



POINT  
FINANCIAL  
SOLUTIONS

## SEPTEMBER 2018 NEWSLETTER

### What's Driving This Property Market?

National dwelling values were down for the 11th consecutive month in August and this result may leave many people wondering what the traditionally busy spring market will hold.

In the current market, downsizers, first home buyers and investors are seeing pockets of value across the market. However, tight credit conditions are making it tough for many to borrow.

Interest in real estate never seems to abate. The media is always able to find a good headline, whether it's covering a boom or a falling market.

There is no doubt that a change in the market is happening but does this mean disaster for everyone?

Spring listings are lower than last year and there are a number of reasons for this. Primarily vendors are reluctant to list their properties for sale in a weakening market. The pool of buyers has also dispersed with lending conditions much more restrictive and tighter than Spring 2017. APRA has played a role in this, as has the Royal Commission into banking. After all, property is about confidence and eventually the negativity feeds into the psyche of both vendors and buyers.

Not so long ago, various state governments were very vocal on how they were focused on affordability issues. With prices falling in many markets, there seems to be less of this type of chatter at present. Interest rate hikes, which I believe the banks have started delivering now to protect margins have had a very noticeable impact in the market. Investors have also found it more difficult to fund their purchases with changes to interest only lending.

The biggest impact has come from the Royal Commission. The number of loans rejected has spiked significantly, leaving many first home buyers and investors out of pocket and unable to secure a loan.

Many homeowners and investors are being encouraged to refinance their loans if their bank is independently raising rates but a recent survey from Digital Finance Analytics showed that this may be a lot harder than many people think. The survey suggested that around 40% of people who tried to refinance a property loan recently were unable to do so.

In my view, tight lending conditions will continue to negatively impact property values moving forward. If government intervention does not occur to rectify the imbalance, property values will be impacted even more in the future and negative equity, particularly for buyers who purchased within the last 24 months, may become a major issue.

A weaker Spring market provides many affordable buying opportunities but it's also important that people can attain finance to take advantage of them. In the current environment it is important to have the right advice and expertise when obtaining finance. At M Point Finance we are helping clients everyday to achieve their property goals.

### Seek Expert Help from Us

At M Point Finance we are helping clients every day to achieve their property goals. In this changing lending environment, we are here to ensure you get the right financing solution to take advantage of a weaker property market

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