


Thursday 30 April 2009

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Official March 2009 Quarter Housing Data Composition Adjusted Housing Price Series

KEY POINTS

- Every capital city other than Darwin has seen house prices fall over the 12-months to March 09
- Sydney and Perth experience their 5th consecutive quarter of flat or falling house prices
- Brisbane experiences its 4th consecutive quarter of house price falls
- Melbourne and Darwin are the only capital cities with price rises for both houses and units in the March quarter
- Darwin is the standout property market with houses up +6.3% and units up +18.8% for the 12-months to March

Sydney

- House prices remained flat in the quarter with the median price falling -4.1% over the 12-months to March 09. This marks five consecutive quarters of flat or falling house prices.
- Unit prices rose by just under +1% in the March quarter, the first price rise since December 2007, but still fell by -1.2% over the year.

Melbourne

- House prices recorded their second consecutive quarter of growth but remain down -0.4% for the 12-months to March.
- After falling for the last two quarters unit prices recovered slightly, rising +0.5% to \$334,000.

Brisbane

- House prices fell by -0.5% in the March quarter, the fourth consecutive fall in price. The 12-month fall in price of -6.1% is second only to Perth amongst the national capitals.
- Unit prices fell by -2.1%, the most in the country in the March quarter.

Adelaide

- The -1.7% quarterly fall in house prices was the largest in the country during the March quarter, giving a 12-month fall of -2.2%.
- Unit prices also fell -1.7% for the March quarter, producing an annual price rise of +2.7%, the strongest unit market in the country outside Darwin.

Canberra

- In the March quarter, Canberra house prices rose +0.8% and unit prices dropped -0.8%.
- In the 12-months to March, house prices have fallen by -5.7% and unit prices have fallen by -4.5%.

Perth

- Perth remains the weakest housing market over the 12-months to March 09, with prices falling -7.0%. In the quarter, house prices levelled out to fall only -0.6%.
- Unit prices rose for the first time since March 08, with the strongest quarterly growth outside Darwin of +2.0%.

Hobart

- House prices rose by +0.8% in the quarter, and remain unchanged in the 12-months to March.
- Hobart unit prices have the worst 12-month performance of all the capitals, down -7.9%. Unit prices fell by -1.5% in the March quarter.

Darwin

- By far the strongest market in the country, house prices rose by +1.5% in the March quarter, producing a 12-month rise of +6.3%.
- Units produced a massive +9.3% rise in the March quarter to \$382,000, giving a 12-month rise of nearly +19%.

| Quarterly Composition Adjusted Median Price Series | | | | | |
|--|-----------|-----------|-----------|--------------|--------------|
| Houses | | | | | |
| | Mar-09 | Dec-08 | Mar-08 | QoQ % Δ | YoY % Δ |
| Sydney | \$529,926 | \$531,111 | \$552,816 | -0.2% | -4.1% |
| Melbourne | \$444,595 | \$437,537 | \$446,527 | 1.6% | -0.4% |
| Brisbane | \$414,909 | \$417,175 | \$442,054 | -0.5% | -6.1% |
| Adelaide | \$404,921 | \$411,968 | \$413,935 | -1.7% | -2.2% |
| Canberra | \$477,334 | \$473,390 | \$506,442 | 0.8% | -5.7% |
| Perth | \$473,292 | \$476,233 | \$508,831 | -0.6% | -7.0% |
| Hobart | \$281,987 | \$279,666 | \$282,111 | 0.8% | 0.0% |
| Darwin | \$490,300 | \$483,075 | \$461,422 | 1.5% | 6.3% |
| National | \$469,908 | \$469,461 | \$487,974 | 0.1% | -3.7% |

| Quarterly Composition Adjusted Median Price Series | | | | | |
|--|-----------|-----------|-----------|--------------|--------------|
| Units | | | | | |
| | Mar-09 | Dec-08 | Mar-08 | QoQ % Δ | YoY % Δ |
| Sydney | \$367,751 | \$364,314 | \$372,378 | 0.9% | -1.2% |
| Melbourne | \$334,302 | \$332,561 | \$338,317 | 0.5% | -1.2% |
| Brisbane | \$334,015 | \$341,088 | \$343,743 | -2.1% | -2.8% |
| Adelaide | \$265,161 | \$269,709 | \$258,294 | -1.7% | 2.7% |
| Canberra | \$346,084 | \$348,699 | \$362,288 | -0.8% | -4.5% |
| Perth | \$341,607 | \$332,848 | \$365,743 | 2.6% | -6.6% |
| Hobart | \$202,962 | \$206,114 | \$220,406 | -1.5% | -7.9% |
| Darwin | \$382,085 | \$349,596 | \$321,697 | 9.3% | 18.8% |
| National | \$340,591 | \$338,908 | \$347,679 | 0.5% | -2.0% |

COMMENTARY

By Matthew Bell, Economist for Australian Property Monitors

"The March 2009 housing and unit figures show a surprisingly resilient residential property market amidst the global and domestic economic turmoil. Nationally the change in median house price was slightly positive at 0.1%. While some capitals recorded quarterly falls in house prices these are not at the level we saw last September, when rising interest rates hit their peak.

"Most areas have experienced some weakness at the top end of the market. This segment has shown quarterly declines of 5% in some states. The good news is that there are signs of strength at the more affordable end. The market has seen increased activity by first home owners in the March quarter with minimal falls and even rises in median prices in the sub-\$500k price range in some capital cities.

"The combination of the introduction of the First Home Owners Boost last October and the dramatic reduction in mortgage rates from their peak of nearly 10% in August to around 5% in March has improved affordability for many Australians looking to purchase their first property. Strong gross rental yields are also making the potential investment market more attractive to buyers.

"Home-buyers have been taking advantage of flat or falling prices in most capital cities over the past year. With interest rates likely to resume their downward path in the second half of 2009, buyers can look forward to the promise of historically low mortgage repayments for some time to come.

"Rising unemployment and a weakening economy still pose the greatest risk to housing but capital city median prices are unlikely to experience large falls, being cushioned by low interest rates, record government fiscal stimulus and an undersupply of housing. Despite the likely end of the First Home Owners Boost in the May budget, the fundamentals of the market point to residential property prices stabilising in the second half of 2009 and early 2010."

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About Australian Property Monitors (APM)

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