



## Time to take the property plunge?

For decades real estate not only delivered security and comfort to bring up Australian families but also a cast-iron vehicle for wealth building, seemingly immune from the ups and downs experienced by other types of investment.

But then came the recent downturn, with falling house prices shaking our longstanding faith in bricks and mortar.

### Signs of recovery...

In recent months green shoots have started to appear, at least on the eastern seaboard. In August 2019 Australian capital city house prices rose 1% after a 10.2% decline over the previous 22 months. This was the second rise in a row and the strongest since April 2017.

Sydney and Melbourne house prices rose 1.6% and 1.4% respectively - the third gain in a row for both cities - while auction clearance across capital cities increased above the 70% mark. Prices also rose in Brisbane (+0.2%), Hobart (+0.5%) and Canberra (+0.8%).

### ...but a mixed bag

The picture wasn't so rosy in other parts of Australia, with house prices falling in Adelaide (-0.2%), Perth (-0.5%) and Darwin (-1.2%). This left Perth prices down 20.6% and Darwin prices down 30.7% from their 2014 high. And overall house prices across Australia were still down 5.9% from 12 months earlier.

### Stepping into spring

Come the spring selling season and the recovery appears to be gathering momentum, with house prices up 0.9% in September 2019 - the biggest monthly gain since March 2017.

And there appears to be plenty of positive signs for home buyers and investors, including:

- relaxed borrowing rules making it easier to access credit
- official interest rates cut to a new low of 0.75%, and
- the prospect of more cuts, with AMP Chief Economist Shane Oliver flagging the possibility of rates as low as 0.25% by early 2020.

So is this a good time to jump back in to the property market?

Like any type of investment, it's difficult to second guess house price and interest rate fluctuations. You could be better off focusing on factors within your control, like your savings plan, mortgage repayments and overall investment strategy.

#### Tips for first home buyers...

- Secure the best interest rate for your savings account.
- Take advantage of incentives for first home buyers like the First Home Super Saver Scheme.
- Consider expanding your search to more affordable suburbs and towns.

#### ...existing homeowners...

- Take control of your loan and look at ways to pay off your home loan more quickly.
- See whether your home loan provider can offer a better deal and make it clear you're prepared to shop around.

#### ...and property investors

- Think about how bricks-and-mortar real estate fits into your overall investment portfolio.
- Compare the yield you're getting on your investment property with other asset classes and consider whether there are any other ways of investing in real estate.

So whatever your personal situation - and whatever happens with house prices and interest rates - you'll be in the best position to reach your goals.

Source: AMP, 2019

For advice in relation to your specific circumstances, please give Shaun or Vicky a call at Evans Edwards Financial Advisors | Wealth Creators on 4927 4588.

**We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.**



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