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## **Mixed results for WA residential market**

Perth, WA (30 August 2010)

Mixed results have been forecast for Western Australia's residential market, with a new CB Richard Ellis report highlighting pockets of strength and weakness across the state.

CBRE's Residential MarketView highlights a pick up in demand in the luxury housing sector through the latter part of 2009 and early 2010, with increased sales activity and growth in property values particularly for green title residential lots in Perth's riverside, coastal, near city and western suburbs markets.

The report points to a similar increase in activity in the mid tier market in the \$500,000 to \$700,000 price bracket through the first part of 2010.

However, CBRE Director, Valuation and Advisory Services, Michael Veletta said the growth in both the luxury and mid tier market had been curtailed in recent months amid a second wave of buyer uncertainty.

CBRE's report also highlights softer demand in the first home buyers market, with lower sales volumes in Perth's traditional mortgage belt during the June quarter following a phasing out in government bonuses.

Similar weakness has been evident in Perth's near city apartment market following the settlement of approximately 2,000 inner city dwelling sale in the 2009-2010 period.

However, there have been pockets of strength – namely Perth's northern suburbs. In the Outer North Metropolitan market, land values in areas such as Ellenbrook, Pearsall, Hocking, Tapping and Carramar have increased by between 5 and 10% in the past year and this growth is expected to continue in the next 12 months according to CBRE's MarketView report.

On the flipside prices have fallen in the Peel/Mandurah region over the past year, with an oversupply of land identified in Wannanup and Dawesville.

"The South West residential market has also slowed after a slight increase in 2009," Mr Veletta said.

"There appears to be more enquiries in the rural residential market under the \$1 million market, while the rural market is still very soft with potential for further reductions in values over the short term."

The CBRE report also highlights soft conditions in the traditionally keenly contested viticulture market in the Margaret River region, with no growth in this market at present.

CBRE Manager, Global Research and Consulting, Sam Reilly said recent events such as the mining tax proposal, global economic conditions, commodity prices, rising interest rates and the Federal Election had seen most WA residential markets soften in terms of investment activity.

"Furthermore, a significant rise in listings on the back of easing demand has been reflected in a downward correction in values," Mr Reilly said.

"However, this could cause pent up demand going forward which may potentially lead to solid growth and sales rate increases in late 2010 and into 2011."

The overall outlook, Mr Reilly said, was for steady conditions for the remainder of the year with demand for labour, particularly through the spin off from growth in the resources and energy sector, expected to provide some degree of insulation for the market.

Mr Veletta said the land market was providing to be particularly resilient, with large scale developers gearing up for new broad acre land acquisitions over the June quarter.

"The main concerns lie with the perceived land and skilled labour shortage, though projects of major population growth, if skilled, may help matters during the expected boom in resources and energy markets in Western Australia," Mr Veletta concluded.

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