

# The Week In Real Estate



## Perfect Opportunity For Mortgage Holders

Mortgage holders coming off fixed rates in the next 12 months may find the perfect opportunity to shop around for a better deal.

RateCity research director Sally Tindall says borrowers may find their bank's "revert rate" when their fixed term ends and those rates can be competitive.

She says owners can benefit from looking for a better deal at another bank.

Owners with less than 20% equity in their property may have to pay lenders' mortgage insurance to refinance, while other owners may find refinancing beneficial with softening house prices.

Finances may still stack up for some with lenders now stress testing borrowers' capacity to pay off their mortgages with an added 3 percentage points.

"Falling property prices and soaring mortgage rates offer a great chance for people to refinance when their fixed term wraps up and get a better deal," Tindall says.



## Rents Continue To Soar

Apartment rents have risen dramatically in the past 12 months with CoreLogic figures showing 57 suburbs recorded rental increases of 20% or more.

At the same time vacancy rates dropped to a new low of 0.9% across the combined capital cities during February.

CoreLogic research director, Tim Lawless says the strong rebound in foreign student and international migrant arrivals will add further pressure to inner-city rentals and areas close to universities and transport hubs.

Lawless says rental growth for houses has slowed in recent months as a result of the higher cost of living.

"We have already seen some evidence that rental growth is topping out, especially in the more expensive low density sector, where rental growth was much stronger through the pandemic," he says.

"This easing in rental growth has nothing to do with a supply response or less overall demand, it probably has more to do with renters reaching a ceiling on what they are able or willing to pay."

## Quote of the Week

*"Activity across the nation's property markets picked up in February as vendors geared up for the autumn selling season."*

PropTrack Economist Angus Moore





## Investors To Get Tax Windfall

Australian Taxation Office figures show that before Covid hit in 2020, property investors recorded more than \$12 billion of net rental losses annually.

Predictions are that figure will increase substantially this year on the back of ten consecutive interest rate rises which have pushed repayments for some investors up by 50%.

Analysts are urging property investors not to leave thousands of dollars they are entitled to on the table when it comes to lodging their annual tax returns.

Many immediate deductions are available including any repairs or maintenance done before June 30, while capital works needs to be depreciated over a period of time.

Landlord insurance is another cost which can be deducted immediately.

Those with plenty of cash to spare could consider paying a year's interest in advance to bring the deduction forward to this year, while it's a good idea to obtain a depreciation report from a quantity surveyor to ensure investors are claiming the full deductions they are entitled to.

## More Properties Hit The Market

The number of properties being offered for sale is on the way up with new listings 26.6% higher in February.

Despite the rise, overall listings remain 11.1% lower than the same time last year.

PropTrack Economist, Angus Moore, says Darwin had the highest increase in listings (50%) followed by Canberra (47%) then Melbourne (38.2%) and Sydney (32.8%).

Perth listings are up 18.1%, Adelaide, 16.5%, Hobart, 11.7% and Brisbane, 10%.

Moore says at the same time property prices are softening.

"(But) The limited new stock coming to market in recent months appears to be putting a floor under prices," he says.

He says selling conditions have softened from where they were a year ago, and market activity has slowed, but the fundamental long-term drivers of demand for housing remain.

"Unemployment has remained close to multi-decade lows for much of 2022 and into early 2023, wages growth has started to pick up and international migration has also resumed, all of which support housing demand."

## Criticism Mounts Over Rail Loop Plan

Plans to provide for up to 1 million residents around Melbourne Suburban Rail Loop (SLR) stations, are being criticised by planning and transport academics.

SLR is designed to deliver a 90km rail line which links every major train service from the Frankston Line to the Werribee Line via Melbourne Airport.

It will create 15 new stations and medium or high-density precincts across middle Melbourne, between Cheltenham and Werribee.

RMIT environment and planning expert, Professor Michael Buxton, says the project is a "\$200bn thought bubble" which will result in suburban skyscrapers.

"They will radically transform Melbourne into a high rise city around these 15 precincts," he says.

Prof Graham Currie, who is Chair of Public Transport at Monash University says there needs to be some more "solid and appropriate planning behind it".

While Prof John Stanley, an adjunct professor at the Institute of Transport and Logistics Studies at the University of Sydney Business School, says Melbourne can not really afford such an expensive project.

