

**PILBARA HOUSING MARKET**

*Statement*

**HON NORMAN MOORE (Mining and Pastoral — Leader of the House)** [5.49 pm]: I have been provoked into responding to the last member's comments. I think she needs to look into the history of the Pilbara a bit more before she starts to simply respond to media commentary about a particular set of circumstances that apply now. I listened to the member with great interest and I am still trying to work out whose side she is on. She is concerned that there is an increase in the number of properties on the market and a decrease in the number of properties being sold, which would demonstrate, I would have thought, that prices will start to come down. I would have thought that is probably a good thing, but the member is now concerned that those investors who bought these properties at very high prices will somehow be disadvantaged and that the \$2 000 a week or whatever it is they get on their investment now is somehow in jeopardy. The people who invested in real estate in the Pilbara and paid very high sums of money for residential properties did so on the basis that they were going to get extraordinarily high rents, and they achieved that for a very long time. But what happens with supply and demand, Mr President, as you well know, is that when we start to increase the supply and the demand comes off, the prices fall and so do the rents. I would have thought that is a good thing because other people can actually afford to invest when the price of houses comes down. Those people will recognise that the sort of rents they will receive, which will be less than the rents being paid now, will more reflect the lower price that they are paying for their properties. I have watched the Pilbara real estate market for a long time and I have seen people get very badly burnt, people make significant sums of money and that there are lots of people in the middle. That has been the nature of that market because it is a boom-and-bust property market.

One thing that this government has done, which I have to say the previous Labor government was very, very slow to recognise, is make more land available for residential development. If members go to Karratha now, they will see the burgeoning suburbs that are a result of the significant work being done by this government to make more land available, involve LandCorp in developing real estate properties and get project builders to build houses in Karratha, including a magnificent new multistorey unit building and a whole range of low-priced rental accommodation for workers who work for small business.

What is happening is inevitable when we grow the supply of real estate; the price comes down. There is no doubt that the Pilbara is now transitioning from a huge construction phase to more a production phase. That means that the number of workers who are necessary will diminish. To build some of these projects in the Pilbara requires 5 000 or 6 000 employees in the construction phase and maybe 1 000 in the production phase. This has been the nature of that part of the world ever since the Pilbara began to be developed in the 1960s. Therefore, inevitably there will be a correction. That correction relates very much to the changing nature of the market whereby supply is increasing and demand is coming off. As a result, the price of property is starting to come down. The member said that somehow or other we should maintain the value of those properties because some of her constituents have invested in them. I think that is what she was saying. Is that a good thing for future investors? Is it necessary to forever pay \$1.5 million for a house in Karratha to protect the investors who went in at those prices? Of course not. Anybody who invests in the real estate market knows that their returns are very much subject to supply and demand for rental properties and for properties on the market for sale. Therefore, quite frankly, I cannot quite understand what the member was trying to tell us tonight. Maybe some time down the track she will have another go at saying whose side she is on, because I would have thought that somebody from the Labor Party might have taken the view that reducing the price of housing and rents in the Pilbara would be a good thing, but in fact she seems to be arguing quite the opposite.