

Ei Phyu Lwin
NSW
Telephone:
Facsimile:
Mobile:
E-mail:

Gary Banks, Presiding Commissioner
Inquiry into First Home Ownership
Productivity Commission
LB2 Collins Street East
Melbourne VIC 8003

October 6, 2003

Dear Commissioner Banks,

My interest in the Productivity Commission's Inquiry into First Home Ownership stems from my parents' experience as first home-purchasers in 2002 after moving to Australia in late 2000. Additionally, my employment with Elders Real Estate, Eastwood served to foster my interest in develop my knowledge in the area.

As a result, I have prepared a paper evaluating the impact of the Goods & Services Tax (GST) and the First Home-Owner Grant Scheme (FHOGS) on the Ryde property market. The paper examines price and sales volume figures over a three-year period after the introduction of the GST and the FHOGS, and seeks to explain these interactions through the application of economic theory. Although this analysis is only directly pertinent to the Ryde market, both the findings and the methodology may be extrapolated to apply to many similar local markets within Sydney, and by extension, in Australia.

Please accept this submission, which is enclosed with this letter, to the Inquiry. An electronic version will be e-mailed to the Commission this week. If you have any queries, or if I can clarify any issues raised in my paper, please do not hesitate to contact me.

Yours sincerely,

Ei Phyu Lwin

Ei Phyu Lwin
October 6, 2003

SUBMISSION TO THE INQUIRY INTO FIRST HOME OWNERSHIP

*The impact of the Goods & Services Tax and the First Home-Owner Grant Scheme
on 'locality creep' in the Ryde property market.*

ORDER OF CONTENTS

<i>Abstract</i>	2
<i>Introduction</i>	3
<i>Nature of the Market</i>	4
<i>Area & Time Period Under Analysis</i>	6
<i>The Concept of ‘Locality Creep’</i>	7
<i>The Goods & Services Tax and The First Home-Owner Grant Scheme</i>	9
<i>Market Adjustments in the Context of Locality Creep</i>	12
<i>Limitations of the Analysis</i>	16
<i>Conclusion</i>	18
<i>Works Cited</i>	19
<i>Appendices</i>	21
<i>Acknowledgements</i>	25

ABSTRACT

The federal government's recent addition to fiscal policy, through the introduction of the Goods & Services Tax and the First Home-Owner Grant Scheme, has had a decisive impact on the Sydney property market. The primary question that requires investigation is the extent to which such a change can be justified as a means of managing the residential property market when considered in light of its effects on the phenomenon of 'locality creep'.

This paper firstly defines the nature of the property market in New South Wales, specifically the area under consideration—the Ryde local government area. The paper then considers the two measures that have been introduced by the federal government—the Goods & Services Tax and the First Home-Owner Grant Scheme. These measures are discussed in terms of their interaction with the impact of 'locality creep', and are used to explain the shifts in demand and supply within the property market. Monetary policy as a cause of changes in the market is also outlined.

Finally, limitations of the analysis are considered. The conclusion is then reached that the Goods & Services Tax and the First Home-Owner Grant Scheme have led to stagflation in the Ryde property market, and that the relevance of 'locality creep' should not be disregarded if changes to economic policy are to be justified.

INTRODUCTION

In July 2000, the federal government introduced the Goods & Services Tax (GST). Shortly after, the First Home-Owner Grant Scheme (FHOGS) was established. These measures, when compounded with the phenomenon of 'locality creep' (a term coined by the writer), have significant implications for the property market.

The Sydney property market is a unique segment of the Australian economy. "In rich countries as a whole, individuals own USD23 trillion in equities but perhaps USD40 trillion in property. Property is thus the world's biggest asset class" ("Safe"). This characteristic has been implicitly observed in the Sydney property market, and for this reason, the market is of considerable interest. By examining real estate transactions in the Ryde local government area (LGA) from January 2000 to December 2002, this paper examines the effects of the GST and the FHOGS and their interaction with 'locality creep'.

Primary research was conducted while engaged in part-time employment with Elders Real Estate, Eastwood. This includes studies of sales volumes and price variations within the local market, as well as information collected on market variables. Sales figures were obtained from RP Data, a government database established for the provision of property characteristics and sales figures in designated LGAs. Information relating to consumer attitudes and other variables were obtained from conversations and correspondence with professionals within the industry, as well as from clients themselves. Secondary sources, such as industry periodicals, were used to confirm trends that became apparent and anecdotal data that were collected.

1. NATURE OF THE MARKET

1.1 General Overview of the Property Market

The real estate market is a large sector of the economy, and accounts for a considerable volume of a nation's economic activity primarily through four features.

- Asset—property, because of its financial value, is an economy's largest asset class, representing a substantial share of national and individual wealth.
- Investment—in real estate jargon, this refers to the purchaser leasing the property to earn income, or owning the property for capital appreciation. Economically, this occurs when a new property is purchased.
- Consumption—in many cases, purchasers intend to reside on the premises, and thus, housing can be regarded as a consumer good (Shenkel 14). Again, because of the large financial value of property, housing expenditure comprises a large proportion of total expenditure.
- Debt—the majority of property purchased is dependent on the availability of credit; loans must be serviced at regular intervals. As such, housing expenditure results in high levels of debt for the individual.

It is because of these features that the real estate market is of considerable importance to the individual and the macroeconomy.

1.2 Specific Characteristics of the Property Market

As do many markets, the property market possesses certain distinctive characteristics involving both supply and demand and magnified by the afore-mentioned features. Such characteristics contribute to the behavior of the property market as observed in the period under analysis.

Demand can be described as price inelastic. This is mainly due to two factors:

- Housing expenditure is a sizable proportion of a household's income; hence, the effective demand for property is invariably inelastic.
- The majority of purchasers require a loan in order to be able to acquire property; the availability and cost of this credit is a large determinant of demand. More specifically, effective demand is usually inelastic, unless credit is readily available and/or relatively inexpensive.

Supply can also be described as price inelastic. Specific characteristics contributing to this inelasticity are outlined below:

- It is impossible to construct a new house or apartment within a timeframe that can be considered the short run.
- Legal restrictions, zoning laws for example, restrict the construction of dwellings in

particular areas, requiring that a proposal for construction be submitted to the relevant local government for prior approval. The added financial and opportunity cost of this not only distorts the price of property, but also hinders the suppliers' ability to respond effectively to consumer demand. Thus, prevailing supply of property rarely reflects true conditions.

- In the real estate market, a supplier is also a consumer, and *vice versa*. Once a property has been sold, that supplier must acquire another property for his/her residential purposes. The supplier will only demand property if both property and credit are readily available, and thus he/she is subject to the limitations on demand. Hence, supply is contingent on demand—a home-owner is unable to immediately supply his/her property for sale, regardless of price level.

This final point illustrates the interdependence of supply and demand in the real estate market. Because this scenario is typical of most home-buyers and sellers, it follows that both demand and supply are relatively price inelastic.

The combined inelasticities ensure that changes in the market occur gradually, rather than instantaneously. Consequently, there is likely to often be a shortage or surplus in the market. These disequilibria cannot always be corrected for either or both of the following reasons:

- Although housing expenditure is not treated in economics as expenditure on durable goods, property itself is nonetheless a durable commodity. By virtue of being dwellings, properties are fixed in location. In economic terms, these factors indicate that resources are not perfectly mobile. In practical terms, excess capital from an area of oversupply is prevented from flowing to satisfy demand in an area of scarcity.
- Highly localized markets exist within the industry. Contrary to what may be expected, various localities, including adjacent suburbs, do not act as close substitutes. A particular suburb is preferred by a purchaser for a variety of reasons, which have little or no relation to the geographical proximity of other localities. Thus, the demand for property in different suburbs is both price and cross inelastic.

For these reasons, shortages and/or surpluses are corrected not through the price mechanism, but through changes in the tastes of consumers and/or suppliers and through 'locality creep'.

2. AREA & TIME PERIOD UNDER ANALYSIS

2.1 Area & Time Period

The area under consideration is the Ryde LGA. The district encompasses the northern middle-income suburbs of: Eastwood, Denistone, West Ryde, Marsfield, North Ryde, Ryde, and Denistone East. Refer to Appendix A for a map delineating this area.

The activities from January 2000 to December 2002 are considered. During this time, the Ryde market appeared to experience considerable growth, as illustrated by a 44.5% increase in the median real price. Yet, growth in the volume of sales amounted to -93.0%, suggesting a situation similar to stagflation. The Ryde market's stagflation has its roots in 'locality creep', exacerbated by the recent additions to fiscal policy.

2.2 Features of the Analysis

Features of the analysis worth noting are outlined below:

- Data are grouped into three-month periods: 1st Quarter 2000 to 4th Quarter 2002. These intervals allow each quarter to be treated as discrete yet interrelated units of time, while accommodating the short run inelasticity discussed in 1.2.
- In the raw data (refer to Appendix B), the nominal price refers to the price negotiated between vendor and purchaser, the real price has been deflated to yield constant prices, and the actual price includes stamp duty. The value of stamp duty has been calculated using the scale provided by Harrisons The Lawyers Pty Ltd. Inflation figures have been obtained from the Australian Bureau of Statistics. Real price is used unless stated otherwise.
- Although both average and median price levels appear in the raw data, the median is used in all subsequent analyses. Because of the frequent occurrence of outliers, average figures are often considerably skewed. For this reason, the more accurate median price is used in all authoritative material on the subject. This convention has been followed.

Where possible, the *ceteris paribus* principle has been employed, with the intention of maintaining the scope of the analysis within the paper's parameters.

3. THE CONCEPT OF ‘LOCALITY CREEP’

3.1 Overview

The concept of ‘locality creep’ in real estate is analogous to that of bracket creep in taxation. Bracket creep is the “process whereby inflation pushes people into higher marginal tax brackets as their normal income rises due to inflation, even when their real income remains unchanged” (Waud et al. 1032). Similarly, locality creep can be defined as the process whereby the sustained upward pressure on property prices forces purchasers out of a particular suburb or locality.

3.2 Locality Creep in Ryde

It was mentioned in 1.2 that highly localized markets exist within the real estate industry. The Ryde LGA, encompassing six middle-income suburbs, is one such market. The area is perceived by many to be ‘ideal’ for the following reasons:

- Security—the area’s crime rate is 11.7%, compared to 19.1% for Sydney as a whole (“BOCSAR”).
- Convenience—public transport is readily available, conveying passengers to the city in less than one hour. Shopping facilities and numerous businesses are also located in the LGA.
- Local schools—primary and secondary schools (including Denistone East, Eastwood Heights, North Ryde, and St. Kevin’s Primary Schools; Eastwood Public, Cheltenham Girls, Epping Boys, and Marsden High Schools; and Eastwood Marist College) are within close proximity.
- Profitability—the Ryde LGA is a highly lucrative investment (in the real estate sense) market.

The final reason is of particular interest, as it is itself a nascent manifestation of locality creep.

If the afore-mentioned reasons are maintained, it is reasonable to expect that certain Inner Western suburbs, such as Strathfield and Burwood, would also be areas of high demand, characterized by:

- Convenience—buses and trains to the city center in 20 minutes, large shopping complexes such as Westfield Shoppingtown, and a number of businesses.
- Local schools—Croydon and Homebush Primary Schools; Burwood Girls High, MLC, Strathfield Girls High, and Trinity Grammar Schools; and Presbyterian La-

dies and Santa Sabina Colleges.

The high demand caused by these characteristics has placed upward pressure on home prices in Strathfield and Burwood, with prices in the Inner West historically being among the highest in Sydney. Where such significant inflation occurs, purchasers are unable to rely on the price mechanism to clear the market; instead, they are forced to leave the localized market, e.g., the Inner West, to

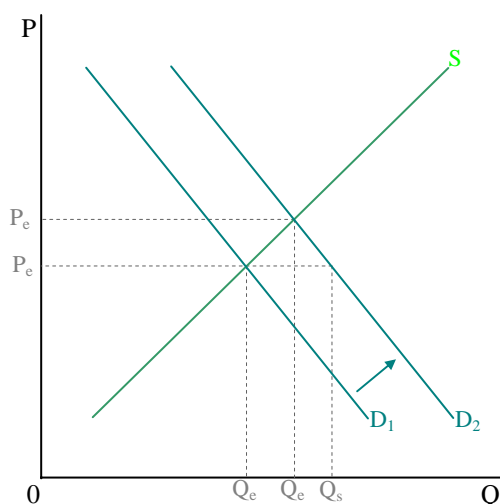


Diagram 1—Effect of Locality Creep into Ryde

allow it to clear, causing an influx of buyers in another market, e.g., Ryde. This influx has the effect of shifting demand out and creating a shortage, as in Diagram 1. To correct this shortage, supply must also shift out to meet demand. Because of the immobility of resources discussed in 1.2, this adjustment does not occur spontaneously—rather than clearing at $P_{e2}Q_{e2}$, the shift from D_1 to D_2 has caused a shortage of $Q_{e1}Q_s$ at P_{e1} .

Over time, however, the market is likely to clear at $P_{e2}Q_{e2}$, through a rationing mechanism. Evidence of this is seen in that a large proportion of sales in Ryde under the period of analysis occurred through auction. The continuously rising prices ensure a high return for purchasers who intend to re-sell in the future, i.e., investors.

4. THE GOODS & SERVICES TAX AND THE FIRST HOME-OWNER GRANT SCHEME

4.1 The Goods & Services Tax

4.1A Overview

The GST is a broad-based, *ad valorem* indirect tax introduced to replace several narrow-based taxes. The value of GST is equivalent to 10% of the purchase price, and affects most goods & services. Every time a taxable supply is made by a registered entity, GST is payable to the government.

Although an analysis of the effect of price elasticity of supply and demand on the incidence of taxation would demonstrate otherwise, it is asserted by the Australian Taxation Office that “consumers bear the cost of GST, not the entity providing the goods or services.” Thus, to simplify the analysis, it is assumed that the incidence of the GST is wholly on the consumer and that prices have risen by the full amount of the tax.

4.1B Impact on the Market

The GST directly impacts only the construction and sale of new dwellings; a proportion of the building costs is paid to the government, and GST is added to the price of the new home the first time it is traded. In the Ryde LGA, this effect can be considered negligible, as the majority of properties traded are existing homes.

More markedly, “[i]n day to day real estate, the effect has been on advertizing costs and agents’ commission, which both attract GST and are additional costs for purchasers. The solicitors’ costs/fees are also GST-affected” (Pracy). Advertizing, real estate agents, and solicitors are essential to a property transaction, and the associated costs are outlined in Table 1 overleaf.

Table 2 outlines these costs after the addition of GST. Clearly, costs for both the vendor and the purchaser have risen, with the exception of the agent’s commission. This par-

Table 1—Transaction Costs Before GST

	<i>Vendor</i>	<i>Purchaser</i>
<i>Advertisizing Costs</i> ¹	AUD 2,650	AUD 0
<i>Agent's Commission</i> ²	AUD 11,299	AUD 0
<i>Solicitor's Fees</i> ³	AUD 830	AUD 930
<i>GST</i>	AUD 0	AUD 0
Total	AUD 14,779	AUD 930

¹ Average figures for a typical property (Pracy)

² Calculated as 3% of overall median sale price in 2nd Qtr 00

³ Average figures including disbursements (Harrisons; Norris)

Table 2—Transaction Costs After GST

	<i>Vendor</i>	<i>Purchaser</i>
<i>Advertisizing Costs</i> ¹	AUD 2,650	AUD 0
<i>Agent's Commission</i> ²	AUD 9,300	AUD 0
<i>Solicitor's Fees</i> ³	AUD 830	AUD 930
<i>GST</i>	AUD 1,278	AUD 93
Total	AUD 14,058	AUD 1023

¹ Average figures for a typical property (Pracy)

² Calculated as 3% of overall median sale price in 3rd Qtr 00

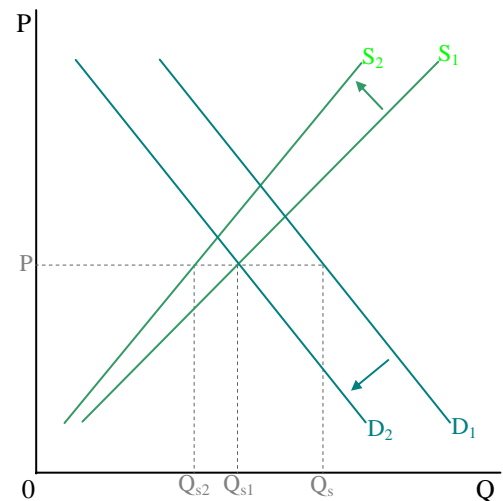
³ Average figures including disbursements (Harrisons; Norris)

ticular cost is contingent on the sale price, which itself has fallen. Had the price remained constant, total cost to the vendor would have amounted to AUD 16,257, and increase of nearly AUD 1,500. This

is shown graphically in Diagram 2, where the significant increase in the cost of selling has the effect of shifting the supply curve in to S_2 (the shift is not parallel, as the GST is an *ad valorem* tax), discouraging

the supply of property and exacerbating the disequilibrium situation. Where the shortage was initially $Q_{s1}Q_s$, it is now $Q_{s2}Q_s$.

It is likely that, with time, demand would also shift in to D_2 , as the transaction costs of purchasing property increase. This is also shown in Diagram 2; the shift is parallel in this case, because although the GST is an *ad valorem* tax, the cost to the purchaser does not vary with price (refer to Tables 1 & 2). This has the potential to reduce the shortage to, for example, $Q_{s2}Q_{s1}$.

**Diagram 2—Effect of the GST**

4.2 The First Home-Owner Grant Scheme

4.2A Overview

Shortly after the introduction of the GST, the FHOGS was established “to assist in

offsetting the effect of the [GST]” (National). Under this scheme, the government awards a grant (AUD7,000 to AUD14,000) to eligible purchasers of property. Buyers must meet three conditions:

- Purchasing property for the first time;
- Intending to reside on the premises within a reasonable timeframe; and
- Eligible to reside in Australia indefinitely.

The grant is not means-tested, and does not apply to investment properties.

4.2B Impact on the Market

From the identity $AD = C + I + G + X - M$, aggregate demand is determined by:

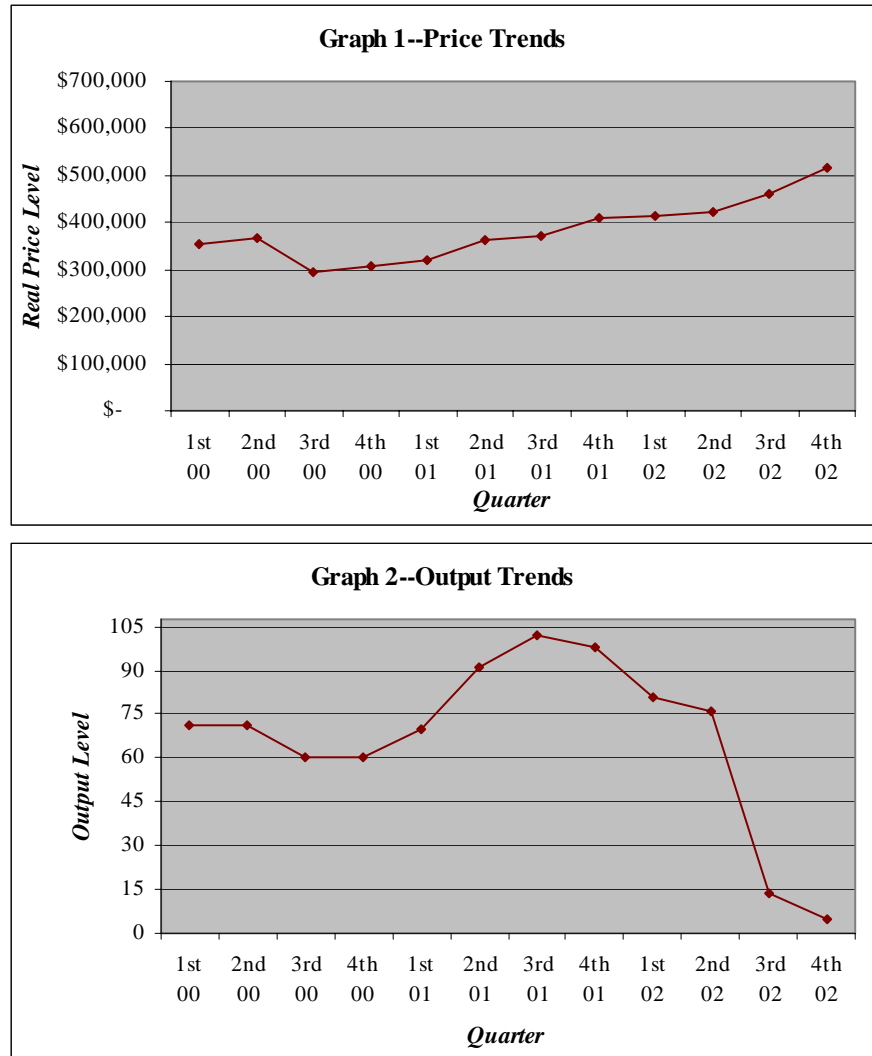
- C , consumption;
- I , investment;
- G , government expenditure; and
- $X - M$, net exports.

It is expected that an increase in taxation (GST), equivalent to a decrease in government expenditure, will decrease AD . Conversely, an increase in government spending (FHOGS) is expected to increase AD , thereby offsetting the effect of the tax increase in the housing sector. However, the Real Estate Institute (REI) reports an overall median price increase of 16.9% in March 2002, as well as “[t]he volume of sales in Sydney [being] higher than a year ago” (Real, “Property”). Instead, the Ryde LGA market has experienced a drastic decline in the volume of sales coupled with a 28.9% increase in the median sale price in the same period. These discrepancies indicate that the effects of the GST and FHOGS have not been equally offsetting; the prevalence of investment properties in Ryde renders the impact of the FHOGS negligible.

5. MARKET ADJUSTMENTS IN THE CONTEXT OF LOCALITY CREEP

5.1 Price & Output

Over the period under analysis, there has been general inflationary pressure on property prices, yet a drastic decline in the volume of sales, as illustrated in Graphs 1 and 2. In the three-year period, the median real price level has increased by 44.5%, while output has decreased by 93.0%. Although this



appears to be the general trend, it can be seen from the graphs that price and output movements have not been even, with abrupt changes at various points. Detailed explanations of these would be desirable; however, to maintain the analysis within the scope of this paper, they are only discussed briefly in 5.3.

5.2 Supply, Demand, & Equilibrium

The market's initial equilibrium in 1st Quarter 2000 occurred at a price of AUD 356,250 and a sale volume of 71. As shown in Diagram 3, equilibrium in the quarter prior to

the introduction of the GST and FHOGS occurred at AUD 365,005 and 71. Immediately following these measures in 3rd Quarter 2000, the level of sales occurred at AUD 296,085 and 60. Given that the slopes of the supply and demand curves represent their price inelasticity, there has been an inwards shift in both supply and demand. Demand is likely to

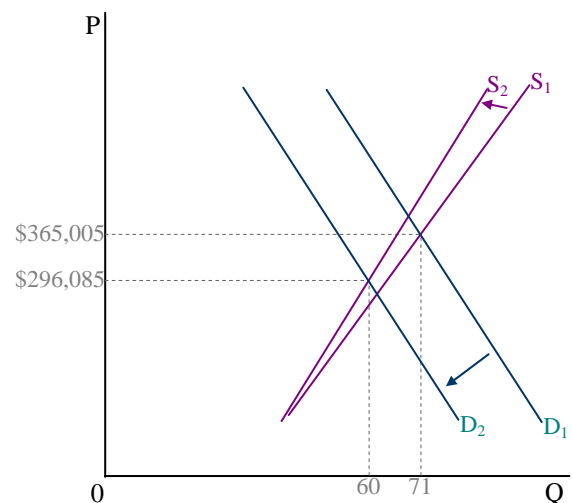


Diagram 3—Equilibria in 2nd & 3rd Qtrs 00

have shifted first, followed by a shift in supply. While the initial shift in demand would have created a surplus, the three months of the quarter appear to have been sufficient time for adjustment through the shift in supply, caused by an increase in the vendor's costs tabulated in 4.1 B.

The inward shift in demand is not only due to higher costs of purchasing, but also represents the buyers who have been compelled to leave the Ryde market. Thus, the shift represents locality creep, exemplified at the close of the period of analysis in 4th Quarter 2002, in which equilibrium occurred at AUD 514,628 and 5. As shown in Diagram 4, both supply and demand have shifted in dramatically. This condition is explained as follows:

- Locality creep into Ryde creates a shortage.

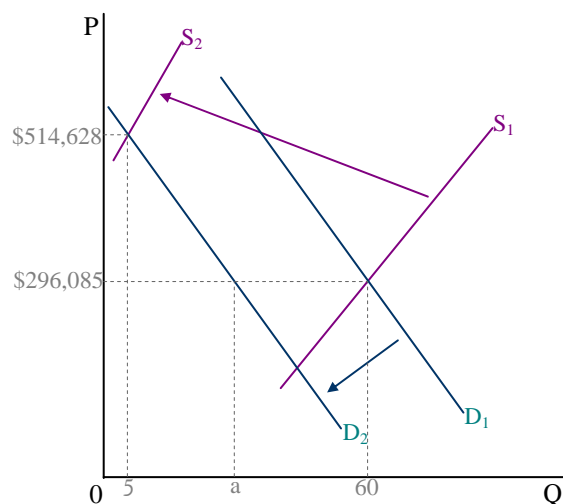


Diagram 4—Equilibria in 3rd Qtr 00 & 4th Qtr 02

- Rationing eventually places upward pressure on price.
- Purchasers unable and/or unwilling to pay this price are forced out of the market, the locality creep out shifting demand to D_2 .
- Simultaneously, the GST causes supply to shift to S_2 .
- The overall effect is to increase price and reduce output.

This theory is empirically supported in two ways:

- Price increases in surrounding localities, such as the Hornsby LGA, di-

rectly north of Ryde. The annual increase of 11.4% reported by the REI indicates the emerging process of rationing due to the first influxes of demand in Hornsby.

- Unsold property in Ryde. In Diagram 4, the intermediary stage in the market can be regarded as the surplus, *a60*, initially created by the shift in demand, prior to the subsequent shift in supply. This intermediary surplus manifested itself when many agents were faced with property remaining on the market beyond the projected timeframe of one month (an example of this—a property listed in November 2002, still unsold in March 2003—is shown in Appendix C).

The GST has, as mentioned above, reduced supply. The FHOGS, contrary to expectations, has not balanced the effects of the GST for the reason that its effect in the Ryde market is negligible. As mentioned in 4.1 B, the majority of properties traded are existing homes. Because of this and of the high returns on investment in the real estate sense, the proportion of purchasers eligible for the FHOGS is nominal. This is particularly tenable in light of the REI's list of 'Top 20' LGAs for grants paid from July 2000 to December 2002, which does not include Ryde. As a result, the only noticeable impacts on the Ryde market have been those of the GST and of locality creep.

5.3 Monetary Policy

The arrival at the final equilibrium position has by no means been smooth. Most notably, the maximum volume of sales, 102, occurred in 3rd Quarter 2001 at a price level of AUD 369,522. Preceded by a slight decline (a short-term shock resulting from the introduction of the GST), this peak was commonly referred to as 'the boom' in the property market. While indeed the industry as a whole experienced rapid growth at this time, this period would also correspond to the height of locality creep into Ryde. The influx of demand depicted in Diagram 1 can be regarded as having boosted activity to its high level; the increase in price from AUD 365,005 to AUD 369,522 is evidence of this, as it reflects a continuing rationing mechanism operating in the market.

The GST and FHOGS are characterized as fiscal policy. A monetary measure directly relevant to this analysis is the control of interest rates by the Reserve Bank of Australia:

- Interest rates determine the cost (and therefore availability) of credit. Low interest

rates equate to readily available credit, and therefore, encourage activity in the housing market.

- Interest rates also determine the cost of money, and in turn, the money supply. The quantity theory of money posits a direct relationship between the money supply and general price level. In the Fisher equation of exchange, $MV = PT$, M refers to the money supply, V represents the velocity of circulation, P is the general price level, and T denotes the number of transactions. V and T are accepted as constant; thus, a change in the interest rate level causes an inversely proportional change in M , and this change in M causes a directly proportional change in P .

In 3rd Quarter 2001, the official interest rate was 4.75%, a three-year low. As outlined above, this has the effect of encouraging real estate activity (indicated by the peak in output) and increasing the price level (reflected in the upward movement in the real price).

The peak is, however, followed by a sharp decline in output to its final level of 5, while the median price increased steadily to AUD514,628. The latter condition can be interpreted as the continuing impact of low interest rates, resulting in an increasing price level.

The rapid fall in sales, as mentioned in 5.2, is the result of locality creep out of Ryde. It can therefore be deduced that:

- The effect of the FHOGS has been negligible.
- The GST's effect has been contractionary and inflationary.
- Locality creep into Ryde has been followed by locality creep out of Ryde. The net effect of this phenomenon has been contractionary and deflationary.

These activities indicate that the effect of the GST has outweighed the impact of locality creep.

6. LIMITATIONS OF THE ANALYSIS

6.1 Coherence with Published Literature

As mentioned in the Introduction, the majority of data for this paper was collected from RP Data Records and through interactions with industry professionals. While these are credible sources, the way in which the information has been processed is likely to differ from that of the REI. Thus, figures quoted in this paper may not necessarily agree with those found in more authoritative publications.

6.2 Detail of Analysis

An important distinction to be made when discussing the property market is that between dwelling types. The existence of different dwelling types creates two sub-markets—one from houses and duplexes and another for units and townhouses. Generally, units and townhouses achieve lower prices, and are sought after by first home-buyers and/or young families. They are also the primary dwelling for investment in both the economic and real estate senses. Conversely, houses and duplexes are predominantly demanded by older families who wish to, and are financially capable of, owning the land as well as the building. This distinction potentially elucidates a number of adjustments in the market; however, due to the parameters of this paper, these were omitted from the discussion.

6.3 Other Factors

It is fiscal policy that has predominantly been considered in this paper, along with monetary policy. Exogenous factors, such as the Sydney Olympics, September 11, and the Bali bombing attack, have been omitted from the discussion due to the constraints of this paper. These factors nonetheless warrant consideration, as they also have a decisive impact on the property market.

6.4 Extrapolation

The Ryde LGA is, firstly, a relatively small statistical sample. Further, the Ryde market is somewhat atypical of Sydney as a whole. For these reasons, while the analysis is likely to be pertinent to other middle-income LGAs, it is advisable to exercise caution in extrapolating this analysis to apply to other LGAs within the Sydney property market.

CONCLUSION

Despite its limitations, this analysis may be regarded as valid for the Ryde LGA and similar localities. Hence, the conclusion is drawn that the federal government's recent addition to fiscal policy has exacerbated the phenomenon of locality creep in middle-income LGAs, leading to stagflation within the local markets. Locality creep in the property market also appears to be a natural component of a dynamic economy, and as such, warrants greater consideration in the formulation of future additions to fiscal and monetary policy if they are to be justified as a means of managing the property market.

WORKS CITED

- “AusStats: Consumer Price Index.” Measuring Australia’s Economy. 3 Feb. 2003. Australian Bureau of Statistics. 5 May 2003 <<http://www.ausstats.abs.gov.au/catalog.nsf/domainquery?openform>>.
- “BOCSAR: NSW Recorded Crime Statistics – Region.” Bureau of Crime Statistics & Research. 28 Apr. 2003. Lawlink. 18 Jun. 2003 <http://www.lawlink.nsw.gov.au/bocsar1.nsf/pages/lga_region>.
- Croucher, John S. and K. J. Byun. “Seasonal Patterns of Sydneys’ [sic] Property Auction Market.” Economics 38.4 (2003): 30-35.
- “First Home Owner Grant Scheme.” National Australia Bank. 2003. National Australia Bank Limited. 20 Feb. 2003 <http://www.national.com.au/Personal_Finance/0,,8993,00.html>.
- “GST & The Housing Industry.” The Mortgage Bureau Website. N.d. The Mortgage Bureau Pty Ltd. 13 May 2003 <<http://www.tmb.com.au/whatsinv/gst.htm>>.
- “Guide to the ABN, GST and PAYG for the Superannuation Industry.” The New Tax System. 24 Nov. 2000. Australian Taxation Office. 27 Jun. 2003 <http://www.taxreform.ato.gov.au/content.asp?doc=/content/15149.htm&page=1#H6_1>.
- Harrisons The Lawyers Pty Ltd. Sydney: Harrisons The Lawyers Pty Ltd, 2002.
- “House Prices to Reach \$1 million by December.” Narr. Anna Coren. National Nine News. Nine Network Australia. 6 Jul. 2003.
- “Housing – Housing and lifestyle: First home buyers.” AusStats. 3 Jun. 2003. Australian Bureau of Statistics. 16 Jun. 2003 <<http://www.ausstats.abs.gov.au/catalog.nsf/domainquery?openform>>.
- Norris, Phillip John. Letter to the author. 22 Oct. 2001.
- Pracy, Max. E-mail interview. 6–7 Jul. 2003.
- Real Estate Institute of New South Wales. “Property at a Glance.” Property Focus Mar. 2002: 1.
- . “Residential Home Ownership.” Property Focus Dec. 2002: 24.
- . “Residential Market Trends.” Property Focus Dec. 2002: 3-4.
- . “Residential Price Movements.” Property Focus Mar. 2002: 2.
- “Reserve Bank of Australia – Monetary Policy Changes.” Reserve Bank of Australia Bulletin. Jul. 2003. Reserve Bank of Australia. 24 Jul. 2003 <<http://www.rba.gov.au/Statistics/Bulletin/A02.pdf>>.

“Safe as houses or bubble bath.” The Australian 4 Sep. 2002: 32.

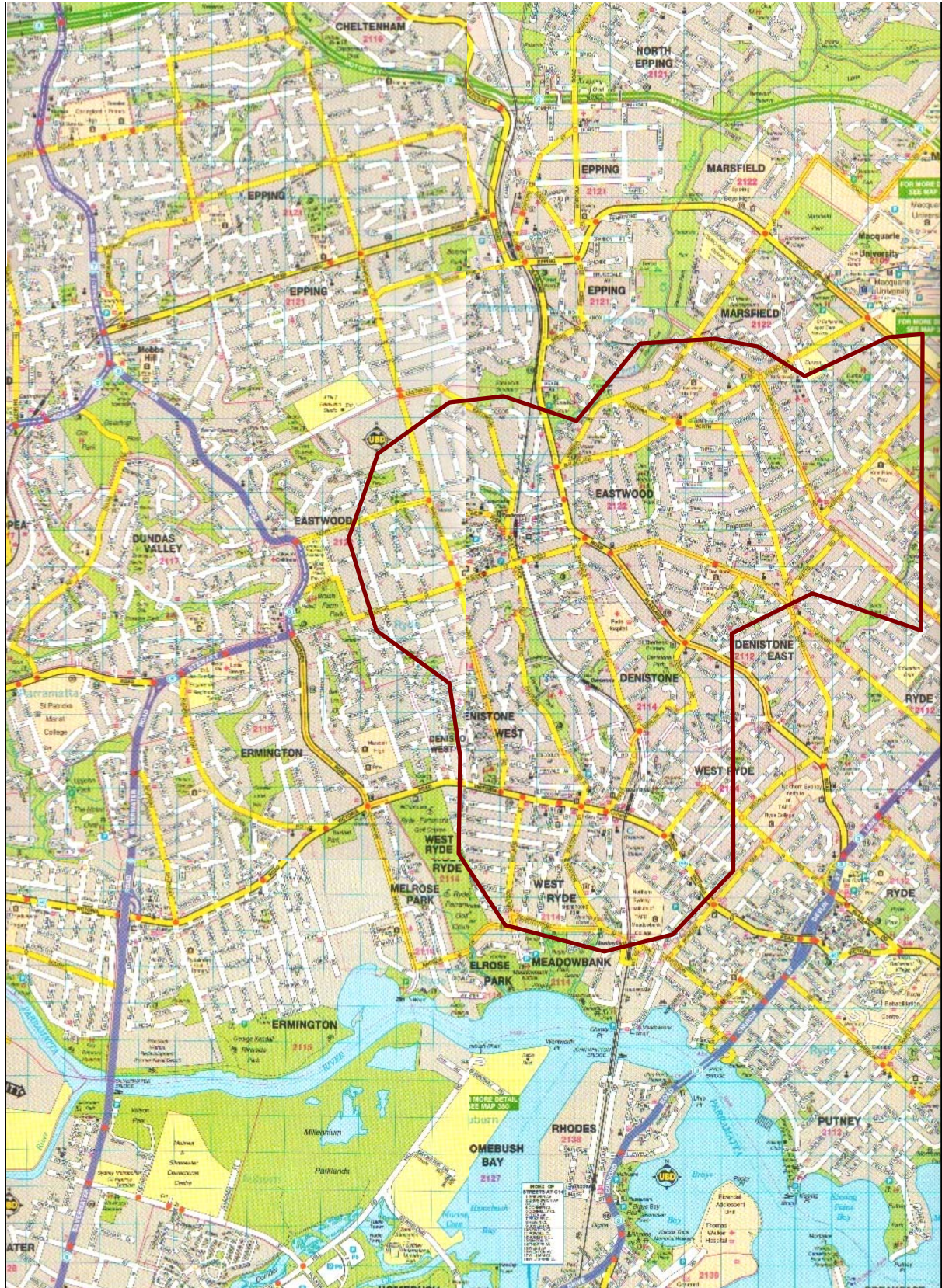
Shenkel, William M. Modern Real Estate Principles, Revised Edition. Dallas: Business Publications, 1980.

“The Goods and Services Tax (GST) and its impact on residential property.” Australian Property Investor. 15 Feb. 1999. Australian Financial Services Directory. 7 Jul. 2002 <<http://www.afsd.com.au/article/aip/aip14a.htm>>.

Waud, Roger N., et al. Economics: Third Australian Edition. Melbourne: Longman, 1996.

APPENDICES

Appendix A—The Ryde LGA



Appendix B—Raw Data

<u>FIRST QUARTER 2000 (1 JAN - 31 MAR)</u>								
Suburb	<u>UNITS & TOWNHOUSES</u>				<u>HOUSES & DUPLEXES</u>			
	Sale Price	Real Price	Stamp Duty	Actual Price	Sale Price	Real Price	Stamp Duty	Actual Price
<i>Eastwood</i>	\$ 370,000	\$ 370,000	\$ 12,140	\$ 382,140	\$ 600,000	\$ 600,000	\$ 22,490	\$ 622,490
	\$ 380,000	\$ 380,000	\$ 12,590	\$ 392,590	\$ 480,000	\$ 480,000	\$ 17,090	\$ 497,090
	\$ 295,000	\$ 295,000	\$ 8,865	\$ 303,865	\$ 420,000	\$ 420,000	\$ 14,390	\$ 434,390
	\$ 180,000	\$ 180,000	\$ 4,790	\$ 184,790	\$ 608,000	\$ 608,000	\$ 22,850	\$ 630,850
	\$ 290,000	\$ 290,000	\$ 8,640	\$ 298,640	\$ 250,000	\$ 250,000	\$ 7,240	\$ 257,240
					\$ 535,000	\$ 535,000	\$ 19,565	\$ 554,565
					\$ 460,000	\$ 460,000	\$ 16,190	\$ 476,190
					\$ 300,500	\$ 300,500	\$ 9,013	\$ 309,513
					\$ 840,000	\$ 840,000	\$ 33,290	\$ 873,290
					\$ 430,000	\$ 430,000	\$ 14,840	\$ 444,840
<i>Denistone</i>					\$ 436,500	\$ 436,500	\$ 15,133	\$ 451,633
	\$ 340,000	\$ 340,000	\$ 10,790	\$ 350,790	\$ 445,000	\$ 445,000	\$ 15,515	\$ 460,515
	\$ 275,000	\$ 275,000	\$ 8,165	\$ 283,165	\$ 440,000	\$ 440,000	\$ 15,290	\$ 455,290
					\$ 573,000	\$ 573,000	\$ 21,275	\$ 594,275
					\$ 365,000	\$ 365,000	\$ 11,915	\$ 376,915
<i>Denistone East</i>					\$ 140,000	\$ 140,000	\$ 3,740	\$ 143,740
	\$ 354,000	\$ 354,000	\$ 11,420	\$ 365,420	\$ 416,500	\$ 416,500	\$ 14,233	\$ 430,733
	\$ 355,000	\$ 355,000	\$ 11,465	\$ 366,465	\$ 395,000	\$ 395,000	\$ 13,265	\$ 408,265
	\$ 390,000	\$ 390,000	\$ 13,040	\$ 403,040	\$ 180,000	\$ 180,000	\$ 4,790	\$ 184,790
	\$ 395,000	\$ 395,000	\$ 13,265	\$ 408,265	\$ 458,000	\$ 458,000	\$ 16,100	\$ 474,100
	\$ 347,000	\$ 347,000	\$ 11,105	\$ 358,105	\$ 350,000	\$ 350,000	\$ 11,240	\$ 361,240
					\$ 430,000	\$ 430,000	\$ 14,840	\$ 444,840
					\$ 195,000	\$ 195,000	\$ 5,365	\$ 200,365
					\$ 360,000	\$ 360,000	\$ 11,690	\$ 371,690
					\$ 412,000	\$ 412,000	\$ 14,030	\$ 426,030
<i>West Ryde</i>	\$ 147,000	\$ 147,000	\$ 3,740	\$ 150,740	\$ 248,000	\$ 248,000	\$ 7,250	\$ 255,250
	\$ 152,000	\$ 152,000	\$ 3,830	\$ 155,830	\$ 290,000	\$ 290,000	\$ 8,640	\$ 298,640
	\$ 206,000	\$ 206,000	\$ 5,760	\$ 211,760	\$ 550,000	\$ 550,000	\$ 20,240	\$ 570,240
	\$ 173,000	\$ 173,000	\$ 4,575	\$ 177,575	\$ 333,000	\$ 333,000	\$ 10,475	\$ 343,475
	\$ 137,700	\$ 137,700	\$ 3,740	\$ 141,440	\$ 385,000	\$ 385,000	\$ 12,815	\$ 397,815
	\$ 190,000	\$ 190,000	\$ 5,140	\$ 195,140	\$ 346,500	\$ 346,500	\$ 11,083	\$ 357,583
	\$ 185,500	\$ 185,500	\$ 5,038	\$ 190,538	\$ 345,200	\$ 345,200	\$ 11,024	\$ 356,224
					\$ 400,000	\$ 400,000	\$ 13,490	\$ 413,490
					\$ 436,000	\$ 436,000	\$ 15,110	\$ 451,110
					\$ 337,500	\$ 337,500	\$ 10,678	\$ 348,178
<i>Marsfield</i>					\$ 497,000	\$ 497,000	\$ 17,855	\$ 514,855
					\$ 414,000	\$ 414,000	\$ 14,120	\$ 428,120
					\$ 295,000	\$ 295,000	\$ 8,865	\$ 303,865
					\$ 300,000	\$ 300,000	\$ 8,990	\$ 308,990
					\$ 320,000	\$ 320,000	\$ 9,890	\$ 329,890
					\$ 587,560	\$ 587,560	\$ 21,932	\$ 609,492
					\$ 310,000	\$ 310,000	\$ 9,440	\$ 319,440
					\$ 308,000	\$ 308,000	\$ 9,350	\$ 317,350
	\$ 340,000	\$ 340,000	\$ 10,790	\$ 350,790	\$ 360,000	\$ 360,000	\$ 11,690	\$ 371,690
	\$ 490,000	\$ 490,000	\$ 17,540	\$ 507,540	\$ 672,000	\$ 672,000	\$ 25,730	\$ 697,730
<i>Average</i>	\$ 421,000	\$ 421,000	\$ 14,435	\$ 435,435	\$ 270,000	\$ 270,000	\$ 7,940	\$ 277,940
					\$ 355,000	\$ 355,000	\$ 11,465	\$ 366,465
					\$ 397,500	\$ 397,500	\$ 13,378	\$ 410,878
					\$ 395,000	\$ 395,000	\$ 13,265	\$ 408,265
<i>Median</i>	\$ 291,509	\$ 291,509		\$ 300,639	\$ 401,464	\$ 401,464		\$ 415,140
	\$ 317,500	\$ 317,500		\$ 327,328	\$ 395,000	\$ 395,000		\$ 408,265

<u>FOURTH QUARTER 2002 (1 OCT - 31 DEC)</u>								
<u>UNITS & TOWNHOUSES</u>					<u>HOUSES & DUPLEXES</u>			
Suburb	Sale Price	Real Price	Stamp Duty	Actual Price	Sale Price	Real Price	Stamp Duty	Actual Price
<i>Eastwood</i>	\$ 396,000	\$ 379,856	\$ 13,310	\$ 393,166	\$ 515,000	\$ 494,005	\$ 18,665	\$ 512,670
<i>Denistone</i>								
<i>Denistone East</i>					\$ 710,000	\$ 681,055	\$ 27,440	\$ 708,495
<i>West Ryde</i>	\$ 330,000	\$ 316,547	\$ 10,340	\$ 326,887				
<i>Marsfield</i>					\$ 725,000	\$ 695,444	\$ 28,115	\$ 723,559
<i>Average</i>	\$ 363,000	\$ 348,201		\$ 360,026	\$ 650,000	\$ 623,501		\$ 648,241
<i>Median</i>	\$ 363,000	\$ 348,201		\$ 360,026	\$ 710,000	\$ 681,055		\$ 708,495

<u>MEDIAN PRICE LEVEL</u>				<u>OUTPUT</u>			
	<u>U & T</u>	<u>H & D</u>	<u>OVERALL</u>		<u>U & T</u>	<u>H & D</u>	<u>OVERALL</u>
<i>1st 00</i>	\$ 317,500	\$ 395,000	\$ 356,250	<i>1st 00</i>	22	49	71
<i>2nd 00</i>	\$ 313,669	\$ 416,340	\$ 365,005	<i>2nd 00</i>	27	44	71
<i>3rd 00</i>	\$ 182,904	\$ 409,265	\$ 296,085	<i>3rd 00</i>	20	40	60
<i>4th 00</i>	\$ 215,139	\$ 402,141	\$ 308,640	<i>4th 00</i>	16	44	60
<i>1st 01</i>	\$ 244,576	\$ 398,406	\$ 321,491	<i>1st 01</i>	29	41	70
<i>2nd 01</i>	\$ 282,394	\$ 445,104	\$ 363,749	<i>2nd 01</i>	28	63	91
<i>3rd 01</i>	\$ 260,956	\$ 478,088	\$ 369,522	<i>3rd 01</i>	35	67	102
<i>4th 01</i>	\$ 331,028	\$ 489,130	\$ 410,079	<i>4th 01</i>	31	67	98
<i>1st 02</i>	\$ 284,091	\$ 541,008	\$ 412,550	<i>1st 02</i>	36	45	81
<i>2nd 02</i>	\$ 263,366	\$ 585,644	\$ 424,505	<i>2nd 02</i>	16	60	76
<i>3rd 02</i>	\$ 311,751	\$ 610,072	\$ 460,912	<i>3rd 02</i>	3	11	14
<i>4th 02</i>	\$ 348,201	\$ 681,055	\$ 514,628	<i>4th 02</i>	2	3	5

[Click here to go back](#)

Eastwood

 EMAIL A FRIEND  PRINT [Back](#)

FOR SALE

The Art of Living

ID Number: 64797

1 Banksia Street, Eastwood

We are proud to present to you this superb residence in one of Eastwood's best streets. Tastefully renovated, it offers the ultimate experience in luxurious living. Boasting its magnificent features and set on a level block with a northerly aspect, this truly breathtaking property is sure to cater to the most refined taste. Come and see this exquisite property before it's too late!

- price \$835,000

* 4 bedrooms, main with ensuite * Study area or 5th bedroom * Separate lounge & dining * Spacious open family room * Provincial style kitchen with stainless steel appliances & granite bench-tops * Newly polished timber floors * Romanesque gazebo * Sparkling in-ground pool * BBQ area * Double lock-up garage * Landscaped garden * 632 square metres of land * Close to transport & primary school



Agent **Gino Pellicciotti**
Phone 02 9858 1188
Mobile 0410 323 773
Fax 02 9858 1198
Email eastwoodre@elders.com.au
Branch [Eastwood](#)

E&OE

Posted: 16 Nov 02

ACKNOWLEDGEMENTS

The writer wishes to thank the following individuals for their continuous guidance and assistance, as well as for acting as invaluable sources of information, in preparing this paper:

- Victoria Huxtable—Submission Paper Supervisor
- Gino Pellicciotti—Director, Elders Real Estate Eastwood
- Matthew Wood—Mentor & Former Teacher

Their unfaltering support is greatly appreciated.