

House prices could rise up to 7% in 2014: APM's Andrew Wilson

By Larry Schlesinger
Thursday, 09 May 2013

The housing market will strengthen further - probably from 2014 - with gains of between 5% and 7% tipped by Australian Property Monitors' (APM) chief economist Andrew Wilson.

However, Wilson is sticking with his recent 2013 forecast made at the start of the year of a 3% to 5% rise in house prices over 2013.

"I still think that's the case, 5% to 7% is the next increment but I don't think we will see that this year," he told *The Australian Financial Review*.

RP Data-Rismark has dwelling values across the eight capital cities up 2.3% for the first four months of the year.

ABS preliminary figures for the March quarter recorded just a 0.1% gain in its capital city house price index - for detached houses only.

Wilson bases his higher post-2013 forecast on historical trends, where lower interest rates driving up house prices, but with a small time lag.

He also made the interesting observation that a rise in interest rates could have spurred on a "boost" in house prices in growing markets like Sydney, Perth and Darwin.

A rise in interest rates, he says, spurs on some people to act over fears rates will rise again.

Wilson wrote in the February APM housing market report that Australia's housing markets started 2013 "encouragingly with solid indications of rising buyer activity and increased confidence from sellers".

"The revival of Australia's housing markets in 2012 has been confirmed as leading indicators such as auction clearance rates point to a market heating up.

"Australia's housing markets are off and running in 2013, building on the buyer momentum generated through 2012 but now translating to more generalised and comprehensive market outcomes," he said.