


Friday 25 January 2008

Official December 2007 Quarter Housing Data Composition Adjusted Housing Price Series

KEY POINTS

- **Booming Melbourne property market sets growth record.**
- **Melbourne house values explode - growing 25 per cent in 2007**
- **Melbourne Brisbane and Adelaide house values all grew by over 20 per cent for 2007**
- **Expect Sydney apartment market to emerge from the doldrums to post strong growth in 2008**
- **Perth property prices starting to weaken**
- **Adelaide proves the best performing property market overall – including houses and units.**

Sydney

- Though overall growth figures are sluggish positive signs are emerging for the Sydney market
- 5 per cent growth in house values for 2007, though modest, it is the best growth result since 2003
- Sydney apartment values grew by just 2 per cent over the year. These are seen by APM as undervalued, cheap compared to other state capitals and are set to rise strongly in 2008.

Canberra

- Canberra property continues to perform well and is set to overtake Perth as Australia's second most expensive city to buy property.

Melbourne

- 25 per cent growth in Melbourne house values is boom time conditions by anyone's definition. Growing at over 9 per cent for the quarter to December.
- Melbourne property will be Australia's most expensive by 2009 if this unsustainable growth were to continue.
- Melbourne apartment values rose by 6 per cent over 2007
- Expect uncertainty around an economic slow down and rising interest rates to be the handbrake in this market.

Brisbane

- Unequivocally a seller's year in Brisbane.
- Whilst the Brisbane property market may be beginning to slow, it has posted a stellar result for the past calendar year
- House values soared by 20 per cent over 2007 while apartment values grew strongly by 11.3 per cent.

Adelaide

- Adelaide has posted the best all round performance of any housing market in the country over the last 12 months.
- House values shot upwards by 20 per cent whilst unit values climbed a staggering 24 per cent over 2007.
- Expect strong – but less rapid- growth over 2008.

Perth & Darwin

- Perth and Darwin were the only capitals to record losses in value over the quarter
- The signs are ominous that this is the beginning of the predicted weakening in those property markets.
- Expect significant drops in value this year to both markets for houses and units

Australian Property Monitors 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.

For more info, visit: www.apm.com.au

Composition Adjusted Series: Houses

	Dec-07	Sep-07	Dec-06	3 month % Change	12 Month % Change
Sydney	\$553,357	\$548,915	\$528,105	0.8%	4.8%
Melbourne	\$463,488	\$423,717	\$370,059	9.4%	25.2%
Brisbane	\$425,368	\$409,409	\$354,113	3.9%	20.1%
Adelaide	\$400,659	\$375,518	\$333,845	6.7%	20.0%
Canberra	\$506,570	\$474,791	\$442,022	6.7%	14.6%
Perth	\$508,776	\$510,776	\$500,486	-0.4%	1.7%
Darwin	\$443,917	\$422,204	\$421,755	5.1%	5.3%
Hobart	\$280,853	\$266,071	\$252,307	5.6%	11.3%

Composition Adjusted Series: Units

	Dec-07	Sep-07	Dec-06	3 month % Change	12 Month % Change
Sydney	\$370,188	\$368,249	\$363,843	0.5%	1.7%
Melbourne	\$335,088	\$316,149	\$292,242	6.0%	14.7%
Brisbane	\$322,127	\$319,668	\$289,484	0.8%	11.3%
Adelaide	\$261,964	\$237,812	\$211,114	10.2%	24.1%
Canberra	\$346,901	\$338,834	\$311,396	2.4%	11.4%
Perth	\$348,464	\$357,068	\$346,058	-2.4%	0.7%
Darwin	\$283,726	\$298,980	\$289,781	-5.1%	-2.1%
Hobart	\$246,361	\$240,496	\$207,249	2.4%	18.9%

Source:

www.homepriceguide.com.au

Copyright 2006 Australian Property Monitors

Comments and Forecasts



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

“The upwardly spiraling Melbourne house values represent a boom-time market in anyone’s language. Clearly, this explosion in property values is unsustainable and certainly would-be home owners are hoping so. Whilst for some, buying Melbourne property has slipped further out of reach, it has been a year where investors in Melbourne property market have hardly been able to stop smiling. An annual 25 per cent increase in Melbourne house prices is quite extraordinary and the size of that growth number is certainly larger than anyone expected.

“If Melbourne house values were to continue on that trajectory they would topple Sydney as Australia’s most expensive within 12 months.

“2008 will be a year that is dominated by uncertainty. Fluctuating stock markets, predictions of economic slowdown, increased petrol prices and the risk of more interest rate rises will no doubt have the effect of dampening buyer confidence

“Sydney house and unit values have been the laggard of the Australian property market for over 4 years now. With Sydney apartments looking so cheap compared to other capitals (Melbourne, Canberra, Perth and Brisbane apartments are within 15% of Sydney values), and assuming there is a transfer of cash from stocks to other asset classes, we have Sydney apartments as our number one pick for growth over the next few years.

“The Perth market has been more resilient than we expected over the last 12 months but this report shows the beginning of a sustained period of weakness in those markets that should see significant further easing in property values over 2008.

“This time last year we predicted Adelaide to be the top pick this year and this report is confirmation of our analysis. Adelaide posted the best overall performance across both property types for last year. House values soared by 20 per cent while unit values also exploded by 24 per cent for the 12 months to December.”

For more information please call:

Michael McNamara

Australian Property Monitors
Operations Manager
APM Toll free - 1800 817 616
Mobile - 0403 546 552

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.