

Australia Real Estate Lease Rates Increase 15%

Tasmania reports vacancy rates under 2% for Hobart residential real estate while rental rates increase over 15%

Hong Kong (January 21, 2010) - Recent data released by the Real Estate Institute of Tasmania indicates that the vacancy rates in the state have fallen to historic lows with rates in the main city of Hobart moving under 2%. As a result, rental revenue rates have continued to rise. "Rental rates in the Hobart area have increased 15% on average over the past twelve months" according to Greg Rips, cofounder of Viva Properties an Australian real estate development firm based in Melbourne. "Many of Australia's secondary cities are undersupplied for the rental demand. The conditions are good for investment owners but hard on the growing population looking for housing."



Rental yields in Hobart are among the highest in Australia. While Australia's primary cities such as Sydney and Melbourne provide average yields in the 3%-5% range, secondary cities such as Hobart are providing investors yields in the 6%-8% range according to Rips. "We confidently guarantee minimum rental yields of 8% on select developments in Hobart. We could never offer that level of guarantee in Melbourne or Sydney due to the high land and development costs" says Rips pictured on the left.

International real estate companies also report the increased interest for cities like Hobart. "For real estate investors looking for cash flow in a safe market environment, Australia is hard to beat" according to Patrick O'Neill, CEO of the ONEILL Group an international real estate firm in Hong Kong. "Compared to other first world markets like the US or UK, the rental yields in cities like Hobart are tremendous. Additionally the undersupply of properties bodes well for continued capital appreciation."



With the increased interest in Australia by international investors, finance companies have developed a series of international lending products. Many programs allow investors to finance in multiple currencies to benefit from lower interest rate environments and favorable currency hedges. "Offshore investors have the ability to finance Australian property not only in Aussie dollars but also in the currency of their earnings. With adequate currency knowledge and continual monitoring Hong Kong investors are able to benefit from interest rates as low as 1.75%", says Dwight Stuchbery of Specialist Mortgage, a finance group specializing in Australian properties.

The high rental yields and low interest rates can provide savvy investors double digit returns. As an example, O'Neill points to a development his firm is currently selling called Riverview Village at Hobart. "For investors that take advantage of the financing, the cash on cash returns are over 10%. Combining rental yields and the potential capital appreciation rates, these are some of the best returns anywhere on the global scene" says O'Neill. For additional information contact the ONEILL Group Hong Kong at 852 3103 1008 or visit www.ogrouphk.com
