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ESTABLISHED HOUSE PRICES RISE ACROSS THE COUNTRY

The price of established homes have risen across Australia putting further pressure on already straining rental markets.

Today's official numbers from the Australian Bureau of Statistics confirm declining housing affordability, with established house prices rising by 2.2 per cent across Australia to an average annual growth rate of 9.5 per cent. Growth in new home (minus land) prices was more muted, up by 0.2 per cent over the September quarter, and 2.6 per cent annually – less than inflation.

Australia's peak building industry body, HIA, stated that the a decline in affordability, particularly in the primary sector economies of Western Australia and the Northern Territory, was being driven by surging house prices.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent noted that, for first home buyers, continued price growth coupled with three consecutive interest rate increases is clearly going to damage affordability even further.

"Once again however today's figures demonstrate how the price pressures within new home construction are well and truly contained with home building costs now rising less than inflation. Sadly however, the relentless rise in land prices continues," Mr Tennent said.

"Until the supply of new housing catches up with the current shortage the outlook for house prices, even in a higher interest rate environment, is for further increases thus putting housing further out of reach for many families," Mr Tennent added.

- In Canberra the established house price index rose by 3.8 per cent over the quarter to an annual growth rate of 10.5 per cent. New home prices (minus land) rose by 0.7 per cent over the quarter to be 3.8 per cent higher over the 12 months to September 2006.
- In Sydney the established house price index rose by a marginal 0.2 per cent over the September quarter, and is 1.4 per cent higher than in the September 2005 quarter. New home prices (minus land) fell by 0.1 per cent over the quarter, but are up by 0.5 per cent over the year.
- Established house prices in Melbourne were up by 1.7 per cent over the September 2006 quarter, and 7.5 per cent annually. New home prices (minus land) were down by 1.6 over the quarter and 1.9 per cent annually.
- Adelaide's established house price index is up by a marginal 0.6 per cent over the September quarter, and 6.4 per cent annually. The new home (minus land) index is also up by 0.6 per cent over the quarter, but only 2.6 per cent annually.
- In Perth the established house price is up by 10.1 per cent over the September 2006 quarter, and a significant 45.9 per cent over the year. New home prices (minus land) are up by 3 per cent over the quarter, and 15.7 per cent annually.
- Hobart's established house price index rose by 1.5 per cent over the quarter, and is 9.4 per cent when compared to the September 2005 quarter. The new house price (minus land) index is up by 0.3 per cent over the quarter, and 3.2 per cent annually.
- Established house prices in Darwin rose by 3.1 per cent over the September quarter, and are 17.3 per cent higher in an annual sense. New home (minus land) prices are up by 3.4 per cent over the quarter, and 13.6 per cent over the year to September 2006.

ABS House Prices - September Quarter 2006

	Established Houses		New Homes (Minus Land)	
	Qtrly (%)	Annual (%)	Qtrly (%)	Annual (%)
Sydney	0.2	1.4	-0.1	0.5
Melbourne	1.7	7.5	-1.6	-1.9
Brisbane	0.9	6.5	0.2	2.5
Adelaide	0.6	6.4	0.6	2.6
Perth	10.1	45.9	3.0	15.7
Hobart	1.5	9.4	0.3	3.2
Darwin	3.1	17.3	3.4	13.6
Canberra	3.8	10.5	0.7	3.8
Weighted average of eight capital cities	2.2	9.5	0.2	2.6

FURTHER INFORMATION

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