You're getting this email because at some stage you subscribed on one of our Australian property information websites.

In this issue, I have will explain how you can use data to reveal the promising areas to invest in in Melbourne and which are the danger areas. There remains a lot of confusion about loans for foreigners so I will touch upon that as well.

Newsletter #11/17:

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1. PREDICTING 2018'S BEST INVESTMENT SUBURBS

Many overseas investors are still keen to buy into Melbourne in the last few days of June before the huge new Stamp Duty changes come in on 1 July. However, with a lot of choice and many large developers using extensive marketing campaigns, sadly, many buyers will purchase in danger areas, not understanding the risks they face.

Using data before buying is fast becoming the new way to buy property. But not all data is created equal. So what are the key indicators investors should be looking for to maximize rental occupancy and potential capital growth? It's actually a simple concept as it's all about supply and demand. If demand exceeds supply, prices rise. But it's not easy for most investors to know what to look for, and there are a large number of factors that can give a clear indication.

These include rental vacancy rates, DOM (days on market), discount to asking price, walk score, number available to rent, proportion of renters, SOM (stock on market), yield, and so on.

Luckily for most overseas investors (who must buy new property under the law) there are only a handful of the most popular areas which are marketed overseas, so using the THREE key factors (SOM, amount of rental stock, and vacancy rates) can instantly show investors where to invest, and just as importantly, the danger areas of over supply to AVOID.

I have analyzed the main suburbs here
www.citylifeprojects.net/data.php

2. FOREIGN INVESTOR LOANS STILL AVAILABLE

As anticipated many second tier lenders and smaller banks are starting to step in to take up the lending previously offered by the big 4 banks that have stopped lending to investors with non-Australian income. However, it is not just foreign investors that have restrictions placed on them. Australian investors are also now required to come up with larger deposits.

20-30 years ago financing was called the 80/80 rule. That is the banks offered 80% of valuation, but valuers only valued properties at 80% of contract price, meaning the banks lent 64% of the price, which is what they always wanted to do.

As one leading banker explained it to me back in the late 80's: "If we say we are lending 64% our competitors will advertise 80% loans and we will lose market share, even though they also will be doing the 80/80 rule!"

It is only in the relatively recent past that loans went up to 80% for foreign buyers and 90% or higher for local buyers in Australia.

So nothing much has really changed in 30 years!

Which will actually be a good thing in protecting against any major downturn in the market, which is also why Australia was protected during the GFC in 2008.

The main restrictions for overseas buyer are for HOUSE AND LAND loans, and also if the buyer is self-employed.

We have more on this important topic here: www.citylifefinance.com

Best regards

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