

Dear Investor

New Dwelling Activity

Total new separate house building approvals for Victoria in the September quarter 2015 were up by 8.5% on the same time the previous year. This rise reflects a 14.7% increase in Melbourne and a 5.6% decline across Regional Victoria.

GROWTH STORY

High density apartment approvals (apartments in 4+storey buildings) remain the growth story, with a 73.5% year-on-year rise to September taking annual approvals to a record 22,880 dwellings for the year.

The strong growth in highrise approvals over the year to September 2015 has resulted in its share of all dwelling activity in Melbourne rising to almost 40%.

In contrast Medium density approvals (attached dwellings up to three storeys) in Victoria have begun to contract in the September quarter 2015 (-11.7%), resulting in an annual rise of just 3.7% over the twelve months to September 2015.

A total of 30,324 loans to owner occupiers were recorded in Victoria in September quarter 2015, up by 8.8% on the same quarter in 2014.

HOME LOANS - A strong indicator of the Housing Market

First home buyer loans rose by 4.3%, returning to long term average levels of activity, supported by stamp duty concessions and the very low interest rate environment.

Non first home buyer activity has also been supported by long term low housing interest rates — with solid price growth and high auction clearance rates.

INVESTORS LOANS

Investor demand remains strong, with the \$9.4 billion in lending to investors being 13% up on September quarter 2014.

However, banks have increased investment interest rates and lower loan-to-value ratios in order to curb some investment lending in line with regulatory directives making it harder for some investors to get 90% loans.

PEOPLE FLOW

Population growth in Victoria came in at 99,371 persons in the year to June 2015.

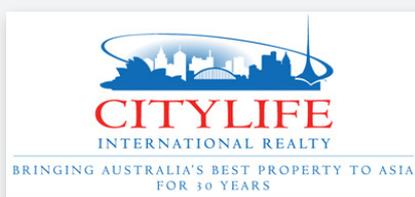
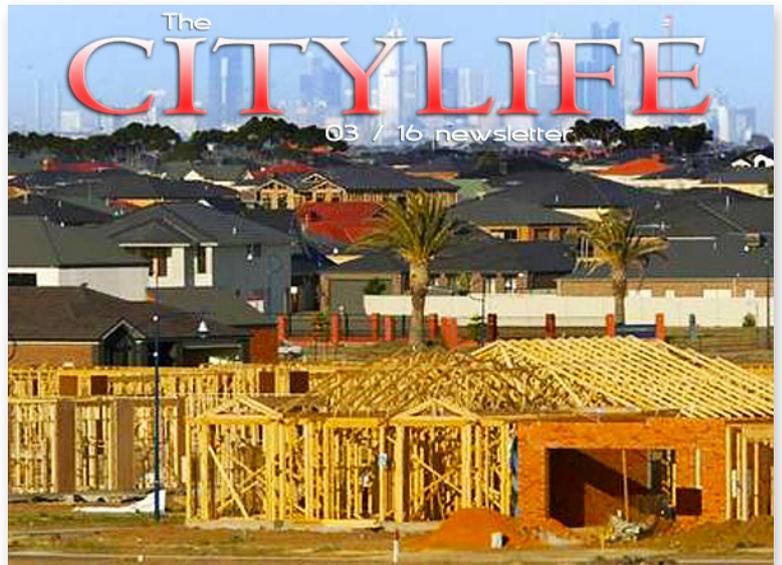
Victoria has recorded its highest net interstate migration in over forty years, a strong indicator of strength for the housing market.

Denise Carlton from the Australian Bureau of Statistics (ABS) said the latest figures from Australian Demographic Statistics, December Quarter 2014, reflected an ongoing trend of increasing population growth for Victoria.

“Victoria has experienced increasing population growth since 2011, with a net gain of 9,300 people from the rest of Australia in the last year alone,” said Ms Carlton.

“Most of this increase for Victoria can be attributed to people moving from New South Wales (2,700 movers), with South Australia (2,100) and Western Australia (1,400) the next largest contributors.”

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PEOPLE FLOW - continued

While the population of all states and territories grew over the period, for half of them more people left than arrived from other parts of Australia. One of the largest declines was in Western Australia, which saw its first year of negative net interstate migration since 2002 (a loss of 400 people this year, down from a gain of 5,200 in 2013).

“Western Australia saw a near-halving of its net overseas migration figures, which dropped from 36,100 in 2013 to 18,900 this year.”

Overall, Australia’s total population increased by 330,200 people to reach 23.6 million by the end of December 2014, a growth rate of 1.4 per cent.

In the same period, overseas migration contributed 184,100 people to the population and accounted for 56 per cent of Australia’s total population growth.



Full details of this important story as how it relates for property investors next issue.

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