



# REIA

REAL ESTATE INSTITUTE  
OF AUSTRALIA

Real Estate Institute of Australia  
16 Thesiger Court | PO Box 234 Deakin ACT 2600  
Phone (02) 6282 4277 | Fax (02) 6285 2444  
www.reia.com.au | reia@reia.com.au

# media release

Monday 16 March 2009

***Under strict embargo until 12.01am Monday 16 March 2009***

## **MARKET RESPONDING TO INTEREST RATE CUTS AND STIMULUS MEASURES**

The Real Estate Institute of Australia (REIA) and Mortgage Choice have today released the Real Estate Market Facts report, a quarterly review of major residential property markets in Australia.

The Australian property market showed signs of stabilising in the December quarter 2008, following a series of decisions by the Reserve Bank to cut the official interest rate by a cumulative 2.75%, and increased activity by first home buyers on the back of the Boost to the First Home Owners Grant.

“Market response to the actions of the Reserve Bank and the Government has seen falling property prices around the country stabilising in the December quarter 2008, propped up by buyer activity at the lower end of the market. It is at the top end of the market, in the so-called ‘blue-ribbon’ areas where there is a lack of demand and property prices continue to slide”, said REIA President, Mr Noel Dyett.

The Report also shows four out of eight capital cities recorded no change or an increase in median house prices over the quarter. This is a big improvement compared to the previous quarter when only one capital city recorded an increase in median house prices.

Overall, this quarter has seen the Australian weighted average median house price decrease by 1.3% to \$442,038, from \$447,950. This is a decrease of 6.2% when compared to the December quarter 2007. The Australian weighted average median price for other dwellings decreased 0.3% over the December quarter to \$353,575, from \$354,700 in the September quarter. This was a decrease of 3.4% when compared to the December quarter 2007 when the Australian weighted average median price for other dwellings was \$365,977.

Finance commitments have seen considerable rises in the number and value of loans for owner occupied housing and investment housing.

“In the December quarter, the value of housing finance commitments for all dwellings increased by 5.9%. There was a steep jump in the number of first home buyers and first home buyer commitments as a percentage of total owner occupied housing finance commitments. The number of loans for the purchase of new and established dwellings plus construction of dwellings also showed a substantial lift”, said Kristy Sheppard, Senior Corporate Affairs Manager, Mortgage Choice.

“The outlook for the Australian property market in 2009 will continue to be influenced by the impact of the global economic downturn on Australia. The monetary and fiscal responses of the Reserve Bank and the Government will be critical to the real estate economy”, continued Mr Dyett.

For further information or comment, call:

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| Noel Dyett          | REIA President      | <b>0418 532 145</b> |
| David Airey         | REIA Dep. President | <b>0418 906 002</b> |
| Neil Fisher         | REIA CEO            | <b>0412 637 550</b> |
| Rhiannon McClelland | Manager Comms.      | <b>0421 422 919</b> |

# media contacts



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“There is also likely to be increased activity right across Australia as the June 30 deadline on the Boost to the First Home Owners Grant approaches. The underlying demand for housing will support the market once economic conditions begin to settle”, concluded Mr Dyett.

For more information on obtaining a copy of the REIA/Deposit Power Housing Affordability Report, please contact Stephen Wilkinson on 02 6282 4277 or at [stephen.wilkinson@reia.com.au](mailto:stephen.wilkinson@reia.com.au).

#### Summary of median house and other dwellings prices

|           | Median house price (Dec 08) | Change over quarter | Change over year | Median other dwelling price (Dec 08) | Change over quarter | Change over year |
|-----------|-----------------------------|---------------------|------------------|--------------------------------------|---------------------|------------------|
| Sydney    | \$536,000                   | 0.3%                | -3.9%            | \$363,000                            | -0.3%               | -3.3%            |
| Melbourne | \$426,000                   | -0.9%               | -9.8%            | \$365,000                            | -1.1%               | -5.2%            |
| Brisbane  | \$398,000                   | -2.9%               | -2.9%            | \$349,750                            | -0.1%               | 2.3%             |
| Adelaide  | \$360,000                   | -1.4%               | 1.4%             | \$285,000                            | 2.9%                | 1.8%             |
| Perth     | \$412,500                   | -5.2%               | -12.2%           | \$345,000                            | -2.0%               | -9.9%            |
| Hobart    | \$321,800                   | 0.3%                | -2.5%            | \$250,000                            | 2.0%                | -7.4%            |
| Darwin    | \$432,000                   | 1.4%                | 4.7%             | \$372,200                            | 7.2%                | 20.5%            |
| Canberra  | \$435,000                   | 0.0%                | -8.9%            | \$360,250                            | 1.2%                | -1.3%            |
| Australia | \$442,038                   | -1.3%               | -6.2%            | \$353,575                            | -0.3%               | -3.4%            |

#### Summary of Median Weekly Rents, September Quarter 2008

| Capital City | 3 Bedroom Houses         |                    |                 | 2 Bedroom Other Dwellings |                    |                 |
|--------------|--------------------------|--------------------|-----------------|---------------------------|--------------------|-----------------|
|              | Quarterly Median \$/week | Quarterly % Change | Annual % Change | Quarterly Median \$/week  | Quarterly % Change | Annual % Change |
| Sydney       | 350.0                    | 0.7                | 12.9            | 400.0                     | 2.6                | 14.3            |
| Melbourne    | 300.0                    | 0.0                | 11.1            | 310.0                     | 0.0                | 10.7            |
| Brisbane     | 335.0                    | 1.5                | 11.7            | 330.0                     | 3.1                | 11.9            |
| Adelaide     | 280.0                    | 0.0                | 7.7             | 240.0                     | 4.3                | 14.3            |
| Perth        | 370.0                    | 5.7                | 8.8             | 350.0                     | 1.4                | 12.9            |
| Hobart       | 310.0                    | 8.8                | 10.7            | 255.0                     | 2.0                | 10.9            |
| Darwin       | 520.0                    | 0.0                | 15.6            | 360.0                     | -6.5               | 0.0             |
| Canberra     | 395.0                    | 1.3                | 6.8             | 370.0                     | 1.4                | 4.2             |

#### Vacancy Rates (All Rented Dwellings), September quarter 2008

| Capital City          | Quarterly Vacancy Rate % | Quarterly Change % pts | Annual Change % pts | Moving Annual (Trend) Vacancy Rate % | Quarterly Change % pts | Annual Change % pts |
|-----------------------|--------------------------|------------------------|---------------------|--------------------------------------|------------------------|---------------------|
| Sydney                | 1.4                      | 0.2                    | 0.4                 | 1.2                                  | 0.1                    | -0.1                |
| Melbourne             | 1.2                      | 0.1                    | -0.4                | 1.1                                  | -0.1                   | -0.3                |
| Brisbane <sup>1</sup> | 1.7                      | 0.0                    | -0.4                | 2.0                                  | -0.1                   | 0.4                 |
| Adelaide              | 1.2                      | -0.1                   | -0.1                | 1.4                                  | 0.0                    | 0.2                 |
| Perth                 | 2.4                      | -0.2                   | 0.8                 | 2.3                                  | 0.2                    | 0.5                 |
| Hobart                | 1.9                      | -0.2                   | -0.3                | 2.2                                  | -0.1                   | -0.1                |
| Darwin                | 1.8                      | 1.5                    | -0.3                | 0.7                                  | -0.1                   | -0.6                |
| Canberra              | 2.3                      | 0.2                    | -0.3                | 2.3                                  | -0.2                   | -0.5                |

<sup>1</sup> Brisbane vacancy rates have been revised from March 2004 in line with data from the Qld Office of Economic and Statistical Research.