ISSUE 23 NOVEMBER 2020

Your Property

The latest property news and market updates

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PRICES ON THE RISE

The resurgence in the national property market has continued in October, with dwelling values increasing in all states except Melbourne.

Overall the national property market increased 0.4 per cent last month according to the latest data from CoreLogic.

The strongest performers have continued to come from the smaller capital cities with Hobart, Canberra, Darwin and Adelaide all increasing in value by more than 1 per cent last month.

The national market fell just -2.6 per cent since the onset of COVID, showing just how strong the market is.

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	0.1%	-0.6%	6.1%	8.8%	$860,955
Melbourne	-0.2%	-2.2%	0.7%	4.1%	$666,240
Brisbane	0.5%	0.9%	3.5%	7.5%	$510,353
Adelaide	1.2%	2.0%	4.4%	8.5%	$455,425
Perth	0.6%	0.9%	0.0%	4.3%	$456,267
Hobart	1.0%	1.6%	6.5%	11.9%	$498,073
Darwin	1.2%	3.9%	2.8%	9.4%	$398,910
Canberra	1.0%	1.9%	6.8%	11.8%	$656,739
Combined capitals	0.2%	-0.5%	3.7%	7.1%	$638,264
Combined regional	0.9%	1.3%	4.8%	9.6%	$403,181
National	0.4%	-0.1%	3.9%	7.6%	$559,254

The best-performed cities were Darwin and Adelaide, increasing in value by 1.2 per cent.

While Sydney values have started to rebound after declining over the past few months, up 0.1 per cent for October.

Most of the attention has been on what happened in Melbourne over the last few weeks as the lockdowns have slowly begun to ease. The impact has been quick with listings surging and auction activity starting to build momentum. However, house prices fell by -0.2 per cent.

Over the last quarter, where Melbourne had been in hard lockdown, house prices were down just -2.2 per cent and are still higher by 0.7 per cent on an annual basis.

Across the entire country, house values are down only 0.1 per cent for the quarter, highlighting just how robust the Australian housing market really is. Over the last seven months, since the lockdown measures first started coming into place across the country, national values have only fallen by 2.6 per cent.

One of the clear trends that have been occurring throughout COVID has been a move away from CBDs and into regional areas.

This was again highlighted by house prices increasing 0.9 per cent in regional areas in October, while for the quarter, prices are also 1.3 per cent higher. Regional values have rebounded strongly after initially showing weakness in the early stages of COVID.

Responsible Lending Laws Set to Be Axed

Recently, the Federal Government announced that it would be removing responsible lending laws, in a bid to free up credit and help boost the economy.

Responsible lending laws were introduced on the back of the Global Financial Crisis as part of the National Consumer Credit Protection Act 2009.

These laws put the onus on the lender to ensure that a borrower would be able to service a loan, or the bank could be held responsible. The changes led to banks becoming overly pedantic on things such as living expenses - which can at times be a grey area.

"What started a decade ago as a principles-based framework to regulate the provision of consumer credit has now evolved into a regime that is overly prescriptive, complex and unnecessarily onerous on consumers."

- Josh Frydenberg.

Responsible Lending Laws Set to Be Axed Cont'd

With responsible lending laws being removed, the lender has more room to accept a borrowers claimed living expenses and if they are unable to meet their loan repayment, the bank won't be held accountable.

For many, this is a good thing as it helps remove much of the red tape around the application process and could potentially speed up borrowing significantly.

With interest rates continuing to fall, we've already seen a sharp spike in the number of people looking to apply for loans and going through the approval process. This has started to cause long delays with a number of lenders and has even forced people to push back settlement dates, which impacts all parties involved in the property transaction.

According to Treasurer Josh Frydenberg, the changes have been made to help the economy recover from the lockdowns caused by COVID-19.

"What started a decade ago as a principles-based framework to regulate the provision of consumer credit has now evolved into a regime that is overly prescriptive, complex and unnecessarily onerous on consumers," said Mr Frydenberg.

At this stage, the proposed changes will still need to make their way through parliament, however, Mr Frydenberg suggested they would be implemented by March 2021.

What Do the Changes Mean for Borrowers?

Unfortunately, removing responsible lending laws doesn't mean that everyone will be able to take out large loans that they won't be able to repay.

Borrowers will still have to demonstrate that they can service a loan and banks will still be making sure they will be paid back. Lenders are still be required to meet APRA's lending standards, which require sound credit assessment and approval criteria.

What it does mean is that the process will be faster and the credit easier to access.

The First Home Loan Deposit Scheme Continues

The popular First Home Loan Deposit Scheme is back again with first home buyers once again set to benefit.

The latest Federal Budget has put a clear focus on helping first home buyers get into a new home and as a result, the FHLDS has been extended and expanded.

However, there are some key changes that will impact first home buyers.

What is the First Home Loan Deposit Scheme?

The First Home Loan Deposit Scheme is a program that allows first home buyers to purchase a property with as little as a 5 per cent deposit without being forced to pay lenders mortgage insurance (LMI).

In many cases, LMI can cost a homebuyer upward of $10,000 and can significantly hurt the chances of a first home buyer getting into a new home.

Under the program, the Federal Government effectively guarantees the difference between what the first home buyer has saved and the 20 per cent deposit that most lenders require, which helps in reducing the LMI burden.

The Government only makes 10,000 places available, so it is important to act quickly if you’re interested in taking up the scheme.

Changes to the First Home Loan Deposit Scheme.

The most notable change has been the focus put on buying a new or a newly built home.

The program has also been expanded with the thresholds increased across the country, meaning there will be more homes that will be available for first home buyers to purchase with the help of the scheme.

Some of the largest increases have come in both Sydney and Melbourne, where house prices are generally higher.

Both states have increased their caps by $250,000 to $950,000 and $800,000 respectively. While the other states and regional areas have increased the threshold by between $100,000 and $150,000.

Putting in a Strong Offer on a Property

We all want to get a bargain when we buy a property, however, the reality is that you need to meet the vendor halfway in most cases.

Knowing how much you should offer and exactly where you need to meet the vendor when it comes to price comes down to asking a few key questions.

What's the basis for the asking price?

Just because a house is listed at a certain price by the sales agent doesn't mean the price is a realistic one.

The key to understanding whether a price is fair and reasonable is to do your market research beforehand.

These days it's easy to access sales data on the real estate portals and you can quickly and easily see what other comparable properties have been selling for in the same area.

Try and find a house of similar age, land component and condition that has sold in the last three to six months, and present those to the agent when making an offer.

Are there multiple offers?

If you're the only one putting an offer in on a property, then there is a fair chance you'll be able to negotiate a lower price.

If there are multiple parties interested then the odds of you getting a bargain are slim.

At the end of the day, buying and selling is about supply and demand and if you need to compete for a property, then you likely won't be able to put in a low ball offer successfully.

How long has the property been listed?

If a property has been sitting on realeaste.com.au for six months with no interest then there is a fair chance the property is overpriced.

Putting in a Strong Offer on a Property

At that point, the vendor might be willing to accept something less then they had previously hoped for and meet the market's expectation.

If they aren't then it's likely that they are simply asking too much and are not prepared to budge.

What's the vendor's motivation?

How eager is the vendor to get a deal done? If they need to sell the property quickly for family or financial reasons, then you might be able to put in a lower offer with good terms.

If the vendor has a set price in mind and no reason to sell, then there is not much chance of getting a low offer through.

Has the asking price changed?

If the asking price is slowly dropping each week or month, then it's fair to say that the property was initially priced too high, either by the agent or the vendor.

This also shows the vendor does want to sell and that they are prepared to be flexible on what they accept.