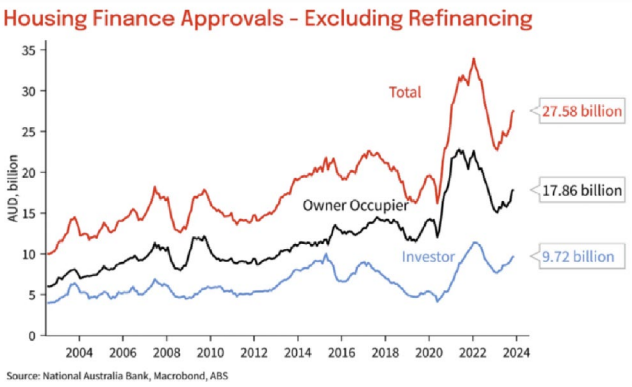
PROPERTY INVESTORS ARE BACK

The latest property reports from November 2023 show:

- investor activity was 18% higher compared to a year ago
- new owner occupier loan activity rose by 10.1%

AND

there has been a sharp rise in loan approvals over the last months of 2023.

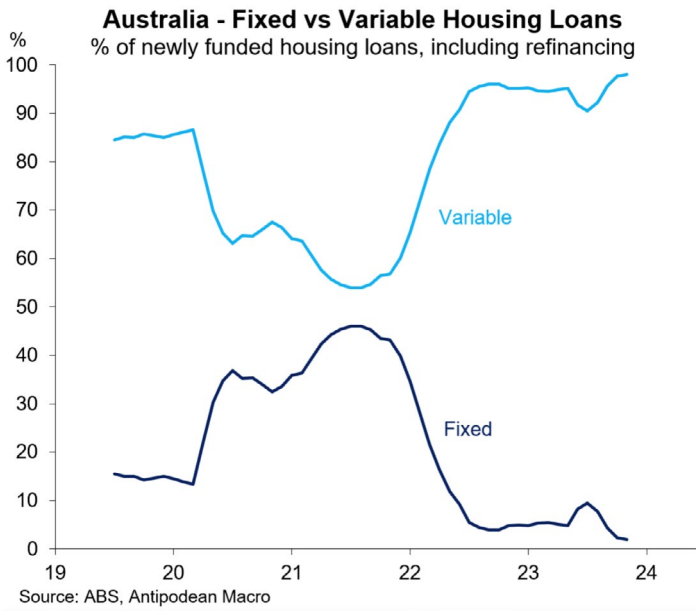


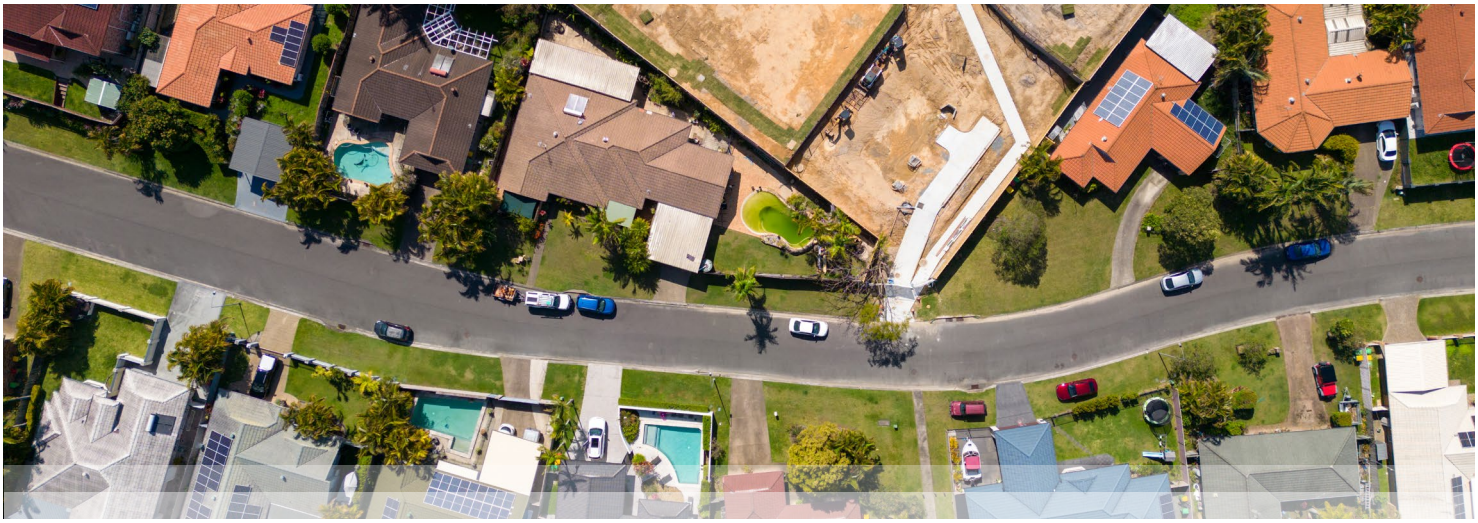
WHY IS THIS GOOD TO KNOW?

Although no one has a property crystal ball and there are no guarantees in life, especially in the world of property investment, over the years loan approval rates have served as a promising early indicator for the direction our housing markets are heading.

There are many property researchers sprouting that 2024 presents a favourable opportunity for astute investors to enter the market ***before the general public*** realises that interest rates have reached their peak and are poised to decline later this year.

In addition, and not surprisingly, since interest rates started rising in May 2022, most recent borrowers have been opting for a variable interest rate loan rather than a fixed rate loan suggesting they also believe rates will fall later in the year.





NATIONAL OUTLOOK

With no surprise, the growth in owner occupier and investor lending in 2023 was driven by the three states with the largest populations:

- New South Wales
- Victoria
- Queensland

New South Wales saw the most growth for both owner occupiers and investors.

What IS interesting however, is that average new loan sizes hit new record highs in three states:

- Queensland
- South Australia
- Western Australia

	Average new loan size
National	$608,448
NSW	$754,832
VIC	$602,471
QLD	$557,510 - record high
SA	$510,057 - record high
WA	$497,275 - record high
TAS	$444,726
NT	$429,333
ACT	$598,643

Source: ABS Lending Indicators November 2023, released 12 January 2024, seasonally adjusted data.

As the eastern seaboard average property prices have become increasingly higher than other states, there has been a scurry of eastern state property investors flocking to other more affordable states for their investment choice.

The 'West Australian' reported in October of last year:

'East coast property raiders have been rushing west, creating a real estate investment gold rush for agents and pricing [local] mums and dads out of the market.'

If you're like many property investors, you're probably wondering what's the right thing to do at present…

Should you buy, should you sell or should you just wait?

Let's consider what has happened in the past 10 years, including the pandemic.

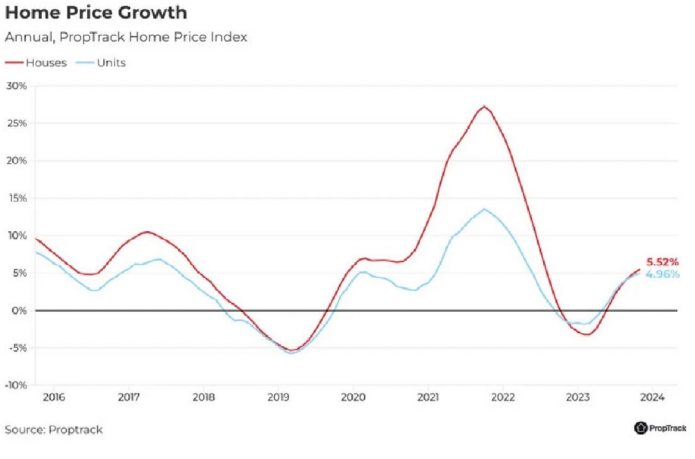
When the pandemic hit (only four years ago), economists predicted a massive property market crash of up to 30%.

Instead what happened?

The property market downfall was a blimp and most places across Australia rebounded well above any blimp we experienced.

House prices over the last 10 years in each major Australian city

City	Avg. house price, Jan 2023	National	National
Sydney	$1.73mil	**7.1%**	49.81%
Melbourne	$1.18mil	**6.5%**	46.72%
Brisbane	$942k	**6.2%**	45.09%
Adelaide	$780k	**5.3%**	40.49%
Perth	$811k	**1.5%**	13.23%



Warren Buffett once said that it's wise for investors

'to be fearful when others are greedy and to be greedy only when others are fearful.'

If you have ever purchased at the top of the property market you would relate to this. Most people start to invest in property when everyone else is doing it due to FOMO (the fear of missing out) and this is usually too late.

As the majority of cash rate hikes are now likely in the past, the ongoing robust population growth, coupled with insufficient production of new dwellings, will exert upward pressure on both house prices and rents throughout 2024.

2024 is likely to be a year of property price growth, however most likely at a slower, more 'normal' rate.

Of course, each State is currently at its own stage of the property cycle and within each capital city there are multiple markets with property values still falling in some locations and stagnant in others.

'Only buy something that you'd be perfectly happy to hold if the market were to shut down for 10 years.'
WARREN BUFFET

This seems to be true for Australian property. It is very resilient. And it did work for most of us during lockdown.

So, perhaps before everyone else decides to consider investing in property this year, you might like to get ahead of the game before FOMO sets in!

For some of you who are reading this right now, this year may not be the best possible time to consider buying a property.

For others there is a window of opportunity before the market resets and the next cycle begins.

Savvy property investors started entering the market last year while many sat on the sidelines because of fast rising interest rates and high property prices.

Others will re-enter the market in 2024 as finances and high mortgage repayments settle into more of a norm.

When it comes to property investment, **NEVER MAKE RASH DECISIONS** about purchasing property without thorough consideration, a finance review and seeking advice from experts in the property game.

Always:

1. Make sure you have a strategic plan in place to build your property portfolio.
2. Set up the correct ownership structures keeping the future in mind.
3. Create a robust finance strategy with a rainy day buffer to cover unexpected events.

As always we are here to guide you through the very first steps of property investment.

Firstly, can you borrow for an investment property?

Secondly, how much can you borrow?

Feel free to reach out to explore your finance options **BEFORE** you head out for your investment property hunt.

Contact us to read
'Less than 1% do it more than 3 times...'

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