

# Property in Australia

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RAY White joint chairman Brian White has rubbished claims of a bubble in the property market.

The group boss was responding to Edward Chancellor, of US investment management firm GMO, who labelled Australia as 50 per cent overvalued.

Mr Chancellor, who tipped the tech wreck and the global financial crisis, described the situation as a once in 40-year event.

But Mr White, during a recent visit to Geelong, labelled such comments as “dangerous”.

“We’ve been hearing that now for some time. Even over a year ago, when it was at its worst, they still were predicting huge declines,” Mr White said.

“There’s two types of forecasters: those who don’t know and those who don’t know they don’t know. And a lot of them are using so-called models which they created and they then give a biblical trust to them.

“The danger is that people take that sort of advice and either they don’t buy when they should ... or the vendors don’t take current prices or rush to sell now when it’s not in their best interest.”

Mr White said demand in capital cities was in part due to overseas investors who were attracted to real estate near Australia’s schools and universities for their children. “The concentration of offshore buyers has been around education facilities and there’s good reason for it (using a residence for children’s education). That’s been a big driver.

“The strength of the offshore market has certainly been driven by people’s perception and the position of Australia – and Melbourne, for some reason, has been the stand-out.”