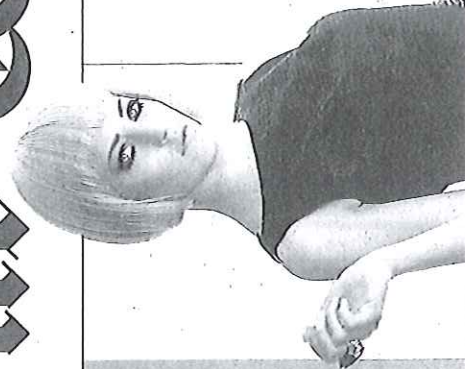


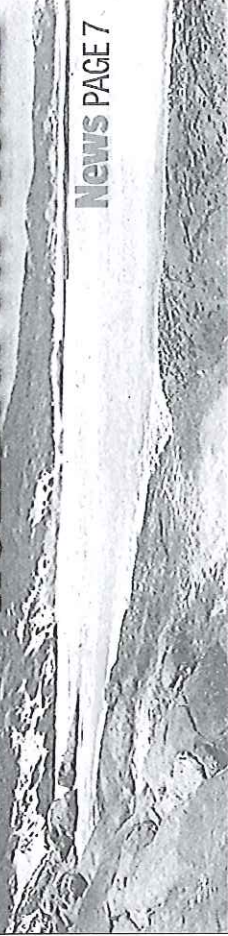
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News PAGE 7

Home prices to soar on back of new boom

KIM MACDONALD

Property prices in WA are predicted to rise more than 20 per cent in the next three years on the back of the emerging resources boom.

The QBE Housing Outlook, compiled by consultancy BIS Shrapnel, showed that the median house price would increase from \$490,000 to \$590,000 by mid-2013.

The report predicted the WA economy would outpace the rest of Australia significantly as mining investment ramped up, adding to wage and pop-

ulation growth. The demand would hit a property undersupply, sending prices up despite the anticipated increase in variable interest rates to 9.1 per cent within the same period.

Predictions of the imminent increase follow a winter of discontent, with separate research showing that WA home values had the biggest drop in the country — nearly 5 per cent in the three months to August.

The QBE report said market recovery would start with an increase of just over 3 per cent in the year to June.

Most of the price rise would happen in 2012 and 2013. Property experts are divided on the forecast, with the Real Estate Institute of WA saying it was “too optimistic”.

REIWA president Alan Bourke predicted the market would be steady for another year, then have only modest improvement.

“If, by chance, there is a boom in the mining sector over the next year or so, we currently have plenty of housing and rental stock to absorb population growth without any undue pressure on prices,” he said.

Valuations expert Gavin Hegney said he expected total prices would rise about 13 per cent by mid-2013.

Real estate agent William Porteous supported the QBE report, claiming there had been a steep improvement in the luxury market in recent weeks, which he expected to continue.

His real estate agency sold \$38 million of property last week after a quiet year where there was zero turnover in some weeks.

Real estate agent Mark Hay also supported predictions of a significant jump in prices, claiming the market

was simply returning to normal growth patterns. The QBE report forecast Perth's growth at 20.4 per cent to mid-2013, followed by Sydney with a 20.2 per cent rise.

Adelaide property would jump 19.5 per cent, with Brisbane recording a 15.2 per cent increase.

The report said Hobart would have a 13.2 per cent rise, followed by 11.7 per cent in Darwin and 9.1 per cent in Melbourne. The report said property price growth across the country would peak in 2012-13, in line with economic growth.