

PROPERTY PERSPECTIVE

subdued market conditions favour long term investors

By Forbes Styne Real estate

Winter 2011 is upon us and the real estate sales market is still quite subdued, for a number of reasons. Since the GFC financing has proved somewhat difficult to obtain as lenders have gone back to the times gone-by, requiring borrowers have 'proof of savings'. Jindabyne has always been a bit difficult for finance due to the town size being under 10,000 population, plus we are again seeing lenders requesting that borrowers have 20% up front for residential properties and 40% for rural property.

Along with the speculation of tax increases, rising prices for food and energy, and increased interest rates, it seems the general population are hanging onto their money to ride out the high cost of living; this is creating the current subdued market conditions. However, this subdued market condition does favour property investors who are looking to benefit from ongoing seller discounting and longer term capital gains.

In the city markets, we read that property prices in the state capitals have experienced their biggest quarterly fall in at least 12 years, as more stock in the housing market allows prospect buyers to wait for bargains.

Property Wire news recently stated 'The fate of residential building in 2011 has been all but sealed by higher interest rates, continuing tight credit conditions and a complete lack of progress on policy reform to reduce excessive new housing costs. Housing stats are forecast to fall by 15%, wiping out a majority of the short-lived, stimulus driven gains of last year.'

The residential property market in Australia is expected to remain soft over the next 12 months as a result of last year's interest rate rises and ongoing tight credit conditions. Analysts and economists say that the slowing in house price rises means that interest rate rises have done their job to avoid the danger of over-heating. Resident owner occupiers are set to be the key drivers of demand and will continue to dominate the markets for new and existing properties over the next year.

However, the plus for Jindabyne, especially with current market conditions, is that our market is substantially lower in price to the city markets, ensuring tree-change purchasers, who make up a large percentage of our buyers, have enough money to purchase here once they have sold in the city areas, even if the city market prices are down.

And of course the forecast good snow season will highlight the lifestyle benefits of property in the Snowy Mountains, and thus by this summer confidence will return to the real estate markets everywhere.

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