

Dear Investor

Melbourne Property Market Activity Update

As reported recently by Victoria's Urban Development Institute **first home buyer activity in the September quarter of 2015 was 4.3% higher than September quarter 2014 and loans to non-first home buyers was up 10.5% on the September quarter 2014.**

INVESTING

Investor demand has been a key driver of the market, with the value of loans to investors in Victoria in September quarter 2015 up by a huge 19% on September quarter 2014. Population growth in Victoria rose by 99,371 persons in the year to June 2015.

Both separate house approvals (outside of Melbourne – Inner) and high density building approvals recorded significant increases in the September 2015 quarter compared to a year earlier. In particular, high density building approvals were 51% above September 2014. Land prices have overall remained stable due to a high lot production rate of approximately 3,000 to 4,000 lots per quarter.

THE ECONOMY

The lower Australian dollar is now also making a contribution via improved tourism and education (growth in overseas students) and encouraging significant overseas investment into Australia. Low interest rates and rises to house prices should also contribute to increased consumer spending. Other trade-exposed industries will also gradually benefit from a lower Australian dollar including agriculture and manufacturing. However, this is a slow process.

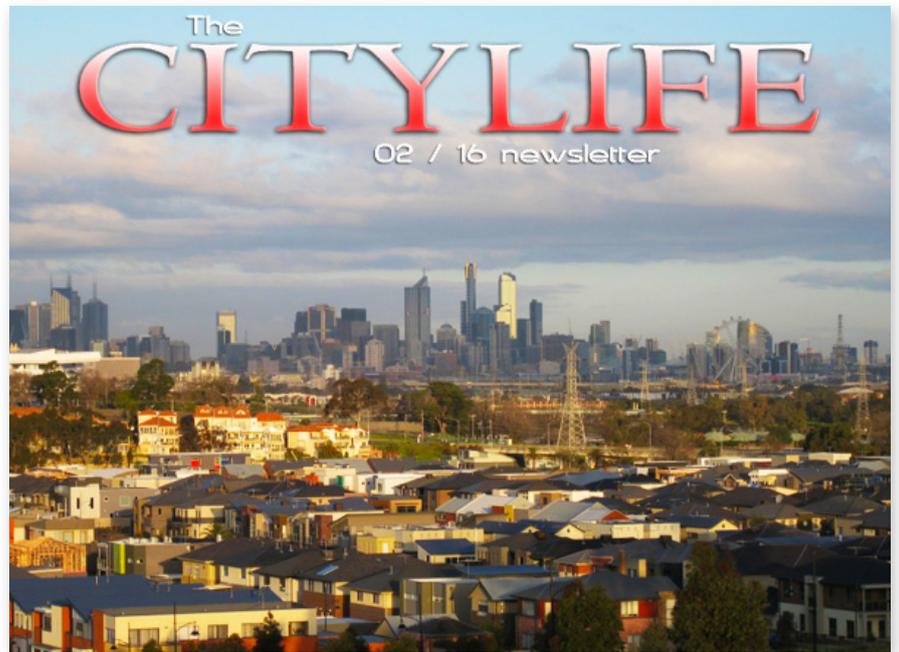
Australia's GDP grew by 2.4% in 2014/15 (similar to the previous two years), and it is expected to still be in the mid 2% range over 2015/16, allowing Australia to enjoy its record 25th year of uninterrupted annual growth. **Australia's economic resilience and potential provide a safe, low-risk environment for international investors.** The country's economy is rated AAA by all three global rating agencies and is forecast to realise average annual real GDP growth of 2.9 per cent between 2016 and 2020.

The Australian economy is the world's 12th largest with long term annual growth supported by high productivity levels, plus 15 out of 20 industries rate above the global average.

PEOPLE MOVEMENT

The big story for the State of Victoria remains the nett interstate migration. People move around the country when property prices are high in their city and/or jobs are becoming more attractive elsewhere. Both Victoria and Queensland enjoyed strong migration into their states from the other states, with both West Australia and New South Wales suffering an outflow of people in 2015.

Full details of this important story next issue.



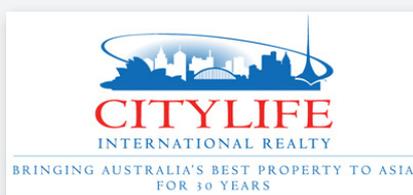
Property Research

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