

# Trendlines, not headlines

Now that the summer holidays are over and most of us are back on the tools, it might be best to start the batting this year with an opinion piece.

In turbulent circumstances it often pays dividends to set the appropriate tone upfront.

The Australian housing market – as seen through the news and other media – will mostly be a depressing place in 2019. And if not disheartening, then contradictory at best.

The headlines will tell us about falling prices; rising costs; declining sales; overbuilding; rising supply and, of course, the impact of the banking royal commission and the pending federal election.

But the media (and especially much of the property related commentary) even at its most accurate is bound to paint a distorted picture of reality.

At its core, the 'news' is about things that happen and/or what data/study has been released and not about things that don't happen, such as most of us getting on with our lives; buying and selling homes (often for a capital gain) and/or new housing projects getting developed.

Adding to the gloom is the ethos of the mainstream media, in which reporting a failure is deemed a professional duty, whereas broadcasting success is considered 'public relations'.

But to get an accurate picture of the world you have to 'count'. You also need to take a long view and not rely on the latest statistic or number. In short you need to go beyond the headlines and follow trendlines.

True past performance is no guarantee of future results. But history – and in particular the property market – is cyclical.

So, what really matters? What trendlines count? What should be ignored? How does one assess what is really going in your relevant housing market?

Below is a list of things that I think matter. They apply to all geographic areas; housing types and both new digs and resales. A deep understanding of these trendlines cancel out any headline.

**Ask yourself these 5 questions.**

**1. What is the local time?** That is to say where is the relevant local market and housing product positioned on the property clock. The action taken depends on the time. Whilst the property industry doesn't like me saying this, sometimes the best course of action is to do nothing at all.

**2. How deep is the market?** What is the current and future level of relevant housing demand? Here we are counting sales by price group; product type and dwelling characteristics plus the underlying need to supply more housing.

**3. What is the current and likely future level of housing supply?** It is best to include supply on several levels including resales; new developments and also dwellings available to rent.

**4. Who will buy or rent the dwelling?** Here we suggest breaking the existing and future market into either generic demand groups (first home buyers, upgraders and downsizers for example) or lifecycle segments (such as young couples no children, families with young children and older lone persons households etc.). Regardless of method, is the local 'target market' big enough to help you succeed?

It is often best to reverse this analysis and determine the size and direction of the relevant local housing market segments first, and then, deliver to appropriate product to them rather than trying to ram your predetermined 'square'

product into a 'round' hole.

The ramrod approach can work when things are going well but rarely when things are more cactus.

**5. What makes this property and location special?** Consider the things that really matter like local employment; income levels; schools; transport and affordability. The hard-core stuff not the fluff.

And finally, it often pays to do a 'Denzel Washington' and clarify your rationale to yourself like you were explaining it to a five-year-old.

For younger readers watch the 1993 movie *Philadelphia*. It won several Oscars including best sound track by Bruce Springsteen.

**In essence this is what we do when we undertake a project advice commission or are employed to provide a housing market assessment/outlook.**

**I also cover this stuff in heaps more detail in my Master Class sessions.**

Click [here](#) for more information about my Master Classes.

Click [here](#) to find out how my project advice service can help you.

**Remember follow trendlines not headlines and ask the right questions.**

### **Postscript**

During January we actually sent four batters to the crease, making this our fifth Missive for 2019. The four January posts aren't on this website – as only one in about three emailed missives make it to the shop front window each year – so if you missed them and are interested then click on the relevant

links below.

[Population growth](#)

[Top 20 SEQ pop suburbs](#)

[Job growth – the next five years](#)

[Back to school](#)

To make sure you get every Matusik Missive, you need to subscribe. Click [here](#) to get them all.

Until next time,



**Michael Matusik**

....

Matusik Missives are free but public support is vital so that I can continue to fund investigations and publish posts which speak reason to the distortion. **Your annual \$99 donation helps me, help you! Click [here](#) to donate.**