



Residential Property Monitor

November 2008

Supply

On a seasonally adjusted basis:

- National housing approvals fell for the fifth consecutive month by 4.8% to sit 12.7% below the long term average. On a State by State basis, most recorded a fall in housing approvals. Of the larger states, Queensland was the only state to generate positive growth (2.0%), following a substantial decrease last month. All other states recorded a fall in growth of between 3.6% and 10.2%.
- Approvals for 'other dwellings' have continued on their downward trend nationally, declining by a substantial 15.2%. On a State by State basis, New South Wales and Western Australia contributed most to the national fall, declining by 49.1% and 44.7% respectively. South Australia offset some of New South Wales and Western Australia's declines, increasing by a substantial 42.7%.

Demand

On a seasonally adjusted basis:

- Nationally, the number of finance commitments by owner occupiers to construct or buy a new dwelling has increased for the first time since August 2007. Finance commitments increased by 2.4%. It is too early to suggest this is the start of a pick-up due to declining interest rates and recent fiscal policies aiming to get buyers back in the market. However, there is room for growth as commitments remain 21.1% behind the long term average.
- The number of commitments by owner occupiers for existing dwellings (excluding re-financing) has declined by 0.5%, the eighth monthly fall this year. The number of owner occupier commitments remains below the long term average by 4.8%.
- Although the recent large easing in monetary policy could generate a lift in demand, the full impact is unlikely to be felt until 2009. However, it was interesting to note that in this month's consumer sentiment survey, the index measuring whether now was a good time to buy a house rose by 21%, to the highest levels since March 2006 and third highest since March 2002.

Value

- House price indices released by the ABS suggest that national house prices declined in the third quarter 2008 by 1.8% – the largest quarterly fall since 1978. Annual growth has slowed nationally, however remains positive at 2.8% as at September.
- House price indices declined in all capital cities except for Hobart and Darwin, which saw increases of 0.7% and 0.1% respectively. The largest quarterly decline occurred in Brisbane (-3.3%), followed by Canberra (-2.5%), Melbourne (-1.9%), Sydney (-1.8%), Perth (-1.1%) and Adelaide (-0.1%).



Supply Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Approvals (original) Houses: Private	Sept 2008	1,098	2,638	1,875	793	1,312	Falling
Average monthly approval Longer term	1985 to date	2,108	2,349	2,131	635	1,319	-
Approvals (original) Other dwelling: Private	Sept 2008	570	777	1,265	357	182	Mixed
Average monthly approval Longer term	1997 to date	1,661	886	972	156	289	-
Approval growth (sa) Houses: private	Aug 08- Sep 08	-9.6%	-3.6%	2.0%	-6.9%	-10.2%	-
Approval growth (sa) Other dwell: Private	Aug 08- Sep 08	-49.1%	-3.8%	3.7%	42.7%	-44.7%	-

Demand Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Owner occupier finance - existing (No.)	Sept 2008	8,959	6,009	5,588	2,324	2,924	Mixed
Longer term monthly average (No.)	1985 to date	8,425	6,053	4,835	2,197	3,149	-
Owner occupier finance new (No.)	Sept 2008	1,167	1,676	1,290	482	937	Falling
Longer term monthly average (No.)	1985 to date	1,826	1,799	1,565	571	1,078	-
Price adjusted investor finance	Sept 2008	\$523 M	\$309 M	\$226 M	\$71 M	\$108 M	Falling
Longer term monthly average	1991 to date	\$496 M	\$232 M	\$234 M	\$63 M	\$98 M	-

Value Data	Time Period	SYD	MEL	BRIS	ADE	PER	General Trend
Gross Value (median unit yield)	Jun 08 Quarter	5.4%	4.1%**	4.7%	4.3%	4.4%	Rising
Long term yield	1988 to date	5.3%	5.2%	5.9%	6.0%	5.8%	
Vacancy Rate	Jun 08 Quarter	1.1%	1.0%	2.2%	1.5%	2.8%	Mixed
Long term vacancy rate	1980 to date	2.3%	2.6%	3.3%	2.7%	3.4%	
Affordability Index	Jun 08 Quarter	23.5	26.2	24.4	26.1	28.7	Falling
Long term affordability rate	1980 to date	34.5	42.6	40.6	42.1	45.9	
Change Median Other Dwelling Prices	Jun 08 Quarter	-0.7%	0.0%	1.7%	0.5%	0.0%	Mixed
Inflation adjusted growth (LT Avg)	Jun 08 Quarter	-2.1%	-1.1%	0.0%	-0.7%	-1.6%	Falling
	1980 to date	0.6%	1.0%	0.9%	0.9%	1.0%	
Change Median House Prices	Jun 08 Quarter	-2.1%	4.3%	0.9%	1.1%	-3.7	Mixed
Inflation adjusted growth (LT Avg)	Jun 08 Quarter	-3.5%	3.1%	-0.8%	-0.2%	-5.2	Falling
	1980 to date	0.7%	1.0%	1.1%	0.9%	1.0	
Expected Change in Construction Costs over next 12 months	Jun 2008 - Jun 2009	4.1%	4.6%	7.0%	9.2%	8.5%	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.

** Melbourne June 2008 quarter rents are unavailable. March 2008 quarter rents have been used to calculate yield.

ABS Sources:

8731.0 Building Approvals Australia, September 2008

5690.0 Housing Finance, September 2008

5671.0 Lending Finance, September 2008

Other Sources:

REIA/Mortgage Choice, Market Facts, June 2008

Deposit Power/REIA Home Loan Affordability Report, June 2008

Westpac/AIQS BRIX survey June 2008



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Tasmania, Northern Territory and ACT

Supply Data	Time Period	TAS	NT	ACT	General Trend
Approvals (original) Houses: Private	Sept 2008	223	48	81	Mixed
Average monthly approval Longer term	1985 to date	188	55	122	-
Approvals (original) Other dwelling: Private	Sept 2008	48	2	44	Mixed
Average monthly approval Longer term	1997 to date	21	47	80	-
Approval growth (sa) Houses: private	Aug 08- Sep 08	n/a	n/a	n/a	-
Approval growth (sa) Other dwell: Private	Aug 08- Sep 08	n/a	n/a	n/a	-

Demand Data	Time Period	TAS	NT	ACT	General Trend
Owner occupier finance - existing (No.)	Sept 2008	532	249	464	Rising
Longer term monthly average (No.)	1985 to date	613	227	493	-
Owner occupier finance new (No.)	Sept 2008	104	42	85	Rising
Longer term monthly average (No.)	1985 to date	135	51	132	-
Price adjusted investor finance	Sept 2008	\$13 M	\$16 M	\$20 M	Rising
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)	Jun 08 Quarter	5.0%	6.0%	5.5%	Stable
Long term yield	1988 to date	7.0%	6.0%	6.3%	-
Vacancy Rate	Jun 08 Quarter	2.4%	0.3%	2.0%	Stable
Long term vacancy rate	1980 to date	3.6%	6.4%	2.6%	-
Affordability Index	Jun 08 Quarter	27.6	39.2	43.0	Falling
Long term affordability rate	1980 to date	48.7	58.5	58.9	-
Change Median Other Dwelling Prices	Jun 08 Quarter	4.0%	1.9%	-0.8%	Rising
Inflation adjusted growth (LT Avg)	Jun 08 Quarter 1980 to date	3.0% 1.0%	0.5% 1.5%	-2.0% 1.0%	Rising
Change Median House Prices	Jun 08 Quarter	-3.0%	0.8%	1.1%	Rising
Inflation adjusted growth (LT Avg)	Jun 08 Quarter 1980 to date	-3.9% 1.3%	-0.7% 1.1%	-0.1% 1.0%	Falling
Expected Change in Construction Costs over next 12 months	Mar 2008 - Mar 2009	8.0%	8.0%	5.8%	Rising

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