

HOUSE PRICE REPORT

March 2010

www.apm.com.au
www.homepriceguide.com.au



Key Findings:

- National house price growth slows to 3.1% in March quarter, moderating in most capitals
- Annual house price growth nationally hits 16.2%, a six-year high
- Annual growth in Melbourne hits 27%, the highest level in 15 years
- Sydney's annual growth at highest level since March 2004
- Unit market flat nationally in March quarter but up 10% year-on-year
- Top end of the market outperforms in all major capitals

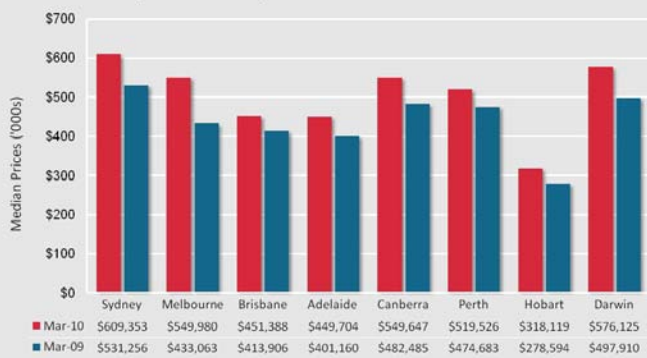
Composition Adjusted Median House Prices

Houses	Mar-10	Dec-09	Sep-09	Mar-09	QoQ % Δ	YoY % Δ
Sydney	\$609,353	\$596,953	\$570,043	\$531,256	2.1%	14.7%
Melbourne	\$549,980	\$514,759	\$474,959	\$433,063	6.8%	27.0%
Brisbane	\$451,388	\$451,791	\$436,162	\$413,906	-0.1%	9.1%
Adelaide	\$449,704	\$433,882	\$425,970	\$401,160	3.6%	12.1%
Canberra	\$549,647	\$539,510	\$508,082	\$482,485	1.9%	13.9%
Perth	\$519,526	\$513,705	\$492,876	\$474,683	1.1%	9.4%
Hobart	\$318,119	\$307,615	\$291,570	\$278,594	3.4%	14.2%
Darwin	\$576,125	\$549,013	\$527,603	\$497,910	4.9%	15.7%
National	\$542,827	\$526,539	\$499,930	\$467,118	3.1%	16.2%

Composition Adjusted Median Unit Prices

Units	Mar-10	Dec-09	Sep-09	Mar-09	QoQ % Δ	YoY % Δ
Sydney	\$416,910	\$412,154	\$404,721	\$377,542	1.2%	10.4%
Melbourne	\$388,230	\$387,095	\$374,608	\$341,407	0.3%	13.7%
Brisbane	\$362,877	\$370,962	\$374,124	\$350,369	-2.2%	3.6%
Adelaide	\$289,295	\$282,455	\$277,639	\$263,716	2.4%	9.7%
Canberra	\$412,288	\$413,433	\$382,426	\$364,878	-0.3%	13.0%
Perth	\$376,891	\$378,195	\$358,290	\$338,502	-0.3%	11.3%
Hobart	\$225,687	\$258,223	\$242,216	\$236,400	-12.6%	-4.5%
Darwin	\$403,228	\$423,190	\$408,289	\$369,233	-4.7%	9.2%
National	\$384,491	\$383,859	\$374,128	\$348,213	0.2%	10.4%

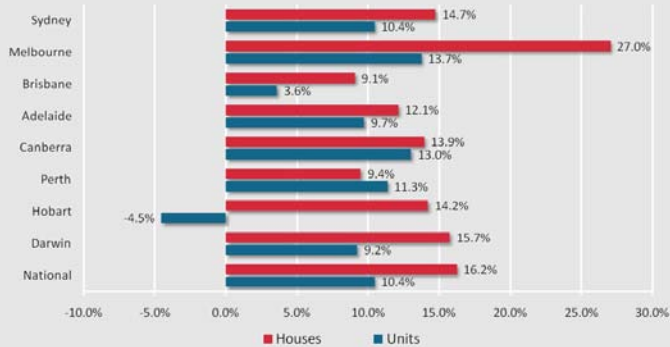
Composition Adjusted Median Prices - Houses



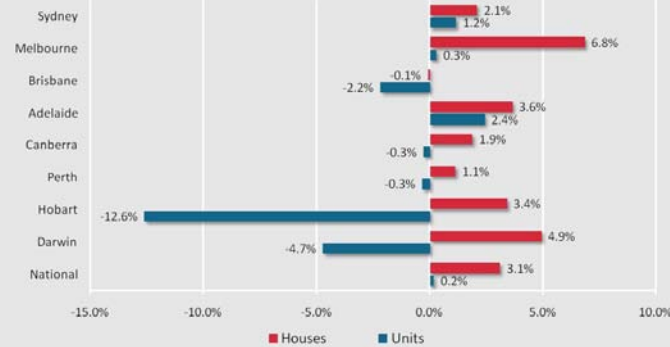
Composition Adjusted Median Prices - Units



Median Prices % Changes (Yr on Yr %)



Median Prices % Changes (Qtr on Qtr %)



Capital City Results

Sydney

- House prices rose by +2.1% and unit prices rose by +1.2% in the March quarter, the fourth consecutive quarter of strong price growth.
- This 2.1% rise for houses was the lowest quarterly rise in 12 months for Sydney houses but still above the long-term average.
- The median house price exceeded \$600,000 for the first quarter on record.
- Unit prices grew +10.4% in the year to March.

Melbourne

- Replacing a weak March 2009 quarter with a strong March 2010 figure means annual house price growth is the highest recorded since 1995 at 27%.
- Previous high was recorded in 12-month period to September 2001 with annual house price growth of 25.5%.
- Unit prices grew much more slowly than house prices during the March quarter, up only 0.3%, but annual growth is the highest in the nation at +13.7%.

Brisbane

- House prices essentially flat in March quarter after three consecutive quarters of price growth
- Median house prices fell -0.1% in the March quarter, the only capital city with quarterly growth under 1%.
- Brisbane units sector one of five around the nation to experience price falls in the March quarter with the median price down -2.2%.

Perth

- Median house prices rise by +1.1% in the March quarter, down from +3.1% in December quarter.
- Annual house price growth of +9.4% well under national average of 16.2%.
- Median Unit prices fall slightly in the March quarter but rise by +11.3% in the past 12-months.

Canberra

- Median prices for houses and units rise by over 13% during the year to March 2010.
- Slight pause in unit price growth still leaves Canberra with the second highest annual growth rate in the country.

Adelaide

- Only major capital to increase quarterly rate of growth in house prices from December quarter.
- Quarterly growth rate rises to +3.6% in March, up from +1.5% in December.
- Just maintains its mantle as the most affordable mainland capital city in the country for both houses and units.

Hobart

- Median house prices rise +3.4% for the March quarter and 14.2% for the year to March.
- Hobart unit market the only unit market amongst capitals to experience a fall in median prices over the last year.

Darwin

- Median house prices rise by +4.9 in the March quarter, largely matching the December quarter rate of growth of 4.3%.
- Median price of Darwin units falls by \$20,000 in March quarter to fall below Sydney level for the first time in a year.

Comments and forecasts

Commenting on the APM House Price Report: Matthew Bell, Economist - Australian Property Monitors

House price growth in the March quarter slowed across the country as five interest rate rises and the expiry of the First Home Owner Boost began to impact prices. All capital cities except Adelaide and Darwin saw the rate of growth of the median house price fall in March 2010 compared to December 2009. Nationally, the median house price rose by +3.1% in the first three months of 2010.

Even though quarterly growth rates are moderating, annual growth rates are still rising. This is due to a relatively strong March 2010 quarter replacing a weak March 2009 quarter in the annual figures. National house price growth has hit +16.2% in the year to March, driven by the annual rises in our two biggest markets.

The median Sydney house price is currently +14.7% above the level of one year ago, the highest level of annual growth seen since the end of the last boom in early 2004. Melbourne price growth over the last year has been even more extraordinary, with houses rising by 27% and units by 14%.

As it has been for the last three quarters, price growth for houses in the most expensive half of the market was nearly double that of the more affordable sector. Prices in the more expensive suburbs have proved to be less sensitive to interest rate rises and the removal of first home buyer stimulus. This top-end price growth has now moved well beyond a recovery of the price falls that occurred in late 2007 and throughout 2008 and is breaking new ground for most regions.

While growth in the rest of the market has remained positive, rising interest rates are clearly having a more significant effect. Housing finance has now been falling for five months and, historically, price growth has tended to slow significantly six to nine months after finance starts to decline. This means that if past trends hold, house price growth should moderate further in the coming quarters.

Countering this interest rate effect on the demand side is continued strong population growth, rising incomes, falling unemployment and very strong consumer and business sentiment. On the supply side, new dwelling commencements are still well under levels needed to satisfy current demand, let alone begin to eat into the existing deficit of affordable property. All reports of borrower performance point to mortgage arrears remaining at very low levels. All these factors have been crucial in the housing market continuing to rise in value even as rates have returned to normal levels.

APM continues to believe that the medium- to long- term outlook for property prices remains strong, as demand continues to outstrip supply. After some slowing of price growth in the forthcoming months, we still expect the 2010 annual rate of national house price growth to settle in the 8 to 10% range.

About Australian Property Monitors (APM)

APM is a leading national supplier of property price information to home buyers and sellers, professional real estate agents, mortgage brokers, valuers, banks and financial markets. APM has been helping our customers make informed decisions about property since 1989.

APM monitors residential property activity from a variety of sources including auctions, government and semi- government agencies, real estate advertising, real estate agents and APM's own researchers. This vast pool of information ensures APM's databases contain the latest and most detailed house price information available.

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