

### Severe Housing Shortage in Australia Predicted

The Housing Industry Association predicts that in order to keep pace with demand, there will be a need for 1 million new homes to be built over the next 5 years - demand supported by such factors as rising levels of immigration and the desire for a smaller number of residents per household. Based upon construction levels from earlier this year, this will soon leave us with an anticipated housing shortfall between 175,000 – 240,000 properties, Australia-wide.

The recent interest rate increases have put a damper on construction starts, most likely furthering an additional future shortage in housing supply.

Chris Lamont, HIA's chief executive for policy comments, "Demand for housing is really biting as evidence by record low vacancy rates in the private rental market. HIA research confirms that in 2008/2009 190,000 new dwellings are required, this is 40,000 more dwellings than expected production".

It is classic Supply and Demand Economic Theory. A Rise in Demand and Shortage of Supply causes Higher (home) Prices. Good news if you are a property owner during that time, not so good if you're looking to buy during that time.

We believe that the current market conditions and future supply shortages make this a great opportunity to consider investing in real estate. However it's the "educated" investor who will "outperform", so once again our Workshop's are the ideal starting point to get the edge in this market.

### Interest Rate Forecast & Comment

Source - [THE AUSTRALIAN](#) – Business (Selected High-Lights) *June 27, 2008*

The central bank last raised rates in March to a 12-year high of 7.25 per cent. Economists diverge on the direction of monetary policy over the next nine months, with five predicting rate hikes and three forecasting the cash rate to fall. Eleven of the economists surveyed said interest rates would stay unchanged until the end of March next year. Of the five economists who forecast higher interest rates, four predict the central bank will inflict further pain for borrowers on August 5 by lifting rates a quarter of a percentage point.

Macquarie associate economist Annette Martins said the Reserve Bank would raise interest rates in August, as high petrol prices feed into inflation. "Petrol is going to add to inflation and we could also get food prices coming through there," Ms Martins said. "If we get in the next couple of months ... quite strong retail spending the RBA might turn around and say, 'the risk to demand is to the upside'."

Australia's fourth largest bank, ANZ, has forecasted the RBA to apply its monetary tourniquet twice more this year, in August and November. "On current policy settings, the necessary moderation in demand growth was likely to occur," the Reserve Bank's minutes from the June 3 board meeting said. But the board said if demand did not slow as expected or ongoing inflation weaved into higher wages and prices, its interest rates setting "would need to be reviewed".

JP Morgan economist Helen Kevans expects the Reserve Bank to keep rates steady at least for the next three quarters. "We have seen lots of signs domestic demand has slowed in recent months following the Reserve Bank tightening earlier this year," she said.

TD Securities strategist Joshua Williamson forecasts the RBA to lower interest rates twice in the next three quarters, to 6.75 per cent, with the first cut to take place in December. Mr Williamson said the economy was facing significant pressures from

interest rate increases and the credit squeeze, with slowing growth and consumer spending more than likely to offset the expected stimulus from Australia's rising terms of trade. "The consumer side of the economy is going to slow considerably in the back half of 2008 and drag overall growth down to certainly below half of where it is at the moment," he said.

NabCapital senior markets economist Robert Henderson expects the RBA to cut interest rates around March next year as the economy softens.

Comment: If the experts are divided on interest rates, and they study this information 24/7, then how is the average householder likely to predict what they do with their loans? At Empower Wealth we explain to our clients that your circumstance are exactly that, yours. So if you are seriously worried about rates, then it might be prudent to fix all or at least half of your loan into a fixed period.

As an investor, one should also strive for a level of certainty in regard to their investment strategy to minimize upside risk in these uncertain times, so it best to ensure you have a buffer & action plan in place to manage all of your current debt levels.

If you would like Empower Wealth to perform a FREE, no obligation financial appraisal to determine your eligibility, borrowing power, lender & loan options, complete the enclosed Personal Position Statement and email or fax back to us.

### **Empower Wealth's new "Outperform" workshop's are here!**

Our Workshop's offer affordable and easy to grasp concepts to ensure you better navigate your way to finding your desired location and property.

An educated buyer will achieve a far better outcome with hopefully less challenges along the way, because they do their research!

*Introducing the "Outperform" series – Workshop # 1...*

#### **Researching Property on the Net**

Designed & presented by the Director of Empower Wealth, Ben Kingsley, who himself uses these websites and tools to make his own investment purchases. Ben started investing in property at the age of 23. He has over 14 years of successful property investment experience and has helped hundreds of clients secure their own properties by providing them with tips & tricks of property acquisition coupled with custom-tailored solutions provided through our Financial Broking Services.

During our 3 hour workshop, over 35 different websites are reviewed to provide you with increased research tools, giving you a distinct advantage over the rest of buyers out there!

#### **You will learn:**

- ✓ How to locate the next HOT opportunity
- ✓ How to gain more detailed knowledge for a location you want to live
- ✓ How to develop an understanding of demographics and social indicators that have the potential to drive price growth!
- ✓ Where to find out about infrastructure and development plans for a particular location
- ✓ Where to find information on zoning and permits, etc.
- ✓ If you are building – Where to find the right builder or if you are an Owner Builder – what's involved
- ✓ How to find historical price data and recent auction results data, without paying a fortune for this information

(we'll even show you sites offering this information for FREE!)

- ✓ Insider knowledge from those that “technically” manage the industry – Property Valuers!
- ✓ Where to visit sites that offer extensive research on - Local Government areas, suburbs, rental demand, vacancy rates, recent sales data, localised income of existing residents, population, infrastructure and local amenities

Our **Researching Property on the Net** workshop includes the type of information that could take you years to find via Google searches and through traditional real estate search engines.

We know your TIME is valuable - This workshop will SAVE you potentially hundreds of hours of unproductive searching!

#### **Who should attend?**

- Property Investors
- First Home Buyers
- Those looking to upsize or downsize into a new home

Here's what our clients who have already attended are saying about it this new workshop:

*"I was blown away by the amount of quality information provided at this workshop. It really helped me understand exactly where I should be looking and what I should be looking for when selecting my next property. Can't wait for the next workshop..."*  
- Daniel July 2008

*"The workshop at Empower WEALTH was fantastic. I thought I knew a lot about researching property on the web but I learned so much in such a small amount of time. The team at Empower WEALTH was great too. Real advice from real people - I'd recommend this to anyone who wants to take a hands-on approach to property investment."* –Adam June 2008

*"Empower Wealth's presentation on property research has made me a more confident investor. I am certain that the new Internet resources that have been brought to attention will help me make smarter investment choices."*- Chris July 2008

#### **What you get:**

- 3 full hours of website educational tours which professional investors use to research and locate properties
- 60+ page workbook showcasing all sites visited
- Supper, including Hot & Cold drinks

For more details and to make a booking simply click on the link to our website and follow the prompts

<http://www.empowerwealth.com.au>

**IMPORTANT:** We only offer limited seats to these workshops to ensure the best learning experience is obtained so be quick and book in to avoid delays in being able to attend. Furthermore, if you do not wish to book online due to security concerns, please request a booking for from Bianca by emailing her at [enquiries@empowerwealth.com.au](mailto:enquiries@empowerwealth.com.au)

## Closing Quote & Directors Comment

*"Most people get interested in stocks when everyone else is. The time to get interested is when no one else is. You can't buy what is popular and do well"* - **Warren Buffet (famous Share market Investor)**

### **Closing Comment – Ben Kingsley**

Warren is right, yet most people get caught up in buying in a hot market only to see that market cool off and well, if you bought for investment at the peak, then your investment is going to take considerable time to rebound. Property has multiple major markets (States) and sub markets (Local areas), so when others are not buying, maybe that represents a good time to buy.

I remember back in late 2004 & 2005 the press was talking about huge oversupplies of property in Melbourne and prices crashing. Yet the fundamentals of the state's economy were strong and people were moving here in good numbers creating demand, so I bought a house in Flemington for \$395,000 in May of 2005, when the market was soft. That property is worth a real estate estimate of \$650,000 if it were sold it today! Not a bad result for just over a 3 year investment!

Remember, education and knowledge leads to empowerment!

Happy "Empowered" Investing

**Ben Kingsley & The Empower Wealth Team**