

## *A Recipe for Investment*

### **Sky-high rents and declining interest rates may make a good recipe for property investment.**

Although there's much talk of a declining housing market, many analysts believe there's money to be made from property if you choose your investment wisely.

A shortage of housing has pushed rents up to levels not seen in almost two decades. The Australian Bureau of Statistics data shows a 3.7% drop in the number of new residential building construction projects in the June quarter - its lowest level in 12 months. This equates to around 43,000 fewer homes being built over the year.

Rental vacancy rates are averaging less than two per cent across our capital cities, and rental rates for houses increased by 11 per cent over the past 12 months.

RP Data predicts that rents will continue to rise by a similar level over the coming year. With Australia's population increasing at a rapid pace, the demand for accommodation is not expected to slow.

### **Hot Spots**

RP Data research shows that city apartments are considered among the best investment choices for capital growth in the current real estate market.

Inner-city apartments are also showing high rental returns, particularly those in areas known for their cafes, bars and shopping. Convenience and location appeal to a broad cross-section of the marketplace and are a huge draw-card to renters.

Other locations that are considered wise investments include those with close proximity to water - seaside, riverside or lakeside. Properties with views and those on large blocks of land within convenient commuting distance to the city remain popular choices.

### **Market Growth**

A lack of buyer confidence, labour shortages and rising construction costs has driven developers away from the market. So too, the uncertain economic conditions has made home owners cautious of investing in property.

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However, strong housing demand, October's one-percentage point cut in the official cash rate and the Federal Government's recent stimulus package increasing the first home owners grant to \$14,000 for existing homes and to \$21,000 for new homes, could see a significant recovery in sales.

That spells good news for both first home buyers and experienced property investors. Please call us and we would be happy to provide our advice and expertise in helping you enter the housing market.

For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

Web: [www.alphaloan.com.au](http://www.alphaloan.com.au)

Mob: 0411 886 310

Email: [gvimpani@alphaloan.com.au](mailto:gvimpani@alphaloan.com.au)

