

IN HOUSE



SANDI LOVATT
REAL ESTATE EDITOR

End of the boost a factor to contemplate

The industry is all atwitter over the potential fallout from the end of the First Home Owners Boost. See Louise Baxter's report on this page.

And on page 3 we ask whether Perth is best using its most prominent natural resource, the Swan River.

As you've come to expect, a collection of homes from across the metropolitan area adorn the pages of your Real Estate section this week. From a new inner-city home with bags of style to a stately Cottlesloe home ripe for renovation, and a sumptuous river-view mansion on the south bank.

Turn to page 6 for more affordable homes as Peter Habershon presents a selection of the bargain homes on the market.

Explore WA's regional real estate without leaving your seat as we cover issues from the impact of multi-billion-dollar resources project to the state of the rural and agricultural market in this week's five-page Country Properties special report starting on page 31.

CONTENTS



THIS WEEK IN REAL ESTATE

REAL ESTATE THE WEST AUSTRALIAN

Experts tip steady recovery

LOUISE BAXTER
At an industry breakfast held this week, land shortage, a void from decreased first-homebuyer activity, and interest rate rises were the main issues predicted to face the WA residential property market next year.

The Master Builders — Bank West Residential Property Market Outlook breakfast on Wednesday was attended by members of the real estate, building, construction and economic industries, to hear BankWest chief economist Alan Langford, Hegney Property Group executive chairman Gavin Hegney and REIWA president Rob Druitt discuss the end of the First Home Owners Boost and the subsequent market.

Confidence had started to return but economic recovery was too soon to call, with potential challenges in store for next year, Mr Hegney said. "The worst financial crisis since the Depression is only one year old; don't get too excited about recovery," he said. "There will be a void from first-homebuyers in the first seven to nine months of 2010. I don't believe the stimulus package has been the real crux of growth,



Rob Druitt

though, I think it is interest rates. Last downturn they dropped by 50 per cent in three years, but this time it was 50 per cent in about three months.

"So who takes up demand from first-homebuyers? If it's investors, the market will smooth out a lot; if not, there will be a step back in demand and, likely, prices."

A shortage of blocks looked set to be the biggest problem for the property market in the coming year because more lots were being sold than created, he said.

"The reason for land shortage is finance. Developers are struggling to



Gavin Hegney

get finance for inglobo (undeveloped) land; there's a blockage in the pipeline."

Mr Druitt said the market was now better equipped to handle the boost's exit, with steady activity in recent months and the return of buyer sentiment.

"We are in the stabilisation phase of the cycle and are likely to see a very steady but slow recovery over the next two or three years," he said.

"The removal of the boost won't see the market collapse because the broader market is returning and investors are starting to soak up some of that demand from first-



Alan Langford

homebuyers. "The boost extension was well-timed. The big caveat now is the movement of interest rates."

Mr Langford addressed the confidence generated from the Gorgon project in the State's north, but was reluctant to "gild the lily" about its part in economic recovery because "the WA economy lives or dies on the commodity price cycle".

With interest rates expected to start increasing from January, and the issue of "underemployment" affecting the labour market, they could contribute to subdued loan commitment in the coming year, he said.