

# Matusik heralds a new normal

Michelle Singer

A "new normal" is set to prevail over Australia's residential property market, according to property analyst Michael Matusik, who says buyers are spoilt for choice but are facing a crisis of confidence.

In his annual "warts and all" Urban Development Institute of Australia luncheon in Brisbane tomorrow, the sometimes controversial Matusik Property Insights director will confront Australia's housing dilemma and say there is "no evidence" of an undersupply in dwellings.

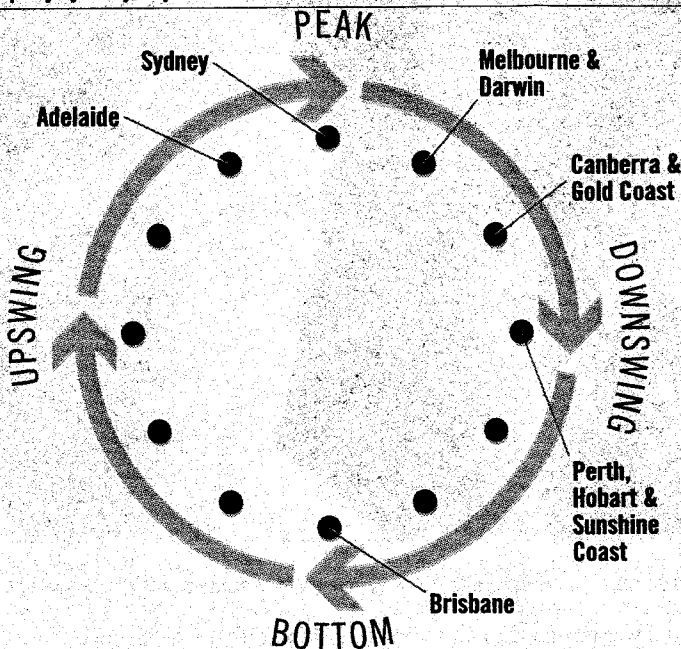
Nationally, housing approval figures rose in August but fell in September to levels below 2010. However, it's low migration and a record number of existing properties for sale that have kept housing supply levels healthy, according to Mr Matusik.

RP Data figures show the number of properties listed for sale peaked at 300,000 last month — up almost 30 per cent on the same time last year.

"In the resale market there's a hell of a lot of choice," Mr Matusik said. "The only reason why we would need to build more homes than we currently are is if we saw the

## In the loop

The property cycle by major cities



SOURCE: MATUSIK

population increase dramatically and jobs and wages increase."

In Queensland, where approvals have hit 15-year lows, Mr Matusik is forecasting an even softer year in 2012 for the residential construction industry because of lower migration and state and local elections, which are already causing softness in property market activity.

Although interest rates did have some bearing on the cycle, Mr Matusik said, Queensland's market was heavily reliant on confidence, supply and demand and

employment levels. "Assuming interest rates remain neutral, there's no fiscal stimulus and rents continue to rise at a steady rate, properties will show a 5 to 6 per cent yield and investors will start to return and prices rise slowly," he said.

"We'll see somewhere between a 15 to 20 per cent increase in price over the next four to five years, which is not a lot compared with what it was before the financial crisis.

"It's the new normal."