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Media Release

3rd of November 2006

September Quarter Housing Price Series

- **Perth property prices within reach of eclipsing Sydney as the country's most expensive.**
- **All eastern seaboard capital cities have experienced negligible changes in value over the September quarter for houses and units.**
- **Strong growth in Perth and Darwin property prices persist albeit decelerating and reaching their peak.**
- **All capital cities, except for Sydney, are at or around record housing price levels. Sydney houses are 9% off their peak, now around the same level recorded in Jun 2003 (13 quarters previous).**
- **Darwin has surpassed Melbourne and Brisbane to be Australia's 4th most expensive city for median house prices (behind Sydney, Perth & Canberra).**
- **Additional interest rate rise early 2007 will impact buyer confidence significantly. This will affect annual % change in Australia's property markets by up to 5%.**

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.

September Quarter Results - Houses

A two-tiered national housing market is apparent with property values performing sluggishly across all major capital cities, except for Perth and Darwin which continue to outperform.

Eastern seaboard property markets are stagnate. Melbourne, Brisbane & Adelaide house prices all experienced 0% growth for the September quarter. Canberra and Sydney houses eased by 1% and Hobart recorded a 1% increase.

'Resource heavy' capital cities remain relatively robust. Perth and Darwin house prices experienced growth on the previous quarter at 5%. There are signs that Perth and Darwin property prices are reaching their peak. Perth house price growth has decelerated from the previous quarter change (March qtr 06 to June qtr 06) of 13%.

Despite slowing growth, the annual percentage growth for Perth house prices to the end of September is an impressive 39%. Similarly, Darwin's annual percentage growth for houses to the end of September is 18%.

The margin between our adjusted medians for the country's most expensive capital city, Sydney, and Perth is now only 5.5%. Only 3 years ago Perth house prices were less than half of Sydney.

September Quarter Results - Units

As with houses, Perth and Darwin unit markets continue to outperform those in the eastern capital cities.

Small 1 to 2% declines for the September quarter were recorded in the unit markets for Melbourne, Sydney and Hobart. A 1% increase in unit prices for the quarter were recorded for Brisbane and Canberra.

Adelaide, Perth and Darwin all recorded 5-6% increases for the quarter. Perth and Darwin unit prices grew for the year to September quarter by unsustainable levels. Perth at 44% and Darwin at 37% for the twelve months to September 2006.

Our adjusted median for Perth units is now only \$10K less than Sydney units.

Comment

Commenting on the results is Michael McNamara, Spokesperson for Australian Property Monitors.

On property markets along the eastern seaboard McNamara says "early this calendar year property markets in Sydney, Melbourne & Brisbane showed positive signs leading us to believe that moderate quarterly growth in median prices would be expected throughout 2006. However, two interest rate rises this year has seen buyers in those markets retreat to a more cautious position. Eastern seaboard capital cities are now experiencing a stabilisation phase in their property cycles and we predict that trend will continue for the next 12 to 18 months."

With strong indications of a November interest rate hike, there is much speculation on the affect of such a rise on the property market. McNamara says "Buyers have already factored in one more interest rate rise into their decision making. On its own, Tuesday's predicted cash rate increase will not affect the property market significantly. We do caution however, that if speculation deepens about an additional interest rate rise early in 2007, buyer confidence will be significantly impacted. Uncertainty as to where interest rates will end up in the mid term could see % growth in property markets nationally worsen by up to 5% by mid 2007".

On the robust property markets of Perth and Darwin he also says "it is clear that a two-tiered national property market exists with Perth and Darwin performing robustly compared with the lack lustre results observed in the eastern capitals.

"It is interesting to observe that If Perth continues to outperform eastern capitals by the same proportions, then it will soon surpass Sydney for the title of most expensive median house price in the country.

"it is also noteworthy that Darwin has now eclipsed Melbourne and Brisbane as the 4th most expensive capital city in Australia for median house prices behind Sydney, Perth and Canberra.

"Perth median house prices are growing at 39% per annum. This is clearly unsustainable and we predict that the Perth and Darwin property markets will reach their peak in the December quarter 2006. For these markets much depends on commodity prices as property prices correlate strongly with the commodities index."

**Composition Adjusted Housing Price Series
September Quarter 2006 Results**

City	Median House Price			Percentage Change	
	September Quarter 2006	June Quarter 2006	September Quarter 2005	3 Month Change	12 Month Change
Sydney	\$520,253	\$524,998	\$518,467	-1%	0%
Melbourne	\$357,019	\$357,218	\$346,490	0%	3%
Brisbane	\$344,821	\$343,965	\$325,340	0%	6%
Adelaide	\$322,243	\$323,265	\$303,017	0%	6%
Canberra	\$417,288	\$423,015	\$405,844	-1%	3%
Perth	\$491,587	\$468,786	\$352,496	5%	39%
Hobart	\$235,725	\$233,824	\$224,460	1%	5%
Darwin	\$398,834	\$380,850	\$337,529	5%	18%

City	Median Unit Price			Percentage Change	
	September Quarter 2006	June Quarter 2006	September Quarter 2005	3 Month Change	12 Month Change
Sydney	\$351,922	\$356,810	\$365,357	-1%	-4%
Melbourne	\$271,704	\$277,364	\$275,090	-2%	-1%
Brisbane	\$265,429	\$263,921	\$252,029	1%	5%
Adelaide	\$219,416	\$208,968	\$198,425	5%	11%
Canberra	\$312,874	\$308,388	\$292,779	1%	7%
Perth	\$341,730	\$322,015	\$236,603	6%	44%
Hobart	\$193,844	\$197,075	\$180,993	-2%	7%
Darwin	\$283,265	\$270,814	\$206,311	4%	37%

Source: www.homepriceguide.com.au
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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.