

Boffins shine light in gloom

by Barbara Dyer

A PANEL of real estate and financial experts has challenged the 'doom and gloom' outlook for the property market during an event at Salt Village on the Tweed Coast recently.

More than 200 people attended the evening. In the hotseat, were financial commentator Michael Pascoe, demographer Bernard Salt, independent property analyst Michael Matusik and Tweed Economic Development Corporation chairman Tom Senti who were united in their upbeat outlook for a resilient market.

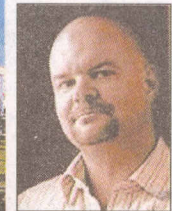
They were particularly hopeful for the future of the Tweed region, saying that it was emerging from the Gold Coast's shadow and, since the opening of the Tugun bypass, would continue to challenge its better known northern neighbour.

"Research reveals that one-and-a-half hours is the average time people will commute to work so the bypass brings the Tweed right into range," said demographer Mr Salt, of KPMG Melbourne.

Mr Matusik and Mr Pascoe said a major concern was that misinformation



Property watchers Bernard Salt (top right) and Michael Matusik are upbeat about the resilience of the Gold Coast and Tweed property market



about property and commodity values was having a dampening effect on consumer confidence.

Mr Matusik said despite a common belief, house prices were not falling, and added that rising unemployment rates would not necessarily have a negative impact on values.

"It's true that there has been a fall in median sale prices in recent months, but resale prices, which are a much better indicator of the strength of a market, have actually risen, particularly across the Gold and Tweed coasts," said Mr Matusik.

"Yes, prices in the over \$1 million housing market have fallen in the past 12 months, but when you look at property held over time, upwards of five years, they are still making 19 per cent per annum.

"The lower end of the property market is becoming more active, and in the Gold Coast-Tweed region demand is strong for homes priced up to \$750,000.

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don't always spell bad news for real estate.

"In previous turbulent periods such as 1992, 1997 and 2001, when unemployment rose by an average of 2.3 per cent, housing prices rose by about 18 per cent.

"Many investors are looking back at the boom in 2003 and saying that was the ideal time to buy.

"However, property market fundamentals are just as strong, if not better, today than they were six years ago.

"Low interest rates, population growth, low vacancy rates, an

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undersupply of property, are all positive drivers for the property market.

"The economic reality is that our country's new housing market is likely to continue to be undersupplied for the next decade or so.

"The Gold Coast-Tweed region in particular has very tight supply. The Gold Coast needs an additional 137,500 new dwellings by 2031, but our research shows this target will not be met unless more greenfield land is released for development."

Mr Pascoe said some analysts had made extreme predictions about downward trends in property values.

"The horror forecast that Australian home prices would fall by 40 per cent is incorrect," he said.

"Average Australian house prices actually increased during the last recession and there is every indication the 'average' home will again prove remarkably resilient in this recession.

"Even with increased unemployment, homes in the \$450,000 price bracket will maintain their value.

"What is being overlooked in the tales of woe about our economy is that the commodity boom is not dead.

"Last year's ridiculously inflated price bubbles have burst, but our commodity exports are still doing better than they did in 2007."

Mr Senti said he expected the Tweed would lure many southeast Queenslanders across the border, as the region offered a less expensive lifestyle while still boasting strong demand and low vacancy rates.

"Projections suggest by 2031, 38 per cent of Australia's population increase will occur in the east coast growth corridor, stretching from Coffs Harbour to Hervey Bay," he said.

"The Tweed is the epicentre of this region."