agrees.

"The property industry underpins the strength of Australia's economy as the biggest contributor to GDP and the nation's second-largest direct employer."

Morrison called on Turnbull to continue with the "long-overdue" process of tax reform, which he said was vital to Australian living standards.



## Vacancies Down to 2.3%

In the last 12 months, vacancy rates in Darwin and Perth have risen 2.0% and 1.1% respectively while rates for Hobart and Melbourne have fallen 0.5% and 0.4% respectively, says SQM Research. The average vacancy rate for the eight capital cities is down slightly to 2.3%.

In the same period, asking rents have fallen in Darwin by 21.3% for houses and 17.8% for units; and Perth 8.1% for houses and 5.5% for units. In contrast, Hobart has recorded a rise of 6.7% for houses and 8.3% for units while asking rents in Adelaide, Melbourne and Sydney have recorded modest rises.

SQM Research's Louis Christopher says that vacancies will gradually rise over the next 12 months and only tourist destinations such as the Gold Coast and Hobart will record stronger rental conditions.

### Quote of the week:

"Slowing population growth has begun to raise questions about whether supply could eventually exceed demand, leaving Australia with too many houses."

*HSBC Australia chief economist Paul Bloxham, warning that a national oversupply of homes could be a risk in 2017.*

