

HOUSE PRICE REPORT

December 2009

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



A U S T R A L I A N
P R O P E R T Y
M O N I T O R S

Key findings:

- Median house prices rise nationally by 4.8% in December quarter and 12.1% in 2009
- Highest rate of annual house price growth since 2003
- All housing markets except Perth at all time highs
- Melbourne strongest housing market in the country with median prices up 18.5% in 2009
- National rise driven by top end of the market in all major capitals

Composition Adjusted Median House Prices (Quarterly)

HOUSES	Dec-09	Sep-09	Jun-09	Dec-08	QOQ%Δ	YOY%Δ
Sydney	\$595,745	\$565,581	\$553,583	\$531,560	5.3%	12.1%
Melbourne	\$517,756	\$486,708	\$451,783	\$436,765	6.4%	18.5%
Brisbane	\$445,562	\$432,530	\$426,324	\$413,767	3.0%	7.7%
Adelaide	\$427,109	\$420,624	\$406,936	\$416,949	1.5%	2.4%
Canberra	\$535,941	\$513,854	\$488,608	\$484,757	4.3%	10.6%
Perth	\$512,178	\$497,011	\$484,120	\$471,104	3.1%	8.7%
Hobart	\$321,798	\$303,067	\$292,074	\$281,176	6.2%	14.4%
Darwin	\$556,295	\$533,116	\$530,058	\$490,146	4.3%	13.5%
National	\$525,524	\$501,660	\$483,635	\$468,946	4.8%	12.1%

Composition Adjusted Median Unit Prices (Quarterly)

UNITS	Dec-09	Sep-09	Jun-09	Dec-08	QOQ%Δ	YOY%Δ
Sydney	\$405,795	\$397,679	\$389,071	\$369,607	2.0%	9.8%
Melbourne	\$375,663	\$368,833	\$354,817	\$337,015	1.9%	11.5%
Brisbane	\$358,289	\$363,407	\$357,186	\$352,010	-1.4%	1.8%
Adelaide	\$281,451	\$276,801	\$273,519	\$266,975	1.7%	5.4%
Canberra	\$387,788	\$384,004	\$377,857	\$352,494	1.0%	10.0%
Perth	\$385,001	\$361,102	\$341,786	\$332,492	6.6%	15.8%
Hobart	\$246,854	\$234,431	\$230,412	\$215,353	5.3%	14.6%
Darwin	\$428,448	\$415,906	\$363,513	\$348,861	3.0%	22.8%
National	\$377,079	\$369,106	\$358,066	\$343,282	2.2%	9.8%

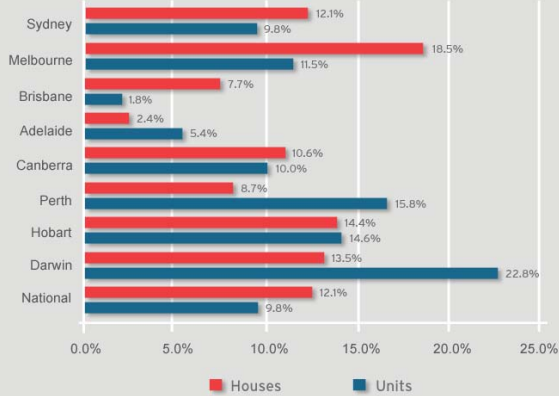
Composition Adjusted Median Prices - Houses



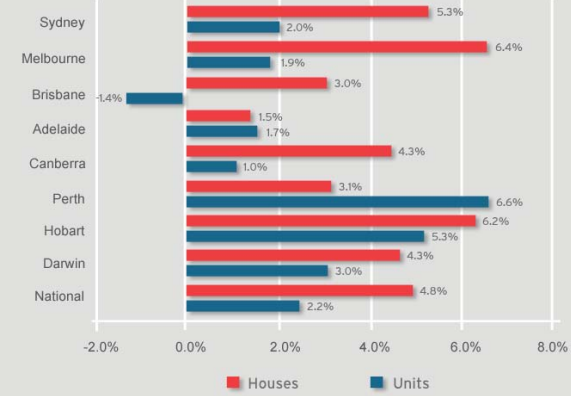
Composition Adjusted Median Prices - Units



Median Price % Change (Yr on Yr %)



Median Price % Change (Qtr on Qtr %)



Capital City Results

Sydney

- House prices rose by exactly the national average of +12.1% during 2009, with all the growth coming in the final 3 quarters of the year.
- House prices rose by +5.3% and unit prices rose by +2.0% in the December quarter, the third consecutive quarter of strong price growth.
- Unit prices grew +9.8% during 2009, consolidating above \$400,000.

Melbourne

- The strongest housing market in the country for the second consecutive quarter means Melbourne had the highest annual growth rate for 2009 of +18.5%.
- House prices breached the \$500,000 barrier for the first time.
- Unit prices grew much more slowly than house prices during the December quarter, up only 1.9% compared to the +6.4% seen for houses.

Brisbane

- Annual growth of +7.7% in house prices and +1.8% in unit prices are both well below the national average.
- Median house prices grew +3.0% in the December quarter, double the rate seen in the previous quarter.
- Brisbane units were the only property sector in the country to experience a price fall in the December quarter.

Perth

- Median house prices rise by +8.7% in 2009, back over \$500,000, a level last seen in March 2008.
- Quarterly house price growth of +3.1% highest since September 2006.
- Median unit prices rise by +15.8% in 2009 to an all time high, and has risen by over 12% in the last 6 months.
- Annual unit price growth second only to Darwin.

Canberra

- Median prices for houses and units rise by 10% during 2009.
- Second consecutive quarter of median house prices growth exceeding 4%.

Adelaide

- Median house price growth the lowest in the country at +2.4% for 2009.
- Quarterly growth rate falls back to +1.5% in December, down from +3.4% in September.
- Remains the most affordable mainland capital city in the country for both houses and units.

Hobart

- After Melbourne, the strongest housing market in the country during 2009 with house prices rising by over 14% in 2009.
- Median units price rose by +14.6% in 12 months, well above the national average for 2009.

Darwin

- Median house prices rise by +13.5% in 2009, to over \$550,000.
- Darwin houses retain their mantle of second most expensive in the country behind only Sydney.
- Darwin unit prices record the strongest median price rise of any market in the country during 2009, up +22.8%, overtaking Sydney as the most expensive unit market in the country.
- Unit price growth in Darwin has now averaged over 18% for the last 5 years.

Comments and forecasts

Commenting on the APM House Price Report: Matthew Bell, Economist - Australian Property Monitors

The Australian property market has shaken off the weak start to 2009 to post the strongest annual house price growth since 2003. A flat March quarter has been followed by improved growth rates in June and September quarters, culminating in December 2009 being the strongest quarter for house prices since September 2003.

While the First Home Buyer sector kept the overall market afloat through the end of 2008 and the first quarter of 2009, it's been the activity at the top end of the market that has driven the extraordinary overall result for 2009. In the major capitals, the median sale price of houses in the most expensive 50% of suburbs rose by +17.1% from its March quarter lows, compared with a rise of +9.6% for the bottom half of the market. In the December quarter alone, the price growth for the top end almost doubled the growth seen by the remainder of the market.

Activity in the more expensive suburbs has been driven by the surprisingly resilient jobs market experienced in late 2009 and a strongly rising share market. First home buyer activity eased in the December quarter with these potential buyers being much more susceptible to the three consecutive interest rate rises and the partial expiry of the First Home Owner Boost. This gap has been filled by upgraders and investors purchasing at the more expensive end of the market. This was reflected in continuing strong auction clearance rates and strongly rising median auction prices during the December quarter.

The price growth seen in the more expensive suburbs in 2009 has largely been a recovery of the price falls that occurred since late 2007 and early 2008. This top-end recovery has been completed in most capitals with median house prices surpassing pre-GFC highs for the first time in the December quarter in Sydney, Brisbane, Adelaide and Perth.

Rising interest rates and the full expiry of the First Home Owner Boost at the end of December are likely to continue to slow activity for first home buyers, while the recovery of top end prices to pre-GFC levels means that median price growth is likely to moderate across all sectors of the market in the first half of 2010. The medium-to-long-term outlook for property prices remains strong, as high population growth, rising incomes and a relative lack of new supply means there will simply be more demand for housing than supply.

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