



Friday 26 October 2007

Official September 2007 Quarter Housing Data Composition Adjusted Housing Price Series

KEY POINTS

- Looming interest rate rise to hit lower to middle income mortgage holders hard.
- In the property market the gap between rich and poor is set to widen further.

Sydney

- The Sydney market for houses and units is stable. The annual growth figure for houses is 4.6 per cent and for units under one per cent.
- Overall, houses experienced only modest gains, despite the significant upward price pressures being felt in premium markets.
- Expect more forced sales and bankruptcies in less affluent areas as the looming interest rate rise bites hard.

Canberra

- Canberra is the most heated of Australian property markets. The annual growth figure for houses is 17.7 per cent and for units 9.7 per cent.

Melbourne

- The Melbourne property market is booming as predicted.
- Nineteen per cent growth year-on-year for Melbourne house values is unsustainable.
- House values grew substantially for the quarter to September 9.6 per cent.
- Unit prices grew strongly for the quarter to September 9.5 per cent.
- Melbourne's prestige markets continue to experience over double digit growth
- Expect strong growth patterns to slow with changes in Monetary policy

Brisbane

- Brisbane house and unit values grew strongly for the quarter to September, 2.4 and 1.1 per cent respectively.
- The more affluent Brisbane East market continues to be a star performer. House prices grew by 11.4 per cent for the year to September.
- Overall, the Brisbane market for houses and units is strong. The annual growth figure for houses is 16.7 per cent and for units 9.8 per cent.

Adelaide

- The Adelaide market for houses and units is strong. The annual growth figure for houses is 10.6 per cent and for units 14.4 per cent.

Perth & Darwin

- The resource heavy capitals are experiencing stable conditions after reaching their peak in the December 2006 quarter. Expect falls in future quarters following soft market conditions.

Australian Property Monitors (publishers of 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.**

“The combination of strong growth in housing values and rising interest rates will deal a huge blow to would-be home owners and lower to middle income mortgage holders. Melbourne, Canberra and Brisbane property markets continue to boom to the delight of investors and to the despair of first home buyers. We continue to see particularly robust conditions at the premium end of all these Eastern capitals.

“The spectre of the 10th interest rate rise since 2002 will cause further financial pressure to would be home owners and struggling mortgage holders. We anticipate that this expected rise in the cash rate will push additional mortgage holders against the wall. A glut of properties at the lower end of all our capital city markets will deeply affect house values in those areas.

“On one side of town, more affluent mortgage holders will manage a rise in the cash rate well in their stride. For others, it will cause huge burdens to family budgets.

“This, of course, highlights the innate bluntness of monetary policy as an instrument in controlling inflation. Rising interest rates will affect, much more profoundly, lower to middle income earners, as they tend to pay a greater proportion of their disposable income to service mortgage repayments. In the property market this will mean that in an environment of tightening monetary policy, the rich will continue to get richer and the poor will continue to get poorer.”

Comments and Forecasts

Composition Adjusted Series: Houses

	Sep-07	Jun-07	Sep-06	3 month % Change	12 Month % Change
Sydney	\$548,344	\$532,670	\$524,181	2.9%	4.6%
Melbourne	\$435,064	\$396,848	\$364,191	9.6%	19.5%
Brisbane	\$399,755	\$390,534	\$342,499	2.4%	16.7%
Adelaide	\$359,581	\$359,300	\$325,033	0.1%	10.6%
Canberra	\$485,262	\$477,383	\$412,363	1.7%	17.7%
Perth	\$510,254	\$503,954	\$493,752	1.3%	3.3%
Darwin	\$420,931	\$423,756	\$409,594	-0.7%	2.8%
Hobart	\$257,208	\$253,792	\$249,499	1.3%	3.1%

Composition Adjusted Series: Units

	Sep-07	Jun-07	Sep-06	3 month % Change	12 Month % Change
Sydney	\$364,324	\$365,539	\$364,300	-0.3%	0.0%
Melbourne	\$316,509	\$302,122	\$288,930	4.8%	9.5%
Brisbane	\$312,706	\$309,270	\$284,893	1.1%	9.8%
Adelaide	\$242,538	\$235,664	\$211,924	2.9%	14.4%
Canberra	\$339,553	\$324,635	\$309,585	4.6%	9.7%
Perth	\$346,728	\$350,601	\$337,572	-1.1%	2.7%
Darwin	\$303,179	\$281,008	\$277,236	7.9%	9.4%
Hobart	snr*	\$215,771	\$198,182		

Source:

www.homepriceguide.com.au

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* statistically not reliable.

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About Australian Property Monitors (APM)

APM, publishers of 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.