

## The Week In Real Estate



### Empty Houses Raise Ire of Planner

The latest Census data shows an increase in the number of unoccupied houses, raising the ire of leading UNSW urban policy expert Hal Pawson who has warned the Government must act to stem the growth in unoccupied housing.

On Census night, 11.2% of properties were unoccupied, up from 9.8% in 2006.

“There is gross under-occupation across Australia,” Pawson said, adding that there were a million homes with three or more extra bedrooms than the owner required.

“There is a growing realisation that our housing market is not working well. It doesn’t just create a problem for people on low incomes, it also hurts spending in the economy when housing is overvalued,” he said.

### Quote of the Week

***“Allowing more lenders to be called banks will mean better access to cheaper loans and more generous deposit rates.”***

**Federal Treasurer Scott Morrison**

### Small Lenders to Become Banks

The Federal Government plans to allow more lenders to call themselves a bank by removing laws that require lenders to have \$50 million capital.

“Allowing more lenders to be called banks will mean better access to cheaper loans and more generous deposit rates,” said Federal Treasurer Scott Morrison.

The plan to inject more competition into the banking sector mirrors the UK where, after it was made easier for lenders to compete, 56 new banks entered the market.

Many were online lenders that could offer cut-price rates due to lower overheads.

The Australian Prudential Regulation Authority will be given the discretion to allow a smaller lender, credit union or building society to call itself a bank.





## First Home Buyers Gain Market Share

First home buyer owner-occupiers accounted for 21.2% of new property sales in the June Quarter and FHB investors bought 14.4% – a total market share of 35.7%, says the NAB June quarter residential property survey.

This is the biggest share since the survey started tracking the FHB breakdown in 2014. Non-FHB owner-occupiers accounted for 33.2%, domestic investors 18.2% while foreign buyers totaled 11.6%.

The FHB activity has replaced domestic investors, especially in new properties where they dropped from 25.3% of sales in the March quarter to 18.6%.

The news is surprising because as of July 1, FHB will receive various government incentives, in particular in NSW where stamp duty laws have been revised.

## Home Ownership Declining

Home ownership is declining among people aged under 55, says independent think tank the Grattan Institute.

Based on Census data, Grattan found 58% of 25–34-year-olds owned their home in 1986. That number is now 45%, and the drop has been dramatic in the last decade.

Ownership in the 35–44 and 45–54 age groups has also fallen over the same period.

House prices across the country have risen 40% in the past five years, said Brendan Coates, a fellow at the Grattan Institute.

Reasons for the change are people are getting married and starting families later, so they're buying homes later. Also, in 1981, the median mortgage for 25–34 year olds was only 17% of their household income, but by 2011 that had increased to 25%.

## Broker Payments Under Review

ASIC has called for a review of mortgage broker remuneration after conducting an investigation into commission structures. ASIC concluded that the current structure exposed brokers to conflicts of interest that weren't in the best interests of customers.

Mortgage brokers play a vital role in home loan lending, arranging half of all home loans.

Consumer groups want the broker commissions to be switched to a fee-for-service model and the trailer fees abolished.

The broker industry says a fee-for-service model may suit lenders, but it would drive the majority of brokers out of the industry. It would mean less choice for consumers and higher home loan rates, they say.

