

New surge in house prices

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QUEENSLAND'S amazing house price surge is set to continue with forecasters tipping a further 22 per cent growth to 2011 - but there's grim news for renters.

Leading economic forecaster BIS Shrapnel's Residential Property Prospects, 2008 to 2011, says Brisbane, Gold Coast and Sunshine Coast properties are expected to enjoy a nation-leading 22 per cent growth.

BIS Shrapnel says the Queensland surge - which will bring the market out of the doldrums after interest rate increases hit buyers - will be part of a property resurgence across the country next financial year as Australia's fastest population growth in two decades outweighs the effect of higher rates.

The report also says banks may offer more attractive lending rates in 2009 - but that it could merely fuel higher prices.

The prediction is heartening news to those already in the property market, but will make gloomy reading for those still renting.

Melbourne median house prices have been tipped to grow by 16 per cent to June 2011.

Sydney, was tipped to have the nation's highest median house price, of \$650,000, by mid-2011 as real estate values were expected to climb by 18 per cent during the next three years.

The resources boom city of Perth was predicted to post the slowest capital city median house price growth, at nine per cent, in the three years to mid-2011.

Perth's forecast median house price of \$500,000 by June 2011 would be overtaken by Darwin's \$515,000 as the Northern Territory capital was anticipated to enjoy 21 per cent growth.

Adelaide prices were tipped to grow by 16 per cent, followed by Canberra's 15 per cent.

Hobart house prices were tipped to rise by 14 per cent, but would still give the city Australia's lowest median capital city house price, of \$365,000.

There is some good news forecast on the cost of borrowing, but it is seen as merely one more factor sending prices skywards.

"As credit conditions recover over the course of 2009, we expect banks will gradually pass on lower borrowing rates to customers," the report's author Angie Zigomanis says.

"This easing will enable house price growth to pick up in many centres."

BIS Shrapnel, which forecasts another rate rise in the September quarter, says higher interest rates are more likely to stop price growth than force a downturn.

The report says Australia's population is expected to grow by 1.5 per cent through 2008/09, its highest level since the late 1980s.

"Australia is experiencing record net overseas migration flows which is underpinning what is already strong underlying demand for housing," the report says.