

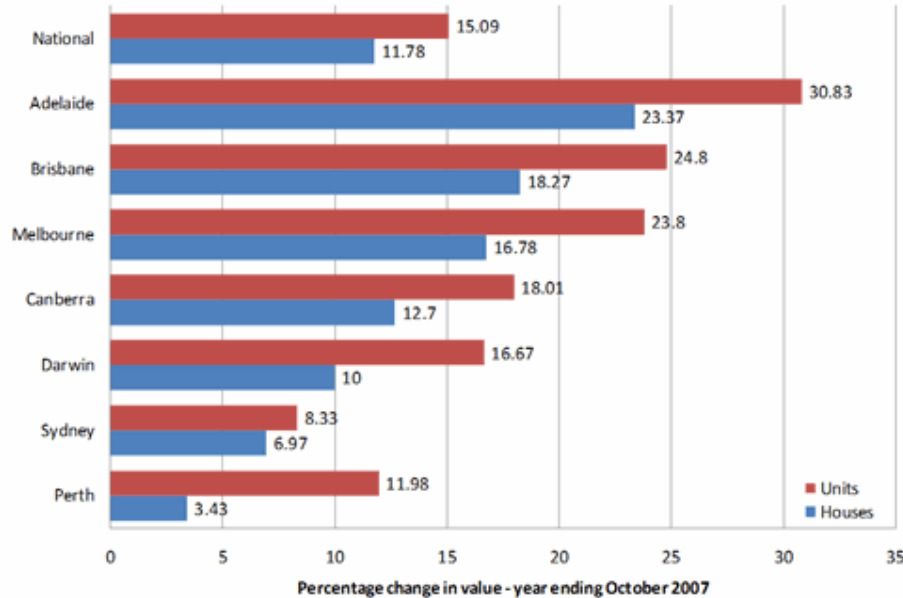
The National Capital City Round Up

The latest RP Data – Rismark Hedonic Index shows the Australian property market continues to grow in value, with home prices increasing by 12.6 per cent over the year ending October.

The latest Hedonic Index figures show that overall Australian property values have been growing steadily since the start of 2007; however price growth in the unit market is now outpacing price growth in the detached housing market. Over the last twelve months unit prices have increased by 15.1 per cent compared to 11.8 per cent for houses.

The strong growth in the apartment sector further highlights the affordability situation that is plaguing first home buyers and low income families. Attached dwellings such as units and apartments are in high demand from owner occupiers and investors as price points are generally more affordable and rental yields tend to be higher. The median unit value across Australia is now \$380,100 almost \$100,000 lower than the median house value of \$475,800. The gross rental yield on a unit across Australia is now 4.8 per cent compared to 4.0 per cent for houses.

Capital city house and unit value changes Year to October 2007



On a city-by-city basis, Adelaide continues to lead the charge, maintaining growth well above twenty per cent. Houses are increasing in value at the rate of 22.4 per cent per annum and unit growth has cracked the 30 per cent mark, with unit prices now increasing at the rate of 30.8 per cent. Even with such impressive growth, Adelaide remains one of the most affordable housing options of any capital city. The median house price at \$385,400 is the lowest of any capital city and the median unit price, \$297,500 is the second lowest of any capital city behind Darwin. Rental yields for both houses and units are also above the national average at 4.3 per cent and 4.9 per cent on average respectively.

Brisbane and Melbourne are close behind Adelaide, with combined house and unit prices increasing at the rate of 19.25 per cent and 18.39 per cent respectively. Houses and units are averaging less than twenty-five days to sell across both markets suggesting that housing stock is turning over very quickly. Reflecting the national trend of the unit market outperforming detached housing, unit values increased by 22.8 per cent in Brisbane and 23.1 per cent in Melbourne. Rental yields in Brisbane are significantly higher in Brisbane than in Melbourne with Brisbane houses returning a gross yield of 4.3 per cent on average (compared to 3.8 per cent in Melbourne) and Brisbane units returning a gross yield of 5.0 per cent compared to Melbourne's 4.5 per cent.

The nation's largest real estate market Sydney, is continuing to show improvements after three years of depressed prices. Overall price growth for houses and units is now at 7.4 per cent per annum; this time last year the growth rate was just 0.4 per cent. The number of houses being listed in the market is up by 24 per cent on the same period last year, suggesting the vendor confidence may be returning to the market.

Darwin's long run of price growth and Canberra's shorter run of price growth appears to have slowed over the last quarter. Darwin house and unit prices have increased by 14.5 per cent over the year, however the last quarter has recorded less than a one per cent movement. Similarly, Canberra house and unit prices increased 13.9 per cent over the year, but quarterly growth has been only 1.5 per cent.

The Perth market has continued to cool with price growth of just 3.2 per cent for houses. The unit market is fairing somewhat better, with price increasing by 12.0 per cent over the year. The stronger performance of the Perth unit market is likely due to the dramatic fall of affordability levels in Perth over the last two years, with many buyers now looking towards attached living options because of the lower price points. Leading indicators suggest the Perth market is slowing further, with both the average time it takes to sell a property and the level of vendor discounting both trending upwards.