

EMPORIO

TIM LAWLESS COMMENTS ON QUEENSLAND'S POSITION ON THE PROPERTY CLOCK

**By Karina Barrymore
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ACCORDING to the property clock, the best time to buy is at the bottom, 6 o'clock, just after the oversupply has hit and properties are at a discount to their underlying value.

And either side of 6 o'clock is generally considered bargain time. Of course, the opposite is true for sellers.

The top of the market, or 12 o'clock, is the best time to sell, when prices are at their peak. And either side of midnight is still okay.

So what's the time in your market right now?

Queensland – 6 o'clock

Brisbane is trailing the property market recovery but as it shakes off its hangover there will definitely be growth, RP Data national research director Tim Lawless says.

"It is moving more from a seller's market to a buyer's market. Adelaide and Brisbane are in similar positions because they both had quite similar growth phases in 2007, so the 2009 growth rates have not been very high," he says.

The year-to-date growth rate in Brisbane to July has been 3.3 per cent, compared to 5.8 per cent nationally.

"Nonetheless, this is a solid performance coming out of the 2008 downturn. "Queensland's best growth driver is its population growth, particularly in the southeast.

"Also, the resources market is starting to kick up a gear again so it makes sense we'll start to see stronger economic growth in the next 12 months.

"I think we'll see Queensland and Brisbane gather pace, as 2009 has been a hangover year, which it is starting to shake off.

New South Wales – 11.30

NSW is on the brink of a housing crash caused largely by the firsthome buyer grant and overzealous lending by the banks.

Steve Keen, professor of economics at the University of New South Wales, points out that the market was heading down until September last year before being turned around by what he calls the first-home "vendors" grant.

"It was buyers that benefited most," he says.

"That extra \$7000 that many first-home buyers got was then used to obtain an extra \$40,000 on their mortgage. That extra cash was then used by the vendors to leverage another \$200,000 when they traded up."

"So properties up to \$1 million have seen their prices artificially inflated by this short-term stimulus."

"When it removes and interest rates rise, those borrowers that stretched to afford their properties will fall behind on their payments, use their credit cards in desperation until they run out of money and eventually face repossession.

"Prices will tumble."

South Australia - 7 o'clock

Mr Lawless says property sales in Adelaide remain low with little improvement in the past year.

"Adelaide's recovery is taking a little bit longer. It is so widely expected that interest rates will be moving off their historical lows, so most people know they are unsustainably low," he says.

"Adelaide had a monumental 2007 with 25 per cent annualised growth, however, it has been subdued since.

"South Australia is resources driven with oil, gas, gold and uranium at Roxby Downs and there is also a strong manufacturing sector of submarines and its ports are strong exporters of agriculture, not just wine but grazing."

Victoria – 12 o'clock

"Sometimes in a movie the clock spins around 24 hours in a few seconds – well, that's Melbourne," buyer's advocate Christopher Koren from Morrell and Koren says.

"It's 12 o'clock high with a bell on top. The bell just keeps on clanging and it keeps landing back on 12 o'clock.

"Good properties are few and far between but there are plenty of buyers.

"I'm talking from the buyers' side so I want everything to have a low price but it just isn't the case. Prices in Melbourne are roughly back to 2007 levels and in some cases surpassing them."

The market will stay this way for some time to come, he says, as there is a lot of pent-up buyer demand with no sign of any softening.

Tasmania – 7 o'clock

Property analyst John Edwards of Residex is bullish about Tasmania.

The median house price in Hobart is \$354,000 and its been at that level since about May 2008.

"It is the most affordable market in Australia and it's likely to see growth opportunities because of baby boomers looking to escape the rat-race from Melbourne and other cities," he says.

Mr Edwards expects these buyers will look where property is more affordable.