



**Hilton Parkes**  
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## The Week in Real Estate



### Refinancing at All Time High

Almost 22,000 Australians – an all-time high – refinanced their mortgages in December 2015, says the ABS. The value of refinanced home loans is expected to reach \$100 billion this year, an increase from \$77 billion in 2015.

Lenders are offering the lowest rates on record, but loyalty is costing borrowers because lenders are offering heavily discounted rates to new customers while excluding existing customers.

By shopping around, a simple change-over strategy, like fixing a standard variable 30-year, \$350,000 loan to the average 3-year fixed rate of 4.59%, could save consumers about \$6,700 over three years.

Several smaller banks and building societies have lower rates than the major lenders.

#### [National Top 10 Best Buys 2016](#)

### City Vacancies Fall

Figures released by SQM Research this week reveal that the number of residential vacancies nationally fell during January, recording a vacancy rate of 2.5%, and 75,524 vacancies.

Canberra recorded the largest monthly fall, with vacancies falling .5% over the month of January.

Darwin vacancies fell from 4.2% in December 2015 to 3.8%, while marginal decreases were experienced in Brisbane (down to 2.7%), Sydney (down to 1.8%), Melbourne (down to 2.5%), Hobart (down to 0.9%), Perth (down to 4.0%) and Adelaide (down to 2%).

Year-on-year, the only increases recorded were Perth, which rose about 1.3%, and Darwin and Adelaide which grew about .2% each.

#### [Top 5 Cheapies With Prospects: City Edition 2016](#)



## Immigration a Burden on House Prices

Former Labor Foreign Minister and NSW premier Bob Carr says Australia's "breakneck" population growth is flooding major cities and putting pressure on house prices.

Australia's population reached 24 million last week, following record net overseas migration in the year to July 2015.

Carr says Australia has a third-world style population growth rate, higher than Indonesia and the highest of any developed country. He says it's all about supply and demand and that there's a case for pegging immigration back 33% to even 50%.

Carr blames a "hugely over-ambitious" approach to migration by Canberra bureaucrats for putting pressure on the housing market, causing congestion and not being able to keep up with infrastructure improvements.

## Property Drivers Change in 2016

In its latest *Property Insights* report, CBA noted that the residential property cycle will ease in 2016 while commercial real estate will improve, with each market at a different point of recovery.

Apartment development is likely to slow this year because approvals fell in 2015. This typically signifies that new construction activity will ease within six to 12 months.

The report says 2016 is expected to be a volatile year and one underpinned by an acceleration of change to property drivers.

As the residential sector unwinds, fewer projects will commence and some approved developments will not proceed. Owners may choose to sell those sites, providing an opportunity for others to develop them in ways more aligned to the changing demand-side conditions of 2016.

### Report of the Week:

## The No Go Zones

Property buyers can lose \$100,000 or more if they choose poorly on location. In extreme examples, investors who bought at the peak in resources centres 3-4 years ago have lost over \$400,000. The new 2016 edition of the No Go Zones report tells you the 10 worst places to buy around Australia.

## The No Go Zones

## Auctions Still Busy in Main Cities

Sydney saw a clearance rate of 77% last week, according to CoreLogic RP Data. The 724 auctions were up by 200 on the previous week, but down on the 921 auctions held in the same week last year.

In Melbourne, 73% of auctions cleared from a base of 1,000. The clearance rate and number of auctions held was similar to the same week in 2015.

Despite a slowing down in capital growth, Sydney's auction median price was \$1.24 million and many reserve prices were exceeded.

Auction clearance rates varied across Sydney sub-regions. While inner-city areas cleared 88%, in the Baulkham Hills and Hawkesbury area, only 50% of all properties auctioned were sold.

All Melbourne sub-regions except the Mornington Peninsula saw clearance rates of at least 70%.

## Quote of the Week

*"It's fantastic that Australians are becoming savvier with their home loans and seeking out better deals for their personal situations,"*

- Bessie Hassan of [Finder.com.au](http://Finder.com.au) commenting on the trend towards re-financing.

