



Tuesday 24 July 2007

## Official June 2007 Quarter Housing Data Composition Adjusted Housing Price Series

### KEY POINTS

- Melbourne, Brisbane & Canberra property markets are booming.
- While stable overall, an investor led recovery is becoming apparent in Sydney as unit prices strengthen.
- Higher house prices a blow to Affordability.

### Sydney

- Sydney units grew by 2.2%, indicating a investor led recovery in this segment.
- Overall, houses remained stable, despite the significant upward price pressures being felt in premium markets.

### Canberra

- Canberra is the most heated of Australian property markets.

### Melbourne

- The Melbourne property market is booming. Best Quarterly result since September Quarter 2001.
- House prices grew substantially for the quarter to June 07 (6.5%).
- Unit prices grew strongly for the quarter to June 07 (4.1%).
- Melbourne's prestige markets experienced over double digit growth.

### Brisbane

- Brisbane house and unit prices grew strongly for the quarter to June, 4% and 4.6% respectively.
- The more affluent Brisbane East market is on the boil. House prices grew by 15.4% for the quarter.
- Overall, the Brisbane market for houses and units is going strong. Annual growth figure for houses is 12.8% and for units 7.4%.

### Adelaide

- With auction clearance rates regularly over 75%, it is no surprise to see a strong Adelaide property market. Unit prices grew by 4% and house prices grew by 4.5% for the quarter.
- The Adelaide market for houses and units is strong. Annual growth figures for houses is 9.8% and for units 8.3%.

### Perth & Darwin

- The resource heavy capitals are experiencing stable conditions after reaching their peak in the Dec quarter 2006.
- Darwin unit prices were soft for the quarter correcting by 5.2% indicating a hard landing may be in store.

### Hobart

- Soft conditions were observed in Hobart markets. House prices eased by 1.6%, whilst unit prices dropped dramatically by 8.5% for the quarter.
- Annually, house prices grew 4.7%, whilst units slipped by 3.5% for the year to July 2007.

Australian Property Monitors (publishers of [www.homepriceguide.com.au](http://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.



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## COMMENTARY:



**Commenting on the results is Michael McNamara  
General Manager for Australian Property Monitors.**

"Melbourne, Canberra and Brisbane property markets are booming. We are seeing robust conditions at the premium end of all these Eastern capitals, which are having the most significant effect on the latest very strong results.

"Melbourne property markets are experiencing the best conditions since the September quarter 2001. In Melbourne, the Inner Urban market (consisting of suburbs such as Malvern, Port Melbourne and St Kilda) has experienced growth in house prices at a staggering 10.7% for the quarter. Similarly, Melbourne's Inner South market is also on the boil, experiencing growth in house prices of 11.5% for the quarter to June. Whilst this type of growth is obviously unsustainable in the longer term, it does reflect increasing buyer confidence in the market, which will likely persist throughout the rest of the year. Low stock levels mean that more cashed up buyers are competing fiercely for a smaller pool of available properties on the market. First home buyers are also competing with investors trying to take advantage of increasing gross rental yields.

"In the Brisbane market, we are observing conditions not seen since the boom. Brisbane's East region is performing particularly strongly. House prices there grew by 15.4% for the quarter with suburbs such as Balmoral, Hawthorne and Kangaroo point all experiencing boom-time conditions.

"The Sydney market for houses shows a neutral number for the quarter to June, but like other Eastern capitals, Sydney's premium markets are experiencing heated conditions. This is balanced out by very weak markets in the less affluent mortgage belt areas of Sydney. A 2.2% growth for the quarter in unit prices indicates the start of an investor led recovery. Investing in property is becoming more attractive given increasing gross rental yields and the slowing of the stock market. Sydney's middle market is also buoyant, the inner west has grown by 11% over the quarter with suburbs such as Annandale, Drummoyne, Haberfield and Strathfield all experiencing double digit growth.

"The strength in property markets of Eastern capitals can be attributed to low stock levels, increasing gross rental yields and stable interest rates. We expect that an interest rate rise will dampen the growing buyer confidence that these numbers bare out."

## Comments and Forecasts

### Composition Adjusted Series: **Houses**

	Jun-07	Mar-07	Jun-06	3 month % Change	12 Month % Change
<b>Sydney</b>	\$528,533	\$523,413	\$529,557	1.0%	-0.2%
<b>Melbourne</b>	\$398,217	\$374,084	\$359,349	6.5%	10.8%
<b>Brisbane</b>	\$388,269	\$373,245	\$344,225	4.0%	12.8%
<b>Adelaide</b>	\$355,827	\$340,372	\$324,075	4.5%	9.8%
<b>Canberra</b>	\$488,804	\$455,053	\$415,649	7.4%	17.6%
<b>Perth</b>	\$503,303	\$504,332	\$463,045	-0.2%	8.7%
<b>Darwin</b>	\$421,010	\$416,301	\$377,198	1.1%	11.6%
<b>Hobart</b>	\$258,059	\$262,372	\$246,371	-1.6%	4.7%

### Composition Adjusted Series: **Units**

	Jun-07	Mar-07	Jun-06	3 month % Change	12 Month % Change
<b>Sydney</b>	\$362,181	\$354,292	\$365,038	2.2%	-0.8%
<b>Melbourne</b>	\$299,226	\$287,313	\$286,367	4.1%	4.5%
<b>Brisbane</b>	\$293,038	\$280,110	\$272,736	4.6%	7.4%
<b>Adelaide</b>	\$228,082	\$219,256	\$210,679	4.0%	8.3%
<b>Canberra</b>	\$319,587	\$317,120	\$307,427	0.8%	4.0%
<b>Perth</b>	\$350,533	\$349,190	\$317,157	0.4%	10.5%
<b>Darwin</b>	\$276,085	\$291,267	\$260,033	-5.2%	6.2%
<b>Hobart</b>	\$194,124	\$212,243	\$201,264	-8.5%	-3.5%

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

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