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MEDIA RELEASE

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Capital city property markets at tipping point as price corrections continue

House and unit prices declined in most capital cities during January, quashing hopes of a sustained recovery in early 2012.

Residex CEO John Edwards said housing markets around the country were at a cross road.

"Prices continued to weaken in almost every capital city over January. Our data suggests we are moving beyond the bottom of the cycle however the trend is not pronounced," Mr Edwards said.

Mr Edwards said the less affordable end of the market, house and land, remained weak.

"On an Australia-wide basis we do not look as if we are through the worst of the correction phase. In most capital cities, while we may have reached the bottom of the cycle, there is no strong movement towards positive territory," he said.

"The next few months will be crucial in determining where markets head. However, as the reality of the actual performance of housing markets becomes evident we can expect to see further weakness and potentially ongoing price corrections."

Mr Edwards said the Reserve Bank's decision not to cut rates this week was a missed opportunity to inject confidence among buyers and sellers.

"The property market is on a knife edge. A rate cut would have had an important impact on affordability and boosting confidence."

Mr Edwards said the Reserve would remain under pressure to cut rates in early 2012.

"While Australia's property market does not face the same risks as those that led to the collapse in US housing prices, we face continued headwinds including the high Australian dollar and the high cost of housing. We need to encourage home ownership otherwise we will arrive at a situation where the cost of rentals is unacceptably very high," he said.

Little cheer in January data

Nationally, the median house value declined -1.21% in January while the median unit price was down -0.67%.

Melbourne was hardest hit with houses down -1.65% and units down -1.8%.

In Sydney, the median house value declined -1.18% against a -0.68% drop in the median unit value.

Brisbane's median house value was stable, while the median unit value dipped -1.15%.

The only regions to record house price growth were the ACT (up 0.16%), country Queensland (up 1.73%) and country Victoria (up 0.28%).

Elsewhere around Australia:

	Houses	Units
ACT	+0.16%	-2%
Adelaide	-0.84%	-0.69%
Hobart	-0.75%	-1.81%
Perth	-0.32%	-1.01%
Darwin	-1.41%	-0.44%

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