

## Today's property market - understanding the 'Big Picture'

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*We're all getting so many facts, figures and information thrown at us in our lives that it's hard to stand back and just see the 'big picture' - whether it be our careers, country or even the property market.*

*I'd like to share with you some points from a recent presentation by Dr Andrew Wilson, Senior Economist for Australian Property Monitors, together with my thoughts about the current property market's 'big picture'. Enjoy!*

### The Brisbane / Queensland context

How is the Brisbane/Queensland market place faring? What are the main factors affecting it?

- ✓ **Home Loans & Affordability** – Home loans are gradually increasing and show a very different picture to 12 months ago: up 15.9% in March Quarter 2012; down 3.1% in March Q. 2011\*. Interestingly the largest turn-around were with investors (increasing by 35.8% in March 2012 compared to decreasing by 5.6% in March 2011). Similarly, housing is now more 'affordable' than it has been since 2003.
- ✓ **Vacancy Rates** - Already quite tight, the vacancy rates for rental properties has further decreased this last year with a 2.7% vacancy rate for the March 2011 Quarter but down to 1.9% in March 2012. Good news for investors but not so good if you're looking to rent.
- ✓ **Key economic drivers:**
  - **Population:** Although down from previous growth rates of around 2%, since 2010 the population growth rate has been again increasing and is expected to continue due to the resources boom and other factors. Queensland's population grew by 1.3% in 2011 while some Western countries, for instance Germany, is experiencing a shrinking population with growth of -0.2% in 2011. There's a potential for additional Queensland population increase due to the resources boom (see below)
  - **Jobs & Resources boom:** Unemployment is now just over 5%. To put this in perspective, May 2012 figures show that the UK employment rate fell to 8.2%, while Germany recorded 6.7% - the lowest unemployment rate in over 20 years. During the next years Queensland will require the equivalent of 236,253 1 year fulltime jobs to cater for the \$42.5billion **resources boom**.
  - **State Economy:** As mentioned above, it's resources that are the main industrial powerhouse of Queensland now and in the near to mid-future. The new State Government is also putting strong measures in place to reduce the state debt, which will hopefully result in a return to its AAA economic rating.

### Brisbane 2012 Housing Market Prospects

- Prices Growth recovering from January 2011 floods impact
- Best-value capital city
- Reconstruction program concluding
- Qld economy reactivating strongly: Unemployment to fall sub 5%; Coal export sector fully recovered from cyclone flooding; Population growth rates set to increase; New government honeymoon period; Falling dollar to help tourism; Commonwealth Games projects
- Solid short-term capital growth opportunities in all price sectors

... read more overleaf

## High-profile Properties

Brisbane CBD's best selection of fabulous apartments ... our **TOP 3 of the month** ...



**Parklands** 7 Parkland Blvd  
196sqm 3bed 2bath car **\$695K**  
Rare courtyard CBD residence!



**Felix** 26 Felix St  
FF 2bed 1bath car **\$454K**  
Mid-high level; Top buy!



**River Place** 82 Boundary St  
Direct Riverfront; Views! **\$699K**  
Huge 110sqm 2bed 2bath car



Hannah Schuhmann  
Principal

... and many more @ [www.hsbrisbaneproperty.com.au](http://www.hsbrisbaneproperty.com.au)

## Today's property market - understanding the 'Big Picture' .. cont'd

*Having examined the situation in Queensland and its capital, we will now focus on Australia's position within the global economic landscape ...*

### **The Australia/World context**

How is Australia placed in the world economy? How will world economics affect Australia? Let's now look at the larger macro-economic 'Big Picture' from Dr Wilson ...

### **How do global economics impact Australia?**

- ✓ China growth set to remain solid
  - Command economy shifts from domestic to external focus and vice-versa
- ✓ US economy to continue to slowly revive in election year
  - Remains world's largest economy and consumer market
- ✓ Eurozone sovereign debt uncertainty set to remain
  - Impact on Australia mainly sentiment driven - stockmarket volatility
  - Expect move from austerity to growth policy settings

### **How is Australia placed?**

- ✓ Interest rates to remain stable
  - Dilemma of multi-speed economy
  - Need to help the south-east but avoid wages-prices spiral in resource states
  - Unemployment is, as usual, the key: 4.5% causes upward pressure on inflation rates; 6% causes downward pressure
- ✓ Currency adjustment
  - Dollar to settle to low 90 cent mark
  - Positive factor to facilitate local economic adjustment
- ✓ Australia's economic prospects remain world-beating
  - Best GFC performance (ranked 3 for 2012 growth by OECD)
  - Deep reserves of resources to fuel emerging high-growth economies (e.g. Indonesia)
  - Currently \$300billion in resource projects in pipeline
  - Robust employment market
  - Solid fiscal position
- ✓ Australia's housing markets are also world-beating
  - Chronic supply constraints
  - Underlying skilled labour shortages drive immigration
  - Aspirational strength - over 50 years 70% home ownership rate
  - Investor magnet - bricks and mortar security
  - Preferential tax treatment
  - Prudential financial environment - LVR (Loan to Value Ratio) modelling
  - Self-Managed Superannuation Funds waiting in the wings

*from previous page :*

\* Seasonally adjusted.

