

Missing: Qld Private Investment

This post I have included **seven charts** outlining what's missing when it comes to Brisbane's housing market.

For the record the latest data from CoreLogic suggest that Brisbane house values rose by just 0.3% over the last 12 months, with values rising 0.1% over the last three months. So, no price acceleration at the moment.

Now that's a heck of a lot better than the 8% annual fall in Sydney house values during 2018 and the 6% decline in Melbourne's house prices over the same period.

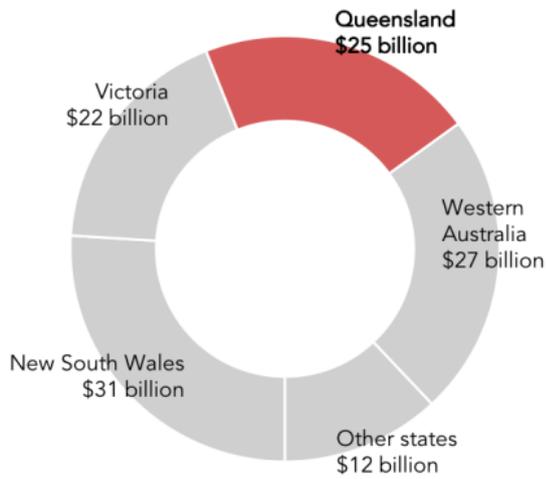
But to many the lack of movement in Brisbane's housing values is a real puzzle – what with the big difference between prices in Brisvegas when compared to the southern smokes and with all those interstate migrants now flocking north out of Sydney.

For mine, a key reason why house prices haven't moved much in Brisbane (yet) is the lack of private investment.

Queensland is currently attracting about \$25billion worth of new private capital expenditure. This is a 21% share of the nation's total. It attracted close to 50% just five years ago. One of big reasons for the fall is that mining expansion is on the decline. See **charts 1 and 2**.

Australia's private new investment

Chart 1: Distribution



Financial 2018 at current prices

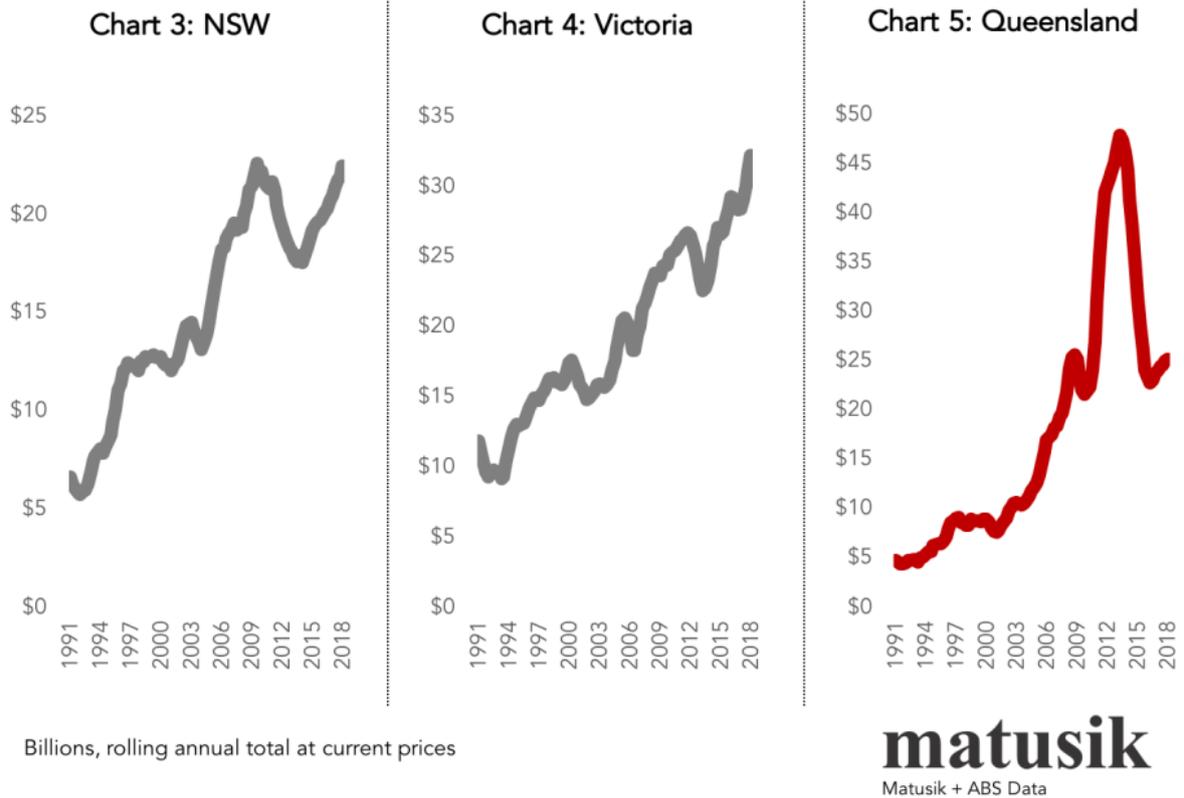
Chart 2: Investment type



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New South Wales and Victoria – which attract a lion's share of the non-mining investment monies – have expanding private investment spending, whilst Queensland doesn't. See **charts 3, 4 and 5** below.

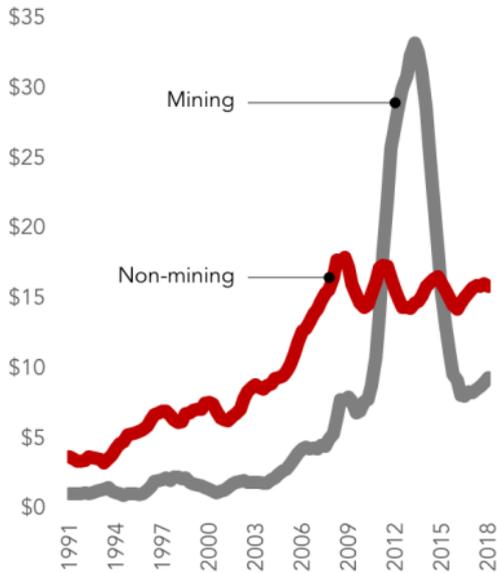
Australia's private new investment



It is not until Queensland sees more private investment – **and more pertinently more non-mining investment monies** – that house values will grow in earnest. See **charts 6 and 7**.

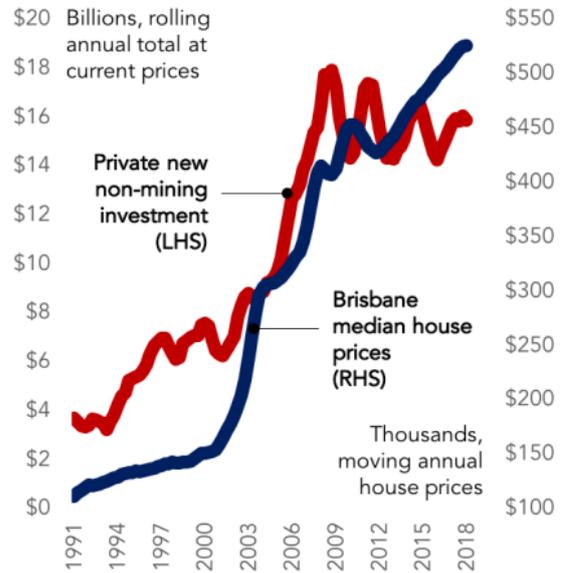
Queensland's private new investment

Chart 6: Investment type



Billions, rolling annual total at current prices

Chart 7: Investment v house prices



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In fact, the state's rising interstate migration intake; the large lift Queensland public service jobs in recent years and now the major public spending in big ticket infrastructure projects is helping keep things, including Brisbane house prices, afloat.

Obviously the large capital injection in mining a few years back – revisit **chart 6** – has also had a positive impact.

But how long these things can last without more private investment is questionable.

Hopefully the list of big things promised – such as second airport runway; Queens Wharf redevelopment, Brisbane Metro project, Cross River Rail, Brisbane Live and the Brisbane plus Herston Quarters – we see an injection of private spending in Queensland.

That's what's missing – private non-mining investment in

Queensland.

Until next time,



Michael Matusik

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