



# Rents to soar \$100 as house crisis bites

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Renting a house in Perth could cost \$100 a week more in the next year as migrants flood into WA to take advantage of the employment boom, a leading property forecaster warns.

Residex chief John Edwards said Perth, where rent has traditionally been relatively cheap compared with most capital cities, would become one of Australia's most expensive for tenants with a median price of almost \$400 a week by the middle of next year.

"We expect weekly rents to increase in Perth by up to \$100 over the next year due to the continuing high demand for housing," Mr Edwards said. "Renters in this city certainly have the capacity to meet the rising cost as WA currently has the highest weekly earnings of any State."

But Real Estate Institute of WA president Rob Druitt rejected Residex's forecast, though he believed rents would rise.

"We see more about \$10 a quarter or \$40 to \$50 a year, which is in line

with what's been going on the last couple of years," he said.

Predictions of rising rents came as nervous coalition MPs agitated over housing affordability in yesterday's joint party room meeting, with backbenchers worried about the political fallout.

WA Senator Alan Eggleston said extending mortgages to as long as 60 years, as in Germany, could be the solution. "By extending the life of mortgages, payments are reduced and people are partially insulated from interest rate changes," he said.

"Longer loans that give lower payments mean more people can enter the market without the barrier of having to save for a larger deposit."

Senator Eggleston said another option was tax concessions for interest on home loans. "If we do not resolve the problem of housing affordability, Australia could be faced with a unique paradox where our citizens have excellent chances of employment, good wages, high levels of education . . . yet low levels of home ownership

will become the norm for the first time in our modern history and the Australian dream may never be the same again," he said.

Treasurer Peter Costello has warned against longer loans, saying caution was needed because borrowers could pay more in the long run.

Senator Eggleston and WA Liberal MPs Don Randall and Michael Keenan criticised the WA Government for contributing to the crisis and urged it to reduce "excessive" property taxes and free up more land.

Mr Keenan, the member for Stirling, suggested younger home buyers be allowed to use superannuation for a deposit. People around the age of 30 would have \$30,000 to \$40,000 in superannuation, an appropriate sum for a loan, he said.

People from "his generation" were the hardest hit. "It was an idea I was putting out for the Government to have a look at, but there are lots of different ways you could do it," he said.