



Investors upbeat despite tightening

Property Investment Professionals Australia

In spite of challenges posed by the tightening of lending by banks, and ongoing fears of a housing bubble, Australian property investors remain reasonably upbeat.

According to the Property Investment Professionals of Australia's (PIPA) 2015 Property Investor Sentiment Survey, which gathered insights from more than 1,000 property investors, well over half of investors (63%) believe now is a good time to invest in property and 60% are looking to purchase a property in the next 6-12 months.

Only 20% of investors say that concerns over a property bubble have caused them to put their property investment plans on hold.

PIPA chair Ben Kingsley said the survey results confirmed that investors are taking a longer-term, more sophisticated approach to property investment.

"Property investors are looking past the noise and remaining focused on the long-term investment rewards that well-selected property can deliver," he said.

"While Sydney's housing market has become overheated, savvy investors know there are plen-

ty of markets outside of Sydney where there are still opportunities to be found. And with interest rates still low by historical standards, it is still a good time to invest in the housing market, if you're doing your due diligence and seeking advice from professionals."

According to PIPA's survey, an overwhelming majority of investors (74%) consider metropolitan markets are the most appealing place to buy right now. And Brisbane was identified by 58% of investors as being the state capital which currently offers the best investment prospects.

A third (32%) of property investors say that recent changes to lenders' policies have impacted on their ability to secure finance for an investment property. However, 37% say it hasn't impacted them and 49% reported buying an investment property in the last year.

A tightening of lending by banks to property investors is – by a small margin – the biggest concern for investors. Some 20% say it is the most important challenge (out of eight identified in the survey). This issue was only slightly more important to investors than a correction in

property prices (top concern for 19%) or a possible removal of negative gearing (16%).

When it comes to negative gearing, the survey found that only around half of investors (54%) have negatively geared property and tax considerations are the most important reason for investment for just 7% of investors.

"Many investors are not negatively geared and for those that are, their properties will eventually generate positive incomes and greater tax revenues," Kingsley said.

"This suggests that investors see the removal of negative gearing as being bad for the market as a whole – if not necessarily for themselves."

The survey results show that property professionals are becoming more important. Of those surveyed, two thirds (66%) secured finance for their last investment property from a mortgage broker.

"Mortgage brokers are an important source of finance advice for investors. They tend to better understand the investment lending landscape and offer great choice to investors," Kingsley said. **FS**