

Brisbane prices to take growth mantle from Perth

FRANCIS

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Brisbane will eclipse Perth as the fastest growing residential market this year while Sydney starts to recover after years in the doldrums, according to a survey released yesterday.

The survey by property analyst Michael Matusik forecasts that 2007 will be a solid rather than spectacular year for residential property nationally, in large part due to the three interest rate rises in 2006. But it does point to fading confidence in Perth after a few years of booming house prices due to the state's resource-based economy.

Australian Bureau of Statistics

figures for the year to September 2006 show prices for established houses rose 45.9 per cent in Perth, compared with 17.3 per cent in Darwin, 10.5 per cent in Canberra, 9.4 per cent in Hobart, 7.5 per cent in Melbourne, 6.5 per cent in Brisbane, 6.4 per cent in Adelaide and 1.4 per cent in Sydney.

Mr Matusik said many of his respondents believed it was time to sell in Perth.

But there was greater optimism about other areas, especially south-east Queensland, which should continue to benefit from population growth.

Inner city Brisbane was regarded as

the best choice for buying residential property. The city had a low vacancy rate and stock levels were falling, according to Mr Matusik.

The middle-ring suburbs of Brisbane, between five and 20 kilometres from the city centre, would also be sought after, as would the Gold Coast/Tweed Heads area.

Ipswich was also popular but there was little enthusiasm for houses in Townsville — although apartments in that city were expected to perform well.

New units on the Sunshine Coast are rated well in the survey.

In other states, Hobart along with Perth is likely to be a softer market

this year. Sydney is tipped to recover slightly after a flat couple of years, Melbourne's house prices are expected to rise but there is still an oversupply of apartments, and Darwin is facing a big oversupply of units within three years.

On interest rates, Mr Matusik noted the three rises had consumed \$121 each month from people on the average mortgage of \$250,000.

He also pointed to research by mortgage broker AFG, which found that one in four property buyers in November took out a fixed-rate mortgage with the company.

That is the highest percentage

recorded by AFG for fixed rate loans and contrasts with just 9 per cent fixed in August 2005.

The Real Estate Institute of Australia recently released its forecast for 2007 residential prices. The REIA also expects price growth in south-east Queensland on the back of strong commodities prices and interstate migration.

But it predicted subdued price growth in Brisbane itself, with a similar result tipped for Melbourne, Canberra and Hobart.

The REIA believed Perth and Darwin would remain strong but house prices were expected to be flat this year in Sydney and Adelaide.