



Hilton Parkes
An Agent You Can Trust

The Week in Real Estate



Most Feel Good About Property

A survey of 1,200 *domain.com.au* users found that 77% of respondents were positive or neutral about the property market, while 23% were negative or stressed.

Of the buyers surveyed, 47% wanted greater restrictions on foreign investors, while 19% wanted greater restrictions on investors in general.

Another 32% wished for lower interest rates, 27% for more government support for first-home buyers and 9% for increased property development.

The property market is expected to be more stable in 2016 than in 2015. Domain Group senior economist Andrew Wilson said, "[Last year was] a roller coaster ride for the property markets in Sydney and Melbourne, which has now come to a stop, with other capital cities experiencing only moderate growth in line with under-performing local economies".

Report of the Week:

Cheapies City Edition 2016

The Ryder Report is the only document of its kind in Australian real estate. It provides property news and analysis you won't find in the national media – or anywhere else. The Christmas-New Year edition is out now. In this issue: we analyse price data and explain what's really going on behind the generalised media figures; we pinpoint three serious scams investors need to avoid; we discuss two major markets poised for strong price growth; we list the Top 20 growth markets to watch out for in 2016; we explain why you cannot trust the price data published in daily media; and much much more!

[**Cheapies City Edition**](#)

200,000 New Homes In 2016

In FY2015 a record 211,860 new homes were built, up 13% on the previous record of 187,000 set in 1994.

The Housing Industry Association is tipping that new home starts will exceed 200,000 again in FY2016.

"Momentum is clearly with the eastern seaboard markets, including some renewed promise for the the south-east corner of Queensland," the HIA said. "NSW is the strongest housing market in Australia, followed by Victoria."

The nation's biggest brick-maker, Brickworks, has kept all its factories running over the holiday season and recommissioned mothballed plants to ensure it has enough bricks to meet demand on Australia's east coast.

Building materials suppliers such as Brickworks, CSR and Boral had record earnings in 2015.



China Likes Australian Properties

Foreign investors will continue to buy property in Australia despite new fees for overseas buyers.

Monika Tu, a realtor who specialises in the sale of Australian prestige property overseas, says Chinese investors buy property in Australia because of educational opportunities and the clean environment.

Tu said Point Piper, Vaucluse and Rose Bay, along with Mosman and Hunters Hill, remained the top destinations, but cost-conscious buyers were turning to Blakehurst and Burraneer in Sydney's south.

Most forecasters expect home price growth to slow this year in Sydney and Melbourne.

Home prices rose an average 8.9% in capital cities for the year ending in mid-December, with most of that growth in the 12.8% and 11.7% rises in Sydney and Melbourne - respectively, according to CoreLogic RP Data.

Banks Tighten Borrowing Power Major banks have tightened lending policies, reducing the borrowing power of both investors and owner-occupiers, amid regulators' concerns that mortgage lending has become too risky.

To measure the impact of tougher bank lending policies, mortgage broker *Homeloanexperts* calculated the maximum loan amount for a couple earning \$60,000 each, with two children. The comparison was made between loans taken out in December 2014 and December 2015.

The Commonwealth Bank could have lent \$640,000 as a housing investment loan a year ago, compared with \$560,000 now - an \$80,000 reduction.

Westpac would have lent an owner-occupier \$645,000 a year ago, but this amount has fallen to \$580,000 - a \$65,000 reduction.

Mortgage broker Christina Parnham said banks were taking into account the possibility of higher interest rates when assessing loans.

"You're going to have to be able to service the loan at about 7.5 to 8%," she says.



Household Consumption Strong in 2016

Federal Treasurer Scott Morrison says that household consumption, which makes up half the economy, remains strong and is a "key factor" in the year ahead.

The early signs for consumption this year appear positive, with major banks reporting record transaction volumes in the Christmas period and economists confident about the outlook for reasonable spending growth.

Morrison said the government's decisions and policies over the year would be aimed at - cementing the gains in confidence and avoiding anything that could act as "handbrake or undermine confidence".

While the Budget update last month had lowered forecast growth in household consumption by 0.25 to 2.75% this year and 3% in 2016-17, the Treasurer said this was "still positive and still very strong".

Quote of the Week

"The pipeline is full and we see a solid year's work in front of us. There's no question about being busy - I know this year is going to be good."

- Brickworks boss Lindsay Partridge

