

Price rebound round corner, says expert

by Mike Bruce
chief reporter

PROPERTY prices have bottomed and will rise by 10 to 15 per cent over the next two to three years, says property forecaster Michael Matusik.

In one of the most bullish market outlooks since the onset of the bust, the Brisbane-based director of Matusik Property Insights said apart from more pain in the market's top end, 2009 was largely good news for property.

In Mr Matusik's upbeat address to the Urban Development Institute of Australia yesterday he said:

- Interest rates would fall by another 50 percentage points in 2009.

- Unemployment would go to only 5.5 per cent.

- Sales volumes would fall 25 per cent over the next one to two years but prices would climb 5 per cent in 2009 and 10 to 12 per cent in 2010.

- Top-end property sales would be down about 50 per cent, but bottom to medium-priced sales would be strong.

But Gold Coast property researcher Bill Morris painted a different picture.

Mr Morris believed property prices still had a way to fall and that lower interest rates would have limited impact on the market while banks remained tight with finance.

"The crux of the matter isn't so much the matter of confidence, or the lack of it in the market, but the reality of whether banks will lend to property developers and owners in the near future," said Mr Morris.

"That has to happen quickly because if we leave it, muck about too long and tie money up and not put it into housing, it will hurt the economy further."