In this issue, I look at the property cycles in Melbourne and Sydney, whether house prices will rise again and interest only loans returning. And finally, I look at a new strategy rapidly gaining popularity, syndication.

Newsletter #02/19:

In this issue:

1. MELBOURNE AND SYDNEY PROPERTY CYCLE

Have you been reading (and believing?) media reports about Sydney and Melbourne house prices?

Our 2019 updated new property house price graphs (available for purchase) recorded since the 1960's clearly shows every property cycle in Australia's two major cities, where we are on the cycle now, and the obvious conclusion to why you may need to take action quickly.

The Sydney graph contains never before seen analysis of the market, revealing startling information seldom reported in the press or the media, and contains highly valuable and rarely found information, not available to our knowledge anywhere else.

In addition, an explanation of the cycle is included, plus the cycle is analysed back to 1967, PLUS information is provided on where we are NOW on the cycle. Plus, as Melbourne is on a DIFFERENT cycle, we have included Melbourne. Read more at www.citylifepropertygraphs.com.

2. INTEREST ONLY LOANS BACK!

In late December last year, APRA (Australian Prudential Regulation Authority) chairman Wayne Byres said restricting interest-only home loans to 30 per cent of banks' new mortgages, and the 10 per cent annual growth cap on lending to property investors, had served their purpose and would be removed.

The removal of the interest-only lending cap comes a week after a meeting of the Council of Financial Regulators, where regulators and Treasury officials agreed on the importance of lenders continuing to supply loans to the economy.

While the caps lifted bank profits, they also forced many investors out of the property market. Interest-only loans to investors have fallen from almost 40 per cent of all mortgages in 2015 to 17 per cent in 2018, according to the

Reserve Bank's review.

The limit on interest-only loans to 30 per cent of total new loans was introduced in March 2017, after the 10 per cent annual growth cap on investor lending was introduced in December 2014.

Interest-only loans were often used by property investors to allow them to benefit from negative gearing tax concessions.

The decision will mean all banks can offer more choice for customers who are looking to buy a house or apartment, and increased competition from non-bank lenders will mean investors have more ability to shop around for the best deal for them when looking at an interest-only property loan.

The Labor party remains sceptical on interest-only loans as a product, with the opposition planning to limit future negative gearing to newly constructed homes should it win power at the federal election in May.

For housing investors, the key motivation for using an interest-only loan is clear. By enabling borrowers to sustain debt at a higher level over the term of the loan, interest-only loans maximise interest expenses, which are tax deductable for investors. They also free up funds for other investments.

3. LOWER TAXES WITH SYNDICATION

Investing in a property syndicate in the lucrative commercial market can help investors to back unique projects as well as diversify their portfolios for added security.

With a proven track record of strong returns investors can potentially grow their savings in ways to supplement their income, ladder their returns, back projects in line with their preferences and pay greatly reduced taxes, duties and fees, all with a lower entry cost than through direct ownership.

Investors looking into property syndicates can discover brand new opportunities in the property market with help from the Citylife International Realty in Hong Kong through their syndication website www.citylifesyndicates.com

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