



Hilton Parkes
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The Week in Real Estate



Prices Tipped To Rise Further

A survey by the NSW division of the Australian Property Institute in October asked a range of valuers, funds managers, property analysts and financiers how long the upward trend in prices in Sydney and Melbourne would last.

For Sydney, 44% thought it would run another six months, while 33% expected another year.

For Melbourne, 50% expected the rises to go for another six months and 33% said a full year.

The survey also canvassed opinions on whether the Sydney, Melbourne and Brisbane markets were "in a bubble", leaving the respondents to decide for themselves how to define a bubble.

For Brisbane, 70% thought the market was neither in, nor entering, a bubble – while half the Sydney respondents thought the market was not in a bubble.



Investors Switch To Home Loans

The combined value of owner-occupier and investor loans fell 3.3% between August and September, reversing the previous month's gain, new monthly data reveals.

While investor home loans dropped 8.5% over the month to September - the fifth consecutive monthly fall - economists say loans are being reclassified as owner-occupier to take advantage of regulatory requirements.

"The moves are having a dual impact: weakening investor loans but indirectly boosting owner-occupier loans as these become more appealing for both lenders and borrowers that have the option of purchasing as an owner-occupier," Westpac economist Matthew Hassan said.

The number of owner-occupier loans grew 2% to 56,000, with a value of \$21 billion.



Rate Cut Tipped

Reserve Bank governor Glenn Stevens says a rate cut is not required now because the economy doesn't need the boost. But the next rate move could be a cut, not an increase.

The RBA has lowered rates by 0.5 percentage points in 2015 and the decision by major banks to lift their mortgage rates recently had the equivalent impact of a 0.13 points increase.

The actions of those banks that have lifted mortgage rates have little effect on variable loans and none on the 15% of fixed rate loans.

Stevens said conditions outside the mining industry have been slowly improving, not deteriorating.

"So it is not as though the increases in mortgage rates are compounding the effects of a serious deterioration in economic conditions overall," he said.

Foreign Buyers Seek Amnesty

Some 125 foreign investors have taken up an amnesty from the Australian Tax Office to declare their unauthorized ownership of real estate in Australia, says Guardian Australia. The FIRB deadline is 30 November.

A spokeswoman for the ATO said it had identified about 500 potential breaches of foreign investment laws from these disclosures.

Breaches of Australia's foreign property investment laws can result in forced sales of properties and those marked to be sold amount to \$1 billion. The properties are in Labrador on the Gold Coast, Ardross in Perth, Sydney's Elizabeth Bay, Underdale in Adelaide and the Brisbane suburb of Stretton

They were acquired unlawfully by foreign nationals from Singapore, Indonesia, the UK and China.



Small Business Boosts Prices

The Economy of Shopping Small Report, released by American Express, found 47% of potential home owners are willing to pay extra to purchase a property located near small businesses.

The study found Australians will invest, on average, an extra 4.4% of \$30,486, to purchase a home that is located near a local shopping village, and each nearby small business delivers on average an extra \$164 to the median house price.

The same study found 60% of Australians believe small businesses boost the standard of living in their local community and 62% say small businesses improve a community's aesthetics.

Median house prices from a community with the average number of small businesses (750) are likely to be 10% higher than one with 375 small business.

Quote of the Week

"While all eyes have been on the big banks lifting their rates across the board, a number of lenders have actually been dropping their rates for owner-occupiers. It's easy for this good news to get lost in the sea of rate hikes but the proof is in the pointy end of the market, where over 10 lenders are offering rates of under 4%."

RateCity money editor Sally Tindall

