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## Welcome to the Winter 2016 Edition of our Newsletter



### *What is happening on the Gold Coast in Property?*

Finally it was heartening to see RP Data, Core Logic furnish some statistics for the regional centres... and the Gold Coast data is very positive compared to the rest of the country.

Of all the Queensland regional areas the Gold Coast enjoyed the largest surge in median prices to February 2016, rising by 7.2% for houses (up from \$525,000 to \$563,000) and 4.8% for units (up from \$353,000 to \$370,000). It also saw the largest increase in the volume of sales, up by 7.3% overall. Put into perspective, however, this is still 22% **less** than sales in 2008 and 32% **less** than the boom year 2003.

Average discounting of selling prices came in at 5.4% - meaning that a property listed for \$600,000 could realistically expect to sell in the vicinity of \$565-570,000.

There are conflicting reports making it difficult to know the true picture. While Core Logic RP Data shows fundamentally a broad-based gain in values, albeit at a much slower pace than previously, this is in stark contrast to the research by Domain which opines that "house prices in all capital cities, except Melbourne and Hobart, suffered significant drop in prices during the March quarter amid shaky consumer confidence". According to their chief economist, Andrew Wilson, units across the board have **fallen** in value, no thanks to the record number of new apartments built in most capital cities of recent years. He further goes on to say that "weakening economic activity and growing uncertainty is having an impact on fragile consumer and investment sentiment leading to falling house prices in many capital cities".



So what is ahead of us? If you are confused, don't worry - so are most economists. While it is pointed out that the outlook for house prices remains subdued and capital growth likely to

track at best the inflation rate for the remainder of 2016, there is still room for local optimism. With interest rates at record lows it would appear that Gold Coast property is still very attractive, where most agents would concur that stock levels are lower with a healthy abundance of buyers.... Which brings us back to the perennial dilemma faced by many would be sellers. While exceedingly fair prices can be achieved, buying again, especially when downsizing, poses its own set of challenges.

For older people in particular, where the combined consequences of the post GFC effect on superannuation, with the record low interest rates penalising savings, there may come the realisation that buying a smaller home or consideration of retirement/independent living options, will be the only way they will be able to preserve their standard of living.

The natural consequence of this is a buoyancy in the market for properties at the lower end of the scale which is still attracting the largest pool of buyers, be they first home buyers or investors. (Jaimie Juriansz)

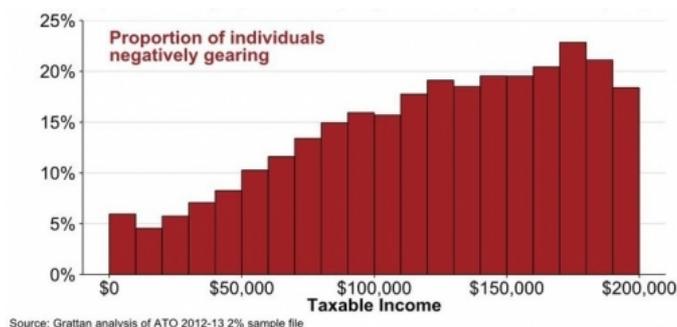
### **The Negative Gearing Argument**

As most investors know, negative gearing is used to offset tax liabilities where losses are claimed as tax deductions when rental income is less than the costs of maintenance and loan interest. Australia is one of the few countries where this practice is allowed.

The cost to the Commonwealth coffers is estimated at \$5 billion per year as 1.3 million taxpayers claim this benefit.

The argument put forward to limit negative gearing to new homes, I believe has merit. I am, no doubt, at odds with my real estate industry which has a vested interest in arguing the property prices will fall. Most economists disagree with this, arguing that it is more likely house price growth will slow. Would this be a bad thing? Given the rising indebtedness which in turn is a threat to the resilience and stability of the housing market, many think not!

There is no doubt the low interest rates have brought many more investors into play and my contention is that this is making it inordinately more difficult for young people to buy when competing with investors who **already** own a home and now seek to, legally, add to their wealth. So any measure limiting investors to the purchase of new homes to get their tax breaks may just allow greater opportunities for the first home buyer who are presently virtually shut out of the market unless they choose to buy well away from the capital cities.



Is the current arrangement equitable for all? In 1960 the average house cost 1.6 times the household income. In 1985 - it was 2.5 times the income but today it takes 4.3 times income - which is astonishing when many more houses have two incomes, so for the single person, it's well nigh impossible to buy a home. The inequality lies - not in the fact that 60% of investors earn less than \$80,000 - but fundamentally in the losses by those earning over \$180,000 being more than double the rest where their tax bracket allows this class to maximise their benefits. Recent research by The Australian Institute found that almost 40% of negative gearing benefits went to the top 10% of income earners while 73% of the capital gains tax discounts went to the same bracket.

I believe it is a myth that the proposed changes will hurt "mum & dad" property owners. While it may be true that most who negative gear houses earn less than \$100,000 - it is less surprising when you consider that so do 90% of the population! The graph illustrates the true statistic - that the proportion of taxpayers who negatively gear is much higher for those earning more than \$100,000 than below this amount.

With most economists admitting that negative gearing benefits the wealthy, I believe it is now appropriate to consider amendments that are socially responsible whilst still allowing savvy investors the opportunity to increase their wealth through the purchase of new property.

The earth won't end, the sun will still rise, but making it less difficult for our children to own a home may be a worthwhile consideration.

I would welcome your comments and observations - [jamie@rvre.com.au](mailto:jamie@rvre.com.au)

### **APPRAISALS AND REFERRALS**



If you are thinking of selling real estate, we'd love to help you...

Not only will you get an honest ethical approach, but you can also ask about our competitive commission rates and remember....

*'No Sale, no charge' and absolutely no marketing costs*

And...

If you know anyone else who may be selling...

**we'll give you a \$500 thank you** for each home sold with your referral.

### **COMMUNITY WATCH**

#### **Commonwealth Games 2018**



Speculation is that the Commonwealth Games are already helping to boost Gold Coast Property prices with the games only two years away!

Domain Group chief economist Andrew Wilson says this is due to a number of factors including the increase in infrastructure projects.

Read the full article at the following website:

<http://www.domain.com.au/news/commonwealth-games-helping-boost-gold-coast-property-prices-20160405-gnybhc/>

Source: Domain.

### **Feature Property - Just under Contract**

NOW UNDER CONTRACT BY OUR DISCERNING BUYER ...



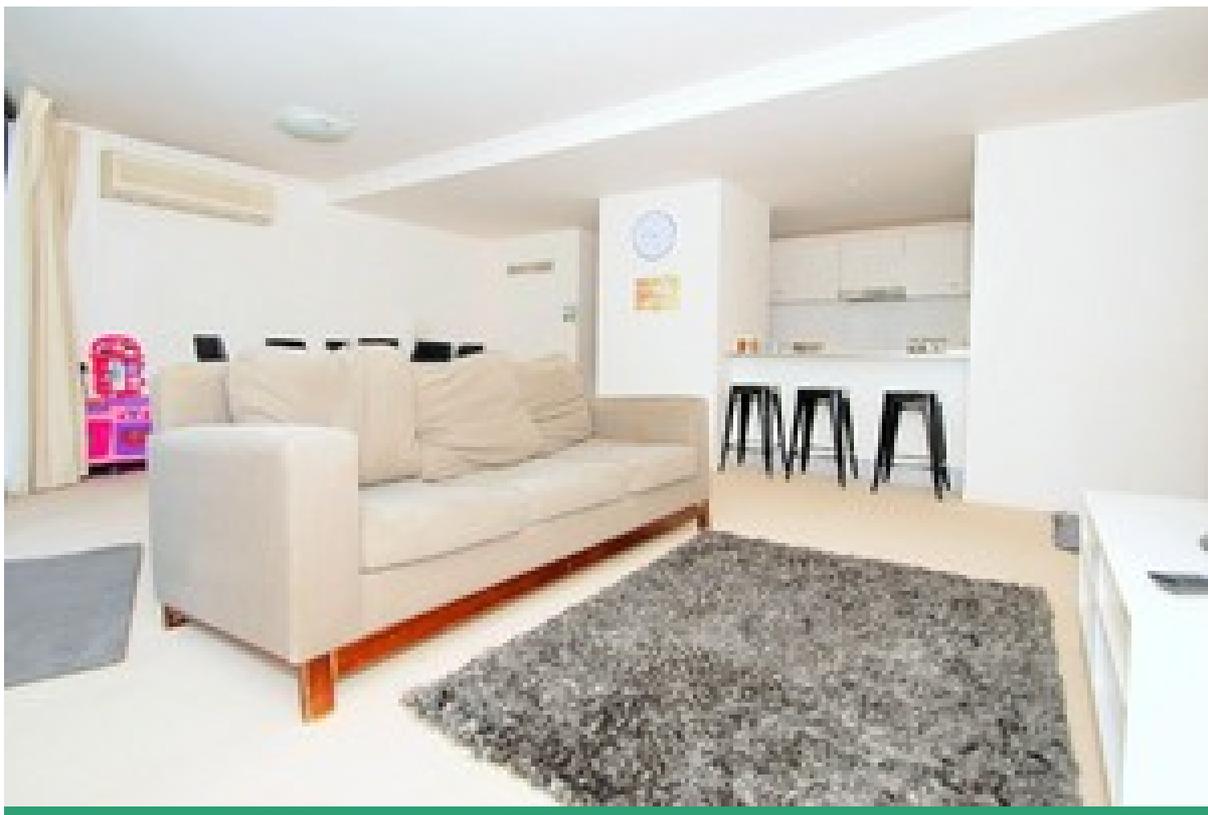
Offering a multitude of options, this superbly presented home overlooking the golf course could suit the largest of families with opportunities for dual living or student accommodation. With the finest of finishes, the warmth of genuine timber flooring to all living areas - affording fabulous golf course views - is enhanced by the deluxe kitchen with granite splash backs and benches... and the best German appliances. The main house boasts a private master with renovated ensuite and an enormous walk through robe to please any woman (and still room for him!) Overlooking the pool, the three guest bedrooms plus main bathroom are in a totally separate wing.

*Some inspiration:-*

*"Guard well your spare moments. They are like uncut diamonds. Discard them and their value will never be known. Improve them and they will become the brightest gems in a useful life" (Ralph Waldo Emerson).*

## Featured Properties

[Top](#)



**Bargains Are Rarely This Good!**

**ROBINA**



In the heart of the Town Centre precinct, a stroll to cafes, restaurants and all the convenience of Robina shopping without need for a car, this is a superbly managed ground

floor unit offering two very generous bedrooms, ensuite plus second bathroom, large living areas and ample kitchen space...

**\$377,000**

[view details](#)

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[Top](#)

Address	Price	
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ROBINA	SOLD	<a href="#">view details</a>
ROBINA	SOLD	<a href="#">view details</a>
ROBINA	SOLD	<a href="#">view details</a>
Surfers Paradise	SOLD	<a href="#">view details</a>

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