

Spring the key to city property resurgence

KATE CAMPBELL

Perth's reawakened property market is approaching a watershed as the traditionally strong spring selling season nears, with insiders tipping modest price jumps for the rest of the year.

A quicker than expected rebound of 7 per cent this year to a median house price of \$450,000 in the June quarter is linked to first-homebuyers capitalising on Government bonuses and interest rates at a 49-year low.

Experts believe the litmus tests on a genuine recovery will be when the first-homebuyer boost grant ends in October and interest rates inevitably start to climb.

Real Estate Institute of WA president Rob Druitt said the market was poised delicately, with an influx of properties likely during spring. He said he felt the season would be markedly better than last year.

"We're at that point in the cycle where we've had the boom, we've had the bust and we're just in the early stages of recovery . . . between now and Christmas will show us where we are in the recovery phase. It appears to be a genuine recovery but the litmus test is the next three months," he said.

Mr Druitt predicted the market would mirror the after-effects of the early 1990s recession when prices bounced off the bottom in the year after the recession but remained stagnant for the next three years. He predicted the overall price rise for this year would be about 10 per cent.

Mr Druitt said trade-up buyers and investors were starting to return and he was confident they would fill the void left by first-homebuyers.

Bankwest chief economist Alan Langford said "Gorgon-mania", referring to this week's \$50 billion gas deal, could be a "neat antidote" to rising interest rates, which he expected from early next year.

He said property prices were just ricocheting off the bottom and doubted there would be any meaningful price rises for the rest of the year.

Property valuer Gavin Hegney expected price rises would continue this year, possibly by a further 6 per cent. But he believed the real test would be in the first half of next year after the first-homebuyer boost grant was removed and later next year after several interest rate rises. He said properties priced correctly in good locations were selling in a week.

Residex managing director John Edwards tipped Perth's median house price still had \$10,000 to fall.

Western suburbs agent Chris Shelbear said premium sales in the "stabilised" western suburbs market were emerging. One property had recently sold for \$2.45 million and he had had offers on \$3 million-plus properties.

Mr Druitt said it was a huge head start to enter spring with normal levels of stock, about 12,000 listings, compared with a burdensome oversupply in recent times. REIWA figures show sales have soared 60 per cent in 12 months to June this year.