

Housing market report

Capital city market report

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Housing market report

Buyer momentum rises through mid-winter housing markets

National overview

Buyer and seller momentum continues to rise in most Australian housing markets, with mid-winter activity at levels not recorded since the boom conditions of 2009 and 2010.

Interest rates are now the lowest in 50 years, following the August decision by the Reserve Bank to cut rates. Low interest rates, and a generally solid economic performance by most capitals, particularly in regard to unemployment, continue to activate buyers, with sellers also increasingly engaging the rising market.

Latest house price data unsurprisingly reported significant increases in most capital city markets, with all capitals having recorded house price growth over the 2013 financial year.

Sydney, Perth, Darwin and Canberra housing markets have now clearly recovered, with June quarter median house prices in each of these cities at record levels.

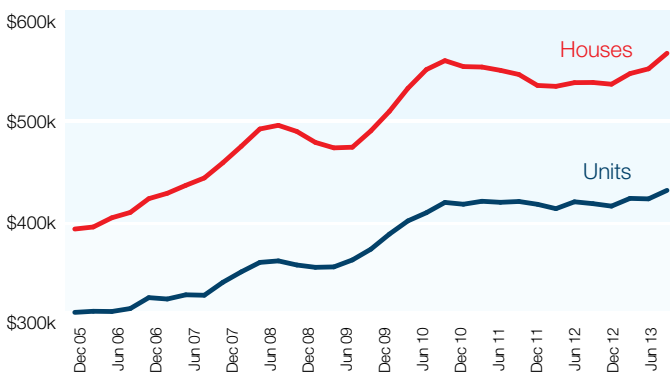
Increased investor activity is a key ingredient of rising housing market activity, driven by solid yields, low borrowing and

deposit rates, easier finance, an underperforming and volatile stockmarket and the real prospect of capital gains over the near-term in most markets.

Concerns remain on the general outlook for economic activity, with downwardly revised government growth forecasts for the current financial year. National GDP growth is now forecast for a below trend 2.5 percent, and a rise in the unemployment rate to 6.25 percent, which if realised will be the highest jobless rate since 2002. Latest data supports a weakening economic outlook with unemployment rising, and retail sales and home building approvals falling.

The weakening economic outlook will keep a downward bias on interest rate settings, which will provide further short-term stimulus to housing markets. Although lower interest rates are generally positive for housing markets, declining economic activity and rising unemployment is likely to have a dampening effect on home buyer activity over the longer-term.

Median prices, national



source: APM

Australian Dollar against the US Dollar



source: RBA

Median prices: 3 months to end June 2013

Houses				Units		
	Median price	Quarterly change	Yearly change	Median price	Quarterly change	Yearly change
Sydney	\$690,064	2.7%	6.7%	\$491,845	2.4%	4.9%
Melbourne	\$553,447	5.0%	6.1%	\$411,714	3.7%	4.2%
Brisbane	\$440,454	0.3%	1.9%	\$346,964	-2.4%	-4.4%
Adelaide	\$435,153	0.8%	0.7%	\$280,219	1.2%	-0.1%
Perth	\$584,487	3.2%	7.5%	\$386,798	2.5%	9.3%
Canberra	\$576,248	1.8%	4.2%	\$409,831	-1.3%	-0.7%
Gold Coast	\$475,000	0.0%	3.7%	\$330,000	-5.7%	-7.0%
National	\$564,325	2.8%	5.4%	\$427,573	2.0%	3.2%

National | August 2013

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Sydney

The Sydney housing market continues to track at record levels, with the July auction clearance rate at 75.9 percent - the highest ever recorded for that month and the second highest monthly rate on record. Seller activity is responding to strong clearance rates, with Sydney auction listings in July 16.4 percent higher when compared to July last year.

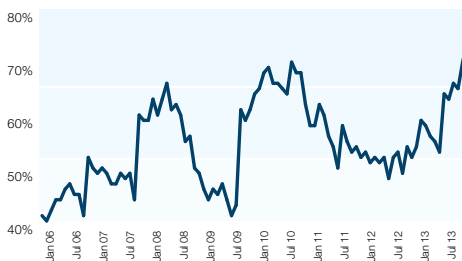
Sydney house prices are unsurprisingly on the rise as buyer competition for properties intensifies. The Sydney median house price rose by 2.7 percent over the June quarter, which was the highest quarterly rise recorded since March 2012. Sydney house prices increased by 4.2 percent over the first half of 2013, and were up a total of 6.7 percent over the whole financial year.

Investor activity continues to be a significant contributor to the Sydney housing market, with latest ABS lending data for New South Wales showing investors at record levels, and contributing to more than half of national home loan commitments.

Quick stats

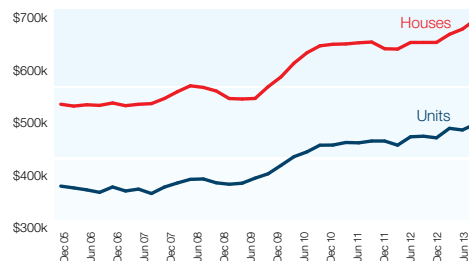
Auction clearance rate		
75%	55%	58%
Jul 2013	12 months ago	Long-term trend
Average days on market		
72	91	81
Jul 2013	12 months ago	Long-term trend
Average discount		
5.2%	6.4%	6.4%
Jul 2013	12 months ago	Long-term trend
Stock on market		
25k	-17.4%	-21.7%
Jul 2013	Change 12 months ago	Change long-term trend

Auction clearance rates, Sydney*



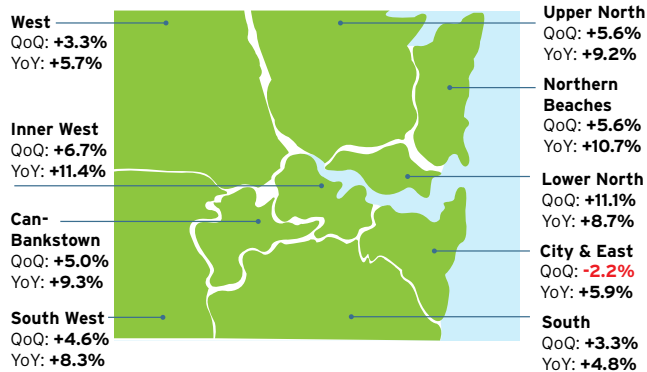
* January has been excluded due to low number of auctions

Median prices, Sydney

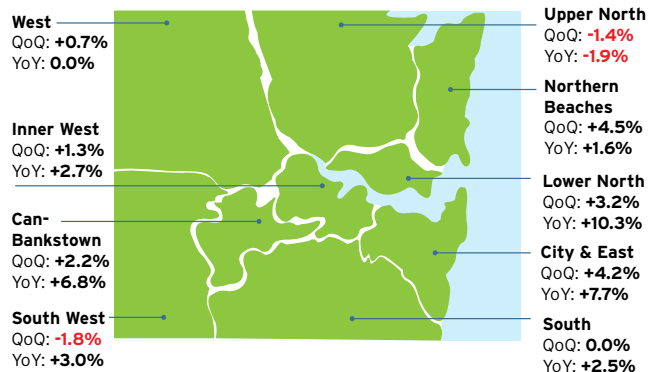


source: APM

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 June 2013.

Housing market report

Melbourne

Melbourne's housing market continues to record solid to strong results, with buyer activity spread relatively evenly through most regions, price brackets and buyer types.

Auction clearance rates in Melbourne have continued to average close to 70 percent, which is the highest since the boom period of 2009 and 2010. Seller activity is also rising in Melbourne, with auction listings 9 percent higher in July 2013 compared to July 2012.

Melbourne recorded the highest house price growth of all the capitals over the June quarter, increasing by 5 percent - the best result since March 2010. Melbourne house prices increased by 5.7 percent over the first half of 2012, and are up by 6.1 percent over the 2013 financial year.

Despite strong recent growth, Melbourne's median house price remains nearly 2 percent below its previous price peak recorded in June 2010.

Despite a resilient performance so far this year, the outlook for the local Melbourne economy remains mixed, with the jobless rate expected to rise through the remainder of 2013. This is unlikely to affect the housing market in the short-term, with the market likely to be boosted by the upcoming spring selling season.

Quick stats

Auction clearance rate

67%	54%	64%
Jul 2013	12 months ago	Long-term trend

Average days on market

94	92	74
Jul 2013	12 months ago	Long-term trend

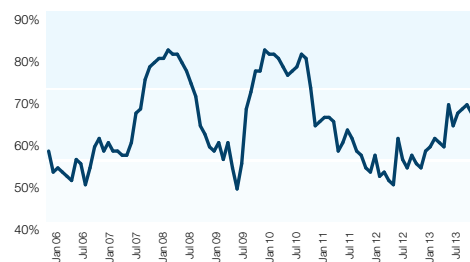
Average discount

6.1%	7.6%	6.5%
Jul 2013	12 months ago	Long-term trend

Stock on market

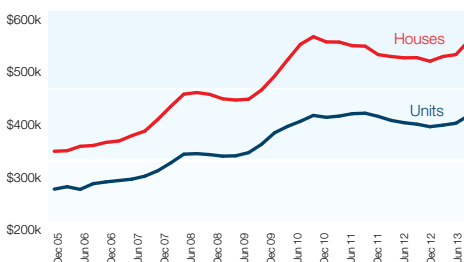
41k	-10.1%	23.1%
Jul 2013	Change 12 months ago	Change long-term trend

Auction clearance rates, Melbourne*



* January has been excluded due to low number of auctions

Median prices, Melbourne

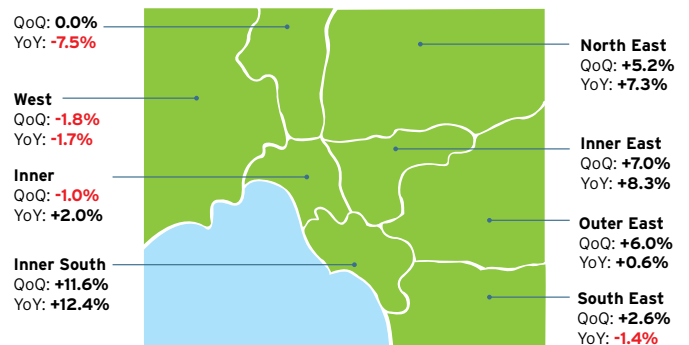


source: APM

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 June 2013.

Housing market report

Brisbane

The Brisbane housing market continues to record gradual increases in housing market activity, although results are mixed between regions, buyer types and price ranges.

Following a surge in activity last year due to local changes in the first home buyers grant, first home buyer levels are unsurprisingly at their lowest on record. Buyer activity in the lower-price ranges, particularly in the outer-northern suburbs, remains subdued.

Properties in Brisbane's established inner and middle ring suburbs however remain popular with buyers, with investors attracted by high yields, rising rents and solid capital growth potential.

Brisbane's median house price rose by just 0.3 percent over the June quarter, and was up by 1.8 percent over the 2013 financial year. Brisbane has recorded four consecutive quarters of house price growth for the first time in three years, although the increases have been incremental. Brisbane's median house price remains 6.7 percent below its previous price peak, which is the worst performance of all the capitals.

The local Brisbane economy can be expected to provide one of the best performers over the medium-term, with benefits from the lower dollar translating into increased activity in the mining and tourism industries and also attracting international investment. The expected surge in jobseekers from the southern states will lift population significantly in South-East Queensland.

Quick stats

Auction clearance rate

43%	37%	33%
Jul 2013	12 months ago	Long-term trend

Average days on market

112	129	98
Jul 2013	12 months ago	Long-term trend

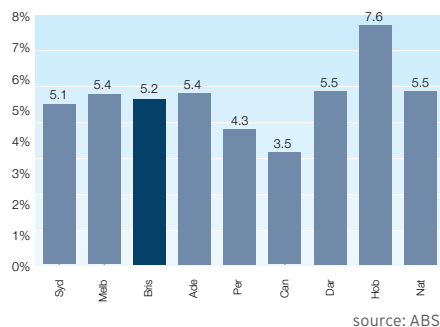
Average discount

7.0%	7.8%	7.6%
Jul 2013	12 months ago	Long-term trend

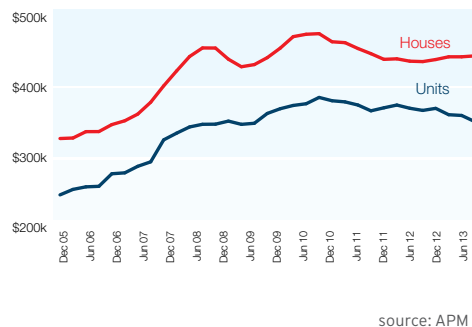
Stock on market

27k	1.8%	10.9%
Jul 2013	Change 12 months ago	Change long-term trend

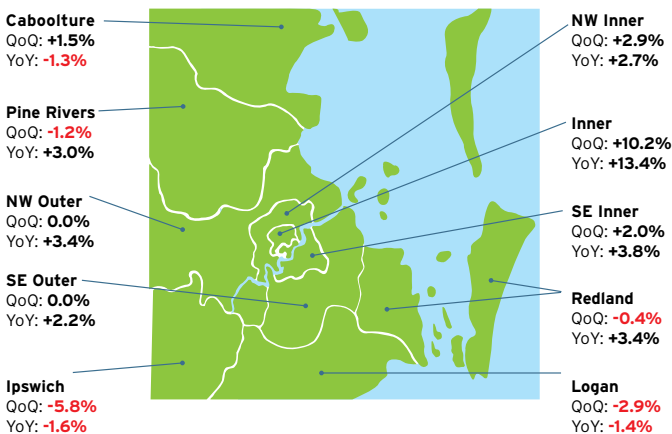
Unemployment rate by city, July 2013



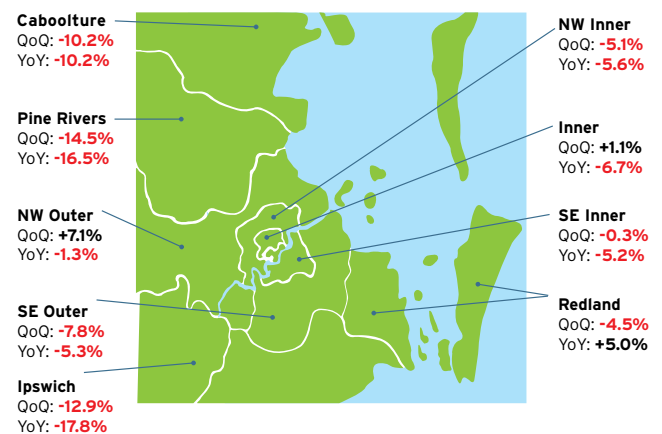
Median prices, Brisbane



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 June 2013.

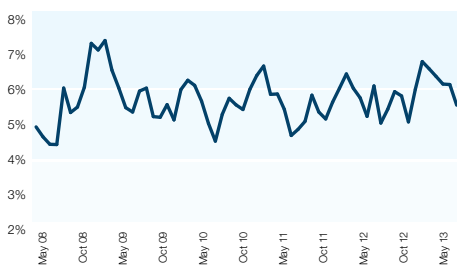
Housing market report

Adelaide

Positive signs are emerging of increased buyer activity in the subdued Adelaide housing market. Latest ABS home loan data for South Australia reports seasonally adjusted owner-occupied loans up by 8.7 percent over the first half of 2013 compared to the same period last year.

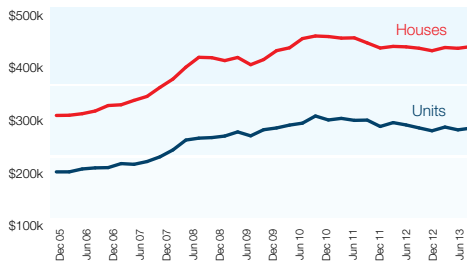
Adelaide median house prices have started to rise again, up by 0.8 percent over the June quarter, for an increase of 0.9 percent over the 2013 financial year. The performance of the local economy however remains a concern, with the July unemployment rate for South Australia rising steeply to 7.1 percent - the highest of all the mainland states.

Adelaide unemployment rate



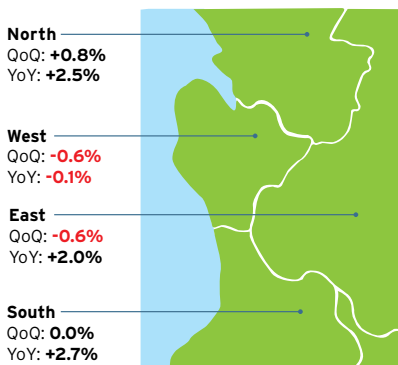
source: ABS

Median prices, Adelaide

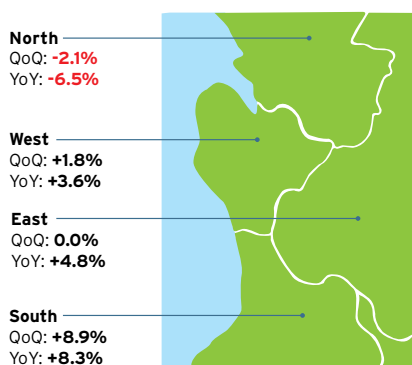


source: APM

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 June 2013.

Quick stats

Average days on market

116	143	111
Jul 2013	12 months ago	Long-term trend

Average discount

6.6%	7.6%	6.6%
Jul 2013	12 months ago	Long-term trend

Stock on market

11k	-3.1%	11.6%
Jul 2013	Change 12 months ago	Change long-term trend

Housing market report

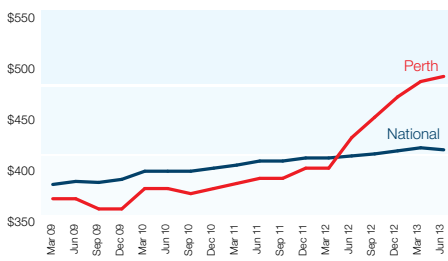
Perth

The Perth housing market continues its strong performance, with the median house price increasing by a hefty 3.2 percent over the June quarter - the biggest quarterly rise since December 2009. Perth's house prices have now increased by 7.5 percent over the 2013 financial year, which is the best performance by any capital city housing market.

Perth's median house price has now risen for 6 consecutive quarters, and is now at an all-time high of \$584,487.

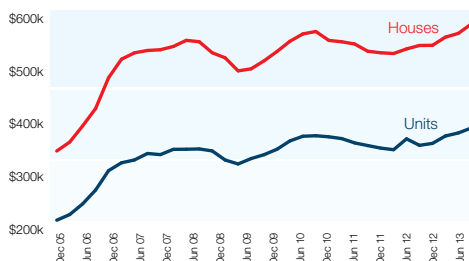
The strength of the Western Australian economy is a key driver of the Perth housing market, evidenced by the lowest unemployment rate of any state, at 4.6 percent in July.

Median weekly asking rent, houses June 2013



source: APM

Median prices, Perth



source: APM

Quick stats

Average days on market

88 Jul 2013	110 12 months ago	101 Long-term trend
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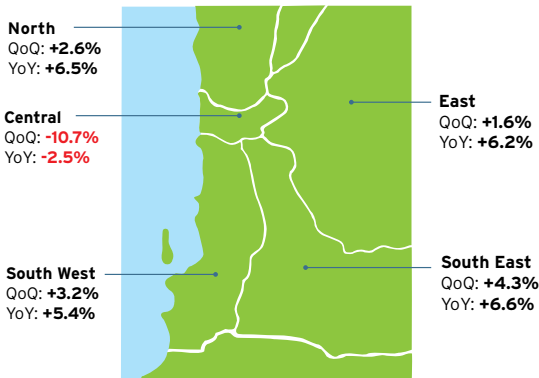
Average discount

5.5% Jul 2013	5.9% 12 months ago	7.3% Long-term trend
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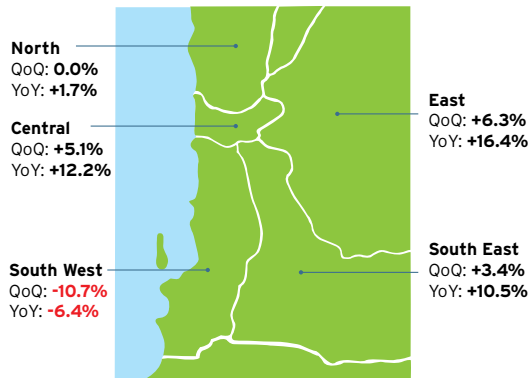
Stock on market

23k Jul 2013	3.1% Change 12 months ago	7.5% Change long-term trend
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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 June 2013.

Housing market report

Canberra

The Canberra housing market has recorded solid growth over the June quarter, which follows a subdued period earlier in the year. Median house prices rose by 1.8 percent over the June quarter, to be up 4.2 percent over the 2013 financial year. Canberra's median house price is now at an all time high of \$576,248.

Quick stats

Average days on market

76	88	70
Jul 2013	12 months ago	Long-term trend

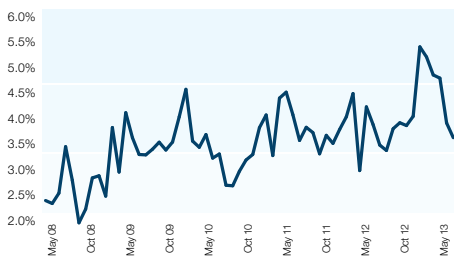
Average discount

4.6%	5.2%	4.9%
Jul 2013	12 months ago	Long-term trend

Stock on market

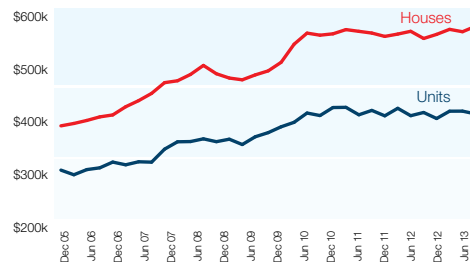
1.9k	12.8%	34.0%
Jul 2013	Change 12 months ago	Change long-term trend

Canberra unemployment rate



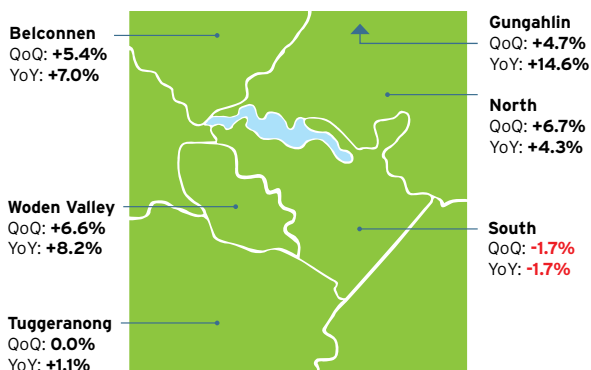
source: ABS

Median prices, Canberra

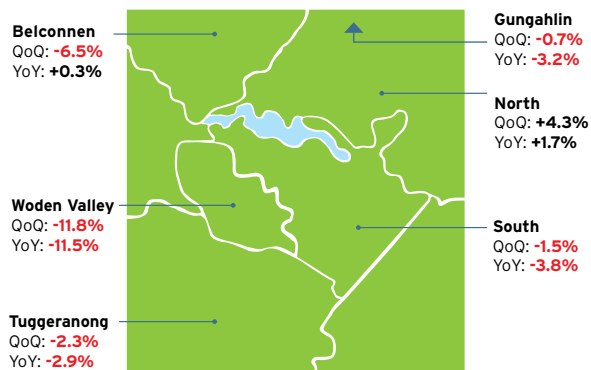


source: APM

Median price change by region (houses)



Median price change by region (units)



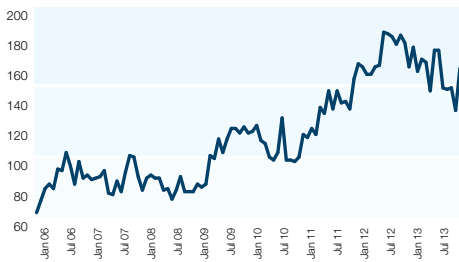
QoQ: Quarter on quarter change in median price. YoY: Year on year change in median price. Current period is 3 months to end of June 2013.

Housing market report

Gold Coast

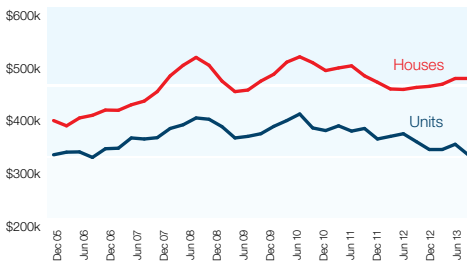
The Gold Coast market is showing positive signs of reactivation, following a lengthy period of subdued buyer activity. Although the median house price fell marginally by 0.3 percent over the June quarter, house prices have risen by 2.1 percent over the first half of 2013, and are up by 3.2 percent over the full year ending June.

Average days on market, Gold Coast



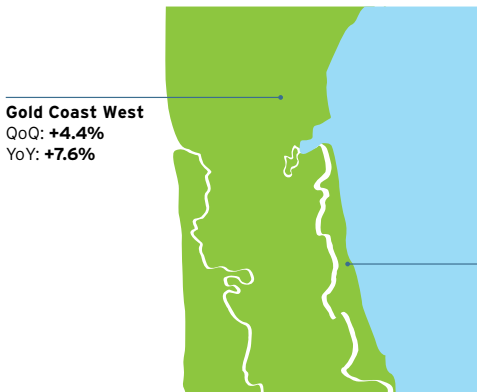
source: APM

Median prices, Gold Coast

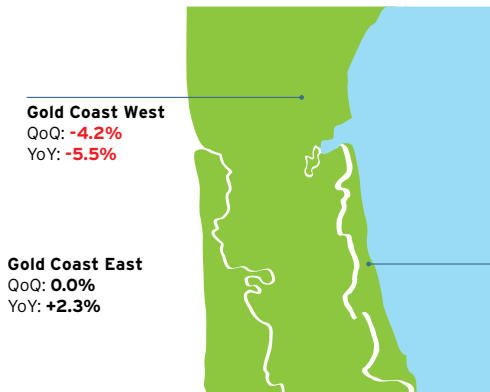


source: APM

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 June 2013.

Quick stats

Average days on market

142	164	134
Jul 2013	12 months ago	Long-term trend

Average discount

8.8%	10.7%	4.9%
Jul 2013	12 months ago	Long-term trend

Stock on market

10k	-9.4%	-4.8%
Jul 2013	Change 12 months ago	Change long-term trend

Housing market report

Hobart

Hobart's housing market is showing positive signs of bottoming out at last, following a prolonged period of declining house price growth. House prices remained steady over the June quarter, but are up by 2.4 percent over the first half of 2013.

Hobart's median house price remains 6.6 percent below its previous price peak recorded in December 2010, and is clearly the lowest of all the state capitals at \$317,659.

Some improvement in the Tasmanian economy was reported over July, with unemployment falling to 8.2 percent - but is still the highest of all the capitals.

Darwin

The Darwin housing market continues its volatile pattern of seasonal buyer activity, with the median house price falling by 2.1 percent over the June quarter, although up by 5.7 percent over the financial year.

Buyer activity and house prices can be expected to increase over the remainder of 2013, driven by a robust local economy and an influx of workers from interstate.

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 | August 2013

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