

PROPERTY



Should I buy investment property in the USA?

Vincent Selleck

Property buyers agent, 888 US Real Estate



YES There has never been a better time. The \$A is at historic highs. The flood of foreclosures has reduced prices to a fraction of building replacement costs and the rental market is booming,

giving investors net yields of 10%-25%. Property prices have stabilised and niche markets are experiencing attractive gains.

Specialist buyer services, like 888, can assist with all the details to confidently invest in the USA, with wholesale buyers, lawyers and property managers to ensure smooth delivery and ongoing success. There is an established industry of property wholesalers who buy foreclosed properties at an average of 39% below current market value, renovate and place tenants, creating discounted, turn-key properties with reliable outcomes.

America has everything in property Australia does not - an abundance of cheap homes, genuine high yields, a captive rental market and plenty of upside for capital growth! There is no stamp duty on purchase and no trade barriers for Australian property investment.

Patrick Bright,

CEO, EPS Property Search



NO I believe buying into the current US property market has more downside than up. Let's face it: since the GFC (global financial crisis) the US property market has experienced a monumental collapse

which by all accounts isn't over. Reports say the market has fallen every quarter since the GFC. Most states have serious oversupplies. Within a couple of months of the GFC, interest rates fell to 0.25% and haven't moved.

Just because US prices look cheap isn't a solid reason to make an investment decision. A successful investment property is based on an ongoing supply of quality tenants which in turn requires a thriving business district and a stable economy to provide a wide range of solid employment opportunities for renters. The US is currently lacking in these areas.

The simple fact is if the property deals were so good then local American buyers would be buying them before any foreign buyer could get a look-in (particularly with access to such cheap financing), which for me is a strong signal to stay away.

NO CRASH

Price boost in Perth, Sydney

There will not be a house price crash in Australia, says leading economic forecaster BIS Shrapnel.

"The residential market was hit by a 'perfect storm' in 2010-11 of falling first-home buyers which flowed through to weaker upgrader demand, stalling economic conditions and increases in interest rates," says the company's Residential Property Prospects 2011 to 2014 report.

Over the next three years the company is predicting price growth in all the major capitals but some, notably Melbourne, Adelaide, Hobart, Canberra and Darwin, will not keep up with inflation and so prices will decline in real terms.

"Affordability in these cities is close to all-time lows, while construction has been exceeding demand in most of these markets," the report says.

Sydney, Brisbane and Perth will show the strongest price growth through to 2014. "These markets are currently building new dwellings at well under the level of underlying demand, while price growth has also been relatively weak in these cities, causing affordability to be improved from previous low levels," the report says.



Total median house price growth to June, 2014

SOURCE: BIS SHRAPNEL

INSIDE PROPERTY THIS MONTH

60 Real estate Pam Walkley

62 Home buying Effie Zahos