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In this issue, I have the figures available for the past 12 months from around Australia for capital growth. Next issue I will look at rental returns.

Newsletter #02/17:

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1. HOW WAS THE MARKET IN 2016?

According to the latest figures from SQM Research to January 2017, Australian house and apartment prices increased in most capital cities over the past 12 months, with the exception of Perth and Darwin, where house and apartment prices fell.

According to the data, Sydney houses moved up another 11.2% over the period, and apartments 7.9%.

Melbourne houses rose 9.9%, and apartments saw a similar trend despite concerns around an oversupply of inner city units with a capital gain of 6.8% over the past 12 months, with the majority of that gain being realised over the last quarter of 2016.

Brisbane housing market conditions have remained relatively subdued, although both apartments and houses did see some growth of 1.7% and 3.6%. With population growth gathering some pace in 2016, higher housing demand may start to push dwelling prices higher across Brisbane this year.

Adelaide homes rose 5.1%, with apartments moving up 3.4%, however the overall growth trend remains relatively sedate as population growth trends slow and the manufacturing sector faces some uncertainty as the local auto sector transitions towards a shutdown.

The trend of negative price movements in Perth has continued over 2016 with falls in both apartments and houses, with houses down 6.8% and apartments down by 8.1%.

Darwin also suffered price declines, with houses down 4.8% and apartments down 6.9%.

2. WHY “AUSSIE” JOHN REJECTED A HUGE OFFER TO SELL

The big real estate story in Australia last week was the house sale that never was. According to records, “Aussie” John Symonds, founder of Aussie Home Loans, purchased land in Sydney’s exclusive Point Piper in 1999 for \$10.89 million, and built a new home on the land for over \$50 million.

Last week saw him reject an offer of \$100 million for the home, that would have made it Australia’s most expensive house, beating the previous highest of \$70 million for James Packers home.

Mr. Symonds was quoted as saying there were still trophy homes in Sydney that would crack into the nine-digit range in coming years as values at the top end “move to a whole new level”.

Sydney’s increasingly prominent place on the international property market would see trophy home values more than double in the next 10 years, according to Mr Symond.

Mr Symond’s bullish outlook included the whole Sydney market inside a 10 kilometre radius from the CBD.

Mr Symond said continued strong buyer interest from overseas and a lack of a decent transport system to rival international cities such as New York, London and Tokyo meant Sydneysiders would continue to pay a premium to live near where they work.

Mr Symond’s decision not to sell comes despite agents receiving an offer for the property of more than \$100 million from the second person who inspected the property.

“In Australia we say how expensive this real estate is, but it’s not expensive when you compare it with other cities like London,” he said.

“We’ll never be a global city like London, but that top-end market is two to three times more expensive than the best properties here, and New York is not far behind that.

“What makes our property look even cheaper is the Aussie dollar is trading at .75¢. That’s a 30 to 35 per cent discount for overseas buyers.

“The other thing foreign buyers appreciate is that when you buy real estate in Australia it’s yours for infinity.”

In cities like London and Hong Kong the vast majority of property is sold on a leasehold title, Australia is freehold.

“Sydney will never be London or even New York but there are more and more interested parties from around the world looking at Australia as a destination, and that includes buyers from Russia,” he said.

So there you have it.

3. SHARES OR AUSSIE PROPERTY?

There are many views and arguments supporting both shares AND property.

What cannot be denied is the benefit of liquidity with shares. With that in mind, we have looked at putting exactly the same amount of money into various stock markets, ten years ago, and then compared it to the return today, vs buying a property using the same amount as a deposit on a flat.

The results WILL surprise you! Go here to see the report:
www.citylifeprojects.net/shares-or-property.php

4. FORTHCOMING SEMINARS IN HK AND SINGAPORE

Visit www.Citylifeseminars.com to see our seminars in Hong Kong and Singapore next week.

More next issue!

Regards

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