



# 2017 PROPERTY INVESTOR SENTIMENT SURVEY

Here is what Australia thinks

## INTRODUCTION

Over 2,250 Australians have taken part in this year's Property Investor Sentiment Survey run by Property Update in conjunction with Your Investment Property magazine.

Being Australia's longest-running and largest survey of Australian property investor sentiment, it showcases insights from over 2,250 property investors and would be investors across the country. Running since 2011, it offers rich and vibrant insights into how property consumer trends and sentiments have changed over time.

One of the surprises is that despite our property markets moving to the next phase of the cycle and slowing down, 1 in 2 investors plan to buy a property in the next 12 months.

However, they are realistic, knowing that they won't enjoy quick and massive capital growth in the near future, but they still intend to buy more property in the next year.

It's clear that property buyers are intending to remain as active as ever, despite the fact that the boom is now well and truly over in Sydney, and strong growth isn't widely anticipated in 2018.

Our survey reveals that 50% of respondents plan to buy another property in the next 12 months, and 60% believe now is a good time to buy property.

This is despite the fact that the majority of respondents (64%) believe that property prices will remain flat, or increase by less than 5%, over the next year.

It's also interesting to note where investors are planning to buy: more than half the respondents believe that Melbourne will exhibit the best capital growth over the next 5 years (52%), with Brisbane not far behind (45%)."

Their focus is on long-term capital growth, rather than an immediate equity boost, and they're looking at property that has potential to add value,

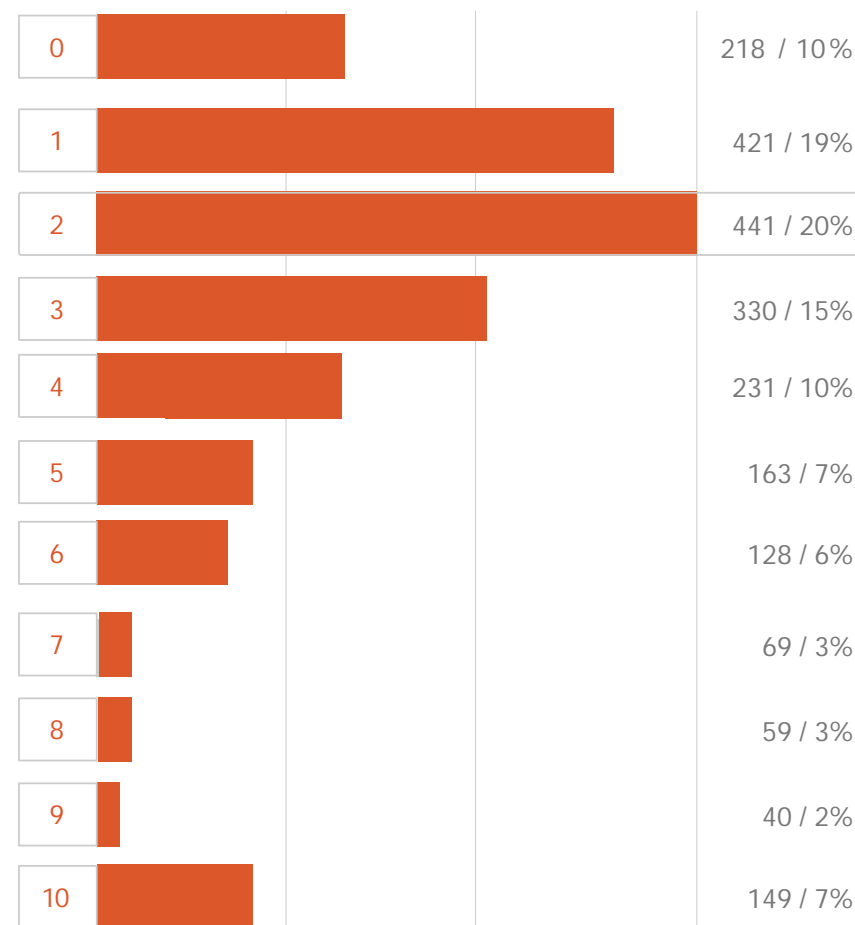
Perhaps unsurprisingly, it also reveals that many investors are feeling the impact of APRA-led lending restrictions.

"Around half of the respondents reported that the recent changes to lending policy have impacted their ability to purchase another property, while 36% say that meeting the banks stricter serviceability criteria will be their biggest stumbling block to purchasing a property," said Sarah Megginson, editor of Your Investment Property magazine.

**Michael Yardney**  
**CEO Metropole Property Strategists**

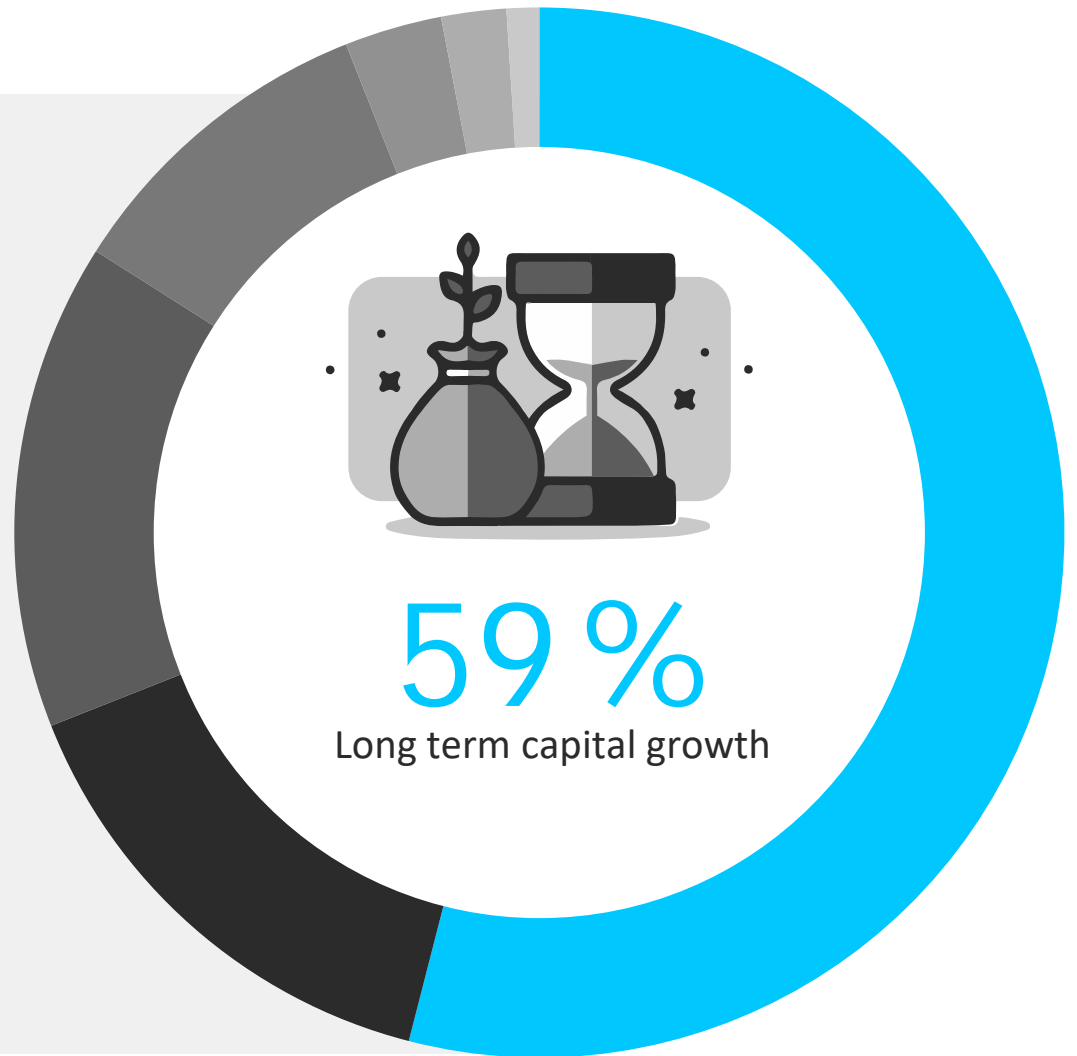
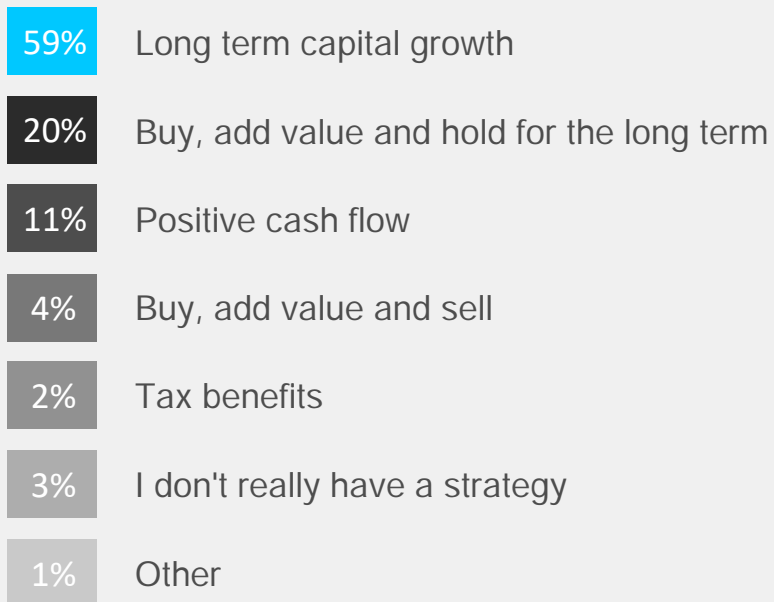
# 1. HOW MANY INVESTMENT PROPERTIES DO YOU CURRENTLY HAVE IN YOUR PORTFOLIO?

That fact that 90% of respondents to our survey already own an investment property and more than 50% owned 3 or more properties showed that we are surveying a group of more investment savvy Australians.



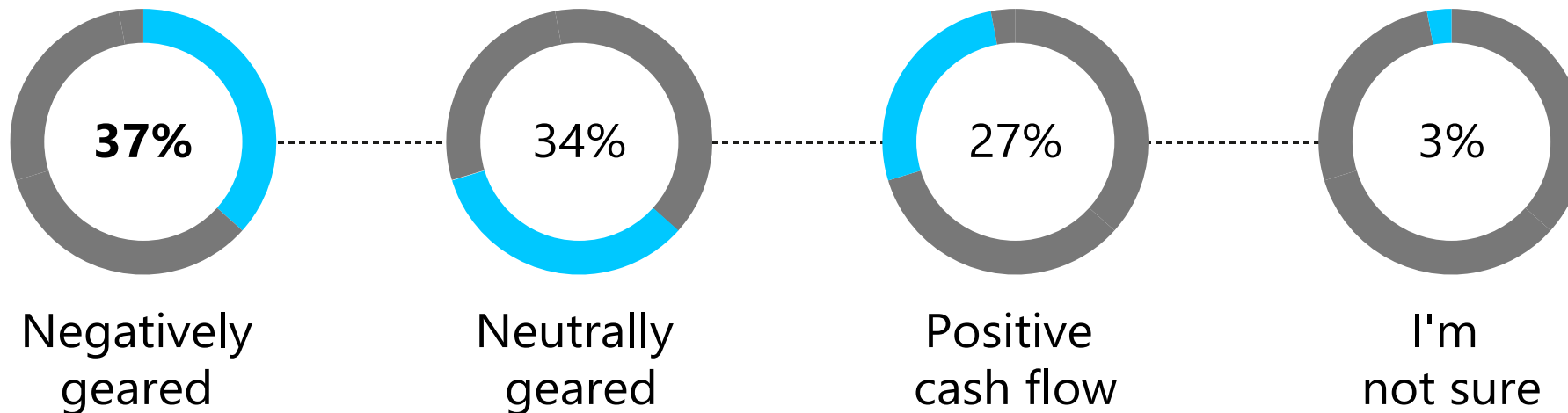
## 2. WHAT IS YOUR PREFERRED INVESTMENT STRATEGY?

Close to 80% of respondents had a long term view of property as a high growth asset – rather than expecting cash flow from their properties.



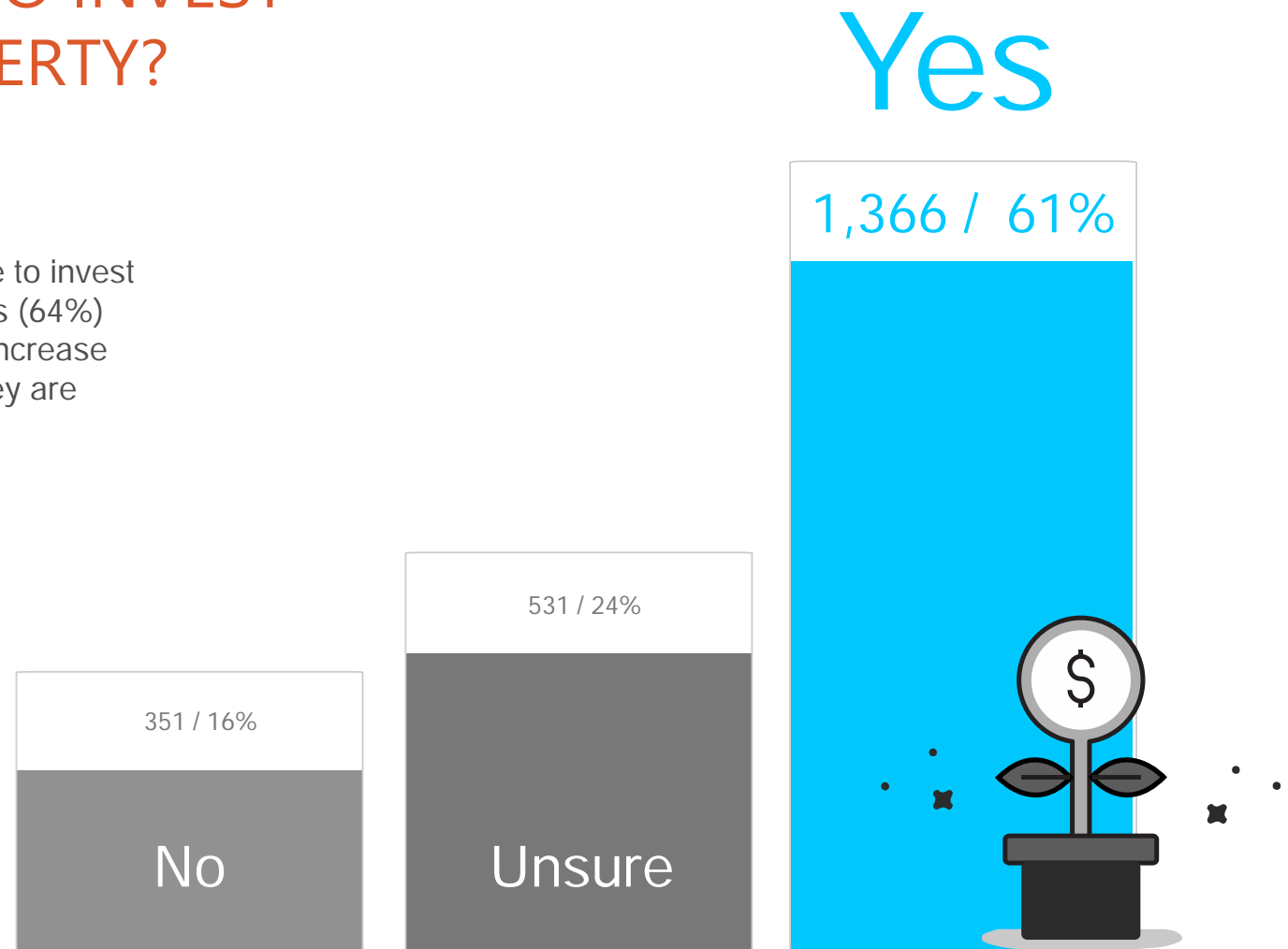
### 3. IS YOUR PROPERTY INVESTMENT PORTFOLIO NEGATIVELY GEARED OR DOES IT GENERATE POSITIVE CASH FLOW?

Despite the vast majority of investors investing for capital growth, only 37% of investors held negatively geared properties suggesting that, over time as rents increase, negatively geared properties become neutrally geared and eventually provide cash flow.



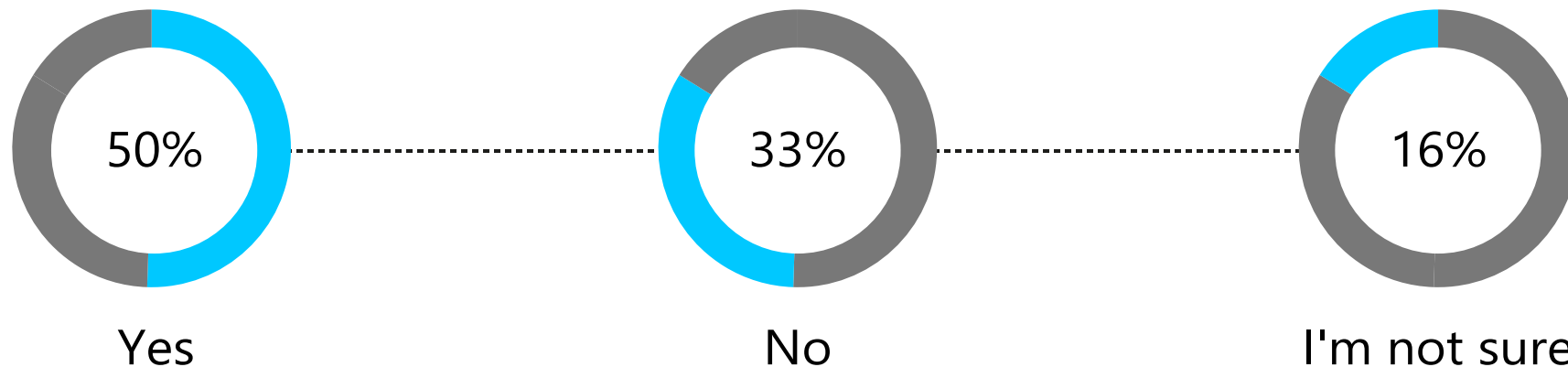
## 4. DO YOU BELIEVE NOW IS GOOD TIME TO INVEST IN RESIDENTIAL PROPERTY?

61% of respondents believe now is a good time to invest despite the fact that the majority of respondents (64%) believe that property prices will remain flat, or increase by less than 5%, over the next year. Clearly they are taking a long term view.



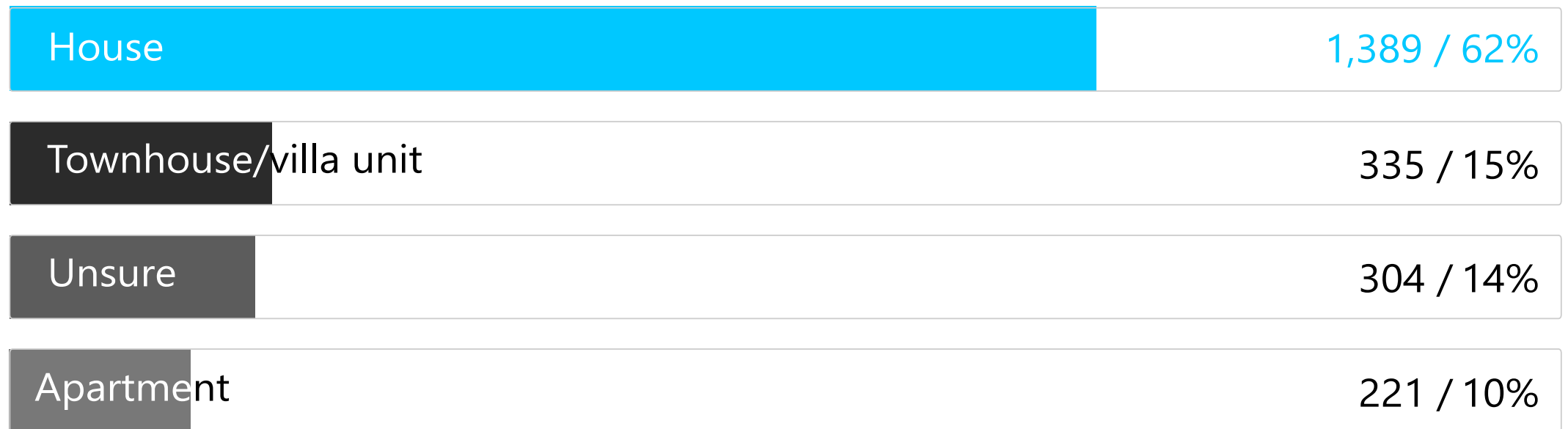
## 5. ARE YOU PLANNING TO BUY AN INVESTMENT PROPERTY IN THE NEXT 12 MONTHS?

Half the respondents plan to buy an investment property in the next year again showing strong consumer confidence. Interestingly this is much the same as 12 months ago (50%)



## 6. WHAT TYPE OF PROPERTY WOULD YOU BUY?

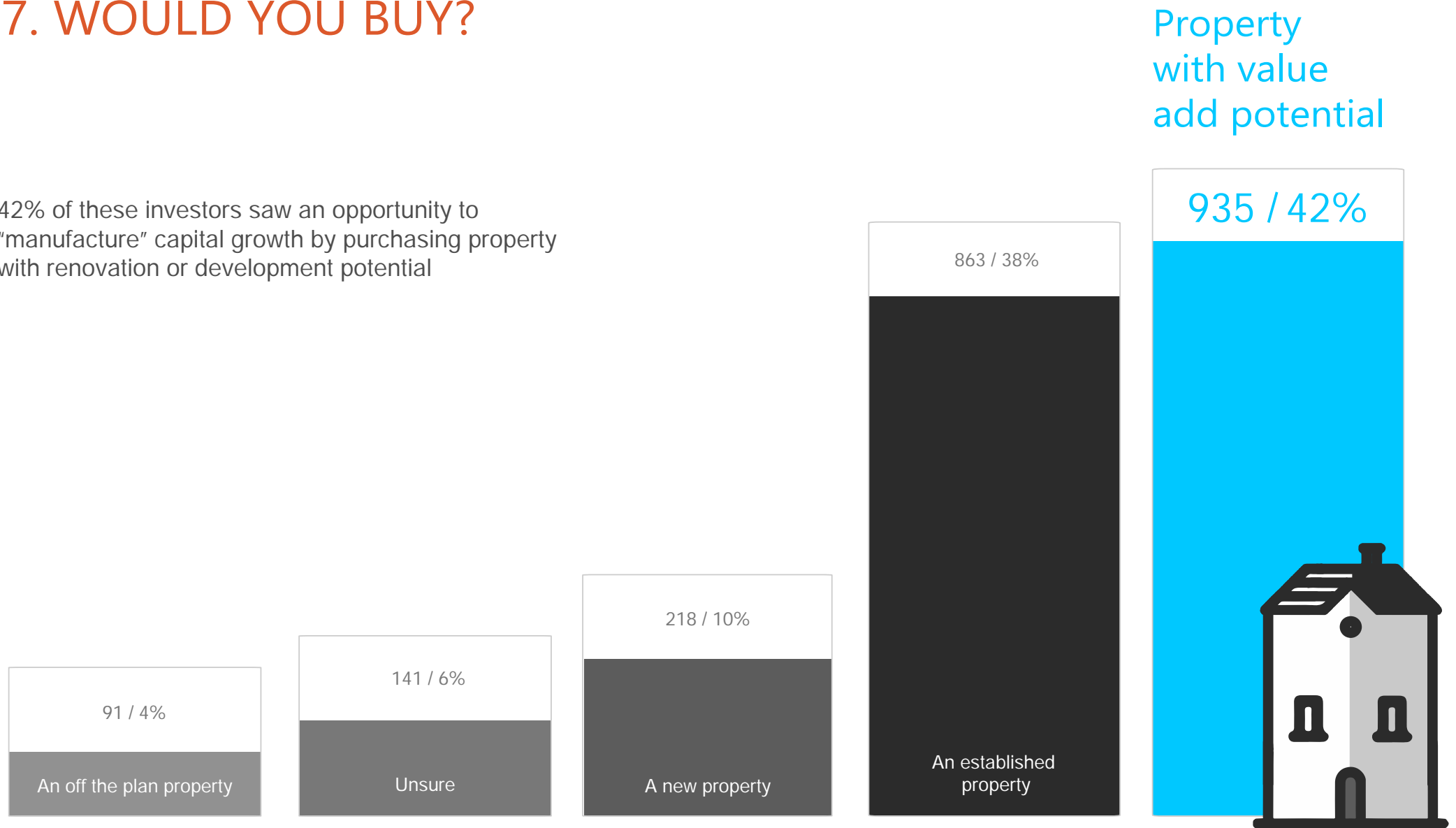
More than three quarters would buy a property with land – a house, townhouse or villa unit. Apartments (10%) are out of favour at present – and not surprisingly so - as house price growth is significantly outperforming apartments in most capital cities





## 7. WOULD YOU BUY?

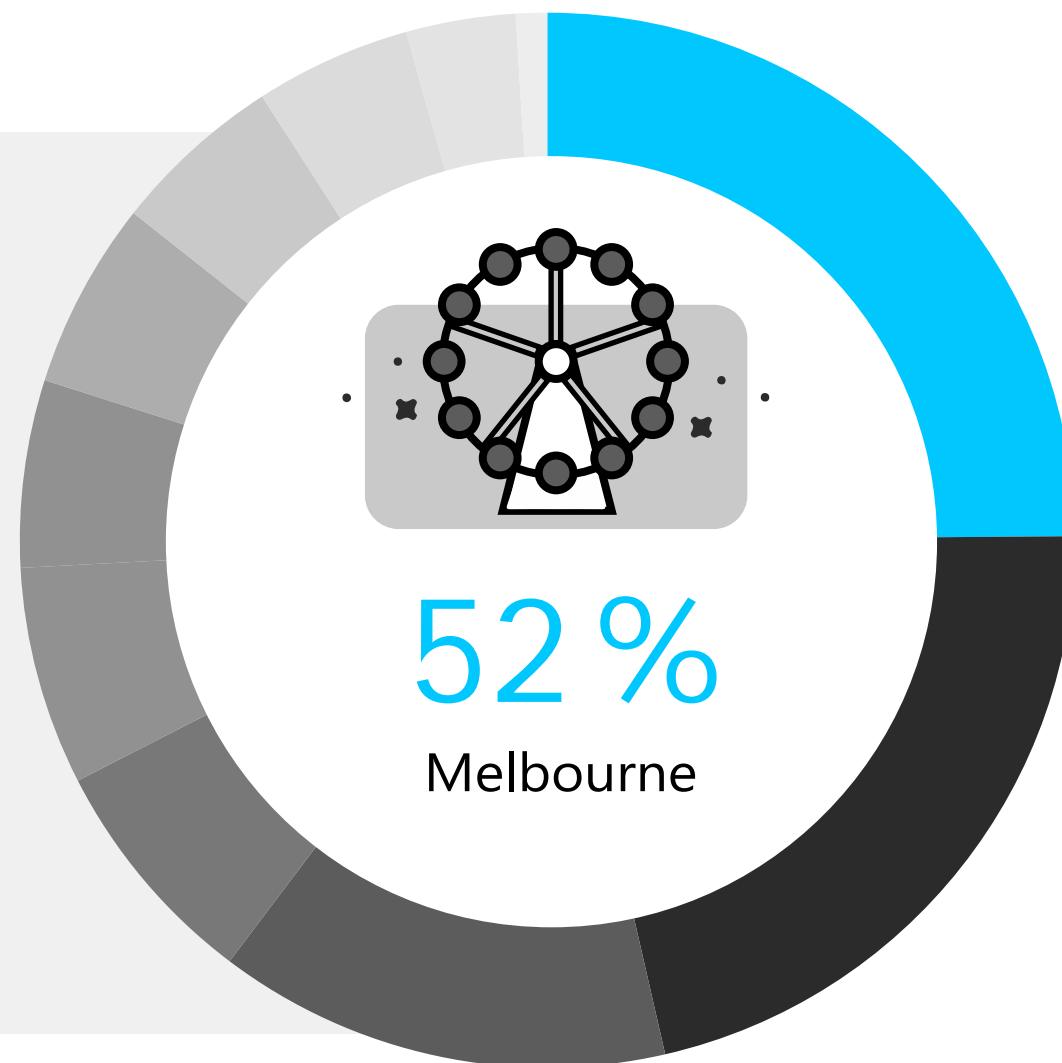
42% of these investors saw an opportunity to “manufacture” capital growth by purchasing property with renovation or development potential



## 8. WHERE WOULD YOU BUY FOR THE BEST CAPITAL GROWTH OVER THE NEXT 5 YEARS?

Melbourne was seen as the most likely capital city to deliver strong capital growth over the next 5 years (52%), closely followed by Brisbane (45%). These are the same two growth capitals that readers suggested 12 months ago and in virtually the same proportions (50% Melb and 45% Brisbane)

|                    |     |            |     |
|--------------------|-----|------------|-----|
| Melbourne          | 52% | Adelaide   | 12% |
| Brisbane           | 45% | Gold Coast | 11% |
| Sydney             | 29% | Hobart     | 10% |
| Perth              | 15% | Canberra   | 7%  |
| Regional Australia | 14% | Darwin     | 2%  |
| Sunshine Coast     | 12% |            |     |

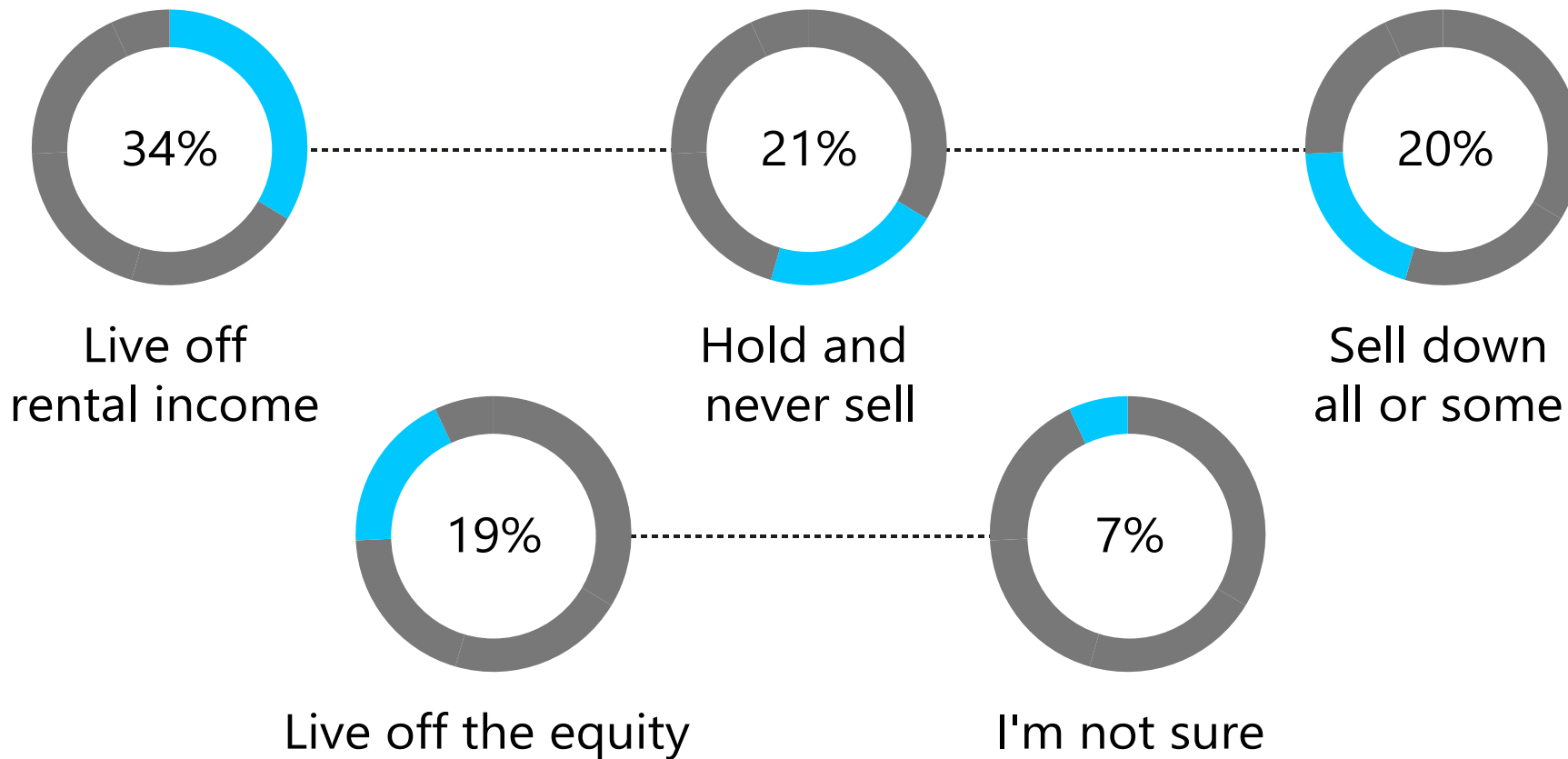


## 9. WHAT TYPE OF PROPERTY DO YOU THINK WILL MAKE THE BEST INVESTMENT OVER THE NEXT 5 YEARS?

A detached house in the inner and middle ring suburbs of a capital city was seen as the best medium term investment (37%) while 23% will be looking for a property with the potential to add value.

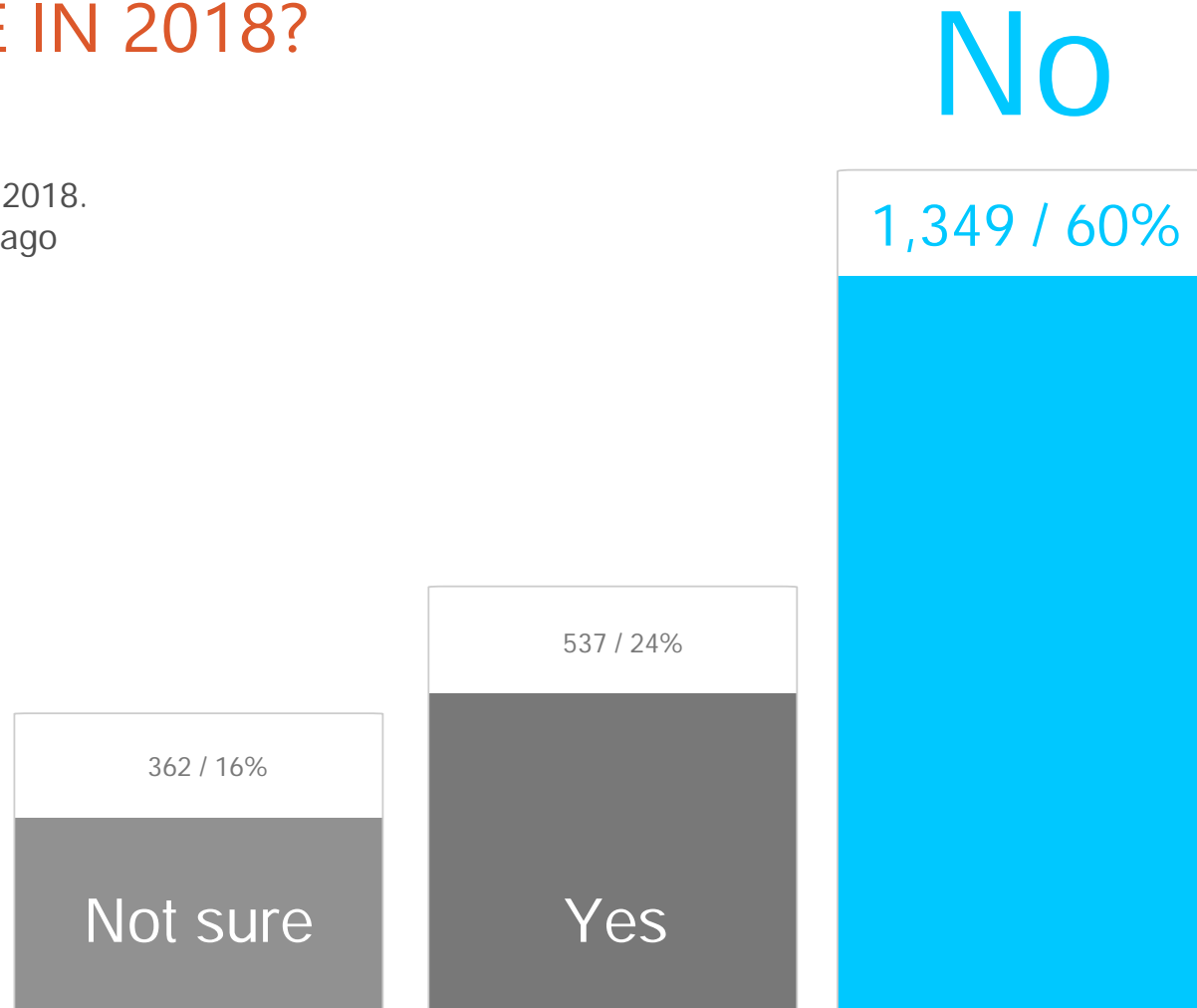
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|--|-----------|
| A detached house on a suburban block in an inner middle ring capital city suburb | 827 / 37% |
| A property with value add potential (renovation or development)                  | 519 / 23% |
| A detached house on a suburban block in an outer suburban growth corridor        | 322 / 14% |
| An established suburban apartment in one of our capital cities.                  | 200 / 9%  |
| A villa or townhouse   | 154 / 7%  |
| A property in a well selected regional location                                  | 132 / 6%  |
| A new apartment in a good location in a capital city                             | 72 / 3%   |
| An "off the plan" inner city apartment   | 22 / 1%   |

## 10. WHAT IS YOUR PROPERTY INVESTMENT "END GAME"?



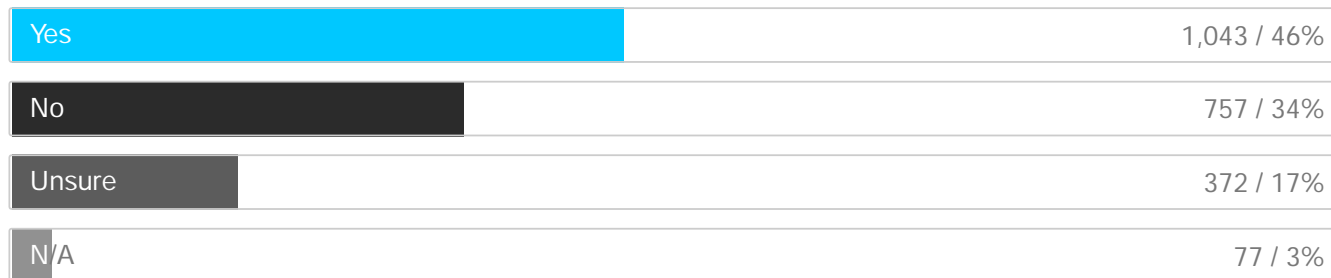
## 11. ARE YOU PLANNING TO BUY A NEW HOME IN 2018?

24% of respondents plan buy a new home in 2018.  
This is up considerably from 14% 12 months ago



## 12. HAVE THE RECENT CHANGES IN LENDING POLICIES TO INVESTORS IMPACTED YOUR ABILITY TO PURCHASE ANOTHER PROPERTY?

Almost half of respondents are finding the recent tighter lending criteria impacting their ability to purchase another property.



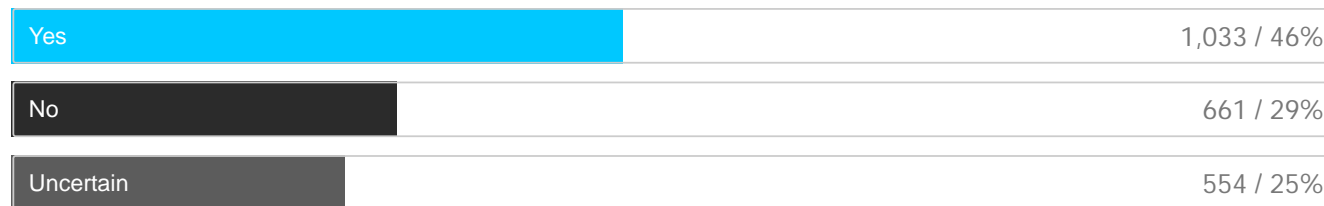
## 13. WHAT WILL BE YOUR BIGGEST STUMBLING BLOCK TO PURCHASING YOUR NEXT PROPERTY?

Over a third of respondents have found the APRA imposed stricter lending serviceability criteria a stumbling block for their next property purchase. Which if you think about it, is exactly what APRA was trying to achieve

|   |           |
|---|-----------|
| Difficulty with loan serviceability                                 | 793 / 35% |
| I don't have a major obstacle                                       | 469 / 21% |
| Not having enough deposit or equity                                 | 400 / 18% |
| Uncertainty about the economy or the future of our property markets | 353 / 16% |
| Other   | 145 / 6%  |
| Negative cash flow  | 83 / 4%   |
| Difficulty getting finance  | 6 / 0%    |

## 14. DO YOU THINK NOW IS A GOOD TIME TO FIX INTEREST RATES?

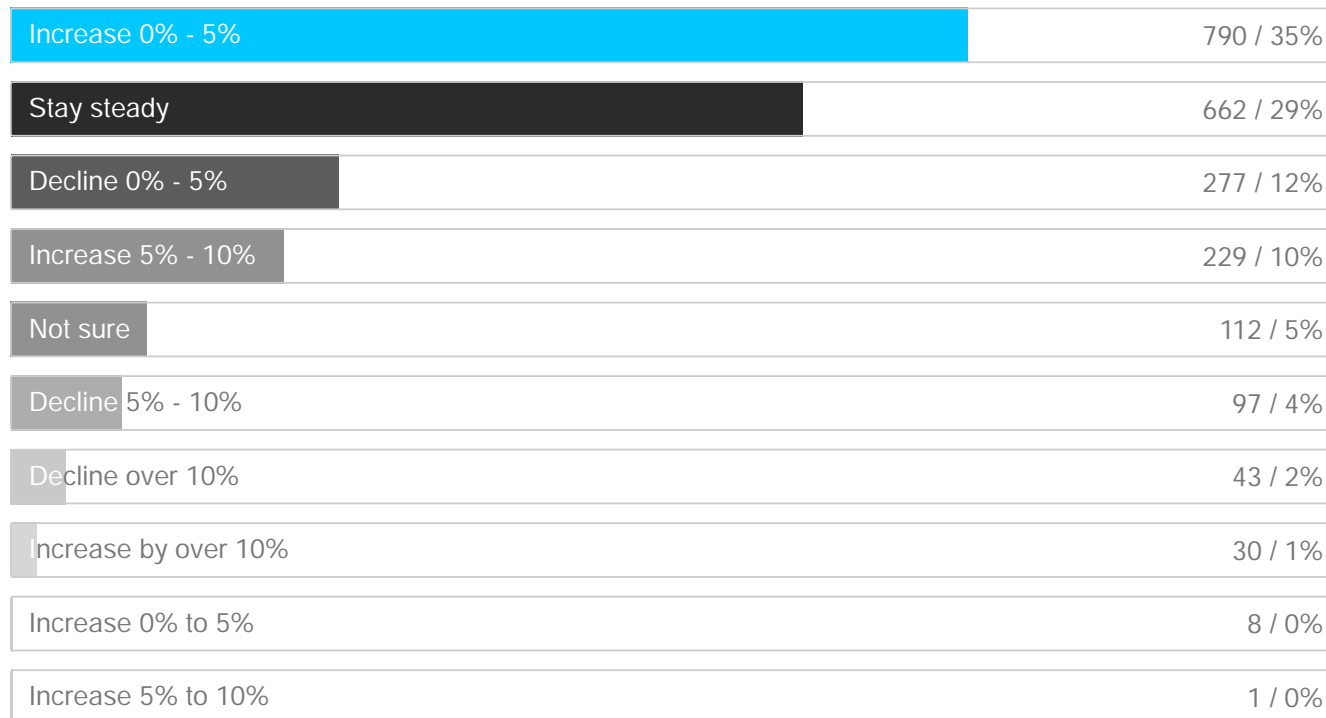
Around half of the respondents (46%) felt it was time to lock in interest rates, suggesting they think that the next RBA interest rate movement will be up.





## 15. WHAT DO YOU THINK WILL HAPPEN TO OVERALL PROPERTY PRICES IN 2018?

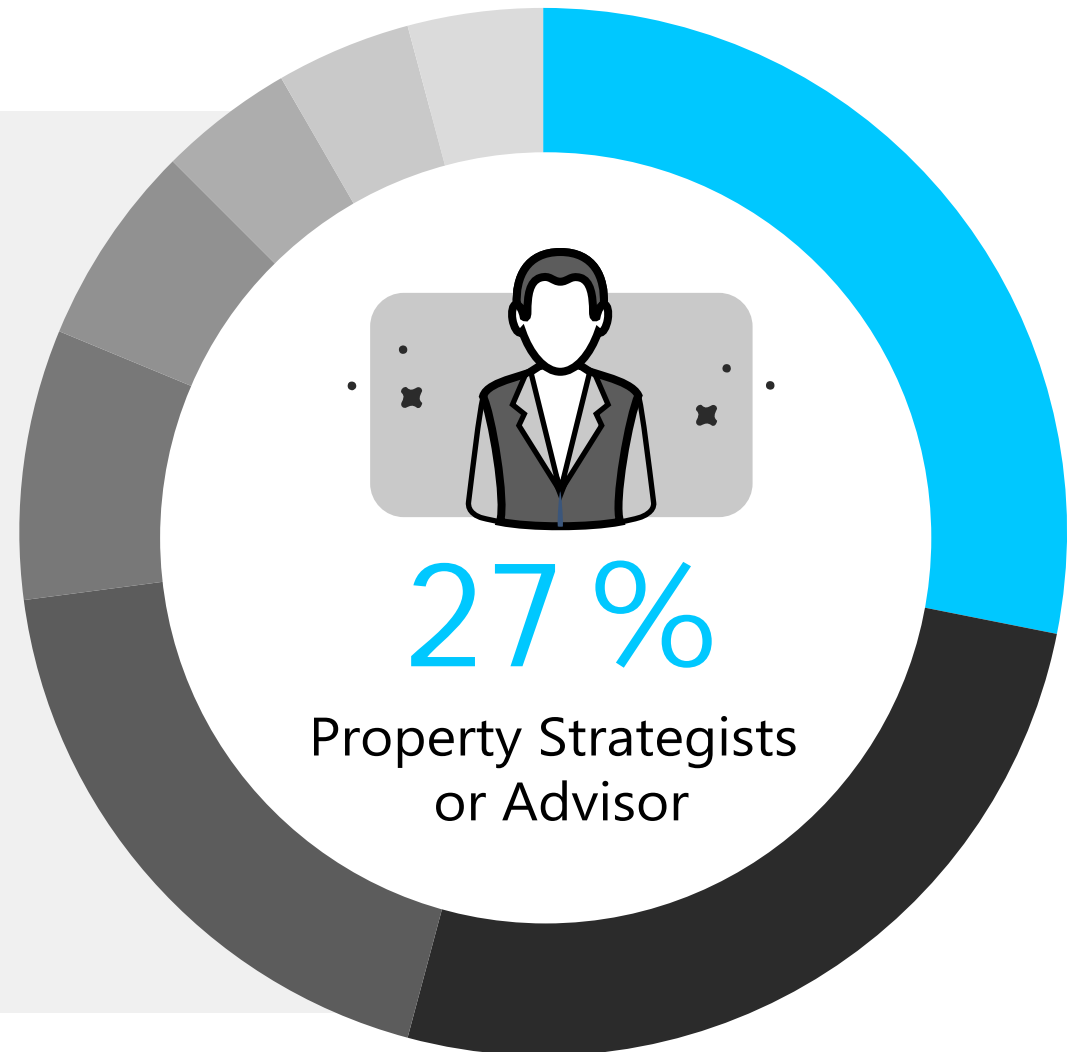
Investors are less confident in short term capital growth than last year - 64% believe that property prices will remain flat, or increase by less than 5%, over the next year.



## 16. WHO'S ADVICE DO YOU SEEK (OR PLAN TO SEEK) FOR PROPERTY INVESTMENT ADVICE?

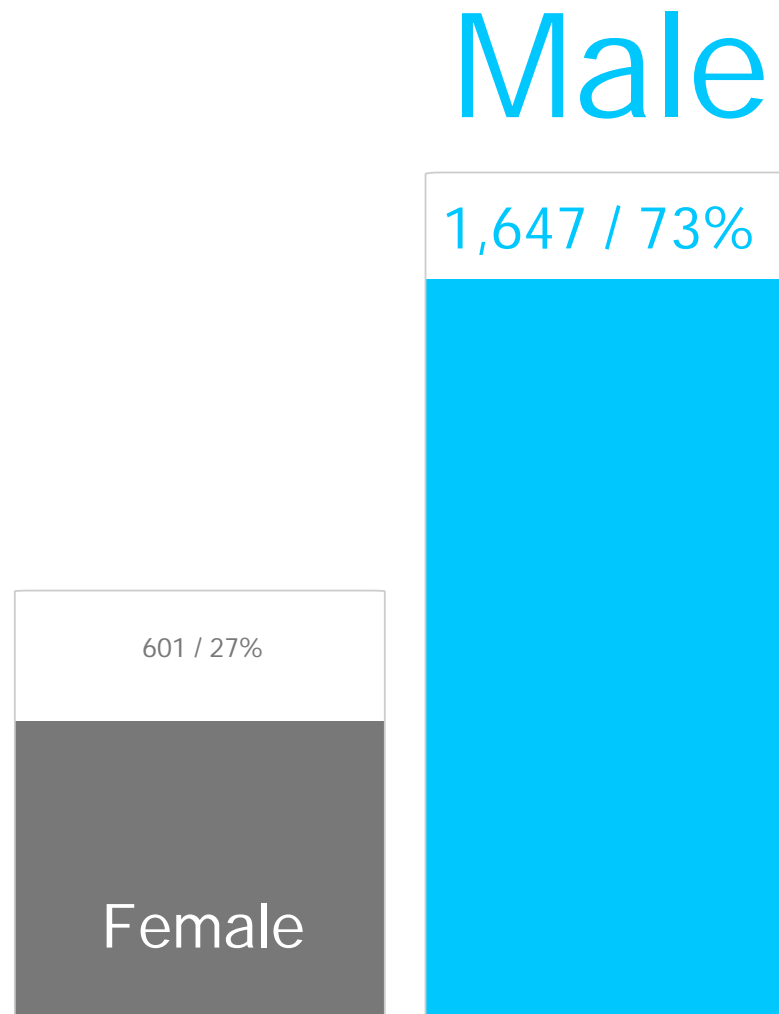
While 26% of respondents plan to seek advice from a property strategist or an advisor we find it surprising that 25% will seek no advice on their next property purchase. Despite the significant amount of research material and information available for free, there's one thing you can't get over the internet – and that's the perspective that only comes after years of on the ground experience.

|                                 |     |                 |    |
|---------------------------------|-----|-----------------|----|
| Property Strategists or Advisor | 27% | Unsure          | 6% |
| No one                          | 25% | Mortgage Broker | 4% |
| Property Educator/Mentor/Coach  | 18% | Friends/family  | 4% |
| Buyers' Agent                   | 8%  | Accountant      | 4% |

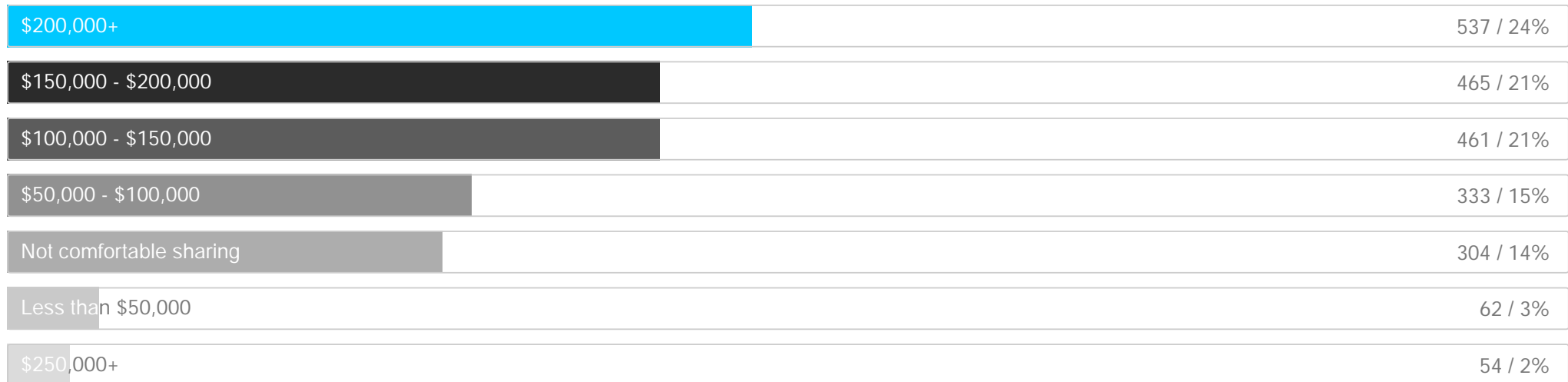


## 17. YOUR GENDER?

I've always been surprised that despite our readership being relatively evenly split amongst males and females, that significantly more males complete surveys.



## 18. WHAT IS YOUR COMBINED ANNUAL HOUSEHOLD INCOME?



## ABOUT THE SURVEY:

The 2017 Property Investor Sentiment Survey was conducted online in November 2017 by Michael Yardney's Property Update and Your Investment Property Magazine

This survey was first conducted in February 2011 and this year 2,250 respondents answered questions at [www.PropertySentiment.com.au](http://www.PropertySentiment.com.au), making it Australia's longest running and largest survey of its type and giving us an insight into the way Australian property investors feel and think about the market.