



National housing market starts to recover

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Australia's housing market appears to be in the midst of a recovery, with prices rising at their strongest level for more than two years in many capital cities.

The new figures come as a senior Reserve Bank of Australia official cautioned on Tuesday that market conditions were shifting to a "new normal" where price growth would be slower than the country had witnessed over the past 30 years.

In these changed conditions, home owners should expect to see more periods when prices are falling, albeit only "mildly". The RBA also warned that banks should not

loosen lending standards in a bid to "bring back the boom times" to boost profits.

Meanwhile, Australian Property Monitors said the national median house price rose 1.7 per cent in the March quarter, its second consecutive quarterly increase.

"The national housing market has recorded its best start to a year since the strong market conditions of 2010," said APM senior economist Andrew Wilson.

Sydney's median house price rose 1.6 per cent to hit a new peak of \$673,681, with that market now recovered and entering an "expansionary" phase, according to the Fairfax-owned analyst group.

Melbourne posted the strongest performance of any capital city after house prices rose 3.6 per cent to \$538,922 in just three months. While it was the highest growth rate recorded since March 2010, the city's median still remains 4.2 per cent below its peak.

House prices also rose 1.8 per cent in Darwin, 1.3 per cent in Perth and 0.5 per cent in Brisbane.

Dr Wilson said the market remained "patchy" in the smaller capitals. House prices fell in Adelaide and Canberra.

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