

The Right Time to Buy

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Tuesday, 07 April 2009

Thousands of homeowners are no longer in mortgage stress. It has been publicized that over 70 per cent of Australians are repaying home loans much easier than in 2008..

The Housing Industry Association supports this fact confirming 135,000 mortgaged households have seen their stress levels reduce since December 2008.

We now have the lowest interest rate since the early 1960's.

The recent interest rate cuts are almost equivalent to someone on the average wage receiving a 15% lift in income.

The increased growth in rental yield, low vacancy rates and the lowest interest rates for years is what is stimulating investment in the residential property market and for the first home buyers the added stimulation of the \$14,000/\$21,000 grant.

All market indicators are pointing to this being a good time to buy property.

Encouraging Signs

Consumer Sentiment Index recorded a fall of only 0.2% over the past month which is well below expectation.

The results are surprisingly good considering the ongoing decline in global economic conditions, rising unemployment, falling share prices and a contraction in the Australian economy. The very small drop in the March index is possibly a suggestion that consumer confidence may be finding a floor.

Housing finance data shows that home buyers are increasing in numbers with the number of housing loans considerably up in comparison to the last quarter in 2008. The rise in the number of housing finance commitments is supporting the evidence that Australian property prices will avoid a US/UK like crash. The fact that since January the market turnover in properties under the \$400,000 sector has been very good is possibly a suggestion the bottom of the market has found its floor. Generally when the bottom of the market starts to move there is little reason for prices to drop further.

Is It TIME

Timing is a critical factor it can make or break your property investment.

If you buy when the rental market is oversupplied you may have trouble finding a tenant and or getting a good return.

If interest rates are through the roof your holding costs and mortgage repayments will be high

If you purchase a property at the height of a boom, it takes you longer to build equity.

None of these scenarios reflect today's market conditions, so despite the fact that talk of a recession is on most people's lips, could now be the right time to buy?

What about job security?

Its an unfortunate reality that many may lose their jobs in this economic downturn, but in truth, even if unemployment rate doubles to 10% in the coming year that still leaves 90% in the workforce.

Food for thought!!!

