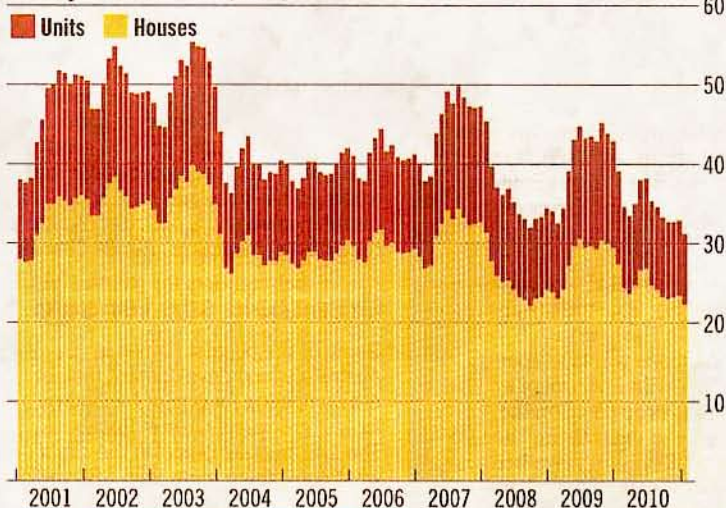


## Sell-down

Monthly volume of sales ('000s)



Annual property sales

	2009	2010
Sydney	103,900	83,895
Melbourne	92,076	75,048
Brisbane	52,007	38,888
Adelaide	25,179	23,094
Perth	40,424	32,303
Darwin	2,950	2,089
Canberra	9,309	6,808
Hobart	5,293	3,945
<b>Combined capitals</b>	<b>331,138</b>	<b>266,070</b>
<b>National</b>	<b>502,124</b>	<b>404,847</b>

SOURCE: RP DAT.

# House sales lowest for decade

**Ainslie Chandler**

Australian dwelling sales dropped by more than 19 per cent in 2010 to reach their lowest level in a decade, as affordability continued to deteriorate and first-home buyers fled the market as incentives were wound back.

The sales figures from RP Data came as official numbers showed the volume and value of housing finance commitments fell in the first month of 2011.

RP Data figures show Darwin was the capital hardest hit, with total sales down 30.3 per cent from 2009 to 2010, followed by Brisbane, where sales fell 29.3 per cent.

Sydney fared the best, with sales down only 11.4 per cent. Every capital city posted sales below their 10-year average.

RP Data Research senior analyst Cameron Kusher said the drop had been in line with weak housing finance numbers for owner-occupiers during the same period.

Sales figures were now around the same levels as during the financial crisis, in 2008, despite the

economy now being far stronger.

He expected sales to pick up this year. "Although we are not anticipating much in the way of property value growth during 2011, some indicators suggest that sales volumes will improve," Mr Kusher said.

"Importantly, any improvement will be relative to the weakest year for sales activity in more than a decade," he said.

The latest Australian Bureau of Statistics housing finance figures show the value of commitments fell in January, dipping 5.3 per cent from December to January, in seasonally adjusted terms.

The value of commitments fell from \$20.9 billion to \$20.29 billion, while the number of commitments for owner-occupied dwellings dropped by 4.5 per cent, to 48,871.

The number of commitments for new housing dropped 13.5 per cent to 1984, while the number for housing construction fell 9.4 per cent to 4561.

SQM Research managing director Louis Christopher said floods

were unlikely to be the cause of the fall. More likely was the impact of the November interest rate rise and the ongoing downturn in the Australian housing market.

Real Estate Institute of Australia figures showed that already strained affordability levels deteriorated further in the December quarter, as the Reserve Bank of Australia lifted interest rates by 25 basis points to 4.75 per cent.

With banks lifting their rates independent of the RBA, the average quarterly variable rate gained 0.4 per cent to 7.4 per cent.

The proportion of income required to make home loan repayments rose from 34.8 per cent in September to 35.3 per cent in December. NSW was the least affordable market, at 39.5 per cent.

The REIA Deposit Power Housing Affordability Report showed the proportion of sales to first home buyers declined to 15.6 per cent in the December quarter — the lowest participation rate for first home buyers since September 2004 — as the impact of government housing stimulus waned.