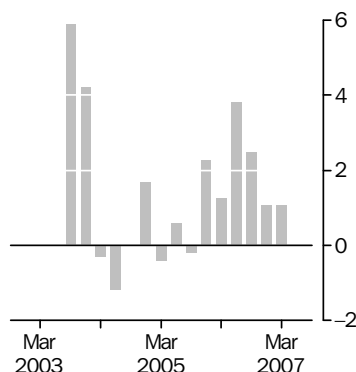


HOUSE PRICE INDEXES: EIGHT CAPITAL CITIES

EMBARGO: 11.30AM (CANBERRA TIME) WED 9 MAY 2007

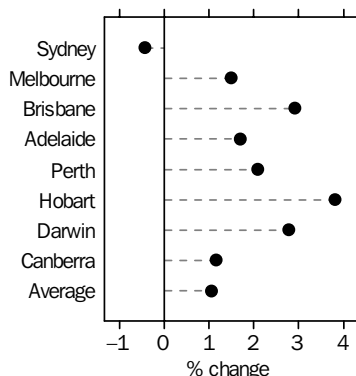
Established house prices

Weighted average of eight capital cities
Quarterly % change



Established house prices

Quarterly % change
March quarter 2007



KEY FIGURES

ESTABLISHED HOUSE PRICES

	Dec Qtr 06 to Mar Qtr 07 % change	Mar Qtr 06 to Mar Qtr 07 % change
Weighted average of eight capital cities	1.1	8.6
Sydney	-0.4	1.5
Melbourne	1.5	7.4
Brisbane	2.9	10.2
Adelaide	1.7	6.1
Perth	2.1	32.1
Hobart	3.8	10.5
Darwin	2.8	15.0
Canberra	1.2	9.0

KEY POINTS

ESTABLISHED HOUSE PRICES

QUARTERLY CHANGES

- Preliminary estimates show the price index for established houses in the capital cities of Australia increased 1.1% in the March quarter 2007 consistent with an increase of 1.1% in the December quarter 2006.
- House prices rose in Hobart (+3.8%), Brisbane (+2.9%), Darwin (+2.8%), Perth (+2.1%), Adelaide (+1.7%), Melbourne (+1.5%) and Canberra (+1.2%), and fell in Sydney (-0.4%).
- The movement in the established house price index between September and December quarters 2006 has been revised from the first estimate, an increase of 0.9%, to an increase of 1.1%.

ANNUAL CHANGES (MARCH QUARTER 2006 TO MARCH QUARTER 2007)

- Over the twelve months to March quarter 2007, preliminary estimates show that established house prices rose 8.6%.
- Annually, house prices rose in Perth (+32.1%), Darwin (+15.0%), Hobart (+10.5%), Brisbane (+10.2%), Canberra (+9.0%), Melbourne (+7.4%), Adelaide (+6.1%), and Sydney (+1.5%).
- The movement in the established house price index between December quarters 2005 and 2006 has been revised from the first estimate, an increase of 8.3%, to an increase of 8.8%.

INQUIRIES

For further information about these and related statistics, contact Mark King on Canberra (02) 6252 5342 or the National Information and Referral Service on 1300 135 070.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

June 2007

8 August 2007

September 2007

7 November 2007

.....

CHANGES IN THIS ISSUE

There are no changes in this issue.

Brian Pink

Australian Statistician

ESTABLISHED HOUSE PRICE INDEX NUMBERS (a)(b)

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
2003–04	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2004–05	96.1	101.9	104.2	106.5	114.4	111.8	115.9	99.9	101.2
2005–06	93.3	106.4	108.2	111.2	145.7	119.7	138.8	103.5	105.1
2003									
September	98.4	99.0	93.3	97.0	94.0	91.4	93.6	97.7	97.4
December	102.4	102.0	100.6	99.6	98.8	99.3	98.5	101.7	101.5
2004									
March	101.5	99.6	102.3	101.0	102.3	101.6	104.8	100.3	101.2
June	97.7	99.4	103.8	102.4	104.9	107.8	103.0	100.3	100.0
September	97.1	99.7	102.6	104.5	106.9	108.6	108.2	98.7	100.0
December	97.6	102.4	104.0	106.5	111.8	111.4	112.7	100.3	101.7
2005									
March	95.5	102.0	104.8	107.0	116.3	112.5	120.1	100.6	101.3
June	94.2	103.4	105.5	107.8	122.5	114.5	122.6	100.0	101.9
September	92.7	103.4	105.6	108.2	127.7	114.8	128.5	100.2	101.7
December	93.5	105.4	107.8	110.7	137.3	118.5	135.3	102.8	104.0
2006									
March	92.5	106.9	108.6	112.2	148.2	120.8	141.1	104.0	105.3
June	94.3	110.0	110.9	113.8	169.6	124.6	150.3	107.0	109.3
September	r94.4	r112.0	r112.7	r114.5	r188.4	r127.1	r152.3	r110.0	r112.0
December	p94.3	p113.1	p116.3	p117.1	p191.8	p128.6	p157.8	p112.1	p113.2
2007									
March	p93.9	p114.8	p119.7	p119.1	p195.8	p133.5	p162.2	p113.4	p114.4

p preliminary figure or series subject to revision

r revised

(a) Reference base of each index: 2003–04 = 100.0.

(b) Estimates for the two most recent quarters are experimental
(see paragraphs 12 and 13 of the Explanatory Notes).

ESTABLISHED HOUSE PRICE INDEXES(a), Percentage Changes

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
PERCENTAGE CHANGE (from previous financial year)									
2003-04	12.0	11.2	32.5	20.3	18.5	44.9	14.0	20.9	15.5
2004-05	-3.9	1.9	4.2	6.5	14.4	11.8	15.9	-0.1	1.2
2005-06	-2.9	4.4	3.8	4.4	27.4	7.1	19.8	3.6	3.9
PERCENTAGE CHANGE (from corresponding quarter of previous year)									
2003									
September	15.2	14.7	34.6	27.5	19.0	51.1	11.3	30.4	18.8
December	15.7	15.5	38.8	24.0	19.9	55.4	14.5	27.0	19.4
2004									
March	13.2	10.4	32.7	18.1	19.1	41.3	17.4	18.4	15.8
June	4.3	4.7	24.9	13.1	16.3	35.3	12.8	10.3	8.7
September	-1.3	0.7	10.0	7.7	13.7	18.8	15.6	1.0	2.7
December	-4.7	0.4	3.4	6.9	13.2	12.2	14.4	-1.4	0.2
2005									
March	-5.9	2.4	2.4	5.9	13.7	10.7	14.6	0.3	0.1
June	-3.6	4.0	1.6	5.3	16.8	6.2	19.0	-0.3	1.9
September	-4.5	3.7	2.9	3.5	19.5	5.7	18.8	1.5	1.7
December	-4.2	2.9	3.7	3.9	22.8	6.4	20.1	2.5	2.3
2006									
March	-3.1	4.8	3.6	4.9	27.4	7.4	17.5	3.4	3.9
June	0.1	6.4	5.1	5.6	38.4	8.8	22.6	7.0	7.3
September	r1.8	r8.3	r6.7	r5.8	r47.5	r10.7	r18.5	r9.8	r10.1
December	p0.9	p7.3	p7.9	p5.8	p39.7	p8.5	p16.6	p9.0	p8.8
2007									
March	p1.5	p7.4	p10.2	p6.1	p32.1	p10.5	p15.0	p9.0	p8.6
PERCENTAGE CHANGE (from previous quarter)									
2003									
September	5.0	4.3	12.3	7.2	4.2	14.7	2.5	7.5	5.9
December	4.1	3.0	7.8	2.7	5.1	8.6	5.2	4.1	4.2
2004									
March	-0.9	-2.4	1.7	1.4	3.5	2.3	6.4	-1.4	-0.3
June	-3.7	-0.2	1.5	1.4	2.5	6.1	-1.7	0.0	-1.2
September	-0.6	0.3	-1.2	2.1	1.9	0.7	5.0	-1.6	0.0
December	0.5	2.7	1.4	1.9	4.6	2.6	4.2	1.6	1.7
2005									
March	-2.2	-0.4	0.8	0.5	4.0	1.0	6.6	0.3	-0.4
June	-1.4	1.4	0.7	0.7	5.3	1.8	2.1	-0.6	0.6
September	-1.6	0.0	0.1	0.4	4.2	0.3	4.8	0.2	-0.2
December	0.9	1.9	2.1	2.3	7.5	3.2	5.3	2.6	2.3
2006									
March	-1.1	1.4	0.7	1.4	7.9	1.9	4.3	1.2	1.3
June	1.9	2.9	2.1	1.4	14.4	3.1	6.5	2.9	3.8
September	r0.1	r1.8	r1.6	r0.6	r11.1	r2.0	r1.3	r2.8	r2.5
December	p-0.1	p1.0	p3.2	p2.3	p1.8	p1.2	p3.6	p1.9	p1.1
2007									
March	p-0.4	p1.5	p2.9	p1.7	p2.1	p3.8	p2.8	p1.2	p1.1

p preliminary figure or series subject to revision
 r revised

(a) Estimates for the two most recent quarters are experimental
 (see paragraphs 12 and 13 of the Explanatory Notes).

PROJECT HOME PRICE INDEX NUMBERS (a)

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
2003-04	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2004-05	105.3	103.3	105.5	103.6	111.9	111.6	109.5	102.0	106.1
2005-06	107.7	105.9	107.4	106.2	130.3	116.8	119.8	105.4	110.3
2003									
September	98.4	99.6	96.2	96.9	96.9	96.9	96.4	98.7	97.7
December	99.2	99.4	99.6	99.4	98.9	98.2	99.3	99.8	99.3
2004									
March	100.4	100.0	101.1	101.5	100.8	100.9	100.4	100.4	100.7
June	102.0	101.0	103.1	102.2	103.3	104.0	104.0	101.1	102.3
September	103.1	102.4	103.8	102.2	105.7	105.9	106.9	101.6	103.6
December	104.8	102.7	105.6	103.8	109.5	111.5	107.6	101.6	105.4
2005									
March	106.1	104.1	106.0	104.1	114.2	114.0	110.1	101.8	107.1
June	107.0	104.0	106.5	104.4	118.3	115.1	113.2	102.9	108.2
September	107.4	106.2	106.3	105.2	122.7	115.4	114.7	103.7	109.1
December	107.7	106.3	107.2	105.7	127.8	115.4	117.3	104.9	110.0
2006									
March	107.5	105.3	107.2	106.4	132.7	117.7	121.0	105.9	110.4
June	108.0	105.9	108.8	107.3	137.9	118.8	126.0	106.9	111.7
September	107.9	104.2	109.0	107.9	142.0	119.1	130.3	107.6	111.9
December	107.6	105.8	109.6	107.9	143.3	119.1	135.8	108.3	112.6
2007									
March	108.1	106.5	113.4	107.9	144.7	120.0	137.7	108.7	113.7

(a) Reference base of each index: 2003-04 = 100.0.

PROJECT HOME PRICE INDEXES, Percentage changes

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
PERCENTAGE CHANGE (from previous financial year)									
2003-04	4.1	4.0	13.1	6.4	9.4	8.5	5.5	9.2	7.4
2004-05	5.3	3.3	5.5	3.6	11.9	11.6	9.5	2.0	6.1
2005-06	2.3	2.5	1.8	2.5	16.4	4.7	9.4	3.3	4.0
PERCENTAGE CHANGE (from corresponding quarter of previous year)									
2003									
September	3.6	6.0	11.9	4.6	8.1	9.2	3.3	10.9	7.0
December	3.9	5.0	14.2	6.0	9.3	9.4	6.4	10.6	7.8
2004									
March	3.8	3.4	14.4	7.4	10.0	7.7	4.4	9.1	7.7
June	4.9	1.8	12.2	7.4	9.9	7.9	8.0	6.1	7.0
September	4.8	2.8	7.9	5.5	9.1	9.3	10.9	2.9	6.0
December	5.6	3.3	6.0	4.4	10.7	13.5	8.4	1.8	6.1
2005									
March	5.7	4.1	4.8	2.6	13.3	13.0	9.7	1.4	6.4
June	4.9	3.0	3.3	2.2	14.5	10.7	8.8	1.8	5.8
September	4.2	3.7	2.4	2.9	16.1	9.0	7.3	2.1	5.3
December	2.8	3.5	1.5	1.8	16.7	3.5	9.0	3.2	4.4
2006									
March	1.3	1.2	1.1	2.2	16.2	3.2	9.9	4.0	3.1
June	0.9	1.8	2.2	2.8	16.6	3.2	11.3	3.9	3.2
September	0.5	-1.9	2.5	2.6	15.7	3.2	13.6	3.8	2.6
December	-0.1	-0.5	2.2	2.1	12.1	3.2	15.8	3.2	2.4
2007									
March	0.6	1.1	5.8	1.4	9.0	2.0	13.8	2.6	3.0
PERCENTAGE CHANGE (from previous quarter)									
2003									
September	1.2	0.4	4.7	1.8	3.1	0.5	0.1	3.6	2.2
December	0.8	-0.2	3.5	2.6	2.1	1.3	3.0	1.1	1.6
2004									
March	1.2	0.6	1.5	2.1	1.9	2.7	1.1	0.6	1.4
June	1.6	1.0	2.0	0.7	2.5	3.1	3.6	0.7	1.6
September	1.1	1.4	0.7	0.0	2.3	1.8	2.8	0.5	1.3
December	1.6	0.3	1.7	1.6	3.6	5.3	0.7	0.0	1.7
2005									
March	1.2	1.4	0.4	0.3	4.3	2.2	2.3	0.2	1.6
June	0.8	-0.1	0.5	0.3	3.6	1.0	2.8	1.1	1.0
September	0.4	2.1	-0.2	0.8	3.7	0.3	1.3	0.8	0.8
December	0.3	0.1	0.8	0.5	4.2	0.0	2.3	1.2	0.8
2006									
March	-0.2	-0.9	0.0	0.7	3.8	2.0	3.2	1.0	0.4
June	0.5	0.6	1.5	0.8	3.9	0.9	4.1	0.9	1.2
September	-0.1	-1.6	0.2	0.6	3.0	0.3	3.4	0.7	0.2
December	-0.3	1.5	0.6	0.0	0.9	0.0	4.2	0.7	0.6
2007									
March	0.5	0.7	3.5	0.0	1.0	0.8	1.4	0.4	1.0

SELECTED HOUSING PRICE INDEX NUMBERS (a), Australia

<i>Period</i>	<i>Established houses(b) (c)</i>	<i>Project homes(c)</i>	<i>Materials used in house building(d)</i>	<i>Construction industry total hourly rates of pay</i>	<i>National accounts private housing investment</i>
2003-04	100.0	100.0	100.0	100.0	100.0
2004-05	101.2	106.1	103.4	105.1	105.8
2005-06	105.1	110.3	105.8	110.3	110.5
2003					
September	97.4	97.7	99.0	98.8	97.7
December	101.5	99.3	99.5	99.1	99.4
2004					
March	101.2	100.7	100.1	100.3	100.8
June	100.0	102.3	101.4	101.7	102.2
September	100.0	103.6	102.2	103.2	103.6
December	101.7	105.4	103.0	104.6	105.0
2005					
March	101.3	107.1	103.8	105.9	106.6
June	101.9	108.2	104.7	106.7	107.8
September	101.7	109.1	105.0	108.1	109.0
December	104.0	110.0	105.4	109.3	110.2
2006					
March	105.3	110.4	105.8	111.2	111.0
June	109.3	111.7	106.9	112.6	111.9
September	r112.0	111.9	108.5	113.5	112.8
December	p113.2	112.6	109.3	114.9	113.3
2007					
March	p114.4	113.7	109.8	nya	nya

nya not yet available

p preliminary figure or series subject to revision

r revised

(a) Reference base of each index: 2003-04 = 100.0.

(b) Estimates for the two most recent quarters are experimental (see paragraphs 12 and 13 of the Explanatory Notes)

(c) Weighted average of eight capital cities.

(d) Weighted average of six capital cities.

SELECTED HOUSING PRICE INDEX NUMBERS, Australia—Percentage Changes

<i>Period</i>	<i>Established houses(a)(b)</i>	<i>Project homes(a)</i>	<i>Materials used in house building(c)</i>	<i>Construction industry total hourly rates of pay</i>	<i>National accounts private housing investment</i>
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PERCENTAGE CHANGE (from previous financial year)

2003–04	15.5	7.4	2.9	3.8	6.8
2004–05	1.2	6.1	3.4	5.1	5.8
2005–06	3.9	4.0	2.3	4.9	4.4

PERCENTAGE CHANGE (from corresponding quarter of previous year)

2003					
September	18.8	7.0	3.2	3.9	6.2
December	19.4	7.8	2.7	3.6	7.1
2004					
March	15.8	7.7	2.7	3.5	7.3
June	8.7	7.0	3.0	4.4	6.8
September	2.7	6.0	3.2	4.5	6.0
December	0.2	6.1	3.5	5.5	5.6
2005					
March	0.1	6.4	3.7	5.6	5.8
June	1.9	5.8	3.3	4.9	5.5
September	1.7	5.3	2.7	4.7	5.2
December	2.3	4.4	2.3	4.5	5.0
2006					
March	3.9	3.1	1.9	5.0	4.1
June	7.3	3.2	2.1	5.5	3.8
September	r10.1	2.6	3.3	5.0	3.5
December	p8.8	2.4	3.7	5.1	2.8
2007					
March	p8.6	3.0	3.8	nya	nya

PERCENTAGE CHANGE (from previous quarter)

2003					
September	5.9	2.2	0.6	1.4	2.1
December	4.2	1.6	0.5	0.3	1.7
2004					
March	-0.3	1.4	0.6	1.2	1.4
June	-1.2	1.6	1.3	1.4	1.4
September	0.0	1.3	0.8	1.5	1.4
December	1.7	1.7	0.8	1.4	1.4
2005					
March	-0.4	1.6	0.8	1.2	1.5
June	0.6	1.0	0.9	0.8	1.1
September	-0.2	0.8	0.3	1.3	1.1
December	2.3	0.8	0.4	1.1	1.1
2006					
March	1.3	0.4	0.4	1.7	0.7
June	3.8	1.2	1.0	1.3	0.8
September	r2.5	0.2	1.5	0.8	0.8
December	p1.1	0.6	0.7	1.2	0.4
2007					
March	p1.1	1.0	0.5	nya	nya

nya not yet available

p preliminary figure or series subject to revision

r revised

(a) Weighted average of eight capital cities.

(b) Estimates for the two most recent quarters are experimental (see paragraphs 12 and 13 of the Explanatory Notes).

(c) Weighted average of six capital cities.

MEDIAN PRICE OF ESTABLISHED HOUSE TRANSFERS (UNSTRATIFIED) (a)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
<i>Period</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2003								
September	480.0	295.0	269.0	230.0	236.0	165.0	214.0	355.0
December	520.0	320.0	297.0	245.0	250.0	182.8	226.0	373.0
2004								
March	523.0	305.0	302.0	250.0	255.0	200.0	239.5	375.0
June	498.7	307.5	305.0	255.0	262.0	225.0	248.8	374.3
September	500.0	302.0	305.0	257.5	259.0	227.5	245.0	351.0
December	515.0	r321.0	310.0	265.0	280.0	240.0	259.0	372.0
2005								
March	486.0	310.0	310.9	267.0	290.0	240.0	275.0	375.0
June	500.0	320.0	310.0	270.0	300.0	250.0	280.0	374.0
September	490.0	320.0	314.0	269.0	315.0	245.0	295.0	365.0
December	500.0	333.0	320.0	280.0	340.0	r251.8	320.0	386.8
2006								
March	r470.7	330.0	325.0	280.0	365.0	260.0	343.5	385.0
June	495.0	r345.0	r330.0	r285.0	408.0	r270.0	349.5	r398.5
September	480.0	345.0	331.0	285.0	443.0	270.0	360.0	411.2
December	nya	nya	nya	nya	nya	nya	nya	nya
2007								
March	nya	nya	nya	nya	nya	nya	nya	nya

nya not yet available

r revised

(a) See paragraphs 27 and 28 of the Explanatory Notes.

NUMBER OF ESTABLISHED HOUSE TRANSFERS (a)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
<i>Period</i>	no.	no.	no.	no.	no.	no.	no.	no.
2003–04	50 885	57 496	41 247	19 354	29 544	5 154	2 350	4 621
2004–05	r40 270	r56 587	r33 542	18 449	33 374	r3 665	2 322	4 024
2005–06	r42 742	r55 853	r36 380	r18 198	r32 920	r4 237	2 215	r4 629
2003								
September	16 993	17 073	14 480	5 117	8 237	1 584	642	1 363
December	11 809	14 383	9 196	4 771	6 876	1 246	630	1 181
2004								
March	10 183	12 609	9 161	4 800	7 667	1 246	542	987
June	11 900	13 431	8 410	4 666	6 764	1 078	536	1 090
September	10 220	13 830	8 524	4 591	8 509	965	586	814
December	10 822	r14 782	r8 250	4 763	7 671	989	573	1 158
2005								
March	8 970	r13 108	8 659	4 529	8 605	866	596	995
June	r10 258	r14 867	8 109	4 566	8 589	r845	567	1 057
September	10 820	r13 986	8 925	4 673	8 926	966	586	1 031
December	r9 745	r15 614	r8 409	4 631	9 133	r996	566	1 200
2006								
March	r10 435	r12 639	r9 948	4 433	r8 433	r1 205	549	1 124
June	r11 742	r13 614	r9 098	r4 461	r6 428	r1 070	514	r1 274
September	10 834	13 612	9 651	4 300	5 153	902	532	1 111
December	nya	nya	nya	nya	nya	nya	nya	nya
2007								
March	nya	nya	nya	nya	nya	nya	nya	nya

nya not yet available

r revised

(a) See paragraph 29 of the Explanatory Notes.

REVISIONS TO ESTABLISHED HOUSE PRICE INDEX SERIES, Weighted average of eight capital cities (a)(b)(c)(d)

DIFFERENCE BETWEEN FINAL ESTIMATE AND:					
Period	1st estimate	2nd estimate	Final estimate	1st estimate	2nd estimate
.....					
INDEX NUMBER (b)			INDEX POINTS		
2005					
June	..	102.0	101.9	..	-0.1
September	101.0	101.9	101.7	0.7	-0.2
December	104.0	103.9	104.0	0.0	0.1
2006					
March	104.9	105.1	105.3	0.4	0.2
June	108.4	109.0	109.3	0.9	0.3
September	111.4	111.6	112.0	0.6	0.4
December	112.6	113.2	nya	nya	nya
2007					
March	114.4	nya	nya	nya	nya
.....					
ANNUAL PERCENTAGE CHANGE (c)			PERCENTAGE POINTS		
2005					
June	..	2.0	1.9	..	-0.1
September	1.0	1.9	1.7	0.7	-0.2
December	2.3	2.2	2.3	0.0	0.1
2006					
March	3.6	3.8	3.9	0.3	0.1
June	6.4	7.0	7.3	0.9	0.3
September	9.5	9.7	10.1	0.6	0.4
December	8.3	8.8	nya	nya	nya
2007					
March	8.6	nya	nya	nya	nya
.....					
QUARTERLY PERCENTAGE CHANGE (d)			PERCENTAGE POINTS		
2005					
June	..	0.7	0.6	..	-0.1
September	-1.0	0.0	-0.2	0.8	-0.2
December	2.1	2.2	2.3	0.2	0.1
2006					
March	1.0	1.1	1.3	0.3	0.2
June	3.1	3.5	3.8	0.7	0.3
September	2.2	2.1	2.5	0.3	0.4
December	0.9	1.1	nya	nya	nya
2007					
March	1.1	nya	nya	nya	nya

.. not applicable

nya not yet available

(a) Series commence in June quarter 2005. See paragraphs 13-15 of the Explanatory Notes.

(b) Reference base of each index: 2003-04 = 100.0.

(c) Percentage change from corresponding quarter of previous year.

(d) Percentage change from previous quarter.

EXPLANATORY NOTES

INTRODUCTION

1 This publication provides estimates of changes in house prices for each of the eight capital cities of Australia. The information is presented in the form of price indexes constructed separately for Established Houses and for Project Homes (see below for definitions). It is calculated on the reference base 2003-04 = 100.0 for each of the eight capital cities as well as a weighted average of them. The capital city indexes measure price movements over time in each city individually. They do not measure differences in price levels between cities.

2 The index for Project Homes is compiled for use in calculating the House purchase expenditure class of the Consumer Price Index (CPI). The index for Established Houses, while not contributing to the CPI, is compiled and published along with the Project Homes index in recognition of the widespread interest in information specifically relating to housing prices.

3 To assist in the analysis of housing price movements at the national level, aggregated series have also been compiled and are presented in tables 5 and 6 along with series for prices of materials used in house building, construction industry hourly rates of pay and private housing investment. For information on the derivation of series in these tables see paragraphs 20-26.

4 Table 7 presents a city-wide median price (unstratified) of house sales data available from the State/Territory Land Titles Office or Valuers-General (VGs) Office in each capital city. These median prices are 'raw' medians from the available data set and quarterly changes in them will not concord with the published Established House Price Indexes for each city which are compiled in strata and weighted by the value of housing stock. Numbers of established house transfers recorded each quarter by the VGs are presented in Table 8.

DEFINITIONS

Established houses

5 The price index for established houses covers transactions in detached residential dwellings on their own block of land regardless of age (i.e. including new houses sold as a house/land package as well as second-hand houses). Price changes therefore relate to changes in the total price of dwelling and land.

Project homes

6 Project homes are dwellings available for construction on an existing block of land. Price changes relate only to the cost of constructing the dwelling (excluding land).

PRICE INDEXES

7 A price index is concerned with measuring pure price change - that is, it is concerned with isolating and measuring that element of price change which is not brought about by any change to either the quantity or the quality of the goods or services for which the index is required.

8 The techniques used to construct a price index for project homes are similar to those used for most other goods. A representative sample of project home models is selected in each city, prices are obtained each quarter and the price movements for each model are weighted together. Constant quality is preserved by calculating price movements on a matched sample basis (i.e. the price movements between adjacent quarters are based on the same models in each quarter). If the specification of an individual model changes substantially or a price is unable to be obtained then that model is excluded from the calculation of price movement. Adjustments are made to raw prices to compensate for any minor changes in specifications.

9 This standard procedure for constructing price indexes is not viable in the case of established houses as the observable prices in each period invariably relate to a different set of dwellings. The issue is how to utilise prices for an essentially heterogeneous set of dwellings to construct measures of price change for characteristic or homogeneous dwellings. The ABS Publication: *A Guide to House Price Indexes* (cat. no. 6464.0) provides a more detailed background.

EXPLANATORY NOTES *continued*

*Controlling for the
compositional change effect*

10 The ABS uses regional stratification to control for this 'compositional' effect. Analysis has been undertaken by the ABS to identify which characteristics are the most significant determinants of house price. The principal determinants of house price were found to be housing structural factors (for example, number of bedrooms), the physical location of the dwelling, and neighbourhood socio-economic factors, as summarised in the ABS produced SEIFA index (Socio-Economic Indexes for Areas).

11 The ABS stratification approach uses location (suburb or postcode) to define regional strata that group together (or 'cluster') houses that are 'similar' in terms of their price determining characteristics. Apart from their physical characteristics, houses that are physically close share the same neighbourhood and locational characteristics, and so the finer the level of stratification available, the more similar or homogenous the cluster of houses will be. However, the finer the level of stratification, the fewer observed property sales will occur. So the clusters defined have to balance the homogeneity of housing characteristics and the number of observations required to produce a reliable median price. The lowest level geographical classification that is commonly available across data sets is the suburb. Therefore, suburbs are the building blocks on which the clusters are based. Ideally, each suburb would form its own cluster as this would maximise the homogeneity of the cluster. However, there are insufficient numbers of observations from quarter to quarter to support this methodology. The ABS has grouped similar suburbs to form clusters with sufficient ongoing observations to determine a reliable median price.

'Leading Indicator'

12 The 'leading indicator' series are compiled for the most recent two quarters using early VGs data combined with mortgage lenders' data. These series are labelled with a 'p' indicating a preliminary estimate, and are initially considered 'experimental' until the ABS has sufficient historical data to fully analyse the relationship between these preliminary data and the benchmark series that they are being used to project.

13 It is important to note that the price indexes, and therefore the percentage changes, for the two most recent quarters are subject to revision as more complete data sets are obtained from the VGs. These revisions are reported in Table 9, Revisions to Established House Price Index Series, Australia. This table displays, for each time period, the preliminary and final estimates, and the corresponding annual and quarterly percentage changes. The table also displays the size of the revisions made to preliminary estimates of house price index movements. Until greater experience has been gained with these data sets, the ABS is unable to provide any indication of the likely magnitudes of the revisions.

14 The columns titled 'Difference between final estimate and first and second estimate' are calculated by subtracting the initial estimates from the final estimate. Consequently, no revisions information will be available until a final estimate has been published. As this series was first published with respect to September quarter 2005, the first period for which preliminary data can be compared with final data is June quarter 2005. No preliminary estimates exist prior to this period.

15 Revisions to the weighted average of eight capital cities are included in this publication. Revisions made to each of the individual capital cities are available on the ABS website <<http://www.abs.gov.au>> (refer to the data cube under the 'Details' tab for *House Price Index: Eight Capital Cities* (cat. no. 6416.0)).

Available data

16 Price information for project homes is obtained each month from a sample of project home builders in each capital city. Sales prices of established houses are obtained from VGs and home mortgage lenders, and are based on the exchange date of the sales. The exchange date most closely approximates the time at which the market price is determined. Exchange date information is available for all cities except Adelaide and Darwin. For these cities, a modelled exchange date is used.

EXPLANATORY NOTES *continued*

Available data continued

17 The delivery of VGs data relating to exchange date is delayed by the normal contract settlement and reporting processes. It is only possible to publish reliable house price movements based solely on VGs data after approximately six months.

LIMITATIONS OF HOUSE PRICE INDEXES

18 The reliability of each index is largely dependent upon the availability of sufficient pricing information each quarter. While not a problem for project homes, difficulties are sometimes encountered when compiling the indexes for established houses as the number of price observations available depends on market activity in each quarter. This is most apparent in the established house price indexes for the smaller capital cities (Hobart, Darwin and Canberra).

19 The series most affected by limited market scope is the Darwin established house price index. As can be seen from the data in Table 8, the series for Darwin is affected by a relatively low number of transactions in any quarter. Rather than suppress publication, the series are included here because it is believed that the long term trends are reliable. However, because of the limitations in the reliability of individual quarter-to-quarter movements, users are advised to exercise due care when analysing such movements.

NATIONAL HOUSE PRICE AND OTHER INDEXES

20 These series are presented to facilitate analysis of price movements at a national level. Although coverage is not strictly national in all cases, this does not significantly impair their usefulness. The derivation or source of each series is set out below.

Established houses

21 The series for established houses is derived by weighting together the indexes for each of the eight capital cities according to the relative value of housing stock in each capital city. The values were obtained by combining 2001 Population Census house counts with March quarter 2002 mean prices.

Project homes

22 The series for project homes is derived by weighting together the indexes for each of the eight capital cities. In September quarter 2005, data on housing finance collected by the Australian Prudential Regulatory Authority was used to update the aggregate expenditure on secured finance commitments for the purchase of new dwellings by owner occupiers in 2004-05. The city weights were allocated using data from the Building Activity survey and census data. From June quarter 1996 to June quarter 2005 the value of commitments in 1994-95 was used. The source of weighting information was unpublished data from the ABS survey of Housing Finance for Owner Occupation. Between 1985-86 and June quarter 1996 the value of secured finance commitments to individuals in each of the states and territories for the construction of houses was used.

23 Although the capital city price indexes for project homes are compiled for use in calculating the House purchase expenditure class of the CPI, price movements exhibited in the respective series at the national level are not directly comparable. The weighting pattern used in the CPI House purchase index differs from that described above for the project homes index. The weights used for CPI purposes relate to the net acquisition of dwellings (excluding land) by private households in each of the eight capital cities (i.e. they include dwellings acquired from the government and business sectors and alterations and additions to existing dwellings).

Materials used in house building

24 The index for materials used in house building is published for the weighted average of the six state capital cities in *Producer Price Indexes, Australia* (cat. no. 6427.0), re-referenced to 2003-04 = 100.0. For more information on this index refer to *Producer and International Trade Price Indexes: Concepts, Sources and Methods, 2006* (cat. no. 6429.0)

Construction industry total hourly rates of pay

25 The index for the construction industry total hourly rates of pay excluding bonuses, private and public, is that published in *Labour Price Indexes, Australia* (cat. no. 6345.0). For more information on this index refer to *Labour Price Index: Concepts, Sources and Methods, 2004* (6351.0.55.001)

EXPLANATORY NOTES *continued*

Private Housing Investment

26 The index for private housing investment is the annually-reweighted chain Laspeyres price index for private capital expenditure on new and used dwellings, as used (but not separately published) in *Australian National Accounts: National Income, Expenditure and Product* (cat. no. 5206.0), referenced to 2003-04 = 100.0. For more information on this index refer to *Australian National Accounts: Concepts Sources and Methods, 2000* (cat. no. 5216.0)

Established house transfer prices and counts

27 As well as the price indexes based on stratified weights for each city, the ABS publishes the median price of all established house transfers, and the number of established house transfers. Both these series are based on VGs house sales data, and are only available for those quarters for which final index estimates are available. As the ABS receives more data, these figures are revised as necessary.

28 The median prices presented in Table 7 are calculated using all available VGs records for each city each quarter, with no stratification or weighting applied. These 'raw' medians will not correspond to the published index numbers and will not produce price movements that are consistent with those numbers.

29 The number of transfers of established houses recorded each quarter by the VG in each capital city are presented in Table 8 to provide an indication of the level of sales activity for the capital city each quarter.

ANALYSIS OF CHANGES IN INDEX NUMBERS

30 Each of the indexes presented in this publication is calculated on a quarterly basis with a reference base of 2003-04 = 100.0. In compiling these indexes quarterly, the objective is to measure the change in price levels between quarters.

31 Index numbers are also presented for financial years where the index numbers for financial years are simple (arithmetic) averages of the quarterly index numbers. Index numbers for calendar years may be derived in the same way.

32 Movements in indexes from one period to another can be expressed either as changes in index points or as percentage changes. The following example illustrates the method of calculating index points changes and percentage changes between any two periods:

Project Homes: Perth index numbers—

March Quarter 2007	144.7 (see table 3)
less December Quarter 2006	143.3 (see table 3)
Change in index points	1.4
Percentage change	$1.4/143.3 \times 100 = 1.0\%$

33 In this publication, percentage changes are calculated to illustrate three different kinds of movements in index numbers:

- movements between consecutive financial years (change between average price levels during one financial year and average price levels during the next financial year)
- movements between corresponding quarters of consecutive years
- movements between consecutive quarters.

RELATED PUBLICATIONS

34 Users may also wish to refer to the following publications which are available from the ABS website:

- *A Guide to House Price Indexes*, cat no. 6464.0
- *Information Paper: Renovating the Established House Price Index*, cat. no. 6417.0
- *Australian National Accounts: National Income, Expenditure and Product*, cat. no. 5206.0 – issued quarterly
- *Building Activity, Australia*, cat. no. 8752.0 – issued quarterly
- *Building Approvals, Australia*, cat. no. 8731.0 – issued monthly
- *Consumer Price Index Australia*, cat. no. 6401.0 – issued quarterly
- *Housing Finance, Australia*, cat. no. 5609.0 – issued monthly

EXPLANATORY NOTES *continued*

RELATED PUBLICATIONS

continued

■ *Producer Price Indexes, Australia*, cat. no. 6427.0 – issued quarterly.

35 Current publications and other products by the ABS are listed in the *Catalogue of Publications and Products* (cat. no. 1101.0). The Catalogue and all ABS publications are available from the ABS web site <<http://www.abs.gov.au>>. The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

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