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# Brexit to boost property's safe-haven status



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Pushed up to a selling price of \$2.76m by low stock levels: 7 Lambeth Avenue, Armadale, Victoria. Supplied



by Michael Bleby

Brexit will boost Australia's residential property market as the UK decision to leave the European Union will increase perceptions of the market's safe-haven status, observers say.

Nerida Conisbee, the chief economist at property-listing company REA Group, shrugged off a question that uncertainty created by the UK's unexpected vote to leave the 28-nation EU bloc would trigger a sharp fall in Australian property prices.

If anything, it would boost demand for Australian real estate assets, Ms Conisbee said.

"If you're a pension fund in Europe, and you're looking at London or you're looking at Australia – whether Sydney or Melbourne – then all that turmoil makes Sydney or Melbourne look like a great investment," she said at a lunch hosted by the Australian Israel Chamber of Commerce.

## Properties



The local property market typically only suffered large, sudden falls as a consequence of large macroeconomic events such as a surge in unemployment or drop in economic growth and neither of these was likely, Ms Conisbee said.

"Overall, I'm pretty optimistic about Australian property. I'm really optimistic about Sydney, just given the supply issues, and Melbourne, to a limited extent."

The referendum result [that will keep rattling markets](#) this week and in time [reshape the position of Britain](#), the world's fifth largest economy, will create an opportunity for markets seen to offer more stability, but in contrast to financial markets nothing will happen straight away, said Chris Mourd, LJ Hooker's head of real estate.

"The reality is there isn't going to be an immediate impact to Australian property," Mr Mourd said. "What you're probably going to see is the investor saying, 'We want to go somewhere we can project out over the next few years and with some level of stability'."

Falling prices of equities and other more liquid investments would also prompt local investors to take another look at real estate, he said.

"Most people would have woken up following the Brexit announcement and been very concerned about their superannuation," Mr Mourd said. "People will be seriously looking at bricks and mortar as a serious option. A lot of people will be doing the numbers on that."

But the benefit to Australia's property market may not be uniform. Buyers' agency [Secret Agent said demand for top-end properties could stall](#) as global high net-worth investors – who typically buy prestige bolt holes in a handful of different cities – could go into lockdown while they wait to see the effect of the Brexit vote on their UK holdings.

Low stock levels are already pushing prices of premium homes higher. On Saturday, a four-bedroom house at 7 Lambeth Avenue in prestigious Melbourne suburb Armadale sold for \$2.76 million, a price buyers agent David Morrell said was "silly".

"People are paying \$7300 per square metre for land that was selling at \$4000 only 18 months ago," Mr Morrell said.

Brexit-related uncertainty meant more potential vendors would keep their premium homes off the market for longer while they assessed the fallout, he said.

"What it will do is cause vendors not to put properties for sale," Mr Morrell said. "This exit thing will keep it a lot harder. And I think it's the same in Sydney."

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