



Brisbane is still the favourite capital city for investors. Photo: Heath Missen

Brisbane remains top pick for investors as confidence in the market stays strong

[Ellen Lutton](#) News Editor Sep 27, 2017

Brisbane remains the top capital city pick for Australian property investors, a survey has found.

The national survey, conducted by Property Investment Professionals of Australia (PIPA), found investors are bullish about the long-term benefits of residential real estate and shrugging off concerns about stricter lending conditions, property price bubbles and oversupply.

More than 70 per cent of respondents think now is a good time to invest in property, with 61 per cent looking to purchase a property in the next six to 12 months (up from 58 per cent last year).



The view from 10 Spica Street, Coorparoo.

However, concerns over changes to investor lending policies are looming large, with 43 per cent of respondents reporting an adverse impact in their ability to secure finance, compared to 32 per cent in 2016.

Rising rates on interest-only loans were also a key concern, though the majority of investors (55 per cent) with interest-only loans said they would not struggle to meet new principal and interest repayments.

PIPA chair Ben Kingsley said the survey results confirm that investors remain committed to property as a favourable investment option over the long-term.

“Most property investors are looking past short-term challenges and are remaining focused on the long-term wealth benefits that are available from residential real estate,” he said.

“The survey also affirms that a lot of the speculation about negative gearing misses the mark. Most investors understand that negative gearing is only a short-term cash flow position, not a property investment strategy. And only a very small minority are attracted to real estate for these tax concessions,” Mr Kingsley said.

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Brisbane remains the top capital city pick, with 43 per cent of investors favouring it as their preferred destination for property investment.

After Brisbane, Melbourne is the second most popular investment destination (32 per cent), followed by Sydney (7.8 per cent), Adelaide (6.6 per cent) and Perth (5.5 per cent).

“Property investors are becoming savvier. Many of them continue to look outside of our biggest property markets of Sydney and Melbourne, which are coming close to the peak of their cycles,” Mr Kingsley said.

“The two key reasons that Brisbane still attracts investors are affordability and the potential for attractive yields. Brisbane is investing in infrastructure to make the city more liveable and investors are betting on this.”

As borrowing costs rise, investors are on the hunt for a better deal. More than 23 per cent said they would consider refinancing their loan for an interest rate differential of 0.5 percentage points, while another 23 per cent would consider refinancing for one percentage point.

According to the survey, only 15 per cent of investors have put their buying plans on hold due to concerns around a property price “bubble”.

Similarly, investors have shrugged off speculation about negative gearing and capital gains tax changes, with only 14 per cent putting their investment plans on hold.

The survey also shows that about half (52 per cent) of property investors are currently negatively geared, with a majority (62 per cent) of these expecting to become positively geared within five years.