



www.MortgageePROPERTY.com

Australian Apartment Bust CitiBank Report. Australian apartment oversupply and settlement risk to trigger a drop in prices. Australia apartment glut.

AUSTRALIAN APARTMENT BUST CITIBANK REPORT



Reported by the ABC, CitiBank economists warn that apartment oversupply will spark settlement risk and a fall in apartment valuations in the next 12-24 months.

The oversupply of apartments is sending prices downward CitiBank reported with a record 230,000 housing starts over the past 12 months, a key element that will trigger settlement risk.

The oversupply of Melbourne CBD apartments is also effecting existing landlords who struggle to secure tenants and are offering their apartments on Airbnb for short-term and holiday rentals in competition with hotel businesses.

Off-the-plan settlement risk and a drop in prices will bring the apartment boom to an end CitiBank economists report.

Date: August 27, 2016

Published by: Mortgagee Property Limited

Reporter: Scott O. Talbot

Category: Australian Apartment

<https://mortgageeproperty.com/australian-apartment-bust-citibank-report.html>

<https://mortgageeproperty.com/australian-apartment-bust-citibank-report.pdf>

Apartment glut looming in 2017, property downturn imminent, warns Citi

By business reporter Michael Janda

Posted yesterday at 5:55pm

Fri 26 Aug 2016, 5:55pm

<http://www.abc.net.au/news/2016-08-26/apartment-glut-looming-in-2017-citi/7789864>

Global banking giant Citi believes time is nearly up on Australia's apartment building boom, with a glut of supply over the next two years likely to trigger a drop in prices.

The bank's research team is predicting that, unlike many previous housing cycles, it will be oversupply, and not a rise in interest rates, that brings the boom to an end.

The main threat for developers, and also a big worry for banks, is settlement risk - that is where an off-the-plan apartment buyer who has put down a deposit does not complete the purchase when construction is finished.

Even though developers can chase off-the-plan purchasers for the full contract price of the unit, with many buyers located overseas there is great uncertainty about how successful these pursuits will be.