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Housing market resilient but prices softening

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SYDNEY'S housing market continues to hold firm, with auction clearance rates consolidating over the past few weeks despite more properties being offered.

Confidence in the market seems to be holding up despite adverse reports regarding the prospects for the international economy and the impact this has had on Australian equity and financial markets.

At the weekend 512 properties were listed for auction in Sydney, compared with 463 the previous weekend. Of the 361 reported auctions, 242 were sold for a clearance rate of 58.6 per cent. This is marginally higher than the previous weekend's 57.4 per cent result.

The total value of properties sold was \$200.2 million at an average value of \$827,273 per property. The

median price for houses sold was \$860,000 and for units \$558,000.

The most expensive property was a three-bedroom house in Clovelly that sold for \$2,385,000. The most affordable property was a one-bedroom flat in Fairfield that fetched \$167,500.

Despite the consolidation in buyer activity, the latest Australian Property Monitors data shows that Sydney's median house price for the three months to August fell by 1.8 per cent to \$643,315, compared with the previous quarter. The median price for units also fell by 1.8 per cent, to \$448,024.

Despite these falls, the median house price has decreased by just 0.6 per cent over the year to August, with the median price for units remaining stable. Sydney's house price performance over the past year remains the best of all capitals,

and equal to Canberra's, which was also down by 0.6 per cent. Only Darwin recorded a better performance in median unit price growth.

Continued buyer activity over the remainder of the year will depend on buyer and seller confidence holding up in the face of mixed news for the global economy. The recent World Economic Outlook report from the International Monetary Fund has predicted relatively robust real gross domestic product growth for Australia of 3.3 per cent next year.

Continued strong economic growth in Australia and NSW will enhance the prospects for stability in Sydney's resilient housing market.

Dr Andrew Wilson is senior economist for Australian Property Monitors.