

# YOUR MORTGAGE

## Doom and gloom for property market – fact or fiction?

By Nina Cuturic | 1 FEB 2019

“2019 is set to be a year of greater stability for both property owners and investors, so it’s time for us all to calm down, take a deep breath, and just ride the wave,” top property expert advises.

Some of us may still be a little on-edge about talk of the Australian property market diminishing into a ‘downward spiral’, and it has no doubt felt that way at times, as households continue to face the impact of the credit crackdown and market slowdown.



But now it’s 2019, a time to break free from the shackles, because consuming too many “doom and gloom” headlines as more than the recommended pinch of salt may result in Aussies forgetting that they actually rank ahead.

“Australia remains in the Top 5 fastest growing countries in the world, which is positive for the housing market,” James Nihill, managing director of Patrick Leo, reminds us.

“A growing population brings a need for housing, leading to a more competitive market. At this point in time our national unemployment rate is down, the economy is running smoothly, interest rates are low, and wages growth is slowly picking up.”

It’s these national trends that are forecast to help rid the property market bug that Nihill claims to have not only created a period of uncertainty, but also made space for fear and anxiety to multiply. In “deciphering facts from fake news”, Aussies are told they shouldn’t feel “deflated”.

“When Sydney’s property market weakens, like it did in 2018, the media tends to magnify this and declare it a nation-wide epidemic which is not entirely the case,” he says, pointing toward how Sydney’s house prices fell by around 5-10%, but the country’s combined median house price only dropped between 1-2%.

In acknowledging that prices in both Sydney and Melbourne fell – a two-year decline which has “been the largest in decades” – Nihill reassures that it’s unlikely to be repeated in the near future as it’s only a consequence brought about “after a period of extreme and unanticipated growth”.

The past few weeks have seen a fresh surge of market predictions, with industry experts assuring Aussies that the market is set to take a turn for the better, towards a moderate growth phase, expected to start mid-year.

“Inner-city Brisbane will counter Melbourne and Sydney’s downturn with prices expected to rise by four per cent in 2019.” He also predicts a turn-around for Perth, looking to take the lead with a growth forecast of 5%. Adelaide will continue to ride a wave of steady growth, increasing by another 2% from 2019 into 2020, whilst Hobart and Canberra will mirror similar, “both nearing a rise of two per cent”.

Whilst there still remains insecurity for investors and property owners with the forthcoming federal election, which may result in Labor’s negative gearing and capital gains reforms shaking up the market even further, Nihill believes the “grandfathering” provisions of these “may boost the property market in the months leading up to the election”.

“It is possible that many investors will secure properties before the policy is introduced, which could in fact cause prices to stabilise.”

Above all, Nihill urges Aussies not to panic about property prices.

“The years of phenomenal growth are behind us now and it’s important to ignore the negative news and focus on areas with forecasts showing property prices increasing,” he says.

“Australia really is the lucky country and there will always be a bounty of great opportunities for property investors, but it is critical to follow market cycles and track economic forecasts.”

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