QUEENSLAND LEADS THE NATION FOR INTERSTATE MIGRATION

Queensland is the most popular state for interstate migration, overtaking Victoria for the top spot.

Queensland became home to a total of 24,000 new residents from people moving interstate for the year to March, according to latest ABS stats.

The figures reveal Queensland and New South Wales have the largest exchange of people with 52,000 people making the move north and 36,900 south.

These numbers have seen Queensland overtake Victoria for the first time since 2014.

"During the previous four years, Queensland came second to Victoria in terms of net interstate movement, so these states have swapped," ABS demography director Anthony Grubb said.

Victoria's spot on top was short-lived, with Queensland as the most popular for the better part of the 20 years prior.

Steep house prices south of Brisbane's border have seen an increase of economic refugees to Queensland in recent times.

The nation's total population grew by 380,700 over the same period, 236,800 of which was from overseas migration.

Changes to visa requirements on August of 2017 saw a nine per cent drop in net overseas migration, bringing total population growth down to 1.6 per cent.

Source: Published in The Urban Developer by Thomas Conway, 21st September 2018

WHAT TO DO IN TIGHTER LENDING CONDITIONS

Housing finance is in the news more often than it's not these days.

One of the reasons is that as capital cities move through their respective cycles so does reporting on the property market.

One day, strong market conditions were a bad thing, and then the next, softer prices are suddenly concerning.

This time around, though, there is the added complexity of the lending environment, which has made it tougher for many would-be homeowners and investors to secure finance.

As I've written about before, there are more finance hoops to jump through because of a variety of regulatory restrictions placed on lenders – and especially the Big Four.

So how do you improve your chances of success in today's tighter lending conditions?

1. HAVE A BUDGET AND STICK TO IT

Budgets are a bit like cleaning the house.

It's something that you know you should do but you just never find time to do it properly.

Of course, **no one wants to live in a house of horrors,** so you often get around to flicking the duster around now and then.

Unfortunately, most Aussies similarly ignore their finances, and might know how to spell the word "budget" but have no intention of keeping one.

In today's lending environment, though, you have to be savvier about what you earn and what you spend, and that means you must create a budget and stick to it.

2. MAKE SURE YOU PAY EVERYTHING ON TIME

Lenders want to know more about your finances than ever before so it's imperative that you pay your bills on time.

An easy way to make sure this happens is to set up direct debits for all of your regular monthly bills.

It's never a good idea to give lenders a reason to say no to your loan application – especially when you have a bad credit rating because you simply forgot to pay a couple of bills once or twice.

3. SPEND LESS THAN YOU EARN

This seems like a no-brainer, but most people spend far more than they earn and don't even realise they're doing it.

The way they overspend is by using their credit cards more than they should and especially when they have no way of paying off the entire balance every month.

So, to have a squeaky-clean loan application, you should allocate a set amount of your income that you spend on discretionary items as well as reduce your use of credit cards to ensure you are truly spending less than you're earning.

If you continue to use a credit card, make sure that you pay it off every month in entirety.

4. PUT SOME AWAY FOR A RAINY DAY

Successful property ownership includes cash flow management in lean times, which will mean you'll only ever need to sell when it's the best time for you, not because you've run out of money.

As part of your budget, you should allocate funds to a rainy-day account, perhaps kept in an offset account or high interest earning savings one.

It doesn't have to be a huge amount every week, because over time it will grow into a figure that should represent several months of income, which will see you through even if you are unwell for an extended period or lose your job unexpectedly.

5. MANAGE AND MONITOR YOUR PERSONAL DEBT

I've already mentioned credit cards, but you should also manage and monitor your personal debt such as car loans.

Ideally, you should pay these down before you apply for a home loan as it can drastically impact your borrowing power.

If you're unable to do that, though, the next best thing is to consolidate all personal debt into one low-interest rate loan, which will likely save you money as well as improve your loan serviceability.

6. BE ABLE TO JUSTIFY YOUR LIVING EXPENSES

One of the biggest changes in the world of lending is the way that living expenses are calculated.

Not that long ago, lenders would use a set formula to work out what your monthly expenses probably looked like.

Now they are drilling down into what your actual expenses are.

Yes, that means them taking a look at some of your statements and querying that $250 you spend each month at the local BWS when you said it was only $50.

Banks are still lending money today so there is no need to go all monk-like on living expenses.

The key is to understand how much you're spending, whether you can afford that figure, and be able to justify why you spend what you do.

7. DO A HEALTH CHECK ON YOUR LOANS

In tighter lending conditions, it's a good idea to undertake a health check on your loans to see if you should make any changes.

You should assess whether interest-only or principal and interest loans are the best structures for you.

If not, chat to a broker to explore refinance options with the same, or a different, lender.

Remember, lenders are in the business of lending money and their doors are still open.

You just need to understand the new rules of engagement.

8. DON'T CROSS COLLATERISE YOUR LOANS

While it might seem like a good idea to secure finance, cross collaterising your property loans is never a good idea.

Why is that?

Well, it ties your properties together, which means if you wanted to sell one, for example, the loan is intimately linked to another property.

If that property's value has decreased, then the proceeds from your sale will be used to pay down that loan before you see any of it.

Cross collaterisation favours lenders because it ultimately gives them control over your portfolio and your wealth creation.

Which makes you realise that it doesn't make much sense to hand over power to them, does it?

9. DON'T BE SCARED TO ASK FOR A BETTER DEAL ON YOUR INTEREST RATES OR THE LOAN TERMS

We are constantly amazed at how we can secure better deals for our clients but the average Australian seems incredibly complacent about the home or investment loans.

Ask your broker to help you obtain the best deal possible and the banks are always looking to firstly, retain their existing business and then secondly, secure new business.

They should know what they can get you and in many instances this can save you thousands of dollars per annum and ten or even hundreds of thousands of dollars over the life of the loan.

And if your current lender won't do you a deal then there may be plenty of options for you to consider!

There are some indications that we are reaching the end of this tighter lending environment, but we don't know when things will change.

And that means that we need to understand the rules and operate within them so savvy buyers and investors can make the most of softer market conditions.

Source: Published in Michael Yardney Property Update site by Andrew Mirams 20th September 2018

The Politics Of Property: What Does It All Mean For Property Owners?

Yet another new Prime Minister in Canberra. Does this mean it's time to check our smoke alarms? It'd be comical if it wasn't so concerning.

The frequent changes in leadership and constant mud-slinging through the media, many people tune out of daily political news.

As prices fall in markets across the country, tuning out of politics is simply not an option for the astute property owner with much at stake in the coming election.

Ignoring Canberra and its politics can be a costly mistake as the various proposed policy changes from both the Australian Labor Party (ALP) and The Liberal Party of Australia (Liberal) camps will have a huge impact on our property landscape, affecting both homeowners and investors.

The ALP unleashed a media storm when it burst out of the policy box and promised to abolish negative gearing for all properties except new housing – with a tidal wave of opposition among the investment community. Any property owner should be very concerned about this proposal and its impact on prices.

There has been considerably less attention to other significant property-related policies that ALP has tabled such as increasing capital gains tax – which could have a monumental impact on all property sales.

Liberal's policies have been deemed more investor-friendly – particularly keeping negative gearing in its current form and just removing travel expenses as a deduction. A policy already implemented.

So what is best for property investors – ALP or Liberal policy? There is no blanket solution and what is best will vary depending on each individual investor's age, retirement plans and financial position.

One thing is clear – if Labor implements its new negative gearing regime – the winner will be the new housing market as any investor wanting to minimise their tax burden will snap up to new developments - new houses and new apartments. Conversely, investment in existing properties will take a nosedive as it will be far less appealing with no negative gearing benefits.

Prime Minister Scott Morrison has this week foreshadowed a "housing market crash" as a likely result of Labor's property policies including abolishing negative gearing and halving the 50 per cent capital gains tax discount.

With an election due by the end of May next year property investors will have greater certainty about any changes to the market. In the meantime, it's important to continue to monitor what is coming out of Canberra to ensure investors are best placed to protect and grow their portfolio.

Keeping up-to-date with the proposed changes is a minefield but is best summarised in this table.

Property Ownership Status	Labor	Liberal
Investor	Negative gearing to be limited to new housing after the next election. All investments made before this date will not be affected.	Negative gearing remains but travel expenses relating to investment properties are no longer allowed.
	Foreign investors can expect to see increased fees and penalties with plans to double application fees for residential real estate.	Foreign investors to be charged $5,000 per annum if property is vacant for first six months of ownership.
	Commitment to support "built to rent" development projects.	Plan to support investors that rent to welfare recipients with direct deduction of rent from welfare payments.
Seller	Increase capital gains tax by reducing the current discount from 50% to 25%. All investments made before this date will not be affected. This policy change will not affect investments made by superannuation funds or assets of small business owners.	
Buyer	ALP predicts first home-buyers and owner-occupiers can expect an easing in the market from reform to negative gearing.	

Source: Published in Australian Property Investor by James Nihill; 2oth September 2018