

The Week in Real Estate



More Fixing Their Home Loans

Fixed-rate home loans accounted for 24% of all loans written throughout the month of January – up from 19% recorded the month prior, says the latest national home loan approval data from Mortgage Choice.

It says the current level of complexity and confusion around interest rates means borrowers are looking for safety and security in their home loan repayments and are fixing their mortgages.

The last time demand for fixed-rate home loans was this high was in November 2014 when interest rate conditions were similar.

Queensland recorded the strongest demand for fixed rate products, with this type of loan accounting for 31% of all home loans, followed by New South Wales and Western Australia at 24% and 23% respectively.

[Top 5 Brisbane Hotspots 2016](#)



Building To Remain Buoyant In 2016

The December 2015 Building Approvals confirms that 2015 was a solid year of housing growth and will underpin a high level of new housing building activity in 2016.

Building approvals in 2015 totalled 232,078, with the three eastern states contributing 80% of all building approvals, says Wilhelm Harnisch, CEO of Master Builders Australia.

“The December building approval data confirms that confidence among new home-buyers and investors remains strong, underpinned by the continuation of low official interest rates,” he said.

“The industry expects home building activity to remain buoyant for the rest of 2016, particularly if interest rates stay at the current low settings.”

[National Top 10 Best Buys 2016](#)



Foreign Buyers to Shore up Housing

Strong demand for dwelling investment by foreign buyers is likely to continue, says the RBA. Offshore buyers are less likely than locals to be influenced by changes in the domestic economy.

“Information from the Bank's liaison suggests that foreign buyers tend to have long-term motivations for investment and may be relatively unconcerned about temporary fluctuations in housing price growth,” the RBA said.

Offshore demand for residential property - particularly in CBD apartments - has driven the housing construction market to new highs. But uncertainty is rising about how the market will perform in 2016. National Australia Bank has forecast that house prices (as an average across the nation) are likely to grow 1% this year and apartment prices fall 1.2%.

The RBA said some areas "particularly the inner-city areas of Melbourne and Brisbane" were at risk of a housing oversupply.



Mortgage Delinquencies are Low

At 0.38%, Australia's mortgage delinquencies are low, says research by mortgage insurer Genworth Mortgage Insurance Australia.

Queensland has the highest delinquency rate of the states (0.53%), mainly because of high vacancy rates in mining towns and the aftermath of floods in 2011 and 2013. Remove those irregularities and mortgages in Queensland would seem to be in order.

South Australia is next in line at 0.51%, possibly because of the elevated rates of unemployment consistently being recorded in Adelaide and regional South Australia.

Delinquency rates were very low in New South Wales at just 0.27%.

Price Would Rise With GST Hike

The Housing Industry Association is supporting Prime Minister Malcolm's Turnbull's hesitation over a proposed GST increase.

"The government is right to be apprehensive about increasing the GST on new housing, which would be a big blow to one of the bright lights of our post mining boom economy," HIA spokesman, Graham Wolfe said.

Wolfe says an increase in the GST to 15% would add \$30,000 to the price of a house-and-land package, and \$60,000 over the life of a loan in repayments.

According to Wolfe, new housing is already one of the most heavily taxed sectors of the Australian economy, with the tax burden accounting for 44% of the final price of a new house-and-land package.

Report of the Week:

Top 5 Queensland Regional Hotspots 2016

The new 2016 edition of Top 5 Queensland Regional Hotspots features five regional cities where property markets are underpinned by diverse, vibrant, growing economies; strong spending on infrastructure; an absence of reliance on the resources sector; and proactive councils, which encourage development and investment. These are locations that offer affordability, dependability and safety. They're places with the core ingredients to deliver strong price growth, without high risk.

[Top 5 Queensland Regional Hotspots 2016](#)

Quote of the Week

"Adding another 5% on top of the price of a new home will put housing out of reach of many people who are trying desperately to get into the market, and would really put the brakes on an industry that is driving the economy in a number of states and territories."

- *Graham Wolfe, HIA chief executive industry policy and media*

