

Housing market report

Capital city market report

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Housing market report

No sign of winter pause as housing markets gather strength into spring

National overview

Buyer and seller activity in Australian capital city housing markets continues to improve, as the impact of low interest rates, rising confidence, and generally solid local economic performances fuel a now well-established recovery in house prices.

The national house price rose by 2.5 percent over the July quarter, up by 5.6 percent over the year. All capital cities recorded rises in median house prices over the July quarter, with the exception of Canberra and Hobart. Hobart is also the only capital that has not recorded an increase in house prices over the past year.

The lowest interest rates in 60 years are naturally a key ingredient to the current energy in capital housing markets. As expected, the Reserve Bank elected to keep interest rates on hold this month, following last month's 0.25 percent rate cut.

However, the national economy remains in the neutral zone, with no clear signs emerging of a sustained improvement or deterioration in activity generally. The Reserve Bank can be

expected to act to stimulate growth if key indicators, particularly the unemployment rate, weaken over coming months.

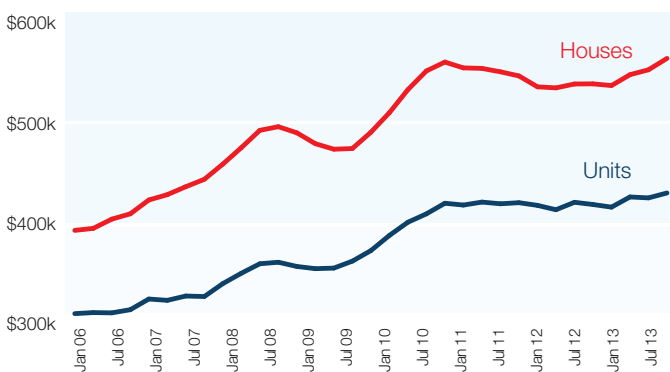
The current level of the Australian dollar is also a factor that will continue to put a downward pressure on interest rates over the short-term.

Latest data supports a neutral view on the current state of the economy, with monthly unemployment rates steady, and retail sales relatively flat - although home building approvals appear to be on the rise.

Increased investor activity continues to be a significant driver of rising housing market activity, particularly in Sydney and Perth, where solid yields, rising rents, low vacancy rates and rising prices are proving an irresistible magnet.

Following a strong winter performance, the national spring selling season is shaping up to be the best since 2010, with the prospect of increased buyer and seller activity, and healthy prices growth in most capitals.

Median prices, national



source: APM

Australian Dollar against the US Dollar



source: RBA

Median prices: 3 months to end July 2013

Houses			
	Median price	Quarterly change	Yearly change
Sydney	\$691,227	3.0%	7.0%
Melbourne	\$546,353	3.5%	5.2%
Brisbane	\$445,311	1.3%	2.9%
Adelaide	\$437,027	0.8%	1.8%
Perth	\$588,901	2.3%	8.8%
Canberra	\$572,279	-0.3%	2.2%
Gold Coast	\$475,000	-1.0%	3.9%
National	\$564,158	2.5%	5.6%

Units			
	Median price	Quarterly change	Yearly change
	\$496,768	2.5%	6.0%
	\$404,575	1.4%	4.3%
	\$354,728	-1.4%	-1.7%
	\$279,400	0.0%	-0.3%
	\$383,877	0.7%	9.8%
	\$392,859	-5.5%	-3.6%
	\$335,000	-6.2%	-3.0%
	\$430,657	1.4%	4.5%

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Sydney

The Sydney housing market has recorded one of its strongest ever winter performances. Weekend auction clearance rates over August were the highest for that month over the year, despite a significant rise in listings compared to the same period the year before.

Sydney's median house price increased sharply by 3 percent over the July quarter, and is now up 7 percent over the year. Sydney median unit prices also rose strongly over the quarter - up by 2.5 percent, for a rise of 6 percent over the year.

Investor activity is particularly strong in Sydney, with latest ABS home loan data reporting that the proportion of investor finance approved is at an all-time high of 54.1 percent of total housing loans - excluding refinancing.

A solid performance by the local Sydney economy is a key factor in the strength of the housing market, with the unemployment rate steady at 5.1 percent over recent months.

Although the Sydney housing market continues to record strong prices growth and buyer activity, sector performances remain mixed, with the prestige market still relatively subdued.

The upper north shore, the lower north shore and Sydney's south have produced particularly strong auction sales results over August.

Quick stats

Auction clearance rate

76%	60%	58%
Aug 2013	12 months ago	Long-term trend

Average days on market

72	90	81
Aug 2013	12 months ago	Long-term trend

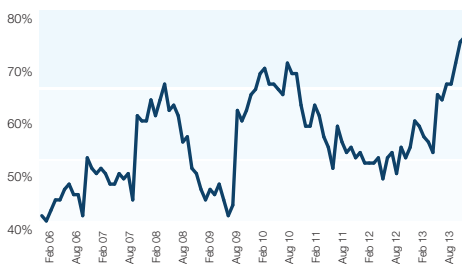
Average discount

5.4%	6.3%	6.4%
Aug 2013	12 months ago	Long-term trend

Stock on market

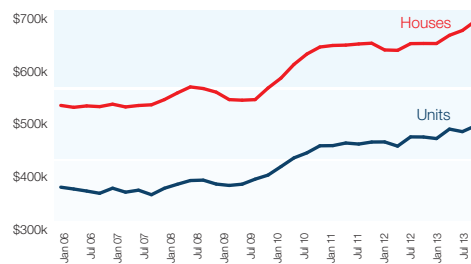
26k	-15.3%	-18.4%
Aug 2013	Change 12 months ago	Change long-term trend

Auction clearance rates, Sydney*



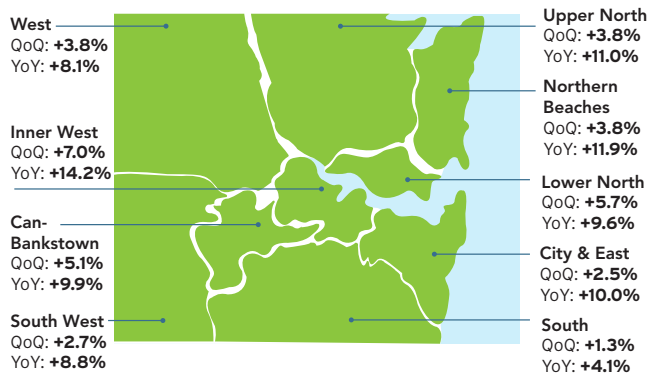
* January has been excluded due to low number of auctions

Median prices, Sydney

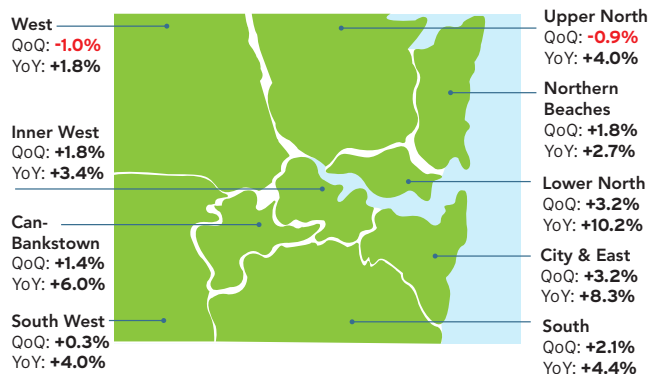


source: APM

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 July 2013.

Housing market report

Melbourne

The Melbourne housing market has provided signs of strengthening over the latter part of winter, with weekend auction clearance rates clearly and consistently rising. Auction clearance rates in Melbourne have risen despite increased listings, with auction numbers over August 25 percent higher than August last year.

Increased buyer activity in Melbourne is also consistent between suburban regions, buyer types and price ranges. Melbourne's outer east suburban region has been particularly active for buyers over August.

Melbourne recorded strong growth in median house prices over the July quarter, with an increase of 3.5 percent - the best result of all the major capitals. Unit prices were also up solidly in Melbourne over the July quarter, rising by 1.4 percent. House prices in Melbourne have increased by 5.2 percent over the year ending July, with unit prices rising by 4.3 percent.

Melbourne's housing market continues to perform at levels not recorded since the strong selling conditions of 2009-10, despite continuing question marks over the current state and future prospects of the local economy. July's unemployment rate of 5.5 percent remains notably higher than last July, which was 5.0 percent.

Quick stats

Auction clearance rate

73% Aug 2013	58% 12 months ago	64% Long-term trend
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Average days on market

93 Aug 2013	94 12 months ago	75 Long-term trend
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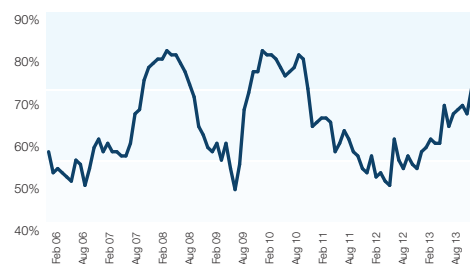
Average discount

6.1% Aug 2013	7.5% 12 months ago	6.5% Long-term trend
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Stock on market

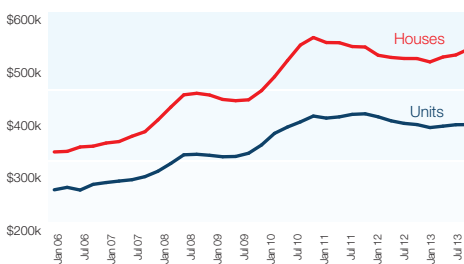
39k Aug 2013	-15.5% Change 12 months ago	16.4% Change long-term trend
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Auction clearance rates, Melbourne*



* January has been excluded due to low number of auctions

Median prices, Melbourne

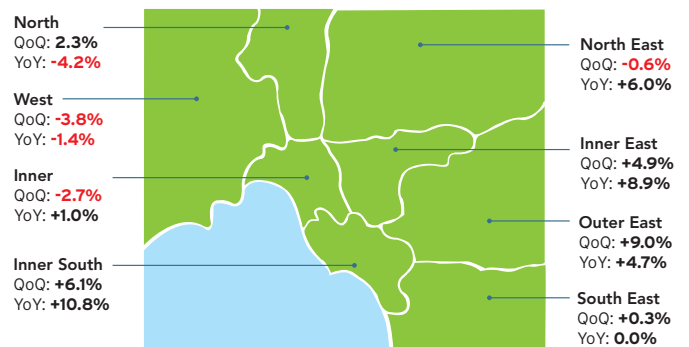


source: APM

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 July 2013.

Housing market report

Brisbane

Brisbane's housing market revival continues on track, with the median price rising by a solid 1.3 percent over the July quarter, up by an encouraging 2.9 percent over the year. Despite a clearly improving housing market, Brisbane house prices remain 6.2 percent lower than the previous peaks recorded in April 2010.

Brisbane unit prices fell over the July quarter, down by 1.4 percent, and have now fallen by 1.7 percent over the year to July. This result may be indicative of an emerging oversupply of new inner-city apartments.

Brisbane's housing market recovery is being facilitated by a noticeable improvement in the local economy. The latest ABS unemployment data for July reported a rate of just 4.8 percent for Brisbane, the best monthly result since November 2011 - a clear indication that the city's economic performance may at last be improving.

Quick stats

Auction clearance rate

41%	36%	33%
Aug 2013	12 months ago	Long-term trend

Average days on market

112	128	98
Aug 2013	12 months ago	Long-term trend

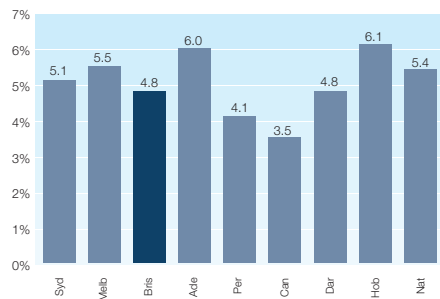
Average discount

6.9%	8.0%	7.5%
Aug 2013	12 months ago	Long-term trend

Stock on market

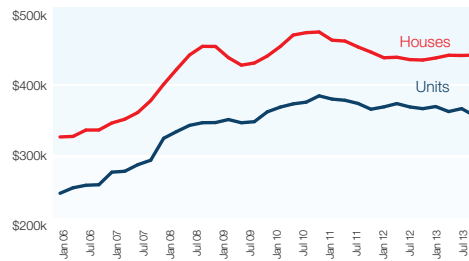
27k	1.5%	11.6%
Aug 2013	Change 12 months ago	Change long-term trend

Unemployment rate by city, Aug 2013



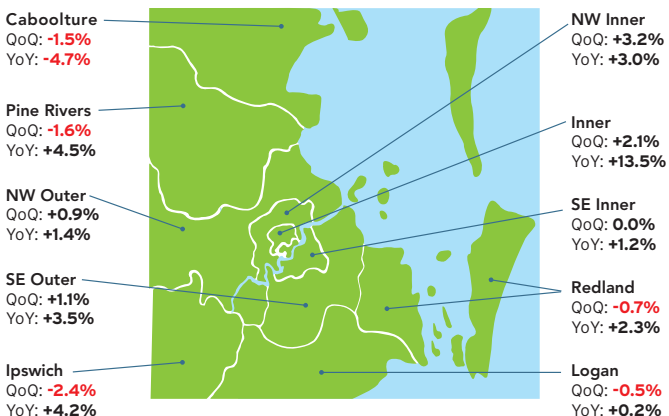
source: ABS

Median prices, Brisbane

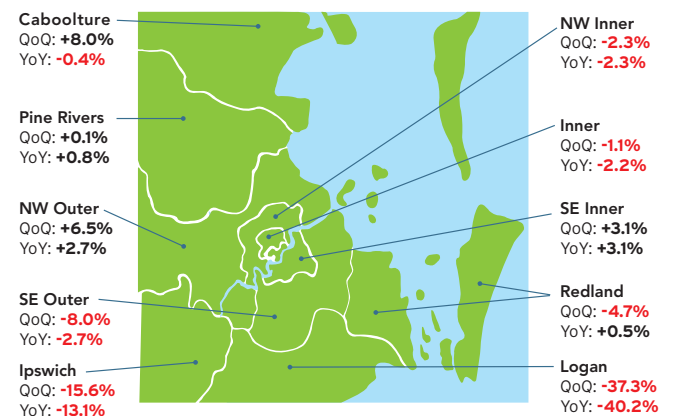


source: APM

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 July 2013.

Housing market report

Adelaide

The Adelaide housing market continues to provide positive signs that the recent subdued period of buyer activity may have at last bottomed out. Adelaide's median house price rose by 0.8 percent over the July quarter, with the median unit price steady. Adelaide's house prices have now increased by 1.8 percent over the year to July, although annual unit prices are down marginally by 0.3 percent.

Adelaide remains the most affordable of all the mainland capitals, with a July median house price of \$437,027.

Although showing definite signs of improvement, headwinds remain for the Adelaide housing market, principally as a consequence of an underperforming local economy. Unemployment remains stubbornly high, with the latest July local rate at 6.0 percent, a full percentage point higher than the 5.0 percent recorded a year ago.

Quick stats

Average days on market

120 Aug 2013	143 12 months ago	112 Long-term trend
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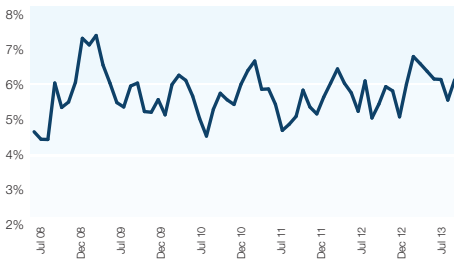
Average discount

6.6% Aug 2013	7.4% 12 months ago	6.6% Long-term trend
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Stock on market

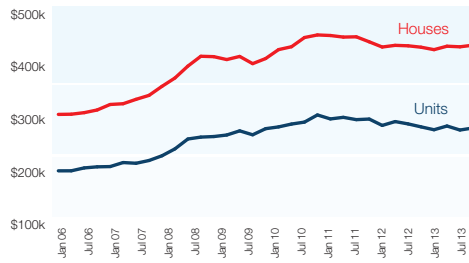
11k Aug 2013	-5.4% Change 12 months ago	10.0% Change long-term trend
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Adelaide unemployment rate



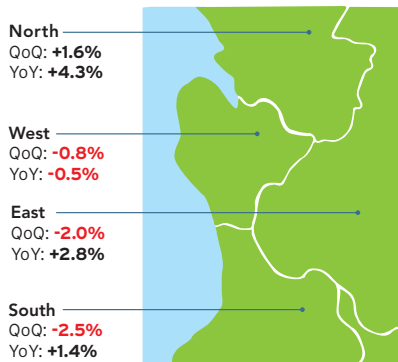
source: ABS

Median prices, Adelaide

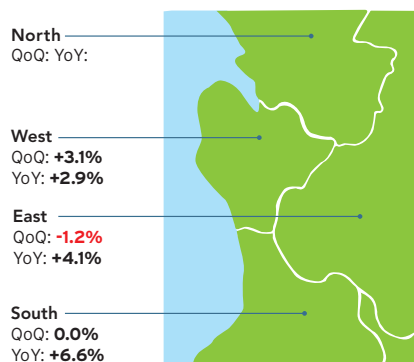


source: APM

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 July 2013.

Housing market report

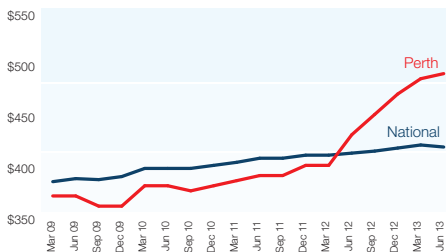
Perth

The Perth housing market remains one of the strongest capital city performers, driven by continued high population growth and an underlying shortage of accommodation.

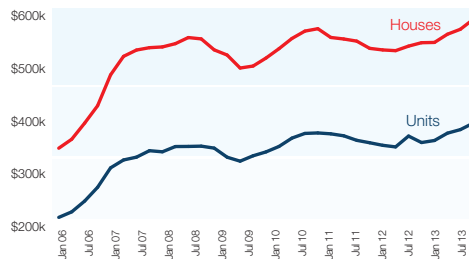
Perth's median house price increased by 2.3 percent over July, and is up by 8.8 percent over the year. Perth's unit prices rose by 0.7 over the quarter, and have increased by a significant 9.8 percent over the year to July. Perth's house and unit prices are clearly on track to grow by over 10 percent in 2013.

Continuing low unemployment rates in Perth, despite increased demand from a surge in eastern states jobseekers, is a key driver of house prices growth. The July Perth unemployment rate was just 4.1 percent - the lowest of all the major capitals.

Median weekly asking rent, houses June 2013



Median prices, Perth



source: APM

Quick stats

Average days on market

83	109	100
Aug 2013	12 months ago	Long-term trend

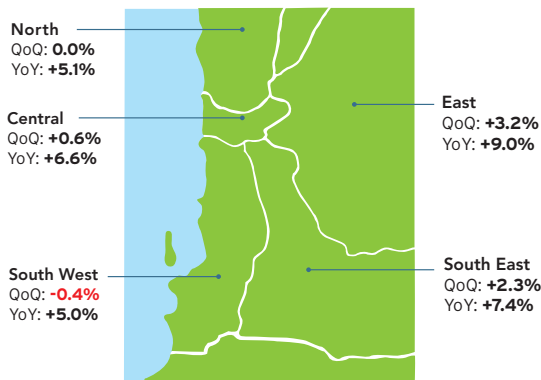
Average discount

5.5%	6.0%	7.3%
Aug 2013	12 months ago	Long-term trend

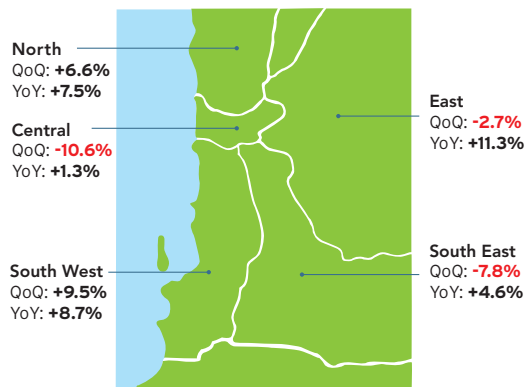
Stock on market

23k	6.9%	8.4%
Aug 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 July 2013.

Housing market report

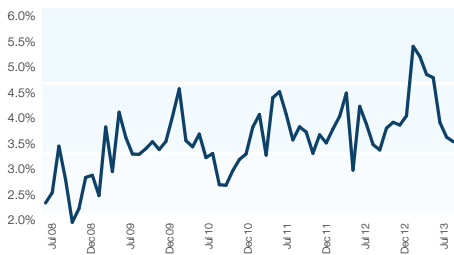
Canberra

Canberra house prices fell marginally over the July quarter, down by 0.3 percent. Unit prices also fell over the quarter, down sharply by 5.5 percent.

Despite the fall, Canberra house prices remain 2.2 percent higher than in July 2012, however unit prices are now 3.6 percent lower than a year ago.

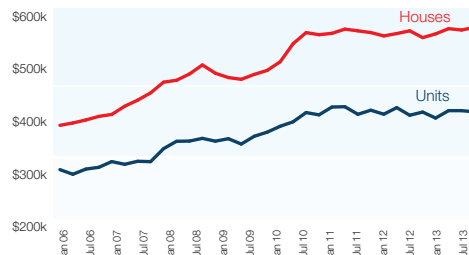
The local economy continues to perform encouragingly, with the ABS July unemployment rate at 3.5 percent - the lowest rate recorded since August 2012.

Canberra unemployment rate



source: ABS

Median prices, Canberra



source: APM

Quick stats

Average days on market

85	78	70
Aug 2013	12 months ago	Long-term trend

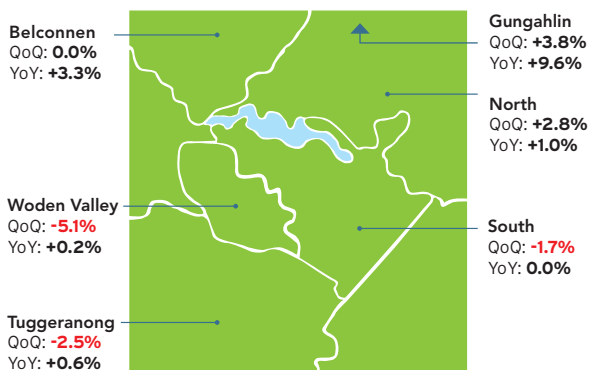
Average discount

4.8%	4.7%	4.9%
Aug 2013	12 months ago	Long-term trend

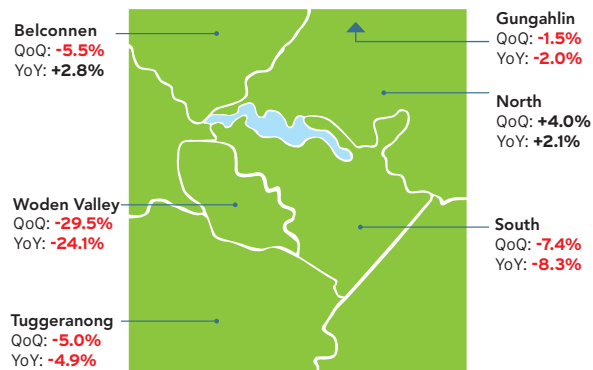
Stock on market

1.9k	4.5%	33.4%
Aug 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 July 2013.

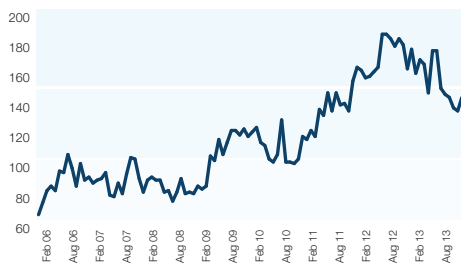
Housing market report

Gold Coast

The Gold Coast housing market continues on its slow but steady path to recovery. Although median house prices fell by 1.0 percent over the July quarter, prices have now risen by an encouraging 3.9 percent over the year.

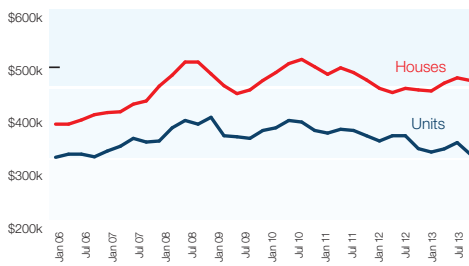
It's no coincidence that rising buyer activity in the Gold Coast housing market is occurring as the local economy improves, with latest ABS data reporting the local unemployment rate falling sharply over July to 5.2 percent.

Average days on market, Gold Coast



source: APM

Median prices, Gold Coast



source: APM

Quick stats

Average days on market

145	177	134
Aug 2013	12 months ago	Long-term trend

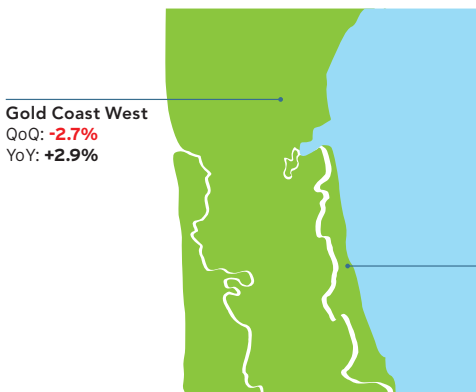
Average discount

8.0%	10.9%	9.7%
Aug 2013	12 months ago	Long-term trend

Stock on market

10k	-12.1%	-7.3%
Aug 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 July 2013.

Housing market report

Hobart

After showing recent signs of improvement, Hobart's housing market slipped back over July, indicating a market still struggling to recover.

Hobart's median house price fell sharply by 2.7 percent over the July quarter, and is down by 1.8 percent over the year. Hobart is the only capital city that has failed to record an increase in house prices over the year ending July.

Hobart's median house price remains 10.1 percent below its previous price peak, recorded in June 2010, and at just \$305,528, is clearly the most affordable of all the state capitals.

Darwin

There was more seasonal volatility from the Darwin housing market over the July quarter, with house prices up sharply by 7.2 percent, and up by 10.8 percent over the year. However, Darwin unit prices fell by 0.5 percent over the quarter, but were still up by 9.4 percent over the year.

Accommodation shortages and a strong performance by the local economy will continue to generate strong prices growth in Darwin through the remainder of 2013.

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