

Housing market report

Domain Capital City Market Report

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Housing market report

Buyer momentum rises and the Australian housing market strengthens to record levels

National overview

Buyer activity continues to rise in Australia's capital city housing markets driven by low interest rates, rising confidence and a generally solid economic performance.

The impact of the Reserve Bank's May decision to cut interest rates to 2.75 percent, the lowest level in decades, is clearly evident in the latest house price data. All capital cities, with the exception of Brisbane and volatile Darwin, reported rises in house prices over the May quarter, with the national house price up by a solid 2.5 percent. This is the strongest quarterly increase in the national series since May 2010.

The national housing market has clearly recovered, with the median house price now at \$555,657, the highest ever recorded and an increase of \$18,037 or 3.4 percent over the past year.

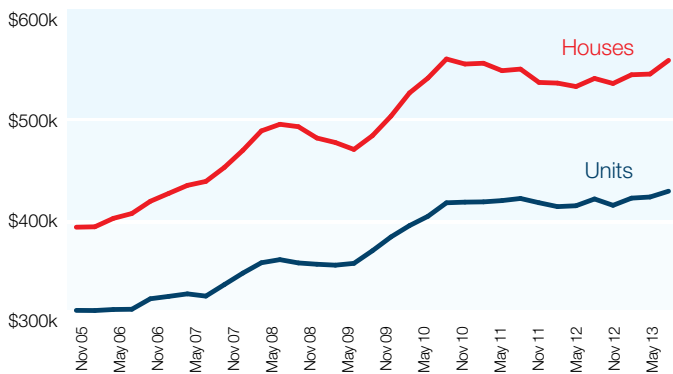
Although the Reserve Bank opted to leave official interest rates on hold again in July, solid buyer activity is expected to continue through the winter months in most markets.

The sharply lower dollar will gradually impact on local economies exposed to the manufacturing, resource and tourism sectors. Recent jobs market data has been encouraging, with the national May jobless rate falling from 5.6 percent to 5.5 percent over the month.

The Reserve Bank remains on watch however, and is set to act if signs emerge of a sustained deterioration in economic activity, particularly unemployment.

In the meantime, Australia's housing markets are clearly on the rise, with signs that the patchy performance between capital city markets is diminishing with buyer activity now generally on the up.

Median prices, national



source: APM

Australian Dollar against the US Dollar



source: RBA

Median prices: 3 months to end May 2013

Houses				Units			
	Median price	Quarterly change	Yearly change		Median price	Quarterly change	Yearly change
Sydney	\$673,568	3.2%	3.2%		\$490,332	2.1%	4.0%
Melbourne	\$542,194	3.6%	3.4%		\$399,700	1.1%	1.1%
Brisbane	\$438,311	-0.1%	0.9%		\$340,315	-2.1%	-9.0%
Adelaide	\$435,227	0.5%	1.4%		\$279,733	0.0%	-1.0%
Perth	\$582,180	2.8%	7.7%		\$387,885	4.0%	8.6%
Canberra	\$575,230	1.3%	2.3%		\$407,576	-0.5%	-1.3%
Gold Coast	\$470,000	-1.1%	2.5%		\$339,000	-1.7%	-6.6%
National	\$555,657	2.5%	3.4%		\$425,165	1.4%	1.9%

Housing market report

Sydney

The Sydney housing market continues its strong performance, with median house prices now at record levels. The median house price of \$673,568, recorded over the May quarter, was 3.2 percent higher than that recorded over the February quarter. Unit prices are also rising, with the median price over the May quarter up by 2.1 percent.

Sydney's weekend auction market, usually a reliable forward indicator of the overall strength of the housing market, is producing some of its best results in years. Weekend auction clearance rates have continued to increase over the year with the June result at 72 percent, the highest recorded in any month for nearly 10 years.

Although June auction sales in Sydney were at an all-time high, market activity remains mixed both between buyer types and price ranges. First home buyer numbers remain at low levels, and the prestige market is yet to reflect the rising buyer activity of the wider market.

Although first home buyers are largely missing from the budget market, investors are currently active in record numbers, chasing solid rental yields and the prospect of capital growth in Sydney's resilient market.

Quick stats

Auction clearance rate

72%	53%	57%
Jun 2013	12 months ago	Long-term trend

Average days on market

78	89	81
Jun 2013	12 months ago	Long-term trend

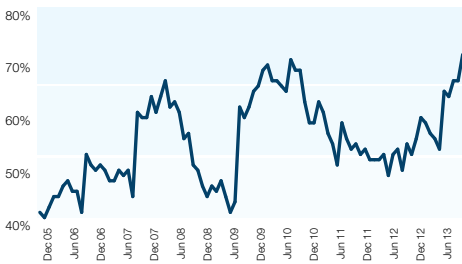
Average discount

5.6%	6.6%	6.4%
Jun 2013	12 months ago	Long-term trend

Stock on market

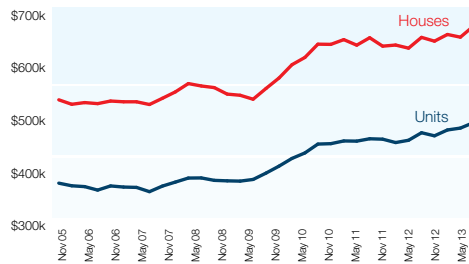
24k	-21.3%	-23.3%
Jun 2013	Change 12 months ago	Change long-term trend

Auction clearance rates, Sydney*



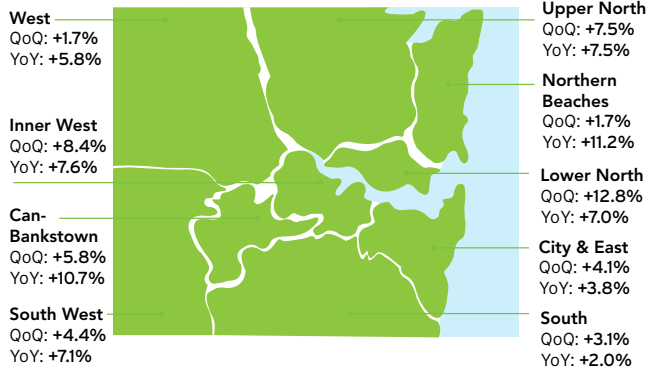
* January has been excluded due to low number of auctions

Median prices, Sydney

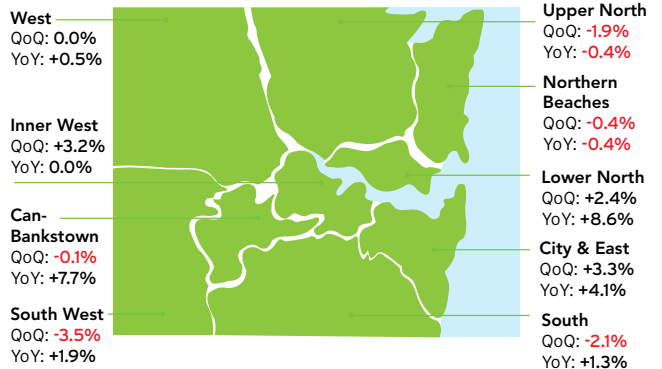


source: APM

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 May 2013.

Housing market report

Melbourne

Melbourne's housing market continues to benefit from low interest rates and restored confidence, with solid buyer activity continuing this year. House prices rose by 3.5 percent to \$542,194 over the May quarter, which was the best performance of any of the capital cities. Unit prices in Melbourne also rose over May by 1.1% to \$399,700.

Melbourne's weekend auction market continues to produce solid results, with auction clearance rates and listing numbers between 10 and 15 percent higher than those recorded over the same period a year ago. Melbourne's auction clearance rate over June of 69 percent is the highest monthly rate recorded in the city since the boom period of early 2010.

Sales activity continues to be generally spread between price sectors and regions, with investor activity also on the rise. An increase in first home buyer activity was generated by the recent changes to the state government grant, which expired for the purchase of established properties at the end of June, bringing forward significant demand.

Recent economic news has been better for Melbourne with the ABS unemployment rate falling over May from 6.2 percent, to a still problematic 5.7 percent.

Quick stats

Auction clearance rate

69%	55%	64%
Jun 2013	12 months ago	Long-term trend

Average days on market

95	94	74
Jun 2013	12 months ago	Long-term trend

Average discount

6.6%	7.7%	6.6%
Jun 2013	12 months ago	Long-term trend

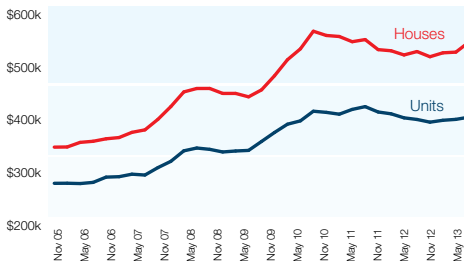
Stock on market

41k	-11.1%	23.5%
Jun 2013	Change 12 months ago	Change long-term trend

Auction clearance rates, Melbourne*



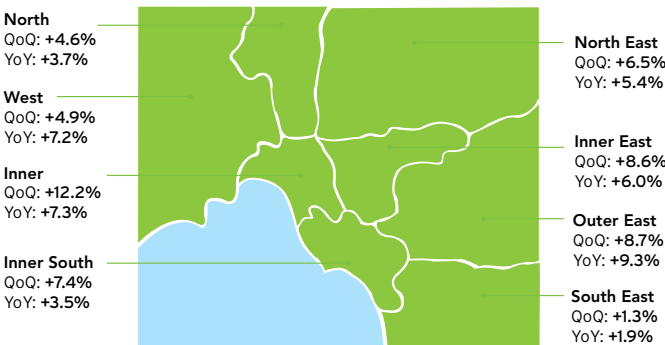
Median prices, Melbourne



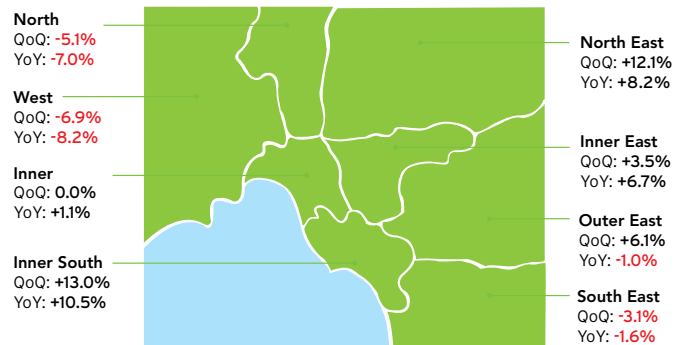
* January has been excluded due to low number of auctions

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 May 2013.

Housing market report

Brisbane

The Brisbane housing market continues to struggle to move off the bottom, with May quarter house prices falling by 0.1 percent to \$438,311. Despite the lowest interest rates in decades, Brisbane house prices have now risen by just 0.9 percent over the year ending May.

Brisbane's unit prices also fell over May for the fourth consecutive quarter by 2.1 percent to \$340,315. Brisbane unit prices have fallen by 9 percent over the year to May.

Brisbane's economy is also struggling to recover from the significant job-shedding of last year with the latest ABS May data reporting a sharp rise from 5.1 percent to 5.8 percent.

Buyer activity in Brisbane's outer suburbs remains subdued, although sales of homes in inner-ring established suburbs continue to show signs of improvement.

Quick stats

Auction clearance rate

42%	30%	33%
Jun 2013	12 months ago	Long-term trend

Average days on market

113	118	98
Jun 2013	12 months ago	Long-term trend

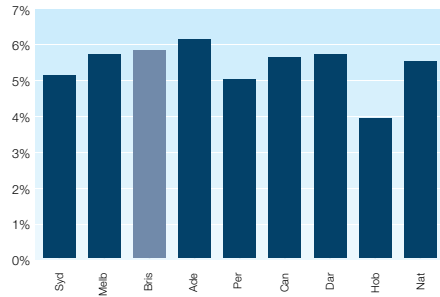
Average discount

6.8%	8.0%	7.6%
Jun 2013	12 months ago	Long-term trend

Stock on market

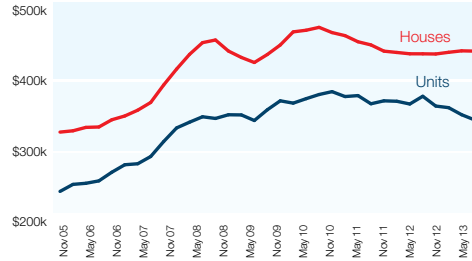
26k	-2.1%	6.7%
Jun 2013	Change 12 months ago	Change long-term trend

Unemployment rate by city, May 2013



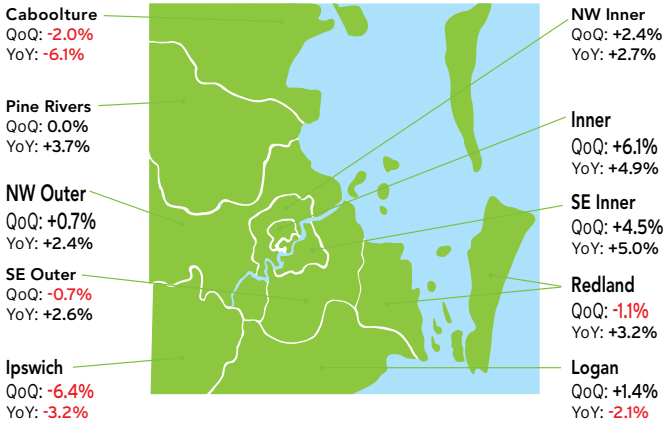
source: APM, houses only

Median prices, Brisbane

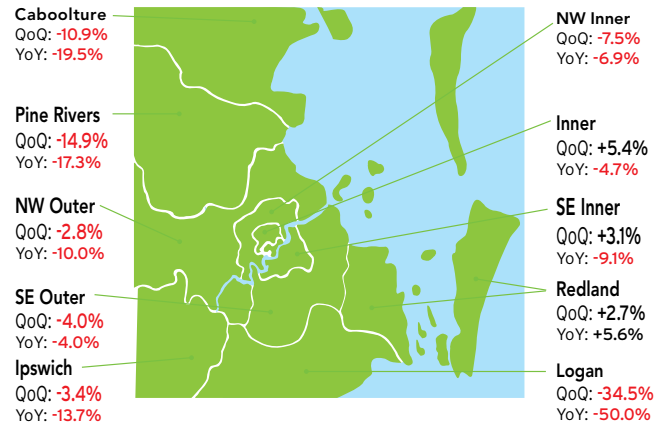


source: APM

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 May 2013.

Housing market report

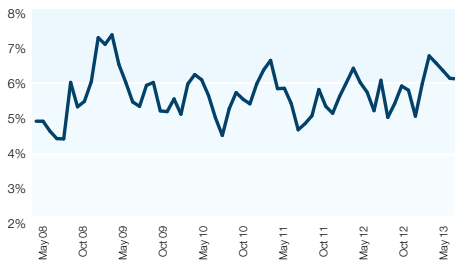
Adelaide

The Adelaide housing market is showing signs of a gradual recovery in buyer activity, with median house prices rising marginally by 0.5 percent over the May quarter. This was the fourth consecutive quarterly rise in Adelaide's house prices, which have now increased by 1.4 percent over the past year. Adelaide's median unit price over the May quarter remained unchanged at \$279,733.

Although Adelaide's housing market is showing consistent signs of gradual improvement, the economy remains an underperformer with the latest May unemployment rate stuck at 6.1 percent.

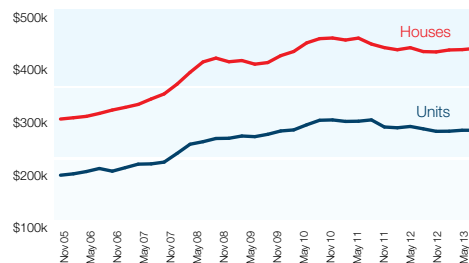
Reflecting an improving local market, the number of ABS owner-occupied home loans approved in South Australia is up over 9 percent over the first four months of 2013 compared to the same period last year.

Adelaide unemployment rate



source: ABS

Median prices, Adelaide



source: APM

Quick stats

Average days on market

124	137	111
Jun 2013	12 months ago	Long-term trend

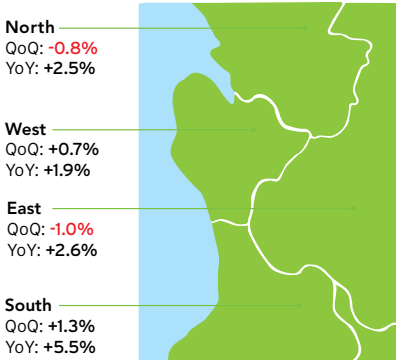
Average discount

6.9%	7.5%	6.6%
Jun 2013	12 months ago	Long-term trend

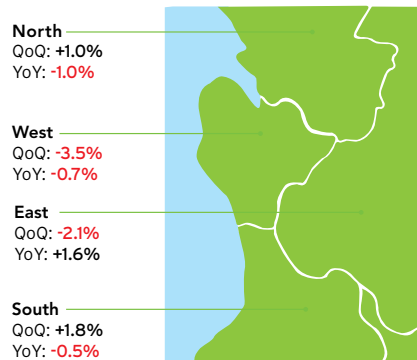
Stock on market

11k	-7.7%	10.1%
Jun 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 May 2013.

Housing market report

Perth

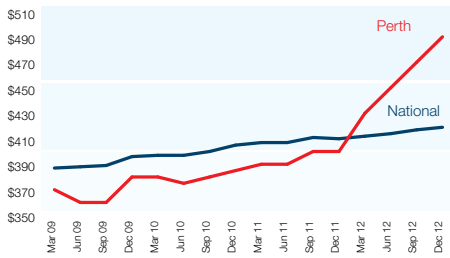
Buyer activity in the Perth housing market continues to rise on the back of a still strong local economy and record levels of interstate migration into Western Australia.

Perth median house prices continue to increase solidly by 2.8 percent over the May quarter, and up by 7.7 percent over the year to May - the best annual result of all the capitals. Perth unit prices are also on the rise increasing by 4 percent over the quarter.

The latest Perth unemployment rate for May, at 5.0 percent, is a significant improvement over April's three-year high result of 5.4 percent, but remains well above the May 2012 result of 4.1 percent.

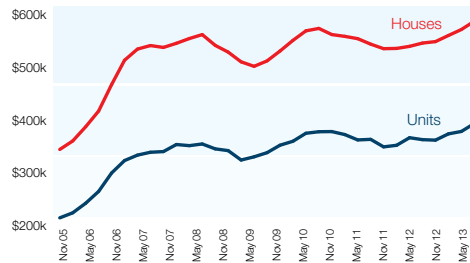
Signs continue of strains on the local economy from the record levels of new arrivals, particularly given the decline in resource sector activity.

Median weekly asking rent, houses March 2013



source: APM

Median prices, Perth



source: APM

Quick stats

Average days on market

93	116	101
Jun 2013	12 months ago	Long-term trend

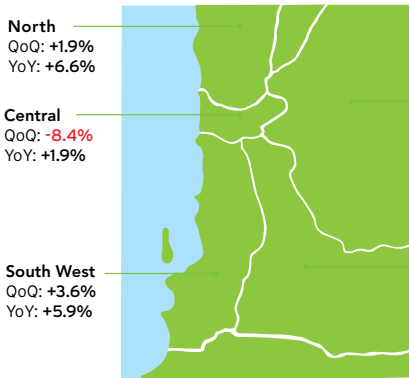
Average discount

5.4%	6.4%	7.4%
Jun 2013	12 months ago	Long-term trend

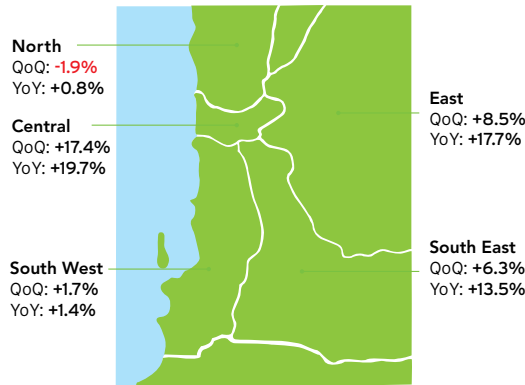
Stock on market

21k	-7.6%	0.4%
Jun 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 May 2013.

Housing market report

Canberra

The Canberra housing market is showing signs of restarting after a period of stalled buyer activity through the latter part of 2012 and into 2013. Median house prices rose by 1.3 percent over the May quarter and are up by 2.3 percent over the year to May.

Improvement in the local economy is a significant factor in increased buyer activity and prices growth in Canberra, with latest ABS data reporting a fall in the monthly unemployment rate from 4.7 percent to 3.9 percent over May.

House loans for owner-occupiers are up nearly 14 percent in Canberra over the first four months of 2013 compared to the same period last year.

Quick stats

Average days on market

88	92	70
Jun 2013	12 months ago	Long-term trend

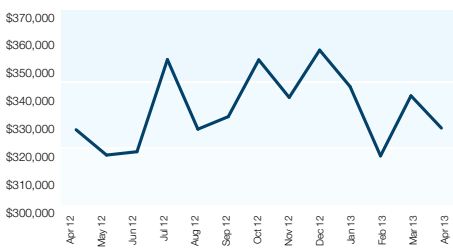
Average discount

6.0%	5.4%	4.9%
Jun 2013	12 months ago	Long-term trend

Stock on market

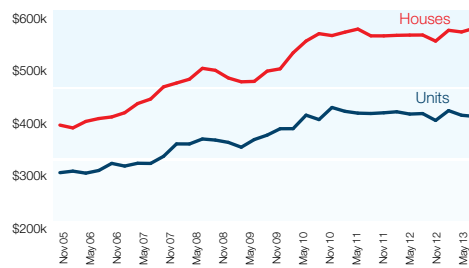
1.8k	12.4%	32.8%
Jun 2013	Change 12 months ago	Change long-term trend

Average loan size ACT



source: ABS Owner-Occupied Housing Finance

Median prices, Canberra

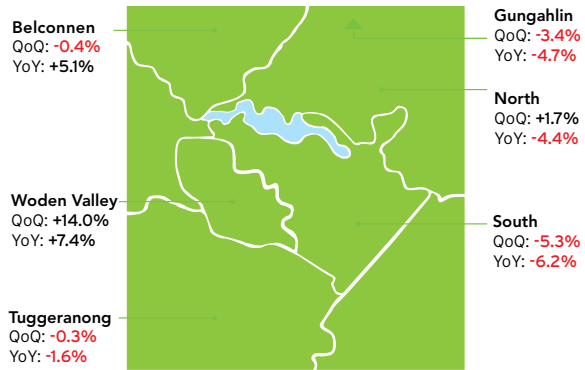


source: APM

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 May 2013.

Housing market report

Gold Coast

The Gold Coast housing market continues to show some positive signs of bottoming out. Although median house prices fell by 1.1 percent over the May quarter, house prices remain 2.5 percent higher than they were a year ago.

The performance of the local economy however continues to act as an impediment to a sustained revival in the Gold Coast housing market, and although the latest May unemployment rate at 6.1 percent is a significant improvement on the previous month's 6.5 percent, it nonetheless remains uncomfortably high.

Quick stats

Average days on market

128	180	134
Jun 2013	12 months ago	Long-term trend

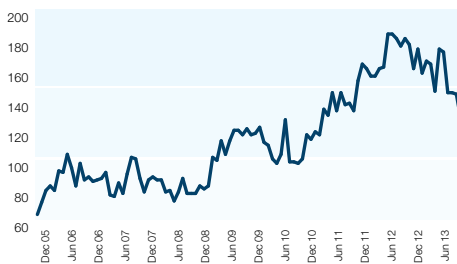
Average discount

8.7%	11.4%	9.7%
Jun 2013	12 months ago	Long-term trend

Stock on market

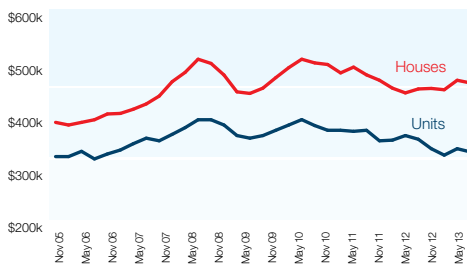
9k	-18.8%	-13.5%
Jun 2013	Change 12 months ago	Change long-term trend

Average days on market, Gold Coast



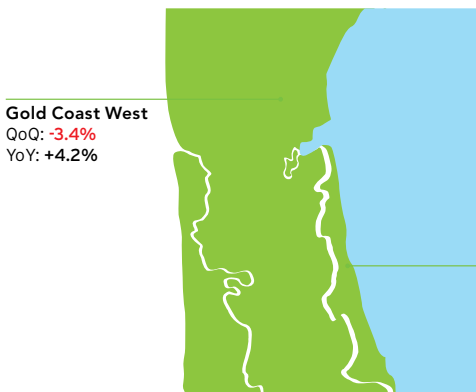
source: APM

Median prices, Gold Coast

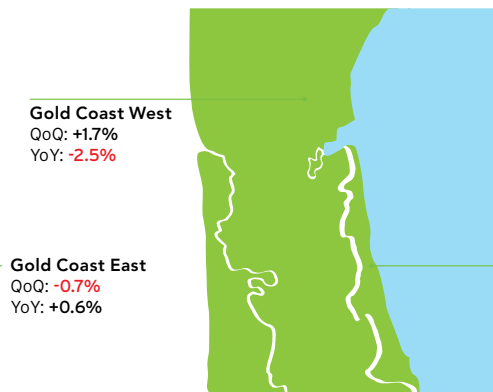


source: APM

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 May 2013.

Housing market report

Hobart

The Hobart housing market is showing early signs of stabilising after a prolonged period of subdued buyer activity. Latest data reveals that the Hobart median house price rose by 0.8 percent over the May quarter but was still down by 2.1 percent over the year, which remains the worst performance of all the capitals.

A sharp fall in the latest unemployment rate may be a key to increased buyer activity with the rate down from 6.8 in April to 5.6 in May.

Darwin

Darwin produced another typically volatile performance over the May quarter, with median house prices falling by 1.5 percent over the quarter, but remaining 2.3 percent higher in May compared to the May quarter last year.

Similarly to Perth, unemployment is now at relatively high levels, with the latest Northern Territory May unemployment data at 5.7 percent, the highest rate recorded for over five years.

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.

Hobart and Darwin | July 2013

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Commentary provided by Dr. Andrew Wilson, Senior Economist Australian Property Monitors