



New housing price series reveals a flat market

Media Release

8 August 2005

According to the new housing price series released today by Australian Property Monitors (APM), publishers of the Home Price Guide[®], and based on work commissioned by the Reserve Bank of Australia, national housing prices have remained flat thus far in 2005.

In short the new housing price series has been built based on the following:

- The new series is based on national valuer general data as well as agent reported sales data.
- The new series is based on property prices that exchanged in the quarter.
- The new series adjusts to take into account compositional changes that can occur in the market place.

The Reserve Bank of Australia (RBA) commissioned APM to put together some new data on median house prices in major capital cities stratified by market segment.

Further information on the construction of this new series can be found on page 35 of today's Statement on Monetary Policy released by the Reserve Bank of Australia

Louis Christopher, Head of Home Price Guide[®] Research said, "It has been a privilege to work with the RBA in compiling this new improved series. The improvements will now mean the market and the public at large will have a timely, accurate housing price series, subject to far less revision.



Australian Property Monitors Pty Ltd ACN 061 438 006 ABN 42 061 438 006
PO Box 1300 (Suite 6, Level 2, 32A Oxford St) Darlinghurst 2010 NSW Australia
Voice: (02) 9339 8200 Fax: (02) 9360 1123 email: info@apm.com.au
www.homepriceguide.com.au

“Timeliness of housing price data and the effects of compositional changes were highlighted by the RBA in 2004 as being some of the key issues that had to be addressed in order to have in place a truly valuable housing price series.

“APM, in conjunction with the RBA has addressed these issues by stratifying median prices and sales by market segment.

“In the simplest of terms, what we have done is to slice a city’s suburbs into various groups ordered from the most expensive suburbs to the most affordable suburbs. Typically there are ten different groups of suburbs for each capital city (five in Canberra).

“We then compile a median price series on each group, and place a weighting on these median prices to come up with the ‘composition adjusted’ median price for the capital city as a whole.” said Christopher.

APM research found that one of the biggest issues in monitoring housing price changes was the fact that it was quite regular that in any one period, there would be a disproportionate number of sales at the top end or the bottom end of the market that would unduly influence the overall city median. This new series now takes that into account and going forward this will no longer be an issue.

Highlights

- Overall national house prices fell by 0.1 per cent to \$390,600. For the 12 month period, house prices are up by 0.6 per cent.
- Falls were recorded in the March Quarter for Sydney, Melbourne and Brisbane, while Darwin and Perth recorded increases.
- Sydney housing prices have fallen throughout 2005. Following a 2.6 per cent fall in the March 2005 quarter, housing prices fell again in the June quarter by 1.3 per cent.
- House prices in Sydney have now fallen by eight per cent from their peak, which was recorded in the March quarter 2004.
- Sydney unit prices fell by 1.5 per cent during the June 2005 quarter, following a 1.8 per cent decline in the March 2005 Quarter.



- Melbourne housing prices fell by 0.3 per cent during the June 2005 Quarter, following a 0.1 per cent fall during the March Quarter.
- Melbourne house prices have fallen in five of the last six quarters, however, the quarterly declines have overall turned out to be slight.
- Darwin is the city with the fastest housing price growth with a three month change of 4.5 per cent and a 12 month change of 17.1 per cent.
- Brisbane housing prices have now registered declines with the median house price declining by 0.9 per cent.

Composition - adjusted house prices

City	Median House Price			Percentage change	
	June Quarter 2004	March Quarter 2005	June Quarter 2005	3 month change	12 month change
Sydney	\$552,000	\$533,000	\$526,000	-1.3%	-4.7%
Melbourne	\$334,000	\$340,000	\$339,500	-0.3%	+1.5%
Brisbane	\$321,000	\$326,000	\$325,000	-0.3%	+1.2%
Adelaide	\$288,000	\$300,000	\$301,000	+0.4%	+4.5%
Perth	\$287,000	\$314,000	\$323,000	+2.8%	+12.5%
Canberra	\$406,000	\$402,000	\$402,000	0.0%	-1.1%
Darwin	\$278,000	\$312,000	\$326,000	+4.5%	+17.1%

Note: composition adjusted median prices have been rounded to the nearest thousand dollars.

Source: www.homepriceguide.com.au Based on sales reported to Australian Property Monitors as at 27 July 2005.



Composition-adjusted unit prices

City	Price			Percentage change	
	June Quarter 2004	March Quarter 2005	June Quarter 2005	3 month change	12 month change
Sydney	\$375,500	\$369,500	\$364,000	-1.5%	-3.1%
Melbourne	\$264,000	\$266,000	\$266,000	-0.3%	+0.7%
Brisbane	\$231,000	\$234,000	\$232,000	-0.9%	+0.2%
Adelaide	\$196,000	\$202,000	\$205,000	+1.4%	+5.0%
Perth	\$180,000	\$194,500	\$193,500	-0.4%	+7.5%
Canberra	\$283,000	\$296,500	\$294,000	-0.7%	+4.0%
Darwin	\$186,000	\$185,000	\$189,00	+1.7%	+1.5%

Note: composition adjusted median prices have been rounded to the nearest thousand dollars.

Source: www.homepriceguide.com.au Based on sales reported to Australian Property Monitors as at 27 July 2005.

Next release covering National Housing Prices:

- September 2005 Quarter – Due 4 November 2005

For more information, please contact:

Louis Christopher
Research Director
Australian property Monitors
(02) 9339 8200
0410 667 651
louis.christopher@apm.com.au

