



■ FORECAST

Ebbs and flows for Sunshine State

AP10907

Sales and price growth in Queensland's residential market will slow down in 2007/08 before rebounding in 2008/09, Matusik Property Insights predicts.

THE market performed strongly in 2006/07 but talk of boom conditions was over the top, analyst Michael Matusik said.

Detached house prices climbed 7 per cent and prices of attached dwellings such as units climbed 4 per cent during 2006/07, Matusik Property Insights figures suggested.

"The Queensland residential market is strong but is not experiencing a boom. There is way too much babble about the strength of the Queensland residential market and its potential price growth," Matusik wrote in his July 2007 *Matusik Snapshot*.

The impact of the Federal Government's superannuation incentive had distorted sales figures last financial year, Matusik said, with up to 30 per cent of transactions influenced by the super changes.

The super effect would have much less impact in the market looking ahead, he said, adding that the looming federal election would also most likely produce a slowdown in sales.

Other dampening effects on the market were an anticipated interest rates rise, poor affordability and a lack of rain.

"However, whilst demand is likely to slow during 2007/08, so will new supply," Matusik added. "This lack of supply will spur on higher-end prices and rents during 2008/09.

"We envisage price growth of between 5 per cent and 8 per cent this year and 8 per cent to 12 per cent during 2008/09."

\$413,000

The average house price in urban Queensland