

Investors



Investors are back to borrow

Rising loan figures reflect renewed confidence, writes Richard Conrad

REPORTS of the death of the property investor are greatly exaggerated, leading mortgage reporters say.

Australia's largest mortgage broker, AFG, has released figures showing the percentage of mortgages sold to investors in Victoria rose from 28.7 per cent in December 2008 to 33.7 per cent last month.

During the same period, the percentage of mortgages written for first-time buyers fell from 22.6 per cent to 15.1 per cent.

AFG sales and operations general manager Mark Hewitt says property investors able to take a long-term view are hoping to ride a new upward cycle in property values, whereas "right now, ordinary families are sitting on their hands rather than upgrading".

A recent Jones Lang LaSalle survey of investor sentiment found almost 80 per cent of investors intend to increase their exposure to direct real estate in the next six to 12 months — up considerably from 24 per cent in a similar survey the previous year.

Mortgage Choice CEO Michael Russell also disputes recent reports that property investors will "stay on the sidelines" this year.

"We do not expect a slowdown in investor activity... we expect to see a rise," Russell says.

Russell says 24 per cent of their loan approvals in Victoria in November were for property investors; the Australia-wide

percentage of home-loan approvals for property investors rose from 23 per cent in July 2009 to 25 per cent in November.

However, some property investors are banking on the end of the First Home Owner Boost being beneficial... from their perspective.

"The Mortgage Choice 2009 Property Investors Survey further reaffirms our investment market outlook for 2010," Russell says. "Seventy-six per cent of the 1038 Australian respondents (to the survey) who plan to buy an investment property in the next two years say they are waiting until the

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First Home Owner Boost expires before buying."

Russell says many prospective investment-property buyers have high ambitions — 18 per cent of survey respondents say they plan to create an investment property portfolio of "as many properties as possible". A further 49 per cent plan to own two to three properties.

"Our franchisees are telling us a large number of potential investors are calling to see how much money they can borrow from the various lenders on our panel and are getting their finances in order, all in preparation for buying this year," Russell says.

Rental properties in demand

Vacancy rates: Metropolitan Melbourne

	Dec 2009	Nov 2009	Oct 2009	Sep 2009	Aug 2009	Jul 2009	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2008	Jan 2008	Dec 2008
Inner (0-4km)	2.1	1.0	1.4	1.2	1.0	1.2	1.2	1.2	1.3	1.2	0.9	1.4	1.2
Inner (4-10km)	1.5	1.8	1.2	1.0	1.5	1.1	1.5	1.5	1.3	1.8	1.7	1.1	1.0
Inner (total)	1.6	1.5	1.3	1.1	1.3	1.1	1.4	1.4	1.3	1.5	1.3	1.2	1.0
Middle	1.7	1.7	1.9	1.7	1.7	1.4	1.6	1.4	1.3	1.4	1.7	1.6	1.6
Outer	1.2	0.9	0.6	1.2	0.7	0.9	1.0	0.9	1.8	1.1	0.8	1.1	1.1
Melbourne total	1.6	1.5	1.4	1.3	1.4	1.2	1.4	1.3	1.3	1.4	1.4	1.4	1.2



Median rents: Melbourne, September Qrt 2009

Houses				Units and apartments			
Area		Median (a week)	Annual % change	Area		Median (a week)	Annual % change
Inner Melbourne	2 bedroom	\$440	7.3%	Inner Melbourne	1 bedroom	\$310	3.8%
Inner Melbourne	3 bedroom	\$575	10.6%	Inner Melbourne	2 bedroom	\$425	6.3%
East Melbourne	2 bedroom	\$335	4.7%	East Melbourne	1 bedroom	\$240	9.1%
East Melbourne	3 bedroom	\$370	5.7%	East Melbourne	2 bedroom	\$325	8.3%
Southern Melbourne	2 bedroom	\$360	5.9%	Southern Melbourne	1 bedroom	\$230	9.5%
Southern Melbourne	3 bedroom	\$420	5.0%	Southern Melbourne	2 bedroom	\$320	6.7%
Outer Melbourne	2 bedroom	\$290	7.4%	Outer Melbourne	1 bedroom	\$195	11.4%
West Melbourne	3 bedroom	\$280	7.7%	West Melbourne	2 bedroom	\$245	11.4%
North Melbourne	2 bedroom	\$321	6.8%	North Melbourne	1 bedroom	\$225	12.5%
West Melbourne	3 bedroom	\$310	10.7%	West Melbourne	2 bedroom	\$290	11.5%
North Melbourne	2 bedroom	\$300	7.1%	North Melbourne	1 bedroom	\$230	15.0%
East Melbourne	3 bedroom	\$320	6.7%	East Melbourne	2 bedroom	\$290	11.5%
Outer Melbourne	2 bedroom	\$260	8.3%	Outer Melbourne	1 bedroom	\$190	11.8%
East Melbourne	3 bedroom	\$310	6.9%	East Melbourne	2 bedroom	\$260	8.3%
South Melbourne	2 bedroom	\$240	6.7%	South Melbourne	1 bedroom	\$180	16.1%
East Melbourne	3 bedroom	\$280	7.7%	East Melbourne	2 bedroom	\$230	9.5%

Source: REIV and Office of Housing