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# MEDIA STATEMENT

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## **PROPERTY STATISTICS CAN CREATE CONFUSION FOR REAL ESTATE MARKET**

*By Alan Hancock, Chairman, AUSNET Real Estate Services*

If you are a property buyer or seller, you can be often confused about statistics which give an overall view of the Perth real estate market.

For example, during the June 2009 quarter, three different major sources of information about the Perth real estate market gave differing figures about trends in house prices.

REIWA figures showed that the median house price in Perth during the June 2009 quarter increased by 4.6% to \$450,000. In contrast, Australian Property Monitors revealed that the median house price in Perth during the same quarter actually fell by 0.8% to \$476,180.

Meanwhile, the official government figures as stated by the ABS property index showed the house property prices climbed by 2.7% during the June 2009 quarter but over the year fell by 3.7%.

These overall figures can vary greatly because of the different methodology used by groups to determine property values at any given time.

Also, using the median house price as a guide to the overall market is not always an accurate tool. In a market such as Perth, where there are several thousand property sales each quarter, the overall median house price can be skewed by which area of the market is performing strongly.

For example, during the past year, there have been very strong sales at the lower end of the market, and few at the top end and this imbalance can have the effect of bringing down the overall median house price.

Even determining the value of your home on a suburb basis can be equally confusing using overall surveys. For example, if there are few property sales in your suburb and most have been for expensive homes, this might give the impression that the value of your home is much higher than it actually is worth.

Unfortunately, property owners and sellers can be swayed by overall survey trends which may not give them an accurate picture of the local market.

Surveys showing that property prices are rising can encourage property sellers to overprice their property and as a result they can become frustrated by the failure of the real estate agent to sell the property when they believe house prices are rising.

The reality is that overall real estate surveys of property prices should only be used as a general guide as to long term trends in the housing market. Even using quarterly figures as a guide can be misleading as sales and house prices can fluctuate from month to month depending on volumes and the type of properties sold.

If a property seller is looking for an accurate assessment of the value of their property, they should ask their local real estate agent to provide them with sales evidence of similar properties that have recently sold in their local area to determine the true market value of their home.

For property buyers who want peace of mind about the purchase price of a property, they can engage the services of a licensed valuer.

At the end of the day, both buyers and sellers have to use their own judgement about the property market and use overall surveys about the real estate market as just one source of information of several in their decision making process.