

Patience is a virtue for boomsayers prepared to wait for the good times

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There is no mystery about Perth's property market downturn, it's merely because the resources boom hasn't arrived yet. Picture: SUPPLIED Source: Supplied

IF nations consulted shrinks, I'd hate to be paying the mental health bills for Australia.

The country is in a strange space at the moment. It's suffering not so much from depression, but more from a mid-life crisis with mood swings. It is confused about itself and where it fits in the bigger picture.

We have become a glass-half-empty nation at a time when our glass is three-quarters full.

I'd be suggesting Australia tries group therapy with a bunch of less-fortunates such as the US, Spain, Greece, Japan, Britain - indeed, just about every other nation on the planet.

My grandmother would tell it to count its blessings, stop feeling sorry for itself and realise the opportunities it has. She'd slap its face and tell it to wake up and smell the roses, and not just the coal pile. And, above all, exercise a bit of patience.

There appears to be an expectation that if there is \$380 billion in new investments in the economic pipeline, then we should all be instantly wealthy.

The mantra seems to be: if there's a resources boom, how come I'm struggling? If records are being set in the mining sector, why isn't my home rising in value?

Here's the thing: we don't have a resources boom, yet. We are going to have one - but it has yet to kick in.

The full benefits won't be felt until the mega projects start digging holes and raising buildings.

The Queensland port of Gladstone has some \$100bn in LNG facilities, port expansions, rail lines, pipeline links and other industrial facilities in planning. But apart from one of the LNG projects that had its official launch recently, little is happening.

Early impacts are being felt - in Brisbane and the Western Downs region, and Gladstone - but the boom is still in the future.

There's a great deal of bemusement being expressed in the media about why Perth property prices are still stuck in a downturn. The expectation is that the earth-shattering (in more ways than one) level of resources developments should be dragging the residential market out of the quicksand that it has been stuck in for three or so years.

That expectation is generally realistic. What's unrealistic is that it should be happening already.

Let's look at some of the announcements that have created excitement in recent months.

Treasury chief Martin Parkinson says Australia is about to enter a boom that should last decades, propelled by high export prices, enhanced mining capacity and a once-in-a-century global realignment. He is talking about the future.

About \$380bn of mining investment is expected to happen in the next five years. In the coming year, about \$83bn will be invested in enhanced mining capacity. But it's still a coming attraction.

BHP Billiton, Rio Tinto and Fortescue Metals have all announced major expansions of their iron ore mining operations in WA. Collectively, they will be spending more than \$30bn to increase production. But that big spending is still to come.

Rio has just negotiated a deal with indigenous land groups worth billions of dollars, but no money has changed hands.

Woodside Petroleum is considering an \$8bn expansion to its Pluto LNG project. It's just a thought bubble at this stage.

Chevron and partners are moving forward on their \$43bn Gorgon gas project, but the really big money is yet to be spent.

I could go on, but you get the picture. Once these projects get to the stage of moving dirt and erecting structures, companies providing goods and services will expand their headquarters in Perth and the new staff will seek somewhere to live. That's when the property market will rise.

The Real Estate Institute of WA has got caught up in the pessimism, saying Perth's property market is unlikely to bounce back over the next six months. Other observers have predicted there won't be a recovery before 2013.

Those forecasts will be proven wrong, I'm sure. Indeed, prices are already rising in the most buoyant parts of the WA market.

And there are signs that interstate investors are starting to target WA real estate with an eye on the future, which is where all property investors should be focused.