



Will The Sydney And Melbourne Lockdowns Crash the Australian Property Market?

PLUS YOU'LL ALSO DISCOVER...

- **Is Consumer Confidence Going To Kill The Covid Recovery?**
- **Why Brisbane And Perth Are The Two Cities To Watch For Accelerated Growth In The Next 12 Months**
- **Which Little Country Is Having A Big Impact On Aussie Property**
- **Why The Richer You Are, The Less Likely You Are To Get A Divorce**

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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

Great to be with you guys again. I'm still in the boat at the time of writing, but I will be very soon be back on my farm.

There's a lot of news this week, there's a lot of stuff going on. The world has simply gone crazy, specially here in Australia. While Europe seems to be opening up and doing normal things, so too does America, but Australia is lagging behind.

But let's get into what impact that actually has on our economy and what it means for our property, what it means for our future investing and the types of things that we should be doing right now in order to really advantage us into the future.

Because we're in a cycle right now where the property market is on the way up, and it will continue to be so. If you think we're in the top of the bubble, we're not. And I've got some figures this week to show you all of that as well.

This week I want to really focus on what you need to be doing right now, because you can sit back, you can wait, you can prophesise about what's going to happen and you can live in fear. Which is what a lot of people are doing right now.

I know it's hard if you're in lockdown and you're not allowed out, but the reality is there's a lot you can do. And I'll share with you a couple of stories of what some of my students have been able to do in the middle of lockdown.

So don't use lockdown as an excuse to hold you back.

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.

So let's get into this week's Intelligent Property Investor Masterclass. What are we going to be covering? Well, the headline story is:

Will the Sydney and Melbourne lockdowns crash the Australian property markets? If something has probably been on the tip of your tongues, the top of your worry list, if you like, I want to share with you some facts as to why that's actually not going to be the case.

I'm also going to be covering '**Is the consumer confidence going to kill the COVID recovery?**' and '**Why Brisbane and Perth are the two cities to watch for accelerated growth in the next 12 months**' and '**Which little country is having a massive impact on the Australian property market.**' Something you might not realize going on there.

And '**Why the richer you are, the less likely you are to get a divorce.**' So just a bit of fun to finish off with.



Fear Is The Real Killer – Not Coronavirus

If you tune into mainstream media or if you turn the news on in the morning, or you watch the evening news this is what you see.

You see a whole bunch of politicians carrying on about COVID rates and death rates and new case numbers and lockdowns.

And this is actually really brought to the fore something that I think is wrong with our constitution. And that is that we are state run. When it comes to something on a health basis, because the states control our hospitals, the states control our health and our health departments, the states have the power.

ScoMo basically can't do a god damn thing. No matter what he does, the states can overrule it for their particular states. And you've got all of these state leaders pumping their chests and putting the other one down and all this kind of stuff. And there is nothing that our federal government can do.

This is something that if you go back a few years, you'd look at and go, "It's impossible. The federal government runs the country and they dish out the money".

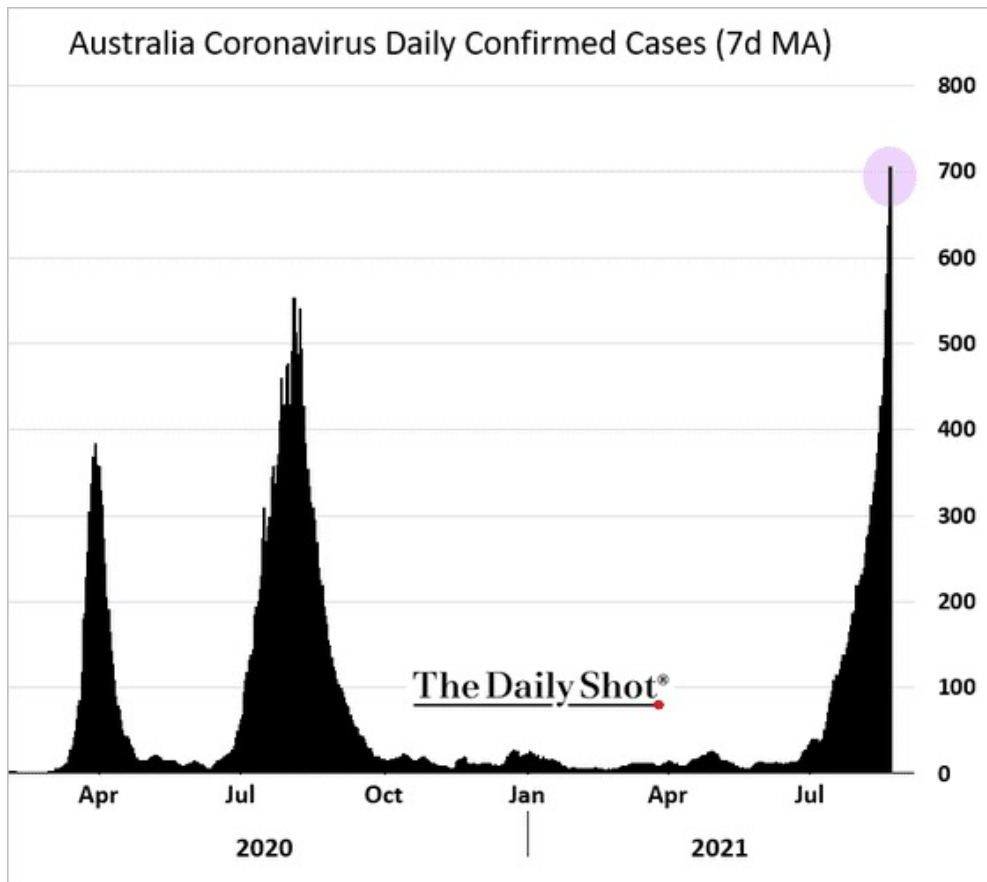


But look what's happening now. We aren't Australia anymore. We are a bunch of individual states. And what state you live in, determines what the rules are. So it's very, very controversial, and that's actually causing quite a bit of angst amongst the states.

And it's also causing quite a bit of movement amongst the states. You're seeing a lot of movement from those areas that are in major lockdown to those areas which aren't in, or haven't been in huge lockdowns.

And that's causing a bit of a push in the property market as well, because what we're seeing is that states like WA and Queensland, there's a lot of people moving to those states because they haven't had the lockdowns. They haven't had the cases. They haven't had any of those things.

And that's creating higher demand in some areas and lower demand in other areas.



However, having said that, demand right across the board for housing, which is rentals and purchasing, is way above what we have from a supply chain perspective.

And that supply chain perspective, and why it is so low, goes back to a story that started back in 2017. In 2017, we had a massive surge in property prices.

It was mainly being driven by a lot of overseas investment and speculation. So APRA got involved, APRA is the governing body that controls the banks. They got involved and said, "This is creating a big storm in the market and we need to cool it because it's dangerous for the country."

So they stepped in and put a whole bunch of rules on the banks, and that in turn caused a downturn in the economy. It caused the big boys to stop building new dwellings. It caused a slowdown in the construction industry. And one of the industries that really what makes the economy go round is the construction industry.

If you want to affect the economy at large, the biggest industry that creates the biggest amount of impact is the construction industry. It employs more people than the manufacturing and the mining industries combined.

So they crushed it. They killed it. APRA killed the country basically, back then. And we had this decline through to the latter half of 2019.

Supply really, really went down. Now, that caused demand to be much higher than supply, and we really haven't recovered from that.

COVID-19 arrived in 2020, and that exacerbated the situation, and now we're seeing the rollout of that. So while supply is starting to come up and I'll share some figures with you there, we still have massive demand right across the board.

However, when you start to look at the individual states, those states that haven't experienced massive shutdowns and lockdowns are getting a surge of population increase.

Some of it is temporary, where you've got the gray nomads living in their caravans or on their boats (like me), and those sorts of things.

You've also got the permanent movement of people who are moving to those areas because they just want a life. They don't want to be in lockdown and those things.

So it's causing this big rift between the states, and I can't see an end to it.

Unless we had a constitutional change to give the control back to the federal government, I can't see it changing. We'd have to have a referendum to do that,

We really are living in little mini countries right now, within the thing that we call Australia. And I don't like it.

But that's my opinion. You can have your own opinion on that one.

The thing that I think we need to take stock of here is fear is the real killer, not coronavirus.

The fact is that we are living in fear, we are living in a society where somebody sneezes and we think that we're going to die because somebody sneezed, and we are locking ourselves away in fear.

So I'm not putting down the coronavirus, or health issues, I'm not doing any of those things, but the fear is very real.

And fear affects your thoughts and fear affects your emotions, and your emotions affect the chemical reactions that happen in your body, and all the neuro-peptides that you've got running around your system, and your neuro-pathways, and your energy levels, and your vibrational frequency.

All of these things come into play.

When you're in fear, you don't function. When you're in fear, your body goes into protection mode and it can't heal. It can't do the normal things that it wants to do.

When you tune into mainstream media all you see is the coronavirus. And depression is a big, big factor in this whole thing.

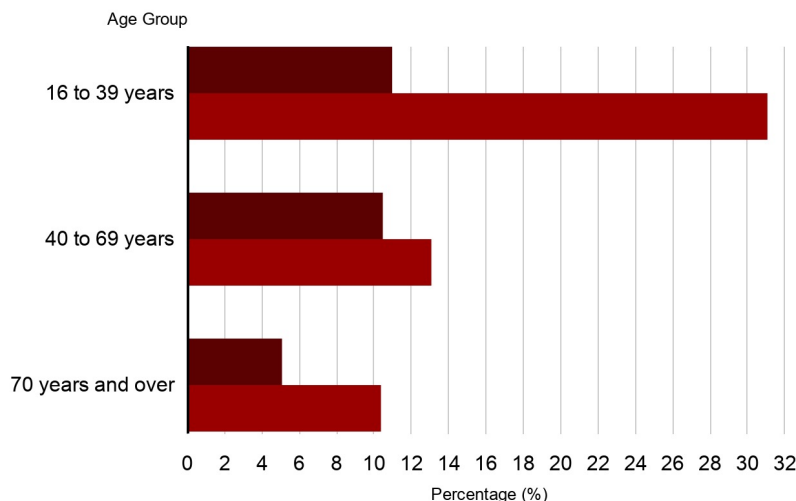
Now it may not be killing people, but by gee, it's having a massive impact.

You look at the chart and you can see we're in the same position this year as we were June last year, except the big case numbers happen to be in New South Wales rather than in Victoria this time.

Percentage of people experiencing moderate to severe symptoms of depression

Estimate %

■ July 2019 - March 2020
■ Jun-20



Unweighted Base: 3,527 / Weighted Base: 51,943,300

Source: Office for National Statistics



Look at the numbers of people experiencing depression in 2020 compared to 2019.

In 2019, before we knew what the word coronavirus was, or COVID-19, or any of those things, we had different levels of depression across the lower age groups, middle age groups and the older age groups. Look where they are now.

Massively higher in the younger age group, and in the 70+ age group they are double what they were pre pandemic. This is worrying because when your body goes into fear and depression, it creates hormones in your body that are not advantageous to life, a whole stream of things kick in which do not serve you.

So I want you to start watching your thought patterns. I want you to start monitoring your words. I want you to be aware of what stimuli you're allowing into your life. Because if you listen to mainstream media, you are going to be sick with just the whole bad news story that's going on.

There's plenty of good news stories. There's plenty of things that you can do. This whole coronavirus thing has actually created an enormous amount of opportunities.

There's opportunities to make money in other fields, there's opportunities to get into property while you're in a lockdown. There's opportunities.

Let me quickly tell you about one of my students. In the middle of a lockdown, unable to leave her house, she bought a property which only cost her \$140,000. It wasn't a big, expensive property. I'm not talking about a Sydney or a Melbourne property.

But with what she's done to the property she has created a \$40,000 passive income. Now that's a wage for some people.

Buy two of them, your home and hosed.

So you can use the lockdowns to your advantage, or you can go and order a pizza and home delivery alcohol. You can get fat and depressed at home, or you can actually use the opportunity to get out there, do something with your life learn, get yourself educated and invest in property.

This is the perfect opportunity to do that. It's a perfect opportunity to up-skill. And if you up-skill in the area of real estate, you've got more opportunity to put that into practice.

You can turn your life around in such a short space of time, simply by up-skilling and putting that into practice. In lockdown or out of lockdown, it doesn't matter.

You've got to start getting out of fear and getting into opportunity, because that's when your life's going to turn around.

I love this quote by Barack Obama. He says,

"Don't short change the future because of fear in the present."

And that's what's happening right now.

People are shortchanging what is possible for them by getting stuck in the fear of what is happening right now. And that can be turned in an instant. It's a momentary decision to step up.

And what I'd like to offer you is that opportunity right now. If you go to iloverealestate.tv/questions/ I'm going to give you a gift.

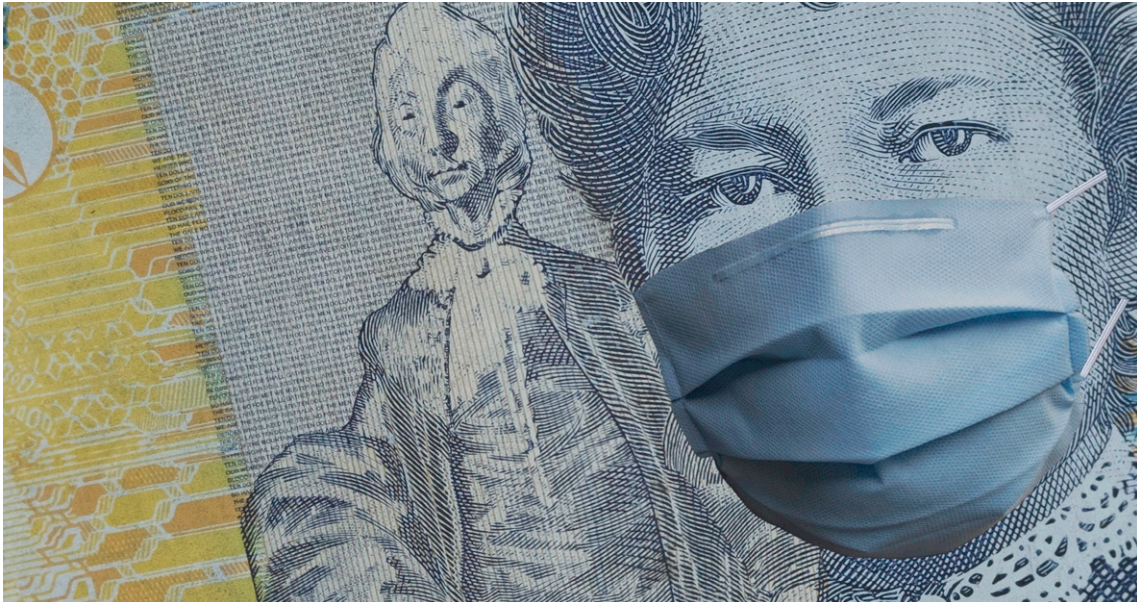
And that gift is a gift of knowledge.

It's a gift to have an opportunity to sit down and have a consult with one of my advisors.

They're 60 minutes long and they are free, and just explore the opportunities, explore the possibilities of what you might be able to do.

And if nothing else, what it's going to do is get your head out of fear and into something more productive that's going to serve you in the future.

So in the words of Barack Obama, Don't shortchange your future because of fear that you're experiencing right now in the present.



The Australian Economy

Let's get into the economic stuff. Consumer confidence is starting to slow. What impact is that having at the economy at large and what impact is it having on property? They are two very different things.

IHS Markit Flash Australia Composite PMI®

Including IHS Markit Flash Australia Manufacturing and Services PMI®

Australian private sector output contracts at faster rate in August

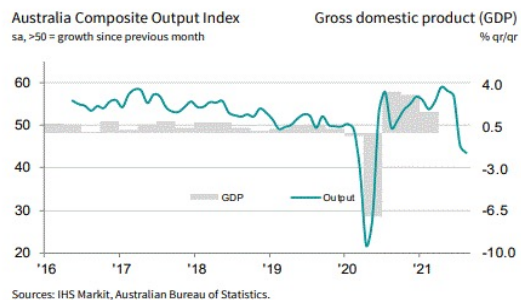
Key data

Flash Australia Composite Output Index
Aug: 43.5, 15-month low (Jul final: 45.2)

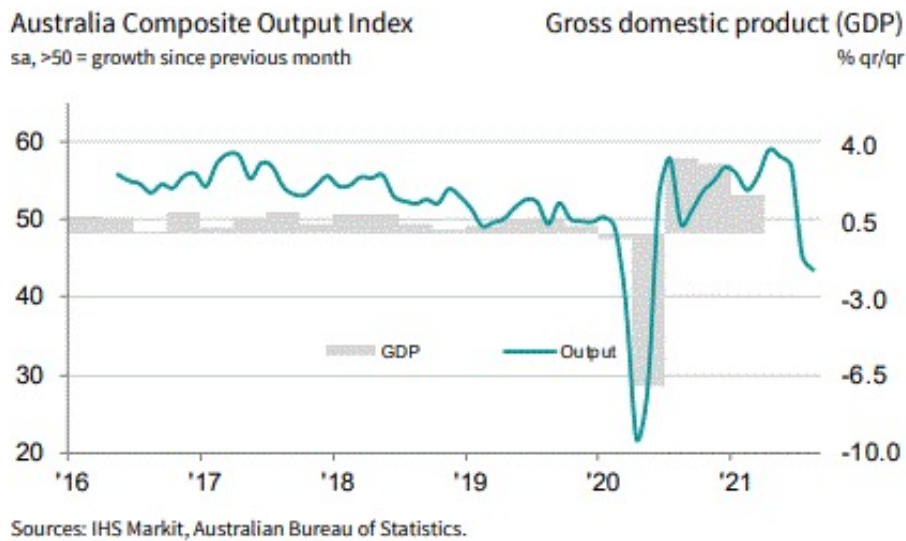
Flash Australia Services Business Activity Index
Aug: 43.3, 15-month low (Jul final: 44.2)

Flash Australia Manufacturing Output Index
Aug: 44.5, 15-month low (Jul final: 52.3)

Flash Australia Manufacturing PMI
Aug: 51.7, 14-month low (Jul final: 56.9)

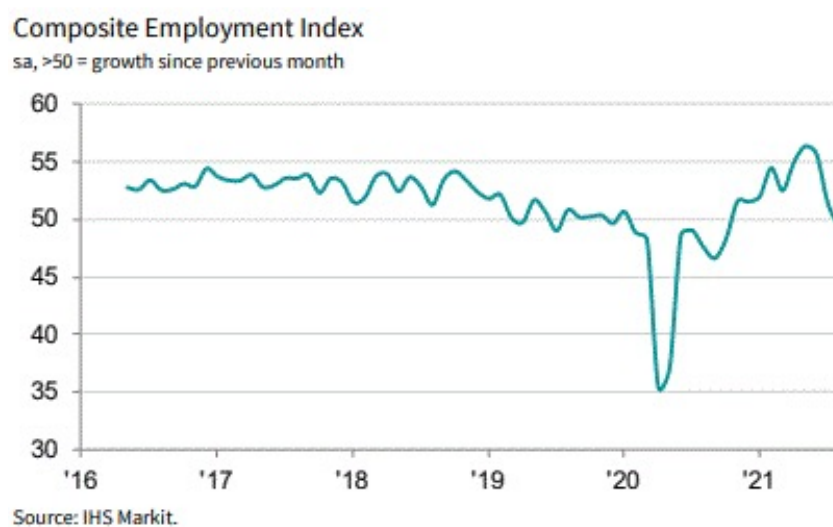


If you look at these figures here, this is the manufacturing index. So what we're seeing is there's been a bit of a downturn from where it was, but where we were exceptionally high.



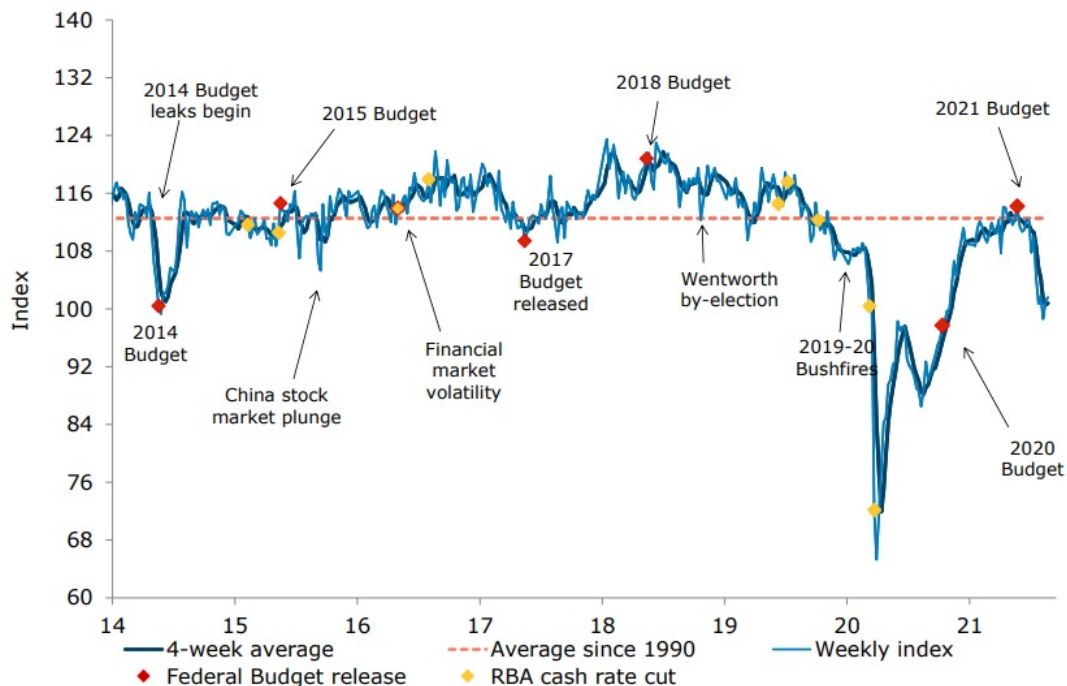
This is the composite output index of what's going on across the board with GDP. We are lower than we have been in recent months, as in since the latter half of last year through to now.

But we are still heaps above where we were in the depths of COVID, so don't be too concerned about it, it's a dip because of the lockdowns. If we didn't have the lockdowns, that would not be happening.



When we look at employment, it's back to normal levels very similar to where we were pre COVID. Confidence is one of the big things that has caused this.

Figure 1. Confidence up 0.5%



Source: ANZ-Roy Morgan, ANZ Research

And as soon as you have a change in confidence, as you can see there, that's when things start to either turn around for the better or turnaround for the worse.

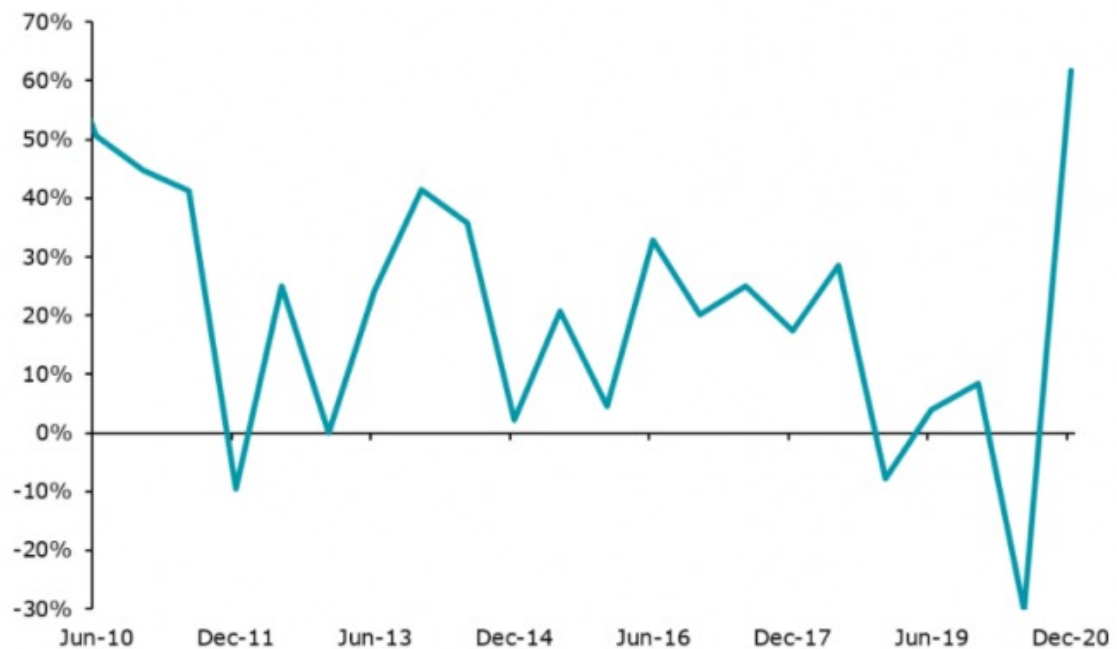
I've marked where the 2020 budget was and you can see here how that budget really boosted the economy. The 2021 budget, not so much. There weren't as many handouts, and whatever else.

And the reason for that is pretty much what I was talking about before. Everybody's now realized that the federal government doesn't have any control. It's all the states. And the states are very, very divided on their policies, on their money, on their taxing and what's going on there.

I don't know if you've been following me for very long, but if you go back and see what I said about the Victorian budget, I was very vocal about how bad it was.

And it varies right across the states. Some states just don't really have a policy. And that's not necessarily a good thing either.

Chart: Australian CFO net optimism about business prospects compared to 6-months earlier



This is actually interesting because this was a survey that was done at the top end of town. So this is the Chief Financial Officers. So this is the big boys.

And the survey showed that even though this was the early stages of lockdown in New South Wales when the survey was taken, they are very optimistic.

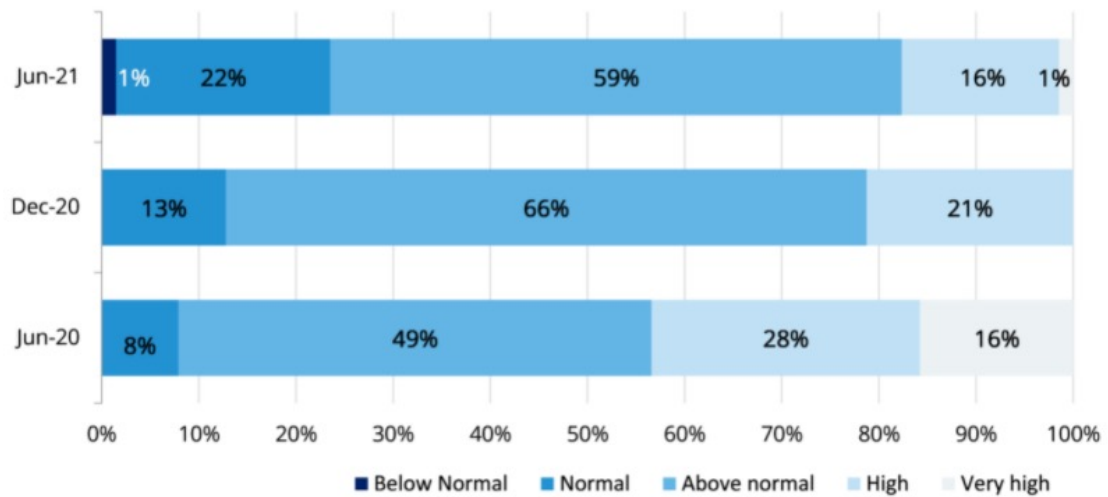
I think it's really coming down to that two-tiered society that I've been talking about for a number of weeks, where you've got some sectors of the economy that are doing really well and other sectors that aren't.

And it's the big boys that seem to be really benefiting.

An anecdotal situation, I was talking to the mother of a girl who works in the mines and just got a really good bonus, because the company was doing well. And she's not high up there, she's a truck driver.

But getting that bonus really boosted the morale and it makes a big difference. It was a decent size bonus as well.

Chart 1: How would you rate the general level of external, financial, and economic uncertainty facing your company?

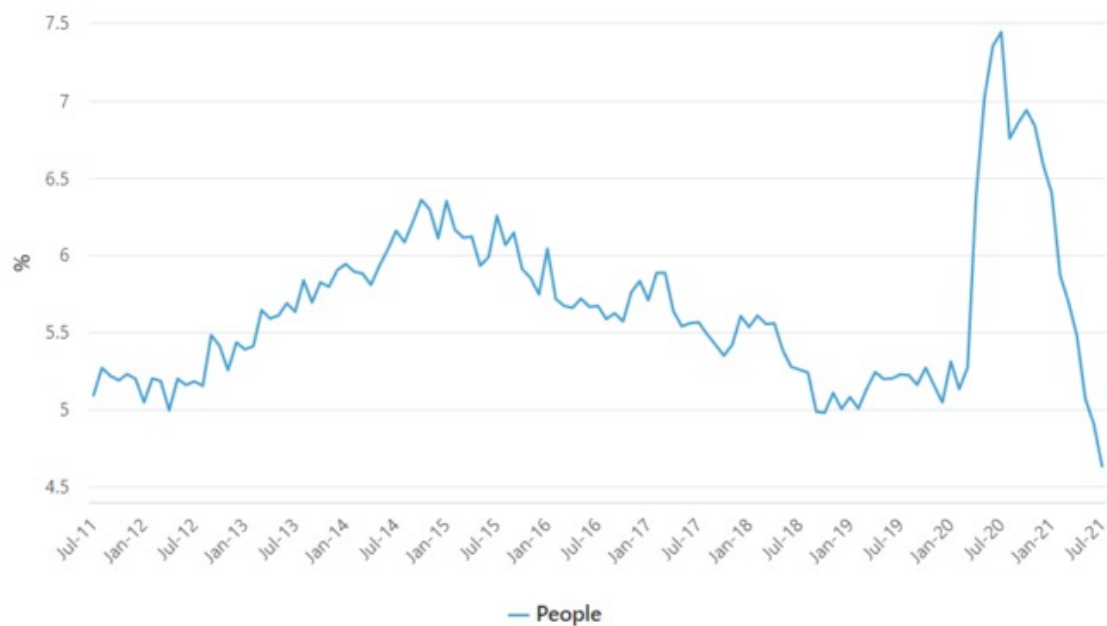


This chart is an extension of what I just showed you on the previous chart, that the big boys are still very bullish.

And you can see there June 2021, compared to June 2020 (the top and the bottom bars), you can see there the movement in the middle sector where even though we're above normal, at least 59% of the big boys believe that things are better now than normal compared to June last year, when 49% said that we were better than normal or above average.

In December, however, when things were not in lockdown, 66% of the big boys believed that we were better than normal. And you can see the other figures there, the high end, December when we were out of lockdowns, certainly did create more of a boost. But when you look at the figures overall, they're still very much in the positive, we're not in the negative.

Unemployment rate, Seasonally adjusted



Now, this is a tale of two things. First of all, unemployment hit record lows, or recent record lows. They are 4.6% in July, which is down from 4.9% in June. Fantastic.

How can we possibly have that when most of New South Wales was in lockdown for July? Well, here's what's going on. It's actually hiding the real situation.

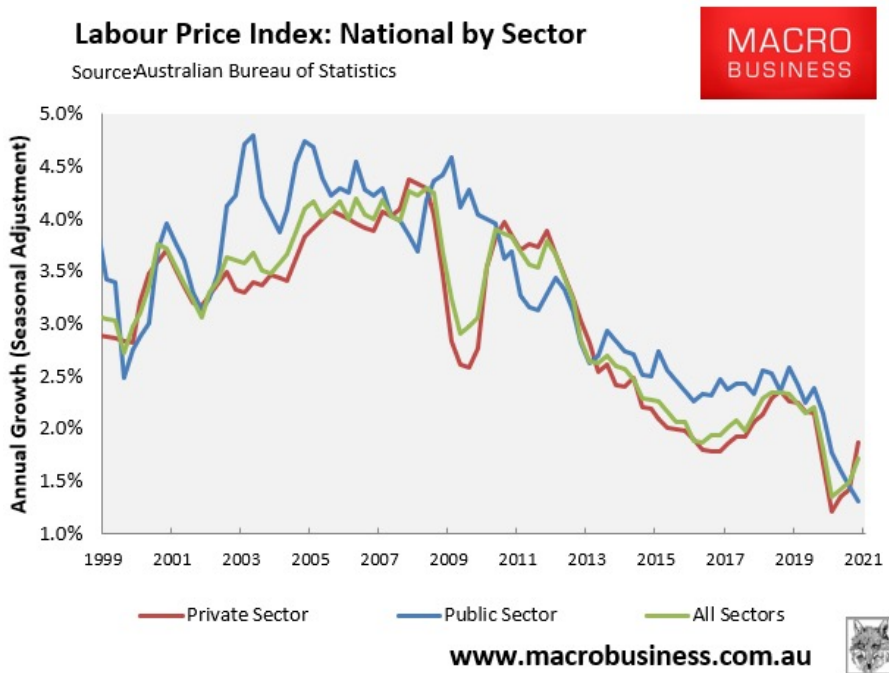
The true story is about the participation rate, particularly for New South Wales unemployment. New South Wales unemployment fell by 36,000 and unemployment went up by 27,000. So why are we seeing this? Why are we seeing such low numbers if that's the case?

Because unemployed stopped looking for work. So because of that participation rate, we're actually seeing some false readings on the unemployment rate right now.

I would expect this to go up. I don't think we'll stay in the fours as we move forward, and we get the true figures to come out of lockdown.

I think you're going to see unemployment go up, particularly for Victoria and New South Wales, when the next lot of monthly figures come out

So we'll wait and see what they are, but that's my prediction. We'll see whether I'm right or wrong. These figures are all a little bit misleading because they don't take into account the participation rate of those people who lost their jobs but are not looking for a new job.



This is the labor price index on a national basis. And you can see there that the private sector started to pick up very strongly, while the public sector was pretty much the same. But overall, we started to see an increase in the price index.

So again, watch this space when we have wage increases. Back in December, when we were very bullish and had great confidence after we had that big budget with lots of splash and cash thrown into the economy.

What happened, particularly in the construction industry, is we had a shortage of labour. Now, when you have a shortage in labour, the price of labour goes up. So wages went up.

And that seemed to go up across the board, but particularly in the private sector, and a large percentage of that was in the construction industry.

The sector that actually went down was the public sector. So wages in the public sector went down. Now, even though wages have gone up, I think these lockdowns will cause a bit of a slowing there, because unemployment will start to come up a little bit.

So the wage rises that you're seeing on this chart, I think they will cool for a bit before they go up. So certainly nothing to look at from an inflationary perspective and the reserve bank increasing interest rates.

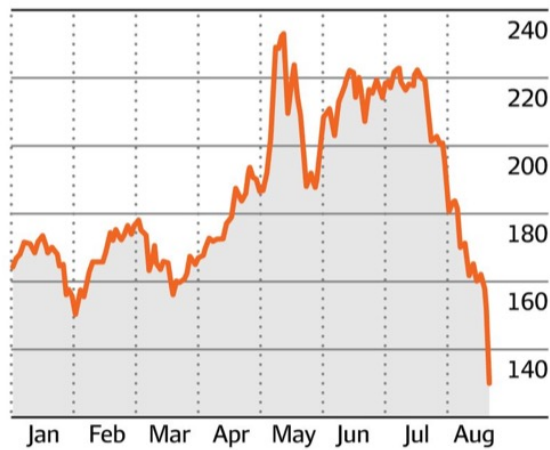
It's not something that's going to continue for long, in my opinion.



Commodities Boom

Let's have a look of commodities and the commodity boom that we've been having. Well, we've actually started to see a little bit of a turnaround in that as well.

Iron ore price (\$US/tonne)



LME copper (\$US/tonne)

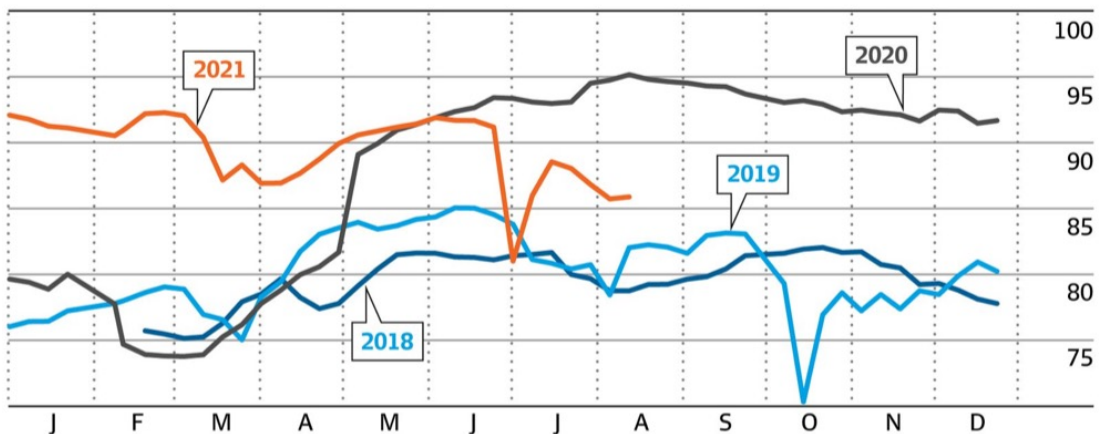


You can see here that the iron ore price has plummeted. And so too has the copper price. Conversely, the aluminum price has actually gone up.

What's going on here?

China slashes steel exports to Australia by 50 per cent to 'wean' itself off nation's iron ore industry

China's blast furnace utilisation rates (%)



Well, there's a big story, particularly when it comes to iron ore, and it goes back to the feud that we're having with China. China has come out and slashed steel exports specifically to Australia by 50% to wean itself off the nation's iron ore industry.

We've been talking about this for some time. The big boys have been banging heads and China is not going to take any of our coal, and they're not going to take our wines, and they're not going to take our beef, and they're not going to take our lobsters and whatever else.

But iron ore has been the thing that they've needed. So they've actually sat back and said, "Well, we don't like Australia anymore. So we are going to really jump on anything that is a strength in Australia." And one of the strengths of course has been our iron ore industry.

Particularly when you go back to the chart on the previous page, in April, May, June, July, you can see just how high the iron ore price was. And that delivered big profits for the Australian iron ore industry.

Now China has looked at that and says, "Well, we don't want Australia to be doing well off our back, so we're going to cut our exports of steel."

If you look at this from a bigger perspective, I'm actually slightly encouraged by this, because I've been saying for a long, long time, Australia needs to be strong in manufacturing where the industry is capital intensive.

Now why? Because if we're labour-intensive, our cost of labour is high compared to a lot of other countries. But a machine running in Australia is just as efficient as a machine running in China or anywhere else in the world.

So we need to start putting money back into manufacturing in this country that is capital intensive. Even if it's supported by the federal government, they can't do much else but at least they can support the manufacturing industry.

And that would have a very good long-term impact on Australia, on jobs, on everything.

So again, we can wallow in fear and going, "Oh my goodness, Australia is going to go broke because we're not going to sell any more iron ore," or we can look at it and go, "We need steel so let's stop importing it from China, who buy our iron ore and then sell steel back to us at 15 times the price, let's put the money into manufacturing here in Australia. Let's employ people here in capital intensive industries where we can be strong again, and let's not rely on China."

You can look at the positives on it. You can look at the opportunity that sits there, or you can get all caught up in the fear and hysteria and lock yourself in your room and have depression, and shut down your immune system, and be vulnerable to everything that's going around.

It's your choice. It's our choice. It's the government's choice.

I hope somebody in the government is listening to this enough to actually say, "Hey, let's do that. Let's throw some money in that direction. Let's support private enterprise. This is a great opportunity to be able to do this stuff." Anyway, that's my opinion.

A little bit on iron ore update since that chart was released.

Iron ore's price has experienced a huge crash with a whopping 40 per cent drop in the past month alone, falling from a high of \$US233 (\$A325) a tonne to below \$US130 (\$A181).

With China accounting for up to 75 per cent of the world's iron ore imports, Australia's most valuable export commodity has been hit hard by new policies introduced by the country, including cutting steel outputs.

Australia made a record breaking \$A149 billion from iron ore exports last financial year as its price surged, but the economy could be set to miss out on the boom as China makes moves to cut its reliance on iron ore.

So, you know my views on that. Let's just do it here.

They don't want to play with us, great, let's play in our own backyard, we've got plenty to play with here.



The Australian Property Market



Pandemic property sales defy odds with strong results in all markets

Martin Kelly *Property Reporter*



Aug 15, 2021 - 2.58pm

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Big property sales are still being recorded in the Sydney, Melbourne and Canberra markets [despite increasingly onerous lockdowns](#), while the rest of the country powers on with high prices and conversion rates.

The property market is not experiencing any downturn. In fact, it's the reverse. Pandemic property sales defy the odds with strong results in all markets. Sydney's auction clearance rates haven't gone down at all. Melbourne's have dipped a little and the rest of the country's just chugging along as per normal.



Here's some figures that came out during the week from ANZ. This looks at the housing price forecast across the capital cities.

And you can see there, 2021 (grey colour) is huge, it's way off the chart.

The growth that we are experiencing in 2021 and continue to do so through the rest of this year is expected to be extreme.

But look at the dark blue line, the 2022 forecast. Even though it's not as high as 2021, it's higher, in most cases, than it was back in 2020, or 2019, or 2018. Look at those light blue ofg 2018 across the states. They were down, and that's when APRA stuck their nose in and killed the economy, particularly from a property perspective.

Prices went down, they went down across Australia. They went down in Sydney. They went down in Melbourne. They went down in Perth. They went down and Darwin.

Brisbane was only slightly up. Adelaide was up a little bit, and Canberra was up a little bit more, and Hobart went up quite well.

Then you get to the greeny colored one 2019. And with the exception of Perth and Darwin, they flipped into the positives quite nicely.

Then you go to 2020, across Australia, prices still went up. Sydney went up, Brisbane went up, Adelaide went up a lot, Perth went up, Hobart went up, Darwin went up a lot, Canberra went up a lot.

And then you go to 2021, which is not finished yet, but just look at the forecast.

It's more than double what we've experienced beforehand, the exception of Perth. In some cities, it's three times what we're normally experiencing. And then the forecast in the dark blue for 2020 is still good, still above what we saw in 2019, particularly for places like Perth and Darwin, which were negative in those years.

So you haven't got time to muck around. You haven't got time to sit back and procrastinate. You haven't got time to do any of that stuff.

You've got to take action. We're in for this upward swing and you've gotta be part of it.

If you don't, you're going to get left behind and you will be priced out of the market and it'll be harder, the longer you leave it, the harder it's going to be.

And I don't want to see that for any of my readers. You're reading this because you want to be in property. You're reading this because you want a better life. You're reading this because you want to see what's going on in the property market.

Well, you can't waste any more time. And the smarter you are, the more you know, the better results you're going to get.

The more opportunities you have to get into property, not just the normal way, but in a lot of alternative, creative ways. That's where you need to be.

And if you're sitting on the fence, you're dithering around and you're not part of the I Love Real Estate community and you're coming to our boot camps, you need to do so.



Real Estate Breakthrough Sessions

And to start that you need to be talking to one of my advisors. At least look at the opportunities that are ahead of you, look at your goals.

What are you doing? Where are you heading? What do you want to make happen? And they can talk to you.

The sessions are free. They're 60 minutes long, and they're free. And all you've got to do is go to iloverealestate.tv/questions/ and you can get one of those appointments.

You haven't got time to muck around. You need to be part of those lines there on the chart.

You need to be part of the light gray. And you need to be part of the dark blue, because if you leave it till the dark blue, you've missed out on all of that growth.

And that's why I'm offering you a free 60 minute advisory call ... I'm calling it the **I Love Real Estate Breakthrough Session.**



I've only got a few spots so make sure that you book it in. They are free.

You can have 60 minutes with one of my advisors where you can go through your goals, dreams and aspirations.

Where you're at, where you want to go, what it all means, how to get there and a way forward for you.

Go to iloverealestate.tv/questions/ where you can lock in one of those appointments.

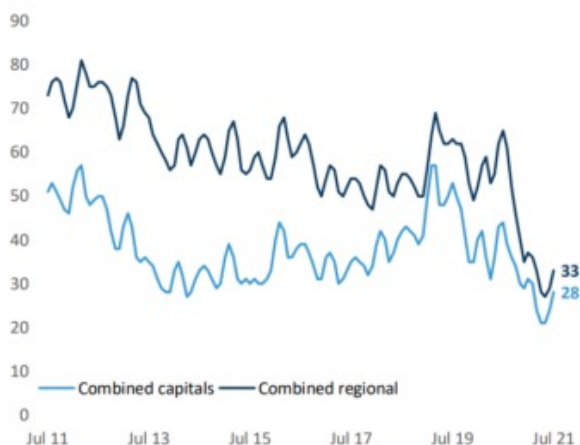
Make sure that you do that. Make sure that you actually set the time aside. Write it in your diary so you don't miss it as their time is limited.

Make sure that you turn up on time because they're going to be there waiting. You'll get 60 minutes to talk about your situation and what you can do to maximise these next few years. And it's free!

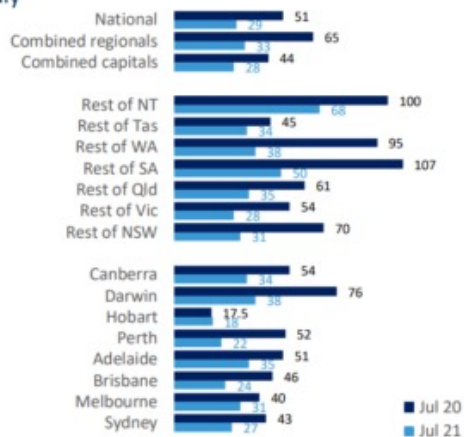
Now, let's get back to the rest of the masterclass.

In the 3 months to July, Australian properties typically took 29 days to sell, compared with 51 days over the same period of 2020

Median days on market



Median days on market – three months to July



In the last three months to July, Australian properties typically took 29 days to sell.

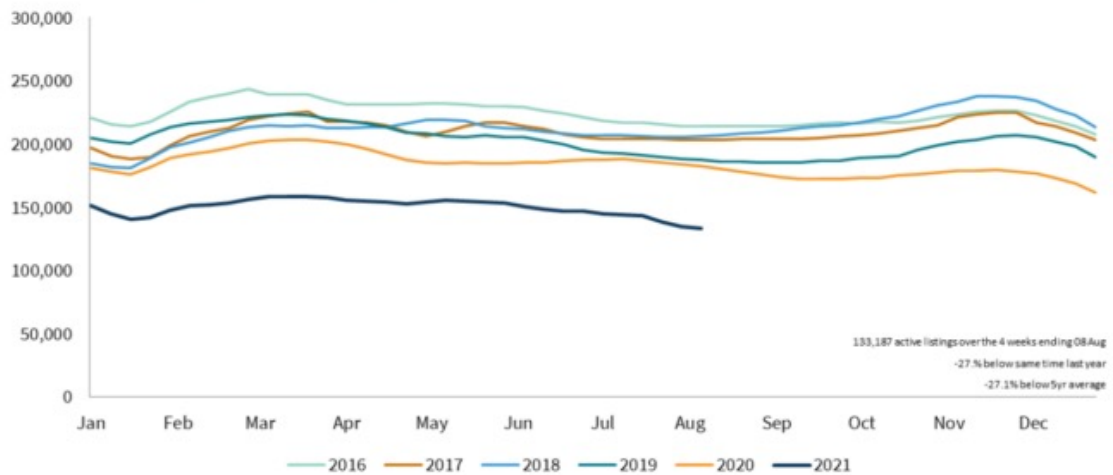
Now that is very much a sellers market, compared to 51 days over the same period in 2020.

So you can see the figures there. And in each state, in each major capital city, you can see how long it took to actually sell a property. Look at Hobart, 12.5 days.

That's easy stuff.

Total stock advertised is -27.1% below the five year average nationally, as a decline in new listings, and strong sales volumes, led to a depletion in total stock levels

Number of total listings, National Dwellings



The total stock advertise. And this is the big problem. We haven't got enough stock. 27.1% below the five-year average.

And this is a combination of what happened with APRA back in 2017 and the accumulative effect of that, and what's happening right now with people in fear and hanging on and not being able to move forward because they're stuck.

We just simply don't have the stock.

My son put his house on the market. It's a property that he's been working on and improved the value on.

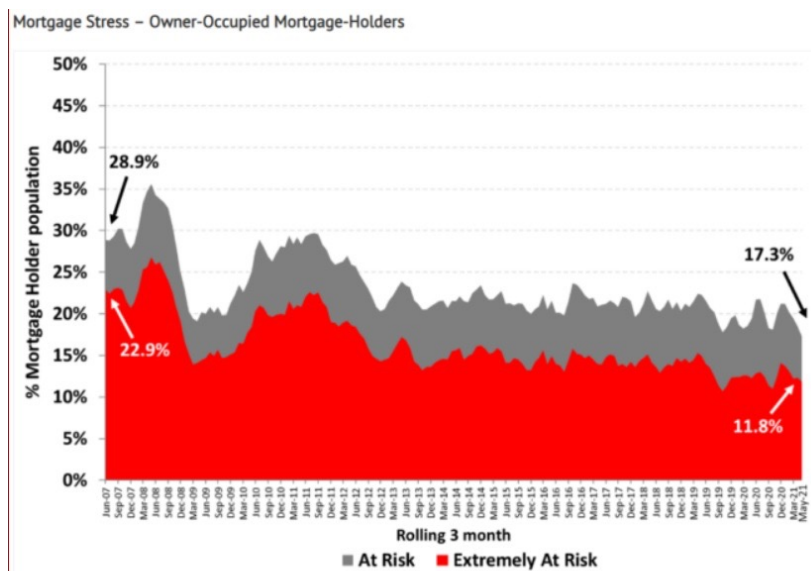
And he put it on the market on a Tuesday at a price that I thought was very high, and he sold it on the Saturday.

Yeah. Wow!



Clearance rates haven't been affected much across the board.

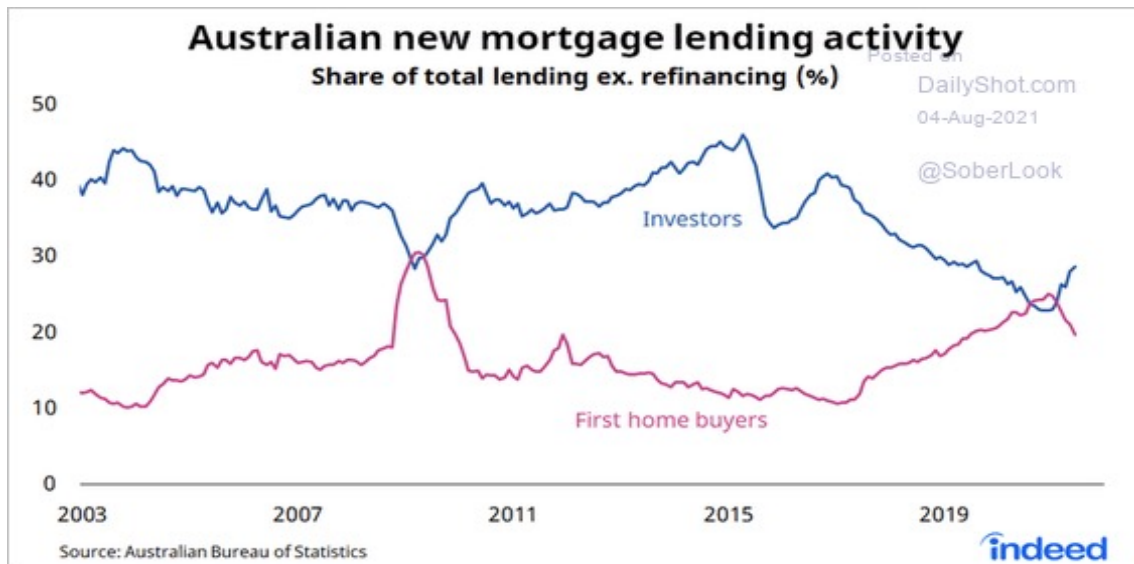
Rates in Melbourne have been lower than they have been previously. Sydney clearance rates, and they've been in lockdown for quite a long time now, haven't budged. Clearance rates in Sydney are still doing really, really well.



Source: Roy Morgan Single Source (Australia), average interviews per 3 month period April 2007 – May 2021, n=2,674. Base: Australians 14+ with owner occupied home loan.

There was a survey came out during the week about mortgage stress because that's the obvious thought, "Oh, People are losing jobs and all these houses are going to be sold off cheap because people can't afford them". Well it certainly is not happening right now.

In fact, because of the low interest rates, what we're seeing, across the board, is at risk mortgages have gone down by 17.3%, and extremely at risk mortgages have gone down by 11.8%. So that's a pretty telling story right there.



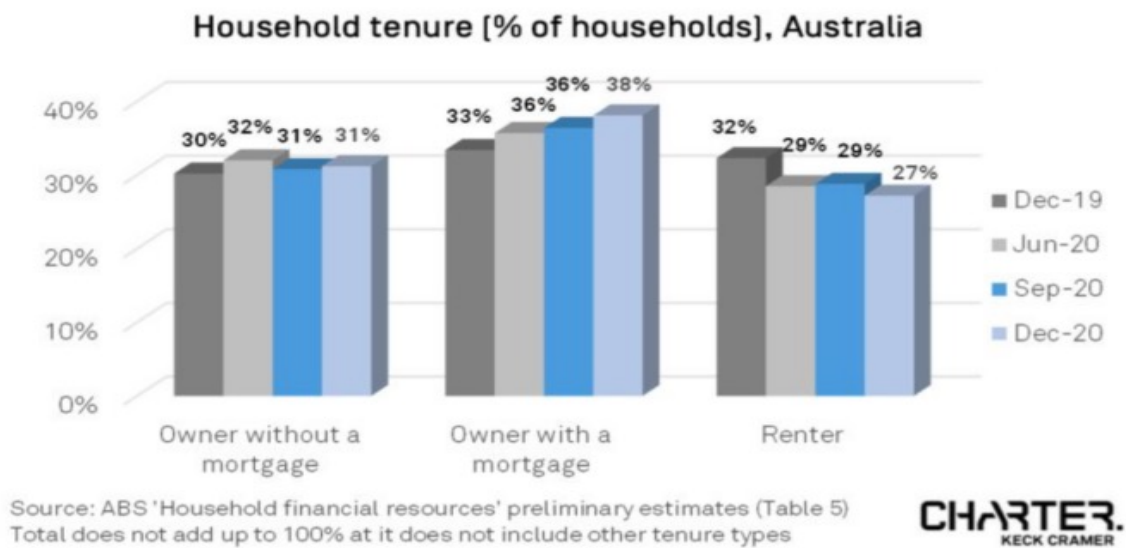
Australia's new mortgage lending activity, you can see there, in that last little kick up, investors have started to jump into the market. And the first home buyers percentages have come down.

Why? Because all of the grants and things for first home buyers, a lot of the incentives that were put out originally have now stopped, and as you would expect, that would fall off.

But investors are now really starting to look at the market and are having a big impact.

Over the last six months to June, investor lending rose by 55% and has more than doubled since June last year, and lending in first home buyers fell 3%, that's that fall off that you see there, while lending to other owner-occupiers rose by 23%.

So you're starting to see the trend and the lockdowns certainly aren't affecting that.



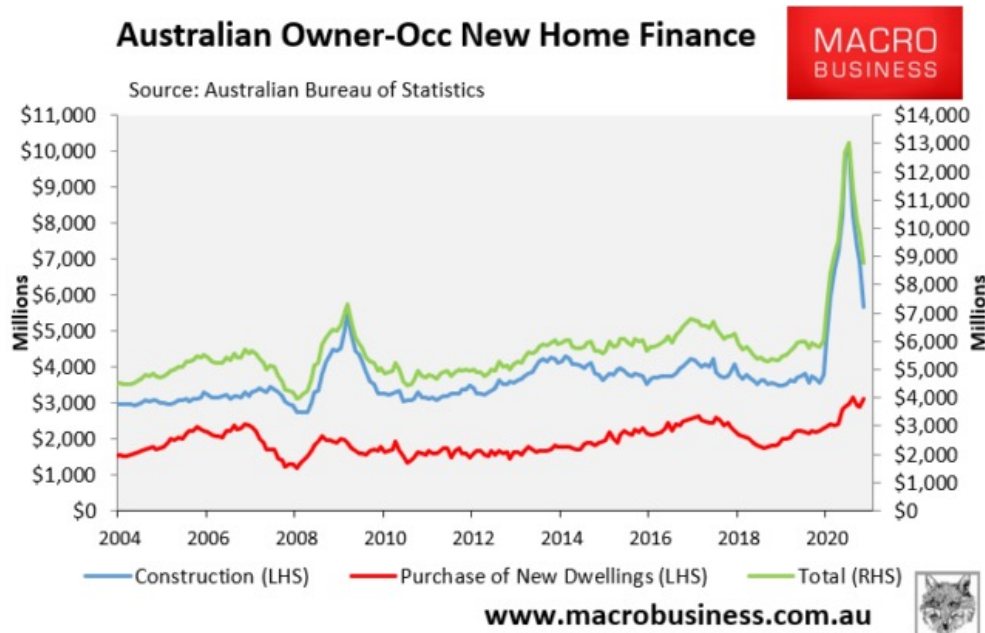
Household ownership compared to renting. You can see there how... the light blue was December 2020 compared to September 2020, June 2020 and December 2019.

So it's a little bit old, but what you're seeing is a big trend. Low interest rates are certainly helping people out of the rental pool and into their own home.

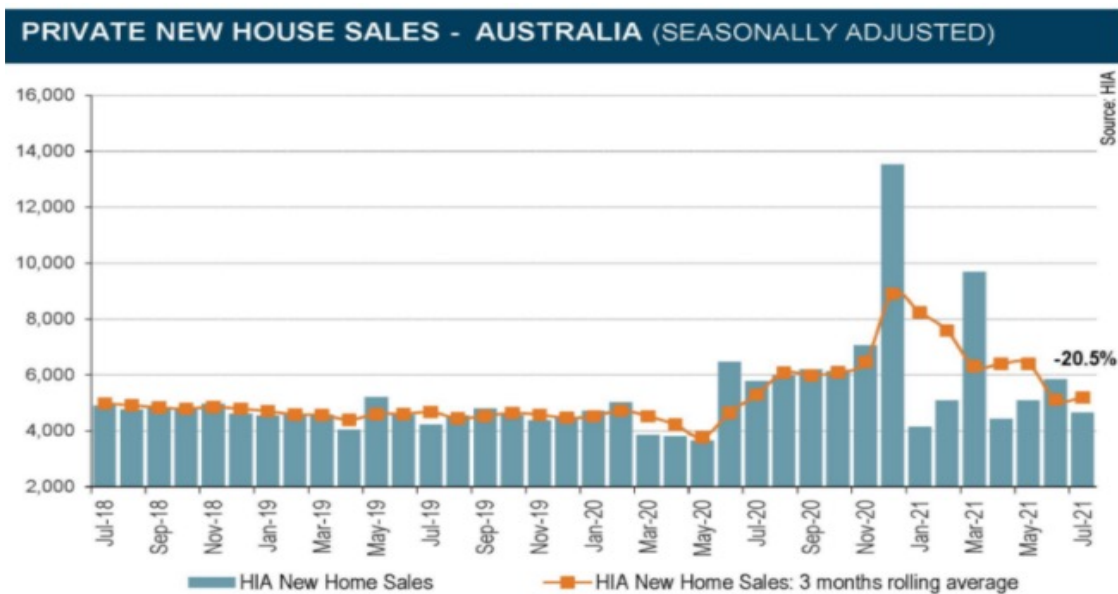
And there's a lot of suburbs across Australia where it is cheaper to own a property than rent a property.

Now that's not new, I've lived through many of these periods before. And the one thing that follows is a massive surge in house pricing.

That's what we're seeing right now as well.

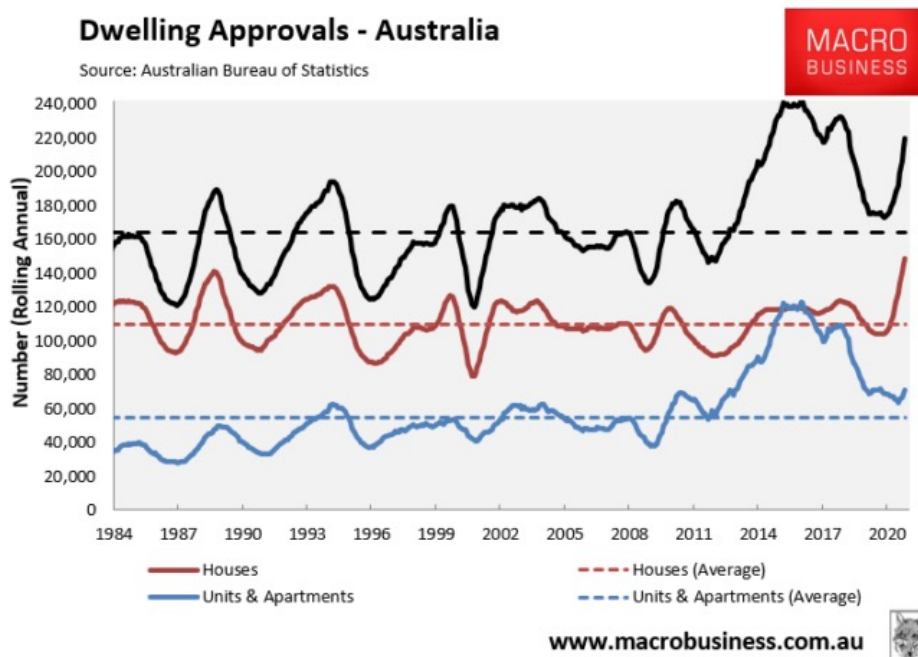


Australia's owner-occupied new home financing has also gone up, it's taking a little bit of a tumble of late, but still across the board, a good news story.



Private new house sales. You can see there again, we had a big rise at the end of last year, and that's because of all the grants that came out. Then we had a big up again at the March, which was when the last lot of grants finalised.

And then it's come back to basically normal levels.



This is something that is needed to happen, the new approvals. So there's a lot more approvals in housing, in units, not so much.

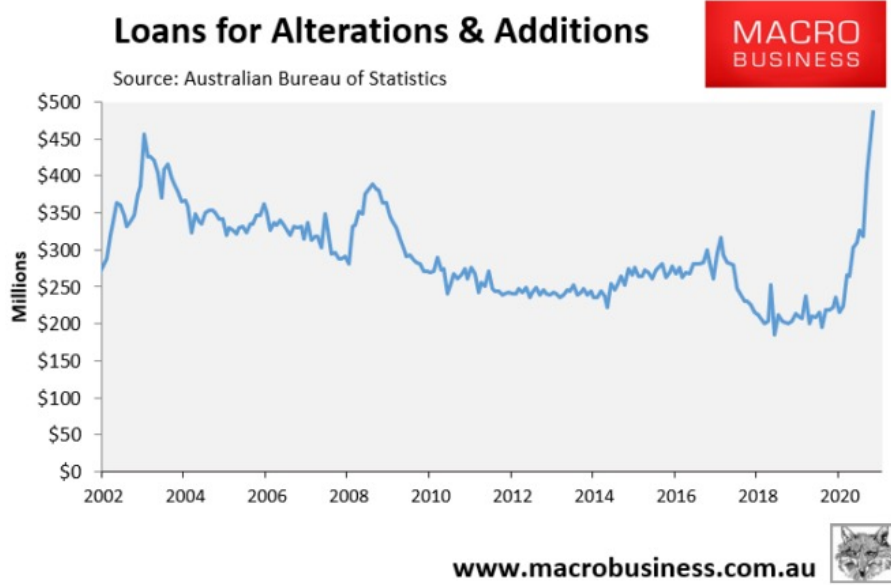
The big boys aren't going in with their applications for high rise towers and things like that. They're holding back.

New homes take a much shorter time to produce. It normally takes about six to ten months to build a new home. They're having an immediate impact and there's certainly a surge in that type of housing.

When it comes to units though, it takes two and a half years to build an apartment building. And those haven't really started. They've had a little bit of a kick-up, but nowhere near where it needs to be, to bring supply up to where demand is.

So again, all that means is that the future for housing prices is still on the way up. It's not on the way down.

And the other thing that's happening with the lockdowns is people are staying at home and they're looking at their place and they're starting to do some renovations and additions and those sorts of things.



Loans for those types of alterations and additions have certainly gone up as well. And you can see a massive surge there through COVID.

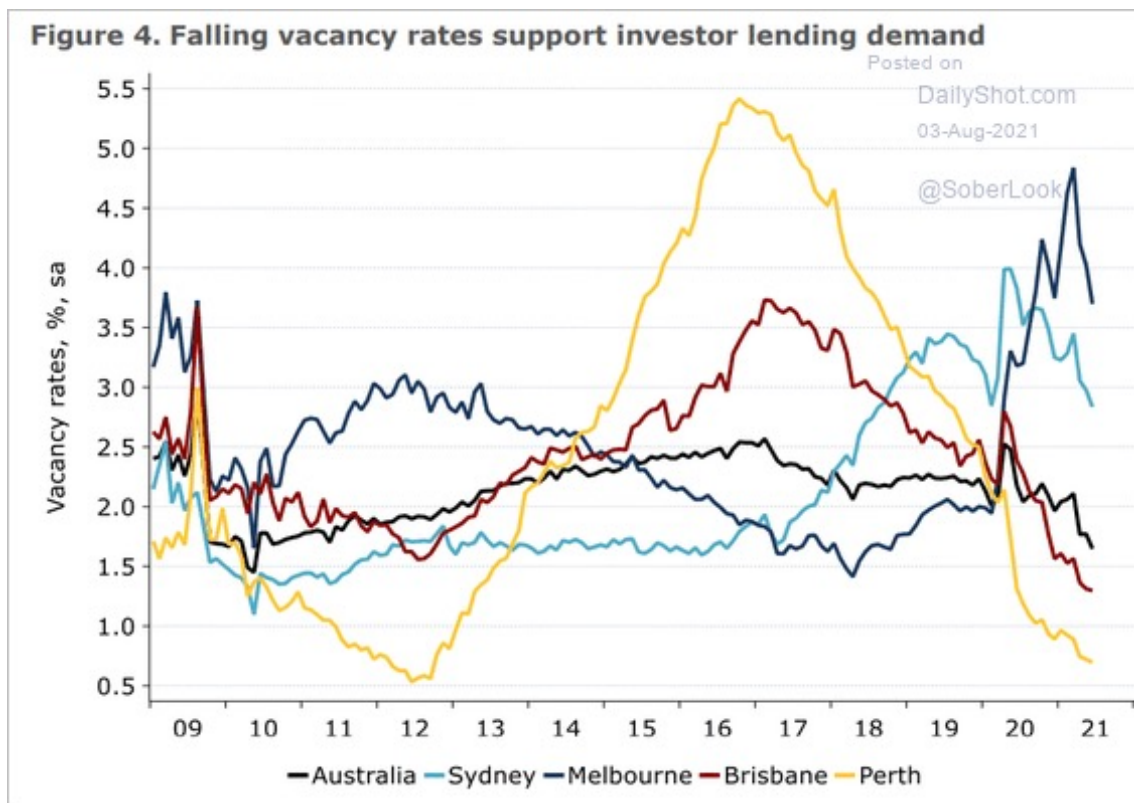
Vacancy Rates

Capital City Vacancy Rates					
	Jul-21	Jun-21	Jul-20	Monthly Change	Annual Change
National	1.6%	1.6%	2.1%	–	↓
Sydney	2.6%	2.6%	3.5%	–	↓
Melbourne	3.7%	3.6%	3.2%	↑	↑
Brisbane	1.3%	1.3%	2.3%	–	↓
Perth	0.7%	0.8%	1.3%	↓	↓
Adelaide	0.6%	0.5%	0.9%	↑	↓
Hobart	0.5%	0.5%	0.7%	–	↓
Canberra	0.7%	0.8%	1.1%	↓	↓
Darwin	0.6%	0.6%	1.7%	–	↓

Source: Domain. The vacancy rate represents the portion of available, empty rental properties relative to the total stock of rental property. The rental vacancy rate is based on adjusted Domain rental listings and will be subject to slight revisions over time.

Vacancy rates are as low as they historically have been. You can see all of them down with the exception of Melbourne. And that's really a unit story.

Apartments are oversupplied in Melbourne. They'd been oversupplied in Sydney, but they seem to be taking that up nicely. In Melbourne, they're not. It's still an oversupply situation for units, apartments, and they are certainly not the stuff you need to be looking at and buying.



And across the board, we're seeing falling vacancies.

It supports the whole story of investors getting in and the higher demand for investment properties, because the vacancy rates are so low and they are still falling. There's still a lot more people who want to rent.

You might look at that and go, "Well, why is that the case? We haven't let anybody into the country for so long. Why are we seeing this huge surge in people who want to rent?"

I think the story there is more about, again, where APRA killed the country back in 2017. And we have this huge buildup in demand. A lot of people were living at home, because they couldn't get finance, they were living in group housing, older kids were still living with their parents.

And eventually, there comes a point in time where that's untenable and people want to get out into the property market and interest rates have been low.

That's why people are wanting to get out and either buy their own place or in this case, rent. And it's a trend right through all of the capital cities.

The only place where there's rental relief, is for Melbourne units if you just pull that out as one piece.

☰ 🔍 **FINANCIAL REVIEW** *Newsfeed*

Property Residential Property market Print article

Singapore is buying nearly \$10b of Australian real estate every year

Jack Derwin

Aug 23, 2021 - 7.18am

🔖 Save ➦ Share

Known colloquially as the Little Red Dot, [Singapore](#) is well and truly punching above its weight when it comes to [Australian real estate](#).

In the two years to July last year, Singaporean investors bought up \$19.3 billion of Australian property, according to [the latest Foreign Investment Review Board \(FIRB\) data](#).

Now, the little tiny country that's having such a big impact on our economy right now, or property economy at least, is Singapore, would you believe?

Singaporean people are buying nearly \$10 billion of Australian real estate every year. It's this tiny little dot of a country and they're out there buying \$10 billion.

In the last two years to July, the figure came in at, and that was all through COVID and everything else, \$19.3 billion! Crazy stuff.

19.3 billion. And that's according to the Foreign Investment Review Board, which obviously has to track all of that sort of thing.

To put that into perspective, Singaporeans spent \$6.1 billion more over that same period than China did, despite Singapore's economy being about 44 times smaller than that of China.

Singapore now makes up 17% of every foreign dollar spent on Australian property versus 13% for China.

It's a country of just 5.7 million people. We're talking about a quarter of the people of Australia, spent more on local real estate, Australian real estate, than any other country, except for the US.

So the US is still a big spender in Australian property, but Singapore is making a big splash.

Singaporean developers are also helping bring their buyers from the Lion City to Australia.

One example is luxury boutique developer Jean Yin Holdings. Their Perth project, Elements of Carousel, quickly sold out and 60% of the units were purchased by buyers from Singapore. Perth is relatively close to Singapore, you just go straight down.

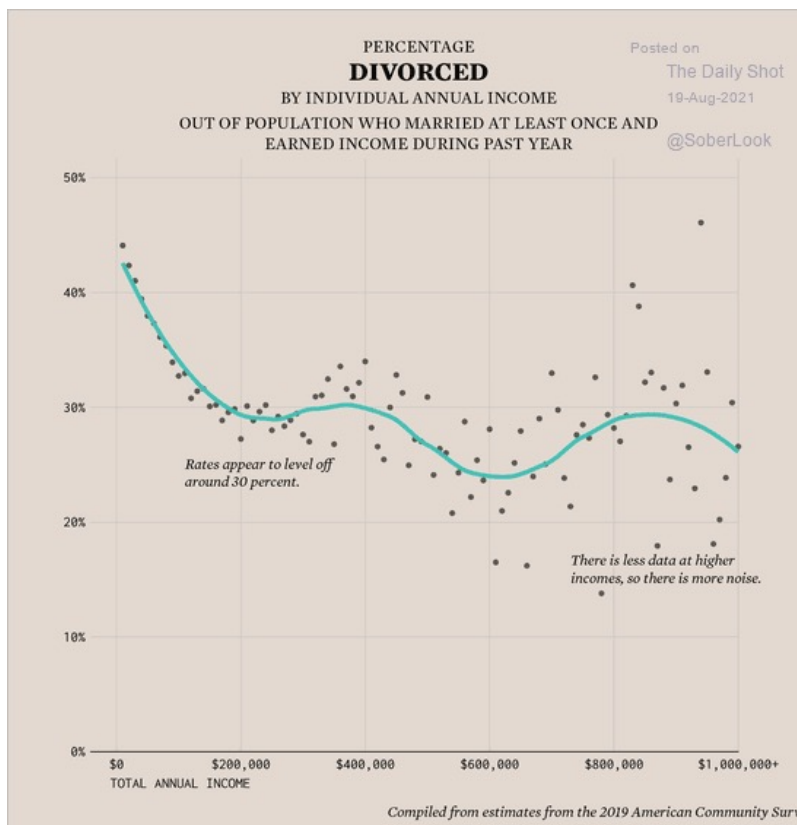
Mr. Chmiel said, Australia remains a "natural destination" for Singaporeans, who are within a short flying distance to Perth and other capital cities, and property investment was likely to only rise further as travel began to reopen.

At the same time, the reprioritisation of foreign investor visas by Australia's federal government may encourage further home buying.



Truth Bomb

The truth bomb of the week is a little bit of fun, this week, and it's about marriage and money. This chart shows that the more money you've got, the less prolific divorces are.



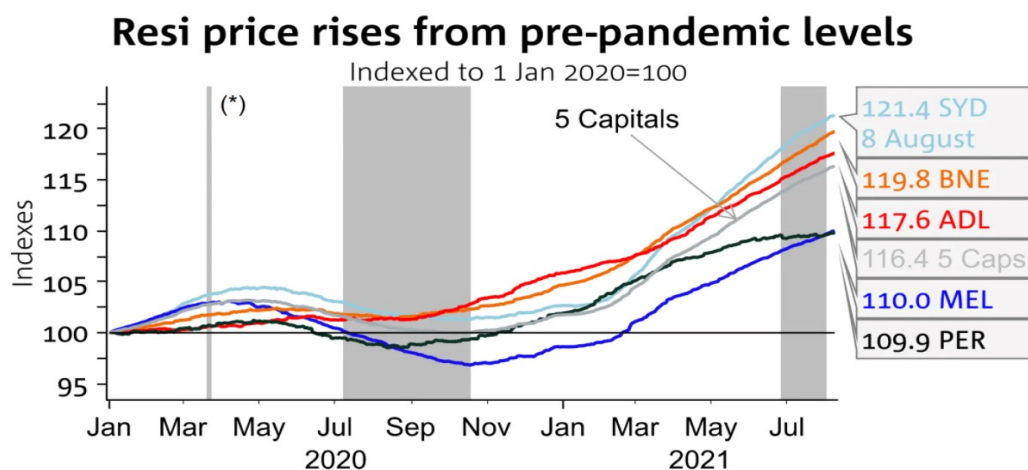
Apparently the richer you are, the less likely you are to actually get a divorce, which is a little bit different to what I thought, until you get to around about the \$200,000 mark income.

At that point, it levels out for a period of time. And then, it goes all over the place thereafter. So a bit of a scattered result there. There you go.

So don't forget to book one of those free 60 minute **Real Estate Breakthrough Sessions** with one of my advisors. They're sitting there ready for you to make that appointment. There's only a few appointments for the week. So pop it in your diary if you're lucky enough to get one of those and make sure that you turn up because my advisor is going to be there.

Don't let the opportunity go by. It's not the time to waste time.

Go to iloverealestate.tv/questions/ and get yourself one of those free 60 minute Breakthrough Sessions. And when you have the session, make sure you've got your goals very firmly layed out and where you want to be in a couple of years time, because then my advisors can help you work through some of those goals and how we can help you.



Here's one last reminder on the resi price index. It's really not a time to be sitting back. You can't be procrastinating right now. You really need to be taking action. Look at those percentages of increase in house prices since the pandemic began.

Intelligent Property Investor

You don't want to miss out on any more of it, which is why you need to take up one of those appointments and get yourself sorted, so that you can start to make some significant gains in the property market.

Because the better informed you are, the more you know, the better decisions you're going to make, and ultimately, the more profits you're going to make.

So that's it for me this week. Thank you for reading the Intelligent Property Investor Weekly Masterclass.

I'll be back again very shortly to give you another update on what's really going on in the property market and the things you need to do to maximise your position.

So thanks guys. Bye now.



Dymphna Boholt

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