



## March 2007 Quarter Housing Data Composition Adjusted Housing Price Series

- **Interest rate reprieve cold comfort for mortgage holders feeling the pinch.**
- **Nationally, housing market "on the boil" in affluent areas riding high on stock market gains.**
- **Despite the cash rate being on-hold, APM predicts more forced sales, bankruptcies and re-possession.**

### Sydney

- **Sydney property prices (overall) recorded negligible growth in the March quarter.**
- **Premium markets, like the lower North Shore, run hot, growing at nine per cent for the year.**
- **On the other hand, Sydney's South West continues to decline (minus six per cent over the last 12 months) as mortgage holders are forced to sell up.**

### Melbourne

- **Melbourne premium areas have boomed. The top third of Melbourne's property market has grown by an extraordinary 16 per cent over the last 12 months.**
- **The highest Autumn clearance rates in three years is a good illustration of this.**
- **Less affluent areas of Melbourne have experienced weak to sluggish conditions.**

### Brisbane

- **Brisbane has reached its peak slowing to one per cent growth for the quarter. Most likely entering into a lengthy stabilisation phase.**

### Perth and Darwin

- **Perth has recorded the first quarterly decline in six years**
- **Darwin also recording a decline for the Quarter.**
- **Perth and Darwin have begun a modest correction and a long stabilisation phase. Expect further five per cent decline in 2007.**

### Adelaide

- **Adelaide experienced buoyant market conditions expected to result in strong growth throughout 2007. Expect a 10 per cent plus growth this calendar year.**

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.

## March 2007 Quarter Results – Houses

Overall capital city house prices have remained fairly stable over the quarter with Melbourne and Adelaide the stand out performers growing at five per cent and nine per cent respectively for the year to the end of March.

In our two biggest capital cities (Sydney and Melbourne) two speed property markets became more pronounced.

Melbourne has been particularly buoyed by strong premium sector growth. To illustrate this, the top third of Melbourne's property market rose by 16 percent whilst the lower third performed sluggishly.

In Sydney, more affluent areas like the lower North Shore grew by nine per cent whilst the South West region retreated by six per cent.

Perth houses have recorded the first quarter of negative growth since the year 2000. Darwin house prices also eased slightly.

## March 2007 Quarter Results – Units

Brisbane and Sydney apartment markets fared the worst, both declining by over two per cent for the quarter.

All other capital city apartment markets remained fairly stagnant apart from Adelaide which rose strongly at three point four per cent for the quarter.

## Comments and Forecasts

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

"In our largest capital cities a two tiered property market has become more pronounced. Whilst less affluent areas will be feeling the pain of rising interest rates. Our premium markets are riding high off extraordinary share market gains. This is reflected in the best auction clearance rates since 2003 for all capital cities except Perth and Darwin.

"Many share market investors will be profit taking and diversifying back into property. This creates a lot of upward pressure on prices in premium markets. Our most sought after areas have experienced an investor-led recovery. This has more than offset the extra stock on the market created by tax based selling by future superannuates. Investors are finding property attractive again as more reasonable rental yields provide better fundamentals.

"On the other hand, it is lamentable that whilst premium markets are booming, a further rise in the cash rate will disproportionately affect lower income earners. Whilst premium property markets will largely take increased interest rates in their stride, many less affluent mortgage holders will go to the wall.

"Monetary measures have had a profound affect on those lower income mortgage holders. There will no doubt be more re-possession, forced sales and bankruptcies following the extra burden of higher mortgage repayments as last years three interest rate hikes take their toll. This is likely to create greater social division. Confidence will continue to undermine less sought after areas as the spectre of more interest rate rises this year looms large"

## Composition Adjusted Series: Houses

	Mar-07	Dec-06	Mar-06	3 month % Change	12 Month % Change
<b>Sydney</b>	\$524,926	\$524,367	\$521,807	0.1%	0.6%
<b>Melbourne</b>	\$375,556	\$367,999	\$357,217	2.1%	5.1%
<b>Brisbane</b>	\$362,965	\$357,861	\$335,921	1.4%	8.1%
<b>Adelaide</b>	\$342,655	\$336,833	\$314,398	1.7%	9.0%
<b>Canberra</b>	\$431,897	\$432,686	\$412,652	-0.2%	4.7%
<b>Perth</b>	\$498,772	\$503,283	\$412,686	-0.9%	20.9%
<b>Darwin</b>	\$421,236	\$425,210	\$362,953	-0.9%	16.1%
<b>Hobart</b>	\$249,400	\$248,445	\$239,629	0.4%	4.1%

## Composition Adjusted Series: Units

	Mar-07	Dec-06	Mar-06	3 month % Change	12 Month % Change
<b>Sydney</b>	\$350,328	\$359,209	\$362,580	-2.5%	-3.4%
<b>Melbourne</b>	\$284,185	\$284,185	\$283,272	0.0%	0.3%
<b>Brisbane</b>	\$266,411	\$271,848	\$263,304	-2.0%	1.2%
<b>Adelaide</b>	\$217,275	\$210,032	\$208,266	3.4%	4.3%
<b>Canberra</b>	\$317,926	\$315,113	\$303,285	0.9%	4.8%
<b>Perth</b>	\$340,629	\$343,106	\$283,418	-0.7%	20.2%
<b>Darwin</b>	\$281,896	\$279,546	\$234,600	0.8%	20.2%
<b>Hobart</b>	\$207,219	\$208,359	\$206,079	-0.5%	0.6%

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

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#### About Australian Property Monitors (APM)

APM, publishers of [www.homepriceguide.com.au](http://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.