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Australian real estate news headlines. Off-the-plan settlement risk, RBA issues storm warning, oversupply of apartments, Units boom trigger defaults

AUSTRALIAN REAL ESTATE NEWS HEADLINES



The past 48 hours has seen a deluge of articles published across Australia's major news outlets discussing the Australian property bubble, the foreign investor credit crunch, an economic recession, settlement risk, apartment oversupply and apartment defaults.

Australia's apartment oversupply and real estate bubble has triggered warnings from everyone worth taking seriously; from the Reserve Bank of Australia, Standard and Poors S&P, Australian Prudential Regulation Authority, Fitch Ratings, Moody's and the IMF International Monetary Fund.

The Australian news headlines are also full of noteworthy and radical economists weighing in on the Australian real estate market, predictions of oversupply, ridiculous prices and a housing crash.

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Reserve Bank of Australia says apartment boom risks start showing

The risks of oversupply the Brisbane and Melbourne apartment markets are "coming to the fore", the Reserve Bank of Australia warns. However, the central bank said the risks from apartment oversupply in some markets were now starting to show. "These risks appear greatest in inner-city Brisbane and Melbourne, where new supply is largest relative to existing dwelling stock," the RBA said in its biannual Financial Stability Review on Friday. "Developers face the risk that off-the-plan sales of apartments in these areas fail to settle due to tighter lending standards for buyers (particularly non-residents or those relying on foreign income) and valuations at settlement below the contract price."

<http://www.smh.com.au/business/the-economy/reserve-bank-of-australia-says-apartment-boom-risks-start-showing-20161014-gs2chp.html>

Reserve Bank warns big banks about oversupply of apartments in inner cities

Development lending could suffer 'material losses' if the market for apartments deteriorates, says RBA. The Reserve Bank has warned about the big banks' exposure to inner-city apartment markets, saying the risk of a "marked oversupply" has increased significantly in some inner-city areas. Australia's banks risked "material losses" on their development lending if apartment markets deteriorate, and even greater exposure through their mortgage lending.

<https://www.theguardian.com/australia-news/2016/oct/14/reserve-bank-rba-warns-big-banks-about-oversupply-of-apartments-in-inner-cities>

Off-the-plan settlement risk rising, RBA warns

An inner-city apartment glut in Melbourne and Brisbane threatens to squeeze property developers, the Reserve Bank has warned, amid signs some off-the-plan buyers are already facing difficulties settling on their purchases. In its latest check-up on the banking system, the Reserve says risks in the apartment market are "coming to the fore," especially in inner-city Melbourne and Brisbane, which face the greatest increase in housing supply from a building boom. The Australian Prudential Regulation Authority also told the government's banking inquiry it was looking closely at the potential for banks to be exposed to property developers.

<http://www.theage.com.au/business/banking-and-finance/offtheplan-settlement-risk-rising-rba-warns-20161014-gs2c37.html>

Apartment risks 'coming to the fore': RBA

The risks posed by the apartment construction boom were "coming to the fore", the Reserve Bank said as it told bank shareholders to brace for lower returns. In its semi-annual health check of the financial system, released on Friday the Reserve bank once again expressed its concerns about the pending supply of apartments in Sydney, Melbourne and Brisbane but it said the banks would only suffer material losses if prices fell by more than 25 per cent.

<http://www.afr.com/business/banking-and-finance/financial-services/apartment-risks-coming-to-the-fore-rba-20161013-gs23fv>