



## *Home Truth*

### **THE TIPPING POINT**

The market for all products has a 'tipping point', a point at which prices take off. Real Estate is not just no different; it is possibly the ultimate example.

Where this tipping point lays is determined by a long list of conflicting and complementary factors, including sentiment. Combined, these move the tipping point closer or further away in time.

The prime driver for property markets taking off though is the level of housing affordability. This has been increasing solidly now for several years thanks to ever increasing household incomes and lower interest rates, very recently receiving a massive 8% boost in one day with the RBA cutting benchmark interest rates by a large 0.5%. And there's more to come, we're told.

Our last residential property boom peaked a decade ago. Since our records commenced in 1970, we have had a boom on average roughly once a decade, the 80's being an exception (when there were two – 1982 and 1988). History also shows every subsequent property boom to be larger, just why we don't know.

Therefore, whilst we can't know just when the market will 'tip', we can know that we are edging closer to it by the day and that when it does, it will be BIGGER than ever before.