



Hilton Parkes
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The Week in Real Estate



RBA Bullish on Economy

Reserve Bank deputy governor Philip Lowe gave an upbeat assessment of the economy this week. He said it was strong enough to resist any downturn pressures and flexible enough to adapt to the changing world. "My central message is that these fundamentals are strong and that they provide us with the basis to be optimistic about the future," he told a business conference.

Dr Lowe said the weaker dollar has helped the economy deal with global shocks, such as the recent fall in commodity prices. "The depreciation over the past couple of years is playing an important role in helping the economy adjust to the wind-down of the boom in mining investment," he said.

The weaker currency makes locally-produced good and services more competitive with dearer imports, which gives a boost to local tourism, retailers and manufacturing.

Dr Lowe said Australia's links with Asia would keep the economy strong, not just through mining and resources exports but also through agriculture. "As average incomes in Asia grow, so too does the demand for protein," he said. "With our large tracts of agricultural land and the expertise built up from using that land over many decades, Australia has obvious advantages here."

[National Top 10 Best Buys](#)



Home Loans Growing Fast

The latest housing finance statistics suggest the size of the average home loan is holding at a record high and is growing at the fastest pace in 12 years.

"Over the past year the average home loan grew 15.4% and is showing no signs of slowing down," says CommSec economist Savanth Sebastian. "Clearly the lift is been fuelled by the low interest rate environment."

Sebastian says policymakers will be encouraged by the lift in owner-occupied loans at the expense of investor finance. The value of investment loans has fallen for three out of the past four months.

"Overall the housing finance statistics do not suggest a huge pullback in home lending, although there are signs that activity levels are starting to ease," he says. "Over the next few months the tighter bank lending standards will filter through to the housing statistics."

"There is no doubt the pullback in investor loans is a positive, and will help to cool property prices but housing is all about demand and supply. Encouragingly loans to build new homes lifted after falling for the prior three months."

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



Business Sentiment Revives

Business confidence recovered in September, according to the latest National Australia Bank survey, as industry welcomed Malcolm Turnbull's replacement of Tony Abbott as Prime Minister and global share market upheaval subsided.

NAB said its main business confidence index rose from 1 point in August - its lowest level since mid-2013 - to 5 points in September. The results, from a survey of about 400 companies, suggest business support for Turnbull and relief at the end of leadership uncertainty.

The main business conditions index was flat at 9 points, with trading, profitability, forward orders, stocks and exports all down on their August levels. Employment, however, climbed from negative 1 in August to 4 points in September.

Westpac Hits Borrowers with Rise

Westpac mortgage holders will be hit with a 0.2 lift in their interest rates, despite no move in the official cash rate.

The bank, which this week reported a full-year net profit of \$8 billion, it would lift rates on both ordinary mortgages and investment property loans.

On a \$300,000 mortgage over 25 years the increase, which will start from November 20, will add \$35 a month to normal repayments.

The bank, which also announced it is undertaking a \$3.5 billion capital raising, claimed both measures were due to regulatory changes.

The bank's headline home loan variable rate will lift to 5.68%. The headline residential investment property variable rate will climb to 5.95%.

Report of the Week:

[Top 5 Brisbane Hotspots](#)

Brisbane is poised to challenge Sydney on price growth in 2015-16. There is growing momentum in residential markets right across the Brisbane metropolitan area. To learn which Brisbane locations are tipped to excel on property prices in 2015-16 and beyond, buy the Top 5 Brisbane Hotspots 2015-16 report. It details 5 recommended hotspots and explains why each demands attention from investors seeking superior capital growth.

[Top 5 Brisbane Hotspots](#)



Rents Nudge Up in Most Cities

Residential rent have recorded minor growth in most of the capital cities over the past 12 months, according to the Rental Index from CoreLogic RP Data.

Melbourne's index rose 2.1% in the 12 months to 30 September, while Sydney increased 1.9% and Hobart 1.5%. Brisbane, Canberra and Adelaide all recorded growth between 0.1% and 1.0%.

The annual rate of change across the combined capital cities was an historic low of 0.5%. The average rents across the eight cities are \$487 per week for houses and \$462 for units.

Perth's Rental Index fell 5.8% and Darwin's 11.4%. Despite that decline, Darwin continues to have the highest rental yields, with a median of 5.9%, followed by Hobart with 5.2% and Brisbane 4.6%.

Quote of the Week

"The strong numbers of new homes coming through to completion are going to provide additional homes to improve affordability, which has been needed in regions such as Sydney for some time."

Nick Proud, Property Council of Australia's executive director residential.

