



Residential Sydney most expensive but Melbourne best performer

Median house prices on the rise

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Growing competition among homebuyers has pushed median house prices around the country to within 1 per cent of peak levels.

The national median house price rose 1.7 per cent in the first three months of the year to \$551,685, says a report released on Tuesday by **Fairfax Media's Australian Property Monitors**.

APM senior economist Dr **Andrew Wilson** put the stronger prices down to persisting low interest rates and a lift in confidence among sellers and buyers.

UBS senior economist **Scott Haslem** put the encouraging result down to an under-supply of housing at a time when easier credit and stronger job security made buyers more confident to re-enter the market.

"We've got a moderate improvement in the housing cycle under way," he said.

Sydney remained the most expensive city in the country, said the report. It is leading the country in both the median house price of \$673,681 and apartment price of \$473,808. Melbourne was the best performer over the quarter, with house prices jumping 3.6 per cent in the three months and apartment prices rising 2.6 per cent to \$402,197.

Melbourne's median house price has gained 3.7 per cent over the past year, but still remains 4.2 per cent below peak levels.

The southern city was one of just three cities, including Darwin and Perth, to post higher unit prices. Nationwide, the median apartment price slid 0.7 per cent.

Dr Wilson put the soft result in unit prices in some cities down to an abundance of new supply, particularly in

Sydney and Brisbane.

Lifestyle preference in other cities, such as Perth, also played a factor in driving demand for houses, rather than units.

Canberra and Adelaide posted lower house and unit prices, a result which Dr Wilson said was a reflection of a struggling local economy and relatively high unemployment levels. For some, the 0.4 per cent drop in Canberra prices was expected, in advance of the possible election of a cost-cutting Coalition federal government.

Mr Haslem expects prices will "drift up" over the course of the year, but says spikes remain unlikely. "As much as affordability is as good as it's ever been, housing is still hardly cheap. It won't take a lot for a sense of affordability to be undermined."

