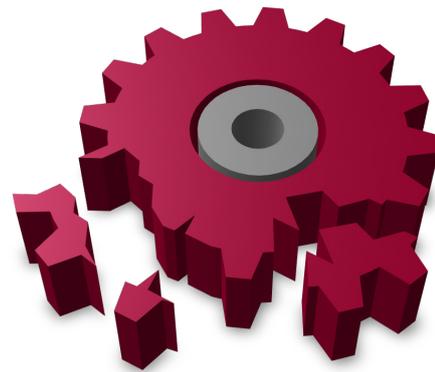


The Week In Real Estate



Borrowers Tipped To Reject Banks

Home lending with smaller players will continue to gain momentum as borrowers increasingly turn away from the Big Four banks. Comparison website Finder says its latest Cash Rate Survey shows growing numbers of experts believe we'll see loans with the Big Four decline.

Graham Cooke, insights manager at Finder, says the impact could be far-reaching. "A third of our experts think that consumers will move away from the big four due to trust issues and stricter lending conditions," he says.

"We can expect to see more borrowers turning to smaller and online lenders, which typically offer lower rates to lure new customers. They also tend to have easy-to-use platforms which can mean faster application and approval, lower fees and more personalised service." Cooke says it's a great time for borrowers to get a good deal. "If your rate doesn't have a 3 in front of it, you could be doing better," he says.

The RBA this week announced a hold on the cash rate at 1.5% for the 28th consecutive time.

Quote of the Week

"The importance of home ownership to Australians couldn't be clearer. Now more than ever, home ownership matters."

HIA chief economist Tim Reardon, discussing the results of a national survey which found 81% believe Australians should be able to own their home.

ALP Policy Will Cost \$32 billion

Proposals to limit negative gearing and reduce capital gains tax concessions will cost a Labor Government \$32 billion over 10 years, according to new research.

Modelling by the Property Investment Professionals of Australia (PIPA) has found that the Labor policies will drive investors out of the market and leave "a gaping hole" in government coffers.

PIPA chairman Peter Koulizos says the research shows that Labor's assertion that their policy would save \$32 billion over a decade is a flight of fancy, when it was actually set to lose that amount because of "drastically fewer" investors in the market.

"Not only that, investors already pay almost four times in capital gains tax what they receive in negative gearing benefits over a 10-year period, so the government is already ahead financially," he says.

The modelling found that a Labor Government could lose between \$10 billion and \$32 billion over 10 years, plus fewer investment properties would drive rents higher and further hinder first-home buyers from entering the market.





Ownership Matters More Than Ever

Eight out of 10 survey respondents believe Australians should be able to own their home and that housing affordability is a top 3 concern. The Housing Industry Association says the survey confirms that The Great Australian Dream is still embedded in the psyche of Australians. The research found that 92% of renters aspire to own their home but less than half of them think they will achieve it.

"Australians see that the government has a role to play in assisting first-home buyers address the biggest barrier, which is the initial deposit," says HIA chief economist Tim Reardon. "This is because they see that home ownership is important to achieving financial stability in retirement."

This makes housing affordability a Top 3 issue to Australians - after "the cost of living" and "health and ageing" and ahead of immigration and the environment.

"75% feel it's more difficult to buy a home now than 10 years ago," Reardon says. "With an election imminent, 71% believe governments have an important role in helping Australians achieve their dream. Now more than ever, home ownership matters."

Sydney Auction Results Improve

Sydney's auction market is continuing to show resilience, with the NSW capital's preliminary clearance rate coming in above 60% for the second time this year.

There were 799 auctions held in Sydney last week -returning a preliminary auction clearance rate of 61.3%.

This was a significant increase on the 50.1% final clearance rate of the previous week when 801 Sydney homes were taken to auction.

Over the same week last year Sydney recorded a slightly higher clearance rate of 62.4% from 1,088 auctions.

Elsewhere in the market conditions were softer, with Melbourne recording a clearance rate of 55% from 1,046 auctions last week. Adelaide recorded a clearance rate of 48%, while Brisbane recorded the lowest clearance rate of any capital city market at 32.9 per cent from 94 auctions.

Overall there were 2,204 auctions held across the country last week, -recording a preliminary weighted average clearance rate of 55%. National auction volumes were marginally higher the previous week, when 2,293 were held.

Building Approvals Recover

The number of approvals for new home building started 2019 on a positive note with an increase of 2.5% during January in seasonally-adjusted terms. The improvement was led by big increases in WA, NSW and Tasmania.

Master Builders Australia's chief economist Shane Garrett says the January rise follows a run of weak results late in 2018, with apartments in particular losing ground. "During January, approvals for new detached houses rose 1.9%, with a stronger increase of 3.8% on the apartment/units side of the market," he says. "But we are still down by almost 30% compared with this time last year. The ongoing difficulties in the flow of credit and concerns about the direction of housing policy post-election are having negative effects on home building activity."

Garrett says construction is the economy's largest provider of full-time jobs and the upcoming round of federal and state budgets provides "a real opportunity to get us back onto the right track".

In January, WA saw the largest increase in home approvals (+29%), followed by Tasmania (+15%) and NSW (+12%).

