

# Housing market report

## Capital city market report

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# Housing market report

## Strong Melbourne and Sydney markets surge into spring as others fade or flatline

### National overview

National housing prices increased by 2.4 percent over the three months to August, and are now up by 7.1 percent over the year. Although recording another solid quarterly rise in median house prices, the national result was primarily a result of strong increases in both Melbourne and Sydney. Brisbane recorded moderate price growth over the quarter, up 1.1 percent, while all other capitals either tracked sideways or recorded price falls over the quarter. The mixed results reflect the continued general underperformance and fragility of local economies despite the lowest interest rates for 60 years.

The decision by the Reserve Bank to leave rates on hold again this month signals their intention to stimulate a weakening national economy. The unemployment rate increased over August to 5.8 percent, which is the highest monthly rate recorded for four years. The national unemployment rate is now significantly higher than the 5.1 percent recorded at the same time last year.

The Australian dollar has continued to strengthen over recent weeks, contrary to the RBA preferred position on the local currency. Retail sales remain flat and although house building has improved over recent months, overall levels remain relatively modest given the historically low interest rate settings.

If the national economy continues to deteriorate, the likelihood is that the RBA will act sooner rather than later with a further cut to interest rates.

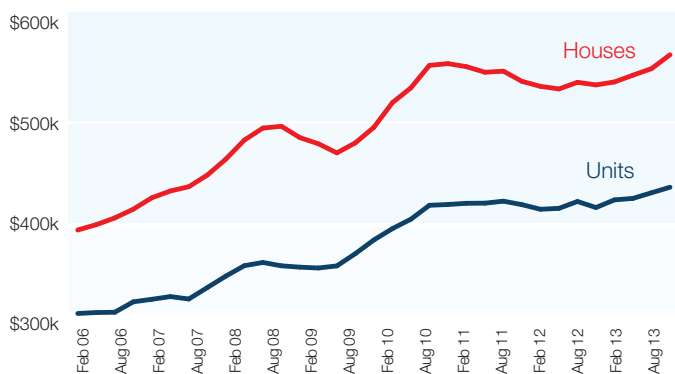
The apparent dilemma for the Bank is the current strong performance of housing markets, which have seen the strongest prices growth in four years. However, recent housing market performance remains mixed, with strong performances in Sydney and Melbourne being offset by continuing flat prices growth in other capitals.

Despite strong growth in Australia's two largest markets, underlying drivers remain problematic for sustained high levels of house price growth next year, with unemployment predicted to rise and economic growth to deteriorate. Wages and profit growth remain subdued in a low inflation economy, and a stagnant stock market continues to constrain growth in the prestige market.

Despite significant investor activity, the prospect of sharply falling rental yields in the Sydney market will also prove a disincentive for new investors.

Prices growth in Sydney and Melbourne is likely to peak over the next six months with continued solid growth dependent on a sustained revival in the economy, and unemployment falling to or below 5 percent. However, the spring market in both these cities can be expected to strengthen to the highest levels recorded since the strong market conditions of 2009 and 2010. Current trends indicate that other markets will continue to record modest growth at best, with the Perth market showing early signs of running out of steam.

### Median prices, national



source: APM

### Australian Dollar against the US Dollar



source: RBA

### Median prices: 3 months to end August 2013

Houses				Units		
	Median price	Quarterly change	Yearly change	Median price	Quarterly change	Yearly change
Sydney	\$705,288	3.1%	9.2%	\$501,178	1.8%	7.4%
Melbourne	\$555,297	4.0%	7.9%	\$401,775	2.1%	3.1%
Brisbane	\$446,637	1.1%	2.9%	\$347,377	-1.0%	-4.1%
Adelaide	\$437,254	0.2%	1.9%	\$283,739	0.8%	2.2%
Perth	\$586,381	0.5%	7.9%	\$395,102	0.9%	10.9%
Canberra	\$572,417	-2.1%	4.1%	\$400,865	-3.0%	0.3%
Gold Coast	\$470,000	-2.1%	2.2%	\$335,000	-5.6%	-2.9%
<b>National</b>	<b>\$570,755</b>	<b>2.4%</b>	<b>7.1%</b>	<b>\$432,066</b>	<b>1.3%</b>	<b>4.9%</b>

# Housing market report

## Sydney

The Sydney housing market has recorded its best August quarter result since 2009, with median house prices increasing by 3.1 percent, and up by 9.2 percent over the year ending August 2013. Sydney unit prices recorded a solid result over the quarter, increasing by 1.8 percent, and are now 7.4 percent higher compared to last year.

The Sydney median house price now exceeds \$700,000 at a record high of \$705,288, with the median unit price exceeding \$500,000, also a record at \$501,178.

The spring market in Sydney is strengthening, with the September auction clearance rate at 78.5 percent, the highest monthly result ever recorded. These record auction clearance rates have been achieved despite a surge in listings, with auction listings 26 percent higher in September this year compared to September last year.

Investor activity remains strong in Sydney, with the latest ABS home loan data reporting that the proportion of investor finance approved continues just above 50 percent of total housing loans (excluding refinancing).

Early signs however are emerging of deterioration in the local economy, with the August unemployment rate increasing sharply to 5.7 from the 5.1 recorded the month before. This is the highest monthly rate for Sydney since December 2011.

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

The current trend of prices growth can be expected to be maintained over the remainder of 2013, enhanced by those buyers and sellers taking advantage of the current strong market conditions.

## Quick stats

### Auction clearance rate

<b>78%</b> Sep 2013	<b>59%</b> 12 months ago	<b>60%</b> Long-term trend
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### Average days on market

<b>62</b> Sep 2013	<b>82</b> 12 months ago	<b>80</b> Long-term trend
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### Average discount

<b>4.9%</b> Sep 2013	<b>6.2%</b> 12 months ago	<b>6.2%</b> Long-term trend
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### Stock on market

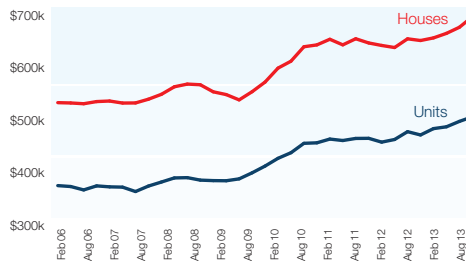
<b>25k</b> Sep 2013	<b>-19.7%</b> Change 12 months ago	<b>-18.7%</b> Change long-term trend
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### Auction clearance rates, Sydney\*



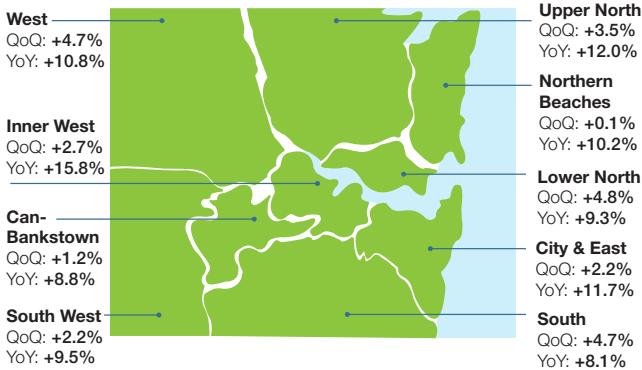
\* January has been excluded due to low number of auctions

### Median prices, Sydney

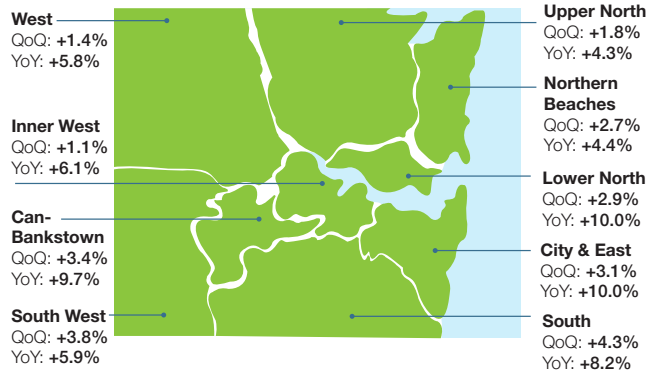


source: APM

### 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 August 2013.

# Housing market report

## Melbourne

The Melbourne housing market continues to strengthen although activity levels remain below those recorded during the strong market conditions of 2009 and 2010.

Melbourne recorded an auction clearance rate of 71.4 percent over September, similar to the August result, but significantly higher than the 58.8 percent recorded in August 2012. Sellers continue to engage the auction market in increasing numbers, with September listings 16 percent higher than recorded over the same period the year before.

Melbourne recorded strong growth in median house prices over the August quarter, with an increase of 4.0 percent - the best result of all the capitals. Unit prices were also up solidly in Melbourne over the August quarter, rising by 2.1 percent. House prices in Melbourne have increased by 7.9 percent over the year ending August, with unit prices rising by 3.1 percent.

Solid to strong results are being recorded broadly across buyer types, price brackets and suburban regions in Melbourne. However, signs are emerging of deterioration in the local economy, with the Melbourne unemployment rate rising to 5.9 percent in August compared to 5.4 percent in August 2012.

## Quick stats

Auction clearance rate

<b>71%</b> Sep 2013	<b>59%</b> 12 months ago	<b>65%</b> Long-term trend
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Average days on market

<b>90</b> Sep 2013	<b>90</b> 12 months ago	<b>77</b> Long-term trend
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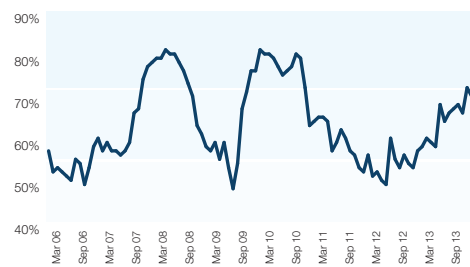
Average discount

<b>6.1%</b> Sep 2013	<b>7.2%</b> 12 months ago	<b>6.6%</b> Long-term trend
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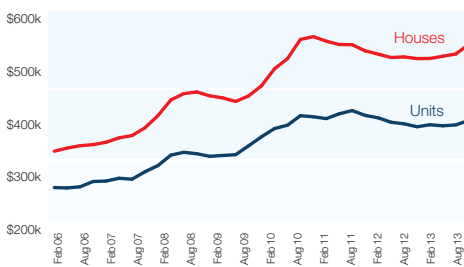
Stock on market

<b>39k</b> Sep 2013	<b>-15.3%</b> Change 12 months ago	<b>11.9%</b> Change long-term trend
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### Auction clearance rates, Melbourne\*



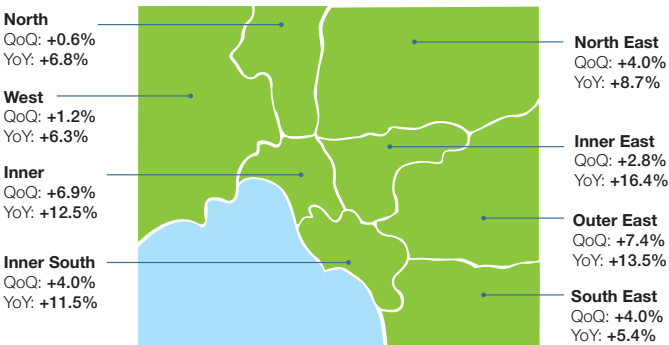
### Median prices, Melbourne



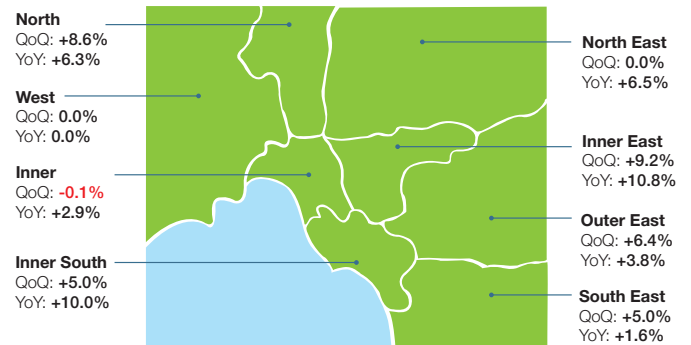
\* January has been excluded due to low number of auctions

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 August 2013.

# Housing market report

## Brisbane

Brisbane's slow and steady housing market revival continues with the median price rising by a modest 1.1 percent over the August quarter, and is up modestly by 2.9 percent over the year. Despite improving housing market activity, Brisbane house prices remain 5.4 percent lower than the previous peaks recorded in May 2010.

Brisbane unit prices however continue to fall, decreasing by 1.0 percent over the quarter and down by 4.1 percent over the year to August.

Recent improvements in the performance of the local economy have been sidelined at least for the moment, with a rise in the unemployment rate to 5.5 percent over August. This rate nonetheless remains below that recorded by both Sydney and Melbourne, and just above the 5.3 percent recorded the year before over August.

## Quick stats

Auction clearance rate

<b>41%</b> Sep 2013	<b>39%</b> 12 months ago	<b>34%</b> Long-term trend
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Average days on market

<b>114</b> Sep 2013	<b>116</b> 12 months ago	<b>103</b> Long-term trend
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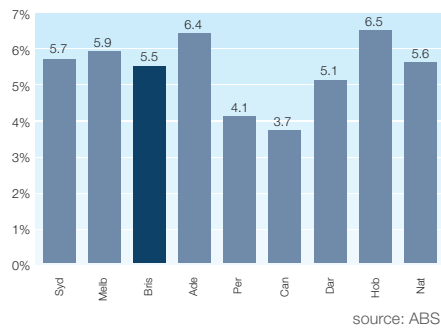
Average discount

<b>6.7%</b> Sep 2013	<b>7.9%</b> 12 months ago	<b>7.7%</b> Long-term trend
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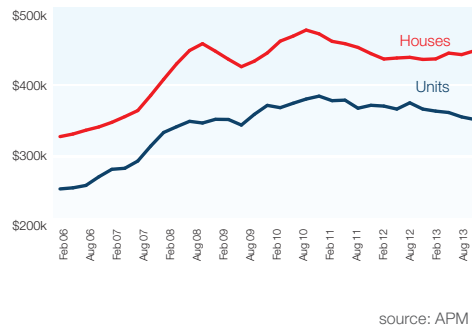
Stock on market

<b>27k</b> Sep 2013	<b>-0.5%</b> Change 12 months ago	<b>7.5%</b> Change long-term trend
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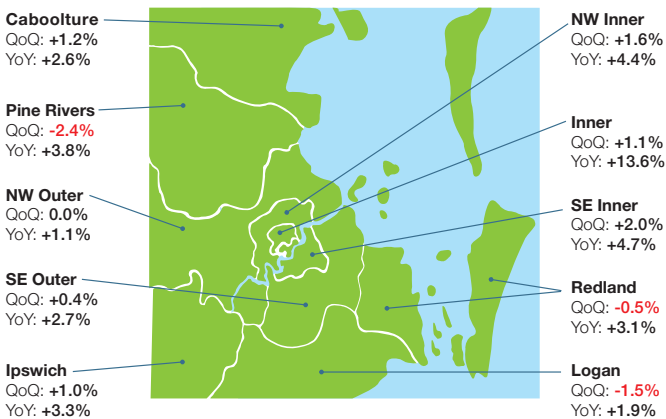
### Unemployment rate by city, Aug 2013



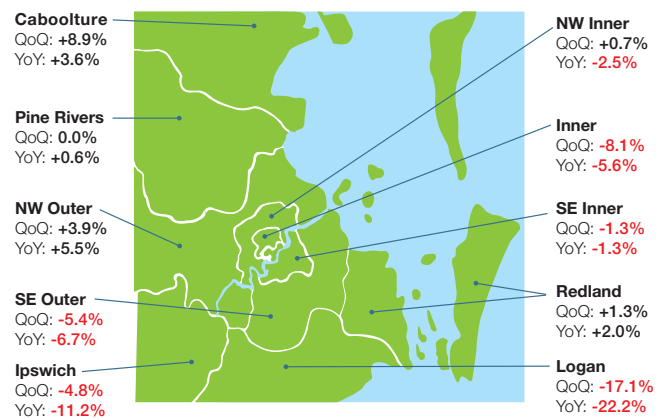
### Median prices, Brisbane



### 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 August 2013.

# Housing market report

## Adelaide

There are continuing positive signs for the Adelaide housing market, which has now recorded five consecutive quarters of growth in house prices. Although recording consistent growth, prices nonetheless remain relatively subdued with a clear sense that the market continues to bump along the bottom.

Adelaide's median house price increased by just 0.2 percent over the August quarter, and is up by 1.9 percent over the year. The median unit price increased by 0.8 percent over the quarter, and is up by 2.2 percent over the year.

Adelaide remains the most affordable of all the mainland capitals with an August median house price of \$437,254 and a median unit price of \$283,739.

A significant deterioration in the local economic performance will prove a barrier to increased buyer activity in the Adelaide housing market. The Adelaide unemployment rate rose sharply to 6.4 percent over August, which is 1.1 percent higher than the 5.3 percent recorded the year before.

## Quick stats

Average days on market

<b>121</b> Sep 2013	<b>145</b> 12 months ago	<b>117</b> Long-term trend
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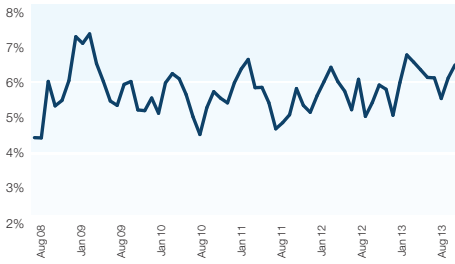
Average discount

<b>6.6%</b> Sep 2013	<b>7.6%</b> 12 months ago	<b>6.7%</b> Long-term trend
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Stock on market

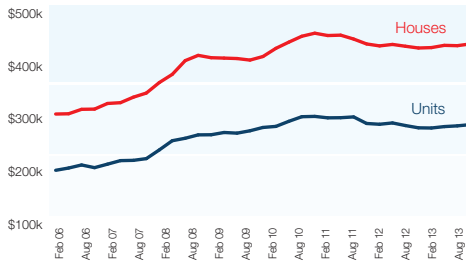
<b>11k</b> Sep 2013	<b>-6.8%</b> Change 12 months ago	<b>3.8%</b> Change long-term trend
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### Adelaide unemployment rate



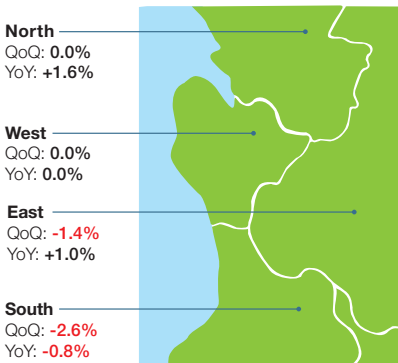
source: ABS

### Median prices, Adelaide

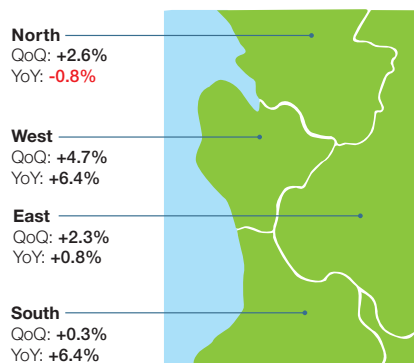


source: APM

### 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 August 2013.

# Housing market report

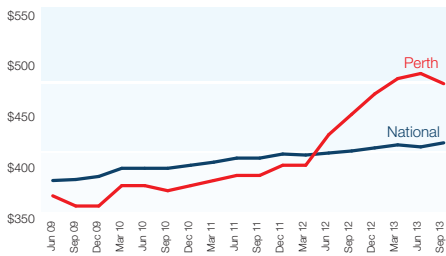
## Perth

The Perth housing market is showing early signs of plateauing after a sustained period of solid prices growth. Perth's median house price increased marginally by 0.5 percent over the August quarter, but has nonetheless risen by 7.9 percent over the year ending August. Unit prices in Perth increased by 0.9 percent, and are up by 10.9 percent over the year.

Perth house prices have now risen steadily for two years, with signs emerging of affordability barriers impacting on prices growth.

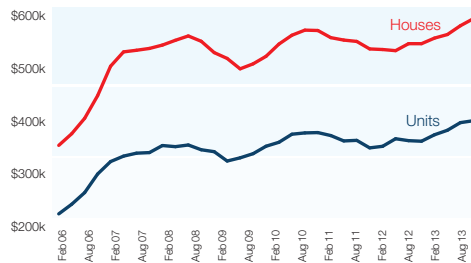
Low unemployment rates, despite high levels of immigration, will continue to support housing market activity. The August Perth unemployment rate remains steady at 4.1 percent, clearly the lowest of all the major capitals.

### Median weekly asking rent, houses September 2013



source: APM

### Median prices, Perth



source: APM

## Quick stats

Average days on market

<b>81</b>	<b>97</b>	<b>100</b>
Sep 2013	12 months ago	Long-term trend

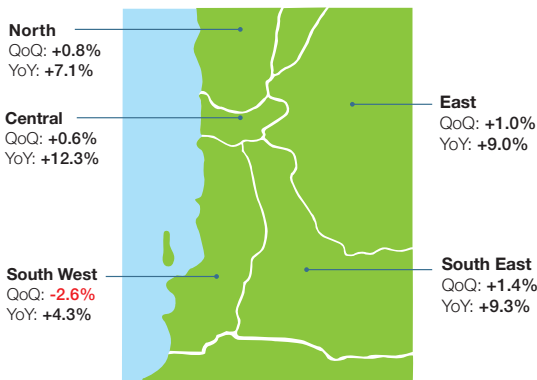
Average discount

<b>5.3%</b>	<b>5.7%</b>	<b>7.2%</b>
Sep 2013	12 months ago	Long-term trend

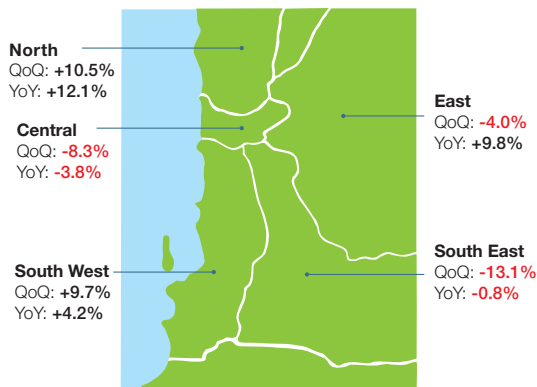
Stock on market

<b>23k</b>	<b>4.4%</b>	<b>5.3%</b>
Sep 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 August 2013.

# Housing market report

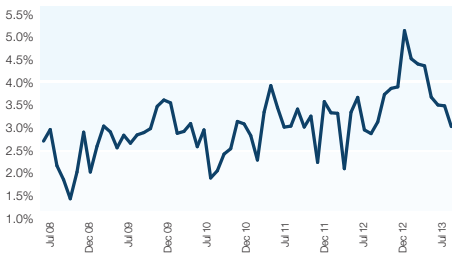
## Canberra

The Canberra housing market has shown significant volatility over the past 18 months. August quarter house prices were down sharply on the previous quarter, falling by 2.1 percent. Unit prices also fell sharply over the quarter, down by 3.0 percent.

The distraction of the federal election may have impacted on local housing market activity over August, with the performance of the local economy perhaps another contributing factor.

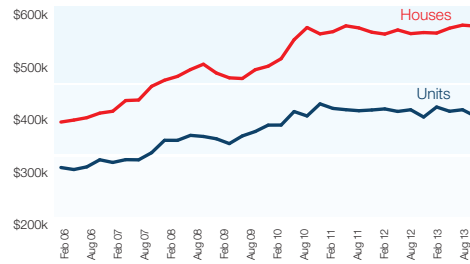
The Canberra August unemployment rate of 3.7 percent was up slightly over the month, and remains higher than the 3.3 percent recorded a year ago.

### Canberra unemployment rate



source: ABS

### Median prices, Canberra



source: APM

## Quick stats

Average days on market

<b>70</b>	<b>79</b>	<b>71</b>
Sep 2013	12 months ago	Long-term trend

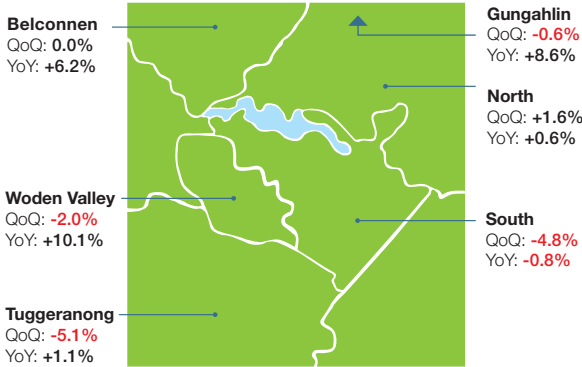
Average discount

<b>4.6%</b>	<b>5.4%</b>	<b>4.9%</b>
Sep 2013	12 months ago	Long-term trend

Stock on market

<b>1.7k</b>	<b>-1.4%</b>	<b>21.3%</b>
Sep 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 August 2013.



# Housing market report

## Gold Coast

Following recent signs of growth, the Gold Coast median house price fell by 2.1 percent over the August quarter, but remains 2.2 percent higher than the August quarter last year. However, the Gold Coast unit market continues to weaken, with unit prices falling sharply by 5.6 percent over the quarter, and down by 2.9 percent over the year.

There was a sharp rise in the unemployment rate in the Gold Coast over August to a concerning 6.8 percent, which if sustained will provide a further impediment to a housing market still struggling for lift off.

## Quick stats

Average days on market

<b>168</b>	<b>161</b>	<b>141</b>
Sep 2013	12 months ago	Long-term trend

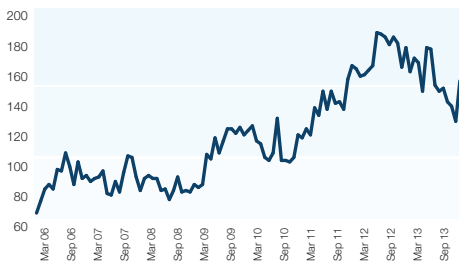
Average discount

<b>7.9%</b>	<b>10.2%</b>	<b>9.9%</b>
Sep 2013	12 months ago	Long-term trend

Stock on market

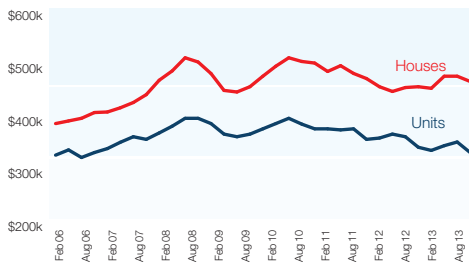
<b>10k</b>	<b>-9.2%</b>	<b>-11.9%</b>
Sep 2013	Change 12 months ago	Change long-term trend

Average days on market, Gold Coast



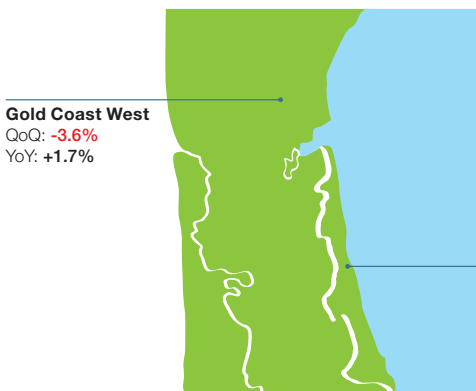
source: APM

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 August 2013.

# Housing market report

## Hobart

Hobart recorded consecutive quarters of house price growth over the August quarter for the first time since May 2010. The August median house price at \$316,228 was 1.0 percent higher than the previous quarter and 0.7 percent higher than the August quarter in 2012.

Hobart's median house price remains 7.1 percent below its previous price peak record from May 2010.

The Hobart unemployment rate over August of 6.5 percent was up from the 6.1 percent recorded over July with the local economy continuing to underperform.

## Darwin

Seasonal volatility impacted the Darwin housing market over the August quarter, with house prices up sharply by 5.0 percent over the quarter and up by 8.3 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.

Unemployment rates remain unusually high, which may cause some moderation in housing market activity.

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