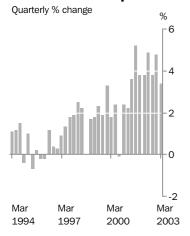


# **HOUSE PRICE INDEXES**

EIGHT CAPITAL CITIES

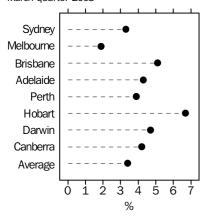
EMBARGO: 11:30AM (CANBERRA TIME) THURS 5 JUN 2003

#### **Established house prices**



#### **Established house prices**

Quarterly % change March quarter 2003



 For further information about these and related statistics, contact Steve Whennan on Canberra
 02 6252 6251, or the National Information and Referral Service on 1300 135 070.

## MARCH QTR KEY FIGURES

ESTABLISHED HOUSE PRICES	% change Dec Qtr 2002 to Mar Qtr 2003	% change Mar Qtr 2002 to Mar Qtr 2003
Weighted average of eight capital cities	3.4	18.0
Sydney	3.3	20.9
Melbourne	1.9	13.7
Brisbane	5.1	21.9
Adelaide	4.3	20.6
Perth	3.9	12.3
Hobart	6.7	13.2
Darwin	4.7	7.5
Canberra	4.2	18.4

## MARCH QTR KEY POINTS

#### ESTABLISHED HOUSE PRICES

## QUARTERLY CHANGES

- The price index for established houses in Australia rose 3.4% between the December quarter 2002 and the March quarter 2003.
- Prices rose in all capital cities: Hobart (+6.7%), Brisbane (+5.1%), Darwin (+4.7%),
   Adelaide (+4.3%), Canberra (+4.2%), Perth (+3.9%), Sydney (+3.3%) and
   Melbourne (+1.9%).

## ANNUAL CHANGES

- Over the year to March quarter 2003, established house prices rose 18.0%.
- Annual increases in the capital cities were: Brisbane (+21.9%), Sydney (+20.9%), Adelaide (+20.6%), Canberra (+18.4%), Melbourne (+13.7%), Hobart (+13.2%), Perth (+12.3%) and Darwin (+7.5%).

## NOTES

FORTHCOMING ISSUES ISSUE (Quarter) RELEASE DATE

> June 2003 4 September 2003 4 December 2003 September 2003

CHANGES IN THIS ISSUE There are no changes in this issue.

Dennis Trewin

Australian Statistician

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## ESTABLISHED HOUSE PRICE INDEX NUMBERS(a)

Davia d	Cudanu	Malhauma	Drichana	Adalaida	Double	Unbort	Donuin	Combours	Weighted average of eight capital
Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	cities
• • • • • • • • • • • •	• • • • • • • • •	• • • • • • • • • •	• • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •
1999-2000	153.1	144.6	142.2	123.2	125.9	129.0	199.2	137.0	142.3
2000-01	163.8	159.1	149.4	131.1	133.9	134.2	198.7	149.1	152.8
2001-02	192.2	193.7	169.8	150.1	145.5	140.1	204.2	173.1	178.0
1999									
September	145.8	137.4	141.4	120.1	121.6	125.3	197.3	129.7	136.8
December	151.5	143.6	141.5	122.0	125.3	127.8	199.0	136.1	141.3
2000									
March	156.5	145.7	141.4	123.6	126.7	128.6	201.0	140.0	143.9
June	158.4	151.6	144.3	126.9	129.9	134.2	199.5	142.0	147.3
September	162.3	143.6	146.5	127.6	130.2	134.3	197.3	143.4	147.1
December	160.4	157.5	149.3	127.2	132.9	133.7	196.8	146.4	150.6
2001									
March	163.9	161.8	149.7	133.1	135.1	133.8	199.3	150.5	153.9
June	168.4	173.3	151.9	136.5	137.2	135.1	201.5	156.0	159.4
September	179.1	187.2	154.5	140.7	139.1	134.9	198.3	161.1	167.7
December	188.0	189.9	163.8	146.5	143.1	138.3	203.4	171.3	174.0
2002									
March	196.7	191.4	176.8	153.4	147.8	142.1	207.0	177.8	180.6
June	204.9	206.2	184.2	159.7	152.0	144.9	208.0	182.1	189.5
September	216.7	207.3	193.8	168.7	155.8	148.9	213.6	190.9	196.7
December	230.2	213.6	205.2	177.4	159.7	150.8	212.7	202.1	206.1
2003									
March	237.8	217.7	215.6	185.0	166.0	160.9	222.6	210.5	213.1
	(a) Base of	each index 1989-9	0 = 100.0						

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## ESTABLISHED HOUSE PRICE INDEXES, Percentage Changes

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
• • • • • • • • • • • •	• • • • • • • • •	• • • • • • • • •	PERCENTA	GE CHANGE (	from previou	us year)	• • • • • • • • •	• • • • • • • • • •	• • • • • • • • •
1999-2000	11.0	14.0	0.9	8.0	5.9	4.7	2.9	6.9	9.1
2000-01	7.0	10.0	5.1	6.4	6.4	4.0	-0.3	8.8	7.4
2001-02	17.3	21.7	13.7	14.5	8.7	4.4	2.8	16.1	16.5
• • • • • • • • • • • •	• • • • • • • • •	DEDOENTAG			• • • • • • • •			• • • • • • • • • •	• • • • • • • • •
1999		PERCENTAG	ie Change (	from corresp	onding quar	ter of previou	ıs year)		
September	9.5	13.4	-0.8	6.2	5.4	1.2	4.3	2.4	7.8
December	10.7	15.2	1.4	8.0	6.1	5.0	2.1	6.5	9.5
2000									
March	12.7	13.7	0.6	8.7	4.9	4.0	3.1	8.9	9.6
June	11.1	13.7	2.1	8.9	7.0	8.6	2.3	9.7	9.7
September	11.3	4.5	3.6	6.2	7.1	7.2	0.0	10.6	7.5
December	5.9	9.7	5.5	4.3	6.1	4.6	-1.1	7.6	6.6
2001									
March	4.7	11.1	5.9	7.7	6.6	4.0	-0.8	7.5	6.9
June	6.3	14.3	5.3	7.6	5.6	0.7	1.0	9.9	8.2
September	10.4	30.3	5.5	10.3	6.8	0.4	0.5	12.3	14.0
December	17.2	20.6	9.7	15.2	7.7	3.4	3.4	17.0	15.5
2002									
March	20.0	18.3	18.1	15.3	9.4	6.2	3.9	18.1	17.3
June	21.7	19.0	21.3	17.0	10.8	7.3	3.2	16.7	18.9
September	21.0	10.7	25.4	19.9	12.0	10.4	7.7	18.5	17.3
December	22.4	12.5	25.3	21.1	11.6	9.0	4.6	18.0	18.4
2003									
March	20.9	13.7	21.9	20.6	12.3	13.2	7.5	18.4	18.0
• • • • • • • • • • • • •	• • • • • • • • •	• • • • • • • • •	DEDOENTAGE				• • • • • • • • •	• • • • • • • • • •	• • • • • • • • •
1000			PERCENTAGI	E CHANGE (fr	om previous	quarter)			
1999 September	2.2	3.1	0.0	3.1	0.2	1.4	1.1	0.2	1.9
December	3.9	4.5	0.0	1.6	3.0	2.0	0.9	4.9	3.3
2000	3.9	4.5	0.1	1.0	5.0	2.0	0.9	4.9	5.5
March	3.3	1.5	-0.1	1.3	1.1	0.6	1.0	2.9	1.8
				2.7	2.5	4.4	-0.7	1.4	2.4
	12	4.0					0.1		2
June	1.2 2.5	4.0 -5.3	2.1 1.5				-1.1	1.0	-0.1
June September	2.5	-5.3	1.5	0.6	0.2	0.1	-1.1 -0.3	1.0 2.1	-0.1 2.4
June September December							-1.1 -0.3	1.0 2.1	-0.1 2.4
June September December <b>2001</b>	2.5 -1.2	-5.3 9.7	1.5 1.9	0.6 -0.3	0.2 2.1	0.1 -0.4	-0.3	2.1	2.4
June September December <b>2001</b> March	2.5 -1.2 2.2	-5.3 9.7 2.7	1.5 1.9 0.3	0.6 -0.3 4.6	0.2 2.1 1.7	0.1 -0.4 0.1	-0.3 1.3	2.1 2.8	2.4
June September December <b>2001</b> March June	2.5 -1.2 2.2 2.7	-5.3 9.7 2.7 7.1	1.5 1.9 0.3 1.5	0.6 -0.3 4.6 2.6	0.2 2.1 1.7 1.6	0.1 -0.4 0.1 1.0	-0.3 1.3 1.1	2.1 2.8 3.7	2.4 2.2 3.6
June September December <b>2001</b> March	2.5 -1.2 2.2	-5.3 9.7 2.7	1.5 1.9 0.3	0.6 -0.3 4.6	0.2 2.1 1.7	0.1 -0.4 0.1	-0.3 1.3	2.1 2.8	2.4
June September December <b>2001</b> March June September	2.5 -1.2 2.2 2.7 6.4	-5.3 9.7 2.7 7.1 8.0	1.5 1.9 0.3 1.5 1.7	0.6 -0.3 4.6 2.6 3.1	0.2 2.1 1.7 1.6 1.4	0.1 -0.4 0.1 1.0 -0.1	-0.3 1.3 1.1 -1.6	2.1 2.8 3.7 3.3	2.4 2.2 3.6 5.2
June September December  2001 March June September December	2.5 -1.2 2.2 2.7 6.4	-5.3 9.7 2.7 7.1 8.0	1.5 1.9 0.3 1.5 1.7	0.6 -0.3 4.6 2.6 3.1	0.2 2.1 1.7 1.6 1.4	0.1 -0.4 0.1 1.0 -0.1	-0.3 1.3 1.1 -1.6	2.1 2.8 3.7 3.3	2.4 2.2 3.6 5.2
June September December  2001 March June September December  2002	2.5 -1.2 2.2 2.7 6.4 5.0	-5.3 9.7 2.7 7.1 8.0 1.4	1.5 1.9 0.3 1.5 1.7 6.0	0.6 -0.3 4.6 2.6 3.1 4.1	0.2 2.1 1.7 1.6 1.4 2.9	0.1 -0.4 0.1 1.0 -0.1 2.5	-0.3 1.3 1.1 -1.6 2.6	2.1 2.8 3.7 3.3 6.3	2.4 2.2 3.6 5.2 3.8
June September December  2001 March June September December  2002 March	2.5 -1.2 2.2 2.7 6.4 5.0	-5.3 9.7 2.7 7.1 8.0 1.4	1.5 1.9 0.3 1.5 1.7 6.0	0.6 -0.3 4.6 2.6 3.1 4.1	0.2 2.1 1.7 1.6 1.4 2.9	0.1 -0.4 0.1 1.0 -0.1 2.5	-0.3 1.3 1.1 -1.6 2.6	2.1 2.8 3.7 3.3 6.3	2.4 2.2 3.6 5.2 3.8
June September December  2001 March June September December  2002 March June	2.5 -1.2 2.2 2.7 6.4 5.0 4.6 4.2	-5.3 9.7 2.7 7.1 8.0 1.4 0.8 7.7	1.5 1.9 0.3 1.5 1.7 6.0 7.9 4.2	0.6 -0.3 4.6 2.6 3.1 4.1 4.7 4.7	0.2 2.1 1.7 1.6 1.4 2.9 3.3 2.8	0.1 -0.4 0.1 1.0 -0.1 2.5 2.7 2.0	-0.3  1.3  1.1  -1.6  2.6  1.8  0.5	2.1 2.8 3.7 3.3 6.3 3.8 2.4	2.4 2.2 3.6 5.2 3.8 3.8 4.9
June September December  2001 March June September December  2002 March June September	2.5 -1.2 2.2 2.7 6.4 5.0 4.6 4.2 5.8	-5.3 9.7 2.7 7.1 8.0 1.4 0.8 7.7 0.5	1.5 1.9 0.3 1.5 1.7 6.0 7.9 4.2 5.2	0.6 -0.3 4.6 2.6 3.1 4.1 4.7 4.7 4.1 5.6	0.2 2.1 1.7 1.6 1.4 2.9 3.3 2.8 2.5	0.1 -0.4 0.1 1.0 -0.1 2.5 2.7 2.0 2.8	-0.3  1.3  1.1 -1.6  2.6  1.8  0.5  2.7	2.1 2.8 3.7 3.3 6.3 3.8 2.4 4.8	2.4 2.2 3.6 5.2 3.8 3.8 4.9 3.8

## PROJECT HOME PRICE INDEX NUMBERS(a)

									Weighted average of eight capital
Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	cities
• • • • • • • • • • •	• • • • • • • • •	• • • • • • • • • •	• • • • • • • •	• • • • • • • • •	• • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • • • • •
1999-2000	123.1	122.0	118.2	127.2	114.8	126.2	143.2	131.9	120.7
2000-01	138.4	136.9	132.0	141.9	126.2	140.7	156.8	153.5	134.9
2001-02	141.3	142.1	133.5	148.2	128.8	145.1	158.5	161.3	138.1
1999									
September	119.5	117.5	115.0	121.7	111.5	124.0	141.5	127.3	117.0
December	122.8	121.5	117.4	126.7	116.2	125.4	143.3	130.2	120.6
2000									
March	124.6	124.3	120.0	130.0	115.7	127.5	143.3	133.9	122.4
June	125.6	124.8	120.2	130.4	115.6	127.9	144.6	136.1	122.9
September	137.8	135.7	131.4	141.7	126.3	140.3	157.6	151.6	134.3
December	138.3	136.4	132.8	140.6	125.9	140.3	157.6	152.5	134.8
2001									
March	138.2	138.0	132.5	141.8	125.8	140.5	156.7	153.5	135.1
June	139.1	137.6	131.4	143.4	126.9	141.8	155.1	156.5	135.4
September	139.8	140.0	131.8	144.9	127.7	142.7	155.3	157.9	136.4
December	140.9	142.6	132.1	147.5	128.5	143.4	156.8	160.8	137.6
2002									
March	141.4	142.4	133.9	149.3	129.2	144.6	159.2	161.8	138.5
June	142.9	143.4	136.0	151.2	129.6	149.7	162.5	164.8	139.9
September	143.6	143.9	139.1	153.6	130.3	152.5	164.5	166.5	141.3
December	144.3	144.9	141.0	155.5	131.6	154.4	164.5	168.6	142.5
2003									
March	146.1	148.1	143.0	156.7	133.1	161.2	169.7	172.1	144.7
	(a) Base of	each index 1989-9	90 = 100.0						



## PROJECT HOME PRICE INDEXES, Percentage Changes

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capita cities
• • • • • • • • • • •	• • • • • • • • •	• • • • • • • • •	PERCENTA	GE CHANGE	(from previo	us year)	• • • • • • • • •	• • • • • • • • • •	• • • • • • • •
1999-2000	6.9	8.4	4.2	8.7	8.2	2.4	3.0	6.0	6.7
2000-01	12.4	12.2	11.7	11.6	9.9	11.5	9.5	16.4	11.8
2001-02	2.1	3.8	1.1	4.4	2.1	3.1	1.1	5.1	2.4
• • • • • • • • • • • •	• • • • • • • • •	DEDCENITAG	SE CHANGE	(from correct	onding qua	rter of previou	ic vear)	• • • • • • • • •	• • • • • • • •
1999		PERCENTAC	aL CHANGE	(IIOIII COITESE	onung quai	ter or previou	us year)		
September	5.3	7.2	2.2	6.6	6.3	0.6	3.0	2.9	5.0
December	8.1	8.6	4.1	9.0	9.8	1.7	3.5	4.7	7.4
2000									
March	6.9	9.5	5.7	10.3	8.9	3.4	2.9	7.7	7.6
June	7.4	8.5	4.9	8.8	7.5	3.7	2.8	8.8	7.1
September	15.3	15.5	14.3	16.4	13.3	13.1	11.4	19.1	14.8
December	12.6	12.3	13.1	11.0	8.3	11.9	10.0	17.1	11.8
001									
March	10.9	11.0	10.4	9.1	8.7	10.2	9.4	14.6	10.4
June	10.7	10.3	9.3	10.0	9.8	10.9	7.3	15.0	10.2
September	1.5	3.2	0.3	2.3	1.1	1.7	-1.5	4.2	1.6
December	1.9	4.5	-0.5	4.9	2.1	2.2	-0.5	5.4	2.1
002									
March	2.3	3.2	1.1	5.3	2.7	2.9	1.6	5.4	2.5
June	2.7	4.2	3.5	5.4	2.1	5.6	4.8	5.3	3.3
September	2.7	2.8	5.5	6.0	2.0	6.9	5.9	5.4	3.6
December	2.4	1.6	6.7	5.4	2.4	7.7	4.9	4.9	3.6
2003									
March	3.3	4.0	6.8	5.0	3.0	11.5	6.6	6.4	4.5
	• • • • • • • • • •	• • • • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • • •	• • • • • • • • •	• • • • • • • •
			PERCENTAG	E CHANGE (fi	rom previous	s quarter)			
L999								4.0	
September	2.2	2.2	0.3	1.6	3.7	0.6	0.6	1.8	1.9
December	2.8	3.4	2.1	4.1	4.2	1.1	1.3	2.3	3.1
2000	4 =	0.0	0.0	0.0	0.4	4.7	0.0	0.0	4 =
March	1.5	2.3	2.2	2.6	-0.4	1.7	0.0	2.8	1.5
June	0.8	0.4	0.2	0.3	-0.1	0.3	0.9	1.6	0.4
September December	9.7 0.4	8.7 0.5	9.3	8.7	9.3	9.7	9.0	11.4	9.3
	0.4	0.5	1.1	-0.8	-0.3	0.0	0.0	0.6	0.4
2001	0.4	4.0	0.0	0.0	0.4	0.4	0.0	0.7	0.0
March	-0.1	1.2	-0.2	0.9	-0.1	0.1	-0.6	0.7	0.2
June	0.7	-0.3	-0.8	1.1	0.9	0.9	-1.0 0.1	2.0	0.2
September	0.5	1.7	0.3	1.0	0.6	0.6	0.1	0.9	0.7
December	0.8	1.9	0.2	1.8	0.6	0.5	1.0	1.8	0.9
2 <b>002</b> March	0.4	0.4	1 4	1.0	0.5	0.0	4 5	0.6	0.7
June	0.4	-0.1 0.7	1.4	1.2	0.5	0.8	1.5	0.6 1.9	1.0
September	1.1	0.7	1.6	1.3	0.3	3.5	2.1		
December	0.5	0.3 0.7	2.3	1.6	0.5	1.9	1.2	1.0	1.0
	0.5	0.7	1.4	1.2	1.0	1.2	0.0	1.3	0.8
2003 March	4.0	2.2	1 4	0.0	1 1	A A	2.0	0.4	1 =
March	1.2	2.2	1.4	0.8	1.1	4.4	3.2	2.1	1.5



## SELECTED HOUSING PRICE INDEX NUMBER SERIES(a)-Australia

Period	Established houses	Project homes	Materials used in house building	National accounts private housing investment
1999-2000	142.3	120.7	122.8	121.1
2000-01	152.8	134.9	124.4	137.7
2001-02	178.0	138.1	126.0	140.6
1999				
September	136.8	117.0	120.5	117.7
December	141.3	120.6	121.5	119.4
2000				
March	143.9	122.4	123.8	122.3
June	147.3	122.9	125.5	125.1
September	147.1	134.3	124.5	137.5
December	150.6	134.8	124.4	137.2
2001				
March	153.9	135.1	124.2	137.8
June	159.4	135.4	124.4	138.1
September	167.7	136.4	124.7	138.7
December	174.0	137.6	125.2	140.1
2002				
March	180.6	138.5	126.1	141.2
June	189.5	139.9	127.8	142.3
September	196.7	141.3	128.8	143.6
December	206.1	142.5	130.1	144.8
2003				
March	213.1	144.7	130.9	146.5
	(a) Base of each i	ndex 1989-90 = 100.0		

•••••••••••••••••••••••••

Period	Established houses	Project homes	Materials used in house building	National accounts private housing investment
• • • • • • • • • • • •		ANGE (from previous	financial year)	• • • • • • • • • •
1999-2000	9.1	6.7	2.8	5.3
2000-01	7.4	11.8	1.3	13.7
2001-02	16.5	2.4	1.3	2.1
1999	CENTAGE CHANGE (Tr	rom corresponding qu	larter of previous year	r)
September	7.8	5.0	0.9	3.4
December	9.5	7.4	1.5	4.4
2000	0.0		1.0	
March	9.6	7.6	3.6	6.2
June	9.7	7.1	5.3	7.5
September	7.5	14.8	3.3	16.8
December	6.6	11.8	2.4	14.9
2001	0.0	11.0	2.4	14.5
March	6.9	10.4	0.3	12.7
June	8.2	10.2	-0.9	10.4
September	14.0	1.6	0.2	0.9
December	15.5	2.1	0.6	2.1
2002	15.5	2.1	0.0	2.1
March	17.3	2.5	1.5	2.5
June	18.9	3.3	2.7	3.0
September	17.3	3.6	3.3	3.5
December	18.4	3.6	3.9	3.4
2003	10.4	3.0	5.9	5.4
March	18.0	4.5	3.8	3.8
Water			• • • • • • • • • • • • • • • • • • • •	
• • • • • • • • • • • • • • • • • • • •		CHANGE (from previo		
1999	FERGLINIAGE	CHANGE (Holli previo	ous quarter)	
September	1.9	1.9	1.1	1.1
December	3.3	3.1	0.8	1.4
2000				
March	1.8	1.5	1.9	2.4
June	2.4	0.4	1.4	2.3
September	-0.1	9.3	-0.8	9.9
December	2.4	0.4	-0.1	-0.2
2001				
March	2.2	0.2	-0.2	0.4
June	3.6	0.2	0.2	0.2
September	5.2	0.7	0.2	0.4
December	3.8	0.9	0.4	1.0
2002				
March	3.8	0.7	0.7	0.8
June	4.9	1.0	1.3	0.8
September	3.8	1.0	0.8	0.9
December	4.8	0.8	1.0	0.8
2003				
March	3.4	1.5	0.6	1.2

## 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 1989-90 = 100.0 for the eight capital cities. 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 by the ABS for use in calculating the House purchase component 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.
- **3** To assist in the analysis of housing price movements at the national level, Australian series have also been compiled and are presented in tables 5 and 6 along with series for prices of building materials and private housing investment (from the Australian National Accounts). For information on the derivation of series in these tables see paragraph 13.

#### DEFINITIONS

ESTABLISHED HOUSES 4 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

**5** Dwellings available for construction on a client's block of land. Price changes therefore relate only to the price of the dwelling (excluding land).

#### PRICE INDEXES

- **6** 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.
- 7 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 obtained each quarter and the price movements for each model 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.
- 8 The construction of a price index for established houses, on the other hand, poses a number of problems. First, in addition to the physical characteristics of a dwelling (such as outer-wall construction, total overall size and number of rooms) its geographical location is a significant component of quality. Second, the only price data available relates to sales that have actually taken place during each quarter. Movements in the average price derived from total sales data in each period would not provide a measure of pure price change as the measure would be influenced by compositional changes (i.e. the prices from one period to the next would relate to houses of different quality).

## EXPLANATORY NOTES

PRICE INDEXES continued

- **9** In order to minimise the effects of compositional change on these indexes, the raw sales data is stratified by geographic area. In addition, within each geographic area, any property with unusually low or high sale prices in the quarter are excluded. The overall movement of the index is calculated from a weighted average of the average price of each stratum.
- **10** Price information for project homes is obtained at the end of each quarter from a sample of project home builders in each city. Sale prices of established houses are obtained from real estate organisations and government agencies and relate to actual sales transacted during the quarter.

LIMITATIONS OF HOUSE PRICE INDEXES

- **11** 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 across the range of dwelling types depends on market activity in each quarter.
- **12** These series most effected by limited market scope is Darwin established house price index. Rather than suppress publication, the series is included here because it is believed that the long term trend is reliable. However, because of limitations in the reliability of individual quarter to quarter movement users are advised to exercise due caution when analysing such movements.

NATIONAL HOUSE PRICE AND OTHER INDEXES

**13** These series are presented to facilitate analysis of price movements at a national level. Although coverage is not, in all cases, strictly national, this is not believed to significantly impair their usefulness. The derivation or source of each series is as follows:

Established houses: This series is derived by weighting together the indexes for each of the eight capital cities according to the value of secured finance commitments to individuals in each of the States and Territories for the purchase of newly erected and established houses in 1985–86 until June quarter 1996, and thereafter commitments in 1994–95. The source of weighting information is unpublished data from the ABS survey of Housing Finance for Owner Occupation.

*Project homes*: This series is derived by weighting together the indexes for each of the eight capital cities according to the value of secured finance commitments to individuals in each of the States and Territories for the construction of houses in 1985–86 until June quarter 1996, and thereafter commitments in 1994–95. The source of weighting information is unpublished data from the ABS survey of Housing Finance for Owner Occupation.

Although the capital city price indexes for project homes are used to measure price change for the CPI House purchase expenditure class, 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 project homes index. The CPI weights 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, alterations and additions to existing dwellings and are capital city specific).

*Materials used in house building*: The series included here is that published for the weighted average of the six State capital cities in *Producer Price Indexes*, *Australia* (cat. no. 6427.0).

## EXPLANATORY NOTES

NATIONAL HOUSE PRICE AND OTHER INDEXES continued

*Private Housing Investment:* This series is the annually-reweighted chain Laspeyres price index for private capital expenditure (houses), as used (but not separately published) in *Australian National Accounts: National Income, Expenditure and Product* (cat. no. 5206.0), referenced to 1989–90 = 100.0.

ANALYSIS OF CHANGES IN INDEX NUMBERS

- **14** The indexes presented in this publication are calculated on a quarterly basis with a reference base of 1989-90 = 100.0. In compiling these indexes quarterly, the objective is to measure the change between average price levels during one quarter and average price levels during the next quarter.
- **15** 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.
- **16** 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:

Established houses: Sydney index numbers —

March Quarter 2003 237.8 (see Table 1) less December Quarter 2002 230.2 (see Table 1) Change in index points: 7.6

Percentage change = 
$$\frac{7.6}{230.2}$$
 x 100 = 3.3%

- **17** 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

- **18** Users may also wish to refer to the following publications which are available on request:
- 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 for Owner Occupation, Australia, cat. no. 5609.0—issued monthly
- Producer Price Indexes, Australia, cat. no. 6427.0—issued quarterly.
- **19** Current publications and other products by the ABS are listed in the *Catalogue of Publications and Products* (cat. no. 1101.0). The Catalogue is available from any ABS office or the ABS web site <a href="http://www.abs.gov.au">http://www.abs.gov.au</a>. The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

SYMBOLS AND OTHER USAGES

n.y.a not yet available r revised

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CPI INFOLINE For current and historical Consumer Price Index data,

call 1902 981 074 (call cost 77c per minute).

DIAL-A-STATISTIC For the latest figures for National Accounts, Balance of

Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

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