

Sydney, Perth property prices to grow 20pc

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Staff Reporter The Adviser

Despite recording relatively unexciting growth this year, Sydney property prices could rise by as much as 20 per cent within the next three years.

According to QBE LMI's latest housing outlook, a growing deficiency in household dwelling supply will force property prices significantly higher over the coming three years.

By 2014, QBE LMI expects property prices in Sydney to be 20 per cent higher than what they are today.

But Sydney isn't the only capital city expected to enjoy strong price growth, Perth is also expected to record 19 per cent growth.

"Price growth is forecast to be strongest over the next three years in Perth and Sydney," QBE LMI chief executive Ian Graham said.

"The substantial level of investment in mining and resource capacity in Western Australia will drive solid income and population growth, creating robust demand for housing in Perth.

"In Sydney, the significant deficiency of residential dwellings is likely to continue to apply upward pressure on both rents and dwelling prices, attracting demand in particular from investors. Constrained affordability has resulted in little annual movement in prices in Sydney since 2004, with the exception of the 14.3 per cent increase in the median house price in 2009/10, which highlights the level of pent up demand that can be released as affordability and the economic outlook improves."

Brisbane and Darwin are also expected to record strong growth in the three years to June 2014, with economists predicting 16 and 17 per cent growth respectively.