

Rate rises fail to hammer auctions

Auction action cooled last weekend after the RBA's 3rd consecutive interest rate rise, with \$170.3m of property selling in Sydney on a 65.1% clearance rate (down from \$225.2m and a 67.4% clearance rate the week prior). Melbourne had a clearance rate of 72.6%, with \$130.6m sold under the hammer. Mortgage brokers reported some of their highest levels of pre-approvals, with the lack of stock expected to keep demand strong even if rates went up 100 basis points (1%) (AFR 7/12)

Costs more to pay off the castle

The Housing affordability percentage is down after recent interest rate rises, with 29% of family income needed to meet home loan repayments. This is down from the 38.8% required in September 2008. The affordability % is set to increase once the three recent 0.25% interest rate rises are factored into the December quarter figure (AFR 8/12)

Holiday hell for coastal resort investors

Housing delinquency, when borrowers are more than 30 days behind in the repayments, has dropped from 2.4% in January to 1.6% in September. Nelson Bay has a rate of 9.3% as investors were stuck with paying too much for off-the-plan unit sales between 2003 and 2005. Sylvania Waters had the highest rate in Sydney at over 4% (AFR 8/12)

Treasurers will take control of housing

Kevin Rudd has declared housing a micro-economic reform priority for 2010 as the lack of supply and growing populations drag affordability downwards. The states have agreed to review land holdings, improve planning and development processes and to develop a timetable for reform (AFR 8/12)

Cheap sale, even at \$57.5m

While an Australian record the \$57.5m sale of a Perth mansion is cheap by Australian standards. The mansion, which was offered for sale for \$70m in 2007, is dwarfed by the \$1b US 174m tower being built for an Indian Billionaire in Mumbai and the \$100m US that Donald Trump pocketed last year for his Palm Beach Florida property. (AFR 10/12)

Slow pace of building blamed on tardy rezoning

Developers say Planning Department figures show the State Government never intended to rezone enough land in Sydney to meet housing construction official targets. The rate of new housing has halved from 67 for every 10,000 people to 32 (SMH 12/12)

Reserve Governor warns of more mortgage rises

The RBA Governor has warned of higher rates as "spreads" increase between what banks pay for cash and lend to borrowers. This was due to larger deposits being required by APRA to make banks safer, as well as competition with the sharemarket leading to banks increasing their deposit rates to encourage investors. Economists expect rates to rise from 3.75% now to 5.5% in 2011, which would add \$3k to the cost of the average loan (SMH 9/12)

The big squeeze

Sydney has no choice but to make accommodation smaller, as childbirth and immigration will boost Sydney's population by 40% by 2036. If Sydney's population was frozen an extra 65,000 dwellings would be required now to accommodate singles, the elderly and divorcees (SMH 12/12)

Property demand to remain high in first half of 2010 despite rate rises

Industry experts say demand for property will remain high over the next six months despite three consecutive rate rises and more expected in the New Year, but that sales would slow if the Reserve Bank of Australia were to lift rates to about 5%, pushing variable home mortgage rates above 8%. Analysts says the market has remained strong this year due to Government grants and low interest rates, and that although the number of first time buyers will reduce next year, demand is still expected to remain high. The REIV said that the Melbourne market has remained strong, which is not a surprise as anyone buying or selling today will have either built the recent rate increase into their expectations or be committed to the process (SC 7/12)

Property hotspot tips for 2010 revealed

Brisbane and Perth have been named as the big property hotspots for 2010 in a new report by Australian Property Monitors. Prices are now about 3% above pre-Global Financial Crisis levels and APM expects the recovery to continue until well into 2010, despite rising interest rates and the phasing out of the first home buyers boost. Property hotspots include Mona Vale & Wollomooloo (NSW), Mentone & Toorak (VIC), Hawthorne, Lota and Kangaroo Point (QLD) and Halls Head, Nollamara & Mandurah (WA) (APM 10/12)

Sunland in \$250m CBD development

Sunland has paid \$25m for an inner city site and announced plans for a \$250m luxury residential development. The project would comprise around 200 apartments, aimed at the owner occupier market. Vendor Devine will use the capital to pursue acquisitions and opportunities in the house and land business (AFR 11/12)