

WA Property Market

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1. Are you surprised at the pessimistic outlook for WA?

This survey is based on the background of the world financial crisis and the expectation that re-sourced based States like Western Australia would be the worst affected by the crisis.

However, there are signs that the world financial crisis may be easing. The export sector of Western Australia has held up very well especially to China. Major new infrastructure projects are planned for the State including the \$4 billion Oakajee Port in Geraldton which alone will create thousands of new jobs.

The fundamentals of the WA economy still remain sound and the State has the fastest population growth rate in Australia which will underpin the demand for property.

2. Where do you see property prices heading over the next 12 months in WA?

There will be modest growth. Property prices have undergone a major market correction over the past two years and buyers now realize that the market represents very good value for money. The growing activity by buyers has resulted in a major decline in the number of properties listed for sale over the last six months which is a forward indication of future price rises.

3. How are property prices holding up in Perth?

The median house price in Perth showed modest growth during the June 2009 quarter with the latest ABS figures showing that house prices in Perth rose by 2.7% during this 3 month period. This has been mainly due to increased sales activity in the lower end of the market due to the Federal Government's first home buyers' boost. However, Mortgage Solutions is now organising an increasing number of home loans in the second home loan market and this should result in the median house price in Perth increasing over the next twelve months as supply begins to tighten.

4. If prices do fall or stay flat, how will this influence the borrower market?

The outlook for the Perth market is positive so this scenario is unlikely to occur.