

Housing market report

Capital city market report

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Housing market report

2014 to be another year of positive but mixed prices growth

National overview

Over 2013, the Australian capital city housing market recorded its best year for prices growth since 2009. The national median house price increased by up to 9 percent compared to 10 percent in 2009.

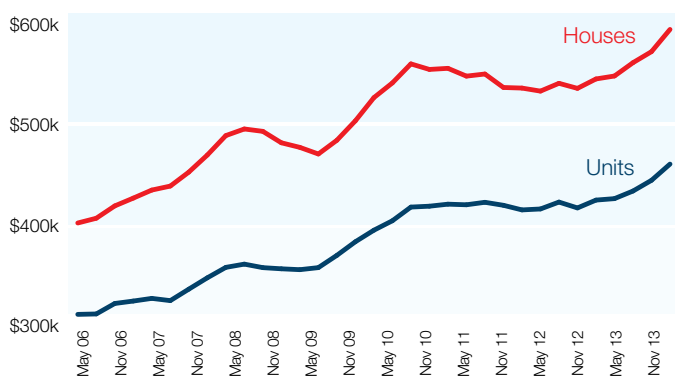
Contributions to the solid rise in the national house price were mixed. Sydney was the outstanding performer, with local prices increasing by up to 13 percent over the year. Melbourne and Perth recorded solid prices growth of up to 8 percent, however prices growth in Brisbane, Adelaide and Canberra was subdued by comparison.

Buyer demand was also mixed within capital city markets, with activity levels varying between buyer types, regions and price ranges.

Low and falling interest rates were the underlying catalyst for the overall improvement in housing market activity throughout 2013. The lowest headline rate in 60 years significantly improved affordability for home buyers, however local factors dictated the level of prices growth – in particular the performance of local economies.

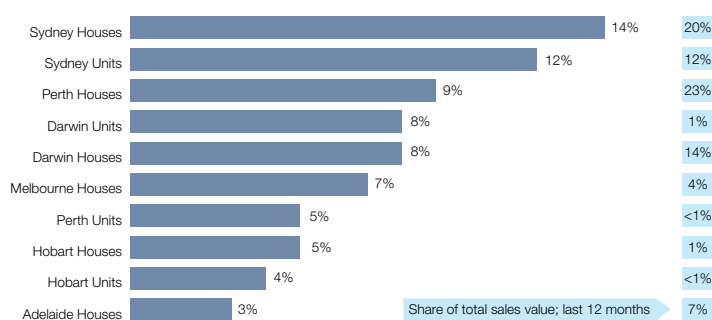
The national housing market will record positive growth again in 2014, although the level of growth will likely be half that recorded in 2013. Local economic conditions will continue to be a key driver of prices growth, with those export-focused resource economies likely to perform best within a lower and falling dollar environment. However, rising unemployment and falling living standards will impact other local housing markets, particularly in Sydney and Melbourne.

Median prices, national



source: APM

Yearly median price growth, Top 10, Nov Qtr '13



source: RBA

Median prices: 3 months to end November 2013

Houses				Units			
	Median price	Quarterly change	Yearly change	Median price	Quarterly change	Yearly change	
Sydney	\$753,168	6.5%	14.4%	\$538,110	5.2%	11.7%	
Melbourne	\$569,112	4.2%	8.9%	\$420,401	3.4%	6.7%	
Brisbane	\$449,644	1.0%	2.9%	\$362,254	-1.2%	0.8%	
Adelaide	\$446,511	2.2%	3.1%	\$290,611	2.4%	4.7%	
Perth	\$555,600	-0.9%	-2.8%	\$426,110	4.4%	1.7%	
Canberra	\$599,927	1.2%	8.2%	\$398,619	1.8%	8.2%	
Gold Coast	\$317,678	1.6%	0.9%	\$254,348	-7.6%	-5.1%	
National	\$665,030	-1.6%	5.1%	\$425,954	-1.0%	4.3%	

Housing market report

Sydney

Sydney was the standout performer amongst the capital city markets in 2013 with annual prices growth set to exceed the 12 percent recorded in 2009 – which would be the best result in a decade. Sydney's inner west, upper north shore and west suburban regions recorded strong prices growth of up to 20 percent over the year, with the inner west median house price now tracking above \$1 million and the upper north shore close behind it.

Record levels of investor activity were a significant factor in Sydney house price growth in 2013, although first home buyer activity and the prestige market remained relatively flat.

The Sydney housing market is set for a solid start to 2014, as confidence and enthusiasm particularly amongst mid-price range inner and middle-ring suburban buyers remains high. However, buyer activity and prices growth should begin to moderate by mid-year as the effect of falling affordability and a deteriorating economy impact the housing market. Sharply falling yields, rising vacancy rates and a rising sharemarket should act to moderate investor activity.

Despite the prospect of an early year cut in interest rates, Sydney houses prices will rise by between 5 and 7 percent over 2014 with most of that increase occurring in the first half of the year.

Quick stats

Auction clearance rate

70% Dec 2013	54% 12 months ago	62% Long-term trend
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Average days on market

54 Dec 2013	78 12 months ago	79 Long-term trend
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Average discount

5.0% Dec 2013	6.1% 12 months ago	6.0% Long-term trend
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Stock on market

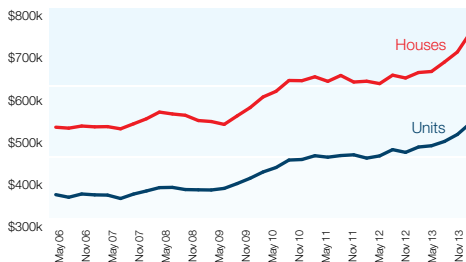
23k Dec 2013	-17.0% Change 12 months ago	-24.0% Change long-term trend
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Auction clearance rates, Sydney*



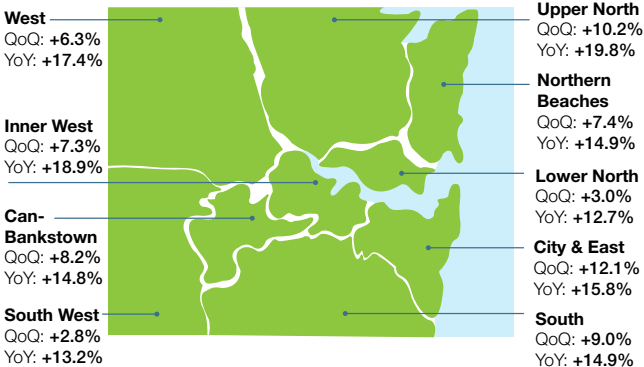
* January has been excluded due to low number of auctions

Median prices, Sydney

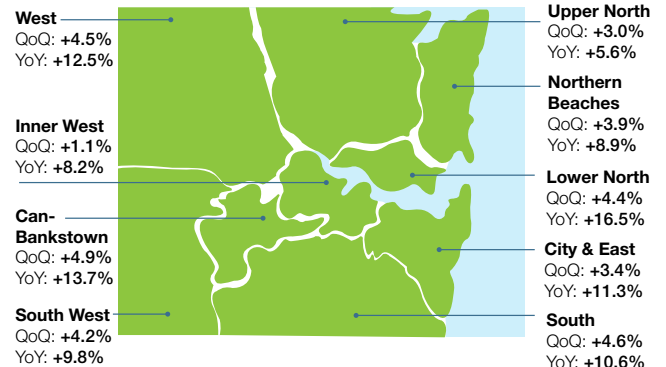


source: APM

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 September 2013.

Housing market report

Melbourne

The Melbourne housing market recorded a solid year of buyer activity through 2013 with most price sections, buyer types and suburban regions reporting growth. The inner-east prestige market and the outer-east, mid-price range markets were the best performers over the year, with prices growth over 10 percent.

The Melbourne market overall will record prices growth of up to 8 percent over 2013, which is the best result since 2009 when prices increased by 15 percent. Despite a solid year of prices growth, the Melbourne median house price will remain at around the levels recorded in 2010.

The Melbourne housing market gave definite indications of waning through the latter part of 2013, with auction clearance rates slipping in the face of an unprecedented end of year surge in listings.

Market activity should remain solid through the autumn period, although buyer activity is set to moderate through the year. Expect Melbourne's median house prices to increase by between 3 and 5 percent over 2014.

Quick stats

Auction clearance rate

66% Dec 2013	60% 12 months ago	66% Long-term trend
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Average days on market

77 Dec 2013	82 12 months ago	77 Long-term trend
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Average discount

6.1% Dec 2013	6.9% 12 months ago	6.5% Long-term trend
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Stock on market

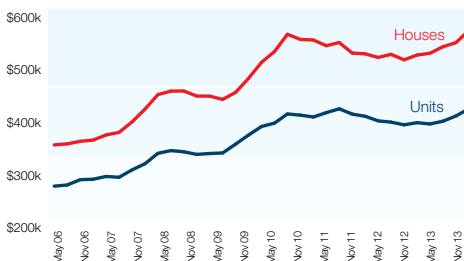
41k Dec 2013	0.6% Change 12 months ago	15.6% Change long-term trend
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Auction clearance rates, Melbourne*



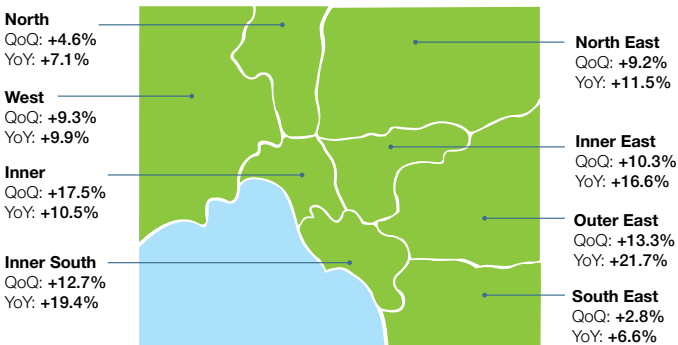
* January has been excluded due to low number of auctions

Median prices, Melbourne

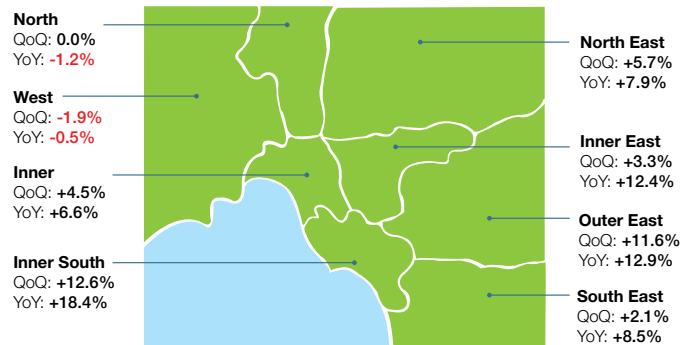


source: APM

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 September 2013.

Housing market report

Brisbane

The Brisbane housing market continued on its slow but steady recovery through 2013 with the median house price set to increase by up to 5 percent. Although this will clearly be the best annual result since 2010, Brisbane house prices will, nonetheless, remain around 5 percent below their previous price peaks of over three years ago.

Buyer activity was strongest in the mid-price range, inner and middle ring suburbs to the north, north-east and south-east of Brisbane.

The Brisbane housing market will continue to move solidly through recovery mode in 2014 as the Queensland economy reactivates through a lower dollar environment. An improved economic performance was evident at the end of 2013 with the local unemployment rate trending down to below those of Sydney and Melbourne where trend unemployment is rising.

Falling unemployment, population growth from southern jobseekers, increased house investor activity chasing high yields, rising rents and rising prices together with ongoing perceptions of value buying opportunities in the mid and upper-price ranges will continue to drive the Brisbane market.

Brisbane house prices will increase by 5 to 7 percent in 2014, to finally recover to the previous peak levels of 2010.

Quick stats

Auction clearance rate

43%	35%	35%
Dec 2013	12 months ago	Long-term trend

Average days on market

107	105	103
Dec 2013	12 months ago	Long-term trend

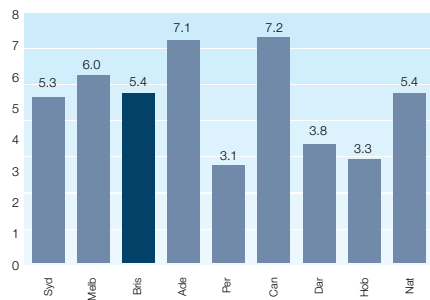
Average discount

6.1%	7.8%	7.6%
Dec 2013	12 months ago	Long-term trend

Stock on market

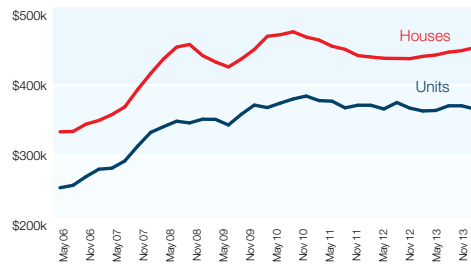
27k	6.2%	8.7%
Dec 2013	Change 12 months ago	Change long-term trend

Unemployment rate by city, Nov 2013



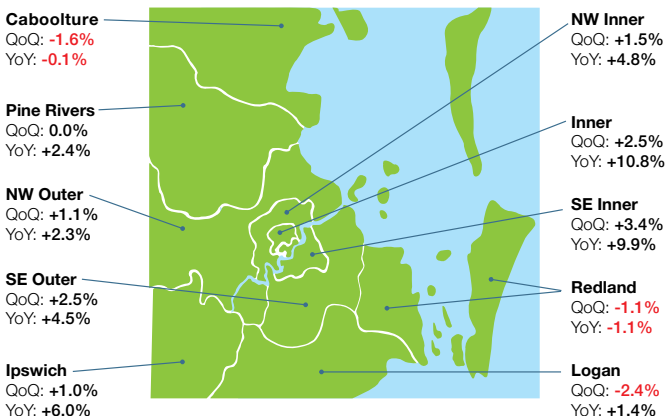
source: ABS

Median prices, Brisbane

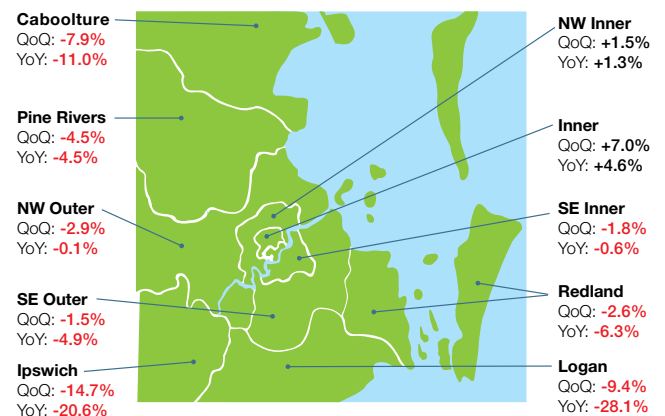


source: APM

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 September 2013.

Housing market report

Adelaide

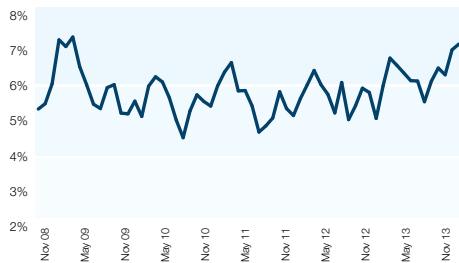
The Adelaide housing market has remained relatively subdued over 2013 despite the stimulus of low interest rates. Adelaide's median house price increased by up to 3 percent in 2013, which was the first annual increase since 2010.

Adelaide has the lowest median house price of all the mainland capitals and despite the lack of growth over the past two years the median price is just 3.4 percent below its previous peak, reflecting the relative stability of its price cycle.

Adelaide's affordability continues to translate into first home buyer activity which remains consistently amongst the highest of all the capitals for market share.

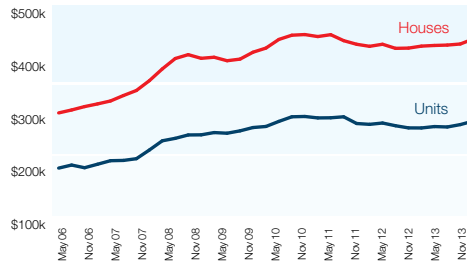
Australia's highest capital city unemployment rate and a weakening economy will continue to subdue buyer activity in Adelaide during 2014, although annual prices should still increase by between 2 and 3 percent.

Adelaide unemployment rate



source: ABS

Median prices, Adelaide



source: APM

Quick stats

Average days on market

111	127	119
Dec 2013	12 months ago	Long-term trend

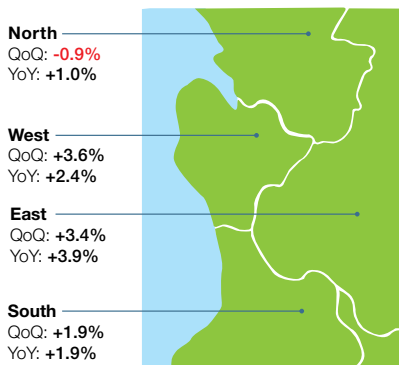
Average discount

6.3%	7.1%	6.8%
Dec 2013	12 months ago	Long-term trend

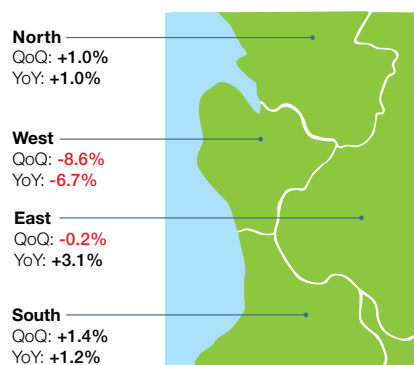
Stock on market

11k	-6.9%	2.3%
Dec 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 September 2013.

Housing market report

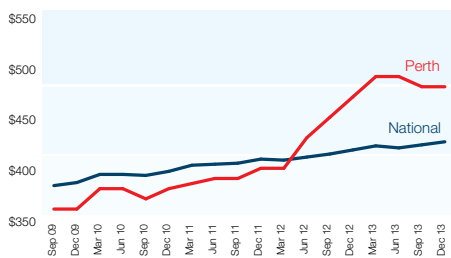
Perth

The Perth housing market recorded a solid year of buyer activity in 2013, with the median house price rising by up to 8 percent over the year. Perth median house prices are now 5 percent higher than the previous prices peak recorded in June 2010.

High population growth and a solid local economy have activated buyers through most price ranges and suburban regions. First home buyers have been particularly active in Perth, motivated by high and rising rents.

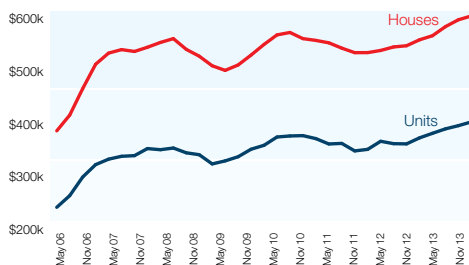
Although signs of flattening buyer activity emerged over the latter part of 2013, this year is nonetheless set to be another solid year for the Perth housing market – particularly given the prospects of rising demand for labour from a strengthening economy. Expect Perth prices to increase again by between 5 and 7 percent in 2014 with most price sectors, buyer types and regions recording solid growth.

Median weekly asking rent, houses September 2013



source: APM

Median prices, Perth



source: APM

Quick stats

Average days on market

81	90	98
Dec 2013	12 months ago	Long-term trend

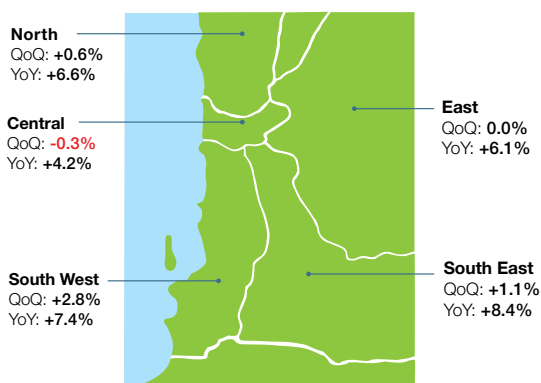
Average discount

5.2%	5.7%	7.0%
Dec 2013	12 months ago	Long-term trend

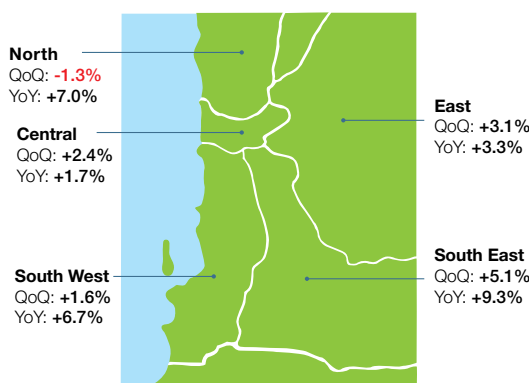
Stock on market

22k	-3.0%	0.0%
Dec 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 September 2013.

Housing market report

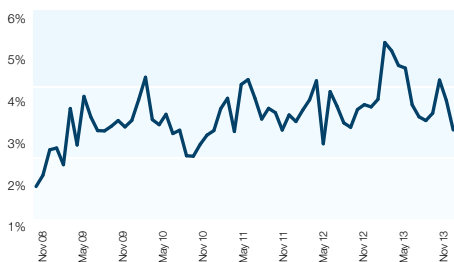
Canberra

The Canberra housing market produced a modest performance through 2013 with median prices set to rise by 3 percent. Most of this increase however came in a late year surge in buyer activity over the December quarter.

A deteriorating local economy, particularly in regard to rising unemployment and job shedding in the public service, was a catalyst for declining buyer activity and confidence over most of the past year.

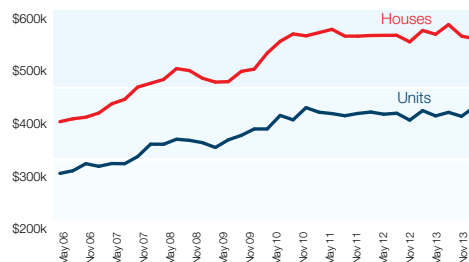
Despite the late year rise in activity, the outlook remains problematic for the Canberra market with further job losses in prospect. As a consequence, Canberra median house prices can be expected to increase by between 1 and 3 percent over 2014.

Canberra unemployment rate



source: ABS

Median prices, Canberra



source: APM

Quick stats

Average days on market

83	78	72
Dec 2013	12 months ago	Long-term trend

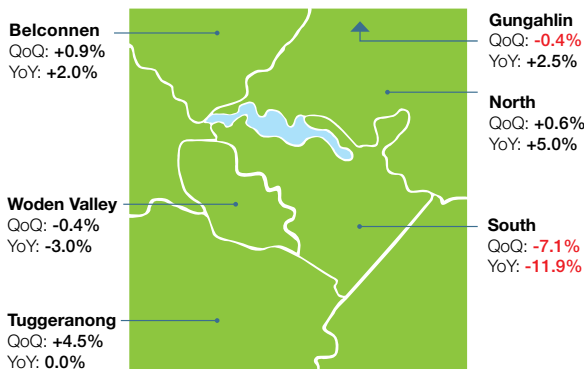
Average discount

4.4%	6.2%	4.8%
Dec 2013	12 months ago	Long-term trend

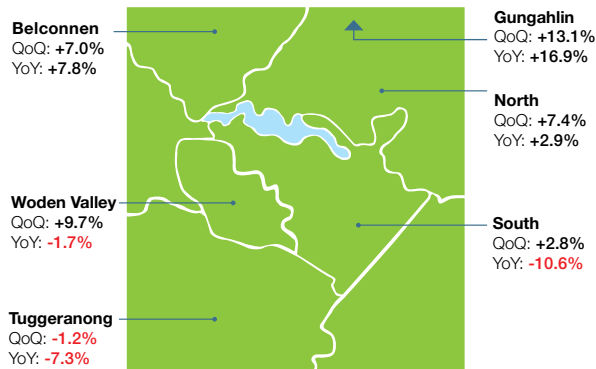
Stock on market

1.8k	-2.7%	25.8%
Dec 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 September 2013.

Housing market report

Gold Coast

The Gold Coast housing market continued its steady revival with buyer activity increasing over 2013, particularly over the second half of the year. The Gold Coast median house price increased by up to 5 percent over 2013 to be just 4 percent below the previous price peak recorded in 2009.

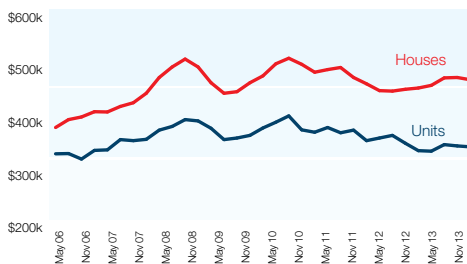
Gold Coast units also recorded a small increase in median prices over 2013, up by 0.5 percent but remaining 13 percent below the previous price peaks.

The prospects are positive for increased prices growth in the Gold Coast housing market over 2014, as the local economy continues to improve and confidence continues to recover. House prices should increase by between 5 and 7 percent over the year.

Average days on market, Gold Coast

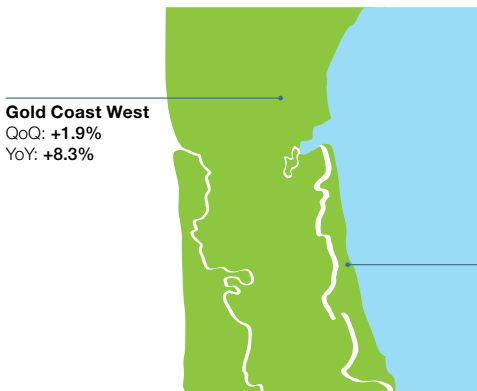


Median prices, Gold Coast

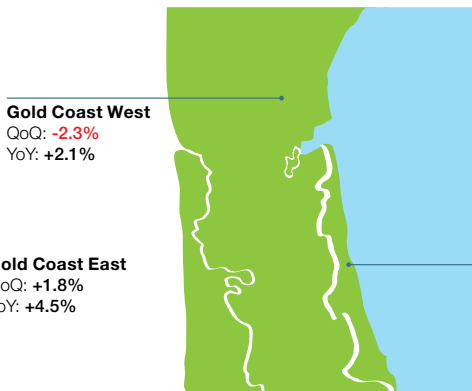


source: APM

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 September 2013.

Quick stats

Average days on market

137	148	142
Dec 2013	12 months ago	Long-term trend

Average discount

6.9%	9.2%	9.8%
Dec 2013	12 months ago	Long-term trend

Stock on market

9k	-5.9%	-15.2%
Dec 2013	Change 12 months ago	Change long-term trend

Housing market report

Hobart

The Hobart housing market finally reactivated through 2013 following a lengthy period of subdued buyer activity. Hobart house prices increased solidly over the year by up to 6 percent, with a noticeable rise in buyer activity over the second half of 2013. This result will bring the Hobart median house price close to its previous price peak recorded three years ago in December 2010.

The outlook for the Hobart housing market remains positive, with an improvement in the local economy a key factor in increased buyer activity in 2014. Signs are emerging of a slow regeneration of economic activity and if it continues, Hobart house prices will rise by between 3 and 5 percent over 2014.

Darwin

The Darwin housing market recorded a solid 2013 with house prices rising by up to 7 percent and most of this increase recorded over the second half of the year. Darwin's median house price ended the year 6 percent higher than the previous price peaks of March 2011.

The continued strong performance by the local economy will be a key driver of housing demand, particularly from interstate workers seeking employment in the resource sector.

Although unemployment levels have fluctuated recently, they remain low and the economic outlook is generally positive. As a consequence, house prices in Darwin should increase by between 5 and 7 percent in 2014.

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