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## Positivity returns as more signs point to a market recovery

Right on cue for the traditionally busy spring season in real estate, a slew of good news relating to housing and the Australian economy has trickled out in recent months, writes Shannon Molloy.

It seems to be having an impact on positivity. There have been modest lifts in consumer and business confidence.

We're also starting to spend again, with retail trade increasing by 5.4 per cent in the past 12 months.

Interest rates have dropped, inflation remains relatively low, unemployment is steady and economic growth is strong.

In August, the country's largest mortgage brokerage recorded its busiest month since March 2009, processing \$3.07 billion worth of housing finance.

Australian Finance Group's bumper result represents an increase of 10 per cent on the previous month.

The company has one-tenth of the national mortgage market and its monthly index is often reflective of Australian Bureau of Statistics' borrowing data.

An analysis of mortgage deals by financial comparison firm RateCity found 46 different lenders have dropped their three-year fixed loan rates since July. They're now at their lowest point since the global financial crisis.

RP Data also released its *Buy Versus Rent* report, listing 283 spots where it's cheaper to buy than pay rent.

In short, it looks to be a good time to invest in real estate in many markets across the country. Simultaneously, we might just be starting to get our mojo back.

The annual *Housing Affordability and Sentiment Index Study* by realestate.com.au found a quarter of respondents would like to purchase a property in the next six months, while 28 per cent would like to buy in the next year.

Many would-be buyers are willing to sacrifice luxury items to make their property dreams a reality. Respondents would avoid

buying recreational vehicles (69 per cent) and general luxury items (73 per cent).

Almost one-third of those looking to buy or build a home say they're willing to increase their debt levels by between 11 per cent and 50 per cent to attain their ideal property.

Of those looking to buy an investment property, 11 per cent had never owned a home before, signaling a healthy view of the long-term prospects of real estate as a wealth creation tool.

The website's chief product officer Henry Ruiz says many buyers are opting to focus on the investment side of housing, rather than viewing it as somewhere to live.

"Purchasing an investment property can be a more affordable way for some buyers to jump into the property market," Ruiz says. "Having a tenant pay rent can cover the majority of mortgage repayments, making property ownership a lot more affordable."

The majority of people surveyed believe house prices are unlikely to decrease significantly in the next six months, indicating some concern about housing affordability.

Interestingly, residents in metropolitan areas were much more positive about their finances and housing affordability than those in regional areas.

But taking the cake for optimism was generation Y, who have a more positive outlook when it comes to their financial experiences and expectations.

With news the superannuation industry lost \$18.5 billion worth of their clients' money in the last financial year, it's perhaps unsurprising that baby boomers have a less positive outlook than other generations.

"Spring is a great time to buy," Ruiz says. "Historically we see the number of listings increase over this period which gives buyers more choice and opportunity to get into the market."



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[ news briefs ]

### NSW infrastructure vision revealed

A draft masterplan for transport infrastructure in New South Wales has been released, outlining more than \$53 billion worth of projects in the next four years alone.

The plan also details 200 recommendations for transport, road and other major infrastructure across the state.

The State Government has indicated a strong focus on improving Sydney's congested road network, as well as new and redeveloped rail links.

### Tenant check service launched

Property investors who manage their own rental properties now have access to a service that provides background checks on tenants.

The newly launched TenancyCheck.com.au bills itself as a comprehensive screening service, providing a history on potential renters.

Individual reports are available for a fee and probe tenancy history, court judgements, evictions and terminations, irregular rent payments and bankruptcy.

### Law change for rentals with water meters

The Victorian Government has changed the law surrounding notification requirements for rental properties with water meters.

Owners or landlords of rented properties will now be responsible for alerting water providers each time a tenant moves in or vacates a dwelling.

The tweak, which came into effect in July, also affects caravan park residences and granny flats. Properties without a separate water meter aren't bound by the changes.

### Easier access to housing information

Queenslanders are being promised easier access to information on their homes and housing needs following the launch of a new State Government website.

The portal at www.qld.gov.au/housing offers tips on building, buying, owning, renting or selling a home, as well as information on emergency accommodation.

Housing Minister Bruce Flegg says the site was designed with users in mind, following extensive consultation with members of the public.

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