



# Housing market to remain subdued

By Meredith Clisby

Canberra house prices have slumped and are unlikely to improve during the remainder of the year, a new report shows.

And an economist says the focus on fiscal consolidation with the coming federal election will do nothing to improve the confidence of the industry.

While national median house prices rose for the second quarter in a row, Canberra was one of just two cities to record a drop.

The Australian Property Monitors quarterly housing report for last month showed the median unit price plunged 3.5 per cent to \$398,104 and the median house price by 0.4 per cent to \$567,768.

House prices have increased by just 0.1 per cent in the past year while units are down by 2.3 per cent.

Despite the slump, the ACT still has the third-highest median house price in the country, after Sydney and Darwin.

Australian Property Monitors senior economist Andrew Wilson said there was no sense of growth in Canberra's market at present.

He said the subdued house and unit price growth in the ACT

reflected the struggling local economy, particularly in regard to relatively high unemployment.

Dr Wilson said the city was "a little bit lower on the confidence metre" compared with other capital cities, as was Adelaide, the only other city to experience a drop.

"We don't have to look far for the genesis of that shakeout in employment, that was a number of cuts to the public service that have flowed through from the previous budget," Dr Wilson said.

"I think it will have a continuing impact on the housing market given the lead-up to the election and continuing talks ... of the need to trim budgets."

Last month's report shows the national housing market has experienced its best start to a year since 2010, with median house prices rising for two consecutive quarters.

Prices grew by 1.7 per cent over the March quarter and 1.8 per cent during the December quarter.

Melbourne recorded the best growth among capital cities, with a 3.6 per cent increase in house prices and 2.6 per cent rise in unit prices.

Dr Wilson said low interest rates would remain "the joker in the pack" after the elections.

"It's just a question of whether the low interest rates will offset the concerns over job security and income growth, that I think is a key factor at the moment in the Canberra market," he said.



**BLEAK OUTLOOK:**  
Andrew Wilson.