



## FOR IMMEDIATE RELEASE

Media Release

1 August 2006

### **Upswing in national house prices including Sydney.**

There has been a broad based rise in house prices for most capital cities in Australia, according to the stratified adjusted house price series for the June Quarter 2006 released today by Australian Property Monitors (APM).

Sydney has recorded its first quarterly rise above 1% in 11 quarters, rising by 1.2%. The median Sydney house price now stands at \$523,000. The result is a break in the three year downturn for the Sydney housing market, which has seen house prices fall by 10% from the peak recorded in late 2003.

Perth recorded the fastest quarterly house price growth rate of all capital cities, rising by 10.1%. Perth house prices have risen by a staggering 36.6% since the June quarter 2005. Perth is now the second most expensive city behind Sydney in terms of house prices.

Darwin followed closely behind, with house prices in the Top End rising by 6.9% for the quarter and 20.5% for the 12 months.

Melbourne was the only city to record a fall with house prices declining by 0.8% for the June quarter.

Elsewhere, Adelaide recorded a positive rise of 2.7 per cent for the quarter, confirming that the soft landing that has occurred in the last two years for Adelaide has taken its course.

Brisbane, Canberra and Hobart also recorded rises for the quarter in the vicinity 1 to 1.4%.



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## **Unit market still weak in Sydney and Melbourne; booming in Perth and Darwin.**

While house prices have largely moved forward, the same cannot be said for the apartment market, which recorded declines for Sydney and Melbourne and was flat for Adelaide and Brisbane.

Perth recorded an astonishing 11.3% increase in one quarter, bringing the 12 month rise for Perth units to 41%, making this sector the best performer in terms of price growth rate for any capital city in the country.

Commenting on the results, Louis Christopher, General Manager for Australian Property Monitors, said the positive results recorded in this quarter, particularly for Sydney house prices are unlikely to be repeated in the September quarter.

“While this is a positive result, and confirmation of the improved auction clearance rates and housing finance approvals, the June quarter results only partly take into account the May interest rate rise. I suspect we are seeing a delayed reaction to that rise which should appear in the September and December quarters. These quarters will also take into account the August rate rise, assuming we have one announced tomorrow.

“So we believe the modest recovery in the national housing market that has been occurring in the first half of 2006 will probably stall in the second half of the year, given the two interest rate rises so far.”

### **Cash rate of 6.25% before Christmas to hit the market hard**

“Our real concern is if we see a third interest rate rise this year. If that were to occur, we believe this would hit the property markets hard, particularly in Sydney, Melbourne and Brisbane.

“It very much could be the final straw for the property market. We would see an additional 10% price decline in Sydney with Melbourne and Brisbane more than likely falling by over 5%. I hate to imagine what it would do to defaults given they are already on the rise.

“The housing market in Perth might be able to withstand it. However, Perth has real worries of its own. Price rises in the double digits in just one quarter is not sustainable and my fear is the harder that market rises, the harder it will fall when the cycle changes.

“It has been well documented that the reason why the Perth market is doing so well relates directly back to the global commodity market boom. May I also



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suggest a second theory, being that the market is a particularly shallow one, in that there is not much tradable stock, meaning that any shifts in demand can cause a dramatic move for prices. However, this can also work in the opposite direction. For when demand eventually falls, Perth housing prices will likely retreat quite sharply. “

For more information, please contact

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Please find tables and charts next pages.



## Composition-adjusted house prices

City	Median House Price			Percentage change	
	June Quarter 2006	March Quarter 2006	June Quarter 2005	3 month change	12 month change
Sydney	\$523,000	\$517,000	\$528,000	1.2%	-0.9%
Melbourne	\$352,000	\$355,000	\$344,000	-0.8%	2.5%
Brisbane	\$339,000	\$334,000	\$325,000	1.4%	4.4%
Adelaide	\$321,000	\$313,000	\$303,000	2.7%	5.9%
Canberra	\$424,000	\$419,000	\$410,000	1.3%	3.4%
Perth	\$455,000	\$413,000	\$333,000	10.1%	36.6%
Darwin	\$332,000	\$311,000	\$276,000	6.9%	20.5%
Hobart	\$243,000	\$241,000	\$225,000	1.0%	8.0%

Note: composition adjusted median prices have been rounded to the nearest thousand dollars. June quarter 2006 results are preliminary. There have been some revisions to the composition adjusted housing price series as APM has recently updated its address database.

Source: [www.homepriceguide.com.au](http://www.homepriceguide.com.au) Based on sales reported to Australian Property Monitors as at 25 July 2006.

## Composition-adjusted unit prices

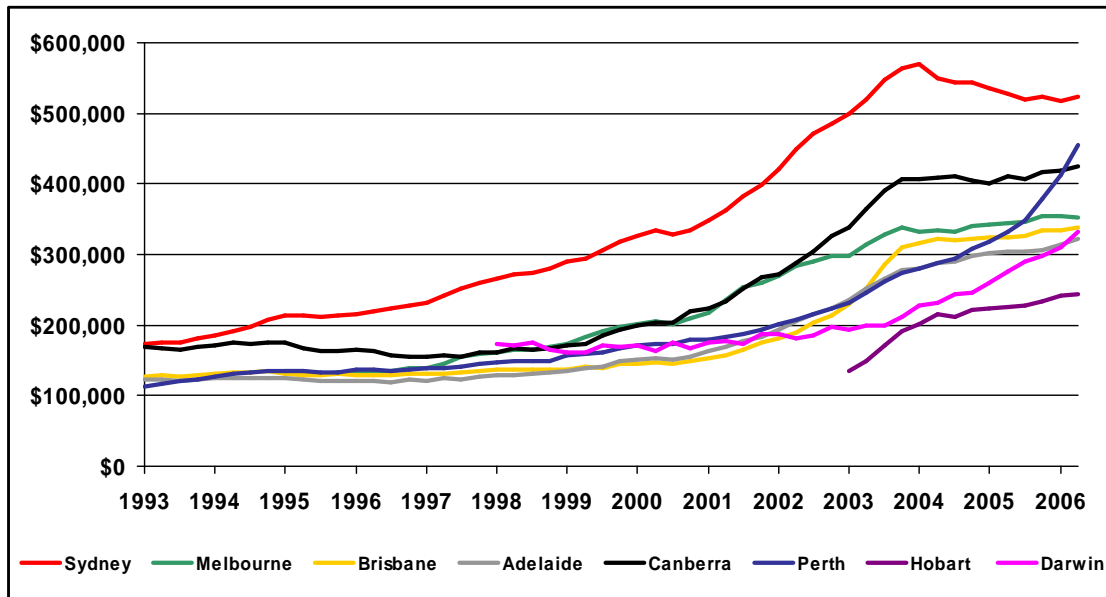
City	Median Unit Price			Percentage change	
	June Quarter 2006	March Quarter 2006	June Quarter 2005	3 month change	12 month change
Sydney	\$355,000	\$359,000	\$368,000	-1.2%	-3.7%
Melbourne	\$267,000	\$274,000	\$271,000	-2.6%	-1.5%
Brisbane	\$257,000	\$257,000	\$247,000	0.0%	4.3%
Adelaide	\$205,000	\$205,000	\$201,000	0.1%	2.2%
Canberra	\$309,000	\$298,000	\$297,000	3.7%	4.0%
Perth	\$306,000	\$275,000	\$217,000	11.3%	41.1%
Darwin	\$262,000	\$257,000	\$206,000	2.0%	27.1%
Hobart	\$186,000	\$193,000	\$195,000	-3.7%	-4.8%

Note: composition adjusted median prices have been rounded to the nearest thousand dollars. June quarter 2006 results are preliminary. There have been some revisions to the composition adjusted housing price series as APM has recently updated its address database.

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### Composition Adjusted House Prices 1993 - 2006



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Source: [www.homepriceguide.com.au](http://www.homepriceguide.com.au)

### Composition Adjusted Unit Prices 1993 - 2006

