



Hilton Parkes
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The Week in Real Estate



Brisbane Takes Over as Price Leader

Brisbane led price growth among the capital cities in the December Quarter, according to figures from CoreLogic RP Data.

The median price in Brisbane grew 1.3% over the three months to the end of December, while Adelaide's median price rose 0.6%.

By contrast, former national price leader Sydney recorded a 2.3% decrease in its median home price, providing further indication of the end of the city's three-year property boom. The median price of a Sydney home is now \$800,000, down from \$820,000 in September.

Core Logic head of research Tim Lawless said Sydney's slowdown was the result of affordability pressures and a changing lending environment that has made it harder for investors to access credit.

"Regulatory changes have made it more expensive and difficult for investors to access housing finance," he said. "Added to this are higher mortgage rates and more restrictive credit policies and loan servicing requirements."

Top 5 Brisbane Hotspots 2016



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.

Report of the Week:

The Cheapies Bundle For \$99

With affordability a key issue in real estate, locations that provide low-priced real estate plus good prospects for capital growth are highly-sought by investors. Hotspotting publishes two key reports to answer this demand - the *National Top 5 Cheapies with Prospects: City Edition* and the *National Top 5 Cheapies with Prospects: Regional Edition*. Together these incisive reports would normally cost \$154, but our New Year Special Offer makes them available in a bundle for just \$99. That's a saving of \$55 or 35%.

Cheapies With Prospects Bundle



Housing Supply Not Key Price Driver

Increasing housing supply will not necessarily push down home prices, a study has found.

The AEC Group research, commissioned by the Local Government Association of Queensland, found movements in the share market, disposable family income and jobless rates were stronger influences on housing prices.

LGAQ chief executive Greg Hallam said the report showed the South-east Queensland property market was unique. "You cannot assume that the factors driving prices elsewhere in Australia will apply to this region," he said. "The report also underlines the spuriousness of claims that there is an undersupply of housing. In fact, the report states that stocks may be in oversupply."

Hallam said factors affecting housing demand varied from one council area to another. "For example, increases in disposable income had a strong influence on house prices in Logan and Ipswich but in Brisbane the big factor affecting house prices is the home loan rate," he said.

AEC said its 2015 results were consistent with its previous study, undertaken in 2010. "The findings of AEC (2010) was that the SEQ housing market does not behave similarly to the national market, demonstrated by the evidence over 20 years in SEQ that downward pressure on prices was not as responsive to positive increases in supply," it said.



CGT Sought on Luxury Homes

The capital gains tax exemption for homes should be scrapped for properties worth \$2 million or more, The Australia Institute says.

The independent think-tank said the move would raise almost \$12 billion in revenue over the next four years — more than half of which could come from the nation's highest income earners.

According to the report the main residence exemption — which excludes the principal place of residence from CGT — cost the budget \$46 billion last year.

"Each year the CGT exemption on the main residence costs the federal budget more than Defence, Education or Medicare," the report said.

"This policy change (would) impact on less than 1% of home sales while still raising \$11.8 billion over the next four years", the report said.

However, Housing Industry Australia senior economist Shane Garrett said the exemption drove demand for new homes and scrapping the concession would negatively impact the housing market.

Garrett said the proposed \$2 million threshold was too low.



Melbourne Leads Rent Growth

Melbourne is the national leader for rental growth in the capital cities, which the city's rents growing on average 2.2% in 2015. Sydney and Canberra both grew 1.9% and Hobart rose 0.6%.

Rents in Brisbane and Adelaide held relatively flat for the year, while a marked drop in mining investment sparked a decline in rents in Perth (down 8%) and Darwin (down 13%).

The size of the drop in rents in Perth and Darwin mean that the combined capital cities rental figure grew in 2015 at its slowest pace since 1996.

Combined capital city rents grew on average 0.3% during 2015, according to CoreLogic RP Data. "We've never seen rental growth as sluggish as it is at the moment," analyst Cameron Kusher said.

"We're expecting to see more of the same over the coming months due to increases in the supply of new housing, rental stock and a further slowdown in migration rates," he said.

New dwelling commencements are expected to ease in 2016 to about 200,000 starts, after increasing for the third consecutive year in 2015 to reach a record 211,860 starts.

The average rent across the capital cities is \$486 a week for homes and \$464 a week for apartments.

Quote of the Week

"The CGT exemption on the family home is one way to encourage demand for new homes and it's also a way to encourage more new homes to be built."

-Shane Garrett, senior economist, Housing Industry Association.

