

Residential Property Monitor

June 2008



Supply

On a seasonally adjusted basis:

- Housing approvals rose 1.3% in April 2008, although this did little to stem the downward trend evident since December. The rise was driven by a 10% lift in Queensland and 5.5% rise in South Australian house approvals. In the other large States approvals fell, while Tas/NT/ACT recorded increases. Nationally housing approvals sit 16% below the 2003 high and 0.9% below average.
- Approvals for 'other dwellings' surged by 17.5% in April, again driven by Queensland (+142%), South Australia (+5.5%) and ACT. 'Other dwelling' approvals in the other States/Territories fell in the month. 'Other dwelling' approvals are now approximately 26% below their 2003 high, and 5.6% above the long term average (from 1997).

Demand

On a seasonally adjusted basis:

- Nationally, the number of finance commitments by owner occupiers to construct or buy a new dwelling rose 0.9% in April, the first monthly increase since August 2007. Commitments for new dwellings are now 7.7% below the long term average (since 1985) and 10.8% below the October 2003 high.
- The number of commitments by owner occupiers for existing dwellings (excluding re-financing) fell 7.1% in April 2008, the third consecutive monthly fall, to sit 19% below the January 200 high. Commitments remain 9.3% above the average since 1991, but fell to 5.2% below the average since 2000, the first time they have been below this average since August 2005.
- The value of new investor finance fell 2.0% in April to \$4.7 bn. On price adjusted terms levels sit 49% below the October 2003 peak.
- Price adjusted investor finance was 23.8% below the 5 year average (2003 to 2008) in April and 18.2% below the 10 year average (1998 to 2008).
- On State basis price adjusted investor finance has been mixed, with signs of rising trends in NSW, Queensland, Tasmania and ACT and falling elsewhere

Value

- House price data from the REIA revealed mixed trends. Of most surprise was the extent of the Melbourne house price fall at 8.4% for the quarter. On an annual basis Melbourne is still 13.7% above the March 2007 figure, with the current quarterly fall cancelling the 9.4% rise in the December 2007 quarter.
- Quarterly median house prices fell in four cities, namely Sydney, Melbourne, Perth and Canberra, but rose marginally in the remaining four cities.
- Median 'other dwelling' prices were generally lower during the first quarter. Seven of the nine capital cities covered recorded falling median prices over the quarter, with only Brisbane and Darwin showing rises. On annual basis value growth ranged between stable (Perth) and 21.1% (Brisbane).



Residential Property Monitor

June 2008

Larger State data

Supply Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Approvals (original) Houses: Private	April 2008	1,304	2,830	2,373	816	1,349	Mixed
Average monthly approval Longer term	1985 to date	2,121	2,343	2,129	631	1,316	
Approvals (original) Other dwelling: Private	April 2008	1,146	490	1,487	271	505	Mixed
Average monthly approval Longer term	1997 to date	1,674	884	967	151	278	
Approval growth (sa) Houses: private	Mar 08- Apr 08	-1.2%	-5.3%	9.7%	5.5%	-9.7%	
Approval growth (sa) Other dwell: Private	Mar 08- Apr 08	-1.9%	-16.1%	141.8%	27.2%	-34.7%	

Demand Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Owner occupier finance - existing (No.)	April 2008	10,899	7,036	6,564	2,708	3,489	Falling
Longer term monthly average (No.)	1985 to date	8,408	6,049	4,800	2,193	3,150	
Owner occupier finance new (No.)	April 2008	1,353	1,869	1,629	583	936	Falling
Longer term monthly average (No.)	1985 to date	1,836	1,800	1,569	572	1,079	
Price adjusted investor finance	April 2008	\$565 M	\$335 M	\$293 M	\$95 M	\$123 M	Falling
Longer term monthly average	1991 to date	\$495 M	\$229 M	\$233 M	\$63 M	\$97 M	

Value Data	Time Period	SYD	MEL	BRIS	ADE	PER	General Trend
Gross Value (median unit yield)	Mar 08 Quarter	5.3%	4.1%	4.2%	4.2%	4.4%	Rising
Long term yield	1988 to date	5.3%	5.2%	5.9%	6.1%	5.8%	
Vacancy Rate	Mar 08 Quarter	1.0%	1.6%	2.2%	1.7%	1.4%	Mixed
Long term vacancy rate	1980 to date	2.3%	2.6%	3.3%	2.7%	3.4%	
Affordability Index	Mar 08 Quarter	25.4	27.0	24.7	27.2	29.4	Falling
Long term affordability rate	1980 to date	34.6	42.7	40.8	42.3	46.1	
Change Median Other Dwelling Prices	Mar 08 Quarter	-3.0%	-3.9%	2.3%	-2.0%	-3.9%	Falling
Inflation adjusted growth (LT Avg)	Mar 08 Quarter	-4.3%	-5.2%	1.0%	-3.4%	-5.3%	
	1980 to date	0.6%	1.0%	0.9%	0.9%	1.0%	
Change Median House Prices	Mar 08 Quarter	-0.3%	-8.4%	1.6%	2.0%	-2.5%	Mixed
Inflation adjusted growth (LT Avg)	Mar 08 Quarter	-1.7%	-9.6%	0.2%	0.5%	-3.9%	
	1980 to date	0.7%	1.0%	1.1%	0.9%	1.0%	
Expected Change in Construction Costs over next 12 months	Mar 2008 - Mar 2009	3.3%	4.3%	7%	9.0%	9.0%	Mixed

* For Sydney only 'Houses' now include houses, cottages, terraces, semi detached dwellings, townhouses and villas. 'Units' includes units, studios and duplexes. These definitions are for Sydney only and are different from those used by the ABS and REIA.

ABS Sources:

8731.0 Building Approvals Australia, April 2008
5690.0 Housing Finance, April 2008
5671.0 Lending Finance, April 2008

Other Sources:

REIA/Mortgage Choice, Market Facts, March 2008
Deposit Power/REIA Home Loan Affordability Report, March 2008
Westpac/AIQS BRIX survey March 2008



Residential Property Monitor

June 2008

Tasmania, Northern Territory and ACT

Supply Data	Time Period	TAS	NT	ACT	General Trend
Approvals (original) Houses: Private	April 2008	247	37	158	No trend
Average monthly approval Longer term	1985 to date	187	55	123	
Approvals (original) Other dwelling: Private	April 2008	23	22	45	Falling
Average monthly approval Longer term	1997 to date	21	48	79	
Approval growth (sa) Houses: private	Mar 08– Apr 08	n/a	n/a	n/a	
Approval growth (sa) Other dwell: Private	Mar 08– Apr 08	n/a	n/a	n/a	

Demand Data	Time Period	TAS	NT	ACT	General Trend
Owner occupier finance – existing (No.)	April 2008	801	328	509	Stable
Longer term monthly average (No.)	1985 to date	611	226	493	
Owner occupier finance new (No.)	April 2008	114	29	66	Falling
Longer term monthly average (No.)	1985 to date	136	52	133	
Price adjusted investor finance	April 2008	\$13 M	\$17 M	\$26 M	Falling
Longer term monthly average	1991 to date	\$10 M	\$16 M	\$25 M	

Value Data	Time Period	HOB	DAR	CAN	General Trend
Gross Value (median unit yield)	Mar 08 Quarter	5.1%	6.0%	5.4%	Rising
Long term yield	1988 to date	7.0%	6.0%	6.3%	
Vacancy Rate	Mar 08 Quarter	2.3%	0.5%	2.0%	Falling
Long term vacancy rate	1980 to date	3.6%	6.4%	2.6%	
Affordability Index	Mar 08 Quarter	28.4	43.5	44.3	Falling
Long term affordability rate	1980 to date	48.9	58.8	59.0	
Change Median Other Dwelling Prices	Mar 08 Quarter	-7.4%	4.4%	-2.5%	Falling
Inflation adjusted growth (LT Avg)	Mar 08 Quarter 1980 to date	-8.6% 1.0%	3.5% 1.5%	-3.8% 1.0%	
Change Median House Prices	Mar 08 Quarter	1.5%	1.8%	-6.8%	Mixed
Inflation adjusted growth (LT Avg)	Mar 08 Quarter 1980 to date	0.2% 1.3%	0.9% 1.1%	-8.1% 1.0%	
Expected Change in Construction Costs over next 12 months	Mar 2008 – Mar 2009	8.0%	8.0%	5.8%	Rising

Contact: Frank Allen
Fallen@westpac.com.au

The information in this Update is general in nature and should not be relied upon as a substitute for professional advice. While every effort has been taken to ensure that the assumptions and information on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by risks and uncertainties. All opinions, statements and forecasts expressed in this bulletin are based on information from sources that Westpac believes to be authentic. Westpac does not warrant the completeness or accuracy of information it has used to prepare this Update. Westpac accepts no liability arising from the use of information contained in this Update. The information in this Update is current as at 13th June 2008. Westpac Banking Corporation ABN 33 007 457 141