



INTELLIGENT
PROPERTY INVESTOR

**US Inflation Increases, Australian Market,
New Population Figures & Pay Rises**

I LOVE
REAL ESTATE

Disclaimer

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All figures and statistics recorded in the book are accurate at the time of publishing, however may be subject to change.



Welcome To The Intelligent Property Investor Masterclass

I've been asked a number of times why am I doing these?

Why am I giving out all of this free information on the markets, and what it all means, and where we're heading and all of those sorts of things.

Well, I'm doing this because I want you to become a more intelligent property investor, because more intelligent property investors make better decisions. They make more intelligent decisions and as a result, get better results.

The timing right now is particularly important because we are now entering a boom cycle.

Now, remember I am an accountant and I am an economist. And this cycle that we're entering right now is going to be very, very crucial for yourself and your financial futures, as well as your family's futures and potentially for generations to come. So that's why this cycle will be very, very important.

The last time that we had massive increases in property prices like we are seeing now, you have to go back to the end of GFC.

It bottomed out in 2010, then really took off from 2012. What did you do then? How many properties did you buy for those next few years? How much did they increase in value?

Because those are the kinds of times that we are entering again.

In fact, I could also take you back to the mid-cycle slow down in the early 2000s. Think about the pricing then (if you're old enough), think about what those prices were.

What did you do then? How many properties did you buy? What happened?

If you are even older, think about back in the early '90s when we had the last proper recession.

So what did you do then? Sydney prices back then were \$194,000. That was the median house price in Sydney and other cities were similar.

How many properties did you buy? What would they be worth today?

The reason I'm being so hard on you right now is because I really want you to understand the importance of this period of time that we're coming into.

I put this information out on my website too, which is iloverealestate.tv so you can get all of the previous Intelligent Property Investor masterclasses that I do on a weekly basis.

You can go back and listen because it tells a story. And the more that you go through and listen to the story, you can see how it's developing.

I also put it out on my [YouTube channel](#) and I also put it out onto [Spotify](#) and onto [iTunes](#), but I really, really encourage you to, to jump onto my website, iloverealestate.tv and get a subscription to these master classes that are all free.

I don't sell properties. This is all about knowledge and making intelligent investment decisions.

So what are we going to cover in this issue?

Well, the first thing we're going to have a look at is **what caused the shock increase in the U.S inflation**, and whether we're going to go the same way.

Then I'll look at what's trending in the Australian market. I'm always covering the Australian market, particularly the property market.

After that we'll look at **how a crappy property in Camperdown busted all records at a recent auction.**

We're also going to be looking at the **new population and demographic figures**, and discuss what they're predicting and how you can use that information to actually make more money out of what you do in the property market in the forthcoming years.

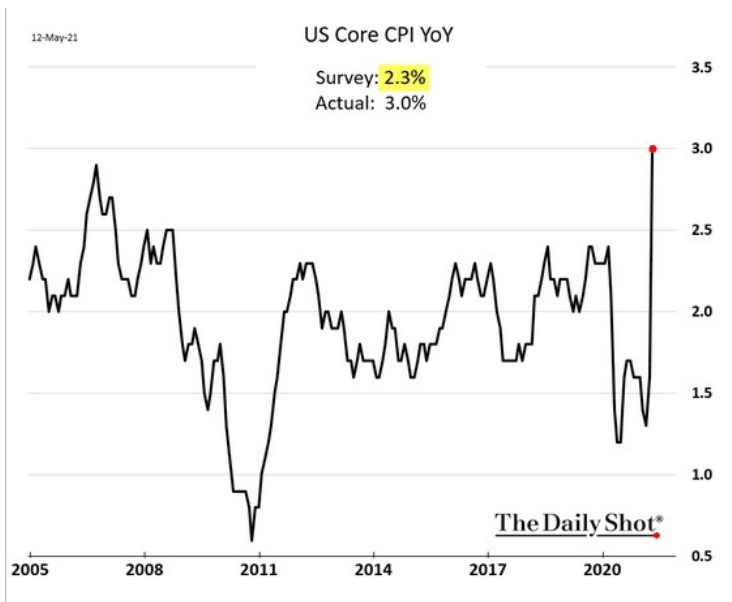
And we're also going to be looking at why **we can't rely on employers to give us a pay rise**. The property market probably can give you a pay rise, but your job certainly won't.

So let's get into this masterclass.



US Inflation Surprise

The U.S inflation rise this week was a bit of a surprise, I think it caught everybody a little bit out of the blue.

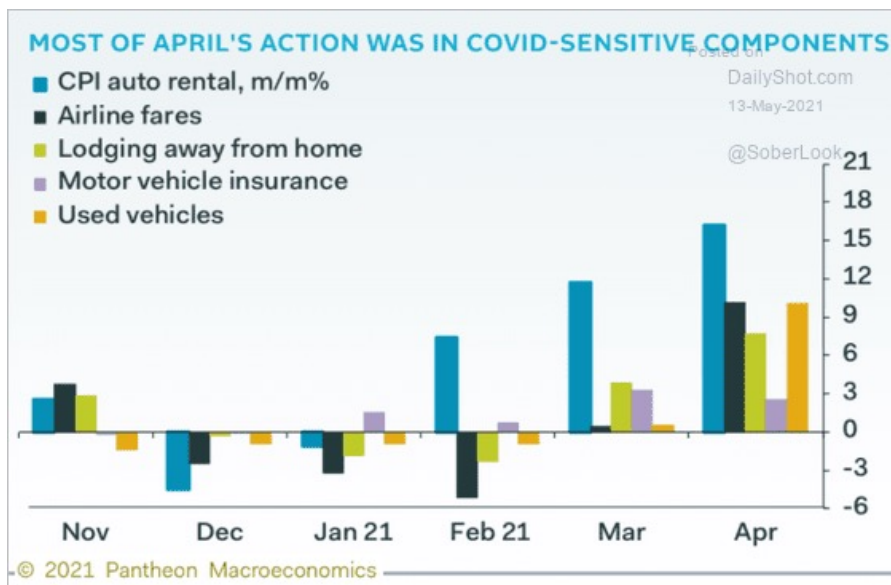


Because this is what happened, and you can see here in the chart, they were expecting about a 2.3% inflation rate, but it actually came in at 3%, which is a significant increase when you're talking about inflation. Now, why did that happen?

Well, there were a number of things, and really it was predictable in a lot of ways.



What we saw was that the used cars and trucks have gone up. Well, surprise, surprise, everybody's doing things, working, all the rest of it, so a lot of money has gone into that field.



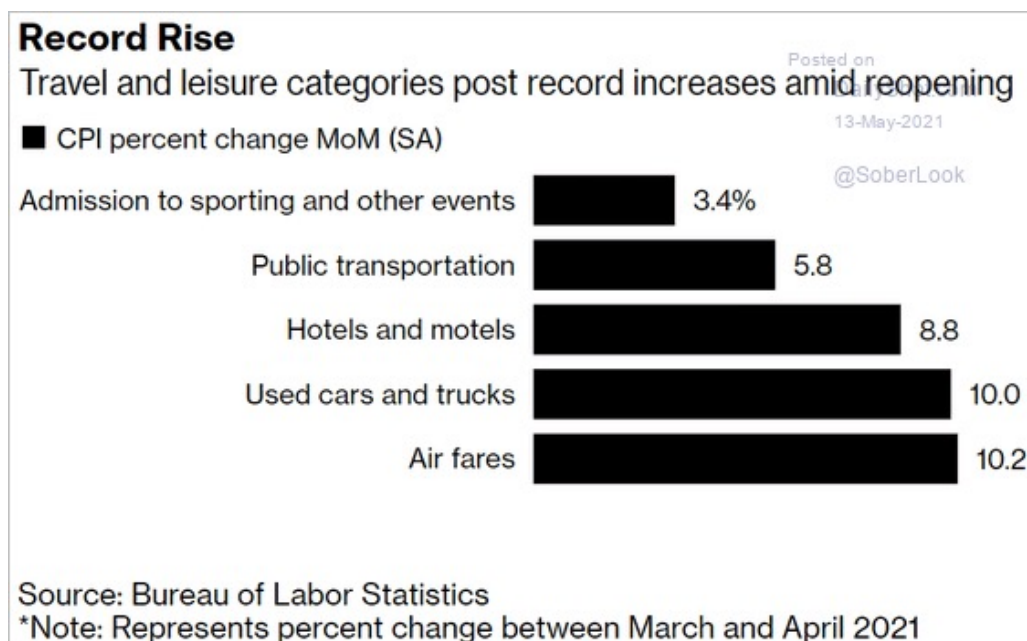
Other predictable things, like airline tickets, people are moving around more now. So airline tickets have gone up.

Hotels, lodging away from home they call it. So hotels, motels, that's gone up. Motor vehicle insurance, used vehicles.

This is what's predominantly caused the inflation effect in the U.S. Because you got to remember, they went into a really severe lockdown, and we certainly didn't.

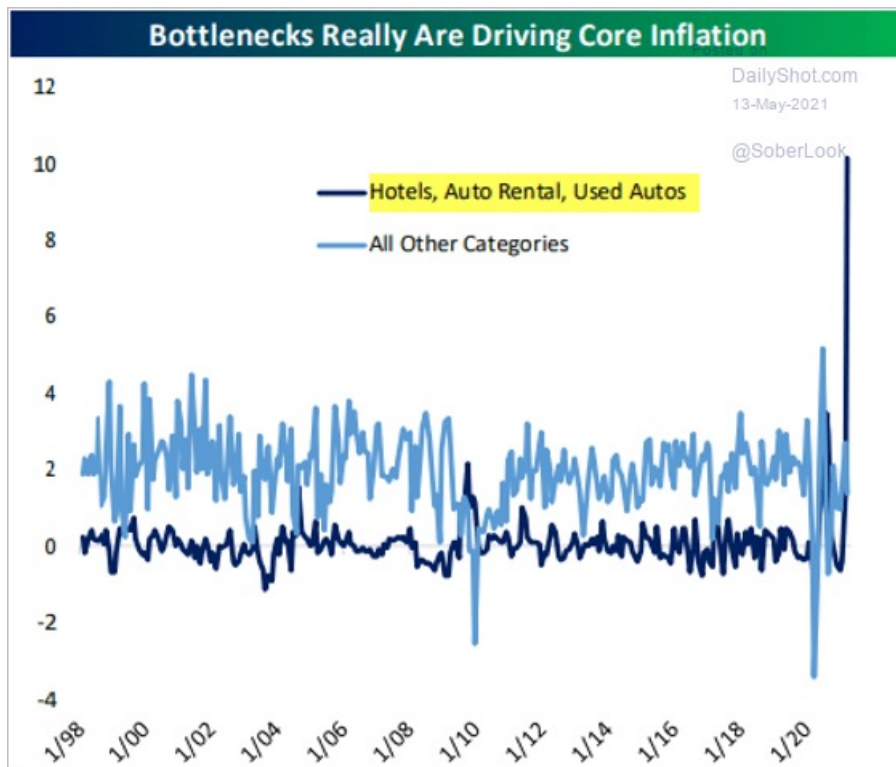
So we're not going to have that backlash, or the big surge, that's happened in the U.S, because we didn't have the big shutdowns either.

So it rises in things like admission to sporting places and things. Well, everyone's rushing out to do something, because they'll say, they've been in lockdown.



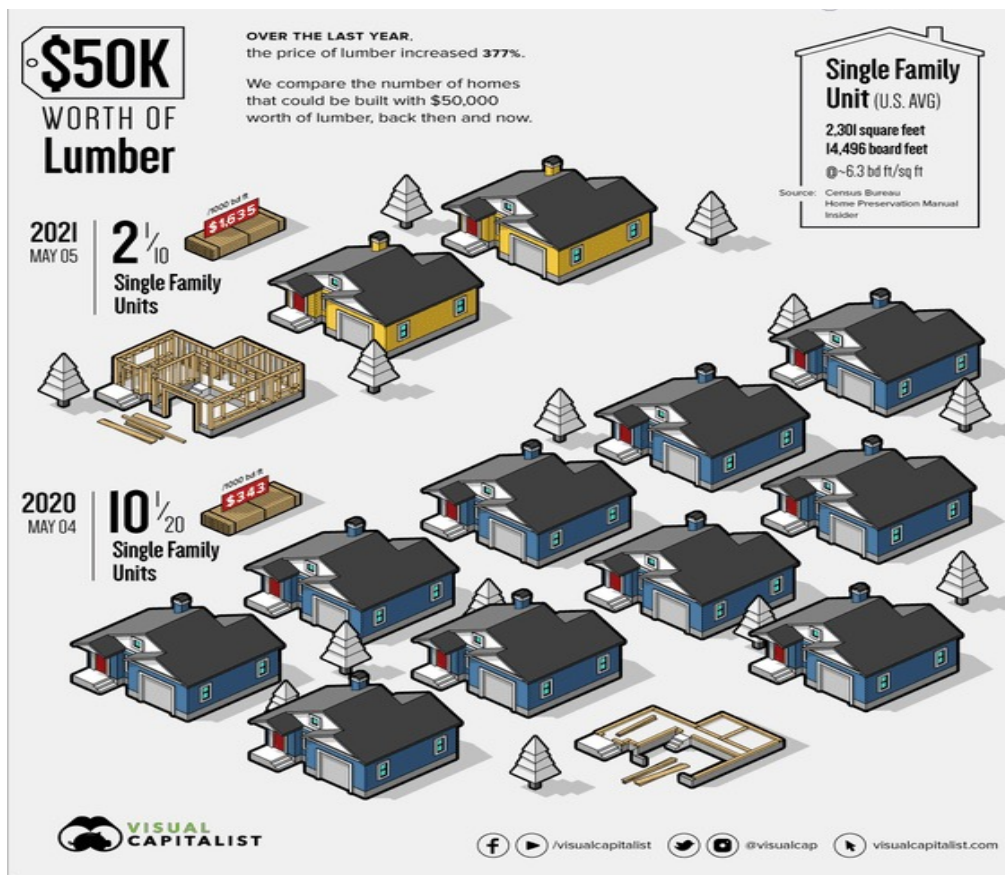
Public transport, hotels, motels, used cars and airline tickets. They're the main things that have really pushed up the inflation rate. Because it's been a bit of a bottleneck basically.

We've had all of this period of time, where nothing, nothing, and then we've had this massive surge in the U.S, and that's what's really causing this.



Now, is that going to happen in Australia? Not really. Because as I said, we haven't had the same kind of lockdown that the U.S has had. But something I thought was quite interesting, and this is something that I'm experiencing here in Australia as well, the cost of timber is going up.

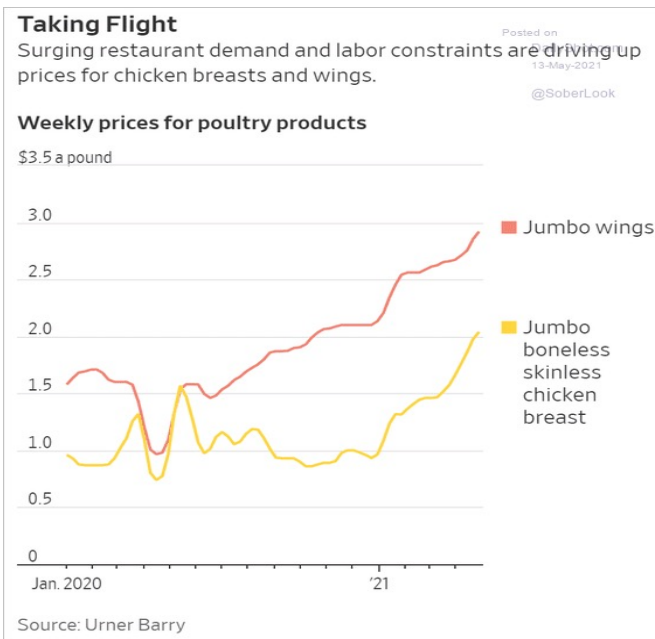
Why? Because we're exporting our timber to the U.S, because the U.S has had this massive, massive property surge, so that's forcing up prices both here in Australia and in the US.



And this is a really interesting comparison that I came across. \$50,000 of timber, prior to COVID in the U.S, would have made 10 and a bit houses. With the cost of timber now, \$50,000 worth of timber, will do 2 1/10 of a house.

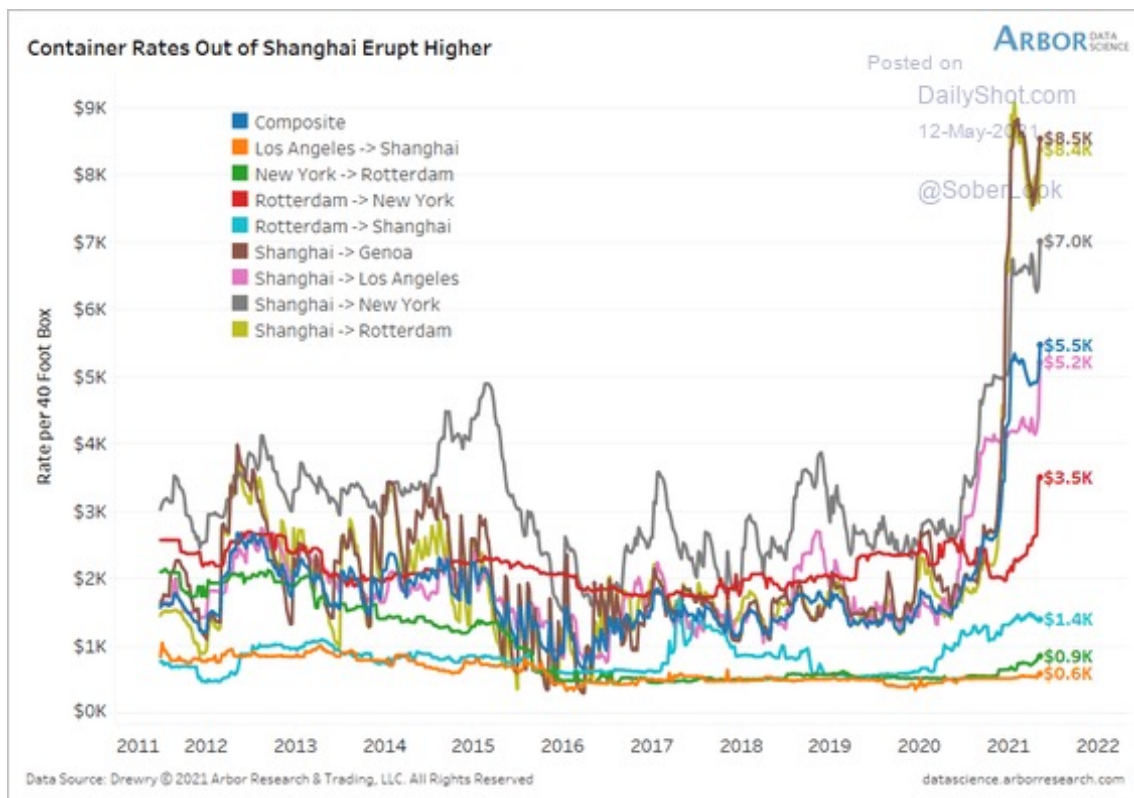
So it's an interesting turnaround as to what's happened with the cost of timber. What's that's going to do? It's going to push up the price of housing both in the US and here in Australia.

We're already feeling that with our new builds, they're going up, and of course, in the U.S as well.



Just for a bit of fun, I thought I'd throw this one in, Jumbo Chicken Wings have gone up, and so too have Jumbo Boneless, Skinless Chicken Breasts. So the Yanks are going to have to pay more for their burgers.

Basically across the board, there has been a bit of a surge.



The other thing that I think is worth noting, because this does affect us as well, is the cost of shipping.

All through COVID, we had an issue with shipping, because there were ships and containers, stuck in ports at places like Brazil, India and other places who really had a hard time with COVID. Singapore too.

But of course, now things are starting to open up in a lot of countries and we've got a lot more trade going on, but the cost has gone up substantially.

And that's really what this shows, a massive surge, and this is only showing it into the U.S, but we're feeling the same thing.

So, because containers have been in short supply and ships are trying to catch up on that didn't happen last year, the cost has gone up substantially.

What that means for us is that a lot of our imported goods, are going to get a massive surge as well.

Now, while I'm talking about imported goods, and this is just a bit of a sideline, but this annoys me. Alan Jones actually had a big song and dance about it a couple of years ago.

There was a bill passed in parliament. Now to pass a bill, you've got to have a majority of those present. This bill was passed at something like 10 to midnight, there were three politicians there.

One of them they showed the video footage was actually asleep and snoring, and there were two others that voted this in.

What it said was that anyone working on ships, if they come into Australian waters, they have to be paid Australian minimum wage.

Now, what that means is that all of our imports went up accordingly. But did it actually get passed onto the recipients who were sitting on those ships from Philippines, or wherever they were from? Probably not.

All it meant was that it gave the shipping companies an excuse to bump up their pricing, that bumped up the cost of imports into Australia, and I think it is bloody ridiculous that a law like that was actually passed.

They never get off the ship, and it just bumps up our pricing for no reason at all. I'm dead against it, but anyway, that's what was passed. So I just want to make you aware, because that's what all this is about, it's about awareness.

Because if you don't know, you don't know how to change it. That was called The Maritime Coastal Treaty or something like that, I can't remember now.

But that's the type of stuff that gets passed. The same with the bail-in laws, and I know I'm getting totally off track here.

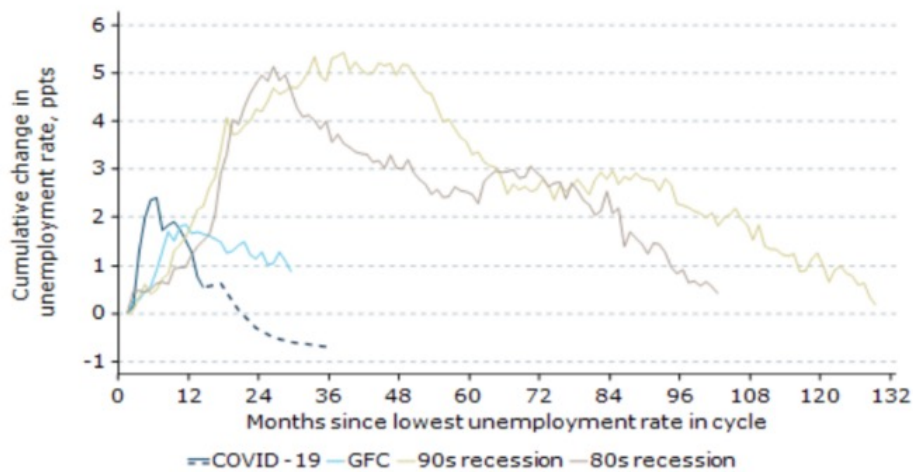
But the bail-in laws were bought through parliament on Valentine's Day at at night, and again, there were five politicians there, and they were the ones who allowed the government to be able to bail-in deposits over and above \$250,000 if they needed at any point in time. Now, I don't think that's a big risk, but a lot of people get quite scared about it. It should never been there in the first place, in my opinion.



Australian Economy

Let's get back to the Australian economy, what's going on here?

Unemployment rate to fall to 4.4% by end-2022



Source: ABS, Macrobond, ANZ Research

Well, there were some forecasts that have come out by ANZ during the week that the unemployment at the end of 2022, will be down at 4.4%.

What this chart actually shows, this dotted line is the unemployment rate that's come down in COVID, and the dotted line is where they expect it to go, through to the end of 2022.

The next light blue coloured line is the unemployment recovery during the Global Financial Crisis. That's how long it took for GFC to actually come back to something sensible. It didn't even come back down to where it was pre-GFC, , and that's back in 2008 through 2010, '11 '12.

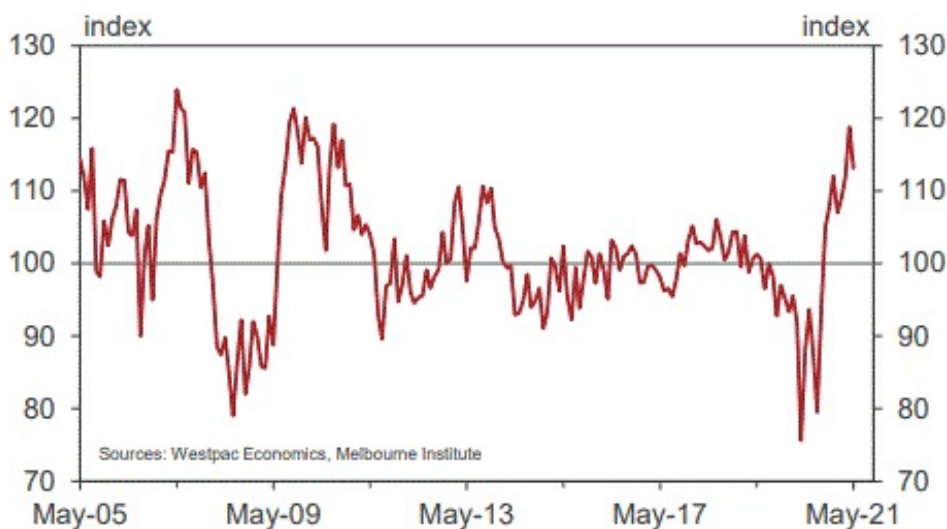
It took about 100 months after the recession in the early 1980s to come back to unemployment rates of where they were before.

And then the golden colored one, it took 132 months for the recession in the early '90s. I don't know if you remember Paul Keating's very famous statement where he said, "That's the recession that we all have to have."

Well, it took a long time to recover from that one, especially when you compare it to what happened with COVID. It really was a blip in the ocean. I'm not playing down the health risks and all of those kinds of things, what I'm saying is economically we've recovered really well.

And that's not saying we couldn't have a second wave or third wave, but what it means right now is consumer confidence is up.

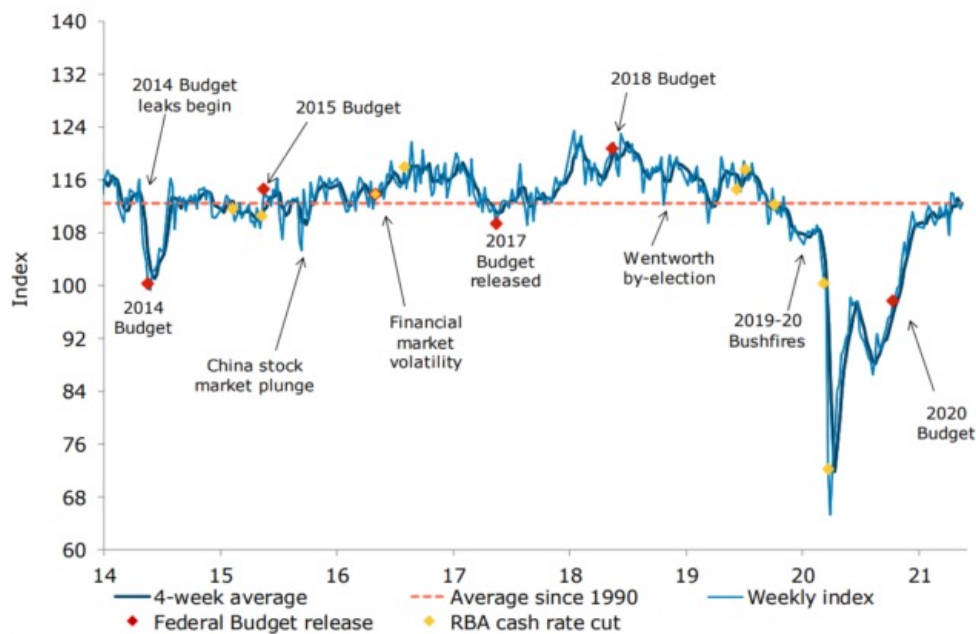
Consumer Sentiment Index



And whenever you have consumer confidence up, people start spending. When people start spending, we have confidence back in the business sector, and that business confidence is going to be very, very important. We start employing new jobs, and putting capital into new machinery and things like that.

So this is all good news for Australia, and it really shows we're well and truly back into a great positive spin.

Confidence up 0.8%



Source: ANZ-Roy Morgan, ANZ Research

We started to come back last year and this budget has really pushed us up there again.

Now I want to talk about something in the property market that annoys me immensely, and that is, Victoria, I am so, so sorry for you right now.

Anyone living in Victoria right now, you went through massive lock downs last year, your whole industries and everything had been hammered, a lot of people lost their jobs, the hospitality industry is hammered, the city's heat has been hammered.

And now your stupid state government has hammered you again, and this is going to be hard to recover from.

Because during the week, the Victorian State Government came out with their new announcements, just have a look at this Victoria. And as I say, I'm really sorry for you.

Vic Budget Announcements:

- A 19% increase in land tax on properties valued at between \$1.8 million and \$3 million, with the rate to increase from 1.3% to 1.55%
- A 13% increase in land tax on properties valued at more than \$3 million, with the rate to increase from 2.25% to 2.55%
- An 18.2% increase in stamp duty on a property's value above \$2 million, with the value up to \$2 million to be taxed at the current rate
- A new Windfall Gain Tax, which would apply from 1 July 2022, where 50 per cent of the value of uplift as a result of rezoning
- Victoria's proposed Windfall Gain Tax will kill development and cut new housing supply by adding up to \$25,000 per housing lot in areas such as the regions where affordable land is most needed
- Victoria's massive land taxes will reduce business investment and drive major corporate tenants to consider leaving the state, according to David Harrison, who runs the country's largest commercial property owner, Charter Hall.
- The land tax rise will raise an estimated \$380 million extra each year

I mean, Victoria already had the highest land tax and stamp duty rights in the country, and your government has taken it upon themselves to increase them even more.

The new Windfall Gain Tax, now Victoria is already under supplied, they are oversupplied in units, but you are under supplied in housing, and this is going to be horrible.

The Victorian government's attack, and that's what it is, on property owners with stamp duty and land tax increases will hurt self-funded retirees, and worsen the housing affordability.

Victorian mum and dad investors will be hit with double digit percentage increases in land tax and stamp duty, and a new tax on property investment and development.

Current investors probably won't leave Victoria, because the capital gains tax will be too expensive, so they can't afford to leave, they're just going to have to bear all these extra costs.

But it is likely to turn new investors away from buying in Victoria, myself being one of them.

The end result will mean higher rents and better returns for those who stay in the market, but their entry costs and holding costs will be a lot higher.

I thought the Victorian government wanted to save jobs in Victoria, yet these changes will do the reverse.

The property industry is the biggest employer in Australia, it employs more people than the mining and the manufacturing industries combined.

The property industry employs about 25% of Victorians, and relies on development, construction, and new house projects to maintain that level of employment.

This is an absolute slap in the face, and it will have a massive impact on the economy of Victoria as a whole, but the unemployment rate in Victoria is one thing that could actually derail the federal government wanting to bring unemployment rates down to 4.4%, or below 5% into next year.

This is the kind of state crap that can really derail it. So look, I feel really bad for Victorians, because they really did get hammered last year, and now their state government is even hammering them further.

Businesses could even leave Victoria for other states, and if you get big business, national businesses, leaving Victoria for another state.

They're not going to come back, and that's going to add another log on the fire for Victoria, because they'll lose more jobs, and it's just ridiculous.

Victoria's proposed windfall gain will kill development and cut new housing supply, by adding up to \$25,000 per housing lot, even in regional areas where affordability is most needed.

Victoria's massive land tax will reduce business investment and drive major corporate tenants to consider leaving the state, according to David Harrison, who runs the country's largest commercial property owner Chatter Hall.

Land tax will raise an estimated \$380million extra each year, but at what cost?

Because when you start, sure it might rise that, but then what happens if they lose major employers? What happens if the construction industry goes into a downward spiral, what happens then?

That's going to cut a lot into this and it will be a futile tax. It's the wrong move, it's going to hurt a lot of people, and I'm dead against it.

You form your own opinion, but that's why I do these podcasts, and I do these masterclasses, so that you can make up your own mind. I'm just bringing it to your attention, and telling you what the impact's going to be.



Demographics and their Effect on Housing

Let's have a look at some demographics, because there's some very interesting information that came out during the week as well, and how they affect housing in particular.

Okay, first of all, people over 65. So we've been talking about the baby boomers, and how they're moving through the age groups.

Well, there are more over 65s than ever before and in the next 10 years, we could have more people aged over 65 than we have under 18, and that's the first time that that's ever happened in history.

This of course is dependent on migrants and how much we intake, because our immigration policy won't normally bring in under 18s very much.

But when we open up the borders, we're going to have a flood of migrants into the country. Australia's going to need their tax dollars to get out of debt, and to pay for COVID.

But the increased numbers of baby boomers turning 65 plus, is another reason Australia must import overseas migrants. I would predict that that's going to happen next year, it may happen towards the end of this year, depending on a few things, but certainly into next year.

When we look at the supply and demand in the Australian economy, we ended COVID in massive under supply and over demand. So we're taking up all of that pent up demand, which was really been accumulating since the end of 2017, when APRA got themselves involved in the lending system and cut lending.

And as soon as you cut lending in an economy, the whole economy goes backwards. We were like a body bleeding to death really.

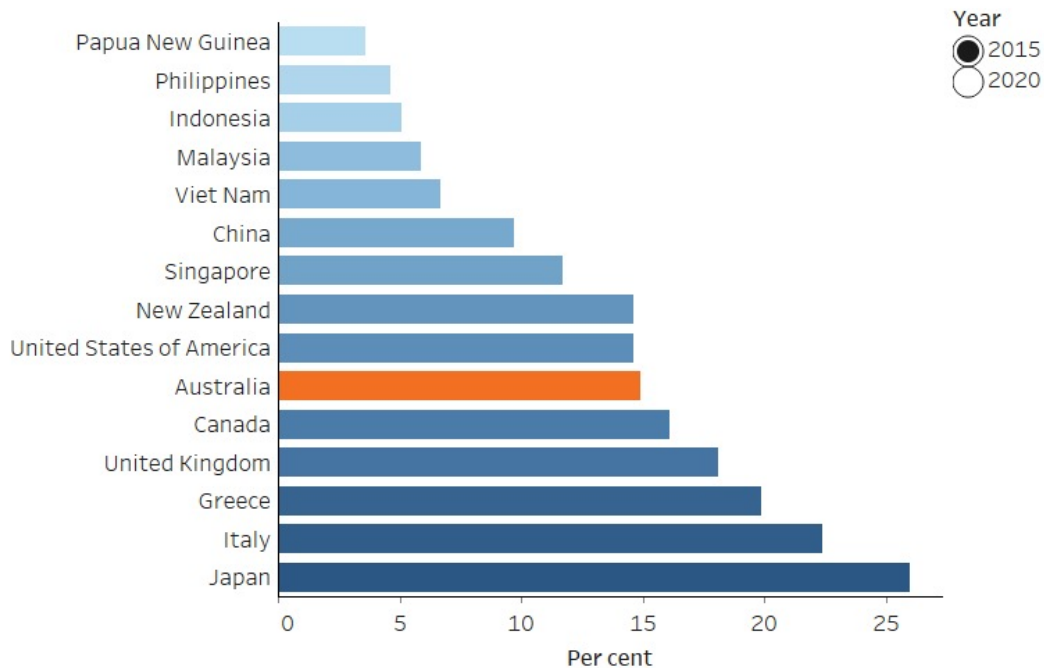
We had a brief reprieve for six months in 2019, but now of course, we had COVID, but we're starting to recover now, because a lot of the policies that were put in place have all been lifted. Because the APRA realised they'd gone way too hard, way too far.

But what this also means is that, when we take up all of that extra demand there's obviously upward pressure on house prices, because we're now able to borrow money and get into the market, and a lot of people want to.

There will be a bit of a low until we open the borders. But as soon as we open those borders again, there's going to be a massive second surge.

And that massive second surge is what's going to carry a lot of the uplift in house pricing, right through to the mid 2020s.

Figure 2: Proportion of people aged 65 and over in selected countries, 2015 and 2020



Sources: ABS [2]; UN [3].

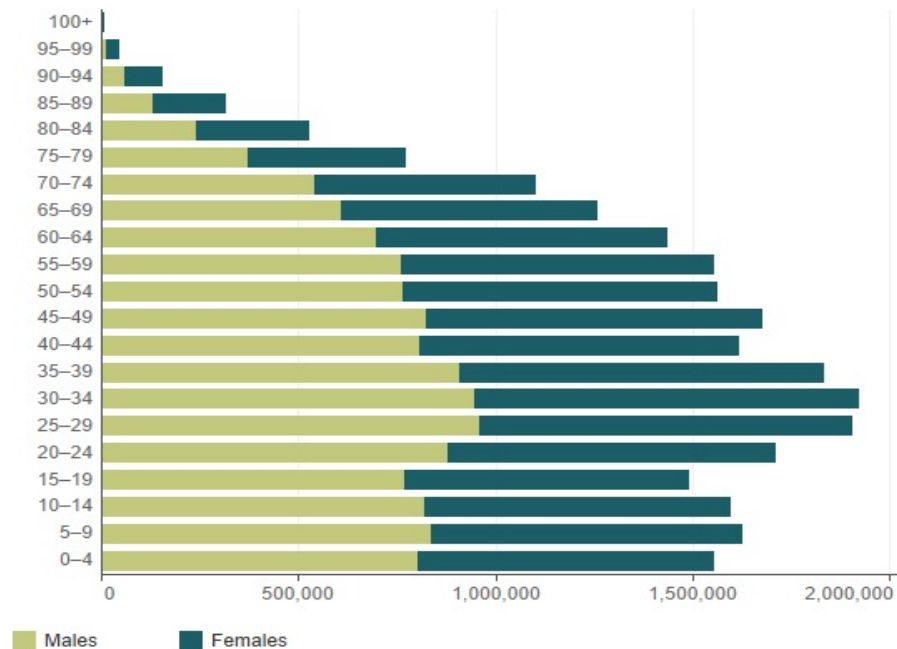
How do we compare on an international basis when we start looking at demographics?

Well, this here shows you the proportion of people aged over 65 compared to other countries.

Papua New Guinea one of the lowest, many die before they're 65, then there's the Philippines, Indonesia, Malaysia, Vietnam, China, Singapore, New Zealand, United States, and Australia are all pretty much on a par.

And then you start to have the long lifers like Japan down here.

Australian estimated resident population (persons), by age and sex, at 30 September 2020
Australia



Age group (years):
All

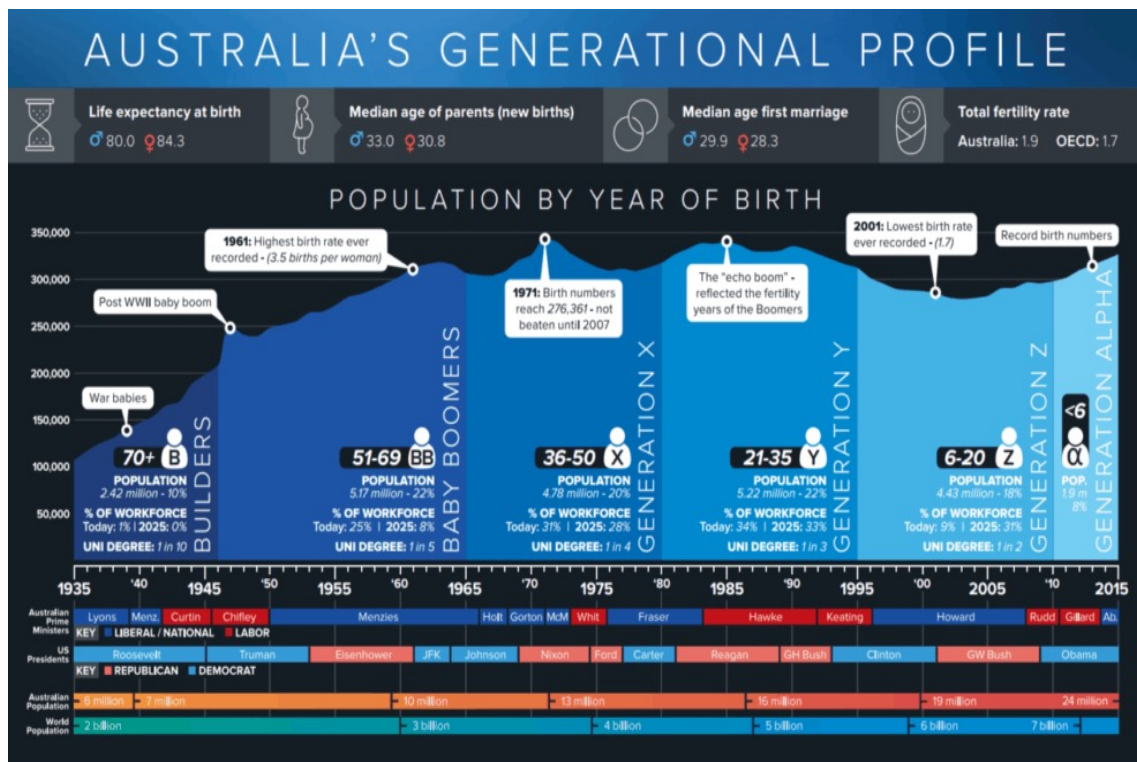
Source: ABS - Australian Demographic Statistics
<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>
Latest data: September 2020 (quarterly)

When you look at the distribution of females to males, again, we're pretty even, until we get into the upper ages where the girls take over, because we live longer.

Not a big impact on housing though, the gender thing, I just thought, I'd show you that for a bit of interest.

So let's have a look at the statistics now. And as at 30th June 2020 there were 7.6 million migrants living in Australia. 29.8% of Australia's population were born overseas. 39% of the population in Sydney's urban area were born overseas.

This makes Sydney one of the world's most cosmopolitan cities and Melbourne isn't too far behind either at 36%. When you compare that with the other major capital cities of the world, New York sits at 29%, Paris sits at 22%, Berlin at 13%, Tokyo at 2%, and not surprisingly Shanghai is at 1%.



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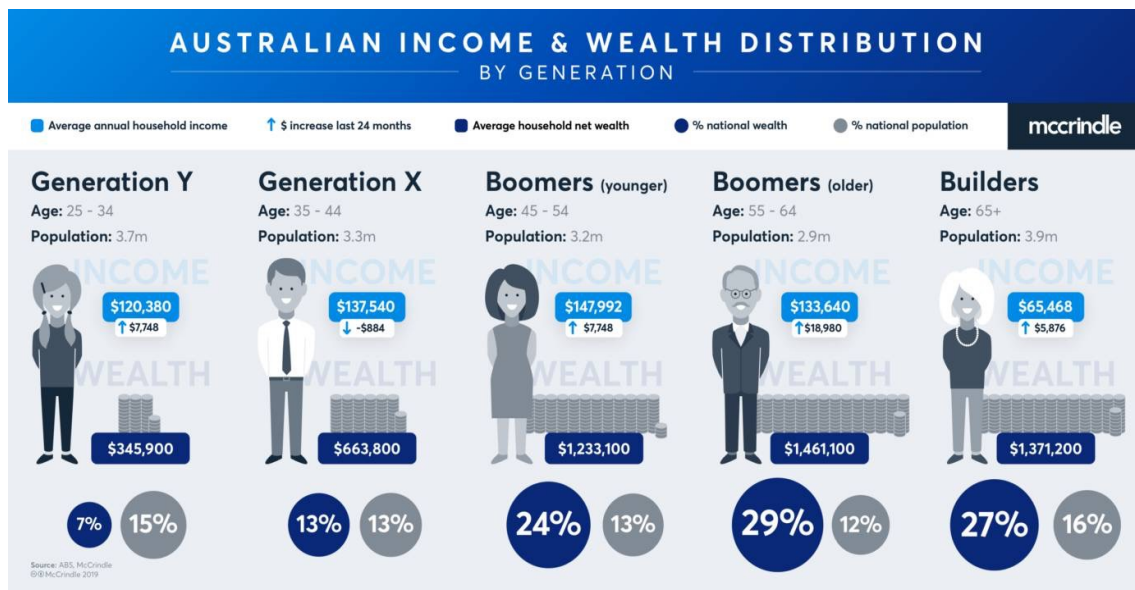
These figures came out throughout the week and despite our aging population, there's currently more Australians born after 1980 than before it. So, the newbies are coming on basically.

This means that the Gen Ys, now Gen Ys are people born between 1980 through to 1984, the Gen Zs, which are those born between 1985 and 2009, and the Gen Alphas who were born after 2010, comprise more than half of the Australian population.

So we've got a big bubble at the bottom coming up, which is a good thing.

The Gen Ys and the Gen Zs comprise the majority of the workforce now, so again, the younger people are taking over, outnumbering, the Gen Xs and the Baby Boomers for the first time in history, and that's pretty predictable.

Because the younger generation coming in, the older generation retiring.



This infographic really shows you how that plays out across the generations. It's an interesting one. This is income and wealth distribution.

The Boomers have got most of the wealth. 24% for the younger Boomers, which is 45 to 54, and the older boomers, 55 to 64, 29%. And then the older ones, I didn't actually even know this, that the group older than the Boomers were called the Builders. They have 27%.

Then you've got the younger generation making up 7% and 13%.

When we look at wealth data and what it actually means, something that is coming to the fore, this came out in a report this week, about how uneven the wealth distribution actually is. According to demographer Mark McCrindle ABS wealth and income, data show that household wealth distribution is very uneven.

Average household income \$116,000 per annum

Top 20% of households earn more than twice the average (\$280,000+)

Bottom 20% of households incomes average just a little over \$24,000

This means that while the bottom 20% of households take home just 4% of total income, the top 20% get almost half (48%).

AND - the wealthiest Australian 20% of Australians own 80 times more than the lowest 20% of Australians

So we're starting to see this big divergence between those who have, and those who have not. And this is not an uncommon phenomenon, this happens all the time. Every time we have a downturn in the economy, those who are able to invest in property and shares, but particularly property, do the best, they are the ones who accelerate more.

So they get richer, and the poor get poorer, because everything goes up, prices go up, and it becomes more unattainable for them. And wages are not going up.

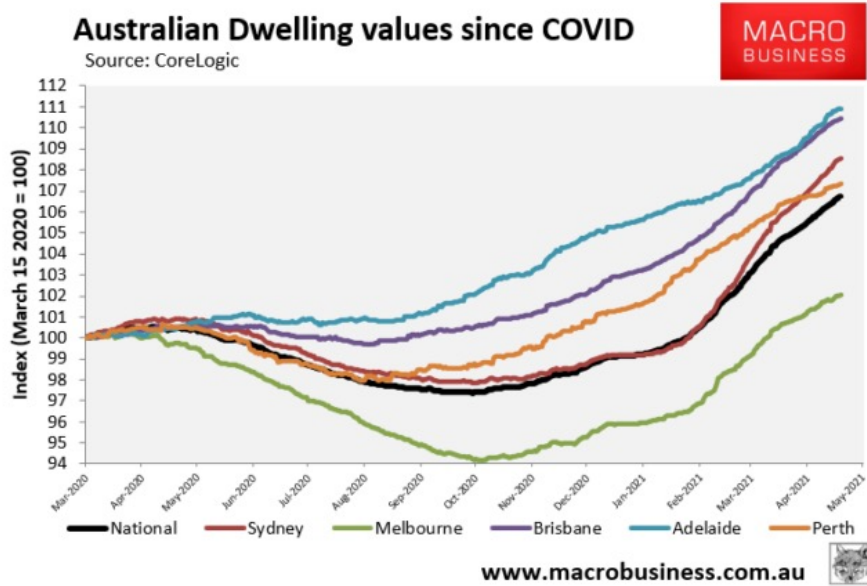
Neglected Camperdown house sells for \$1.62 million at 'slightly absurd' auction

By [Maryanne Taouk](#)

Posted 1d ago, updated 1d ago



You see crazy things like this, where a neglected Camperdown house, sells for \$1.62million, which is slightly absurd. Look at the hole in the ceiling and the floor, it's a knockdown, it's not anything. They paid \$1.62million for the land, basically.



Now this is playing out in the markets as well. And you can see here, if you take a point in time last April, which was when COVID really kind of started to hit, you can see what happened to pricing across all the capital cities.

The one that got hit the most was Melbourne, but it's already back up to where it was or slightly higher than where it was pre-COVID.

Brisbane barely missed a beat, Adelaide didn't miss a beat at all. Perth did very well, the latter half since December has started to really start to climb.

Sydney's a bit the same kind of timeframe, they're well, and truly on the upward run, and they'll take over the rest.

And then of course the black line is the national average.

So that's what I've been saying since last year, that's what I've been saying all through COVID, and it is what I'm saying right now. It's all playing out in front of us.

So the sooner you get into the property market, the better, and that's why I've actually put together some free hour long consultations for you.



I Love Real Estate Breakthrough Sessions

If you're enjoying the type of information that I'm putting out right now, I'd like to just take a couple of minutes to let you know how I can actually help you get the most out of property investing.

What I'm going to offer you is on a limited basis, because I've only got limited advisors, but **I'm offering you the opportunity to actually have a 60 minute sit down appointment with my advisors.**

Now, what they're going to do is to help you as to where you're at and where you need to go.

They're going to have a chat to you about your goals, your dreams, your aspirations, and what you want to achieve.

Because me and my team recognise that these next few years are going to be very, very crucial to you, so you really need to be stepping up.

You need to be maximising your circumstances over these next few years, because, think about it, in somewhere around three to five years, you could have your income replaced. You could be debt-free on your mortgage.

You could be in a situation where you never have to work again a day in your life if you don't want to.

Not that that's the end game, but it's about being in a position where you are comfortable so if anything should happen in the market or anywhere else, you're safe, and if there's anything that COVID has taught us is we need to be safe. We need to have buffers. We need to have a passive income that if our job goes tomorrow, it doesn't matter. We're safe. We've got everything sorted.

In that 60 minute advisory call ... I'm calling it the [I Love Real Estate Breakthrough Session](#) they're going to talk to you about where you're at, where you want to go, and perhaps some of the things that you can do to actually accelerate your circumstances and how we can help you in that.

You can then make a very clear decision, an informed, intelligent decision about your future.

Be quick, there's only a handful of them available as I don't have unlimited advisors.

You can make an appointment with one of my advisors and let's get you sorted.

Let's get you on a path to replace that income and start to build a sizable wealth portfolio, because what's happening in the market right now is extreme.

And if you miss this period of time, you're going to be waiting a very, very long time before you're going to see this kind of opportunity again.

Fortunes are going to be made in the next few years, but you need to be ready for it and you need to be informed. You don't want to be buying the wrong kind of property.

There's a whole lot of crap out there that I see slushing around the market, but if you buy that sort of thing, you're going to be held back.



You're going to be jeopardizing the opportunity that's actually there for you, and that's why we want to help you guys.

Take up my offer to have a coaching call.

If you want to take up one of my I Love Real Estate Breakthrough Sessions, you can right here, right now, by going to www.iloverealestate.tv/questions

The advisors can help you understand where you're at, where you want to go and what action you can actually take to get there.

Hope you take me up on one of my advisors' appointments for a I Love Real Estate Breakthrough Session.

OK. Let's get back to the masterclass.

So they're the breakthrough sessions, I'm calling them, I've got a few advisors who have got some allocated time to have an hour long session with you, but you've got to book in, because the places are limited.

So what the purpose of it is, is to hear your position, we want to know what your goals are, and then we'll talk to you about how we can help you achieve those goals.

Now they've called breakthrough sessions, because you'll get a lot of value out of having one of those sessions. And having the opportunity to join us in I Love Real Estate, and everything that it means to be able to move ahead.

Now we don't sell properties, but we'll certainly help you achieve significant wealth in the property market, that's what we do.



Let's look at clearance rates. Clearance rates are when a property is listed for auction and then sells within 14 days.

Now we've had significant rises in auction clearance rates, it bobs around a bit, but basically the auction clearance rates are very, very good.

Capital City Auction Statistics (Preliminary)

City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions	Clearance rate (last year)	Total auctions (last year)
Sydney	81.6%	1,149	967	789	178	66.9%	194
Melbourne	77.6%	1,330	1,154	895	259	57.3%	127
Brisbane	73.3%	169	135	99	36	37.5%	28
Adelaide	78.5%	132	107	84	23	61.5%	15
Perth	60.0%	24	15	9	6	14.3%	8
Tasmania	n.a.	3	2	0	2	n.a.	2
Canberra	87.8%	85	74	65	9	65.8%	43
Weighted Average	79.0%	2,892	2,454	1,941	513	60.4%	417

Please note: A minimum sample size of 10 results is required to report a clearance rate

In Sydney at this time last year 66.9% of houses sold at auction, this year in May, we're looking at 81.6%. Melbourne last year 57.3% sold at auction, this year, 77.6%. Now it's a bit of a different year, because obviously last May, it was in the middle of COVID, so the figures are definitely down. But

if you just have a look at the clearance rates, they're all up. The lowest one's Perth at 60%, but all the rest are up in the 70s or the 80s.

So that's very, very good. First-time buyers are back with a vengeance, and a lot of them are being helped out by mum and dad.

Percentage Of First Home Buyers Seeking Bank of Mum and Dad Help

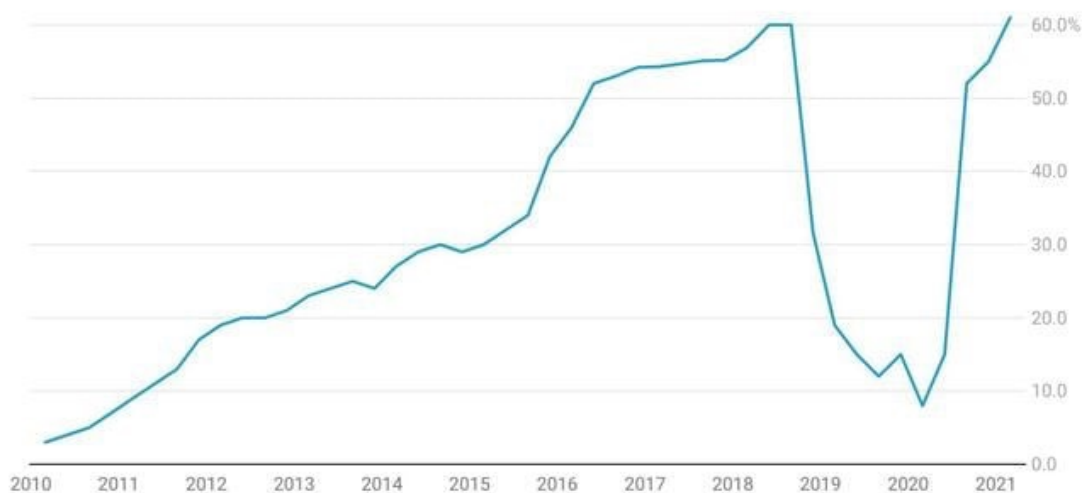


Chart: Tarric Brooker • Source: Digital Finance Analytics • Created with Datawrapper

I don't know how they got these figures, but they show how a lot of younger people getting into their properties have been helped out by their parents using equity in their homes to get their kids into housing.

Now, I think there's a bit of a better way to do that I might add, by doing joint ventures with them because it teaches them to do a deal, rather than just buy a house.

So there's a bit of learning there that needs to go on, both for parent and for child, but that's the average contribution of how much they're actually putting in.

First Home Buyers Using The Bank of Mum and Dad - Average Financial Contribution

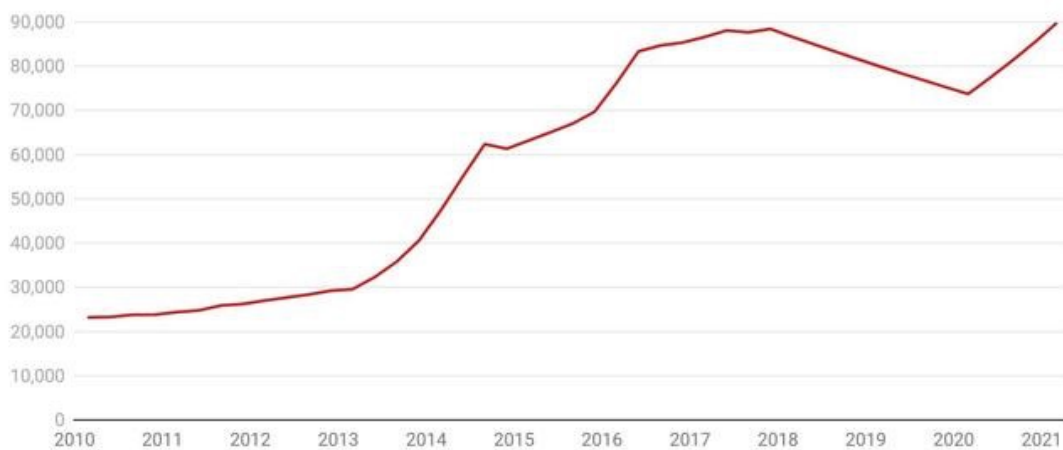
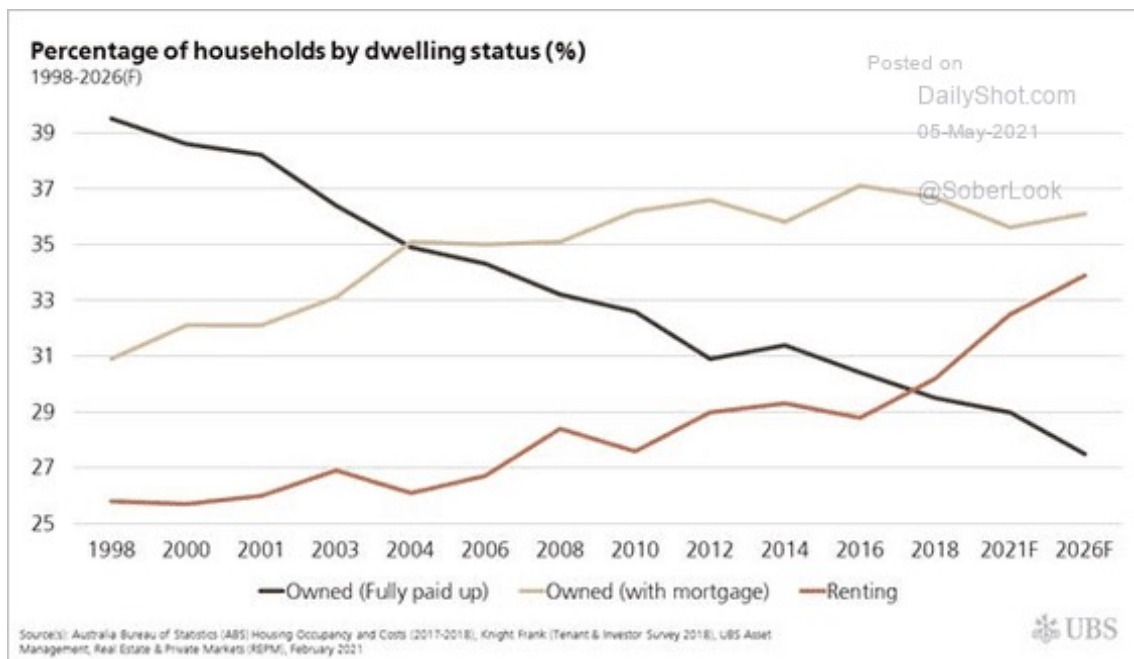


Chart: Tarric Brooker • Source: Digital Finance Analytics • Created with Datawrapper

At the moment it's running around about \$90,000, they're contributing to kids for a deposit.



This is an interesting chart, because what it shows is a prediction out to 2026 of what percentage of households are owned outright.

Now, if you look at the owned outright group (the black line) most of the population that own a home do have a mortgage on it, and that's expected to decline, and that's probably as a result of the aging population, and the fact that, that the older ones are dying off, basically, and going into the next generation.

Those that are renting though, this is the important one, show how there's going to be a big surge in renters.

The owner occupier who has a mortgage is just kind of bobbing around there, but those who are renting, you can see is going to increase, and that's due to affordability.

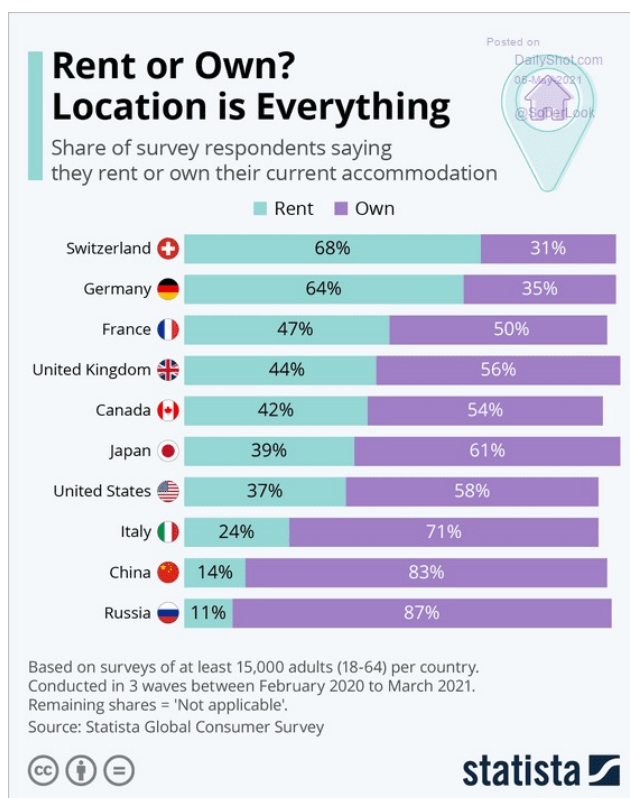
So something I want to say here, and this is to everybody, if you can't afford to invest where you live, then rent-vest.

Rent where you live, or where you need to live for work or whatever else, but get into the property market where you can afford.

Because you can't out save this at the moment, you need to be getting into the market, you need to be getting your kids into the market, you need to be joint venturing with them, but not just any property.

Don't be caught up in a lot of this stuff that's going around at the moment, like, rental guarantees on off the plan apartments. Oh my God, that is my biggest bug bear, the worst thing you can possibly do.

Because you're paying over the top in price, so that if it doesn't rent, well, they can pay it out of a premium. They are \$40,000 to \$80,000 overpriced. Why do you think they can afford to give you a rent guarantee? You're paying for it, so don't be caught up in any of that kind of rubbish that's going around the country at the moment.



When we look at renting and owning it's interesting to have a look at other countries. So the purple colour is the percentage that own their own home, and the teal color is how much of the population rent.

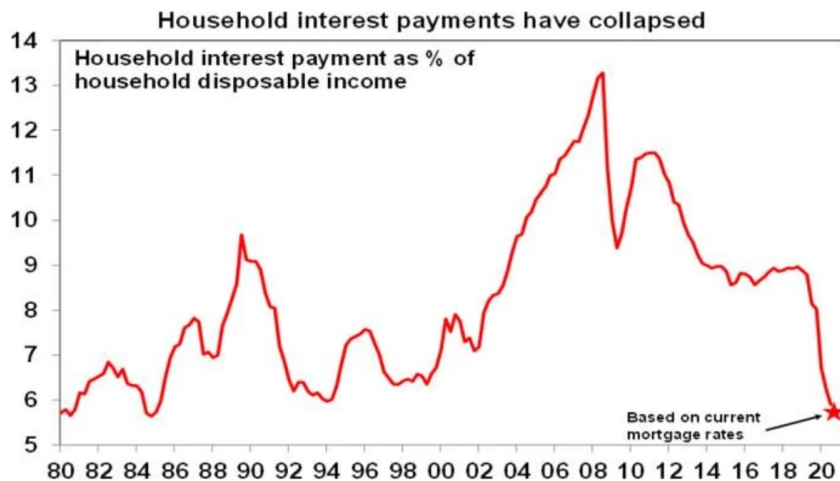
Switzerland is the biggest renter, 68% of the population in Switzerland actually rent, only 31% own. In Germany, it's high as well, 64% rent. France is up at 47%, U.K is at 44%, Canada is at 42%, japan is at 39%, United States is at 37%.

Now, I'll just stop there, because even though it's not in the chart, Australia is at 32%.

We sit in here between the United States and Italy, that's down at 24%. 71% of Italy own their own home. In China, 14% rent, and 83% own their own home.

In Russia, this surprised the hell out of me, 11% rent, an 87% own their own home.

So look, I say all these things in the demographics and they're important, but I think you also need to keep this in mind when I start talking about house prices increasing – we are still the most affordable we have been in four decades.



It was early 1980s would we have been this affordable.

And the reason for that is the fact interest rates are so low, so the cost of a mortgage is low.

Our wages where they're at now, and the house prices, so it's kind of this three way equation as to whether something is affordable or not.

Back in the 80s, when I left university, I got top grades and I went into Coopers and Lybrand, one of the big chartered accounting firms at the time. My salary was \$15,000. And that was a great salary back then. 15 grand I was paid.

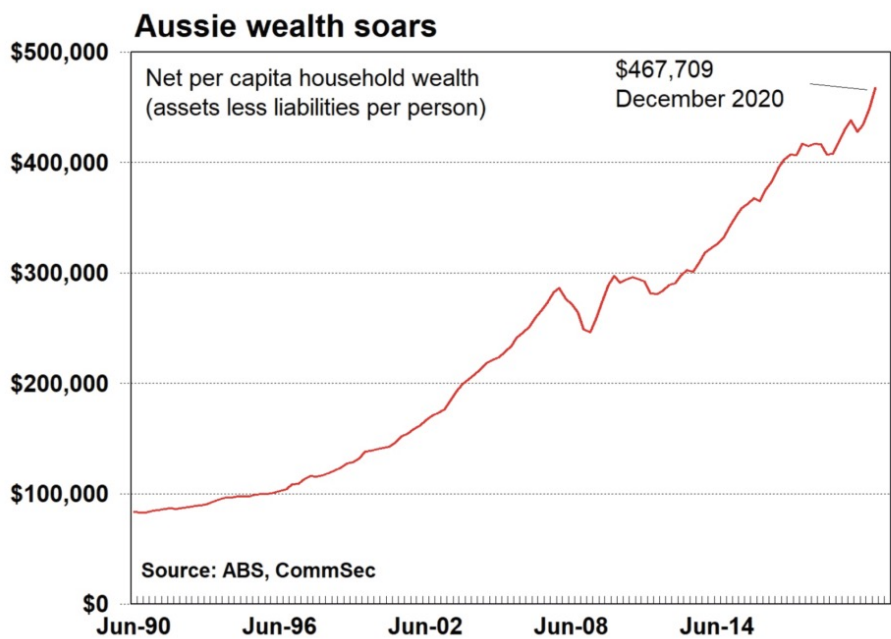
When I first bought my first property, I couldn't afford one in Sydney where I was living at the time, so I bought one in Brisbane for \$54,000. You can see the kind of the proportion.

But at the same time, I was paying 17.5% interest.

That's the kind of dynamics that we had back then, and I've chopped and changed up and down and whatever.

But this chart really shows you that we have not been this affordable in the last four decades, it was early 80s when we were this affordable last time.

So you really need to take that into account.



You also need to take into account that we are the wealthiest we've ever been. This chart shows proportionate to house size of per capita, this is the wealthiest we have ever been.

And that last surge that you see there is the savings that went on through COVID, and also the paying down of debt. A lot of that money was not spent on handbags, coffees, cars or whatever else you're buying, but a lot of money was actually going into paying down debt.



Truth Bomb

The truth bomb for the week is that we are going to have zero wage growth for a considerable amount of time.

In the last budget that happened recently, this was a chart that was hidden in amongst the pages and pages of the budget. Now I pulled this chart out because I want to show you something.

Table 1.2: Major economic parameters^(a)

	Outcome		Forecasts			
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Real GDP	-0.2	1 1/4	4 1/4	2 1/2	2 1/4	2 1/2
Employment	-4.2	6 1/2	1	1	1 1/4	1 1/4
Unemployment rate	6.9	5 1/2	5	4 3/4	4 1/2	4 1/2
Consumer price index	-0.3	3 1/2	1 3/4	2 1/4	2 1/2	2 1/2
Wage price index	1.8	1 1/4	1 1/2	2 1/4	2 1/2	2 3/4
Nominal GDP	1.7	3 3/4	3 1/2	2	4 3/4	5

(a) Real GDP and Nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia and Treasury.

The pale fourth item shows the prediction of CPI (Consumer Price Index). This is what they're predicting inflation to be over the coming years.

The line under that is what they're predicting the wage increase to be, the Wage Price Index.

If you take the Wage Price Index away from the Consumer Price Index in the 2020-21 financial year, it's actually a negative 2.25% wage decline.

A 2.25% decline in wages in real terms.

Next year, financial year 2022, a decline in real wage buying power of 0.25%.

2023, zero. 2024, zero. It isn't until 2025 financial year that you'll actually get some wage growth of 0.25% in real dollar terms, according to the predictions in the last budget. Interesting, huh?

So that's it for this Intelligent Property Investor Masterclass,

Now don't forget to book a 60 minute [I Love Real Estate Breakthrough Session](#) with one of my advisors.

They are free. There is no cost.

See what you can do proactively to take advantage of the massive upswing that we're seeing in the market right now. This is the biggest upswing we've seen in decades, and I'm telling you, you don't want to miss it.

The place to go to get one of those appointments is www.iloverealestate.tv/questions/

Get a free 60 minute advisory [Breakthrough Session](#) and let's break through and start to get some serious traction in the market that we are in right now.

I also encourage you to go across to my website www.iloverealestate.tv and subscribe to my weekly updates.

Intelligent Property Investor

That way you're going to get these coming to you every single week and you'll always be on top of the latest information.

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Yours in success,

Dymphna .



Dymphna Boholt

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