

Newsletter

INTEREST RATE FORECAST

Amid concerns of recession, Australian interest rates are tipped to fall to the lowest level since the aftermath of the September 11 terror attacks.

Macquarie Group interest rate strategist Rory Robertson said the Reserve Bank of Australia would cut the cash rate, now at 6 per cent, to 4.25 per cent in the next year, with two significant cuts expected by Christmas this year.

It is speculated that the RBA will cut interest rates by 75 basis points in November and follow-up with another .75 per cent move in December.

Following October's one percentage point move, most lenders initially passed on .8 per cent cut to borrowers however; CBA, NAB, ANZ, Westpac & St George have since passed on a further .2 - .25 percent meaning that they have now passed on the full 100 basis point cut.

Macquarie's Mr Robertson said the RBA is now concerned with reversing the 12 rate rises from 2002 to March this year and would deliver bigger than usual rate cuts before Christmas to reduce home mortgage and business borrowing rates.

What great news for those with a mortgage or thinking about purchasing property as it will significantly reduce repayments, allowing a bit of extra cash coming into the Christmas holiday period.

These are truly extraordinary times considering that at the beginning of this year economists, forecasters and commentators were predicting that rates were heading towards 12 per cent! Now they are talking retail rate around 6 per cent....wow!

Source: www.news.com.au

FIRST HOME OWNERS BOOST

The Federal Government has announced significant increases to the First Home Buyers Grant. The new measures now bring the total available to those buying a newly constructed home to \$26,000 increasing to \$29,000 in regional Victoria (subject to certain requirements).

First home buyers purchasing an established home will now be entitled to \$14,000.

First home buyers will be eligible for the new additional assistance for contracts entered into from 14th October 2008 to 30th June 2009.

The Rudd Government will invest around \$1.5 billion in the housing market over 2008-09 and 2009-10 through this initiative, aimed at stimulating housing activity and helping to alleviate housing affordability pressures.

Please refer to the table below for further information:

Contract Date	Conditions	First Home Owner Grant	New First Home Owner Boost	First Home Bonus #	First Home Owner Regional Bonus #
14 October 2008 to 30 June 2009	Established homes only	\$7,000	\$7,000	\$3,000	\$0.00
	Newly constructed homes in Metropolitan Victoria only	\$7,000	\$14,000	\$5,000	\$0.00
	Newly constructed homes in Regional Victoria only	\$7,000	\$14,000	\$5,000	\$3,000

SOURCE <http://www.sro.vic.gov.au>

The information provided in this table is to be used as a guide only and is subject to certain conditions and eligibility criteria.

If you would like to find out more please contact us on 03 9326 8900.

eSEARCH SUPERIOR PROPERTY WORKSHOP – NOVEMBER DATES

With the continued success of 'eSearch Superior Property' we have scheduled another workshop for Wednesday, 12th November at 6pm to be held here at our office, 68 Munster Terrace, Melbourne.

Again, we have received excellent feedback from the 50+ people that attended the October workshops and would love to see many more come along and educate themselves about the property market.

Here's what some attendees had to say:

"Thank you for a fantastic workshop, well done. Honestly Ben, you never cease to amaze me with your ability to just deliver information in a simple and uncomplicated way leaving one truly inspired and confident to continue their journey in achieving their goals. I have been to a number of property seminars/workshops in the past and have always walked away feeling somewhat intimidated and confused,

not this time. Thank you and well done.”

Sena

I have learnt a lot about searching for properties. Thanks for a great information packed night.”

Belinda

Thanks a lot! Before tonight I only knew about Domain & Realestate.com

Qun

We have also added some new content and included in the cost a new & exclusive software program **'OUTPERFORM SUPERIOR PROPERTY SELECTION' (Value \$79)** which has been designed to assist you in sourcing superior capital growth and/or high yielding properties.

Check out our new promotional video to make a booking

<http://www.flashmail.com.au/mail/EmpowerWealth/empowerwealth.php>

This workshop is a must for anyone looking to purchase property.

QUICK INVESTMENT SURVEY

In order to help us better understand the general markets thoughts on investment and fees we are keen to get your 'anonymous' views. The six questions will take less than 3 minutes to complete.

http://www.surveymonkey.com/s.aspx?sm=2Uo7VrLiDOmwcUmPxos4GA_3d_3d

Again, all responses are completely anonymous, so make sure you tell us what you really think

DIRECTORS COMMENT

With the Reserve Bank expected to drop interest rates by at least 0.5% tomorrow, and the announcement from the Federal Governments financial 'Boost Package' for homebuyers, we might just see a renewed interest in First Home Buyers looking to enter the market.

Furthermore, with high rental returns compared to variable mortgage rates due to the housing shortage, investors might be attracted to move back into the direct property investment market, as it has been the best performing investment this year*

Let me add a little more fuel to this fire. Past recent history has seen a move from Share to Property:

Share Market Crash '87 = Eastern Seaboard Capital City Properties grew about 20% in capital growth both 1988 and 1989

Share Market Dot-Com 'correction' & 9/11 events of 2000 & 2001= Again, eastern seaboard prices in the capital cities of Brisbane, Melbourne and Sydney grew by over 15% per year in capital growth in 2001 & 2002.^

Parking money in the bank now is certainly the safest bet, but its not going to be the most rewarding as savings rates also decline with the fall in interest rates.

So if you can get a 4-5% return from the Bank's which you pay tax on or you can get a 3% -5% return for renting a property, with the possibility of tax benefits and also the potential for capital growth increases, then you can start to get an appreciation of how fortune favours the brave or should that be fortune favours those with the knowledge and ability to look beyond today and see the opportunities for tomorrow.

I believe one thing to be true, if you have the ability to afford a property today for the next 10 years, then buying good quality direct residential property now, will be very good to you tomorrow, whether you're buying to live or invest. As two constants forever ring true about residential property - land as a limited resource and property is a means of accommodation. This knowledge has made sense for at least the past thousand years or more, so it should make sense for at least a couple more...

Happy educated investing – Ben Kingsley

**Source: Late Line Business ABC TV – Wed 29th Oct.*

^Source – Mark Armstrong Nov Aust. Property Investor Magazine

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