

House price surge fastest since 2003

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By Robert Carry

Australian home prices grew by 3.7% in the September quarter - the highest quarterly growth seen in six years.

The Australian Property Monitors (APM) September Quarterly House Price Series report found that the rapid turnaround has been fuelled largely by more expensive houses - which were hardest hit during the downturn.

Matthew Bell, Economist for APM said, "The extraordinary recovery at the upper end of the market experienced in June in most major capitals has now spread to the rest of the country. Nearly all capital city quarterly growth rates have been driven by strong sales of more expensive homes."

In Sydney, the country's largest housing market, median prices in the most expensive 50% of suburbs grew by nearly triple the rate experienced in the least expensive suburbs. "Another quarter of improving employment results and the share market rising by 20% has meant that buyers are stepping into the oversold top end of the market to purchase properties at prices still below their late 2007 highs," added Bell.

The report also suggested that sellers who sold properties into the booming first home owner market over the past year have used sale proceeds to upgrade to more expensive homes and units, placing even more pressure on upper end markets.

Despite concerns about softening demand from first home buyers affecting the property market following the decrease in the first home owners boost in September and increasing interest rates, mortgage brokers are reporting increases in enquiries from property investors.