

What Really is Happening in the Brisbane Housing Market

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Well, much is being made in the press about the “jump” in first home buyer activity. As usual, these claims need to be taken with a giant dose of salt – they are the last gasp attempts of vested interests attempting to plug the growing holes in the rapidly deflating Aussie housing bubble.

In actual fact, there are now many indicators of the rapidly deflating bubble here in Brisbane. Most people now realise that house prices are falling – though more often than not the figures being quoted at the moment are annual figures which tend to hide the fact that house price falls over the last few months have been quite steep. The most recent release from the Australian Bureau of Statistics (ABS) show that the Brisbane median house price decreased by 4.0% in the last 6 months of 2008.

Moreover, my comparison to the deflation of the US housing market reveals that Australian house price falls continue to outpace those seen in the US at the same stage of the cycle - ie. now 9 months after the national peak in prices. (See the blog section of my website for more details.)

But this very brief report is aimed at debunking the latest sales pitches common in the press, and as a result of certain federal government policies, which are aimed at scaring young Aussies into thinking that house prices might take off again so they had better get in quick.

I present on the following pages four graphs which totally blows this baloney out the window! Firstly there is a graph showing that indeed the proportion of first home buyers in the market increased recently. But note also that the level (at the latest data – December 2008) was not especially high relative to the mid to late 1990's before the Brisbane bubble began to inflate.

But even this does not tell the full picture. As you turn the page and look at the next graph, just notice how much the NUMBER of loans to non-first home buyers has gone down – that is the reason that the PROPORTION of first home buyers has increased. What's more, the NUMBER of first home buyers in the market in November, although higher than earlier in the year, was not as high as in early 2007!

And on the next page, you can see what you may have guessed from these first few pages – and certainly what many vested interests do not want people to know. Very, very, very few people are actually interested in buying houses in Brisbane at the present time. In fact, 44% fewer houses were sold in the 3 months to June 2008 than in the same period in 2007. The dotted line in this graph represents my forecast for the September and December quarters of 2008 (full details on my website.)

With so few buyers on the ground, and many houses coming on to the market – SQM research shows that in south east Queensland there are currently as many houses listed for sale as in Sydney (even though it's population is nearly 70% greater!) – house price falls are likely to accelerate.

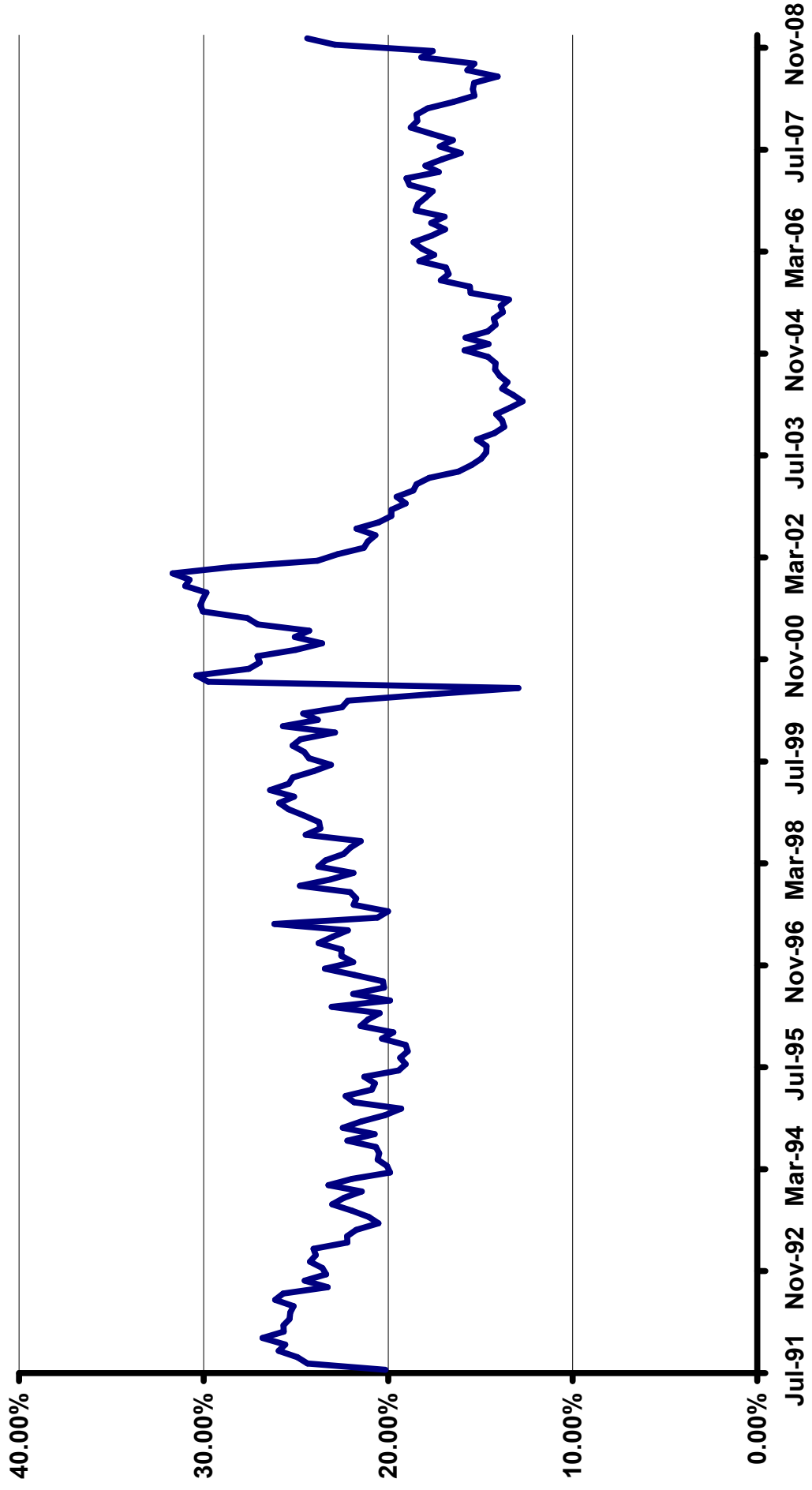
As usual, statistics are being cherry-picked to influence people's thoughts, especially those of young first home buyers. The folly in believing such propaganda is clear in the final graph which shows how the debt of young Queensland home buyers has grown so rapidly since this housing bubble began inflating in 2000/01. In fact, in November 2008 young Queensland first home buyers took on almost 3 times the level of debt that they did to buy a home in 2000!

Indications are clear that the bubble has begun to burst. The fewer young Aussies that get sucked into this giant ponzi scheme the better for themselves, their families, and for the country in the long run.

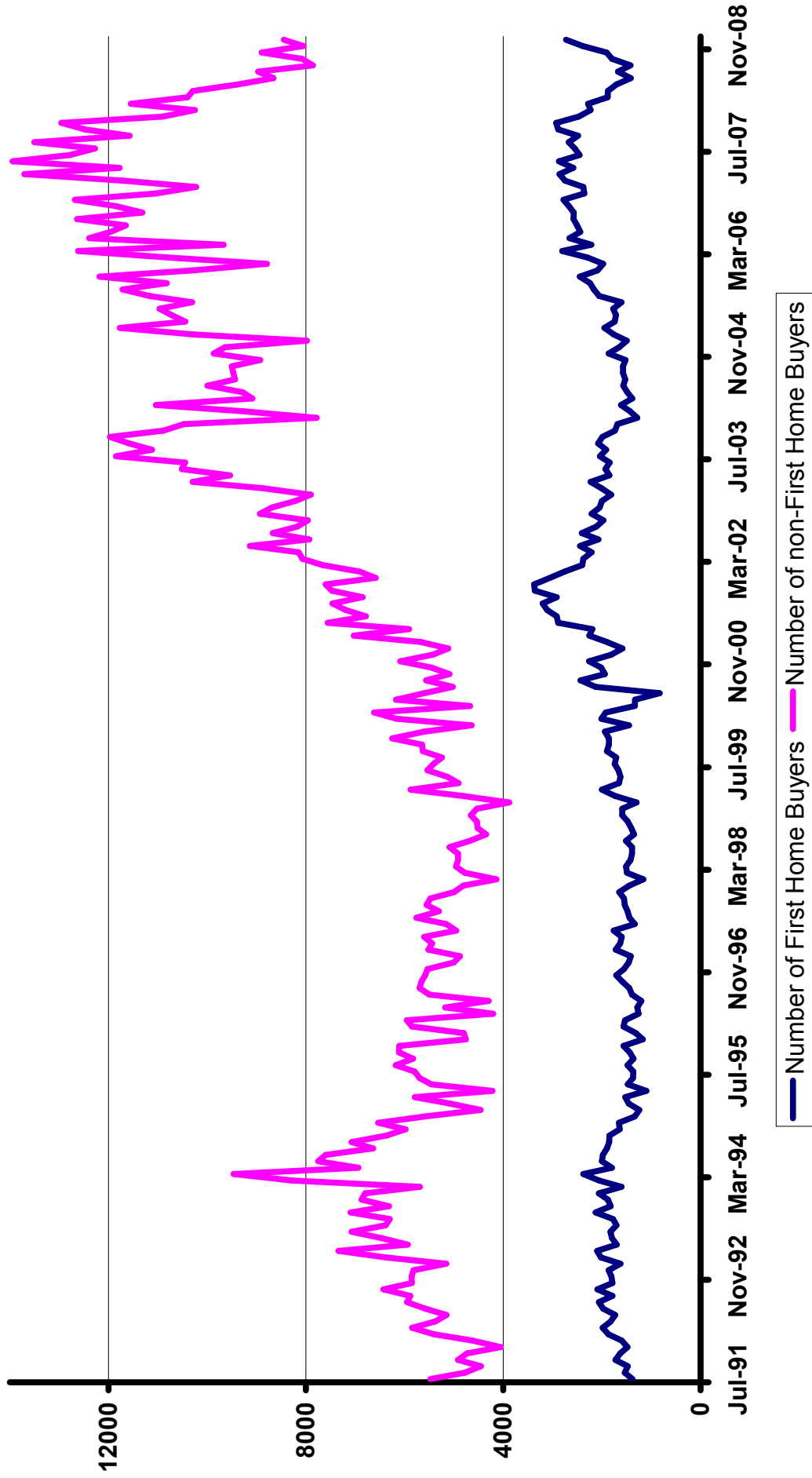
Don't be another one who falls for the

Baloney !!!

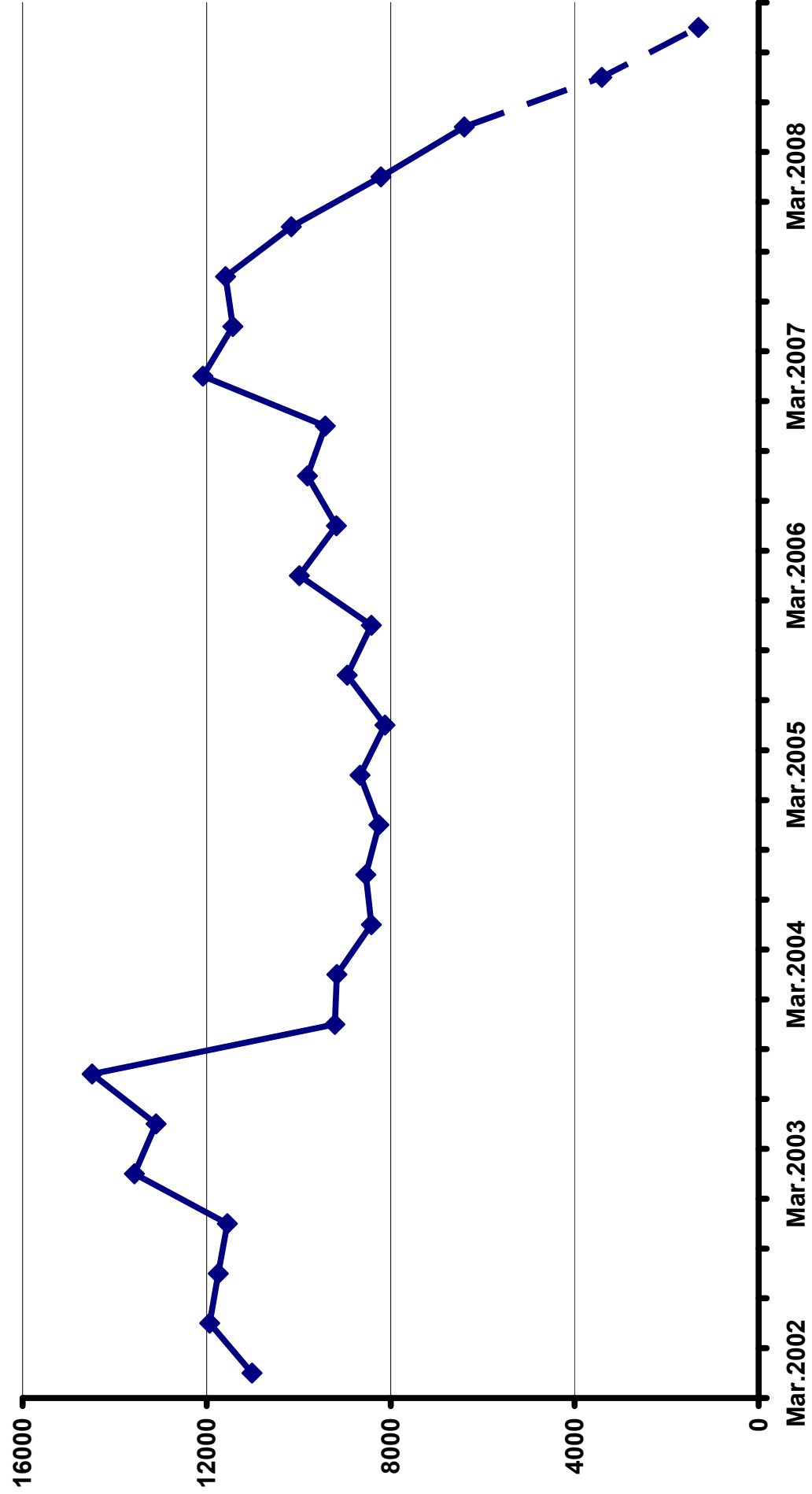
Proportion of First Home Buyers in Queensland (Source: ABS)



Number of First Home Buyers and non-First Home Buyers in Queensland (Source: ABS)



Number of Brisbane House Transfers (Source ABS; dotted lines homes4aussies forecast)



Size of Average Queensland First Home Buyer Loan (Source: ABS)

