



Residential Property Monitor

July 2010

Supply

On a seasonally adjusted basis:

- Nationally, the number of houses approved has been trending down since late 2009. Annual house approval levels remain some 20.7% higher than in the previous 12 month period however this figure hides the recent weakness. On a 3-month rolling basis, national approval numbers have actually declined by 2.8% in May with NSW being the only major state to record growth, at 1.6%. WA had the largest 3-month rolling decline (-6.4%), followed by QLD (-4.6%) and VIC (-2.7%) while SA house approval levels remained steady.
 - Unlike housing approvals, approvals for other dwellings have been strengthening. While the annual growth level is only 9.9%, the last 6 months has seen an increase of 29.5%. On a 3-month rolling basis approvals for other dwellings are up by 3.6% in May. On a state by state basis other dwelling approvals are mixed. On a 3-month rolling basis to May, other unit approvals are up in SA (60.8%), NSW (22.8%) and VIC (0.4%) while declines occurred in QLD (-4.8%) and WA (-22.4%).
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Demand

On a seasonally adjusted basis:

- The number of finance commitments to construct or buy a new dwelling continued to decline in May by some -0.2%. Numbers have been falling since November 2009 however the rate of decline now appears to be slowing. Interestingly, demand in the major states (ex. WA) for new dwellings appears to have picked up in the 3 months to May, with finance approvals increasing by between 3.1% (QLD) and 5.6% (NSW) in comparison to the previous 3 month period.
 - Finance commitment numbers to purchase existing dwellings recorded growth of 1.1% in May despite the cash rate increasing by 25bps during the month. On a 3-month rolling basis numbers are down by 0.6% in May however the rate of decline has slowed significantly.
 - National price adjusted investor finance levels continue to improve, increasing by 0.4% in May. After 4 months of consecutive rises, price adjusted investor finance levels are currently some 19% higher than long term average levels.
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Value

- REIA recently released their Q1 2010 housing affordability report which, as expected, indicates that housing affordability deteriorated in all states and territories. A 25bps increase in the cash rate contributed to the deterioration in affordability. Nationally, the proportion of income required to meet loan repayments increased from 30.7% in Q4 2009 to 32.6% in Q1 2010. NSW remains the least unaffordable as 34.5% of income goes towards mortgage repayments (up from 33.6% in Q4 2009) however TAS and QLD recorded the largest decline in affordability as the proportion of income required to pay a mortgage increased by 3.8pts to 30.0% and 3.4pts to 33.0%, respectively. The ACT remains the most affordable with just 17.9% of income going towards mortgage repayments.



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Larger State data

Supply Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Approvals (original) Houses: Private	May 2010	1,403	3,167	1,752	726	1,674	Falling
Average monthly approval Longer term	1985 to date	2,045	2,383	2,102	641	1,327	-
Approvals (original) Other dwelling: Private	May 2010	1,270	1,153	615	460	201	Mixed
Average monthly approval Longer term	1997 to date	1,543	914	931	162	284	-
Approval growth (sa) Houses: Private	Apr 10- May 10	-1.2%	14.5%	-8.1%	-0.3%	-3.6%	-
Approval growth (sa) Other dwell: Private	Apr 10 - May 10	10.9%	-33.3%	-8.3%	184.9%	-63.6%	-

Demand Data	Time Period	NSW	VIC	QLD	SA	WA	General Trend
Owner occupier finance - existing (No.)	May 2010	9,736	6,788	5,300	2,305	2,866	Mixed
Longer term monthly average (No.)	1985 to date	8,596	6,130	4,970	2,238	3,170	-
Owner occupier finance - new (No.)	May 2010	1,644	2,820	1,487	610	1,170	Rising
Longer term monthly average (No.)	1985 to date	1,815	1,849	1,571	575	1,096	-
Price adjusted investor finance	May 2010	\$742 M	\$450 M	\$258 M	\$121 M	\$139 M	Rising
Longer term monthly average	1991 to date	\$523 M	\$255 M	\$246 M	\$68 M	\$106 M	-

Value Data	Time Period	SYD	MEL	BRIS	ADE	PER	General Trend
Gross Value (median unit yield)	Mar 10 Quarter	5.1%	3.9%	4.9%	4.4%	4.4%	Mixed
Long term yield	1988 to date	5.3%	5.1%	5.8%	5.9%	5.7%	-
Vacancy Rate	Mar 10 Quarter	1.1%	1.5%	3.8%	1.3%	4.1%	Mixed
Long term vacancy rate	1980 to date	2.3%	2.5%	3.3%	2.6%	3.4%	-
Affordability Index	Mar 10 Quarter	29.0	30.7	30.3	31.0	35.5	Falling
Long term affordability rate	1980 to date	34.3	42.0	40.1	41.6	45.3	-
Change Median Other Dwelling Prices	Mar 10 Quarter	1.6%	2.0%	-1.7%	3.0%	1.0%	Rising
Inflation adjusted growth (LT Avg)	Mar 10 Quarter	1.0%	0.8%	-2.4%	2.4%	-0.1%	Mixed
	1980 to date	0.7%	1.1%	0.9%	0.9%	1.1%	-
Change Median House Prices	Mar 10 Quarter	1.4%	-2.0%	0.9%	4.5%	3.1%	Rising
Inflation adjusted growth (LT Avg)	Mar 10 Quarter	0.6%	-3.2%	0.1%	3.9%	2.0%	Rising
	1980 to date	0.7%	1.1%	1.1%	1.0%	1.0%	-

* 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, May 2010
 5690.0 Housing Finance, May 2010
 5671.0 Lending Finance, May 2010

Other Sources:

REIA/Mortgage Choice, Market Facts, March 2010
 Deposit Power/REIA Home Loan Affordability Report, March 2010



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Tasmania, Northern Territory and ACT

Supply Data	Time Period	TAS	NT	ACT	General Trend
Approvals (original) Houses: Private	May 2010	186	46	148	Falling
Average monthly approval Longer term	1985 to date	189	55	125	-
Approvals (original) Other dwelling: Private	May 2010	28	38	229	Mixed
Average monthly approval Longer term	1997 to date	27	49	91	-
Approval growth (sa) Houses: private	Apr 10-May 10	n/a	n/a	n/a	-
Approval growth (sa) Other dwell: Private	Apr 10-May 10	n/a	n/a	n/a	-

Demand Data	Time Period	TAS	NT	ACT	General Trend
Owner occupier finance - existing (No.)	May 2010	547	233	563	Falling
Longer term monthly average (No.)	1985 to date	619	232	501	-
Owner occupier finance new (No.)	May 2010	120	43	165	Falling
Longer term monthly average (No.)	1985 to date	136	51	133	-
Price adjusted investor finance	May 2010	\$14 M	\$19 M	\$37 M	Rising
Longer term monthly average	1991 to date	\$10 M	\$17 M	\$27 M	-

Value Data	Time Period	HOB	DAR	CAN	General Trend
Gross Value (median unit yield)	Mar 10 Quarter	5.1%	4.6%	5.5%	Mixed
Long term yield	1988 to date	6.9%	5.9%	6.2%	-
Vacancy Rate	Mar 10 Quarter	2.2%	2.5%	1.0%	Mixed
Long term vacancy rate	1980 to date	3.5%	6.0%	2.6%	-
Affordability Index	Mar 10 Quarter	33.3	42.0	56.0	Falling
Long term affordability rate	1980 to date	47.9	57.3	58.7	-
Change Median Other Dwelling Prices	Mar 10 Quarter	-7.7%	7.3%	8.5%	Mixed
Inflation adjusted growth (LT Avg)	Mar 10 Quarter 1980 to date	-8.4% 1.0%	6.7% 1.9%	7.8% 1.0%	Mixed -
Change Median House Prices	Mar 10 Quarter	2.8%	1.3%	-0.2%	Mixed
Inflation adjusted growth (LT Avg)	Mar 10 Quarter 1980 to date	2.1% 1.4%	0.8% 1.3%	-0.8% 1.1%	Mixed -

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