

HOUSE PRICE REPORT

June 2010

www.apm.com.au
www.homepriceguide.com.au



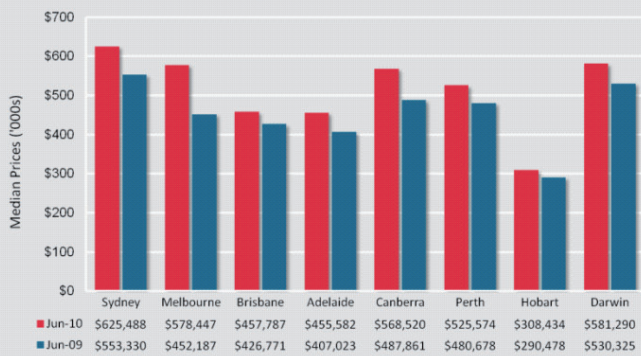
Key findings:

- National house price growth slows to 2.4% in June quarter, moderating in most capitals
- Annual house price growth still running at 15.6%, down only slightly in three months
- Quarterly house price growth actually rises in Sydney and Brisbane
- Unit prices rise in all major capitals, up nationally by 2.4% in the June quarter
- Top end price growth takes a breather as more affordable areas perform better for the first quarter since March 2009

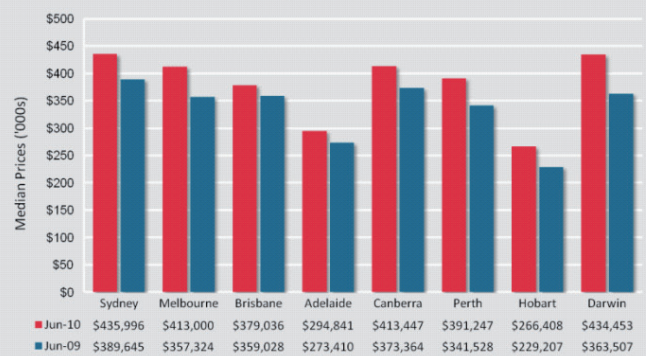
Composition Adjusted Median House Prices						
Houses	Jun-10	Mar-10	Dec-09	Jun-09	QoQ % Δ	YoY % Δ
Sydney	\$625,488	\$611,402	\$602,654	\$553,330	2.3%	13.0%
Melbourne	\$578,447	\$554,047	\$504,966	\$452,187	4.4%	27.9%
Brisbane	\$457,787	\$455,280	\$449,194	\$426,771	0.6%	7.3%
Adelaide	\$455,582	\$447,307	\$431,995	\$407,023	1.8%	11.9%
Canberra	\$568,520	\$557,943	\$541,855	\$487,861	1.9%	16.5%
Perth	\$525,574	\$522,325	\$516,195	\$480,678	0.6%	9.3%
Hobart	\$308,434	\$314,423	\$299,828	\$290,478	-1.9%	6.2%
Darwin	\$581,290	\$585,672	\$559,260	\$530,325	-0.7%	9.6%
National	\$558,540	\$545,573	\$525,670	\$483,201	2.4%	15.6%

Composition Adjusted Median Unit Prices						
Units	Jun-10	Mar-10	Dec-09	Jun-09	QoQ % Δ	YoY % Δ
Sydney	\$435,996	\$424,213	\$419,799	\$389,645	2.8%	11.9%
Melbourne	\$413,000	\$397,776	\$386,873	\$357,324	3.8%	15.6%
Brisbane	\$379,036	\$372,350	\$373,283	\$359,028	1.8%	5.6%
Adelaide	\$294,841	\$290,629	\$283,756	\$273,410	1.4%	7.8%
Canberra	\$413,447	\$416,034	\$409,195	\$373,364	-0.6%	10.7%
Perth	\$391,247	\$391,017	\$385,266	\$341,528	0.1%	14.6%
Hobart	\$266,408	\$264,390	\$253,491	\$229,207	0.8%	16.2%
Darwin	\$434,453	\$398,907	\$418,655	\$363,507	8.9%	19.5%
National	\$402,945	\$393,433	\$387,579	\$359,014	2.4%	12.2%

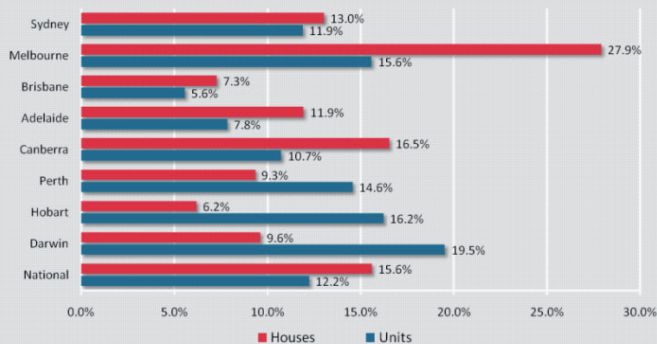
Composition Adjusted Median Prices - Houses



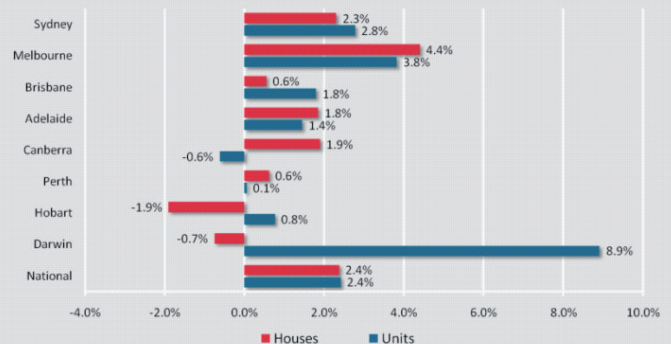
Composition Adjusted Median Prices - Units



Median House Price % Changes (Yr on Yr %)



Median Unit Price % Changes (Yr on Yr %)



Capital City Results

Sydney

- House Prices up by +2.3% and unit prices up by +2.8% in June quarter, with growth increasing for both markets compared to the March quarter
- This was the fifth consecutive quarter of house price rises for Sydney
- Median house price now sits above \$625,000 and the median unit price above \$435,000
- Annual house price growth remains +13%, well above long term trend levels

Melbourne

- Quarterly house price growth falls to the lowest rate since March 2009, but still running at an extraordinary +4.4%
- Annual house price growth remains above +25% as June 2010 quarter growth rate matches the June 2009 growth rate
- The median house price is now 34% above the March 2009 price low
- Quarterly unit price growth of +3.8% brings the median price above \$400,000 for the first time

Brisbane

- Brisbane house price growth of +0.6% the weakest of all major capitals in June quarter
- Annual house price growth of +7.3% and unit price growth of +5.6% the lowest of all mainland capital cities
- Price falls in the bottom half of the market just offset by rises in the top half

Adelaide

- Fifth consecutive quarter of solid house and unit price growth
- Median house price breaks \$450,000 for the first time
- Unit prices the most affordable of all mainland capitals with median price still under \$300,000

Perth

- Perth market flat in the June 2010 quarter for both houses and units
- Annual house price growth slips below 10% for the first time since September 2009 quarter
- Unit market flat with 0.1% growth after three quarters of solid price rises, means annual price growth for units remains near 15%

Canberra

- Solid June quarter means Canberra remains the second strongest housing market in the country with the annual rise in median house price coming in at +16.5%
- Median house price now well on the way to \$600,000
- Unit market slightly weaker, with median prices down -0.6% to \$413,500

Hobart

- Weakest housing market in the country with house prices down nearly -2% in the June quarter, to be up only +6.2% in the last 12-months
- One of the strongest unit markets in the country, with median prices up +16.2% year on year

Darwin

- Median house prices pause after rising more than 10% in six months, down -0.7% in June quarter
- Unit prices rising at close to 20% over the last 12-months

Comments and forecasts

House price growth slowed in most capitals in comparison to the previous quarter, but remained relatively robust, with the national pace of house price growth falling from a revised +3.8% in the March quarter down to +2.1% in the June quarter. Sydney and Brisbane bucked the trend, with their quarterly growth rates increasing slightly, with all other capitals displaying a slowing rate of house price growth.

Annual rates of growth in house and unit prices remain well above long-term trend levels for all major capitals other than Brisbane. Falling auction clearance rates and historically low levels of owner-occupied housing finance have yet to impact prices in a significant way for a number of reasons.

While clearance rates have definitely been softening since April, volumes of sales at auction, both in number and value have remained at very high historical levels in the major markets of Sydney and Melbourne. This indicates that the falling clearance rates have more to do with increased supply of properties for auction than collapsing demand.

Secondly, according to the ABS, while owner-occupied demand for housing loans hit a nine-year low in April, loans taken out for property investment purposes is up 17.6% in the last 12-months and is 34% higher than their January 2009 lows. So, we've seen increased investor activity mitigate the fall in demand from owner-occupiers, particularly the drop-off in first homebuyers.

The June quarter has seen one other turnaround in the market. During the worst months of the GFC, it was the affordable end of the market that sustained Australian house prices. For the majority of last year's recovery, the extraordinary growth in house prices was largely driven by the top end of the market in nearly every capital city.

In this most recent quarter however, we have seen a return to the less expensive end of the market outperforming the top end in all major housing markets with the exception of Brisbane. This will come as a surprise to many commentators given the six nearly consecutive interest rate rises up to May. The underperformance of the more expensive suburbs is likely due to both the strong price increases seen in the previous four quarters, as well as a flow-on effect of a relatively weak stock market during the June quarter.

APM continues to expect further price growth moderation in the next three to six months as the low levels of housing finance and the upside risk of further rate increases weigh on the market. That said, the medium-term outlook is still strong. The labour market remains very robust, population and income growth continue at high levels, and the small spike seen in dwelling commencements seems likely to disappear as building approvals have been weakening. This means not enough new properties will be appearing on the market to satisfy demand, keeping upward pressure on prices for existing properties.

With national house price growth currently at 6.2% for the six months to June, APM continues to believe that the 2010 annual rate of house price growth will settle in the 8%-10% range.

About Australian Property Monitors (APM)

APM is a leading national supplier of property price information to home buyers and sellers, professional real estate agents, mortgage brokers, valuers, banks and financial markets. APM has been helping our customers make informed decisions about property 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 and APM's own researchers. This vast pool of information ensures APM's databases contain the latest and most detailed house price information available.

For more information or to arrange an interview, please contact:

■ Emma Casey, Reservoir Network

02 9955 8000 / 0401 494 436

email: emma@reservoirnetwork.com.au

■ Steve Riethoff, Reservoir Network

02 9955 8000 / 0417 047 837

email: steve@reservoirnetwork.com.au