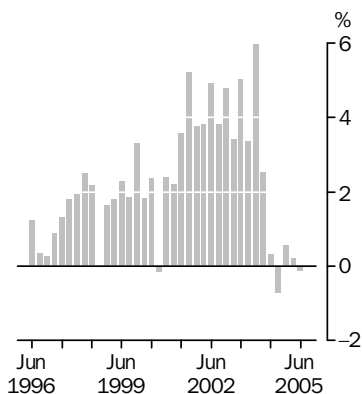


# HOUSE PRICE INDEXES: EIGHT CAPITAL CITIES

EMBARGO: 11.30AM (CANBERRA TIME) THURS 1 SEP 2005

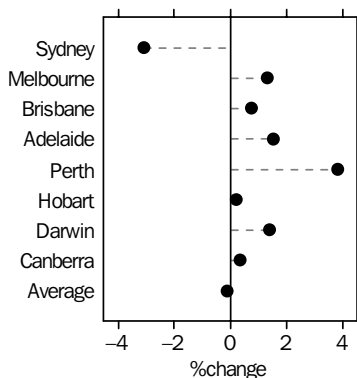
## Established house prices

Quarterly % change



## Established house prices

Quarterly % change  
June quarter 2005



## KEY FIGURES

ESTABLISHED HOUSE PRICES	Mar Qtr 05 to Jun Qtr 05 % change	Jun Qtr 2004 to Jun Qtr 2005 % change
<b>Weighted average of eight capital cities</b>	<b>-0.1</b>	<b>-0.1</b>
Sydney	-3.1	-5.0
Melbourne	1.3	-1.4
Brisbane	0.8	1.8
Adelaide	1.5	7.0
Perth	3.8	11.7
Hobart	0.2	-0.8
Darwin	1.4	8.6
Canberra	0.3	2.5

## KEY POINTS

### ESTABLISHED HOUSE PRICES

#### QUARTERLY CHANGES

- The price index for established houses in Australia fell 0.1% in the June quarter 2005, compared with an increase of 0.2% in the March quarter 2005.
- House prices rose in Perth (+3.8%), Adelaide (+1.5%), Darwin (+1.4%), Melbourne (+1.3%), Brisbane (+0.8%), Canberra (+0.3%) and Hobart (+0.2%), and fell in Sydney (-3.1%).

#### ANNUAL CHANGES (JUNE QUARTER 2004 TO JUNE QUARTER 2005)

- Over the twelve months to June quarter 2005, established house prices fell 0.1%. It is the first negative annual movement since March quarter 1996.
- Annually, house prices increased in: Perth (+11.7%), Darwin (+8.6%), Adelaide (+7.0%), Canberra (+2.5%) and Brisbane (+1.8%). House prices fell in Sydney (-5.0%), Melbourne (-1.4%) and Hobart (-0.8%).

## INQUIRIES

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.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
September 2005	2 December 2005
December 2005	3 March 2006

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## CONSIDERATIONS WHEN INTERPRETING THE ESTABLISHED HOUSE PRICE INDEX

As noted in paragraphs 8 and 9 of the Explanatory Notes of this publication, movements in the average price of established houses are derived from sales data in each period. The prices may be influenced by compositional changes (i.e. the mix of houses sold) in each quarter. In order to minimise the effects of compositional change on the measures of price change, the ABS stratifies the sales of established houses by broad geographic area.

In the June quarter 2005 Melbourne and Canberra have experienced noticeable compositional change within some strata, which is not controlled for using the current methodology. The most noticeable aspect of the compositional change is that a larger number of highly priced houses have been sold in the June quarter 2005 than in the March quarter. As a result, the price changes for Melbourne and Canberra in the June quarter 2005 may be overstated.

## CHANGES IN THE NEXT ISSUE

Since late last year the ABS has been working on a project to improve the quality of the house price index. Broadly, it has involved more finely stratifying the house prices by region within each city than is currently the case and more tightly tying the indexes to the date of exchange of contracts when houses are sold, because that is the time at which the price is effectively set.

The revamped house price indexes will be released on Friday 2 December 2005 in the September quarter 2005 issue of this publication. An Information Paper will be released around mid November, providing details about the revised indexes and their underlying methodology.

Dennis Trewin  
Australian Statistician

## ESTABLISHED HOUSE PRICE INDEX NUMBERS (a)

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
<b>2002-03</b>	233.0	216.4	211.8	182.6	164.4	157.1	218.2	207.2	209.9
<b>2003-04</b>	266.3	237.0	279.6	221.9	195.0	187.5	245.3	252.4	245.0
<b>2004-05</b>	264.0	235.3	301.2	242.5	215.7	196.2	275.1	258.0	251.5
<b>2001</b>									
December	188.0	189.9	163.8	146.5	143.1	138.3	203.4	171.3	174.0
<b>2002</b>									
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
<b>2003</b>									
March	237.8	217.7	215.6	185.0	166.0	160.9	222.6	210.5	213.1
June	247.1	226.9	232.6	199.1	176.0	167.9	223.8	225.4	223.8
September	252.5	231.3	247.6	207.2	185.7	177.4	225.6	237.5	231.3
December	265.9	240.2	277.2	220.4	195.2	183.0	240.7	253.2	245.1
<b>2004</b>									
March	275.3	237.0	294.5	227.1	197.5	190.8	254.4	263.8	251.3
June	271.5	239.4	298.9	232.8	201.7	198.8	260.3	255.0	252.1
September	266.2	235.6	298.3	235.8	207.7	194.4	270.3	256.6	250.3
December	265.9	236.6	300.5	239.8	212.6	196.0	268.6	253.7	251.7
<b>2005</b>									
March	266.0	232.9	301.9	245.3	217.0	196.9	278.8	260.4	252.2
June	257.8	236.0	304.2	249.1	225.3	197.3	282.7	261.3	251.9

(a) Base of each index: 1989-90 = 100.0.

## ESTABLISHED HOUSE PRICE INDEXES, Percentage Changes

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
PERCENTAGE CHANGE (from previous financial year)									
<b>2002-03</b>	21.2	11.7	24.7	21.7	13.0	12.1	6.9	19.7	17.9
<b>2003-04</b>	14.3	9.5	32.0	21.5	18.6	19.4	12.4	21.8	16.7
<b>2004-05</b>	-0.9	-0.7	7.7	9.3	10.6	4.6	12.1	2.2	2.7
PERCENTAGE CHANGE (from corresponding quarter of previous year)									
<b>2001</b>									
December	17.2	20.6	9.7	15.2	7.7	3.4	3.4	17.0	15.5
<b>2002</b>									
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
<b>2003</b>									
March	20.9	13.7	21.9	20.6	12.3	13.2	7.5	18.4	18.0
June	20.6	10.0	26.3	24.7	15.8	15.9	7.6	23.8	18.1
September	16.5	11.6	27.8	22.8	19.2	19.1	5.6	24.4	17.6
December	15.5	12.5	35.1	24.2	22.2	21.4	13.2	25.3	18.9
<b>2004</b>									
March	15.8	8.9	36.6	22.8	19.0	18.6	14.3	25.3	17.9
June	9.9	5.5	28.5	16.9	14.6	18.4	16.3	13.1	12.6
September	5.4	1.9	20.5	13.8	11.8	9.6	19.8	8.0	8.2
December	0.0	-1.5	8.4	8.8	8.9	7.1	11.6	0.2	2.7
<b>2005</b>									
March	-3.4	-1.7	2.5	8.0	9.9	3.2	9.6	-1.3	0.4
June	-5.0	-1.4	1.8	7.0	11.7	-0.8	8.6	2.5	-0.1
PERCENTAGE CHANGE (from previous quarter)									
<b>2001</b>									
December	5.0	1.4	6.0	4.1	2.9	2.5	2.6	6.3	3.8
<b>2002</b>									
March	4.6	0.8	7.9	4.7	3.3	2.7	1.8	3.8	3.8
June	4.2	7.7	4.2	4.1	2.8	2.0	0.5	2.4	4.9
September	5.8	0.5	5.2	5.6	2.5	2.8	2.7	4.8	3.8
December	6.2	3.0	5.9	5.2	2.5	1.3	-0.4	5.9	4.8
<b>2003</b>									
March	3.3	1.9	5.1	4.3	3.9	6.7	4.7	4.2	3.4
June	3.9	4.2	7.9	7.6	6.0	4.4	0.5	7.1	5.0
September	2.2	1.9	6.4	4.1	5.5	5.7	0.8	5.4	3.4
December	5.3	3.8	12.0	6.4	5.1	3.2	6.7	6.6	6.0
<b>2004</b>									
March	3.5	-1.3	6.2	3.0	1.2	4.3	5.7	4.2	2.5
June	-1.4	1.0	1.5	2.5	2.1	4.2	2.3	-3.3	0.3
September	-2.0	-1.6	-0.2	1.3	3.0	-2.2	3.8	0.6	-0.7
December	-0.1	0.4	0.7	1.7	2.4	0.8	-0.6	-1.1	0.6
<b>2005</b>									
March	0.0	-1.6	0.5	2.3	2.1	0.5	3.8	2.6	0.2
June	-3.1	1.3	0.8	1.5	3.8	0.2	1.4	0.3	-0.1

PROJECT HOME PRICE INDEX NUMBERS (a)

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
<b>2002-03</b>	145.2	147.2	142.9	155.9	132.9	158.5	167.2	171.4	144.1
<b>2003-04</b>	151.2	153.1	161.7	165.9	145.4	172.0	176.4	187.0	154.8
<b>2004-05</b>	159.1	158.1	170.6	171.9	162.7	191.9	193.0	190.7	164.2
<b>2001</b>									
December	140.9	142.6	132.1	147.5	128.5	143.4	156.8	160.8	137.6
<b>2002</b>									
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
<b>2003</b>									
March	146.1	148.1	143.0	156.7	133.1	161.2	169.7	172.1	144.7
June	146.9	151.8	148.6	157.9	136.6	165.7	169.9	178.3	147.9
September	148.7	152.5	155.5	160.7	140.9	166.7	170.0	184.6	151.2
December	150.0	152.2	161.1	164.9	143.8	168.9	175.1	186.7	153.7
<b>2004</b>									
March	151.8	153.0	163.5	168.3	146.5	173.5	177.1	187.7	155.8
June	154.1	154.6	166.8	169.5	150.2	178.8	183.4	189.0	158.4
September	155.9	156.7	167.8	169.5	153.7	182.1	188.5	189.9	160.3
December	158.4	157.2	170.8	172.2	159.2	191.7	189.8	190.0	163.2
<b>2005</b>									
March	160.3	159.3	171.5	172.7	166.0	196.0	194.2	190.4	165.7
June	161.8	159.2	172.3	173.2	171.9	197.9	199.6	192.4	167.5

(a) Base of each index: 1989-90 = 100.0.

## PROJECT HOME PRICE INDEXES, Percentage Changes

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
PERCENTAGE CHANGE (from previous financial year)									
<b>2002-03</b>	2.8	3.6	7.0	5.2	3.2	9.2	5.5	6.3	4.3
<b>2003-04</b>	4.1	4.0	13.2	6.4	9.4	8.5	5.5	9.1	7.4
<b>2004-05</b>	5.2	3.3	5.5	3.6	11.9	11.6	9.4	2.0	6.1
PERCENTAGE CHANGE (from corresponding quarter of previous year)									
<b>2001</b>									
December	1.9	4.5	-0.5	4.9	2.1	2.2	-0.5	5.4	2.1
<b>2002</b>									
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
<b>2003</b>									
March	3.3	4.0	6.8	5.0	3.0	11.5	6.6	6.4	4.5
June	2.8	5.9	9.3	4.4	5.4	10.7	4.6	8.2	5.7
September	3.6	6.0	11.8	4.6	8.1	9.3	3.3	10.9	7.0
December	4.0	5.0	14.3	6.0	9.3	9.4	6.4	10.7	7.9
<b>2004</b>									
March	3.9	3.3	14.3	7.4	10.1	7.6	4.4	9.1	7.7
June	4.9	1.8	12.2	7.3	10.0	7.9	7.9	6.0	7.1
September	4.8	2.8	7.9	5.5	9.1	9.2	10.9	2.9	6.0
December	5.6	3.3	6.0	4.4	10.7	13.5	8.4	1.8	6.2
<b>2005</b>									
March	5.6	4.1	4.9	2.6	13.3	13.0	9.7	1.4	6.4
June	5.0	3.0	3.3	2.2	14.4	10.7	8.8	1.8	5.7
PERCENTAGE CHANGE (from previous quarter)									
<b>2001</b>									
December	0.8	1.9	0.2	1.8	0.6	0.5	1.0	1.8	0.9
<b>2002</b>									
March	0.4	-0.1	1.4	1.2	0.5	0.8	1.5	0.6	0.7
June	1.1	0.7	1.6	1.3	0.3	3.5	2.1	1.9	1.0
September	0.5	0.3	2.3	1.6	0.5	1.9	1.2	1.0	1.0
December	0.5	0.7	1.4	1.2	1.0	1.2	0.0	1.3	0.8
<b>2003</b>									
March	1.2	2.2	1.4	0.8	1.1	4.4	3.2	2.1	1.5
June	0.5	2.5	3.9	0.8	2.6	2.8	0.1	3.6	2.2
September	1.2	0.5	4.6	1.8	3.1	0.6	0.1	3.5	2.2
December	0.9	-0.2	3.6	2.6	2.1	1.3	3.0	1.1	1.7
<b>2004</b>									
March	1.2	0.5	1.5	2.1	1.9	2.7	1.1	0.5	1.4
June	1.5	1.0	2.0	0.7	2.5	3.1	3.6	0.7	1.7
September	1.2	1.4	0.6	0.0	2.3	1.8	2.8	0.5	1.2
December	1.6	0.3	1.8	1.6	3.6	5.3	0.7	0.1	1.8
<b>2005</b>									
March	1.2	1.3	0.4	0.3	4.3	2.2	2.3	0.2	1.5
June	0.9	-0.1	0.5	0.3	3.6	1.0	2.8	1.1	1.1

## SELECTED HOUSING PRICE INDEX NUMBERS (a), Australia

<i>Period</i>	<i>Established houses</i>	<i>Project homes</i>	<i>Materials used in house building</i>	<i>Construction industry total hourly rates of pay(b)</i>	<i>National accounts private housing investment</i>
<b>2002-03</b>	209.9	144.1	130.5	96.3	146.2
<b>2003-04</b>	245.0	154.8	134.3	100.0	156.1
<b>2004-05</b>	251.5	164.2	138.8	105.1	nya
<b>2001</b>					
December	174.0	137.6	125.2	92.8	140.1
<b>2002</b>					
March	180.6	138.5	126.1	93.5	141.2
June	189.5	139.9	127.8	93.8	142.3
September	196.7	141.3	128.8	95.1	143.6
December	206.1	142.5	130.1	95.7	144.9
<b>2003</b>					
March	213.1	144.7	130.9	96.9	146.7
June	223.8	147.9	132.1	97.4	149.4
September	231.3	151.2	132.9	98.8	152.5
December	245.1	153.7	133.6	99.1	155.1
<b>2004</b>					
March	251.3	155.8	134.4	100.3	157.4
June	252.1	158.4	136.1	101.7	159.5
September	250.3	160.3	137.2	103.2	161.7
December	251.7	163.2	138.3	104.6	164.0
<b>2005</b>					
March	252.2	165.7	139.3	105.9	166.4
June	251.9	167.5	140.5	106.7	nya

nya not yet available

(a) Unless otherwise specified, base of each index: 1989-90 = 100.0

(b) Base of index 2003-04 = 100.0.

## SELECTED HOUSING PRICE INDEX NUMBERS, Australia—Percentage Changes

<i>Period</i>	<i>Established houses</i>	<i>Project homes</i>	<i>Materials used in house building</i>	<i>Construction industry total hourly rates of pay</i>	<i>National accounts private housing investment</i>
PERCENTAGE CHANGE (from previous financial year)					
<b>2002-03</b>	17.9	4.3	3.6	3.4	4.0
<b>2003-04</b>	16.7	7.4	2.9	3.8	6.8
<b>2004-05</b>	2.7	6.1	3.4	5.1	nya

PERCENTAGE CHANGE (from corresponding quarter of previous year)					
<b>2001</b>					
December	15.5	2.1	0.6	3.6	2.1
<b>2002</b>					
March	17.3	2.5	1.5	3.4	2.5
June	18.9	3.3	2.7	2.7	3.0
September	17.3	3.6	3.3	3.0	3.5
December	18.4	3.6	3.9	3.1	3.4
<b>2003</b>					
March	18.0	4.5	3.8	3.6	3.9
June	18.1	5.7	3.4	3.8	5.0
September	17.6	7.0	3.2	3.9	6.2
December	18.9	7.9	2.7	3.6	7.0
<b>2004</b>					
March	17.9	7.7	2.7	3.5	7.3
June	12.6	7.1	3.0	4.4	6.8
September	8.2	6.0	3.2	4.5	6.0
December	2.7	6.2	3.5	5.5	5.7
<b>2005</b>					
March	0.4	6.4	3.6	5.6	5.7
June	-0.1	5.7	3.2	4.9	nya

PERCENTAGE CHANGE (from previous quarter)					
<b>2001</b>					
December	3.8	0.9	0.4	0.5	1.0
<b>2002</b>					
March	3.8	0.7	0.7	0.8	0.8
June	4.9	1.0	1.3	0.3	0.8
September	3.8	1.0	0.8	1.4	0.9
December	4.8	0.8	1.0	0.6	0.9
<b>2003</b>					
March	3.4	1.5	0.6	1.3	1.2
June	5.0	2.2	0.9	0.5	1.8
September	3.4	2.2	0.6	1.4	2.1
December	6.0	1.7	0.5	0.3	1.7
<b>2004</b>					
March	2.5	1.4	0.6	1.2	1.5
June	0.3	1.7	1.3	1.4	1.3
September	-0.7	1.2	0.8	1.5	1.4
December	0.6	1.8	0.8	1.4	1.4
<b>2005</b>					
March	0.2	1.5	0.7	1.2	1.5
June	-0.1	1.1	0.9	0.8	nya

nya not yet available



## 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 Australian Bureau of Statistics for use in calculating the House purchase expenditure class 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, construction industry hourly rates of pay and private housing investment (from the Australian National Accounts). For information on the derivation of series in these tables see paragraphs 13–18.

### 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).

**9** In order to minimise the effects of compositional change on the measures of price change, the ABS stratifies the sales of established houses by geographic region. Each region is also assigned a weight to reflect the total value of dwellings (including land) in the base period. This methodology reduces from the measure of aggregate price change, changes attributable to variations in (say) the number of sales in high price relative to low price regions. In addition, within each geographical area, any properties 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.

## EXPLANATORY NOTES *continued*

### PRICE INDEXES *continued*

**10** Price information for project homes is obtained each month from a sample of project home builders in each capital city. Sales prices of established houses are obtained from real estate organisations and government agencies and are, for most capital cities, based on the settlement date of the sales rather than contract date. Generally, the settlement date is several weeks after the contract date, which would most closely relate to the period in which the price was set. In general, this difference in timing has little impact on the series except when there are significant changes in the rates of price change. The effect of using the settlement date rather than the contract date is that there is likely to be a lag in identifying the turning points.

### 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 depends on market activity in each quarter. This is most apparent in the established house price indexes for the smaller states and territories.

**12** The series most affected by limited market scope are the Perth, Hobart and Darwin established house price indexes. The series for Perth is affected by a lack of source coverage of transactions for inner Perth regions, while the series for Hobart and Darwin are affected by a fluctuating and relatively low number of transactions in any quarter. Rather than suppress publication, the series are included here because it is believed that the long term trends are reliable. However, because of the limitations in the reliability of individual quarter to quarter movements, users are advised to exercise due care 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*

**14** 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*

**15** 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 compiled for use in calculating the House purchase expenditure class of the CPI, 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 weights used for CPI purposes 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*

**16** 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 *continued*

Construction industry total  
hourly rates of pay

**17** The series included here is that published for the construction industry total hourly rates of pay excluding bonuses, private and public, in *Labour Price Index, Australia* (cat. no. 6345.0).

Private Housing Investment

**18** 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

**19** Each of the indexes presented in this publication are calculated on a quarterly basis with a reference base of 1989–90=100.0, except for Construction industry total hourly rates of pay, which has a reference base of 2003–04 = 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.

**20** 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.

**21** 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: Melbourne index numbers—

June Quarter 2005	236.0 (see table 1)
less March Quarter 2005	232.9 (see table 1)
Change in index points	3.1
Percentage change	$3.1/232.9 \times 100 = 1.3\%$

**22** 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

**23** 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.

**24** 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 <<http://www.abs.gov.au>>. The ABS also issues a daily Release Advice on the web site which details products to be released in the week ahead.

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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* This service now provides only current Consumer Price Index statistics call 1900 986 400 (call cost 77c per minute).

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