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Perth's property prices move inexorably closer to surpassing Sydney as the most expensive in the country

Average house close to \$500,000

DAWN GIBSON

The price of an average Perth house is about to crack \$500,000, a national property survey firm warned yesterday, after calculating that prices had soared 39 per cent in the past year.

Australian Property Monitors said the average house price in Perth hit \$491,000 at the end of September, meaning Perth prices could surpass those in Sydney as early as Christmas.

APM said Perth prices rose 5 per cent in the September quarter alone. In Sydney, prices fell one per cent in

the quarter and registered no change over the year, leaving the average price there at \$520,000 and putting Perth on track to become Australia's most expensive city for housing.

And it is a similar story in the apartment market, with the median unit price in Perth now \$341,730, just \$10,000 less than a typical Sydney apartment.

APM spokesman Michael McNamara said it was possible Perth could be more expensive than Sydney by Christmas.

However, it was more likely it would happen next year.

The situation depended on how quickly the Perth market reached its peak. If it happened in the December quarter, it was unlikely that Perth would overtake Sydney.

But if property prices continued to increase at a moderate pace, Perth could eclipse Sydney some time next year, he said.

Real Estate Institute of WA president Rob Druitt was doubtful.

"Although we saw tremendous growth in the September quarter, that was really the tail end of the boom," he said.

"Generally, there has been a

change in the overall market — we have seen a levelling out of prices and a substantial increase in the number of houses coming on to the market and the time taken to sell properties.

"We would need the same growth rate we saw in the March, June and September quarters for the next two quarters to overtake Sydney."

Mr McNamara believed the strong prospect of an interest rate rise next week would have little impact on the market, but a further increase early next year would dent buyer confidence significantly.

"On its own, Tuesday's predicted

cash rate increase will not affect the property market significantly," he said.

"Buyers have already factored in one more interest rate rise into their decision making.

"(But) uncertainty as to where interest rates will end up in the mid-term could see growth in property markets nationally worsen by up to 5 per cent by mid 2007."

The APM report revealed that Melbourne has slipped dramatically to fifth in terms of median house price, while Darwin bounced up to fourth place.

It's ritzy Subi but the rent is breadline

DAWN GIBSON

It's like winning Lotto, says the brother of one of the first tenants of a Homeswest unit in the ritzy Subi Centro project.

Tenants pay as little as \$85 a week to live in the new government complex while neighbours pay up to \$500 a week on the private market.

The \$6.24 million complex is a landmark to new-look public housing with 20 airy, spacious one and two-bedroom units that look right at home in the up-market suburb.

The apartments feature large open-plan living areas, small balconies and sleek modern kitchens.

Le-phuong Ly said her brother told her it was like she had won Lotto after she got a place in the complex for herself and her two daughters. The family have lived in a rundown government-owned unit in Subiaco for 15 years.

Mrs Ly said she did not work because she had to care for her elderly mother every day before getting home to mind her daughters after school.

The development and similar complexes in other expensive suburbs have angered the Opposition and the Master Builders Association, who said it was a gross waste of taxpayers' money when housing prices had gone through the roof and families were waiting an average of two years to get public housing.

Shadow housing minister Ray Halligan said nobody wanted to return to ghettos but the Government would be better off ensuring more land for public housing was released in affordable suburbs.

Housing and Works Minister Michelle Roberts said modern think-



On a winner: Le-phuong Ly, who cares for her invalid mother, outside the Subi Centro unit she and her two daughters now call home. Picture: Lee Griffith

ing in public housing looked at a range of social outcomes, not just the housing itself. Subi Centro was chosen because it allowed easy access to schools, hospitals and public transport, ensuring tenants were not "cut off" from society.

She said the Government had built 4403 public housing dwellings across the metropolitan area in five years.

Subiaco real estate agent Enzo Pagnozzi said a typical new two-bedroom unit in Subi Centro would rent for \$450 to \$500 a week.

Market guru predicts hard landing ahead

NATASHA GRANATH

Make your money in the property market in the next 15 years then get ready for the economy to "go into convulsions".

This was the message from market trends guru Bernard Salt at a talk in Perth yesterday. The forecast follows controversial comments from Peter Costello this week that the nation's commodities boom was over.

Mr Salt is the best-selling author and KPMG demographer who propelled the terms "seachange phenomenon", "fella filter" and "helicopter kids" into the Aussie lexicon.

He now predicts the 2020s will be a bleak time in the property market.

He said although WA was in the grip of a one-in-100-years boom beyond anyone's predictions, a major economic shift was looming.

"About 60,000 jobs were added to WA in 2005 — that hasn't happened in 25 years," he said.

"It seems someone put a rocket in this State around July 2004 and Perth property prices have shot up. They grew 35 per cent in a year... You (West Australians) really are living in quite extraordinary times."

He said "big picture" resources

and infrastructure projects would ensure further growth but not at the same levels.

In the 20 years, Australia's population growth would start to slide, busting its "cowboy colony can-do, make-it-happen" culture of growth.

"Birth rates are diminishing and although baby boomers do crib a few

'The Australian economy, particularly the property industry, will go into convulsions.'

MARKET TRENDS GURU BERNARD SALT

extra years of life they die off in droves in the 2020s, dragging this nation from natural (population) increase to natural decrease by 2035 or 2040," Mr Salt said.

"So what happens in the 2020s when this is not happening?

"The Australian economy, particularly the property industry, will go into convulsions."

He added: "The 2020s will be quite a bleak time for property. So I think you have about a decade and a half to really make your money in property."

Big paper split up

The West Australian today is so big that liftouts — Weekend Extra, New Homes and the Magazine — will be separate at shops.

Home delivered papers may have sections separate.