



**Australian Residential  
Property Planners**  
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**Newsletter**  
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## From the Editor

### **A good time to invest.**

The opportunity for increased growth in rental yields, low vacancy rates and the lowest interest rates for years are set to stimulate investor interest in the residential property market.

All market indicators are pointing to this being a good time to buy an investment property.

According to the latest findings of the Mortgage and Finance Association of Australia, 76 per cent of Australians with a home loan are now saying that they are easily meeting their home loan repayments, up over 10% since April 2008.

Economic modelling by the HIA backs this up, confirming that 135,000 households on mortgages have come out of mortgage stress since December 2008.

Due to the Reserve Bank's decision to cut a further 1 per cent off the variable home loan rate we now have the lowest interest rate since the early sixties. This, combined with a tightening in the housing construction sector, has put further strain on the private rental market where supply is not keeping up with demand.

Bricks and mortar still remains among the strongest of investment strategies.

**Bruce Watt**  
Australian Residential  
Property Planners

### **Shot in the arm for housing industry.**

The Government's \$42 billion stimulus package will deliver a boost to jobs and confidence in the sector according to Mr Ron Silberberg, managing director of The Housing Industry Association (HIA)

Mr Silberberg says its members are keen to take part in the \$6 billion home construction component of the package.

The package promises to provide a real boost to jobs in the building industry and in particular the sectors that service residential building. "So it's the shot in the arm that we needed," he said.

"We've gone to our members to ascertain their interest in participating in the \$6 billion housing plan and we've had an overwhelming response - 97 per cent of our members that responded have indicated that they are keen to be involved."

According to the Bureau of Statistics research for the Housing Institute of Australia, in the September quarter last year, in New South Wales alone more than 25,000 houses and flats had been approved for development but not yet started.

Government investment in new public and community houses across the country is expected to translate into around 15,000 jobs over the next two years.

This is good news for owner occupiers and investors alike.

## Residential property market - poised for the next upswing.

The latest figures from Australian Property Monitors show that housing prices in the December quarter were supportive of the belief that the residential property market, in certain capital cities, could be poised for the next upswing.

Melbourne's housing market rose by 0.9 per cent while Brisbane posted a modest gain of 0.4 per cent, Adelaide was up by 2.9 per cent and Darwin housing prices rose by 5.5 per cent.

In contrast, residential property in Sydney fell by 4.2 per cent, Hobart was down 0.4 per cent and Perth has shown a fall of 7.9 per cent for the quarter – possibly a direct response to the slowing of the resources sector.

Unit prices in Brisbane and the Gold Coast have fallen in value. December quarter figures show falls of 3.5 per cent and 4.63 per cent respectively.

Over-all, the latest data indicates that Australian house prices have stabilized in the quarter ending December 2008. In fact, according to price indices published by the Reserve Bank of Australia - Australian Property Monitor and RP Data-Rismark - Australian median house values have risen since September 2008.

The more affordable end of the market is likely to experience some positive growth during the remainder of the 2008/09 financial year.

## Prestige properties - around 5 per cent of property sales.

Media attention given to million dollar plus homes can be very misleading, as far as residential property values are concerned, as they are totally irrelevant to 95 per cent of home owners.

The fact is that these homes equate to around 5 per cent of property sales in Australia.

Figures indicate that nearly 80 per cent of Australian property sales during 2008 were for homes valued between \$200,000 and \$600,000.

In Sydney, the median price of the city's top 10 per cent of properties is reported to have fallen by 20 per cent.

Falling prices in "affluent" suburbs such as Toorak in Melbourne and the northern suburbs of Sydney indicate that the top 10 per cent of homes – ranked by value – have suffered the biggest declines during 2008. Meanwhile, the "average" Australian house price has been extremely resilient.

The media's focus on these million dollar plus homes gives fuel to people's fears regarding property prices in general as the average Australian family has a large portion of their wealth invested in their home.

## Housing affordability on the improve.

The Housing Industry Association (HIA) and Commonwealth Bank First Home Buyer Affordability index improved by 39.2 per cent in the December quarter.

Due to lower interest rates and an increase in Government subsidies, owning a home is now more affordable than it has been for five years according to a recently released report. Housing affordability has improved in all capital cities as well as regional areas during the December quarter with the largest improvement occurring in Brisbane and Perth.

Those on a more modest income can now consider purchasing a home of their own as the annual household income needed has fallen to \$70,000 per annum where previously it was around the \$85,000 mark.

In comparison to the previous quarter, repayments on an average home fell by 26 per cent by the end of December.

According to recently released data, Home loan approvals for owner-occupiers rose by 6.4 per cent in December.

**"Opportunity rarely knocks on your door. Knock rather on opportunity's door if you ardently wish to enter"**

- B. C. Forbes.

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