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PROPERTY

Sydney house sales slow but steady before expected late spring uptake

Andrew Wilson

SYDNEY'S auction clearance rate this weekend was 54.8 per cent, almost identical to last weekend's 54.1 per cent. This weekend 356 properties were listed for auction in Sydney, again very similar to the 372 offered last weekend.

Of the 255 reported auctions this weekend, 161 were sold for a total value of \$123.4 million at an average value of \$766,460 per property sold. The median price of houses sold was \$810,500 and for units the median price was \$576,000.

The most expensive property reported sold at auction this weekend in Sydney was an eight-bedroom home in Coogee that sold

Spring selling has started off with results similar to winter.

for \$1,995,000. The most affordable property reported sold was a two-bedroom house in Wyongah that was auctioned for \$212,500.

As expected Sydney's spring selling season has started off with results similar to those recorded for most of the winter. Although the

number of properties offered for auction each weekend may not grow significantly over the next few months, reflecting some ongoing wariness from sellers, expect auction clearance rates to start to gradually track upwards.

Growing buyer confidence and Sydney's chronic housing shortage will ensure increased buyer activity over spring. Housing market confidence will be supported by a resilient performance by the NSW economy despite the impact of some ongoing structural adjustments in certain sectors and regions. This week's state budget is expected to prove positive news for the housing market. This will be the result of general economic initiatives by the government targeting jobs growth and business investment together with direct policies including land releases and the supply of new housing.

Sydney's housing shortage has ensured not only that the city remains the most expensive of all the capital cities for homebuyers but also the most resilient to shifting market forces.

Latest Australian Property Monitors data showed Sydney's July quarter median house price was \$639,484,

significantly higher than that recorded by the other capitals.

Darwin is the next most expensive capital with a July quarter median house price of \$598,183 followed by Canberra \$561,445, Melbourne \$551,006, Perth \$529,229, Brisbane \$440,667, Adelaide \$437,002 and Hobart as Australia's least expensive capital with a July quarter median house price of just \$318,566.

Despite Sydney being Australia's most expensive city for houses, its prices have dropped the least. Although Australian housing markets have been subdued so far in 2011 as a consequence of reduced buyer activity Sydney's median house price has fallen by just 0.6 per cent over the year to July 2011 which is clearly the best result of all the major capitals. Expect Sydney to continue to lead the pack with Australia's highest house prices but also more encouragingly with Australia's most resilient housing market through the remainder of 2011.

Dr Andrew Wilson is Senior Economist for Australian Property Monitors, which is owned by Fairfax Media.

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