

# HOUSE PRICE REPORT

December 2010

www.apm.com.au  
www.homepriceguide.com.au



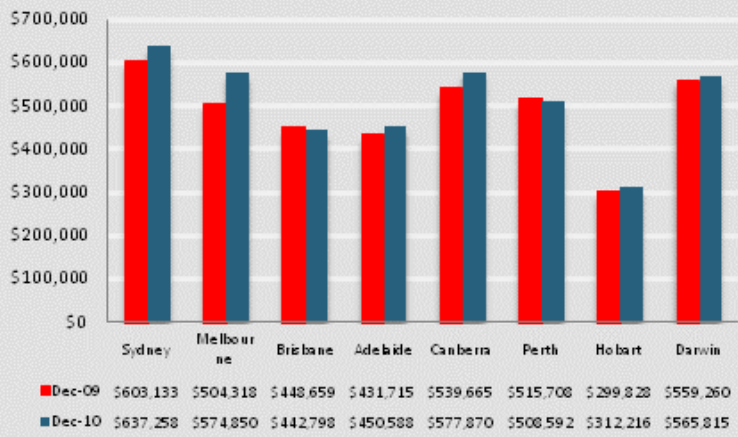
## Key Findings:

- National house prices increased modestly by +0.7% over the quarter with annual growth slowing to +6%
- Most capital cities recorded house price rises over the quarter with the exception of Perth, Brisbane and Darwin
- National unit prices fell for the second consecutive quarter with annual growth of +2.1%
- Unit prices were flat or fell in all capitals except Darwin and Adelaide

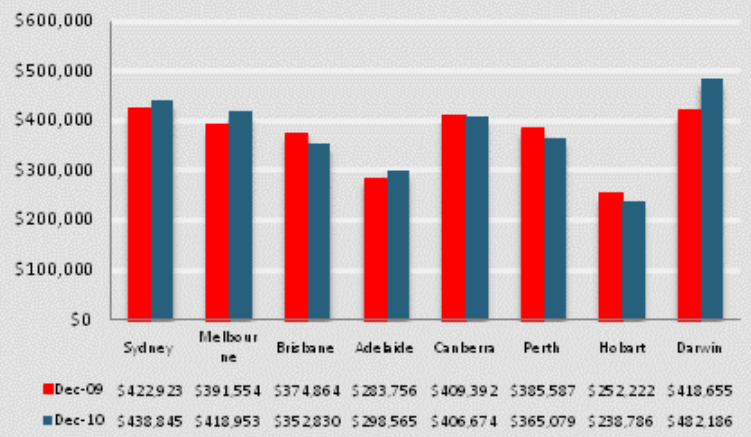
Composition Adjusted Median Housing Prices (quarterly)						
Houses	Dec-10	Sep-10	Jun-10	Dec-09	QoQ % Δ	YoY % Δ
Sydney	\$637,258	\$630,312	\$631,101	\$603,133	1.1%	5.7%
Melbourne	\$574,850	\$563,179	\$543,903	\$504,318	2.1%	14.0%
Brisbane	\$442,798	\$449,141	\$455,804	\$448,659	-1.4%	-1.3%
Adelaide	\$450,588	\$449,761	\$457,041	\$431,715	0.2%	4.4%
Canberra	\$577,870	\$568,039	\$565,854	\$539,665	1.7%	7.1%
Perth	\$508,592	\$516,303	\$526,132	\$515,708	-1.5%	-1.4%
Hobart	\$312,216	\$304,210	\$301,041	\$299,828	2.6%	4.1%
Darwin	\$565,815	\$567,954	\$578,918	\$559,260	-0.4%	1.2%
<b>National</b>	<b>\$556,918</b>	<b>\$552,945</b>	<b>\$550,749</b>	<b>\$525,437</b>	<b>0.7%</b>	<b>6.0%</b>

Composition Adjusted Median Housing Prices (quarterly)						
Units	Dec-10	Sep-10	Jun-10	Dec-09	QoQ % Δ	YoY % Δ
Sydney	\$438,845	\$438,845	\$443,632	\$422,923	0.0%	3.8%
Melbourne	\$418,953	\$420,086	\$412,636	\$391,554	-0.3%	7.0%
Brisbane	\$352,830	\$363,057	\$371,992	\$374,864	-2.8%	-5.9%
Adelaide	\$298,565	\$290,666	\$300,826	\$283,756	2.7%	5.2%
Canberra	\$406,674	\$413,723	\$420,230	\$409,392	-1.7%	-0.7%
Perth	\$365,079	\$379,980	\$389,027	\$385,587	-3.9%	-5.3%
Hobart	\$238,786	\$264,023	\$240,727	\$252,222	-9.6%	-5.3%
Darwin	\$482,186	\$416,413	\$440,971	\$418,655	15.8%	15.2%
<b>National</b>	<b>\$398,418</b>	<b>\$401,678</b>	<b>\$404,514</b>	<b>\$390,148</b>	<b>-0.8%</b>	<b>2.1%</b>

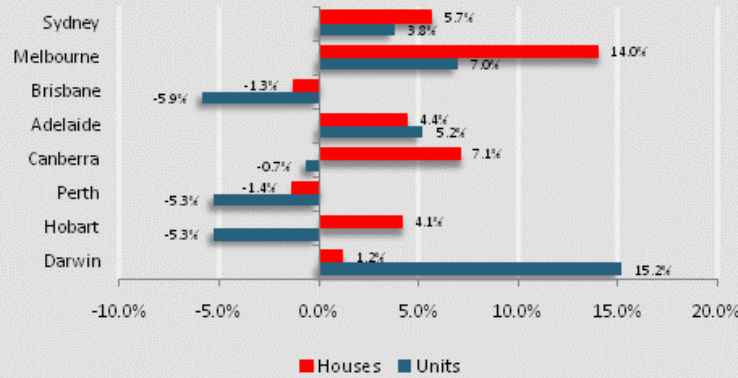
**Composition Adjusted Median Prices - Houses**



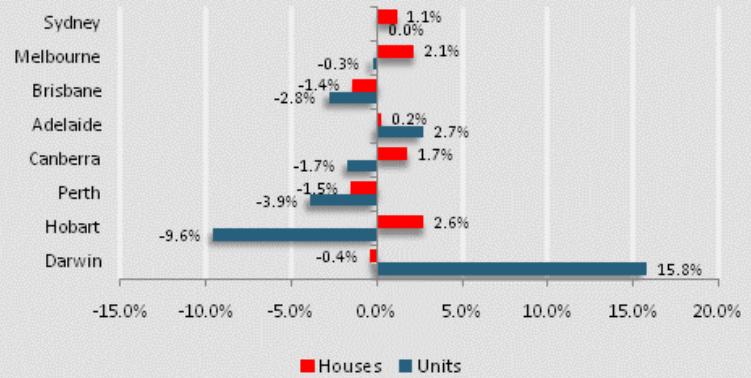
**Composition Adjusted Median Prices - Units**



**Median Prices % Changes (Yr on Yr%)**



**Median Prices % Changes (Qtr on Qtr %)**



**Capital City Results**

*Sydney*

- House prices rose by +1.1% in the December quarter after recording negative growth of -0.1% in the previous quarter
- Unit price growth was flat over the quarter following a fall of -1.1% in September
- Sydney's median house price is now \$637,258 and the median unit price is \$438,845
- Annual house price growth sits at +5.7% and unit price growth is at +3.8%, both trending downwards

*Melbourne*

- Melbourne had the strongest price growth for houses with +2.1% although this was its lowest quarterly rise since March 2009
- Unit prices in Melbourne fell by -0.3% which was the fifth consecutive quarterly fall
- Melbourne house prices grew by +14% over 2010 which was nearly twice that of any other capital
- The median house price for Melbourne is now \$574,850, with the median unit price \$418,953

*Brisbane*

- Median house prices fell by -1.4% in the December quarter which was the third consecutive quarterly decline in growth
- House prices fell by -1.3% over 2010 with unit prices falling by -5.9%
- Unit prices fell in Brisbane by -2.8% in the December quarter which was the biggest quarterly fall since December 2001

*Perth*

- Houses prices continued to decline in December with a fall in median prices of -1.5% - the biggest decline of any capital over the quarter
- Annual median house prices for Perth fell by -1.4%

*Canberra*

- Median house prices rose by +1.7% with unit prices falling by -1.7%
- Annual price growth sits at +7.1% - second highest of all capitals
- The median house price for Canberra stands at \$577,870

*Adelaide*

- Adelaide house prices showed minimal growth over the December quarter rising by +0.2%
- The median price for units grew by +2.7% over the quarter to be +5.2% higher for the year
- Annual growth in house prices for Adelaide stood at +4.4% with a median price of \$450,588

## Hobart

- Hobart median house prices rose by a healthy +2.6% over the quarter with a +4.1% rise over 2010
- The median house price for Hobart is now \$312,216

## Darwin

- Darwin median house prices fell for the second consecutive month with a small reduction in growth of -0.4%
- Darwin remains the fourth most expensive capital with a median house price of \$565,815

## Comments and forecasts

*Commenting on the APM House Price Report: Dr Andrew Wilson, Senior Economist - Australian Property Monitors*

“Australian house and unit price growth faded during the December quarter of 2010 with most capitals recording modest if any growth. National median house prices rose by 0.7% whilst unit prices fell by 0.8% over the quarter. Australian house prices rose by 6.0% over the 2010 calendar year with units rising by 2.1%.

The softening of prices growth reflected the decline in buyer activity that accelerated during 2010. First home buyers and investors abandoned the marketplace as incentive programs were reduced, affordability fell and investment options in equities and bank deposits became more attractive. By years-end, high numbers of properties advertised for sale had entered the marketplace as vendors attempted to take advantage of previously strong selling conditions. Rising interest rates reduced activity and sentiment pushing down auction clearance rates with a buyers market clearly emerging.

Melbourne continued to lead the pack in house price growth over the December quarter with a rise of 2.1%. Although recording its lowest quarterly growth figure since March 2009, Melbourne house prices still increased by an impressive 14% in 2010.

Sydney's house prices grew by 1.1% over the quarter achieving annual growth at a respectable 5.7%. Hobart was the fastest growing capital for houses with a quarterly increase of 2.6%. Other capitals recorded mixed results over the quarter with Brisbane and Perth median house prices falling by 1.4 and 1.5% respectively, Adelaide rising by 0.2%, Canberra up by a healthy 1.7% and Darwin declining by 0.4%. Brisbane and Perth recorded flat or declining house price growth for each of the quarters through 2010.

Median unit price growth declined in most Australian capitals over the December quarter. The exceptions were Adelaide and Darwin where unit prices grew by 2.7% and 15.8% respectively. Melbourne led the nation with 7% annual growth, with Perth and Brisbane falling by 5.3% and 5.9% respectively over the year.

2011 will be a year of stabilisation and modest growth for most capital city housing markets. The fundamentals for the property market remain sound and with a strong economy, rising incomes and ongoing housing shortage to underpin an emerging recovery in the second half of this year. Sydney looks a stand-out to lead the market with growth starting to return by mid-year, particularly in the mid and upper-price market sectors. Although Perth has been subdued recently, the prospects for a gradual recovery through 2011 remain realistic.

Melbourne recorded strong nation-leading house and unit price growth in 2010. With increasing supply of new properties, due to reasonable housing construction activity and record levels of unit construction, the Melbourne market should pause to catch its breath through 2011 and experience subdued price growth.

The prospects for growth in the Brisbane housing market remain problematic as a consequence of the effects of the January floods. Much will depend on the efficiency of the reconstruction now underway.

Hobart and Adelaide should record modest but steady growth in house prices during 2011. Canberra has the prospect of more substantial growth with significant accommodation shortages and a highly-competitive jobs market. After a quiet 2010 for house price growth by Darwin's standards, the northern capital should experience buyer activity in 2011 more typical of its volatile price cycle.”

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