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A statement by Stephen Walters that Australian Apartment prices are headed for a major shakeout and will fall 10 per cent to 15 per cent is conservative.

AUSTRALIAN APARTMENT GLUT GOING TO GET UGLY



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Reported in the AFR by Jacob Greber, Stephen Walters, one of Australia's most experienced economists has stated that the apartment glut is 'going to get ugly' and predicts prices of apartments will fall 10 per cent to 15 per cent over the next one to two years.

Whilst this article echoes the concern of every financial institution, economist, the IMF, RBA, and doomsday prophet, the prediction of 10 per cent to 15 per cent is in my opinion, a conservative forecast, said Scott O. Talbot. Within the two speed property market, heavily over supplied precincts can expect a fall of 20 per cent to 30 per cent.

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The apartment glut is 'going to get ugly', says Stephen Walters

<http://www.afr.com/news/economy/the-apartment-glut-is-going-to-get-ugly-says-stephen-walters-20161018-gs4plc>

Apartment prices are headed for a major shakeout that will almost certainly create contagion into the broader property market, says Stephen Walters, one of Australia's most experienced economists.

Prices of apartments will fall 10 per cent to 15 per cent over the next one to two years, he predicts, squeezing buy-to-let investors who have borrowed to negative gear and are heavily relying on capital gains.

"I think it's going to get ugly, particularly in some parts of the market and for some lower-income cohorts who have borrowed," Mr Walters said in an interview on Tuesday.

The warning echoes a sharp escalation in concern from the Reserve Bank of Australia over a potential oversupply of apartments. For the third time in four days the central bank noted on Tuesday that a "considerable supply" of units would arrive over the next few years, adding to the need to closely watch the property market.