

Rental properties 'binge' in four capitals

Investors are 'splurging' again in Melbourne, Brisbane, Adelaide – and to some extent Sydney's – housing market, says The Melbourne Age of February 18.

A story by Tim Colebatch in Canberra quotes Australian Bureau of Statistics data showing rental investors borrowed \$15.6 billion to buy existing homes in Victoria alone in 2007.

He said similar situations occurred in the other three capitals resulting in an 18% rise last year to a record \$75.4 billion.

It was a year when investors found enough money to invest both in super and in housing - against the predictions of experts like former treasurer Peter Costello and Reserve Bank Governor Glenn Stevens.

They were on record as expecting people to move their money out of housing since they were given the one-off opportunity to put \$1 million into super tax-free during the year.

The Age story said any shift out of housing was outweighed by investors expecting to capitalise on rent rise forecasts because construction is not keeping up with demand.

First homebuyers suffered, however. The data showed a 45% increase in that market between 2004 and 2006, but last year the momentum slowed to an increase of just 4%.

The money lent to first homebuyers was \$31.6 billion - or less than 40% of the amount lent to investors. The story said lending to both groups was roughly similar until the mid-90s.

Nationally, owner-occupier lending rose 14% to \$112 billion, making it the third successive year of rapid growth.

In the previous two years, first homebuyers accounted for about half of the growth in lending.

Last year it came mostly from people who had one home to buy another.