

Housing market report

Australian capital cities and Gold Coast residential property market

February 2013

Prepared by Australian Property Monitors

Housing market report

The housing market is up and running in 2013 with increased buyer activity and seller confidence.

National overview

Australia's housing markets have started 2013 encouragingly with solid indications of rising buyer activity and increased confidence from sellers. The revival of Australia's housing markets in 2012 has been confirmed as leading indicators such as auction clearance rates point to a market heating up.

Historically low interest rates are the fuel to this emerging fire which is no real surprise given the typical impact of low mortgage rates on buyer activity in previous housing growth cycles.

The sharemarket is also a solid leading indicator of housing market activity, particularly in relation to prestige properties. With the All Ordinaries now holding above 5,000 for the first time in three years, a rising bull market will activate prestige markets that are finally showing early signs of emerging from a sustained period in the doldrums.

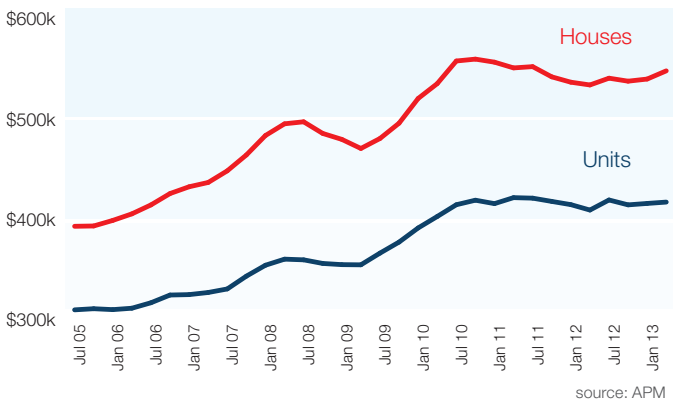
The international economic outlook continues to brighten, with a gradual recovery still on track in the US. US housing markets are finally showing signs of life which is another positive indication that growth is set to be sustained in the world's largest economy.

China's high growth is also holding firm and iron prices are at record levels, which is heartening news for Australia's resource exporting economy.

Local economic performance remains the key to a sustained housing market recovery and the outlook remains positive for most capitals.

Interest rate policy may present an ongoing conundrum to the Reserve Bank which will be watching carefully for signs of the usual repeat of a prices breakout in the housing market. These will be offset by concerns over lingering weakness in some sectors of the economy. For now rates are set to stay on hold over the near term, but the economic climate remains fluid, although optimism is rising.

Median prices, national



All ordinaries



Median prices: 3 months to end Jan 2013

| Houses | | | | Units | | |
|-----------------|------------------|------------------|---------------|------------------|------------------|---------------|
| | Median price | Quarterly change | Yearly change | Median price | Quarterly change | Yearly change |
| Sydney | \$658,452 | 1.5% | 4.0% | \$474,068 | 1.7% | 5.3% |
| Melbourne | \$526,251 | 1.7% | 1.0% | \$384,015 | -2.7% | -3.5% |
| Brisbane | \$438,327 | 1.4% | 0.9% | \$348,643 | -2.4% | -4.7% |
| Adelaide | \$437,952 | 1.5% | 0.4% | \$276,207 | 1.5% | -5.2% |
| Perth | \$558,416 | 1.2% | 5.7% | \$364,806 | 2.5% | 4.2% |
| Canberra | \$562,113 | 1.1% | -0.5% | \$407,061 | 1.3% | -2.8% |
| Gold Coast | \$465,000 | 2.2% | 2.4% | \$340,000 | 0.0% | -7.6% |
| National | \$544,071 | 1.5% | 2.7% | \$413,179 | 0.3% | 2.0% |

Housing market report

First home buyers and investors were significant contributors to the housing market revival of 2012. First home buyer activity was largely generated by changes to various state government incentive schemes that acted to draw forward demand from this group. After a subdued start to the year, first home buyer activity is set to rise sooner rather than later, driven by low interest rates, a solid economy, and rising house prices and rents.

Investor activity is also set to intensify in 2013, driven similarly by low mortgage and deposit rates, prospects of improved capital gains, and solid yields from most local markets.

Australia's housing markets are off and running in 2013, building on the buyer momentum generated through 2012 but now translating to more generalised and comprehensive market outcomes.

Sydney

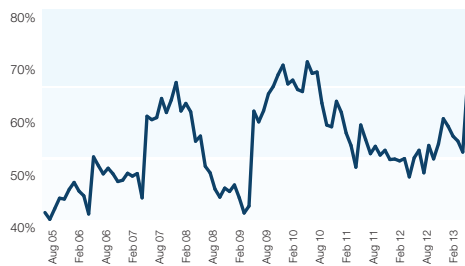
The Sydney market has commenced 2013 with increased buyer and seller activity.

Weekend auction clearance rates have been impressive, tracking nearly 20 percent higher than those recorded over the same period last year. Early season clearance rates have been similar to those recorded during the boom period of autumn 2010 and are a positive indication of rising market confidence.

Signs are also emerging of a more generalised lift in Sydney buyer activity, with increased sales in the prestige market.

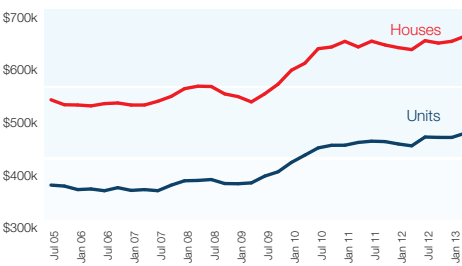
Auction listing numbers are also on the rise and are clearly higher than for the same period last year. This indicates rising seller confidence in the Sydney market.

Auction clearance rates, Sydney*



* January has been excluded due to low number of auctions

Median prices, Sydney

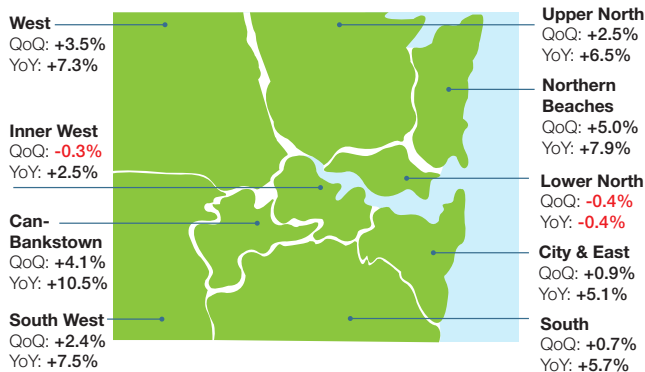


source: APM

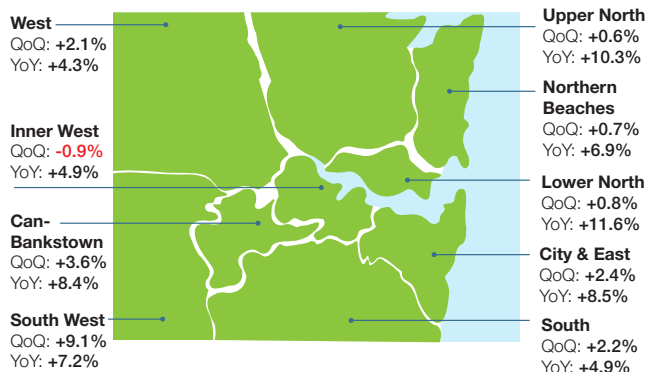
Quick stats

| Auction clearance rate | | |
|------------------------|----------------------|------------------------|
| 68% | 53% | 57% |
| Feb 2013 | 12 months ago | Long-term trend |
| Average days on market | | |
| 95 | 94 | 82 |
| Feb 2013 | 12 months ago | Long-term trend |
| Average discount | | |
| 5.8% | 6.3% | 6.5% |
| Feb 2013 | 12 months ago | Long-term trend |
| Stock on market | | |
| 28k | -16.6% | -12.6% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

Melbourne

Melbourne's early season buyer activity has been similar to Sydney, with strong auction clearance rates recorded over February, significantly higher than over the same period in 2012.

Listing numbers are also on the rise in Melbourne as sellers engage a market increasingly buoyed by a growing sense of optimism.

Also similar to Sydney, buyer activity in Melbourne appears to be spreading to market sectors that were relatively subdued in 2012, with middle-ring mid-price range suburbs back in demand.

Quick stats

Auction clearance rate

| | | |
|------------|---------------|-----------------|
| 68% | 61% | 63% |
| Feb 2013 | 12 months ago | Long-term trend |

Average days on market

| | | |
|------------|---------------|-----------------|
| 112 | 102 | 73 |
| Feb 2013 | 12 months ago | Long-term trend |

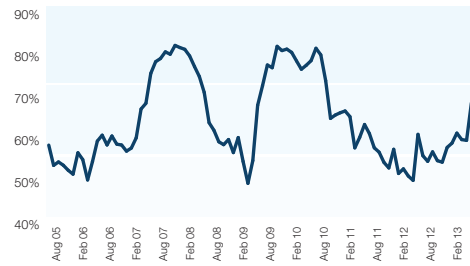
Average discount

| | | |
|-------------|---------------|-----------------|
| 6.5% | 7.3% | 6.5% |
| Feb 2013 | 12 months ago | Long-term trend |

Stock on market

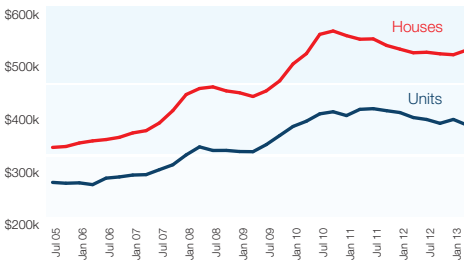
| | | |
|------------|----------------------|------------------------|
| 42k | -3.8% | 27.5% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Auction clearance rates, Melbourne*



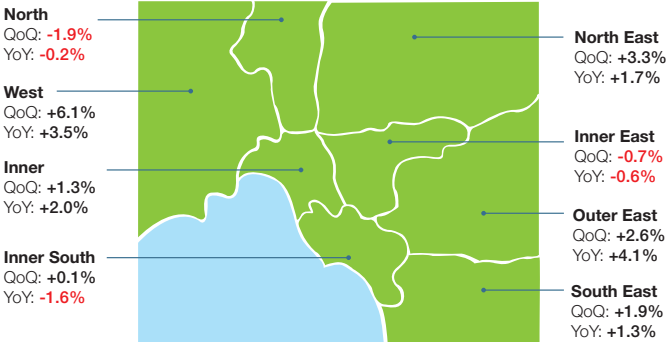
* January has been excluded due to low number of auctions

Median prices, Melbourne

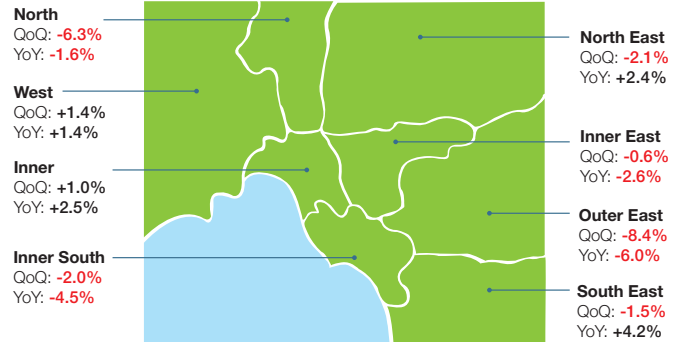


source: APM

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

Brisbane

The Brisbane housing market is poised to record increased buyer activity and prices growth in 2013 following 2 years of subdued activity levels.

First home buyers will however be lagging contributors to a market revival, with ABS December home loan data revealing the lowest proportion of Queensland first home buyers in the market on record. This low number is a consequence of the surge in activity earlier in the year due to changes to the Queensland government's first home buyer scheme.

The local economy will again be a key driver of housing market activity in Brisbane this year. The January ABS unemployment rate of 5.8 percent is clearly higher than the 5 percent recorded the year before in January 2012 and needs to fall to improve market confidence.

Quick stats

Auction clearance rate

| | | |
|------------|---------------|-----------------|
| 41% | 33% | 32% |
| Feb 2013 | 12 months ago | Long-term trend |

Average days on market

| | | |
|------------|---------------|-----------------|
| 118 | 123 | 97 |
| Feb 2013 | 12 months ago | Long-term trend |

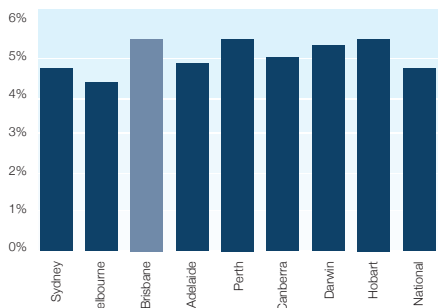
Average discount

| | | |
|-------------|---------------|-----------------|
| 7.0% | 8.0% | 7.6% |
| Feb 2013 | 12 months ago | Long-term trend |

Stock on market

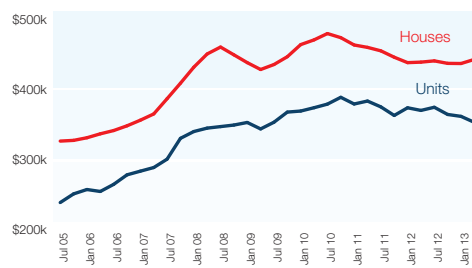
| | | |
|------------|----------------------|------------------------|
| 26k | -7.6% | 7.8% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Gross rental yield by city, Dec 2012



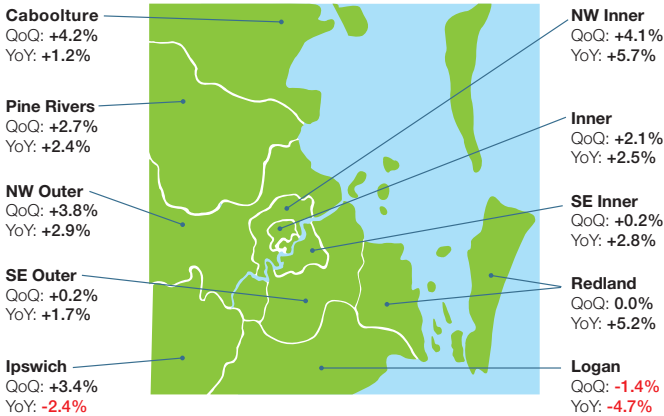
source: APM, houses only

Median prices, Brisbane

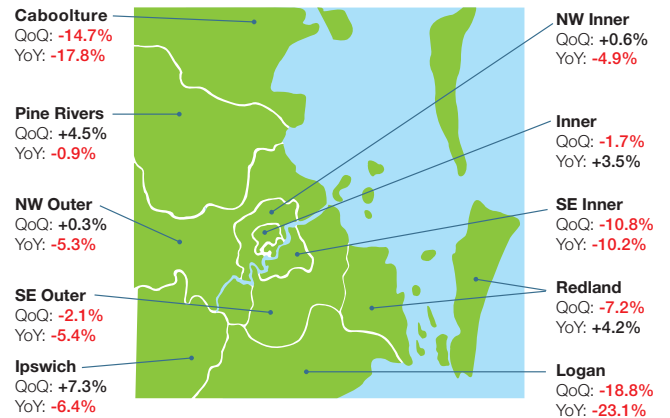


source: APM

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

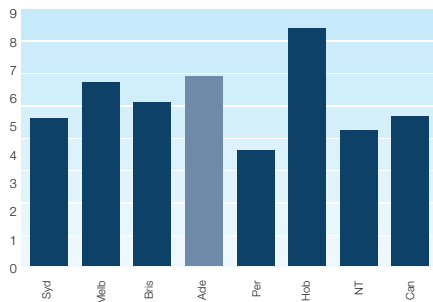
Adelaide

Low interest rates will activate the Adelaide housing market through 2012, although activity levels and prices growth will be modest.

This is consistent with Adelaide's house price cycle which is typically less volatile than the other major capitals.

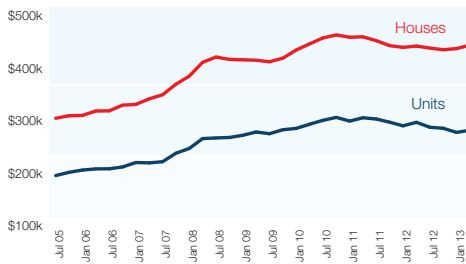
Local economic performance may provide a continuing brake on housing market activity, with the latest ABS unemployment data reporting an Adelaide January unemployment rate of 6.7 percent – clearly the highest of all the major capitals and nearly a percent higher than the rate recorded over January 2012.

Unemployment rate, by state Jan 2013



source: ABS

Median prices, Adelaide



source: APM

Quick stats

Average days on market

| | | |
|------------|---------------|-----------------|
| 136 | 150 | 110 |
| Feb 2013 | 12 months ago | Long-term trend |

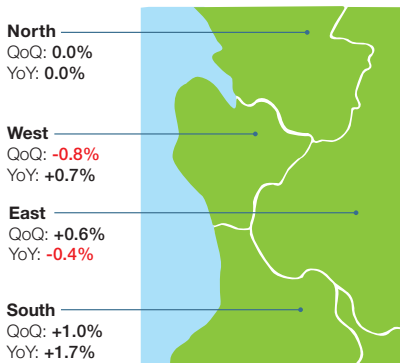
Average discount

| | | |
|-------------|---------------|-----------------|
| 7.1% | 8.2% | 6.6% |
| Feb 2013 | 12 months ago | Long-term trend |

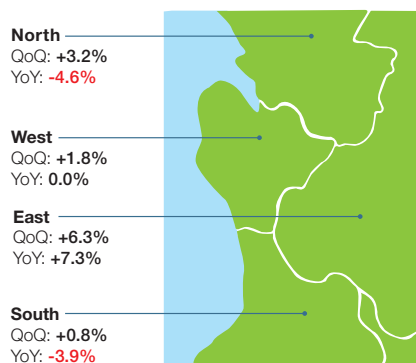
Stock on market

| | | |
|------------|----------------------|------------------------|
| 12k | -7.0% | 13.5% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

Perth

The Perth housing market continues to offer the best prospects of all the major capitals for house prices growth in 2013.

Low unemployment, record population growth and a shortage of housing driving steep increases in rents are acting to intensify buying activity.

Perth's high rents are a strong motivation for first home buyers, with Western Australia recording the highest proportion of first home buyers in the market of any of the states, according to the latest ABS home loan data.

Quick stats

Average days on market

| | | |
|-----------|---------------|-----------------|
| 99 | 116 | 103 |
| Feb 2013 | 12 months ago | Long-term trend |

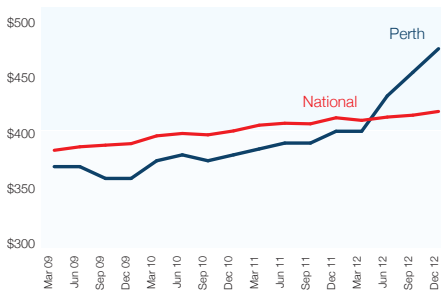
Average discount

| | | |
|-------------|---------------|-----------------|
| 5.3% | 7.1% | 7.5% |
| Feb 2013 | 12 months ago | Long-term trend |

Stock on market

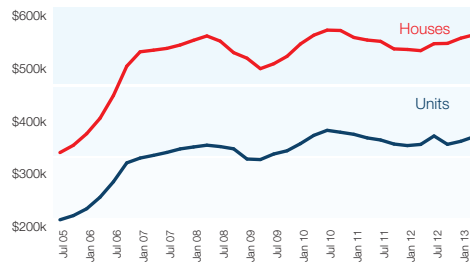
| | | |
|------------|----------------------|------------------------|
| 21k | -10.2% | 0.5% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Median weekly asking rent, houses Dec 2012



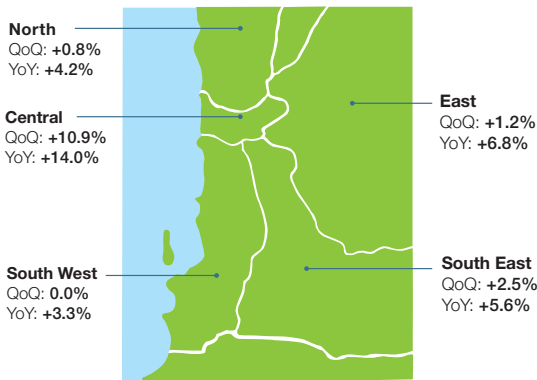
source: APM

Median prices, Perth

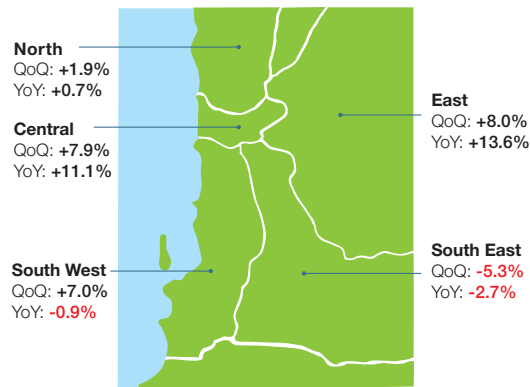


source: APM

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

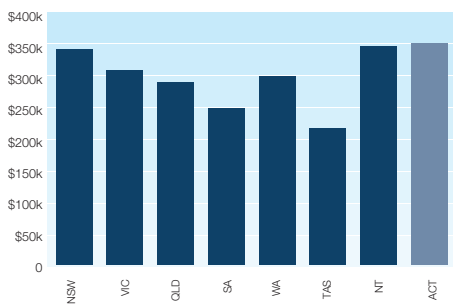
Canberra

The Canberra housing market will continue to face headwinds in 2013 following a subdued performance in 2012.

Canberra provides significant barriers to buyers compared to other capital city markets. The ABS reports that the average loan for a first home buyer in Canberra over December 2012 was the highest of all state markets at \$332,700. Similarly the average loan of \$354,200 for non-first home buyers was also the highest state total.

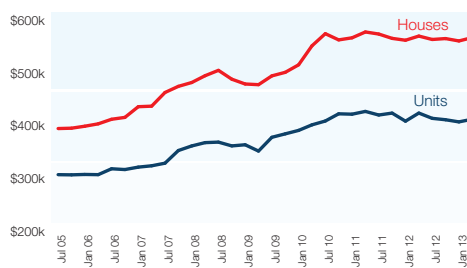
Canberra's unemployment remains a concern with the January rate of 5.3 percent the highest ever recorded by the ABS.

Average loan size (all buyers) Dec 2012



source: ABS

Median prices, Canberra



source: APM

Quick stats

Average days on market

| | | |
|-----------|---------------|-----------------|
| 87 | 87 | 69 |
| Feb 2013 | 12 months ago | Long-term trend |

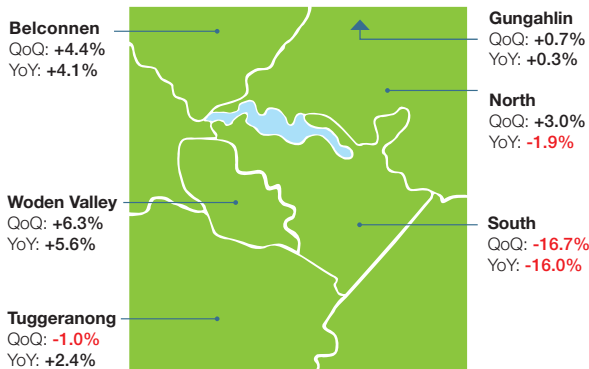
Average discount

| | | |
|-------------|---------------|-----------------|
| 4.8% | 4.7% | 4.9% |
| Feb 2013 | 12 months ago | Long-term trend |

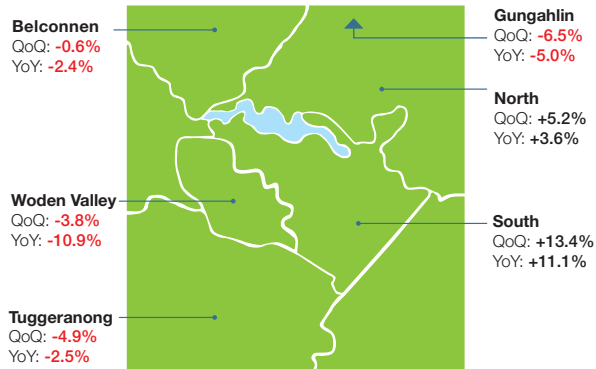
Stock on market

| | | |
|-------------|----------------------|------------------------|
| 1.8k | 4.1% | 32.3% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

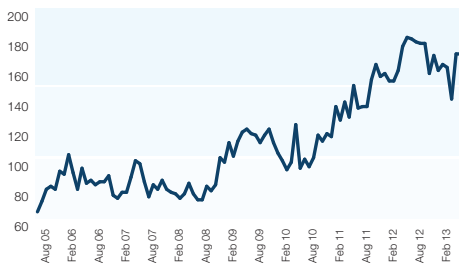
Housing market report

Gold Coast

High levels of unsold properties will remain a drag on a sustained Gold Coast housing market revival in 2013. This is particularly the case for the unit market, which continues to suffer from high listing numbers with prices down by 1.6 percent over the December quarter and down 7 percent over 2012.

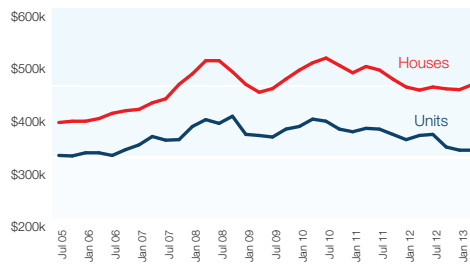
The local economy however is doing its part, with the latest unemployment rate recorded by the ABS over January at 5.8 percent compared to the 6.7 percent of January 2012.

Average days on market, Gold Coast



source: APM

Median prices, Gold Coast



source: APM

Quick stats

Average days on market

| | | |
|------------|---------------|-----------------|
| 173 | 184 | 130 |
| Feb 2013 | 12 months ago | Long-term trend |

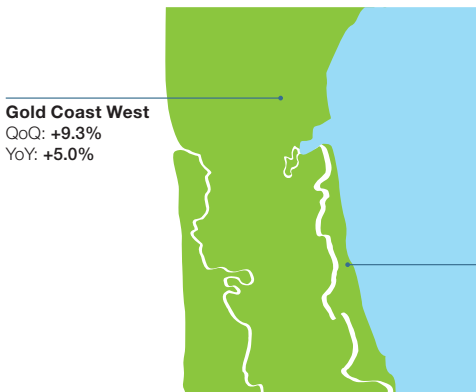
Average discount

| | | |
|--------------|---------------|-----------------|
| 10.3% | 11.6% | 9.7% |
| Feb 2013 | 12 months ago | Long-term trend |

Stock on market

| | | |
|------------|----------------------|------------------------|
| 11k | -19.8% | 1.5% |
| Feb 2013 | Change 12 months ago | Change long-term trend |

Median price change by region (houses)



Median price change by region (units)



QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of December 2012.

Housing market report

Hobart

Hobart's underperforming economy remains the key to sustained revival in 2013.

Lower interest rates will act to improve affordability in combination with lower house prices.

Hobart's latest unemployment rate however remains a concern. The high ABS January rate of 8.4 percent is more than two percent higher than the 6.1 per cent rate recorded over January 2012.

Darwin

Similar to Perth, the Darwin housing market is set for a strong year, building on its nation-leading performance of 2012.

Low interest rates, a strong economy and a shortage of housing driving rent increases is set to intensify buyer activity and prices growth.

The Northern Territory recorded strong growth in first home buyer activity over the last two months of 2012, with nearly 30 percent of all loans approved for owner-occupiers according to the ABS.

Data contained in this report is subject to revision as a result of time lags with the reporting and collection of sales transaction data. This monthly housing market report is produced for and used by both APM and Domain.