

House Prices Lift Confidence

A jump in established house prices in the June quarter is not a cause for alarm according to the Housing Industry Association (HIA), Australia's largest building industry association.

"A 4.2 per cent rise in established dwellings in the June 2009 quarter followed four straight quarters of decline in the ABS series with the index still down by 1.4 per cent relative to mid-2008," HIA's Chief Economist, Dr Harley Dale said.

"We're certainly not talking about a strong result here. But evidence of moderate growth flies in the face of incessant talk earlier in the year that house prices would drop into free-fall. Clearly, and predictably, that has not been the case," said Harley Dale.

"The fact that house prices have held up is an important factor in Australia dodging the massive economic fall-out evident in the United States and the United Kingdom. Signs of life in the real estate market will also be helping to underpin consumer confidence at a time when confidence in Australia's economic prospects is very important," Harley Dale said.

The capital city established house price index rose in the June 2009 quarter by 4.9 per cent in Sydney, 5.2 per cent in Melbourne, 2.5 per cent in Brisbane, 3.4 per cent in Adelaide, 2.7 per cent in Perth, 2.5 per cent in Hobart, 2.4 per cent in Darwin, and 3.6 per cent in Canberra.

The weighted average index for project homes across Australia's eight capital cities increased by 1.5 per cent over the June 2009 quarter to be up by 2.6 per cent in annual terms.

The capital city project house price index increased in the June 2009 quarter by 2.1 per cent in Sydney, 2.2 per cent in Melbourne, 0.9 per cent in Brisbane, 0.5 per cent in Adelaide, 0.1 per cent in Perth, 0.5 per cent in Hobart, 1.1 per cent in Darwin, and 1.2 per cent in Canberra

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