

# PINNACLE CHOICE

NEWSLETTER ISSUE – OCTOBER 2019

## QUOTE OF THE MONTH

"Debt doesn't have to be a challenge - in fact, when leveraged correctly, it can form the building blocks of your wealth creation journey."

Sarah Megginson  
(Your Investment Property Magazine)



Do you have a dream to retire in a breathtaking location like this? Let us help make that a reality for you.

## TOP NEWS THIS MONTH

### Can You Replace Your Income Through Property Investment?

Many investors aspire to replace earned income with passive income, whether it be through shares, property or operating a business.

The first step to achieve this goal is to adopt the right mindset. The most successful investors are not the ones who start with the most, but those who are the most determined.

\* Sarah Megginson - Your Property Investment Magazine 2019



Success is really more about your resourcefulness and your intentions than your resources. Property is such a great wealth creation asset because it provides you with more leverage than other assets.

If you have a 10% deposit, you can borrow the other 90%. You can even borrow the 10% deposit if you have equity in an existing property.

Your borrowing capacity, combined with your willingness to take on good debt, is key to achieving your financial goals.

## AUCTION CLEARANCE RATES SEPTEMBER 2019

**76.8%**

Sydney - NSW

**76.4%**

Melbourne - VIC

**55.4%**

Adelaide - SA

**44.8%**

Brisbane - QLD




\*Domain Auction Results 2019

## OCTOBER 2019 AUSTRALIA'S PROPERTY MARKET UPDATE

This was the first month-on-month rise in the national index since values peaked in October 2017 and it was the largest monthly lift since April 2017.

The value of lending of both investors and owner occupiers saw a significant increase. Mortgage rates are tracking at the lowest level since the 1950's.



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## Property Prices to Boost “Super-Rich” Population

The number of ultra-wealthy Australians is expected to continue growing in the next five years according to the latest report by Knight Frank.

By 2023, around 613 will join the group of ultra-high-net worth individuals, whose net worth exceeds \$44.8m.

The growth in this population is expected to be driven not just by healthy stock and bond markets but also by the vigorous long-term property price growth.

In fact, over a third of the total wealth of Australia’s super-rich comes from residential properties, with each owning three homes on average.

Head of Research, Michelle Ciesielski said the prime residential market will be witness to sustainable and robust growth even with global uncertainties that could possibly affect confidence.

\* Gerv Tacadena - Your Property Investment Magazine 2019



## BANKS COMPELLED TO PASS ON FULL RATE CUT

**After the Reserve Bank of Australia decided to slash the cash rate for the third time this year, treasurer Josh Frydenberg urged banks and lenders to pass on the cut in full.**

The RBA decided to cut the official cash rate by 25 basis points, bringing it to a historic low of 0.75%.

Frydenberg said “It is the government’s expectation that the banks will pass on this is rate cut in full.

What this means for an Australian family with a mortgage of \$400,000 is \$720 less a year in interest payments”.

Record low interest rates are now a quarter of what they were during the depths of the global financial crisis.



All the heaving lifting is being left for the Reserve Bank .

All 4 major banks opted to make partial changes to their standard variable rates instead.

ANZ have lowered their rates by 14 basis points, Commonwealth have lowered theirs by 13 basis points. Whereas both NAB and Westpac have lowered theirs by 15 basis points.

\* Gerv Tacadena - Your Property Investment Magazine 2019

## DID YOU KNOW?

**THERE ARE OVER 21 LENDERS THAT ARE LENDING UNDER 3% INTEREST RATES**

## Governments Need To Step Up To Solve Affordability Worries

According to the property leaders who attended The Australian Financial Review Property Summit, Australian governments have to exert more effort to do their part in solving the countrys housing affordability crisis.

There are massive affordability issues in the two of the biggest housing markets in the country - Sydney and Melbourne.

Property leaders said governments need to solve the planning delays and provide tax breaks for build-to-rent housing. They should also

**600,000 HOUSEHOLDS ARE ALREADY STRUGGLING TO AFFORD RENTS, LEAVING THEM SUFFERING FROM RENTAL STRESS.**

**- PRODUCTIVITY COMMISSION**

be releasing land faster. The use of the National Rental Affordability Scheme was deemed to be poorly designed as it wasn’t well-targeted. However, it did provide a format to get funding.

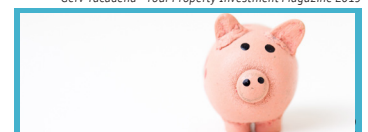
Fraser’s Property chief executive Rod Fering stated

that the problem is not with the ideas, but with consistency.

The Commonwealth Rental Assitance could be improved as well, given that the maximum payment rates have fallen behind average rents over the past two decades.

“Commonwealth Rent Assistance has proven to be effective in supporting low income and low wealth households, including retirees.

\* Gerv Tacadena - Your Property Investment Magazine 2019



## Non-Major Lenders Gain Traction Amongst Investors

According to a new study by the Property Investment Professionals of Australia, the restricted access to investment lending has pushed many investors in Australia to consider other options.

Around three in five property investors are now likely to consider a non-major bank due to the difficulties of obtaining investment financing said PIPA Chairman Peter Koulizos.

Around 27% of investors said they would consider refinancing their loan for an interest rate that is 50-basis-points lower.

"A staggering 25% of respondents have found they were unable

to refinance an amount they were able to borrow previously" Koulizos said.

The study also found that property investors are more focused on the long-term merits of real estate. Around three in four investors said worries about a price fall would not cause them to put their investment plans on the back burner.

**The majority of investors claimed that the current**

**environment makes it ideal to invest in residential property.**

Koulizos stated that "Long-term capital growth beat out cash flow - both long and short term - is the most important aspect when choosing an investment".

According to the study, the motivation for would-be investors is not to "become rich" but to provide a better life for themselves and their family.

\* Gerv Tacadena - Your Property Investment Magazine 2019



## How To Manage Debt Of Any Size

Managing any debt is so important, even if it's small or big. It is all about control and organisation.

Here are 9 ways to manage your debt that little bit better.

1. Know Who and How Much You Owe
2. Pay Your Bills on Time Each Month
3. Create a Monthly Bill Payment Calendar
4. Make at Least the Minimum Payment
5. Decide Which Debts to Pay Off First
6. Pay off Collections and Charge-Offs
7. Use an Emergency Fund to Fall Back On
8. Use a Monthly Budget to Plan Your Expenses
9. Recognise the Signs That You Need Help

\* Latoya Irby - The Balance 2019



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