

# Home prices plunge

## But property forecasters at odds over where market is heading

by Mike Bruce  
chief reporter

**AVERAGE** Gold Coast house values fell almost 12 per cent in the past three months – their lowest level in 3½ years, according to official figures.

Figures from Department of Natural Resources for the three months to March showed the average price of a Coast house fell from \$553,448 at the end last December to \$487,500 in the three months to March.

The data, for sales of houses on lots smaller than 1000sqm in the Gold Coast City area in the March quarter, put Coast property values at their lowest level since December 2005.

The plunge also meant that property values have plunged 16 per cent in 15 months from the December 2007 average price of \$580,670.

And they have not stopped there, according to local property forecaster Bill Morris.

Mr Morris, author of the Midwood Property Outlook, said the average sale figure was the best measure of the real story in the property market.

“This price fall means that in reality, current prices are back to what they were in December 2005,” said Mr Morris.

“Naturally, it doesn’t mean that every house has fallen by 16 per cent, but it does mean that the market is heading south. Prices are falling, not rising.”

He said there could be a more pain to come. “I think the June quarter will show a similar trend, what happens after that I am not sure,” he said.

“The Midwood Report stated in September 2008 that the Gold Coast housing market would ultimately fall by about 20 per cent from its peak at the end of 2007, and these statistics confirm that our forecast was realistic.”

Mr Morris’s view contrasts sharply with that of Brisbane-based property forecaster Michael Matusik who believes the property market has bottomed and will climb by 15 to 20 per cent within the next 18 to 24 months.

Mr Morris conceded the steep fall in the average price could be down to a higher-than-

usual number of properties selling in the lower end of the market, due in part to the explosion in first-home buyers.

Recent national figures showed 28 per cent of house sales were to first-home buyers, believed to be the highest on record.

But Mr Morris stressed that southeast Queensland property prices had a massive spurt in the last boom, with some areas soaring by more than 100 per cent.

“The recent falls in average prices should be seen in that context,” he said.

“You also need to consider that property prices in southeast Queensland have been some of the most overpriced in the country, driven up largely by the shortage of land.”