



Sydney and Melbourne's dismal property markets are not a reflection of what is happening elsewhere in cities like Brisbane, says Simon Pressley. Photo: iStock

Why Australia's falling house prices don't apply to Brisbane

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Australia's falling house prices do not apply to Brisbane, according to a leading property analyst, who has slammed the latest comparisons between now and the global financial crisis as "reckless and alarmist".

On Tuesday it was reported that prices dropped 5.1 per cent on average across the eight capital cities over the year to the December quarter, a steeper decline than at any time since the ABS began keeping records in 2004.

This included the period during the GFC when prices dropped 4.6 per cent in the year that ended in the March quarter of 2009.

But Propertyology managing director Simon Pressley said the constant negativity around Australia's falling house prices was misleading because the situation focused only on Sydney and Melbourne and completely ignored the rest of the country.

“The way it’s been spat it out, it implies that it doesn’t matter where you live out of 25 million people, you’ve lost a lot of wealth over the last 12 months. That’s just factually incorrect,” he said.



Brisbane has all the makings of a strong housing market right now, with increased interstate migration and a sound economy. Photo: Butler and Co Estate Agents.

“Locally, all of Queensland hasn’t had the massive growth and the downturns that Sydney and Melbourne have had. Most of Queensland has not seen a growth cycle since 2007.

“We’ve got nothing to worry about. We’ve got low mortgages, low housing prices and we’re much closer to experiencing a good property market era.”

The ABS data showed prices were down in Brisbane, albeit only slightly, by 0.3 per cent over the past year, while Hobart jumped 9.6 per cent, Adelaide prices rose 1.5 per cent and Canberra lifted 1.8 per cent.

Domain senior economist Trent Wiltshire said the national figure that showed such alarming price declines were driven by Sydney and Melbourne.

Other places are seeing prices stagnate or fall slightly but for Brisbane, the Gold Coast and the Sunshine Coast — all of southeast Queensland really — the price prospects there seem OK,” he said.



Price prospects in southeast Queensland remain good, despite the overall national downturn, Trent Wiltshire says. Photo: Tammy Law

“They’ve been dragged down a bit by the overall market conditions and tighter lending conditions but not to the same extent as Sydney and Melbourne.

“Australia is not one housing market, it’s a collection of different housing markets.”

BIS Oxford Economics head of property research Angie Zigomanis said it was important for people living in Brisbane to understand the full picture of what was happening in the property market, which was considerably different outside of Sydney and Melbourne.

“There’s no reason to be scared to enter the market (in Brisbane),” he said. “We don’t see it falling away like we have in Sydney and Melbourne.

“Sydney and Melbourne are the markets that are going to come off because they had the unaffordability issues and the most exposure to investors — and people going out and stretching themselves financially — so they’ve got the most negative factors.



Angie Zigomanis says Brisbane buyers should not be put off the market. Photo: Tammy Law

“Investors have played a much smaller part of the market in Brisbane. People in Brisbane also haven’t had to stretch themselves as much with their borrowing activity. Brisbane hasn’t had the big run-up in prices, so it doesn’t have the big falls.”

Mr Zigomanis said although there were still challenges that related to Brisbane, such as the stricter lending criteria from banks, the overall prospects for Brisbane were much brighter.

“Yes, the numbers were pretty flat for Brisbane — and I wouldn’t be surprised if more of that was to do with the unit market than the housing market — but Brisbane has an improving economy and strong population growth, which fuels rental demand and subsequent buyer demand,” he said.

“Those conditions affecting Brisbane, like the tight lending criteria, are affecting every city or town in Australia. The difference is that Brisbane, as is the case with a lot of other parts of Australia, has its own characteristics that have a lot of upsides.”

Banks have been more cautious about granting home loans, under pressure from the bank regulator and the financial services royal commission, but Mr Pressley said he had noticed a relaxing of credit in the past few weeks.



Stricter lending conditions have impeded the market but have shown signs of easing up over the past few weeks, Simon Pressley says. Photo: Tammy Law

“The ANZ last week increased their LVR (loan-to-value ratio) to investors from 80 per cent to 90 per cent and their interest-only term from five years to 10 years. Westpac has thrown out an extremely low interest rate to investors,” he said.

“We’re now seeing evidence that they’re trying to correct their ways. As that happens, it’s not just making the money available, it’s impacting the positive sentiment.

“So there’s only been a few things like that, but they’ve happened. Credit is slowly but surely becoming accessible again and that’s positive for Queensland and all of Australia.”

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