



# PROPERTY MARKET

FORECAST FOR STRONG GROWTH IN 2022



## Brisbane property market in 2022

BY MICHAEL YARDNEY

Are you wondering what will happen to the Brisbane property market in 2022?

Well... Brisbane was the strongest property market in 2021 exhibiting astonishing growth, with many locations experiencing 30+% house price growth. And even though growth is slowing in other parts of Australia, Brisbane's housing markets are likely to continue to perform strongly in 2022.

### Brisbane property values:

- increased 0.5% over the last week
- 30.4% over the last year

Currently, the Sunshine State capital is shining but it's not too late to be early in this cycle – there is plenty of growth ahead – for the right properties as overall Brisbane is still very affordable compared to the other east coast capital cities.

What a turnaround from all the pessimistic forecasts all the banks made in the middle of 2020.

## Brisbane

In **January** Brisbane dwelling values rose by **2.3%**

Over the **quarter** dwelling values increased by **8.3%**

Over the **past year** dwelling values increased by **29.2%**

Brisbane dwelling values are currently at a record high

**BRISBANE DWELLING PRICE TRENDS**

- Source: Corelogic February 2022

## Is it the right time to get into the Brisbane property market?

Anyone who buys an A-grade home or investment-grade property in Brisbane now will look back in a couple of years' time and recognise they bought a bargain, as this property cycle still has some time to run.

There is a perfect storm of positive growth drivers that will have Brisbane house prices continue to perform strongly in 2022 and the recent announcement of Brisbane winning the 2032 Olympic games will underpin strong infrastructure growth, economic growth, and population growth over the next decade.

This suggests that South East Queensland will continue to be a preferred destination for many Aussies from interstate due to lifestyle, health, and affordability reasons.

## So how long will this cycle continue?

I see Brisbane's property market continuing to grow at the rate of 8 to 10% per annum throughout 2022 until eventually, affordability slowed the market down.

Remember the current strong upturn phase of the property cycle only commenced in October 2020.

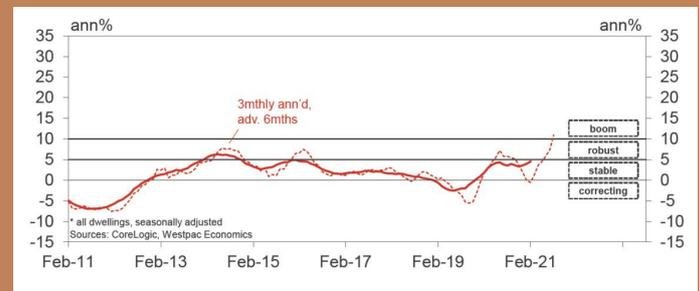
Normally the upturn stage of the property cycle lasts a number of years and is followed by a shorter boom phase which is eventually cut short by the RBA raising interest rates or by APRA introducing macroprudential controls to dampen the exuberance of property investors and home buyers.

However, this time around we have experienced an unprecedented rate of growth seeing our property markets perform even more strongly than anyone ever expected, with the rates of house price growth at levels not seen for a number of decades.

While a lot has been said about the 30% increase in property values many locations have enjoyed so far this year, it must be remembered that the last peak for our property markets was in 2017, and in many locations housing prices remain stagnant over a subsequent couple of years and it was really only earlier this year that new highs were reached.

And that time round, Brisbane really missed out on the significant property boom Melbourne, Sydney enjoyed in the years prior to 2017.

This means that average price growth was unexceptional over the long term and therefore very sustainable.



## Affordability is a key driver

Another appeal of housing markets across Brisbane and the rest of Queensland is that values remain relatively low, particularly relative to the recent acceleration of values across the other east coast cities of Canberra, Melbourne, and Sydney.

With typical mortgage rates at record lows, CoreLogic estimates around 41% of properties across Greater Brisbane would be cheaper to service a mortgage than rent.

This compares to 30.3% of properties across the ACT, and just 3.3% of properties across Melbourne, and 2.1% of properties across Sydney.

The high share of properties that may have cheaper mortgage serviceability than rent is also a function of fairly robust growth in rents across Brisbane, where house rents increased 6.4% in the 12 months to April, and unit rents increased 2.1%.

## So what does this all mean?

To me, the picture is clear.

Brisbane's property market is ripe for investment – its economy is improving, the population is growing, infrastructure is being added and property remains affordable.

# Adelaide house price forecast

BY MICHAEL YARDNEY

Adelaide housing values were up 2.6% in December taking the annual growth rate to 23.2%, the highest level since the Global Financial Crisis.

Housing demand has surged across Adelaide with the number of home sales over the past year the highest since 2002.

With demand at the highest level in almost two decades, advertised supply levels are around record lows.

Market conditions have been far from even, with house values, which are up 23.9% over the year, rising at three and a half times the pace of unit values.

There is also a remarkable difference in growth rates geographically, ranging from a 34.2% surge in values across Burnside to a 4.4% increase across Adelaide city where the performance has been weighed down by a weaker unit sector.



\*All information provided in this article above, has been sourced from:

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