

Property price fall in Perth's most expensive suburbs

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<http://www.watoday.com.au/wa-news/property-price-fall-in-perths-most-expensive-suburbs-20100728-10vop.html>

July 29, 2010 - 6:35AM

A poor performance by Perth's star suburbs has led to sluggish house price growth in the city as a whole, according to new research.

Data released by Australian Property Monitors - owned by Fairfax Digital, publisher of this website - shows the median house price in the metropolitan area increased 0.6 per cent in the three months to June, to \$525,574.

Unit prices barely shifted, up 0.1 per cent, or \$230, to \$391,247.

Annual house price growth was 9.3 per cent, the first time since the September 2009 quarter that it has dipped below 10 per cent.

Only Brisbane and Hobart fared worse over the past year, while Melbourne's median price surged 27.9 per cent. The national figure was 15.6 per cent.

Unit growth, despite the sluggish June quarter, was a healthier 14.6 per cent over the year, compared to the national average 12.2 per cent.

But the figures behind the figures told more of a tale.

APM economist Matthew Bell told WAtoday.com.au that the median price in the top 30 per cent most expensive suburbs fell by 0.9 per cent, while it increased by 0.8 per cent in the rest of the city.

The median price in the eastern suburbs rose 0.9 per cent, while closer to the CBD it fell 1.9 per cent.

Prices in the Peel region fell by 6 per cent, while in the area between Fremantle and Singleton, they dropped 3 per cent.

The better performance by the more affordable suburbs was a surprise, given the six interest rate rises in reasonably quick succession up to May, Mr Bell said.

However, the poorer performance of more expensive suburbs was likely a result of both strong price growth in the previous four quarters, as well as the flow-on effect of a sluggish stockmarket in the last three months of the financial year.

But Perth was poised to rebound compared to other state capitals, Mr Bell said.

"I expect Perth to play some catch up in the next 12 months as the Melbourne and Sydney markets take a breather, and Perth's increased exposure to the resource boom positions it well for price growth in the face of employment and income growth," he said.

The APM data is the first of three major quarterly house price indicators to be released in the coming week.

Tomorrow, the RP Data-Rismark International figures are expected to show similar flat growth, while the Australian Bureau of Statistics will release its house price index on Wednesday.

However, the actual figures vary wildly. For the March quarter, while APM's figures for houses and units were \$525,000 and \$391,000 respectively, RP Data-Rismark had the medians at \$495,000 and \$412,500.

Both companies claim Reserve Bank of Australia backing for their figures, but use different methodologies to come up with the end result.

The ABS figure is expressed as an index. In March it showed a much greater percentage increase (3.5 per cent for the quarter) than either private provider.