



**PROPERTY prices are easing across the country and there are great bargains to be had in 2011.**

FOR those eager to get into the property market, it appears that after years of seemingly unstoppable housing growth 2011 could be the year to secure a slice of the Great Australian Dream.

Last year the housing market was still one of the strongest in the world with growth tracking at five per cent annually.

But in 2011 analysts are predicting this will wind back - great for those waiting on the sidelines to buy, less so for those hoping the music would never stop.

Last month there were near across-the-board price falls in the capital cities, with the number of listings rising and auction clearance rates plummeting.

Continuous rate rises of 1.75 percentage points since October 2009 have bitten and buyers' attention late last year was diverted by the lengthy federal election and major sporting events.

Analysts predict the downward trend will gain momentum in coming months and negative consumer sentiment has already been heightened by the devastating Queensland floods.

### **2011 - it's a buyer's market**

Most economists predict property prices will rise nationally for the year by a modest three per cent, with Sydney and Perth expected to record the strongest performances.

But real estate gems can still be found in any economic climate - even when there is a period of low growth forecast.

Potential buyers should seek out areas where the market has performed well in the medium to long term (three to five years), and for properties with high gross rental yields, short sale times and minimal vendor discounting.

RP DATA national research director Tim Lawless says conditions will see houses take longer to sell and buyers negotiating much harder than they have previously.

"For 2011, we are likely to see vendor expectations change as slower market conditions come into play," Mr Lawless says.

### **Hot spots**

RP DATA research shows solid growth in suburbs 10km outside capital cities, where real estate is more affordable. Middle-ring suburbs along major transport spines top its list of strong performers, indicating that buyers are rating both the price and commuting time high in their priorities.

Property analysts are also bullish on large regional towns where state governments have poured money into transport and infrastructure to try to decentralize population growth.

And while chatter about a housing bubble in 2011 has grown louder recently, experts say a property slump is over-emphasized.

Australia Property Monitors senior economist Dr Andrew Wilson forecasts activity will be restrained in most markets early on but demand and price growth should resume by mid-year.

He says mining activity, strong employment, rising wages and a serious housing shortage that will get worse in 2011 will offset rising interest rates and declining affordability.

He also nominates Perth and Sydney as his capital city hotspots and the Illawarra coastal precinct in New South Wales as his regional pick.

"The Illawarra is investing in a lot of new coal mines given the problems that have occurred with the Queensland mines so we see it as a potential growth region for real estate," Dr Wilson says.

### **Head west**

"Perth is a definite hot spot - there are always mining projects in the pipeline and the city has been flat for a couple of years. It tends to be a volatile market so the fact that it has flattened indicates it's ready to gather the momentum it had in 2006 and 2007.

"Perth should be back to levels of 8 to 10 per cent by the middle of the year."

Not surprisingly Dr Wilson says the flood crisis will deter buyers from Queensland.

"The floods will definitely impede on demand in Queensland and re-emphasise negative consumer sentiment nationally for a few months," he says.

However, the long-term outlook for the state's overall property market is positive, he says.

"I don't think real estate fundamentals will be affected and the market should start to develop some momentum by April.

“Obviously there will be an extreme shortage of rental properties in Brisbane, particularly houses, and that will put upward pressure on property prices not only in Brisbane but the Gold Coast and the Sunshine coast which are within commuting distance.”

RP DATA is also optimistic that the flood crisis won't have a major impact on real estate prices in Brisbane, long term.

But the property research firm predicts that over the next five years homes further away from the river in low lying areas could lose as much as 10 per cent of their value.

For now RP Data expects that the floods will keep sellers on the sidelines as the clean-up becomes the focus.