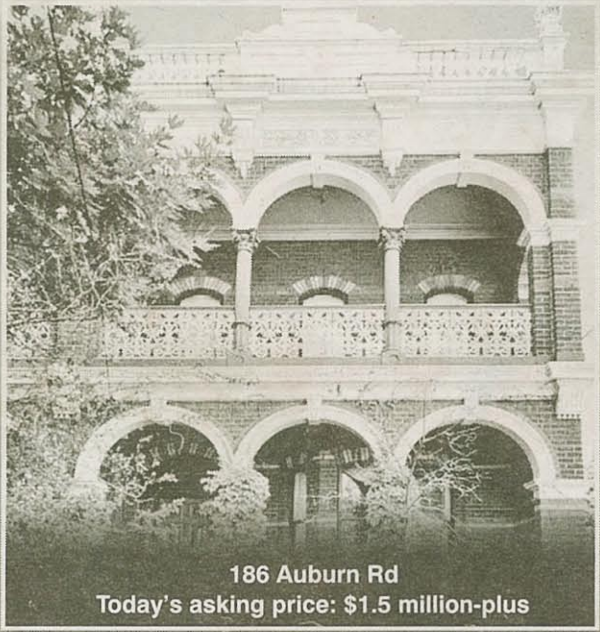
WHAT YOU'LL FORK OUT FOR A HOUSE IN 2019

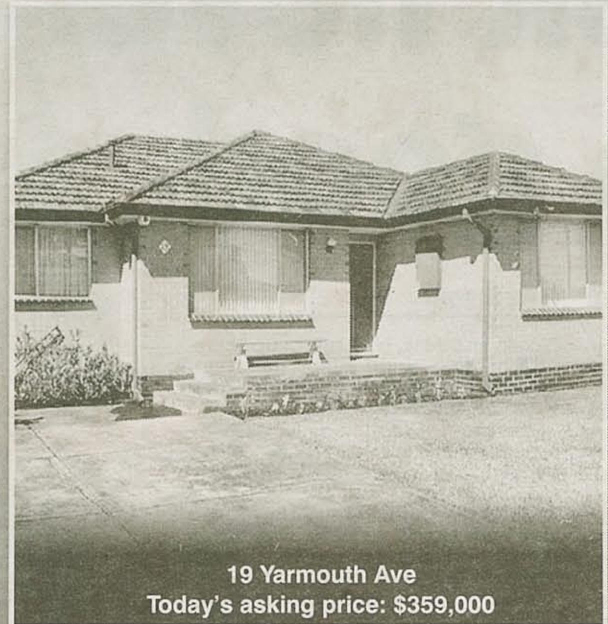


186 Auburn Rd
Today's asking price: $1.5 million-plus

HAWTHORN

Suburb median now: $1,406,000

FORECAST 2019 MEDIAN: $5,226,268

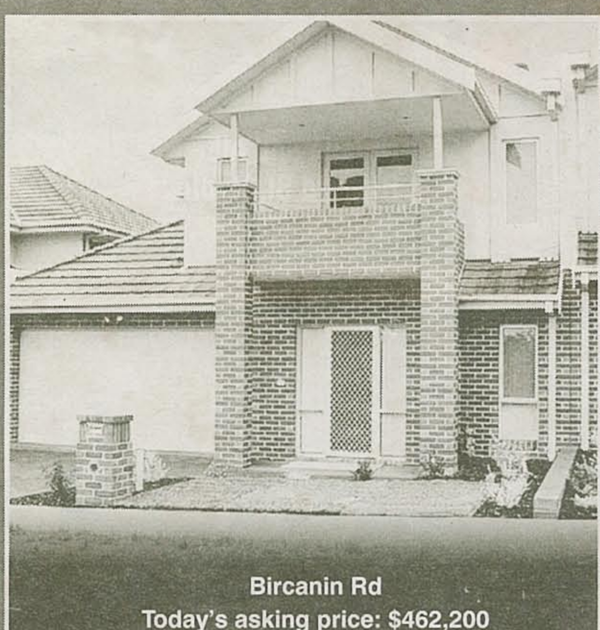


19 Yarmouth Ave
Today's asking price: $359,000

ST ALBANS

Suburb median now: $360,000

FORECAST 2019 MEDIAN: $1,012,105

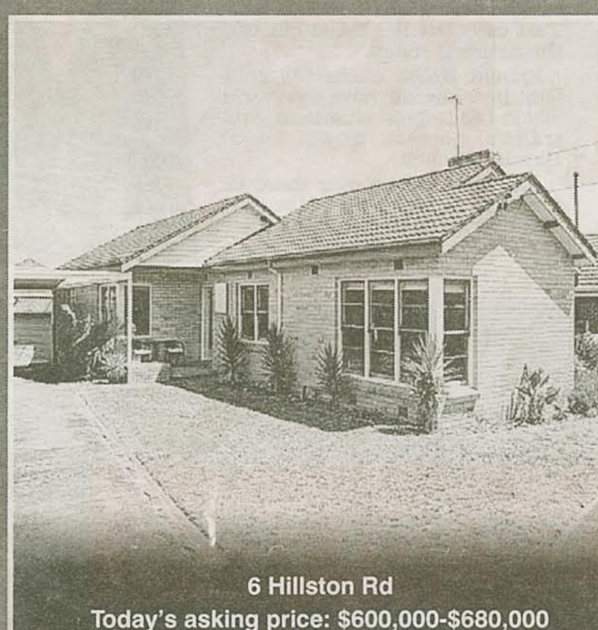


Bircanin Rd
Today's asking price: $462,200

BUNDOORA

Suburb median now: $475,000

FORECAST 2019 MEDIAN: $1,397,059



6 Hillston Rd
Today's asking price: $600,000-$680,000

MOORABBIN

Suburb median now: $642,500

FORECAST 2019 MEDIAN: $1,629,713

Reserve Bank chief declares GFC beaten

Now up go loan rates

Phillip Hudson
national political editor

INTEREST rates will rise this year after the Reserve Bank said they no longer need to be at "emergency levels" because the economy has beaten the global financial crisis.

Reserve Bank governor Glenn Stevens yesterday said he believed official rates were "probably between 50 and 100 points below average".

No time frame was given for rate rises, but if banks passed on a 1 percentage point increase, it would add $190 a month to the average $300,000 mortgage.

"I don't think we're in emergency any more," Mr Stevens told a parliamentary inquiry in Canberra.

"I think we've done enough to lift off that."

The Reserve Bank slashed official rates by 4 percentage points between September 2008 and April last year to combat the global financial crisis, but at the end of the year, it lifted rates three times.

"This is a normal experience in an economic expansion: as economic activity normalises interest rates do the same," Mr Stevens said.

If rates rose by 0.5 percentage points, it would add $95 a month to a $300,000 loan. But home buyers (with that mortgage) would still be paying $6000 a year less interest than before the financial crisis.

Markets were surprised by the Reserve Bank's decision not to increase rates this month, but Mr Stevens said the bank could afford the "luxury" of waiting to see how the economy was faring.

He singled out Westpac's decision to pass on a bigger increase to home loan customers as a factor in deciding to wait. "The rates people pay are moving a little bit more than the rate we are setting," he said.

Mr Stevens said house prices would be mixed. "Prices in the bottom end have flattened off", but prices at the top end of the market "continue to strengthen".

Mr Stevens said industrial relations flexibility had been important in helping Australia manage the economy when it was both strong and weak, and he noted the workplace arrangements of 30 years ago would not have been good for dealing with economic shocks.

"It's important to retain flexibility," he said.

Mr Stevens also had a whack at Opposition finance spokesman Barnaby Joyce's comment that Australia could be at risk of defaulting on its sovereign debt.

"There are few things less likely," he said.

How much your repayments could rise

Loan amount	Rate 7.13%	Rate 7.63%	Increase 0.50%	Increase 1.00%
$300,000	$2145.28	$2242.40	$95.22	$192.34
$400,000	$2860.38	$2989.87	$126.96	$256.46
$500,000	$3575.47	$3737.34	$158.70	$320.57
$600,000	$4290.56	$4484.81	$190.45	$384.69

Based on repayment loan over 25 years, excluding fees

Herald Sun 20/2/10 www.canstarcannex.com.au

Broady's million-dollar future

Liftouts inside

Craig Binnie
real estate editor

A HOUSE in working-class Broadmeadows will cost $1.2 million in 10 years if prices rise by as much as they have over the past decade.

For now, a house in "Broady" can be snapped up for a median price of $357,500, despite a 240 per cent rise over the past decade.

The million-dollar Broady market is part of a scenario painted by the Real Estate Institute of Victoria.

If Toorak repeats its 213 per cent gain over the next 10 years, its median price will hit $8.3 million (up from $1.19 million) pushing it out of reach of all but the wealthiest home-buyers.

The median Melbourne home would jump from $540,500 to $1,192,409.

Only nine of the 121 suburbs included in the research will have a median of less than $1 million. These include Sunbury, Frankston, Deer Park, Keilor Downs, Taylors Lakes and Healesville.

REIV research manager Robert Larocca said there was a possibility prices could rise even more than the data predicted because demand for property was increasing and supply was still tight.

Auction prices are expected to be tested this weekend as more than 650 homes go under the hammer.

"Demand has not just kept pace with late last year, it has increased," Mr Larocca said.

"The past two weekends recorded clearance rates higher than last year's average. We'll find out in the next fortnight if that is because of low supply."

But Mr Larocca warned price rises were never guaranteed. "For the next decade, history tells us we are more likely to see more moderate growth with prices doubling on average every 7-10 years."

Full list of suburbs, Real Estate liftout