



Monday 10 November 2008

Embargoed until 1am Tuesday 11 November 2008

Official September 2008 Quarter Housing Data Composition Adjusted Housing Price Series

KEY POINTS

- Property prices in most capital cities dropped in the September quarter
- In the past 12 months, house and unit prices flattened or posted negative rates of return
- Houses in Brisbane, Hobart, Perth and Sydney had the largest quarterly percentage drop among all capital cities
- Units in Perth, Canberra and Melbourne had the largest quarterly percentage drop among all capital cities
- Darwin is still posting strong price gains in the unit market
- APM had previously forecast a 10% drop in capital city prices - today's figures support this view

Sydney

- Sydney house and unit prices fell 1.7% and 1.1% respectively in the September quarter
- House prices fell 3.1% and unit prices fell 2.8% when compared to September 2007

Canberra

- Canberra house and unit prices fell 0.8% and 2.9% in the quarter
- Over the year, house prices rose a modest 4.1% and unit prices fell 3.3%.

Melbourne

- Melbourne house prices remain steady while unit prices fell 2.3% in the quarter
- Over the year, house prices rose 7.5% and unit prices rose 3%.

Brisbane

- Brisbane house and unit prices fell 5.2% and 1.6% respectively in the quarter
- Over the year, house prices rose 2.1% and unit prices fell 0.6%.

Adelaide

- Adelaide house prices gain a modest 1.2% while unit prices remain flat in the quarter
- Over the year, house prices rose 11.5% and unit prices rose 8.8%

Perth

- Perth house and unit prices fell 3.4% and 4.2% in the quarter
- Compared to September 2007, house prices fell 6.7% and unit prices fell 4.8%.

Darwin

- Darwin house and unit prices grew 1.4% and 8.2% in the September quarter
- Over the year, Darwin house and unit prices rose a solid 9.4% and 7.7%

Australian Property Monitors (publishers of www.homepriceguide.com.au) publish quarterly the Composition Adjusted Housing Price Series. This index uses adjusted medians and was created in conjunction with the Reserve Bank of Australia (RBA) using data supplied by Australian Property Monitors.

COMMENTARY

By Liam O'Hara, Senior Economist for Australian Property Monitors

"The September quarter housing and unit figures show that price pressures are easing in most capital cities. Downward pressure on prices in the quarter was largely a result of the 7.25% interest rate level *before* the Reserve Bank's first rate cut in September.

"Over the year Sydney witnessed a 3.1% drop in median house prices; which is an approximate saving of \$17,000 for potential buyers and investors when compared to this time last year. Coupled with the recent increase to the first home owners grant and substantially lower interest rates, the affordability situation looks somewhat bearable given, current, over-inflated asset prices.

"The outlook for the residential property market will depend on the net effect of falling interest rates, a weakening economy and slowing demand for housing credit. The property market is still historically over-inflated, with supply-side constraints placing a long term floor under prices. These factors remain serious barriers to affordability.

"Dramatic reductions in the official interest rate as witnessed in early October and November will lift confidence and help stabilise property prices in the short term. However, if economic growth continues to decline, feeding into significantly higher unemployment, then the outlook is less certain. Property prices and activity will drop and further official interest rate cuts may be needed.

"Over the next six months, property prices will continue to flatten and even fall moderately. This is a good sign for potential buyers. Only when potential buyers believe prices have fallen enough, and the economy gains upward momentum, will confidence return to more positive levels."

Quarterly Composition Adjusted Series					
Houses					
	Sep-08	Jun-08	Sep-07	QoQ % Δ	YoY % Δ
Sydney	\$531,512	\$540,781	\$548,779	-1.7%	-3.1%
Melbourne	\$444,130	\$444,130	\$413,057	0.0%	7.5%
Brisbane	\$415,963	\$438,805	\$407,213	-5.2%	2.1%
Adelaide	\$417,718	\$412,839	\$374,740	1.2%	11.5%
Canberra	\$498,722	\$502,639	\$478,859	-0.8%	4.1%
Perth	\$478,094	\$495,146	\$512,334	-3.4%	-6.7%
Hobart	\$268,738	\$280,682	\$272,908	-4.3%	-1.5%
Darwin	\$469,537	\$463,161	\$429,163	1.4%	9.4%

Quarterly Composition Adjusted Series					
Units					
	Sep-08	Jun-08	Sep-07	QoQ % Δ	YoY % Δ
Sydney	\$361,710	\$365,867	\$371,939	-1.1%	-2.8%
Melbourne	\$329,591	\$337,438	\$320,006	-2.3%	3.0%
Brisbane	\$330,478	\$335,696	\$332,563	-1.6%	-0.6%
Adelaide	\$257,175	\$257,175	\$236,386	0.0%	8.8%
Canberra	\$341,292	\$351,634	\$352,823	-2.9%	-3.3%
Perth	\$341,582	\$356,513	\$358,706	-4.2%	-4.8%
Hobart	snr	\$219,032	\$224,677	snr	snr
Darwin	\$333,122	\$307,976	\$309,282	8.2%	7.7%

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About Australian Property Monitors (APM)

APM, publishers of www.homepriceguide.com.au, is the leading national supplier of online property price information to buyers and sellers, professional real estate agents, valuers and financial markets. APM has been helping our customers make informed decisions through our services 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 through its own call centre and APM's own researchers. This vast pool of information ensures APM's databases contain the latest and most detailed house price information available.