

WINEWS

Northern Territory home owners anxious as property prices reach lowest point since 2009

By Nick Hose Posted Wed 7 Nov 2018, 6:27pm



PHOTO: Penelope Paton is selling her Palmerston house at a loss. (ABC News: Nick Hose)

Using a combination of her life savings and a bank loan, Penelope Paton, then 26, made the biggest purchase of her life.

But less than three years later, Ms Paton and her partner Markus Tumuls, 29, face the prospect of losing up to \$160,000 in value off their home.

"I bought my first home in Palmerston in 2015 for \$520,000," Ms Paton said.

"I saved up a lot of money for my deposit and it's all gone, essentially."

Recent figures from the NT Real Estate Institute show Darwin's house prices are now the lowest they have been since 2009, with the median house price slipping to below \$500,000 this month.

The Territory's minute population growth and the end of the INPEX construction phase has cut more than a billion dollars worth of value out of residential property, amounting to a 53 per cent drop in four years.

It has been a rapid change of pace since 2015, the year the pair bought their first home, when Darwin was feeling the heat of the gas project boom and the median house price was setting new records, almost on par with Sydney.



PHOTO: Penelope Paton and Markus Tumuls believe they could lose \$160,000 when they sell their Palmerston home. (ABC News: Nick Hose)

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Key points:

- More than a billion dollars has been wiped from the NT property market since 2014
- Darwin house prices are at their lowest since 2009
- The vacancy rate has risen to 8.5 per cent in the northern suburbs

Ms Paton and Mr Tumuls had lived in Darwin their whole lives and wanted to buy a family home in quiet cul-de-sac.

"It seemed like a good time to buy for me, I was in a relationship, and I wanted to get a nice house with a back yard and a pool, so I bought," Ms Paton said.

Now Ms Paton thinks the government should have done more to manage the boom and bust economy after the INPEX gas project wound down production.

"The government really oversold the benefits of INPEX project, where does the project leave locals like me who don't work in a mine?" she said.

"Now we're in a bit of a real-estate crisis, having to sell at a loss.

"It makes me feel really sad because you put hard work into your home and my home is actually depreciating in value, it's going down."



PHOTO: Palmerston residents Laura Boucher and Adam Abigal are unsure if they should renovate their new home. (ABC News: Nick Hose)

Palmerston residents Laura Boucher and Adam Abigal recently bought their first home, but now feel unsure if they should put more money into it, as property prices continue to fall.

"We want to put a new kitchen in but we're not sure if there's any point if our home's going to keep falling in value," Ms Boucher said.

The couple also felt the government could do more to explain the economic outlook.

"We want to know if prices will keep going down, and we want to know what the economic benefits will be from fracking, will there be another boom? Will there be more jobs for locals?" Ms Boucher said.

Prices could drop further

Quinton Killian from the NT Real Estate Institute warned there could be further falls in property prices if the population continues to decline.

"If we don't see an increase in population we could see a further slide in house prices and volumes," Mr Killian said.

At the height of the INPEX boom Darwin and Palmerston had a rental vacancy rate below 1 per cent.

But the number of vacant homes and apartments has also risen.

"Across the greater Darwin region, vacancy rates have increased to just under 8 per cent — but in Darwin's heavily populated northern suburbs that number is even higher at 8.5 per cent," Mr Killian said.

He warned Darwin may not be at the bottom of the market yet, with more pain on the way for home owners.

"We are still seeing more people leaving the Territory and more vacancies coming back into the marketplace," Mr Killian said.

Mr Killian said the top end of the Darwin market was holding its value and first home buyers were able to get into the market at lower prices.