

In just 15 years, this house in Balga will be worth \$1m

TIFFANY LAURIE
and DEBBIE GUEST

Perth median house prices will crash through the \$1 million barrier within 15 years, property experts have predicted.

Even cheaper areas such as Balga will be dotted with million-dollar homes by 2020, while prices in blue chip areas like Subiaco and East Perth will crack the \$2 million mark by 2015.

According to the Real Estate Institute of WA, the median house price in City Beach will soar a jaw-dropping \$2.5 million in the next nine years to hit \$3.6 million.

Residents of Gingin are in line for a financial windfall with median house prices there expected to jump from \$220,000 to more than \$1 million by 2015.

REIWA said the surge, based on the average annual growth rate for the past 15 years, would change the way we live.

The days of backyards and kitchens will be gone, replaced by home theatres, kitchenettes and a dependency on eating out.

REIWA president Greg Rossen said the growth in prices had to be seen in context of inflation, the relative value of the dollar and wages, which were likely to continue increasing.

While Perth values had not matched the record rates of the 1970s and 1980s, the market lacked the volatility that marked the "boom and bust" trends.

Hegney Property Valuations chairman Gavin Hegney said the next five years would determine the strength of the commodities boom driving WA's economy and the subsequent growth in real estate values.

He said if the commodities bubble burst, the demographic



Investor: Carol Mende, with children Nicolas, 3, Jess, 5, and Tahlia, 2, is doing well from the house-price boom. Picture: Guy Magowan

boom led by ageing baby boomers would ensure strong property demand.

"If the boom is part of a long-term trend then Perth prices will rival Sydney prices in a couple of years and come close to a \$500,000 median price in five years," Mr Hegney said.

"If not, then we could expect a pullback in prices, probably around 2009, and then we could expect average prices to be around \$400,000."

Suburbs that benefited from major infrastructure projects were expected to enjoy some of the biggest growth, along with properties close to services or lifestyle options.

Carol Mende is a classic example of an investor reaping the rewards of Balga's house price boom, with the three bedroom, one bathroom home she bought in February for \$295,000 expected to rise to over \$1 million by 2020.

In one month the home value has risen by \$45,000.

Mrs Mende said she bought the property in Albourne Way as an investment and planned to develop it into a triplex site.

Property Selection Realty agent Teresa Bruni said with strong demand for rental properties, investors were finding tenants easily and some homes in Balga were fetching \$220 a week.

Foreign splurge on WA property

FRAN SPENCER

Overseas investors have delivered a more than \$1 billion boost to WA's already booming real estate market.

They have splashed out \$260 million on established homes and units and planning residential developments worth three times that amount in the past financial year.

New Foreign Investment Review Board figures reveal WA's V8 economy and still affordable real estate have continued to draw overseas buyers.

The total residential investment figure of \$1.04 billion is a significant drop on the \$2.19 billion rung up by foreigners in WA in 2003-04. However, that figure included a \$605.2 million investment related to Japanese company Tokyu Corporation's plans for the new northern satellite city of St Andrews, near Yanchep.

Additional information obtained from the FIRB by *The West Australian* under a Freedom of Information request has revealed the single biggest WA real estate deal by a foreign investor was a proposed \$43 million apartment building in Burswood, expected to bring in almost \$87 million from sales.

The most expensive deal for an established home was \$3 million in South Perth.

WHAT YOUR HOUSE WILL BE WORTH

Based on 10-year average annual growth

SUBURB	1995	2005	2015
BALGA	73,000	232,500	740,500
CITY BEACH	350,000	1,127,000	3,629,000
COOGEE	212,500	570,000	1,529,000
EAST PERTH	220,000	665,000	2,010,500
MIDLAND	88,000	224,500	573,000
QUINNS ROCKS	117,500	299,000	761,000
SUBIACO	250,000	770,000	2,372,000
GINGIN	45,000	220,000	1,075,500
PINJARRA	74,000	200,000	540,500
PRESTON BEACH	95,000	238,000	596,500
YORK	80,000	175,000	383,000

SOURCE: REIWA